THE TOWN OF NEW CUMBERLAND

Combined Waterworks and Sewerage System Revenue Bonds, Series 2009 A
(West Virginia Water Development Authority)

BOND TRANSCRIPT

Table of Contents

BASIC DOCUMENTS

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

OPINIONS OF COUNSEL

9. Approving Opinion of Steptoe & Johnson PLLC, Bond Counsel
10. Opinion of Counsel to Issuer
11. Title Opinion

CERTIFICATES

12. General Certificate of Issuer and Attorney

13. Certificate of Engineer, with Schedule B Attached

14. Certificate of Certified Public Accountant

15. Certificate as to Arbitrage

DOCUMENTS OF THE ISSUER

16. Charter and Rules of Procedure

17. Oaths of Office of Officers and Councilmembers

18. Water Rate Ordinance and Sewer Rate Ordinance

19. Minutes on Adoption and Enactment of Rate Ordinances

20. Affidavits of Publication of Rate Ordinances and Notice of Public Hearing

21. Minutes on Adoption and Enactment of Bond Ordinance and Adoption of Supplemental Resolution

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

23. Municipal Bond Commission New Issue Report

MISCELLANEOUS DOCUMENTS

24. Acceptance of Appointment as Depository Bank

25. Acceptance of Duties as Registrar

26. Certificate of Registration of Bonds

MISCELLANEOUS DOCUMENTS (Continued)

27. Registrar's Agreement

28. Consent of WDA to Issuance of Parity Bonds and Lien Position

29. Evidence of Insurance

30. Prior Bonds Ordinances and Supplemental Resolutions
    A) Combined Waterworks and Sewerage System Revenue Bonds, Series 1994 A (West Virginia Water Development Authority)
    B) Combined Waterworks and Sewerage System Revenue Bonds, Series 1994 B (West Virginia SRF Program)
    C) Combined Waterworks and Sewerage System Revenue Bonds, Series 2004 A (West Virginia Infrastructure Fund)

31. Bureau for Public Health

32. Evidence of West Virginia Development Office Grant

33. Evidence of Compliance with the West Virginia Jobs Act

34. Closing Memorandum

35. Internal Revenue Service Information Return (Form 8038-G) and Letter of Transmittal

36. Sweep Resolution

THE TOWN OF NEW CUMBERLAND

COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2008 A (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY)

BOND ORDINANCE

ARTICLE I
STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

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

ARTICLE II
AUTHORIZATION OF ACQUISITION AND CONSTRUCTION OF THE PROJECT

Section 2.01. Authorization of the Acquisition and Construction of the Project

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

Section 3.01. Authorization of Bonds
Section 3.02. Terms of Bonds
Section 3.03. Execution of Bonds
Section 3.04. Authentication and Registration
Section 3.05. Negotiability, Transfer and Registration
Section 3.06. Bonds Mutilated, Destroyed, Stolen or Lost
Section 3.07. Bonds not to be Indebtedness of the Issuer
Section 3.08. Bonds Secured by Pledge of Gross Revenues; Lien Positions with respect to Prior Bonds
Section 3.09. Delivery of Bonds
Section 3.10. Form of Series 2008 A Bonds
Section 3.11. Sale of Bonds; Approval and Ratification of Execution of Loan Agreement
Section 3.12. Filing of Amended Schedule

ARTICLE IV
[RESERVED]

ARTICLE V
FUNDS AND ACCOUNTS; SYSTEM REVENUES AND APPLICATION THEREOF

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

ARTICLE VI
BOND PROCEEDS; CONSTRUCTION DISBURSEMENTS

Section 6.01. Application of Bond Proceeds; Pledge of Unexpended Bond Proceeds
Section 6.02. Disbursements From the Series 2008 A Bonds Construction Trust Fund

ARTICLE VII
ADDITIONAL COVENANTS OF THE ISSUER

Section 7.01. General Covenants of the Issuer
Section 7.02. Bonds not to be Indebtedness of the Issuer
Section 7.03. Bonds Secured by Pledge of Gross Revenues; Lien Position with respect to Prior Bonds
Section 7.04. Rates and Charges
Section 7.05. Sale of the System
Section 7.06. Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances
Section 7.07. Parity Bonds
Section 7.08. Books; Records and Audit
Section 7.09. Rates
Section 7.10. Operating Budget and Monthly Financial Report
Section 7.11. Engineering Services and Operating Personnel
Section 7.12. No Competing Franchise
Section 7.13. Enforcement of Collections
Section 7.14. No Free Services
Section 7.15. Insurance and Construction Bonds
Section 7.16. Connections
Section 7.17. Completion of Project; Permits and Orders
Section 7.18. Tax Covenants
Section 7.19. Statutory Mortgage Lien
Section 7.20. Compliance with Loan Agreement and Law
Section 7.21. Securities Laws Compliance
Section 7.22. Contracts; Change Orders; Public Releases

ARTICLE VIII
INVESTMENT OF FUNDS; NON ARBITRAGE

Section 8.01. Investments
Section 8.02. Arbitrage and Tax Exemption

Section 8.03. Tax Certificate and Rebate

ARTICLE IX
DEFAULT AND REMEDIES

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

ARTICLE X
PAYMENT OF BONDS

Section 10.01. Advance Refunding of Series 2008 A Bonds

ARTICLE XI
MISCELLANEOUS

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

THE TOWN OF NEW CUMBERLAND

BOND ORDINANCE

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

BE IT ORDAINED AND ENACTED BY THE COUNCIL OF THE TOWN OF NEW CUMBERLAND:

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 1 of the West Virginia Code of 1931, as amended (collectively, the "Act"), and other applicable provisions of law.

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

A. The Town of New Cumberland (the "Issuer") is a municipal corporation and political subdivision of the State of West Virginia in Hancock 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 extensions, additions, betterments and improvements to the water portion of the existing public combined waterworks and sewerage system of the Issuer, consisting of construction and installation of a 1,000-GPM prefabricated water treatment plant (WTP) for the Town's three (3) existing water wells, a new 60 Hp duplex booster station with VFP, emergency generator, and new three (3) phase electrical power line to the station will be installed (collectively, the "Project") (the existing public combined waterworks and sewerage system of the Issuer, the Project and any further extensions, additions, betterments and improvements thereto are herein called the "System"), in accordance with the plans and specifications prepared by the Consulting Engineers, which plans and specifications have heretofore been filed with the Issuer.

C. It is deemed necessary for the Issuer to issue its Combined Waterworks and Sewerage System Revenue Bonds, Series 2008 A (West Virginia Water Development Authority), in the total aggregate principal amount of not more than $1,000,000 (the "Series 2008 A Bonds"), to be initially represented by a single bond, to permanently finance the costs of acquisition and construction of the Project. The 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 2008 A Bonds prior to and during acquisition and construction of the Project and for a period not exceeding 6 months after completion of acquisition and construction of the Project; amounts which may be deposited in the Series 2008 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, discount, initial fees for the services of registrars, paying agents, depositories or trustees or other costs in connection with the sale of the Series 2008 A Bonds and such other expenses as may be necessary or incidental to the financing herein authorized, the acquisition or construction of the Project and the placing of same in operation, and the performance of the things herein required or permitted, in connection with any thereof, provided, that reimbursement to the Issuer for any amounts expended by it for allowable costs prior to the issuance of the Series 2008 A Bonds or the repayment of indebtedness incurred by the Issuer for such purposes shall be deemed Costs of the Project, as hereinafter defined.

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

E. It is in the best interests of the Issuer that its Series 2008 A Bonds be sold to the Authority pursuant to the terms and provisions of a loan agreement (the "Loan Agreement") by and between the Issuer and the Authority, in form satisfactory to the respective parties, to be approved hereby if not previously approved by resolution of the Issuer.

F. There are outstanding obligations of the Issuer which will rank on a parity with the Series 2008 A Bonds as to liens, pledge, source of and security for payment, being the Issuer's (1) Combined Waterworks and Sewerage System Revenue Bonds, Series 1994 A (West Virginia Water Development Authority), dated October 27, 1994, issued in the original aggregate principal amount of $647,121 (the "Series 1994 A Bonds"); (2) Combined Waterworks and Sewerage System Revenue Bonds, Series 1994 B (West Virginia SRF Program), dated October 27, 1994, issued in the original aggregate principal amount of $498,666 (the "Series 1994 B Bonds"); and (3) Combined Waterworks and Sewerage System Revenue Bonds, Series 2004 A (West Virginia Water Infrastructure Fund), dated June 18, 2004, issued in the original aggregate principal amount of $238,600 (the "Series 2004 A Bonds"). The Series 1994 A Bonds, the Series 1994 B Bonds and the Series 2004 A Bonds are hereinafter collectively called the "Prior Bonds."

The Series 2008 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 2008 A Bonds, the Issuer will obtain (i) a certificate of an Independent Certified Public Accountant stating that the coverage and parity tests of the Prior Bonds have been met; and (ii) the written consent of the Holders of the Prior Bonds to the issuance of the Series 2008 A Bonds on a parity with the Prior Bonds. Other than the Prior Bonds, there are no outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System.

G. The estimated revenues to be derived in each year after completion of the Project from the operation of the System will be sufficient to pay all costs of operation and maintenance of the System, the principal of and interest on the Bonds (as hereinafter defined) and payments into all funds and accounts and other payments provided for herein and in the Prior Ordinances (as hereinafter defined).

H. 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 2008 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 convenience and necessity from the Public Service Commission of West Virginia by final order.

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

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

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

"Act" means, collectively, Chapter 8, Article 20 and Chapter 22C, Article 1 the West Virginia Code of 1931, as amended and in effect on the date of enactment hereof.

"Authority" means the West Virginia Water Development Authority, which is expected to be the original purchaser and Registered Owner of the Series 2008 A Bonds, or any other agency, board or department of the State that succeeds to the functions of the Authority.

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

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

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

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

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

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

"Clerk" means the Clerk of the Issuer.

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

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

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

"Consulting Engineers" means ms consultants, Inc., Ohio, or any qualified engineer or firm of engineers, licensed by the State, that shall at any time hereafter be procured by the Issuer as Consulting Engineers for the System, or portion thereof, in accordance with Chapter 5G, Article 1 of the West Virginia Code of 1931, as amended; provided however,

that the Consulting Engineers shall not be a regular, full-time employee of the State or any of its agencies, commissions, or political subdivisions.

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

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

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

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

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

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

"Grant" means any Grant received by the Issuer for the Project.

"Gross Revenues" means the aggregate gross operating and non-operating revenues of the System, as hereinafter defined, determined in accordance with generally accepted accounting principles, after deduction of prompt payment discounts, if any, and reasonable provision for uncollectible accounts; provided, that "Gross 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, purchased pursuant to Article 8.01 hereof) or any Tap Fees as hereinafter defined.

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

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

"Investment Property" means (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 Town of New Cumberland, a municipal corporation and political subdivision of the State of West Virginia, in Hancock County, West Virginia, and, unless the context clearly indicates otherwise, includes the Governing Body of the Issuer.

"Loan Agreement" means the loan agreement heretofore entered, or to be entered into by and between the Issuer and the Authority, providing for the purchase of the Series 2008 A Bonds, 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 2008 A Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds, if any, deposited in the Series 2008 A Bonds Reserve Account.

"Net Revenues" means the balance of the Gross Revenues, remaining after deduction only 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 2008 A Bonds and is not acquired in order to carry out the governmental purpose of the Series 2008 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, fees and expenses of the Authority, fiscal agents, the Depository Bank, Registrar and Paying Agent or Paying Agents, payments to the pension or retirement funds, taxes and such other reasonable operating costs and expenses as should normally and regularly be included under generally accepted accounting principals; provided, that "Operating Expenses" does not include payments on account of principal of or redemption, if any, or interest on the Bonds, charges for depreciation, losses from the sale or other disposition of or any decrease in the value of the capital assets, amortization of debt discount or such miscellaneous deductions as are applicable to prior accounting periods.

"Outstanding," when used with reference to Bonds or Prior Bonds and as of any particular date, describes all Bonds or Prior Bonds theretofore and thereupon being authenticated and delivered except (i) any Bond or Prior Bond cancelled by the Bond Registrar or Registrar for Prior Bonds, at or prior to said date; (ii) any Bond or any Prior Bond for the payment of which monies, equal to its principal amount and redemption premium, if applicable, with interest to the date of maturity or redemption shall be in trust and set aside for such payment (whether upon or prior to maturity); (iii) any Bond deemed to have been paid as provided in Article X hereof; (iv) any Prior Bond deemed to have been paid; and (v) for purposes of consents or other action by a specified percentage of Bondholders or Holders of any Prior Bond, any Bond or any Prior Bond registered to the Issuer.

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

"Paying Agent" means the Commission or such other entity or authority as may be designated as a Paying Agent for the Series 2008 A Bonds by the Issuer in the Supplemental Resolution with the written consent of the Authority.

"Prior Bonds" means, collectively, the Series 1994 A Bonds, the Series 1994 B Bonds and the Series 2004 A Bonds.

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

"Private Business Use" means use directly or indirectly in a trade or business carried on by a natural person, including all persons "related" to such person within the meaning of Section 144(a)(3) of the Code, or in any activity carried on by a person other than a natural person, including all persons "related" to such person within the meaning of Section 144(a)(3) of the Code, excluding, however, use by a state or local governmental unit and use as a member of the general public. All of the foregoing shall be determined in accordance with the Code, including, without limitation, giving due regard to "incidental use," if any, of the proceeds of the issue and/or proceeds used for "qualified improvements," if any.

"Program" means the Authority's loan program, under which the Authority purchases the water development revenue bonds of local governmental entities satisfying certain legal and other requirements with the proceeds of water development revenue bonds of the Authority.

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

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

(a) Government Obligations;

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

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

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

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

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

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

(h) The West Virginia "consolidated fund" managed by the West Virginia Board of Treasury Investments pursuant to Chapter 12, Article 6C of the West Virginia Code of 1931, as amended including, without limitation, authorized pools of investments operated by such State Board of Investments.

(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.

"Rebate Fund" means the Rebate Fund established by Section 5.01 hereof.

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

"Registrar" means the Bond Registrar.

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

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

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

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

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

"Series 1994 A Bonds" means the Issuer's Combined Waterworks and Sewerage System Revenue Bonds, Series 1994 A (West Virginia Water Development Authority), dated October 27, 1994, issued in the original aggregate principal amount of $647,121.

"Series 1994 B Bonds" means the Issuer's Combined Waterworks and Sewerage System Revenue Bonds, Series 1994 B (West Virginia SRF Program), dated October 27, 1994, issued in the original aggregate principal amount of $498,666.

"Series 2004 A Bonds" means the Issuer's Combined Waterworks and Sewerage System Revenue Bonds, Series 2004 A (West Virginia Infrastruture Fund), dated June 18, 2004, issued in the original aggregate principal amount of $238,600.

"Series 2008 A Bonds" means the Combined Waterworks and Sewerage System Revenue Bonds, Series 2008 A (West Virginia Water Development Authority), of the Issuer, authorized by this Ordinance.

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

"Series 2008 A Bonds Reserve Account" means the Series 2008 A Bonds Reserve Account established in the Series 2008 A Bonds Sinking Fund pursuant to Section 5.02 hereof.

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

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

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

"State" means the State of West Virginia.

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

"Surplus Revenues" means the Net Revenues not required by the Bond Legislation or the Prior Ordinances 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 existing combined waterworks and sewerage system of the Issuer, as expanded and improved by the Project, and includes the complete waterworks and sewerage system of the Issuer and all waterworks and sewerage facilities owned by the Issuer and all facilities and other property of every nature, real or personal, now or hereafter owned, held or used in connection with the combined waterworks and sewerage system; and shall also include any and all additions, extensions, improvements, properties or other facilities at any time acquired or constructed for the combined waterworks and sewerage system after the completion of the Project.

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

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 the 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 $1,250,000, which will be paid from proceeds of the Series 2008 A Bonds, in accordance with the plans and specifications which have been prepared by the Consulting Engineers, heretofore filed in the office of the Governing Body. The proceeds of the Series 2008 A Bonds hereby authorized shall be applied as provided in Article VI hereof. The Issuer has received bids and will enter into contracts for the acquisition and construction of the Project in an amount compatible with the financing plan submitted to the Authority.

The cost of the project is estimated not to exceed $1,250,000 of which approximately $1,000,000 will be obtained from the proceeds of the Series 2008 A Bonds and $250,000 will be obtained from the proceeds of a West Virginia Development Office 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 2008 A Bonds, funding reserve accounts for the Series 2008 A Bonds, paying Costs of the Project not otherwise provided for and paying certain costs of issuance of the Series 2008 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 the negotiable Series 2008 A Bonds of the Issuer. The Series 2008 A Bonds shall be issued as a single bond, designated "Combined Waterworks and Sewerage System Revenue Bonds, Series 2008 A (West Virginia Water Development Authority)", in the principal amount of not more than $1,000,000, and shall have such terms as set forth hereinafter and in the Supplemental Resolution. The proceeds of the Series 2008 A Bonds remaining after funding of the Series 2008 A Bonds Reserve Account (if funded from Bond proceeds) and capitalizing interest on the Series 2008 A Bonds, if any, shall be deposited in or credited to the Series 2008 A Bonds Construction Trust Fund established by Section 5.01 hereof.

Section 3.02. Terms of Bonds. The Series 2008 A Bonds shall be issued in such principal amounts; shall bear interest, at such rate or rates, not exceeding the then legal maximum rate, payable semiannually 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 the Supplemental Resolution or as specifically provided in the Loan Agreement. The Series 2008 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 2008 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 2008 A Bonds shall initially be issued in the form of a single bond, fully registered to the Authority, with a debt service schedule attached, representing the aggregate principal amount of the Series 2008 A Bonds, and shall mature in principal installments, all as provided in the Supplemental Resolution. The Series 2008 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 specified in a Supplemental Resolution and shall bear interest from such date.

Section 3.03. Execution of Bonds. The Series 2008 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 Clerk. In case any one or more of the officers who shall have signed or sealed the Series 2008 A Bonds shall cease to be such officer of the Issuer before the Series 2008 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 2008 A Bonds may be signed and sealed on behalf of the Issuer by such person as at the actual time of the execution of such Bonds shall hold the proper office in the Issuer, although at the date of such Bonds such person may not have held such office or may not have been so authorized.

Section 3.04. Authentication and Registration. The Bond Registrar for the Series 2008 A Bonds shall be the bank or other entity to be designated as such in the Supplemental Resolution and its successors and assigns. No Series 2008 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 2008 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 2008 A Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder, in accepting the Series 2008 A Bonds shall be conclusively deemed to have agreed that such Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder shall further be conclusively deemed to have agreed that said Bonds shall be incontestable in the hands of a bona fide holder for value.

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

The registered Series 2008 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 2008 A Bonds or transferring the registered Series 2008 A Bonds are exercised, all Series 2008 A Bonds shall be delivered in accordance with the provisions of this Bond Legislation. All Series 2008 A Bonds surrendered in any such exchanges or transfers shall forthwith be cancelled by the Bond Registrar. For every such exchange or transfer of Series 2008 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 2008 A Bonds during the period commencing on the 15th day of the month next preceding an interest payment date on the Series 2008 A Bonds or, in the case of any proposed redemption of Series 2008 A Bonds, next preceding the date of the selection of Bonds to be redeemed, and ending on such interest payment date or redemption date.

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

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

Section 3.08. Bonds Secured by Pledge of Gross Revenues; Lien Positions with respect to Prior Bonds. The payment of the debt service of all Series 2008 A Bonds shall be secured by a first lien on the Gross Revenues derived from the System, on a parity with the Prior Bonds. The Gross Revenues in an amount sufficient to pay the principal of and interest on and other payments for the Series 2008 A Bonds and the Prior Bonds and to make all other payments hereinafter set forth, are hereby irrevocably pledged to such payments as they become due.

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

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

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

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

D. An executed copy of the Loan Agreement; and

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

Section 3.10. Form of Series 2008 A Bonds. The text of the Series 2008 A Bonds shall be in substantially the following form, with such omissions, insertions and variations as may be necessary and desirable and authorized or permitted hereby, or by any Supplemental Resolution adopted prior to the issuance thereof:

(FORM OF SERIES 2008 A BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE TOWN OF NEW CUMBERLAND
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS,
SERIES 2008 A
(WEST VIRGINIA WATER DEVELOPMENT AUTHORITY)

No. AR-____ $_____

KNOW ALL MEN BY THESE PRESENTS: That on this ___day of _____, 2008, the THE TOWN OF NEW CUMBERLAND, a municipal corporation and political subdivision of the State of West Virginia in Hancock 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 ($_____), in annual installments on October 1 of each year, commencing _____ 1, 200__, to and including _____ 1, 20___, as set forth on the "Debt Service Schedule" attached as EXHIBIT A hereto and incorporated herein by reference.

The interest on each installment shall run from the original date of delivery of this Bond to the Authority and payment therefor, and until payment of such installment, such interest shall be payable semiannually on April 1 and October 1 in each year, beginning _____ 1, 20 __. Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent"). The interest on this Bond is payable by check or draft of the Paying Agent mailed to the registered owner hereof at the address as it appears on the books of The Huntington National Bank, Charleston, West Virginia, as registrar (the "Registrar"), on the 15th day of the month next preceding an interest payment date, or by such other method as shall be mutually agreeable so long as the Authority is the registered owner hereof.

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

This Bond is issued to provide funds, along with other available monies of the Issuer (i) to pay the costs of acquisition and construction of certain extensions, additions, betterments and improvements to the water portion of the existing public combined waterworks and sewerage system of the Issuer (the "Project"); (ii) to pay interest on the Series 2008 A Bonds during the construction of the project and for not more than 6 months thereafter; (iii) to fund a reserve account for the Series 2008 A Bonds; and (iv) to pay certain

costs of issuance hereof and related costs. The existing public combined waterworks and sewerage system of the Issuer, the Project, and any further extensions, additions, betterments or improvements thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 8, Article 20 and Chapter 22C, Article 1 of the West Virginia Code of 1931, as amended (collectively, the "Act"), and a Bond Ordinance duly enacted by the Issuer on _____, 2008, and a Supplemental Resolution duly adopted by the Issuer on _____, 2008 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S (1) COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1994 A (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED OCTOBER 27, 1994, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $647,121 (THE "SERIES 1994 A BONDS"); (2) COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1994 B (WEST VIRGINIA SRF PROGRAM), DATED OCTOBER 27, 1994, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $498,666 (THE "SERIES 1994 B BONDS"); AND (3) COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2004 A (WEST VIRGINIA INFRASTRUCTURE FUND), DATED JUNE 18, 2004, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $238,600 (THE "SERIES 2004 A BONDS"); (COLLECTIVELY, THE "PRIOR BONDS").

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

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

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

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

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

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

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

IN WITNESS WHEREOF, THE TOWN OF NEW CUMBERLAND has caused this Bond to be signed by its Mayor, and its corporate seal to be hereunto affixed and attested by its Clerk, and has caused this Bond to be dated as of the date first written above.

[SEAL]

_____
Mayor

ATTEST:

_____
Clerk

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

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

Date: _____, 2008.

THE HUNTINGTON NATIONAL BANK,
as Registrar

_____
Authorized Officer

EXHIBIT A

SCHEDULE OF ANNUAL DEBT SERVICE

(Form of)

ASSIGNMENT

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

Dated: _____, _____.

_____

In the presence of:

_____

Section 3.11. Sale of Bonds; Approval and Ratification of Execution of Loan Agreement. The Series 2008 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 in the form attached hereto as "Exhibit A" and made a part hereof, and the Clerk is directed to affix the seal of the Issuer, attest the same and deliver the Loan Agreement to the Authority, and any such prior execution and delivery is hereby authorized, approved, ratified and confirmed. The Loan Agreement and all schedules and exhibits attached thereto are hereby approved and ratified and incorporated into this Bond Legislation.

Section 3.12.. Filing of Amended Schedule. Upon completion of the acquisition and construction of the Project, the Issuer will file with the Authority a schedule for the Series 2008 A Bonds, the form of which will be provided by the Authority, setting forth the actual costs of the Project and sources of funds therefor.

ARTICLE IV

[RESERVED]

ARTICLE V

FUNDS AND ACCOUNTS; SYSTEM REVENUES AND APPLICATION THEREOF

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

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

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

(3) Series 2008 A Bonds Construction Trust Fund; and

(4) Rebate Fund.

Section 5.02. Establishment of Funds and Accounts with Commission. The following special funds or accounts are hereby created (or continued if previously established by Prior Ordinance) with and shall be held by the Commission separate and apart from all other funds or accounts of the Commission and the Issuer and from each other:

(1) Series 1994 A Bonds Sinking Fund (established by the Prior Ordinances);

(2) Series 1994 A Bonds Reserve Account (established by the Prior Ordinances);

(3) Series 1994 B Bonds Sinking Fund (established by the Prior Ordinances);

(4) Series 1994 B Bonds Reserve Account (established by the Prior Ordinances);

(5) Series 2004 A Bonds Sinking Fund (established by the Prior Ordinances);

(6) Series 2004 A Bonds Reserve Account (established by the Prior Ordinances);

(7) Series 2008 A Bonds Sinking Fund; and

(8) Series 2008 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 in the Revenue Fund. The Revenue Fund shall constitute a trust fund for the purposes provided in this Bond Legislation and in the Prior Ordinances and shall be kept separate and distinct from all other funds of the Issuer and the Depository Bank and used only for the purposes and in the manner provided in this Bond Legislation and in the Prior Ordinances. All revenues at any time on deposit in the Revenue Fund shall be disposed of only in the following order and priority:

(1) The Issuer shall first, on the first day of each month, transfer from the Revenue Fund and simultaneously (i) remit to the Commission the interest payments on the Series 1994 A Bonds as required by the Prior Ordinances; and (ii) remit to the Commission commencing 7 months prior to the first date of payment of interest on the Series 2008 A Bonds for which interest has not been capitalized or as required in the Loan Agreement, for deposit in the Series 2008 A Bonds Sinking Fund, an amount equal to 1/6th of the amount of interest which will become due on the Series 2008 A Bonds on the next ensuing semiannual interest payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 2008 A Bonds Sinking Fund and the next semiannual interest payment date is less than 7 months, then such monthly payments shall be increased proportionately to provide, 1 month prior to the next semiannual interest payment date, the required amount of interest coming due on such date.

(2) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously (i) remit to the Commission the principal payments on the Prior Bonds, as required by the Prior Ordinances; and (ii) remit to the Commission commencing 13 months prior to the first date of payment of principal of the Series 2008 A Bonds, for deposit in the

Series 2008 A Bonds Sinking Fund, an amount equal to 1/12th of the amount of principal which will mature and become due on the Series 2008 A Bonds on the next ensuing annual principal payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 2008 A Bonds Sinking Fund and the next annual principal payment date is less than 13 months, then such monthly payments shall be increased proportionately to provide, 1 month prior to the next annual principal payment date, the required amount of principal coming due on such date.

(3) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously (i) remit to the Commission for deposit in the respective reserve accounts for the Prior Bonds, the amounts required by the Prior Ordinances to be deposited therein; and (ii) remit to the Commission, commencing 13 months prior to the first date of payment of principal of the Series 2008 A Bonds, if not fully funded upon issuance of the Series 2008 A Bonds, for deposit in the Series 2008 A Bonds Reserve Account, an amount equal to 1/120th of the Series 2008 A Bonds Reserve Requirement; provided that, no further payments shall be made into the Series 2008 A Bonds Reserve Account when there shall have been deposited therein, and as long as there shall remain on deposit therein, an amount equal to the Series 2008 A Bonds Reserve Requirement.

(4) The Issuer shall next, each month, pay from monies in the Revenue Fund all current Operating Expenses.

(5) The Issuer shall next, on the first day of each month, from the monies remaining in the Revenue Fund, transfer to the Renewal and Replacement Fund, a sum 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 monies from the Renewal and Replacement Fund.

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

Except to the extent transferred to the Rebate Fund at the request of the Issuer, all investment earnings on moneys in the Series 2008 A Bonds Sinking Fund and the Series 2008 A Bonds Reserve Account (if fully funded) shall be returned, not less than once each year, by the Commission to the Issuer, and such amounts shall, during construction of the Project, be deposited in the Series 2008 A Bonds Construction Trust Fund, and following completion of construction of the Project, shall be deposited in the Revenue Fund and applied in full, first to the next ensuing interest payment due on the Series 2008 A Bonds, and then to the next ensuing principal payment due thereon.

Any withdrawals from the Series 2008 A Bonds Reserve Account which result in a reduction in the balance of the Series 2008 A Bonds Reserve Account to below the Series 2008 A Bonds Reserve Requirement shall be subsequently restored from the first Gross Revenues available after all required payments have been made in full in the order set forth above.

As and when additional Bonds ranking on a parity with the Series 2008 A 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 2008 A Bonds Sinking Fund, or the Series 2008 A Bonds Reserve Account therein when the aggregate amount of funds therein are at least equal to the aggregate principal amount of the Series 2008 A Bonds issued pursuant to this Bond Legislation then Outstanding and all interest, if any, to accrue until the maturity thereof.

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

The Issuer may designate another bank or trust company insured by FDIC as Depository Bank if the Depository Bank should cease for any reason to serve or if the Governing Body determines by resolution that the Depository Bank or its successor should no longer serve as Depository Bank. Upon any such change, the Governing Body will cause notice of the change to be sent by registered or certified mail to the Authority.

The Commission is hereby designated as the fiscal agent for the administration of the Series 2008 A Bonds Sinking Fund and the Series 2008 A Bonds Reserve Account created hereunder, and all amounts required for said accounts shall be remitted to the Commission from the Revenue Fund by the Issuer at the times provided herein. The Issuer shall make the necessary arrangements whereby required payments into the Series 2008 A Bonds Sinking Fund and the Series 2008 A Bonds Reserve Account shall be automatically debited from the Revenue Fund and electronically transferred to the Commission on the dates required hereunder.

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

Except with respect to transfers to the Rebate Fund permitted hereunder, the Series 2008 A Bonds Sinking Fund and the Series 2008 A Bonds Reserve Account shall be used solely and only for, and are hereby pledged for, the purpose of servicing the Series 2008 A Bonds.

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

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

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

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

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

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

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

All Tap Fees shall be deposited by the Issuer, as received, in the Series 2008 A Bonds Construction Trust Fund, and following completion of the Project, shall be deposited in the Revenue Fund and may be used for any lawful purpose of the System.

ARTICLE VI

BOND PROCEEDS; CONSTRUCTION DISBURSEMENTS

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

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

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

C. Except with respect to any transfers to the Rebate Fund permitted hereunder, moneys in the Series 2008 A Bonds Construction Trust Fund shall be used solely to pay the Costs of the Project and until so transferred or expended, are hereby pledged as additional security for the Series 2008 A Bonds.

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

Section 6.02. Disbursements From the Series 2008 A Bonds Construction Trust Fund. Except as provided in Section 6.01 hereof, disbursements from the Series 2008 A Bonds Construction Trust Fund (except for the costs of issuance of the Series 2008 A Bonds which shall be made upon request of the Issuer) shall be made each month only after a certificate, signed by an Authorized Officer stating:

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

(ii) 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;

(iii) That each of such costs has been otherwise properly incurred; and

(iv) 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 Issuer shall disburse from the Series 2008 A Bonds Construction Trust Fund only the net amount remaining after deduction of any such portion. All payments made from the Series 2008 A Bonds 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 Series 2008 A Bonds 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.

After completion of the Project, as certified by the Consulting Engineers, and all costs of the Project have been paid, the Issuer shall transfer any monies remaining in the Series 2008 A Bonds Construction Trust Fund to the Commission for deposit in the Series 2008 A Bonds Reserve Account, provided that, in no event shall more than 10% of the proceeds from the sale of the Series 2008 A Bonds be deposited in the Series 2008 A Bonds Reserve Account, and when the Series 2008 A Bonds Reserve Account is fully funded, shall return such remaining monies to the Issuer for deposit in the Revenue Fund. The Issuer shall thereafter, apply such monies in full, first to the next ensuing interest payment due on the Series 2008 A Bonds and thereafter to the next ensuing principal payment due thereon.

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

All monies in the Series 2008 A Bonds Construction Trust Fund shall be kept separate and apart from each other.

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

ARTICLE VII

ADDITIONAL COVENANTS OF THE ISSUER

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

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

Section 7.03. Bonds Secured by Pledge of Gross Revenues; Lien Position with respect to Prior Bonds. The payment of the debt service of the Series 2008 A Bonds shall be secured by a first lien on the Gross Revenues derived from the System, on a parity with the lien on the Gross Revenues in favor of the Holders of the Prior Bonds. The Gross Revenues in an amount sufficient to pay the principal of and interest on the Prior Bonds and the Series 2008 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 and shall provide an opinion of counsel to such effect. Such rates and charges shall be sufficient to comply with the requirements of the Loan Agreement and the Issuer shall supply a certificate of certified public accountant to such effect. The initial schedule of rates and charges for the services of the facilities of the System shall be as set forth in the water rate ordinance duly enacted on August 6, 2007, and the sewer rate ordinance duly enacted on May 3, 2004, which rates are incorporated herein by reference as a part hereof.

So long as the Series 2008 A Bonds are outstanding, the Issuer covenants and agrees to fix and collect rates, fees and other charges for the use of the System and to take all such actions necessary to provide funds sufficient to produce the required sums set forth in the Bond Legislation and in compliance with the Loan Agreement. In the event the schedule of rates, fees and charges initially established for the System in connection with the Series

2008 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 and with the written consent of the Authority.

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

The foregoing provision notwithstanding, the 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, in writing, determine that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then provide for the sale of such property. The proceeds of any such sale shall be deposited in the 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, in writing, determine upon consultation with the Consulting Engineers that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and the Governing Body may then, if it be so advised, by resolution duly adopted, authorize such sale, lease or other disposition of such property upon public bidding 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 be deposited in the Renewal and Replacement Fund.

No sale, lease or other disposition of the properties of the System shall be made by the Issuer if the proceeds to be derived therefrom, together with all other amounts received

during the same Fiscal Year for such sales, leases, or other dispositions of such properties, shall be in excess of $50,000 and insufficient to pay all Bonds then Outstanding without the prior approval and consent in writing of the Holders, or their duly authorized representatives, of the Bonds then Outstanding. The Issuer shall prepare the form of such approval and consent for execution by the then Holders of the Bonds for the disposition of the proceeds of the sale, lease or other disposition of such properties of the System.

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

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

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

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

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

No Parity Bonds shall be issued at any time, however, unless and until there has been procured and filed with the Clerk a written statement by Independent Certified Public Accountants, reciting the conclusion that the Net Revenues actually derived, subject to the adjustment hereinafter provided for, from the System during any 12 consecutive months, within the 18 months immediately preceding the date of the actual issuance of such additional Parity Bonds, plus the estimated average increased annual Net Revenues to be received in each of the 3 succeeding years after the completion of the improvements to be

financed by such Parity Bonds, if any, shall not be less than 115%, of the largest aggregate amount that will mature and become due in any succeeding Fiscal Year for principal of and interest on the following:

(1) The Bonds then Outstanding;

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

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

The "estimated average increased annual Net Revenues to be received in each of the 3 succeeding years," as that term is used in the computation provided in the above paragraph, shall refer only to the increased Net Revenues estimated to be derived from the improvements to be financed by such 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 Clerk prior to the issuance of such Parity Bonds.

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

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 Holders of the Bonds and the Holders of any Parity Bonds theretofore or subsequently issued from time to time within the limitations of and in compliance with this section. Bonds issued on a parity, regardless of the time or times of their issuance, shall rank equally with respect to their lien on the revenues of the System and their source of and security for payment from said revenues, without preference of any Bond of one series over any other Bond of the same series. The Issuer shall comply fully with all the increased payments into the various funds and account created in this Ordinance required for and on account of such Parity Bonds, in addition to the payments required for the 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 liens of the Bonds on such revenues. The Issuer shall not issue any obligations whatsoever payable from the revenues of the System, or any part thereof, which rank prior to or, except in the manner and under the conditions provided in this section, equally, as to the lien on and source of and security for payment from such revenues, with the Bonds.

No Parity Bonds shall be issued any time, however, unless all the payments into the respective funds and accounts provided for in this Ordinance and the Prior Ordinances with respect to the Bonds then Outstanding, and any other payments provided for in this Ordinance and the Prior Ordinances, shall have been made in full as required to the date of issuance of such Parity Bonds, and the Issuer shall then be in full compliance with all the covenants, agreements and terms of this Ordinance and the Prior Ordinances.

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

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

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

The Issuer shall file with the Authority, or any other original purchaser of the Series 2008 A Bonds, and shall mail in each year to any Holder or Holders of the Series 2008 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.

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

The Issuer shall permit the Authority, 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 Issuer shall also provide the Authority, 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 with respect to the System pursuant to the Act.

Section 7.09. Rates. So long as the Prior Bonds are outstanding, the Issuer will maintain rates as required in the Prior Ordinances. Prior to the issuance of the Series 2008 A Bonds, rates or charges for the use of the services and facilities of the System will be fixed and established, all in the manner and form required by law, and a copy of such rates and charges so fixed and established shall at all times be kept on file in the office of the Clerk of the Issuer, which copy will be open to inspection by all interested parties. The schedule or schedules of rates and charges shall at all times be adequate to produce Gross Revenues from the System sufficient to pay Operating Expenses and to make the prescribed payments into the funds and accounts created hereunder. Such schedule or schedules of rates and charges shall be revised from time to time, whenever necessary, so that the aggregate of the rates and charges will be sufficient for such purposes. In order to assure full and continuous performance of this covenant with a margin for contingencies and temporary unanticipated reduction in income and revenues, the Issuer hereby covenants and agrees that the schedule or schedules of rates or charges from time to time in effect shall be sufficient, together with other revenues of the System, (i) to provide for all Operating Expenses of the System and (ii) to leave a balance each year equal to at least 115% of the maximum amount required in any year for payment of principal of and interest on the Series 2008 A Bonds, and all other obligations secured by a lien on or payable from such revenues on a parity with, or subordinate to, the Series 2008 A Bonds including the Prior Bonds; provided that, in the event that, an amount equal to or in excess of the Reserve Requirement is on deposit in the Series 2008 A Bonds Reserve Account and any reserve accounts for obligations on a parity with, or subordinate to, the Series 2008 A Bonds are funded at least at the requirement therefor, such sum need only equal 110% of the maximum amount required in any year for payment of principal of and interest on the Series 2008 A Bonds, and all other obligations secured by a lien on or payable from such revenues on a parity with, or subordinate to, the Series 2008 A Bonds. In any event, the Issuer shall not reduce the rates or charges for services set forth in the rate ordinance described in Section 7.04.

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

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

Commencing on the date contracts are executed for the acquisition and construction of the Project and for 2 years following the completion of the Project, the 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 by the 10th day of each month.

Section 7.11. Engineering Services and Operating Personnel. The Issuer will obtain a certificate of the Consulting Engineers in the form attached to the Loan Agreement, stating, among other things, that the Project has been or will be constructed in accordance with the approved plans, specifications and designs as submitted to the Authority, the Project is adequate for the purposes for which it was designed, the funding plan as submitted to the Authority 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 covering the supervision and inspection of the development and construction of the Project and bearing the responsibility of assuring that construction conforms to the plans, specifications and designs prepared by the Consulting Engineers, which have been approved by all necessary governmental bodies. Such resident engineer shall certify to the Authority and the Issuer at the completion of construction that construction of the Project is in accordance with the approved plans, specifications and designs, or amendments thereto, approved by all necessary governmental bodies.

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

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

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

Whenever any fees, rates, rentals or other charges for the services and facilities of the System shall remain unpaid for a period of 20 days after the same shall become due and payable, the property and the owner thereof, as well as the user of the services and facilities, shall be delinquent until such time as all such rates and charges are fully paid. To the extent authorized by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, rates, rentals and other charges, if not paid, when due, shall become a lien on the premises served by the System. The Issuer further covenants and agrees that, it will, to the full extent permitted by law and the rules and regulations promulgated by the Public Service Commission of West Virginia, discontinue and shut off the services of the System and any services and facilities of the water system, if so owned by the Issuer, to all users of the services of the System delinquent in payment of charges for the services of the System and will not restore such services of the System or the water system until all delinquent charges for the services of the System, plus reasonable interest and penalty charges for the restoration of service, have been fully paid and shall take all further actions to enforce collections to the maximum extent permitted by law. If the water system is not owned by the Issuer, the Issuer will, to the extent allowed by law, use diligent efforts to enter into a similar termination agreement with the provider of such water, subject to any required approval of such agreement by the Public Service Commission of West Virginia and all rules, regulations and orders thereof.

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

Section 7.15. Insurance and Construction Bonds. A. The Issuer hereby covenants and agrees that so long as the Series 2008 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. 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 OR COMPLETION BONDS, such bonds to be in the amounts of 100% of the construction contract and to be required of each contractor contracting directly with the 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. 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.

Section 7.16. Connections. The mandatory use of the sewerage portion of the System is essential and necessary for the protection and preservation of the public health, comfort, safety, convenience and welfare of the inhabitants and residents of, and the economy of, the Issuer and in order to assure the rendering harmless of sewage and water-borne waste matter produced or arising within the territory served by the System. Accordingly, every owner, tenant or occupant of any house, dwelling or building located near the System, where sewage will flow by gravity or be transported by such other methods approved by the State Department of Health from such house, dwelling or building into the System, to the extent permitted by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, shall connect with and use the System and shall cease the use of all other means for the collection, treatment and disposal of sewage and waste matters from such house, dwelling or building where there is such gravity flow or transportation by such other method approved by the State Department of Health and such house, dwelling or building can be adequately served by the System, and every such owner, tenant or occupant shall, after a 20-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 will complete the Project as promptly as possible and operate and maintain the System as a revenue-producing utility in good condition and in compliance with all federal and state requirements and standards.

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

Section 7.18. Tax Covenants. The Issuer hereby further covenants and agrees as follows:

A. PRIVATE BUSINESS USE LIMITATION. The Issuer shall assure that (i) not in excess of 10% of the Net Proceeds of the Series 2008 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 2008 A Bonds during the term thereof is, under the terms of the Series 2008 A Bonds or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for a Private Business Use or in payments in respect of property used or to be used for a Private Business Use or is to be derived from payments, whether or not to the Issuer, in respect of property or borrowed money used or to be used for a Private Business Use; and (ii) and that, in the event that both (A) in excess of 5% of the Net Proceeds of the Series 2008 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 2008 A Bonds during the term thereof is, under the terms of the Series 2008 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 2008 A Bonds used for a Private Business Use shall be used for a Private Business Use related to the governmental use of the Project, or if the Series 2008 A Bonds are for the purpose of financing more than one project, a portion of the Project, and shall not exceed the proceeds used for the governmental use of the portion of the Project to which such Private Business Use is related. All of the foregoing shall be determined in accordance with the Code.

B. PRIVATE LOAN LIMITATION. The Issuer shall assure that not in excess of 5% of the Net Proceeds of the Series 2008 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 2008 A Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Code.

D. INFORMATION RETURN. The Issuer will timely file all statements, instruments and returns necessary to assure the tax-exempt status of the Series 2008 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 any and all actions that may be required of it (including, without limitation, those deemed necessary by the Authority) so that the interest on the Series 2008 A Bonds will be and remain excluded from gross income for federal income tax purposes, and will not take any actions or fail to take any actions (including, without limitation, those deemed necessary by the Authority), the result of which would adversely affect such exclusion.

Section 7.19. Statutory Mortgage Lien. For the further protection of the Holders of the Series 2008 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 2008 A Bonds and shall be on a parity with the statutory mortgage lien in favor of the Holders of the Prior Bonds.

Section 7.20. 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 agrees to comply with all applicable laws, rules and regulations issued by the Authority 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 7.21. Securities Laws Compliance. The Issuer will provide the Authority, in a timely manner, with any and all information that may be requested of it (including its annual audit report, financial statements, related information and notices of changes in usage and customer base) so that the Authority may comply with the provisions of SEC Rule 15c2-12 (17 CFR Part 240).

Section 7.22. Contracts; Change Orders; Public Releases. A. The Issuer shall, simultaneously with the delivery of the Series 2008 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 Authority for written approval. The Issuer shall obtain the written approval of the Authority before expending any proceeds of the Series 2008 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 Authority before expending any proceeds of the Series 2008 A Bonds made available due to bid or construction or project underruns.

C. The Issuer shall list the funding as being provided by the Authority 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; NON ARBITRAGE

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

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

The Depository Bank shall keep complete and accurate records of all funds, accounts and investments, and shall distribute to the Issuer, at least once each year (or more often if reasonably requested by the Issuer), a summary of such funds, accounts and

investment earnings. The Issuer shall retain all such records and any additional records with respect to such funds, accounts and investment earnings so long as any of the Bonds are Outstanding and as long thereafter as necessary to comply with the Code and assure the exclusion of interest on the Bonds from gross income for federal income tax purposes.

Section 8.02. Arbitrage and Tax Exemption. The Issuer covenants that (i) it shall not take, or permit or suffer to be taken, any action with respect to the gross or other proceeds of the Series 2008 A Bonds which would cause the Series 2008 A Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code, and (ii) it will take any and all actions that may be required of it (including, without implied limitation, the timely filing of a federal information return with respect to each series of the Series 2008 A Bonds) so that the interest on the Series 2008 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 8.03. Tax Certificate and Rebate. The Issuer shall deliver a certificate of arbitrage, a tax certificate or other similar certificate to be prepared by nationally recognized bond counsel or tax counsel relating to payment of arbitrage rebate and other tax matters as a condition to issuance of the Series 2008 A Bonds. In addition, the Issuer covenants to comply with all Regulations from time to time in effect and applicable to the Series 2008 A Bonds as may be necessary in order to fully comply with Section 148(f) of the Code, and covenants to take such actions, and refrain from taking such actions, as may be necessary to fully comply with such Section 148(f) of the Code and such Regulations, regardless of whether such actions may be contrary to any of the provisions of this Bond Legislation.

The Issuer shall calculate, annually, the rebatable arbitrage, determined in accordance with Section 148(f) of the Code. Upon completion of each such annual calculation, unless otherwise agreed by the Authority, the Issuer shall deposit, or cause to be deposited, in the Rebate Fund such sums as are necessary to cause the aggregate amount on deposit in the Rebate Fund to equal the sum determined to be subject to rebate to the United States, which, notwithstanding anything herein to the contrary, shall be paid from investment earnings on the underlying fund or account established hereunder and on which such rebatable arbitrage was earned or from other lawfully available sources. Notwithstanding anything herein to the contrary, the Rebate Fund shall be held free and clear of any lien or pledge hereunder and shall be used only for payment of rebatable arbitrage to the United States. The Issuer shall pay, or cause to be paid, to the United States, from the Rebate Fund, the rebatable arbitrage in accordance with Section 148(f) of the Code and such Regulations. In the event that there are any amounts remaining in the Rebate Fund following all such payments required by the preceding sentence, the Depository Bank shall pay said amounts to the Issuer to be used for any lawful purpose of the System. The Issuer shall remit payments to the United States in the time and at the address prescribed by the Regulations as the same may be from time to time in effect with such reports and statements as may be prescribed by such Regulations. In the event that, for any reason, amounts in the Rebate Fund are insufficient to make the payments to the United States which are required, the Issuer shall assure that such payments are made by the Issuer to the United States, on a timely basis, from any funds lawfully available therefor. In addition, the Issuer shall cooperate with the Authority in preparing rebate calculations and in all other respects in connection with rebates and hereby consents to the performance of all matters in connection

with such rebates by the Authority at the expense of the Issuer. To the extent not so performed by the Authority, the Issuer and the Depository Bank (at the expense of the Issuer) may provide for the employment of independent attorneys, accountants or consultants compensated on such reasonable basis as the Issuer or the Depository Bank may deem appropriate in order to assure compliance with this Section 8.03. The Issuer shall keep and retain, or cause to be kept and retained, records of the determinations made pursuant to this Section 8.03 in accordance with the requirements of Section 148(f) of the Code and such Regulations. In the event the Issuer fails to make such rebates as required, the Issuer shall pay any and all penalties and other amounts, from lawfully available sources, and obtain a waiver from the Internal Revenue Service, if necessary, in order to maintain the exclusion of interest on the Series 2008 A Bonds from gross income for federal income tax purposes.

The Issuer shall submit to the Authority within 15 days following the end of each Bond Year a certified copy of its rebate calculation and certificate with respect thereto or, if the Issuer qualifies for the small governmental issue exception to rebate, or any other exception thereto, then the Issuer shall submit to the Authority a certificate stating that it is exempt from such rebate provisions and that no event has occurred to its knowledge during the Bond Year which would make the Series 2008 A Bonds subject to rebate. The Issuer shall also furnish to the Authority, at any time, such additional information relating to rebate as may be reasonably requested by the Authority, including information with respect to earnings on all funds constituting "gross proceeds" of the Series 2008 A Bonds (as such term "gross proceeds" is defined in the Code).

Section 8.04. Small Issuer Exemption from Rebate of Excess Investment Earnings to the United States. In accordance with Section 148 (f)(4)(D) of the Code, the Issuer covenants that it is a governmental unit with general taxing powers; that no part of the Notes are private activity bonds; that 95% or more of the Net Proceeds of the Notes are to be used for local governmental activities of the Issuer (or of a governmental unit the jurisdiction of which is entirely within the jurisdiction of the Issuer); and that the aggregate face amount of all the tax-exempt obligations (other than private activity bonds) issued by the Issuer during the calendar year in which the Notes are issued does not and will not exceed $5,000,000, determined in accordance with Section 148(f)(4)(D) of the Code and the Regulations from time to time in effect an applicable to the Notes. For purposes of the first paragraph of this Section and for purposes of applying Section 148(f)(4)(D) of the Code, the Issuer and all entities which issue obligations on behalf of the Issuer shall be treated as one issuer; all obligations issued by a governmental unit to make loans to other governmental units with general taxing powers not subordinate to such unit shall, for purposes of applying this first paragraph of this Section and Section 148(f)(4)(D) of the Code, be treated as not issued by such unit; all obligations issued by a subordinate entity shall, for purposes of applying this first paragraph of this Section and Section 148(f)(4)(D) of the Code to each other entity to which such entity is subordinate, be treated as issued by such other entity; and an entity formed (or, to the extent provided by the Secretary, as set forth in the Code, availed of) to avoid the purposes of such Section.

ARTICLE IX

DEFAULT AND REMEDIES

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

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

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

(3) If the Issuer 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 2008 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 Series 2008 A Bonds; (iv) by action at law or bill in equity require the Issuer to account as if it were the trustee of an express trust for the Registered Owners of the Series 2008 A Bonds, and (v) by action or bill in equity enjoin any acts in violation of the Bond Legislation with respect to the Series 2008 A Bonds, or the rights of such Registered Owners; provided that, all rights and remedies of the Holders of the Series 2008 A Bonds shall be on a parity with the Holders of the Prior Bonds.

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

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

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

Such receiver, in the performance of the powers hereinabove conferred upon him or her or it, shall be under the direction and supervision of the court making such appointment, shall at all times be subject to the orders and decrees of such court and may be removed 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 the System shall remain in the Issuer, and no court shall have any jurisdiction to enter any order or decree permitting or requiring such receiver to sell, assign, mortgage or otherwise dispose of any assets of the System.

ARTICLE X

PAYMENT OF BONDS

Section 10.01. Advance Refunding of Series 2008 A Bonds. So long as the Authority shall be the registered owner of the Series 2008 A Bonds, the Issuer may advance refund the Series 2008 A Bonds during the first 15 years following the issuance thereof at a premium of 1% over the premium, if any, to be paid by the Authority by depositing sufficient funds (principal, interest and premium, if any) at the Commission to redeem the Series 2008 A Bonds on the first available call date; provided that, after the first 15 years, the Issuer may prepay the Series 2008 A Bonds at par, plus interest payable to the next available call date, at any time, all as set forth in the Loan Agreement.

ARTICLE XI

MISCELLANEOUS

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

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

Section 11.03. Severability of Invalid Provisions. If any section, paragraph, clause or provision of this Ordinance should be held invalid by any court of competent jurisdiction, the invalidity of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Ordinance, the Supplemental Resolution or the Series 2008 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. All ordinances, orders or resolutions and or parts thereof in conflict with the provisions of this Ordinance are, to the extent of such conflict, hereby repealed; provided that, in the event of any conflict between this Ordinance and the Prior Ordinances, the Prior Ordinances shall control (unless less restrictive), so long as the Prior Bonds are Outstanding.

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

Section 11.07. Statutory Notice and Public Hearing. Upon adoption hereof, an abstract of this Ordinance determined by the Governing Body to contain sufficient information as to give notice of the contents hereof shall be published once a week for 2 successive weeks within a period of fourteen consecutive days, with at least 6 full days intervening between each publication, in the *Weirton Daily Times*, a newspaper published and of general circulation in The Town of New Cumberland, together with a notice stating that this Ordinance has been adopted and that the Issuer contemplates the issuance of the Series 2008 A Bonds, and that any person interested may appear before the Governing Body upon a date certain, not less than ten days subsequent to the date of the first publication of such abstract of this Ordinance and notice, and present protests, and that a certified copy of this Ordinance is on file with the Governing Body for review by interested persons during office hours of the Governing Body. At such hearing, all objections and suggestions shall be heard and the Governing Body shall take such action as it shall deem proper in the premises.

Passed on First Reading:	September 2, 2008
Passed on Second Reading:	October 6, 2008
Passed on Final Reading Following Public Hearing:	October 5, 2009

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

Mayor Joseph J. Sargent

CERTIFICATION

Certified a true copy of an Ordinance duly enacted by the Council of THE TOWN OF NEW CUMBERLAND on the 5th day of October, 2009.

Dated: December 15, 2009.

[SEAL]

Clerk

08.22.08
658300.00003

THE TOWN OF NEW CUMBERLAND

Combined Waterworks and Sewerage System Revenue Bonds, Series 2009 A
(West Virginia Water Development Authority)

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION REDESIGNATING BONDS AND PROVIDING AS TO PRINCIPAL AMOUNT, DATE, MATURITY DATE, REDEMPTION PROVISION, INTEREST RATE, INTEREST AND PRINCIPAL PAYMENT DATES, SALE PRICE AND OTHER TERMS OF THE COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2009 A (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), OF THE TOWN OF NEW CUMBERLAND; RATIFYING AND APPROVING A LOAN AGREEMENT RELATING TO SUCH BONDS AND THE SALE AND DELIVERY OF SUCH BONDS TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

WHEREAS, the council (the "Governing Body") of The Town of New Cumberland (the "Issuer") has duly and officially adopted and enacted a bond ordinance, effective October 5, 2009 (the "Bond Ordinance"), entitled:

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF EXTENSIONS, ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE WATER PORTION OF THE EXISTING PUBLIC COMBINED WATERWORKS AND SEWERAGE SYSTEM OF THE TOWN OF NEW CUMBERLAND AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE TOWN OF NOT MORE THAN $1,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2008 A (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY

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

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

WHEREAS , the Bond Ordinance provides for the issuance of the Water Revenue Bonds, Series 2008 A (West Virginia Water Development Authority) in an aggregate principal amount not to exceed $1,000,000;

WHEREAS, the Water Revenue Bonds, Series 2008 A (West Virginia Water Development Authority) were not issued in 2008, but will be issued in 2009;

WHEREAS, the Governing Body desires to re-designate the Water Revenue Bonds, Series 2008 A (West Virginia Water Development Authority) as Water Revenue Bonds, Series 2009 A (West Virginia Water Development Authority);

WHEREAS, the Bond Ordinance provides for the issuance of the Combined Waterworks and Sewerage System Revenue Bonds, Series 2009 A (West Virginia Water Development Authority), of the Issuer, in the aggregate principal amount not to exceed $1,000,000 (the "Bonds" or the "Series 2009 A Bonds"), and has authorized the execution and delivery of a loan agreement relating to the Bonds, including all schedules and exhibits attached thereto (the "Loan Agreement"), by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), all in accordance with Chapter 8, Article 20 and Chapter 22C, Article 1 of the West Virginia Code of 1931, as amended (collectively, the "Act"); and in the Bond Ordinance it is provided that the form of the Loan Agreement and the exact principal amount, date, maturity date, redemption provision, interest rate, interest and principal payment dates, sale price and other terms of the Bonds should be established by a supplemental resolution pertaining to the Bonds; and that other matters relating to the Bonds be herein provided for;

WHEREAS, the Loan Agreement has been presented to the Issuer at this meeting;

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

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

Agreement be approved and entered into by the Issuer, that the exact principal amount, the date, the maturity date, the redemption provisions, the interest rate, the interest and principal payment dates and the sale price of the Bonds be fixed hereby in the manner stated herein, and that other matters relating to the Bonds be herein provided for;

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF THE TOWN OF NEW CUMBERLAND:

Section 1. Pursuant to the Bond Ordinance and the Act, this Supplemental Resolution is adopted and there are hereby authorized and ordered to be issued the Water Revenue Bonds, Series 2009 A (West Virginia Water Development Authority), of the Issuer, originally represented by a single Bond, numbered AR-1, in the principal amount of $764,000. The Series 2009 A Bonds shall be dated the date of delivery thereof, shall finally mature October 1, 2029, and shall bear interest at the rate of five percent (5%) per annum. The principal on Series 2009 A Bonds shall be payable annually on October 1 of each year, commencing October 1, 2010, to and including October1, 2029, and the interest on each installment shall be payable semi-annually on April 1 and October 1 in each year, beginning April 1, 2010, and in the amounts as set forth in the "Schedule Y" attached to the Loan Agreement and incorporated in and made a part of the Series 2009 A Bonds. The Series 2009 A Bonds shall be subject to redemption upon the written consent of the Authority, and upon payment of the redemption premium, if any, and otherwise in compliance with the Loan Agreement, so long as the Authority shall be the registered owner of the Series 2009 A Bonds.

Section 2. Section 7.04 of the Bond Ordinance is hereby revised and restated in its entirety as follows:

> Section 7.04. Rates and Charges. The Issuer has obtained any and all approvals of rates and charges required by State law and has taken any other action required to establish and impose such rates and charges, with all requisite appeal periods having expired without successful appeal and shall provide an opinion of counsel to such effect. Such rates and charges shall be sufficient to comply with the requirements of the Loan Agreement and the Issuer shall supply a certificate of certified public accountant to such effect. The initial schedule of rates and charges for the services of the facilities of the System shall be as set forth in the water rate ordinance duly enacted on July 20, 2009, and the sewer rate ordinance duly enacted on July 20, 2009, which rates are incorporated herein by reference as a part hereof.
>
> So long as the Series 2008 A Bonds are outstanding, the Issuer covenants and agrees to fix and collect rates, fees and other charges for the use of the

System and to take all such actions necessary to provide funds sufficient to produce the required sums set forth in the Bond Legislation and in compliance with the Loan Agreement. In the event the schedule of rates, fees and charges initially established for the System in connection with the Series 2008 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 3. All other provisions relating to the Bonds and the text of the Bonds shall be in substantially the form provided in the Bond Ordinance.

Section 4. The Issuer does hereby authorize, approve, ratify and accept the Loan Agreement, a copy of which is incorporated herein by reference, and the execution and delivery of the Loan Agreement by the Mayor, and the performance of the obligations contained therein, on behalf of the Issuer, are hereby authorized, directed, ratified and approved. The Issuer hereby affirms all covenants and representations made in the Loan Agreement and in the applications to the Authority. The price of the Bonds shall be 100% of par value, there being no interest accrued thereon, provided that the proceeds of the Bonds shall be advanced from time to time as requisitioned by the Issuer.

Section 5. The Issuer does hereby appoint and designate The Huntington National Bank, Charleston, West Virginia, to serve as Registrar (the "Registrar"), for the Bonds under the Bond Ordinance and does approve and accept the Registrar's Agreement to be dated the date of delivery of the Bonds, by and between the Issuer and the Registrar, and the execution and delivery of the Registrar's Agreement by the Mayor, and the performance of the obligations contained therein, on behalf of the Issuer, are hereby authorized, approved and directed.

Section 6. The Issuer does hereby appoint and designate the West Virginia Municipal Bond Commission, Charleston, West Virginia, to serve as Paying Agent for the Bonds under the Bond Ordinance.

Section 7. The Issuer does hereby appoint and designate Hancock County Savings Bank, New Cumberland, West Virginia, to serve as Depository Bank under the Bond Ordinance.

Section 8. Series 2009 A Bonds proceeds in the amount of $38,000 shall be deposited in the Series 2009 A Bonds Sinking Fund, as capitalized interest.

Section 9. Series 2009 A Bonds proceeds in the amount of $-0- shall be deposited in the Series 2009 A Bonds Reserve Account.

Section 10. The balance of the proceeds of the Series 2009 A Bonds shall be deposited in or credited to the Series 2009 A Bonds Construction Trust Fund for payment of the costs of the Project, including, without limitation, costs of issuance of the Bonds and related costs.

Section 11. The Mayor and the Clerk are hereby authorized and directed to execute and deliver such other documents, agreements, instruments and certificates required or desirable in connection with the Bonds hereby and by the Bond Ordinance approved and provided for, to the end that the Bonds may be delivered on or about December 15, 2009, to the Authority pursuant to the Loan Agreement.

Section 12. The acquisition and construction of the Project and the financing thereof in part with proceeds of the Bonds is in the public interest, serves a public purpose of the Issuer and will promote the health, welfare and safety of the residents of the Issuer.

Section 13. The Issuer does hereby approve and authorize all contracts relating to the financing, acquisition and construction of the Project.

Section 14. The Issuer shall serve the additional customers at the locations(s) as set forth in Certificate of Engineer. The Issuer shall not reduce the amount of additional customers served by the project without the prior written approval of the Board of the Water Development Authority (the "Authority"). Following completion of the Project the Issuer shall certify to the Authority the number of customers added to the System.

Section 15. The Issuer shall perform an annual maintenance audit which maintenance audit shall be submitted to the Authority and the Public Service Commission of West Virginia.

Section 16. The Issuer hereby determines to invest all monies in the funds and accounts established by the Bond Ordinance held by the Depository Bank until expended, in repurchase agreements or time accounts, secured by a pledge of Government Obligations, and therefore, the Issuer hereby directs the Depository Bank to take such actions as may be necessary to cause such monies to be invested in such repurchase agreements or time accounts until further directed in writing by the Issuer. Monies in the Series 2009 A Bonds Sinking Fund, including the Series 2009 A Bonds Reserve Account therein, shall be invested by the West Virginia Municipal Bond Commission in the West Virginia Consolidated Fund.

Section 17. This Supplemental Resolution shall be effective immediately following adoption hereof.

Adopted this 7th day of December, 2009.

Mayor

CERTIFICATION

Certified a true copy of a Supplemental Resolution duly adopted by the Council of The Town of New Cumberland on the 7th day of December, 2009.

Dated: December 15, 2009.

[SEAL]

Clerk

11.16.09
658300.00003

CH4913047.1

WDA-LP IV
(12/09)

LOAN AGREEMENT

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

THE TOWN OF NEW CUMBERLAND (2006W-950)
(Governmental Agency)

W I T N E S S E T H:

WHEREAS, pursuant to the provisions of Chapter 22C, Article 1 of the Code of West Virginia, 1931, as amended (the "Act"), the Authority is empowered to make loans to governmental agencies for the acquisition or construction of water development projects by such governmental agencies and to issue water development revenue bonds of the State of West Virginia (the "State") to be financed, in whole or in part, by loans to governmental agencies, one or more water development projects, all subject to such provisions and limitations as are contained in the Act;

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

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

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

WHEREAS, the Governmental Agency has completed and filed with the Authority an Application for a Construction Loan with attachments and exhibits and an Amended Application for a Construction Loan also with attachments and exhibits (together, as further revised and supplemented, the "Application"), which Application is incorporated herein by this reference; and

WHEREAS, having reviewed the Application and made all findings required by Section 5 of the Act and having available sufficient funds therefor, the Authority is willing to lend the Governmental Agency the amount set forth on Schedule X attached hereto and incorporated herein by reference, through the purchase of revenue bonds of the Governmental Agency with proceeds of certain water development revenue bonds of the State issued by the Authority pursuant to and in accordance with the provisions of the Act and a certain general revenue bond resolution adopted by the Board of the Authority (the "General Resolution"), as supplemented, subject to the Governmental Agency's satisfaction of certain legal and other requirements of the Authority's water development loan program, known as Loan Program IV (the "Program") as hereinafter set forth.

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

ARTICLE I

Definitions

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

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

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

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

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

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

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

1.8 "Project" means the water development project hereinabove referred to, to be constructed or being constructed by the Governmental Agency in whole or in part with the net proceeds of the Local Bonds or being or having been constructed by the Governmental Agency 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 "System" means the water development project owned by the Governmental Agency, of which the Project constitutes all or to which the Project constitutes an improvement, and any improvements thereto hereafter constructed or acquired from any sources whatsoever.

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

ARTICLE II

The Project and the System

2.1 The Project shall generally consist of the construction and acquisition of the facilities described in the Application, to be, being or having been constructed in accordance with plans, specifications and designs prepared for the

Governmental Agency by the Consulting Engineers, the Authority having found, to the extent applicable, that the Project is consistent with the Act.

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

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

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

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

2.6 The Governmental Agency agrees that it will permit the Authority and its agents and representatives to have access to the records of the Governmental Agency pertaining to the operation and maintenance of the System at any reasonable time following completion of construction of the Project and commencement of operation

thereof or, if the Project is an improvement to an existing system, at any reasonable time following commencement of construction.

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

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

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

2.10 The Governmental Agency shall at all times provide operation and maintenance of the System in compliance with any and all State and federal standards.

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

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

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

2.13 The Governmental Agency shall serve the additional customers at the location(s) as set forth in Schedule X. The Governmental Agency shall not reduce the amount of additional customers served by the project without the prior written approval of the Authority Board. Following completion of the Project the Governmental Agency shall certify to the Authority the number of customers added to the System.

2.14 The Governmental Agency shall perform an annual maintenance audit which maintenance audit shall be submitted to the Authority and the Public Service Commission of West Virginia.

ARTICLE III

Conditions to Loan; Issuance of Local Bonds

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

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

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

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

(d) No Loan shall be made for the purpose of refinancing any outstanding long-term indebtedness of a Governmental Agency unless an opinion of counsel is received by the Authority to the effect that such refinancing is permitted by the Act and the General Resolution, and that such refinancing will not cause a violation of any covenant, representation or agreement of the Authority contained in the General Resolution or any tax or arbitrage certificate with respect to the exclusion of the interest on the Authority's water development revenue bonds from gross income of the holders thereof for federal income tax purposes;

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

(f) The Governmental Agency 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 shall have received an opinion of counsel to the Governmental Agency, which may be local counsel to the Governmental Agency, bond counsel or special PSC counsel but must be satisfactory to the Authority, to such effect;

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

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

(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 shall have received a certificate of the accountant for the Governmental Agency, or such other person or firm experienced in the finances of governmental agencies and satisfactory to the Authority, 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 shall have received a certificate of the Consulting Engineers, or such other person or firm experienced in the financing of water development projects and satisfactory to the Authority, to such effect, such certificate to be in form and substance satisfactory to the Authority, and evidence satisfactory to the Authority of such irrevocably committed grants.

3.2 Subject to the terms and provisions of this Loan Agreement, the rules and regulations promulgated by the Authority or any other appropriate State agency and any applicable rules, regulations and procedures promulgated from time to time by the federal government, it is hereby agreed that the Authority shall make the Loan to the Governmental Agency and the Governmental Agency shall accept the Loan from the Authority, and in furtherance thereof it is agreed that the Governmental Agency shall sell to the Authority and the Authority shall make the Loan by purchasing the Local Bonds in

the principal amount and at the price set forth in Schedule X hereto. The Local Bonds shall have such further terms and provisions as described in Article IV hereof.

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

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

3.5 The Governmental Agency understands and acknowledges that it is one of several governmental agencies which have applied to the Authority for loans from the Program to finance water development projects and that the obligation of the Authority to make any such loan is subject to the Governmental Agency's fulfilling all of the terms and conditions of this Loan Agreement on or prior to the Date of Loan Closing and to the right of the Authority to make such loans to other governmental agencies as in the aggregate will permit the fullest and most timely utilization of such proceeds to enable the Authority to pay debt service on the water development revenue bonds issued by it. The Governmental Agency specifically recognizes that the Authority will not purchase the Local Bonds unless and until it has available funds sufficient to purchase all the Local Bonds and that, prior to execution of this Loan Agreement, the Authority may commit to and purchase the revenue bonds of other governmental agencies for which it has sufficient funds available. The Governmental Agency further specifically recognizes that during the last 90 days of a period to originate Loans from its water development revenue bond proceeds, the Authority may execute Loan Agreements, commit moneys and close Local Bond sales in such order and manner as it deems in the best interest of the Program. Additionally, the Governmental Agency recognizes that the Authority will purchase the Local Bonds only with funds from the Program and not with funds from any other loan programs of the Authority.

ARTICLE IV

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

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

(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, as reflected on the Schedule X attached hereto, and beginning seven (7) months prior to the first date of payment of interest on the Local Bonds and thirteen (13) months prior to the first date of payment of principal of the Local Bonds, respectively, to provide debt service on the Local Bonds by depositing in a sinking fund one-sixth (1/6) of the interest payment next coming due on the Local Bonds and one-twelfth (1/12) of the principal payment next coming due on the Local Bonds and, beginning thirteen (13) months prior to the first date of payment of principal of the Local Bonds, if the reserve account for the Local Bonds (the "Reserve Account") was not funded from proceeds of the Local Bonds or otherwise concurrently with the issuance thereof (which, with an approving opinion of bond counsel to the Governmental Agency, may be with a letter of credit or surety or other security instrument) 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) (or such other amount as shall be acceptable to the Authority and as shall fund the Reserve Account over not more than ten (10) years) of the Reserve Requirement or, if the Reserve Account has been so funded (whether by Local Bond proceeds, monthly deposits or otherwise), any amount necessary to maintain the Reserve Account at the Reserve Requirement;

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

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

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

(b) Covenants substantially as follows:

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

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

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

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

contained in such covenants; provided that, any sale or disposition of the properties of the System in excess of $100,000 shall require the written consent of the Authority;

(v) That the Governmental Agency shall not issue any other obligations payable from the revenues of the System which rank prior to, or equally, as to lien and security with the Local Bonds, except parity bonds which shall only be issued if net revenues of the System prior to issuance of such parity bonds, plus reasonably projected revenues from rate increases and the improvements to be financed by such parity bonds, shall not be less than one hundred fifteen percent (115%) of the maximum debt service in any succeeding year on all Local Bonds and parity bonds theretofore and then being issued and on any obligations secured by a lien on or payable from the revenues of the System prior to the Local Bonds and with the prior written consent of the Authority; provided that, the Authority shall have received a bond counsel parity opinion and an accountant certificate stating that the coverage and parity requirements have been met and the parity bonds must have a reserve account requirement of at least 1 year's debt service, to be funded at closing or over 10 years;

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

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

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

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

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

(xi) That the Governmental Agency shall annually cause the records of the System to be audited by an independent certified public accountant or

independent public accountant and shall submit the report of said audit to the Authority, which report shall include a statement that notes whether the results of tests disclosed instances of noncompliance that are required to be reported under government auditing standards and, if they are, describes the instances of noncompliance and the audited financial statements shall include a statement that notes whether the Governmental Agency's revenues are adequate to meet its Operating Expenses and debt service and reserve requirements;

(xii) That the Governmental Agency shall annually, at least 30 days prior to each new fiscal year, 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 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, 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 Governmental Agency and on which the owners of the Local Bonds shall have a lien until such proceeds are applied to the construction of the Project (including the repayment of any incidental interim financing) and/or (b) be used to pay (or redeem) bond anticipation notes or other interim financing of such Governmental Agency, the proceeds of which were used to finance the construction of the Project; provided that, with the prior written consent of the Authority, the proceeds of the Local Bonds may be used to fund all or a portion of the Reserve Account, on which the owner of the Local Bonds shall have a lien as provided herein;

(xv) That, as long as the Authority is the owner of any of the Local Bonds, the Governmental Agency may advance refund its Local Bonds during the first 15 years at a premium of 1% over the premium, if any, to be paid by the Authority by depositing sufficient funds (principal, interest and premium, if any,) at the Commission (as hereinafter defined) to redeem such Local Bonds on the first available call date; provided that, after the first 15 years, the Governmental Agency may prepay its Local Bonds at par, plus interest payable to the next available call date, at any time.

(xvi) That, to the full extent permitted by applicable law and the rules and regulations of the PSC, the Governmental Agency shall terminate the services of any water facility owned by it to any customer of the System who is

delinquent in payment of charges for services provided by the System and will not restore the services of the water facility until all delinquent charges for the services of the System have been fully paid or, if the water facility is not owned by the Governmental Agency, then the Governmental Agency shall enter into a termination agreement with the water provider;

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

(xviii) That the Governmental Agency shall annually provide the Authority with bank statements and all investment information for the funds and accounts related to the proceeds of the Local Bonds;

(xix) That the Governmental Agency shall annually provide the Authority with financial information and such other information as is necessary for the Authority to meet its ongoing disclosure requirements;

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

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

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

(xxiii) That the Governmental Agency shall obtain the written approval of the Authority before expending any proceeds of the Local Bonds available

due to bid/construction/project underruns, including the "contingency" as set forth in the final Schedule A attached to the certificate of the Consulting Engineers;

(xxiv) That the Governmental Agency shall list the funding provided by 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 groundbreaking or dedication of the Project; and

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

The Governmental Agency 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 recognized bond counsel acceptable to the Authority in substantially the form of legal opinion attached hereto as Exhibit B.

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

4.3 The principal payments of the Loan shall be made by the Commission annually on the days and in the years provided in Schedule X hereto. The

interest payments on the Loan shall be made by the Commission semiannually as provided in said Schedule X.

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

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

4.6 The Governmental Agency agrees to pay from time to time, as required by the Authority, the Governmental Agency's allocable share of the reasonable administrative expenses of the Authority relating to the Program. Such administrative expenses shall be as 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 the water development revenue bonds. The Authority shall provide both the Governmental Agency and the trustee for the water development revenue bonds with a schedule of such fees and charges, and the Governmental Agency shall pay such fees and charges on the dates indicated directly to the trustee. The Governmental Agency hereby specifically authorizes the Authority to exercise the powers granted it by Section 9.06 of the General Resolution.

4.7 Unless otherwise agreed by the Authority, the Governmental Agency agrees to expend the net proceeds of the Local Bonds for the Project within 3 years of the issuance of the Authority's bonds.

4.8 As long as the Authority is the owner of any of the Local Bonds outstanding, the Governmental Agency may redeem its Local Bonds in accordance with the conditions set forth in Section 4.1 (b)(xv). The Authority hereby agrees that it will not refund the water development revenue bonds which provided the funds for the Local Bonds without the prior written consent of each of the affected Governmental Agencies.

ARTICLE V

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

Governmental Agency to the Authority

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

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

5.3 In the event the Governmental Agency defaults in any payment to the Authority pursuant to this Loan Agreement, the amount of such default shall bear interest at the interest rate of the installment of the Loan next due, plus 2%, from the date of the default until the date of the payment thereof. The defaulted interest shall be paid from the first deposits made by the Governmental Agency to the Commission.

5.4 The Governmental Agency hereby irrevocably covenants and agrees with the Authority that, in the event of any default hereunder by the Governmental Agency, the Authority may exercise any or all of the rights and powers granted under Section 7 of the Act, including, without limitation, the right to impose, enforce and collect charges of the System.

ARTICLE VI

Other Agreements of the Governmental Agency

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

6.2 At the option of the Authority, the Governmental Agency shall issue and sell to the Authority additional, subordinate bonds to evidence the Governmental Agency's obligation to repay to the Authority any grant received by the Governmental Agency from the Authority in excess of the amount to which the Governmental Agency is entitled pursuant to applicable policies or rules and regulations of the Authority. Also at the option of the Authority, the Governmental Agency may issue and sell to the Authority additional, subordinate bonds for such purposes as may be acceptable to the Authority.

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

6.4 The Governmental Agency hereby agrees to repay on or prior to the Date of Loan Closing any moneys due and owing by it to the Authority for the planning or design of the Project, and such repayment shall be a condition precedent to the Authority's making the Loan.

6.5 The Governmental Agency hereby covenants that it will take all actions necessary or desirable to preserve the exclusion from gross income for federal income tax purposes of interest on the Authority's water development revenue bonds.

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

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

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

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

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

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

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

7.8 This Loan Agreement shall terminate upon the earlier of:

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

(ii) termination by the Authority pursuant to Section 6.3 hereof; or

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

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

THE TOWN OF NEW CUMBERLAND

(SEAL)

By: _____
Its: Mayor
Date: December 15, 2009

Attest:

_____
Its: Recorder

WEST VIRGINIA WATER
DEVELOPMENT AUTHORITY

(SEAL)

By: _____
Its: Executive Director
Date: December 15, 2009

Attest:

_____
Its: Secretary-Treasurer

{C1644025.1}

EXHIBIT A

FORM OF CERTIFICATE OF CONSULTING ENGINEERS

(Issuer)

(Name of Bonds)

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

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

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

3. To the best of my knowledge, information and belief, (i) within the limits and in accordance with the applicable and governing contractual requirements relating to the Project, the Project will be constructed in general accordance with the approved plans, specifications and designs prepared by my firm and approved by [DEP/BPH/PSC] and any change orders approved by the Issuer and all necessary governmental bodies; (ii) the Project, as designed, is adequate for its intended purpose and has a useful life of at least _____ years if properly operated and maintained, excepting anticipated replacements due to normal wear and tear; (iii) the Issuer has received bids for the acquisition and construction of the Project which are in an amount and otherwise compatible with the plan of financing set forth in the Schedule A 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/BPH/PSC] and the bid forms provided to the bidders contain all critical operational components of the Project; (vi) the successful bids include prices for every item on such bid forms; (vii) the uniform bid procedures were followed; (viii) the Issuer has obtained all permits required by the laws of the State of West Virginia and the United States necessary for the acquisition and construction of the Project and operation of the System; (ix) as of the effective date thereof,[2] the rates and charges for the System as adopted by the Issuer will be sufficient to comply with the provisions of the Loan Agreement; (x) the net proceeds of the Bonds, together with all other moneys on deposit or to be simultaneously deposited and irrevocably pledged thereto and the proceeds of grants, if any, irrevocably committed therefor, are sufficient to pay the costs of acquisition and construction of the Project set forth in the Schedule A attached hereto; and (xi) attached hereto as Exhibit A is the final amended "Schedule A - Final Total Cost of Project, Sources of Funds and Costs of Financing" for the Project.

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

[SEAL]

_____

By: _____
West Virginia License No. _____

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[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 B

OPINION OF BOND COUNSEL FOR GOVERNMENTAL AGENCY

[To Be Dated as of Date of Loan Closing]

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

Ladies and Gentlemen:

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

We have examined a certified copy of proceedings and other papers relating to the authorization of (i) a loan agreement dated _____, ____, including all schedules and exhibits attached thereto (the "Loan Agreement"), between the Governmental Agency and the West Virginia Water Development Authority (the "Authority") and (ii) the issue of a series of revenue bonds of the Governmental Agency, dated _____, ____ (the "Local Bonds"), to be purchased by the Authority in accordance with the provisions of the Loan Agreement. The Local Bonds are issued in the principal amount of $_____, in the form of one bond, registered as to principal and interest to the Authority, with interest payable semiannually on April 1 and October 1 of each year, commencing _____1, ____, at the rate of __% per annum, and with principal payable annually on October 1 of each year, commencing _____ 1, ____, all as set forth in the "Schedule Y" attached to the Loan Agreement and incorporated in and made a part of the Local Bonds.

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

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

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

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

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

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

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

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

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

6. Under the Local Statute, the Local Bonds and the interest thereon are exempt _____.

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

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

Very truly yours,

EXHIBIT C

MONTHLY FINANCIAL REPORT

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

Item	Month	To Date	Budget Year To Date	Budget Year To Date Minus Total Year To Date
1. Gross Revenues				_____
	_____	_____	_____	_____
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

{C1644025.1}

INSTRUCTIONS FOR COMPLETING MONTHLY FINANCIAL REPORT

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

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

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

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

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

EXHIBIT D

MONTHLY PAYMENT FORM

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

Re: [Name of bond issue]

Ladies and Gentlemen:

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

Sinking Fund:

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

Witness my signature this ___ day of_____.

[Name of Governmental Agency]

By: _____
Authorized Officer

Enclosure: copy of check(s)

{C1644025.1}

SCHEDULE X

DESCRIPTION OF LOCAL BONDS

Principal Amount of Local Bonds $764,000
Purchase Price of Local Bonds $764,000

Interest on the Local Bonds is payable on April 1 and October 1 in each year, beginning with the first semiannual interest payment date after delivery of the Local Bonds to the Authority, until the Local Bonds are paid in full, at the rate of 5% per annum. Principal of the Local Bonds is payable on October 1 in each year as set forth on the Schedule Y attached hereto and incorporated herein by reference.

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

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

(i) The Town of New Cumberland Combined Waterworks and Sewerage System Revenue Bonds, Series 1994 A (West Virginia Water Development Authority), dated October 27, 1994, issued in the original aggregate principal amount of $647,121;

(ii) The Town of New Cumberland Combined Waterworks and Sewerage System Revenue Bonds, Series 1994 B (West Virginia SRF Program), dated October 27, 1994, issued in the original aggregate principal amount of $498,666; and

(iii) The Town of New Cumberland Combined Waterworks and Sewerage System Revenue Bonds, Series 2004 A (West Virginia Water Infrastructure Fund), dated June 18, 2004, issued in the original aggregate principal amount of $238,600.

Number of New Customers: 0
Location: N/A

{C1644025.1}

SCHEDULE Y

DEBT SERVICE SCHEDULE

20 Years

5% Interest Rate

	Dated Date	12/15/09		
	Delivery Date	12/15/09		

Period Ending	Principal	Coupon	Interest	Debt Service
12/15/09				
4/1/10			11,247.78	11,247.78
10/1/10	18,649	5.000%	19,100.00	37,749.00
4/1/11			18,633.78	18,633.78
10/1/11	24,407	5.000%	18,633.78	43,040.78
4/1/12			18,023.60	18,023.60
10/1/12	25,627	5.000%	18,023.60	43,650.60
4/1/13			17,382.93	17,382.93
10/1/13	26,908	5.000%	17,382.93	44,290.93
4/1/14			16,710.23	16,710.23
10/1/14	28,254	5.000%	16,710.23	44,964.23
4/1/15			16,003.88	16,003.88
10/1/15	29,666	5.000%	16,003.88	45,669.88
4/1/16			15,262.23	15,262.23
10/1/16	31,150	5.000%	15,262.23	46,412.23
4/1/17			14,483.48	14,483.48
10/1/17	32,707	5.000%	14,483.48	47,190.48
4/1/18			13,665.80	13,665.80
10/1/18	34,342	5.000%	13,665.80	48,007.80
4/1/19			12,807.25	12,807.25
10/1/19	36,060	5.000%	12,807.25	48,867.25
4/1/20			11,905.75	11,905.75
10/1/20	37,863	5.000%	11,905.75	49,768.75
4/1/21			10,959.18	10,959.18
10/1/21	39,756	5.000%	10,959.18	50,715.18
4/1/22			9,965.28	9,965.28
10/1/22	41,743	5.000%	9,965.28	51,708.28
4/1/23			8,921.70	8,921.70
10/1/23	43,831	5.000%	8,921.70	52,752.70
4/1/24			7,825.93	7,825.93
10/1/24	46,022	5.000%	7,825.93	53,847.93
4/1/25			6,675.38	6,675.38
10/1/25	48,323	5.000%	6,675.38	54,998.38
4/1/26			5,467.30	5,467.30
10/1/26	50,739	5.000%	5,467.30	56,206.30
4/1/27			4,198.83	4,198.83
10/1/27	53,276	5.000%	4,198.83	57,474.83
4/1/28			2,866.93	2,866.93
10/1/28	55,940	5.000%	2,866.93	58,806.93
4/1/29			1,468.43	1,468.43
10/1/29	58,737	5.000%	1,468.43	60,205.43
	764,000		**456,803.56**	**1,220,803.56**

SCHEDULE Z

None

081250alj112008.wpd

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

Entered: November 20, 2008

CASE NO. 08-1250-PWD-CN

NEW CUMBERLAND WATER BOARD,
a municipal utility, Hancock County.
Application for a certificate of convenience and necessity to construct certain additions and improvements to its existing potable water system and for approval of financing thereof.

FINAL

12/10/2008

RECOMMENDED DECISION

On July 28, 2008, the New Cumberland Water Board (Board) filed an application, duly verified, for a certificate of convenience and necessity to construct certain additions and improvements to its existing potable water system and for approval of the financing thereof. The estimated cost of the project was an amount not to exceed one million fourteen thousand dollars ($1,014,000). Project funding, approved by the West Virginia Infrastructure and Jobs Development Council (WVIJDC), consisted of a loan from the West Virginia Water Development Authority (WVWDA) in the amount of $764,000.00 for twenty (20) years at five percent (5%) interest and a $250,000 grant from the West Virginia Development Office Infrastructure Fund (WVDO). No rate increase was anticipated due to the project.

By Commission Order dated July 28, 2008, the Board was required to give notice of the filing of its application by publishing a copy of the Order once in a newspaper, duly qualified by the Secretary of State, published and of general circulation in Hancock County, making due return to the Commission of proper certification of publication immediately after publication.

By Referral Order dated August 8, 2008, the proceeding was referred to the Division of Administrative Law Judges with a decision due date of on or before December 10, 2008, if there had been no public protest to the application within thirty (30) days after the required notice had been provided. If a public protest was received within thirty (30) days after the required notice had been provided, the Division of Administrative Law Judges was to render its decision on or before February 23, 2009.

On August 25, 2008, Staff Attorney Cassius H. Toon filed the Initial Joint Staff Memorandum to which was attached the August 21, 2008 Initial Internal Memorandum prepared by Michael Quinlan, Utilities Analyst I, Water and Wastewater Division, and James Weimer, P.E., Engineer II, Engineering Division. Staff reported on the proposed project and

recommended that the waiver of the Rule 42 filing requirements be granted.

On October 6, 2008, the City filed a letter from the WVDO which reflected the WVDO's commitment of $250,000 for the project.

On October 9, 2008, the City filed contract documents and an engineering report.

On October 10, 2008, the City filed an Affidavit of Publication reflecting that, on August 14, 2008, the Notice of Filing was published in the Hancock County Courier, a newspaper duly qualified by the Secretary of State, published and of general circulation in Hancock County.

On October 21, 2008, Staff Attorney Toon filed the Final Joint Staff Memorandum to which was attached the October 20, 2008 Final Internal Memorandum prepared by Mr. Weimer and Mr. Quinlan. Staff reported that the project, estimated to cost approximately $1,014,000, had been approved by the WVIJDC. The Board currently has 563 residential customers, 47 commercial customers and one resale customer (the Tomlinson Public Service District). Since the Board's current rates are unaffected by the project, the Board requested waiver of the requirement to file information pursuant to Rule 42 of the Commission's Rules for the Construction and Filing of Tariffs of Public Utilities and Common Carrier by Motor Vehicle. The Board filed a partial Rule 42 Exhibit which demonstrated the sufficiency of its existing rates and provided financial information related to the project. Therefore, Staff agreed to the Board's request for a waiver.

Staff reported that, although the Board has not experienced internal growth, the Board's resale customer, which has expanded service into previously unserved areas, requires more water capacity. In addition to the need for increased capacity, the Board's treatment plant must be upgraded to meet water quality standards.

The West Virginia Bureau of Public Health (WVBPH) issued the Board Construction Permit No. 17,929 for the project on March 31, 2008. Staff opined that the Board should inquire if a General Storm Water Protection Permit is needed for construction activities related to the project.

Based on the total customer base served, Staff determined that the installed cost of improvements per existing Board customer was approximately $1,660.00. Staff considered this amount to be very small for a repair/compliance project. Also, Staff determined the project cost per annual EDU to be approximately $466.00, a cost which is very reasonable for an upgrade project. Staff also opined that there is more than sufficient revenues from the Board's resale customer to cover other costs associated with water production. The increased cost for operation and maintenance expense due to the project is estimated to be $29,000.00. Included in this figure is the amount of approximately $24,000.00 for an additional water system employee. Staff opined that the Board's current tariff, which was increased in 2007, should be sufficient to cover all new debt for the project and other going level costs.

Staff determined that the $92,000 cost for all engineering and inspection services for the project was very reasonable for a small project such as the instant one.

Staff believes that the Board's water tanks have insufficient capacity for the existing customer base served. The current storage capacity of 950,000 gallons is just greater than twice the average daily demand of 419,000 gallons. The tank capacity does not provide two (2) days of normal demand plus fire flow. Unaccounted for water (UAW) is estimated at 50-60% of internal production needs, resulting in a $15,000 annual cost. Staff recommended that the Board take aggressive action to replace its aging water system. Reducing UAW to 30 MGALS per day would align tank capacities with system requirements. Additionally, reducing UAW to the 15% maximum allowed by the Commission's Water Rules would reduce current plant operating time by approximately 30% and would reduce the future demand on the water source. Staff believes that major improvements are needed for the Board's infrastructure.

Staff recommended that the alternate line replacement project from the booster site to the main tanks be reconsidered. Staff also recommended that other engineering modifications be considered as well. Staff further recommended that the Board consider adopting an ordinance to fund a loan for needed repairs and improvements and to complete the alternates.

Financial Staff reported that the WDA loan in the amount of $764,000, at five percent (5.00%) interest for twenty (20) years, will require an annual debt payment of $60,505 and a 10% debt reserve payment of $6,051. Funding for the project also consists of a $250,000 grant from the WVDO.

The Board has not proposed to increase rates as a result of the project. While Staff believes the project is financially feasible and should be approved, Staff recommended that the Board closely monitor its financial situation to insure that its rates are adequate to support the operation of the water system and to meet the bondholders' coverage requirements.

Due to the project, the Board's annual O&M expenses are projected to increase by $29,000 and other taxes are projected to increase by $1,000. Staff has funded the renewal and replacement reserve at 2.5% of the annual operating revenues, or $6,629. The pro forma cash flow surplus will be approximately $2,616 and debt service coverage will be 125.28%.

Staff opined that the project is needed in order to provide the necessary well capacity to insure future development. The project is convenient since it provides additional water security and can be completed with only a minimal impact on tariff rates.

Staff recommended the following: (1) that the New Cumberland Water Board be granted a certificate of convenience and necessity to construct certain additions and improvements to its existing water system in Hancock County at a cost of $1,014,000; (2) approval of project funding, which consists of a $764,000 WDA loan for twenty (20) years at five percent (5%) interest and a WVDO grant in the amount of $250,000; (3) that the Board use the Staff-recommended tariff as a guideline in its

next ordinance to bring its tariff language into compliance with the Commission's current Tariff Rules; (4) that, if there are any changes in the plans or scope of the project, the Board seek Commission approval of such changes; (5) that, if there are any changes in the rates to be charged which are associated with the project, the Board also seek Commission approval of such changes; (6) that, if project-related rates remain unchanged, the Board file an affidavit executed by its certified public accountant verifying that the rates and charges are unaffected; (7) that the Board provide a copy of the engineer's certified bid tabulations for all contracts to be awarded for the project as soon as it becomes available; (8) that the Board submit a copy of the "Certificate of Substantial Completion" issued for each construction contract associated with the project as soon as each becomes available; (9) that the request for a Rule 42 Exhibit waiver be approved; and (10) that approval receive expedited treatment.

By letter dated October 21, 2008, the Executive Secretary's office served the Final Joint Staff Memorandum containing Staff's recommendations upon the Board. The letter informed the Board 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 further hearing or notice.

On November 7, 2008, Staff Attorney Toon filed the Further Joint Staff Memorandum to which was attached the November 3, 2008 Further Final Internal Memorandum prepared by Mr. Weimer and Mr. Quinlan. Staff reported that, since filing of the Final Joint Staff Memorandum, Staff had been notified that the City of New Cumberland's water and sewer utilities are legally a combined utility. Since the sewer utility is currently experiencing a net revenue deficit, bond counsel for the Board will be unable to provide approval to close on and issue the bonds for the water project. Technical Staff requested that its previous approval of the certificate be modified to now be contingent upon the City passing a new sewer rate ordinance which will provide sufficient revenues to eliminate the current sewer cash flow deficiency and allow bond counsel to issue a positive opinion on the water bonds to finance the construction in the instant proceeding. Legal Staff concurred with Technical Staff's recommendation. However, Legal Staff opined that, to allow sufficient time for the ordinance process, the Board must request a tolling of the 180-day statutory deadline required by West Virginia Code Section 24-2-11(e) or Staff will be forced to recommend dismissal.

As of the date of this Recommended Decision, no protests have been filed nor has the Board filed any written responses to Staff's recommendations.

DISCUSSION

The undersigned Administrative Law Judge believes that, since the Board's water rates are sufficient to support the project in the instant proceeding, the application for a certificate of convenience and necessity should be approved, contingent upon the City passing a new sewer rate ordinance. Although the City could have requested a tolling of the statutory period, it is not necessary for the certificate application to be approved. Additionally, since the instant project is

necessary to insure that water supplies for future development can be met, convenient because it provides additional water security and financially feasible with all funding letters on file, both the project and its financing should be approved.

FINDINGS OF FACT

1. On July 28, 2008, the New Cumberland Water Board filed an application, duly verified, for a certificate of convenience and necessity to construct certain additions and improvements to its existing potable water system and for approval of the financing thereof. (See, application filed July 28, 2008).

2. The Board's proposed project has been approved by the West Virginia Infrastructure and Jobs Development Council. The project will provide the capacity increase needed to meet the increasing consumption of the Board's resale customer and will upgrade the plant to meet current water quality standards. The project will also connect a new well to the Board's water system. (See, Final Joint Staff Memorandum and attachment filed October 21, 2008).

3. The estimated cost of the project, $1,014,000, is to be financed by a WDA loan in the amount of $764,000, at five percent (5%) interest for twenty (20) years, and a WVDO grant in the amount of $250,000. Commitment letters for the funding sources were filed. (See, application filed July 28, 2008; filing of October 6, 2008).

4. The Board gave notice of the filing of its certificate application in accordance with the Commission's requirements by publishing a Notice of Filing on August 14, 2008, in the Hancock County Courier, a newspaper duly qualified by the Secretary of State, published and of general circulation in Hancock County, West Virginia. (See, Affidavit of Publication filed on October 3, 2008).

5. No protests were received to the certificate application within the thirty-day protest period, which expired on September 13, 2008, or as of the date of this Order. (See, case file generally).

6. Commission Staff recommended: 1) that the New Cumberland Water Board be granted a Certificate of Convenience and Necessity to construct certain additions and improvements to its existing water system in Hancock County at a cost of $1,014,000; (2) approval of project funding, which consists of a $764,000 WDA loan for twenty (20) years at five percent (5%) interest and a WVDO grant in the amount of $250,000; (3) the Board use the Staff-recommended tariff as a guideline in its next ordinance to bring its tariff language into compliance with the Commission's current Tariff Rules; (4) that, if there are any changes in the plans or scope of the project, the Board seek Commission approval of such changes; (5) that, if there are any changes in the rates to be charged which are associated with the project, the Board also seek Commission approval of such changes; (6) that, if project-related rates remain unchanged, the Board file an affidavit executed by its certified public accountant verifying that the rates and charges are unaffected; (7) that the Board be required to provide a copy of the engineer's certified bid tabulations for all contracts to be awarded for the project

as soon as it becomes available; (8) that the Board be required to submit a copy of the "Certificate of Substantial Completion" issued for each construction contract associated with the project as soon as each becomes available; (9) that the request for a Rule 42 Exhibit waiver be approved; and (10) that approval receive expedited treatment. (See, Final Joint Staff Memorandum with attachment filed October 21, 2008).

7. Staff filed further recommendations in which Staff recommended that the approval of the certificate be made contingent upon the City of New Cumberland passing a new sewer rate ordinance. (See, Further Joint Staff Memorandum with attachment filed November 7, 2008).

8. The Office of the Executive Secretary served the Staff recommendations upon the Board along with letters in which the Board was cautioned that failure to respond to Staff's recommendations may result in a decision in the case without further notice or hearing. (See, letters dated October 21 and November 7, 2008).

9. As of the date of this Order, no protests have been received to the published Notice and the Board did not object to either the Final Joint Staff Memorandum or to the Further Joint Staff Memorandum. (See, case file generally).

CONCLUSIONS OF LAW

1. The public convenience and necessity require the issuance of a certificate to the New Cumberland Water Board to construct certain additions and improvements to its existing potable water system.

2. It is reasonable to approve the project financing, consisting of a loan from the WVWDA in the amount of $764,000, at 5% interest for 20 years, and a WVDO grant in the amount of $250,000.

ORDER

IT IS, THEREFORE, ORDERED that the application for a certificate of convenience and necessity filed herein on July 28, 2008, by the City of New Cumberland to construct certain additions and improvements to its existing water system facilities in Hancock County, all as more particularly described in the engineering plans and specifications filed with the application, be, and it hereby is, approved, contingent upon the City of New Cumberland passing a new sewer rate ordinance, without need for a formal hearing.

IT IS FURTHER ORDERED that the financing for the project certificated herein, consisting of a $764,000 loan from the West Virginia Water Development Authority, for a term of twenty (20) years at five percent (5%) interest, and a grant from the West Virginia Development Office in the amount of $250,000, be, and hereby is, approved.

IT IS FURTHER ORDERED that the Board's request for a waiver of the requirement to file a Rule 42 Exhibit is granted.

IT IS FURTHER ORDERED that the City of New Cumberland file a copy of the engineer's certified tabulation of bids for all contracts to be awarded for this project as soon as it becomes available.

IT IS FURTHER ORDERED that the City of New Cumberland submit a certificate of substantial completion issued for each construction contract associated with this project as soon as each becomes available.

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

IT IS FURTHER ORDERED that, if there are any changes in project costs that do not affect rates, the City of New Cumberland file herein an affidavit executed by its certified public accountant verifying that the City's rates and charges are not affected.

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

IT IS FURTHER ORDERED that this case 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
Deborah Yost VanDervort
Administrative Law Judge

DYV:s
081250a.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

December 10, 2007

Arthur Watson, Chairman
City of New Cumberland
Water & Sewer Board
P.O. Box 505
New Cumberland, West Virginia 26047

Re: City of New Cumberland
Water Project 2006W-950

Dear Mr. Watson:

The West Virginia Infrastructure and Jobs Development Council (the "Council") has reviewed the City of New Cumberland's (the "City") revised preliminary application regarding its proposed project to install a pre-fabricated water treatment facility with a capacity of approximately 1,000 gallons per minute; a new potable booster station with two pumps; VFD's and waterline (the "Project").

Based on the findings of the Water 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 Water 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 pursue a $764,000 Water Development Authority loan to fund this project. Please contact the West Virginia Water Development Authority at 558-3612 for 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: Bob DeCrease, P.E., BPH (w/o enclosure)
Randy Lengyel, WDA (w/o enclosure)
Region XI Planning & Development Council
MS Consultants, Inc.

THE TOWN OF NEW CUMBERLAND

Combined Waterworks and Sewerage System Revenue Bonds, Series 2009 A
(West Virginia Water Development Authority)

CROSS-RECEIPT FOR BOND AND BOND PROCEEDS

On this 15th day of December, 2009, the undersigned authorized representative of the West Virginia Water Development Authority (the "Authority"), for and on behalf of the Authority, and the undersigned Mayor of The Town of New Cumberland (the "Issuer"), for and on behalf of the Issuer, hereby certify as follows:

1. On the date hereof, the Authority received the entire original issue of $764,000 principal amount of the Combined Waterworks and Sewerage System Revenue Bonds, Series 2009 A (West Virginia Water Development Authority), of the Issuer (the "Bonds"), issued as a single, fully registered Bond, numbered AR-1, and dated December 15, 2009.

2. At the time of such receipt of the Bonds upon original issuance, the Bonds had been executed by the Mayor and the Clerk of the Issuer, by their respective manual signatures, and the official seal of the Issuer had been affixed upon the Bonds.

3. The Issuer has received and hereby acknowledges receipt from the Authority, as the original purchaser of the Series 2009 A Bonds, of the proceeds of the Series 2009 A Bonds in the aggregate principal amount of $764,000 (100% of par value), there being no interest accrued thereon.

[Remainder of Page Intentionally Blank]

Dated as of the day and year first above written.

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

By: _____
Its: Authorized Representative

THE TOWN OF NEW CUMBERLAND

By: _____
Its: Mayor

11.16.09
658300.00003

CH4911992.1

THE TOWN OF NEW CUMBERLAND

Combined Waterworks and Sewerage System Revenue Bonds, Series 2009 A
(West Virginia Water Development Authority)

DIRECTION TO AUTHENTICATE AND DELIVER BONDS

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

Ladies and Gentlemen:

On this 15th day ofDecember, 2009, there are delivered to you herewith:

(1) Bond No. AR-1, constituting the entire original issue of the The Town of New Cumberland Combined Waterworks and Sewerage System Revenue Bonds, Series 2009 A (West Virginia Water Development Authority), in the principal amount of $764,000, dated December 15, 2009 (the "Bonds"), executed by the Mayor and the Clerk of The Town of New Cumberland (the "Issuer"), and bearing the official seal of the Issuer, authorized to be issued under and pursuant to a Bond Ordinance duly enacted by the Issuer on October 5, 2009, and a Supplemental Resolution duly adopted by the Issuer on December 7, 2009 (collectively, the "Bond Legislation");

(2) A copy of the Bond Legislation authorizing the above-captioned Bond issue, duly certified by the Clerk of the Issuer;

(3) Executed counterparts of the loan agreement dated December 15, 2009 (the "Loan Agreement"), by and between the Issuer and the West Virginia Water Development Authority (the "Authority"); and

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

You are hereby requested and authorized to deliver the Bonds to the Authority upon payment to the Issuer of the sum of $764,000 representing the agreed purchase price of the Bonds there being no accrued interest thereon. Prior to such delivery of the Bonds, you will please cause the Bonds to be authenticated and registered by an authorized officer, as Bond Registrar for the Bonds, in accordance with the form of Certificate of Authentication and Registration thereon.

Dated as of the date first written above.

THE TOWN OF NEW CUMBERLAND

By: _____
Its: Mayor

11.16.09
658300.00003

SPECIMEN

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE TOWN OF NEW CUMBERLAND
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS,
SERIES 2009 A
(WEST VIRGINIA WATER DEVELOPMENT AUTHORITY)

No. AR-1 $764,000

KNOW ALL MEN BY THESE PRESENTS: That on this 15th day of December, 2009, THE TOWN OF NEW CUMBERLAND, a municipal corporation and political subdivision of the State of West Virginia in Hancock County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY (the "Authority") or registered assigns the sum of SEVEN HUNDRED AND SIXTY FOUR THOUSAND DOLLARS ($764,000), in annual installments on October 1 of each year, commencing October 1, 2010, to and including October 1, 2029, as set forth on the "Debt Service Schedule" attached as EXHIBIT A hereto and incorporated herein by reference.

The interest on each installment shall run from the original date of delivery of this Bond to the Authority and payment therefor, and until payment of such installment, such interest shall be payable semiannually on April 1 and October 1 in each year, beginning April 1, 2010 to and including October 1, 2029. Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent"). The interest on this Bond is payable by check or draft of the Paying Agent mailed to the registered owner hereof at the address as it appears on the books of The Huntington National Bank, Charleston, West Virginia, as registrar (the "Registrar"), on the 15th day of the month next preceding an interest payment date, or by such other method as shall be mutually agreeable so long as the Authority is the registered owner hereof.

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority, and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement between the Issuer and the Authority, dated December 15, 2009.

This Bond is issued to provide funds, along with other available monies of the Issuer (i) to pay a portion of the costs of acquisition and construction of certain extensions, additions, betterments and improvements to the water portion of the existing public combined waterworks and sewerage system of the Issuer (the "Project"); (ii) to pay interest on the Series 2009 A Bonds during the construction of the project and for not more than 6 months thereafter; and (iii) to pay certain costs of issuance hereof and related costs. The existing public combined waterworks and sewerage system of the Issuer, the Project, and any further extensions, additions, betterments or improvements thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the

Constitution and statutes of the State of West Virginia, including particularly Chapter 8, Article 20 and Chapter 22C, Article 1 of the West Virginia Code of 1931, as amended (collectively, the "Act"), and a Bond Ordinance duly enacted by the Issuer on October 5, 2009, and a Supplemental Resolution duly adopted by the Issuer on December 7, 2009 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S (1) COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1994 A (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED OCTOBER 27, 1994, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $647,121 (THE "SERIES 1994 A BONDS"); (2) COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1994 B (WEST VIRGINIA SRF PROGRAM), DATED OCTOBER 27, 1994, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $498,666 (THE "SERIES 1994 B BONDS"); AND (3) COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2004 A (WEST VIRGINIA INFRASTRUCTURE FUND), DATED JUNE 18, 2004, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $238,600 (THE "SERIES 2004 A BONDS"); (COLLECTIVELY, THE "PRIOR BONDS").

This Bond is payable only from and secured by a pledge of the Gross Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Gross Revenues in favor of the Holders of the Prior Bonds and from monies in the Reserve Account created under the Bond Legislation for the Bonds (the "Series 2009 A Bonds Reserve Account"), and unexpended proceeds of the Bonds. Such Gross Revenues shall be sufficient to pay principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest, if any, hereon, except from said special fund provided from the Gross Revenues, the monies in the Series 2009 A Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest, if any, on the Bonds, and all other obligations secured by a lien on or payable from such revenues on a parity with, or subordinate to, the Bonds, including the Prior Bonds; provided however, that so long as there exists in the Series 2009 A Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest, if any, which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with, or subordinate to, the Bonds, including the Prior Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation.

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

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

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

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

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

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

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IN WITNESS WHEREOF, THE TOWN OF NEW CUMBERLAND has caused this Bond to be signed by its Mayor, and its corporate seal to be hereunto affixed and attested by its Clerk, and has caused this Bond to be dated as of the date first written above.

[SEAL]

Mayor

SPECIMEN

ATTEST:

Clerk

SPECIMEN

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2009 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: December 15, 2009

THE HUNTINGTON NATIONAL BANK,
as Registrar

SPECIMEN

Authorized Officer

EXHIBIT A

SCHEDULE OF ANNUAL DEBT SERVICE

BOND DEBT SERVICE
Town of New Cumberland
20 Years
5% Interest Rate

Dated Date	12/15/2009
Delivery Date	12/15/2009

Period Ending	Principal	Coupon	Interest	Debt Service
12/15/2009				
4/1/2010			11,247.78	11,247.78
10/1/2010	18,649	5.000%	19,100.00	37,749.00
4/1/2011			18,633.78	18,633.78
10/1/2011	24,407	5.000%	18,633.78	43,040.78
4/1/2012			18,023.60	18,023.60
10/1/2012	25,627	5.000%	18,023.60	43,650.60
4/1/2013			17,382.93	17,382.93
10/1/2013	26,908	5.000%	17,382.93	44,290.93
4/1/2014			16,710.23	16,710.23
10/1/2014	28,254	5.000%	16,710.23	44,964.23
4/1/2015			16,003.88	16,003.88
10/1/2015	29,666	5.000%	16,003.88	45,669.88
4/1/2016			15,262.23	15,262.23
10/1/2016	31,150	5.000%	15,262.23	46,412.23
4/1/2017			14,483.48	14,483.48
10/1/2017	32,707	5.000%	14,483.48	47,190.48
4/1/2018			13,665.80	13,665.80
10/1/2018	34,342	5.000%	13,665.80	48,007.80
4/1/2019			12,807.25	12,807.25
10/1/2019	36,060	5.000%	12,807.25	48,867.25
4/1/2020			11,905.75	11,905.75
10/1/2020	37,863	5.000%	11,905.75	49,768.75
4/1/2021			10,959.18	10,959.18
10/1/2021	39,756	5.000%	10,959.18	50,715.18
4/1/2022			9,965.28	9,965.28
10/1/2022	41,743	5.000%	9,965.28	51,708.28
4/1/2023			8,921.70	8,921.70
10/1/2023	43,831	5.000%	8,921.70	52,752.70
4/1/2024			7,825.93	7,825.93
10/1/2024	46,022	5.000%	7,825.93	53,847.93
4/1/2025			6,675.38	6,675.38
10/1/2025	48,323	5.000%	6,675.38	54,998.38
4/1/2026			5,467.30	5,467.30
10/1/2026	50,739	5.000%	5,467.30	56,206.30
4/1/2027			4,198.83	4,198.83
10/1/2027	53,276	5.000%	4,198.83	57,474.83
4/1/2028			2,866.93	2,866.93
10/1/2028	55,940	5.000%	2,866.93	58,806.93
4/1/2029			1,468.43	1,468.43
10/1/2029	58,737	5.000%	1,468.43	60,205.43
	764,000		**456,803.56**	**1,220,803.56**

(Form of)

ASSIGNMENT

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

Dated: _____, 20____.

_____

In the presence of:

_____

STEPTOE & JOHNSON PLLC
ATTORNEYS AT LAW

Chase Tower, Eighth Floor
P.O. Box 1588
Charleston, WV 25326-1588
(304) 353-8000 (304) 353-8180 Fax
www.steptoe-johnson.com

Writer's Contact Information

December 15, 2009

The Town of New Cumberland
Combined Waterworks and Sewerage System Revenue Bonds, Series 2009 A
(West Virginia Water Development Authority)

The Town of New Cumberland
New Cumberland, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

Ladies and Gentlemen:

We have served as bond counsel in connection with the issuance by The Town of New Cumberland (the "Issuer"), a municipal corporation and political subdivision organized and existing under the laws of the State of West Virginia, of its $764,000 Combined Waterworks and Sewerage System Revenue Bonds, Series 2009 A (West Virginia Water Development Authority), dated the date hereof (the "Bonds").

We have examined the law and a certified copy of proceedings and other papers relating to the authorization of (i) a loan agreement dated December 15, 2009, including all schedules and exhibits attached thereto (the "Loan Agreement"), between the Issuer and the West Virginia Water Development Authority (the "Authority"), and (ii) the Bonds to be purchased by the Authority in accordance with the provisions of the Loan Agreement. The Series 2009 A Bonds shall be dated the date of delivery thereof, shall finally mature October 1, 2029, and shall bear interest at the rate of five percent (5%) per annum. The principal on Series 2009 A Bonds shall be payable annually on October 1 of each year, commencing October 1, 2010, to and including October 1, 2029, and the interest on each installment shall be payable semi-annually on April 1 and October 1 in each year, beginning April 1, 2010, and in the amounts as set forth in the "Schedule Y" attached to the WDA Loan Agreement and incorporated in and made a part of the Series 2009 A Bonds.

The Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 8, Article 20 and Chapter 22C, Article 1 of the West Virginia Code of 1931, as amended (collectively, the "Act"), for the purposes of (i) paying a portion of the costs of acquisition and construction of certain extensions, additions, betterments and improvements to the waterworks portion of the existing public combined waterworks and sewerage system of the Issuer (the "Project"); (ii) capitalizing interest on the Series 2009 A Bonds; and (iii) paying certain costs of issuance and related costs and related costs.

We have also examined the applicable provisions of the Act, the Bond Ordinance duly enacted by the Issuer on October 5, 2009, as supplemented by a Supplemental Resolution duly adopted by the Issuer on December 7, 2009 (collectively, the "Bond Legislation"), pursuant to and under which Act

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and Bond Legislation the Bonds are authorized and issued, and the Loan Agreement has been entered into. The Bonds are subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Bond Legislation and the Loan Agreement. All capitalized terms used herein and not otherwise defined herein shall have the same meanings set forth in the Bond Legislation and the Loan Agreement when used herein.

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

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

1. The Issuer is a duly created and validly existing municipal corporation and political subdivision of the State of West Virginia, with full power and authority to acquire and construct the Project, to operate and maintain the System, to enact the Bond Legislation and to issue and sell the Bonds, all under the Act and other applicable provisions of law.

2. The Loan Agreement has been duly authorized by and executed on behalf of the Issuer, is a valid and binding special obligation of the Issuer enforceable in accordance with the terms thereof, and inures to the benefit of the Authority and cannot be amended so as to affect adversely the rights of the Authority or diminish the obligations of the Issuer without the written consent of the Authority.

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

4. The Bonds have been duly authorized, issued, executed and delivered by the Issuer to the Authority and are valid, legally enforceable and binding special obligations of the Issuer, payable from the Gross Revenues of the System referred to in the Bond Legislation and secured by a first lien on and pledge of the Gross Revenues of the System, on a parity with respect to liens, pledge and source of and security for payment with the Issuer's (i) Combined Waterworks and Sewerage System Revenue Bonds, Series 1994 A (West Virginia Water Development Authority), dated October 27,1994, issued in the original aggregate principal amount of $647,121; (ii) Combined Waterworks and Sewerage System Revenue Bonds, Series 1994 B (West Virginia SRF Program), dated October 27, 1994, issued in the original aggregate principal amount of $498,666; and (iii) Combined Waterworks and Sewerage System Revenue Bonds, Series 2004 A (West Virginia Infrastructure Fund), dated June 18, 2004, issued in the original aggregate principal amount of $238,600 (collectively, the "Prior Bonds"), all in accordance with the terms of the Bonds and the Bond Legislation. The Issuer has obtained the written consent of the holders of the Prior Bonds to the issuance of the Bonds on a parity with the Prior Bonds.

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

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

7. The Bonds have not been issued on the basis that the interest, if any, thereon is or will be excluded from gross income for federal income tax purposes. We express no opinion regarding the excludability of such interest from the gross income of the owners thereof for federal income tax purposes or other federal tax consequences arising with respect to the Bonds.

It is to be understood that the rights of the holders of the Bonds and the enforceability of the Bonds, the Loan Agreement and the Bond Legislation, and the liens and pledges set forth therein, may be subject to and limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and that their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

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

Very truly yours,

STEPTOE & JOHNSON PLLC

11.16.09
658300.00003

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December 15, 2009

The Town of New Cumberland
Combined Waterworks and Sewerage System Revenue Bonds, Series 2009 A
(West Virginia Water Development Authority)

The Town of New Cumberland
New Cumberland, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

Steptoe & Johnson PLLC
Charleston, West Virginia

Ladies and Gentlemen:

We are counsel to The Town of New Cumberland in Hancock County, West Virginia (the "Issuer"), in connection with the above-captioned bond issue. As such counsel, we have examined copies of the approving opinion of Steptoe & Johnson PLLC, as bond counsel, a loan agreement dated December 15, 2009, including all schedules and exhibits attached thereto (the "Loan Agreement"), by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), a Bond Ordinance duly enacted by the Issuer on October 5, 2009, as supplemented by a Supplemental Resolution duly adopted by the Issuer on December 7, 2009 (collectively, the "Bond Legislation"), and other documents relating to the above-captioned Bonds of the Issuer (the "Bonds"). All capitalized terms used herein and not otherwise defined herein shall have the same meaning set forth in the Bond Legislation and the Loan Agreement when used herein.

We are of the opinion that:

1. The Issuer has been duly created and is validly existing as a municipal corporation and political subdivision of the State of West Virginia, and the Mayor, Clerk and members of the council of the Issuer have been duly and properly elected or appointed, as applicable, have taken the requisite oaths, and are authorized to act on behalf of the Issuer in their respective capacities.

2. The Bond Legislation has been duly adopted and enacted by the Issuer and is in full force and effect.

3. The Loan Agreement has been duly authorized, executed and delivered by the Issuer and, assuming due authorization, execution and delivery by the Authority, constitutes a valid and binding agreement of the Issuer enforceable in accordance with its terms.

4. The execution and delivery of the Bonds and the Loan Agreement and the consummation of the transactions contemplated by the Bonds, the Loan Agreement and the Bond Legislation and the carrying out of the terms thereof, do not and will not, in any material respect, conflict with or constitute, on the part of the Issuer, a breach of or default under any ordinance, order, resolution, agreement or other instrument to which the Issuer is a party or any existing law, regulation, court order or consent decree to which the Issuer is subject.

5. The Issuer has received all permits, licenses, approvals, exemptions, consents, registrations, certificates and authorizations required by law for the issuance of the Bonds, the acquisition and construction of the Project, the operation of the System and the imposition of rates and charges for use of the System, including, without limitation, the receipt of all requisite orders and approvals from the West Virginia Bureau for Public Health, the West Virginia Infrastructure and Jobs Development Council and the Public Service Commission of West Virginia, and has taken any other action required for the imposition of such rates and charges, including, without limitation, the enactment of ordinances prescribing such rates and charges. The time for appeal of such rate ordinances has expired prior to the date hereof without any appeal.

6. The Issuer has received a Recommended Decision of the Public Service Commission of West Virginia dated November 20, 2008 which became Final Order on December 10, 2008 in Case No. 08-1250-W-CN, granting the Issuer a certificate of public convenience and necessity for the Project and approving the financing for the Project. The time for appeal of the Final Order has expired prior to the date hereof. Such Order remains in full force and effect.

7. To the best of our 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 Bond Legislation, the acquisition and construction of the Project, the operation of the System, the validity of the Bonds or the collection or pledge of the Gross Revenues therefor.

8. We have ascertained that all successful bidders have provided the drug-free workplace affidavit, submitted their drug free workplace plan, and the contracts contain language that comply with the Drug Free Workplace Act, Article 1D, Chapter 21 of the West Virginia Code. We have also ascertained that all successful bidders have made required provisions for all insurance and payment and performance bonds and such insurance policies or binders and such bonds have been verified for accuracy. Based upon our review of the contracts, the surety bonds and the policies or other evidence of insurance coverage in connection with the Project, we are of the opinion that such surety bonds and policies (i) are in compliance with the contracts; (ii) are adequate in form, substance and amount to protect the various interests of the Issuer; (iii) have been executed by duly authorized representatives of the proper parties; (iv) meet the requirements of the Act, the Bond Legislation and the Loan Agreement; and (v) 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.

Sincerely,

FRANKOVITCH, ANETAKIS,
COLANTONIO & SIMON

KEVIN M. PEARL

KMP/tmp

FRANKOVITCH, ANETAKIS, COLANTONIO & SIMON

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June 22, 2009

Chris Jarrett, Director
Water Development Authority
180 Association Drive
Charleston, WV 25311

Re: New Cumberland Potable Water System Improvements

Dear Sir or Madam:

This firm represents the City of New Cumberland Water/Sewer Board with regard to a proposed project to upgrade its potable water system located in New Cumberland, Hancock County, West Virginia (the "Project") and provides this preliminary title opinion on behalf of the City of New Cumberland Water/Sewer Board to satisfy the requirements of the West Virginia Water Development Authority (the "Authority") with regard to the financing proposed for the project. Please be advised of the following:

1. We are of the opinion that the City of New Cumberland is duly created and validly existing as a municipality and political subdivision of the State of West Virginia possessed with all the powers and authority granted to municipalities under the laws of the State of West Virginia and through its Water/Sewer Board has the full power and authority to construct, operate, and maintain the Project.

2. The City of New Cumberland Water & Sewer Board has obtained approval for all necessary permits and approvals for the construction of the Project, with the exception of the Certificate of Convenience and Necessity from the Public Service Commission, which application is currently pending.

3. Inasmuch as the Project is an upgrade to the existing potable water system, no easements and/or rights of way are necessary for the Project.

4. We have investigated and ascertained the location of and are familiar with the legal description of the necessary sites, required for the Project as set forth in the plans for the Project prepared by M.S. Consultants, Inc., the consulting engineer for the Project. We have examined the records on file in the Office of the Clerk of the County Commission of Hancock County, West Virginia, the county in which the Project is to be located and, in our opinion, the City of

New Cumberland has acquired legal title or such other estate or interest in the necessary site components for the Project sufficient to assure undisturbed use and possession for the purpose of construction, operation, and maintenance for the estimated life of the facilities to be constructed.

5. No approval was necessary from the West Virginia Department of Highways authorizing the construction of the Project inasmuch as the Project is an upgrade to the potable water system and there will be no construction upon, over, or through public rights of way as shown in the plans.

If you have any questions regarding any of the information contained in this preliminary title opinion, please contact this office.

Very truly yours,

FRANKOVITCH, ANETAKIS,
COLANTONIO & SIMON

KEVIN M. PEARL

cc: Arthur L. Watson, Chairman
Samme Gee
John Stump

THE TOWN OF NEW CUMBERLAND

Combined Waterworks and Sewerage System Revenue Bonds, Series 2009 A
(West Virginia Water Development Authority)

GENERAL CERTIFICATE OF ISSUER AND ATTORNEY ON:

1. TERMS
2. NO LITIGATION
3. GOVERNMENTAL APPROVALS AND BIDDING
4. NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS
5. CERTIFICATION OF COPIES OF DOCUMENTS
6. INCUMBENCY AND OFFICIAL NAME
7. LAND AND RIGHTS-OF-WAY
8. MEETINGS, ETC.
9. CONTRACTORS' INSURANCE, ETC.
10. LOAN AGREEMENT
11. INSURANCE
12. VERIFICATION OF SCHEDULE
13. RATES
14. SIGNATURES AND DELIVERY
15. BOND PROCEEDS
16. PUBLICATION AND PUBLIC HEARING ON BOND ORDINANCE
17. PUBLIC SERVICE COMMISSION ORDERS
18. SPECIMEN BOND
19. CONFLICT OF INTEREST
20. COMPLIANCE WITH WEST VIRGINIA JOBS ACT
21. GRANTS
22. PROCUREMENT OF ENGINEERING SERVICES
23. EXECUTION OF COUNTERPARTS

On this 15th day of December, 2009, we, the undersigned MAYOR and CLERK of The Town of New Cumberland in Hancock County, West Virginia (the "Issuer"), and the undersigned COUNSEL TO THE ISSUER, hereby certify in connection with The Town of New Cumberland Combined Waterworks and Sewerage System Revenue Bonds, Series 2009 A (West Virginia Water Development Authority), dated the date hereof (the "Bonds" or the "Series 2009 A Bonds"), as follows:

1. TERMS: All capitalized words and terms used in this General Certificate and not otherwise defined herein shall have the same meaning as in the Bond

Ordinance of the Issuer duly enacted October 5, 2009, and the Supplemental Resolution duly adopted December 7, 2009 (collectively, the "Bond Legislation").

2. NO LITIGATION: No controversy or litigation of any nature is now pending or threatened, restraining, enjoining or affecting in any manner the issuance, sale or delivery of the Bonds, the acquisition and construction of the Project, the operation of the System, the receipt of the Gross Revenues, or in any way contesting or affecting the validity of the Bonds, or any proceedings of the Issuer taken with respect to the issuance or sale of the Bonds, the pledge or application of the Gross Revenues or any other monies or security provided for the payment of the Bonds or the existence or the powers of the Issuer insofar as they relate to the authorization, sale and issuance of the Bonds, the acquisition and construction of the Project, the operation of the System, the pledge or application of monies and security or the collection of the Gross Revenues.

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

4. NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS: There has been no adverse change in the financial condition of the Issuer since the approval, execution and delivery by the Issuer of the Loan Agreement, and the Issuer has met all conditions prescribed in the loan agreement (the "Loan Agreement") entered into by and between the Issuer and the Authority. The Issuer has or can 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 2009 A Bonds as to liens, pledge, source of and security for payment, being the Issuer's: (1) Combined Waterworks and Sewerage System Revenue Bonds, Series 1994 A (West Virginia Water Development Authority), dated October 27, 1994, issued in the original aggregate principal amount of $647,121 (the "Series 1994 A Bonds"); (2) Combined Waterworks and Sewerage System Revenue Bonds, Series 1994 B (West Virginia SRF Program), dated October 27, 1994, issued in the original aggregate principal amount of $498,666 (the "Series 1994 B Bonds"); and (3) Combined Waterworks and Sewerage System Revenue Bonds, Series 2004 A (West Virginia Infrastructure Fund), dated June 18, 2004, issued in the original aggregate principal amount of $238,600 (the "Series 2004 A Bonds"). The Series 1994 A Bonds, the Series 1994 B Bonds and the Series 2004 A Bonds are hereinafter collectively called the "Prior Bonds".

The Series 2009 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 are met; and (ii) the written consent of

the Holders of the Prior Bonds to the issuance of the Series 2009 A Bonds on a parity with the Prior Bonds. Other than the Prior Bonds, there are no outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System. The Issuer is in compliance with the terms and provisions of the Prior Ordinances and no default exists with respect to the Prior Bonds.

5. CERTIFICATION OF COPIES OF DOCUMENTS: The copies of the below-listed documents hereto attached or delivered herewith or heretofore delivered are true, correct and complete copies of the originals of the documents of which they purport to be copies, and such original documents are in full force and effect and have not been repealed, rescinded, amended or changed in any way unless modification appears from later documents also listed below:

Bond Ordinance

Supplemental Resolution

Loan Agreement

Public Service Commission Order

Infrastructure Council Approval

Charter and Rules of Procedure

Oaths of Office of Officers and Councilmembers

Water Rate Ordinance and Sewer Rate Ordinance

Minutes on Adoption and Enactment of Rate Ordinances

Affidavits of Publication of Rate Ordinances and Notice of Public Hearing

Minutes on Adoption and Enactment of Bond Ordinance and Adoption of Supplemental Resolution

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

Consent of WDA to Issuance of Series 2009 A Bonds

Prior Bond Ordinances and Supplemental Resolution

Evidence of Insurance

Bureau for Public Health Permit

6. INCUMBENCY AND OFFICIAL NAME: The proper corporate title of the Issuer is "The Town of New Cumberland." The Issuer is a municipal corporation in Hancock County and is presently existing under the laws of, and a political subdivision of, the State of West Virginia. The governing body of the Issuer is its council, consisting of a Mayor, a Clerk and 6 councilmembers, all duly elected, qualified and acting, and whose names and dates of commencement and termination of current terms of office are as follows:

Name	Date of Commencement of Office	Date of Termination of Office
Joseph Sargent, Mayor	July 1, 2009	June 30, 2013
Dencil Oldaker	July 1, 2007	June 30, 2011
Richard Blackwell	July 1, 2007	June 30, 2011
Gary Nardo	July 1, 2009	June 30, 2011
Angela Skinner	July 1, 2009	June 30, 2011
Arthur Watson	July 1, 2009	June 30, 2013
Brian Webster	July 1, 2009	June 30, 2013

The duly appointed Clerk is Tamera M. Jenkins and acting Counsel to the Issuer is Frankovitch, Anetakis, Colantonio & Simon, of Weirton, West Virginia.

7. LAND AND RIGHTS-OF-WAY: All land in fee simple and all rights-of-way and easements necessary for the acquisition and construction of the Project and the operation and maintenance of the System have been acquired or can and will be acquired by purchase, or, if necessary, by condemnation by the Issuer and are adequate for such purposes and are not or will not be subject to any liens, encumbrances, reservations or exceptions which would adversely affect or interfere in any way with the use thereof for such purposes. The costs thereof, including costs of any properties which may have to be acquired by condemnation, are, in the opinion of all the undersigned, within the ability of the Issuer to pay for the same without jeopardizing the security of or payments on the Bonds.

8. MEETINGS, ETC.: All actions, ordinances, resolutions, orders and agreements taken by and entered into by or on behalf of the Issuer in any way connected with the issuance of the Bonds and the acquisition, construction, operation and financing of the Project or the System were authorized or adopted at regular or special meetings of the Governing Body of the Issuer duly and regularly called and held pursuant to the Rules of Procedure of the Governing Body and all applicable statutes, including, particularly and without limitation, Chapter 6, Article 9A of the West Virginia Code of 1931, as amended, and a quorum of duly elected or appointed, as applicable, qualified and acting members of the Governing Body was present and acting at all times during all such meetings. All notices required to be posted and/or published were so posted and/or published.

9. CONTRACTORS' INSURANCE, ETC.: All contractors and subcontractors have been required to maintain Worker's Compensation, public liability and

property damage insurance, and builder's risk insurance where applicable, in accordance with the Bond Legislation. The successful bidders have provided the Drug-Free Workplace Affidavit as evidence of compliance with the provisions of Article 1D, Chapter 21 of the West Virginia Code. All insurance for the System required by the Bond Legislation and Loan Agreements is in full force and effect.

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

The Issuer will serve the additional customers at the location(s) as set forth in Certificate of Engineer. The Issuer will not reduce the amount of additional customers served by the project without the prior written approval of the Board of the Water Development Authority (the "Authority"). Following completion of the Project the Issuer will certify to the Authority the number of customers added to the System.

11. INSURANCE. The Issuer will maintain or, as appropriate, will require all contractors to maintain worker's compensation, public liability, property damage insurance, standard hazard insurance, builder's risk insurance, flood insurance and business interruption insurance, where applicable, in accordance with the Resolution and the Loan Agreement. All insurance for the System required by the Resolution and the Loan Agreement are in full force and effect.

12. VERIFICATION OF SCHEULE: The final Schedule B attached to the Certificate of 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.

13. RATES: The Issuer has duly enacted a water rate ordinance on July 20, 2009, setting forth the respective rates and charges for the services of the water portion of the System. The time for appeal of such rate ordinance has expired prior to the date hereof without any appeal, and such rate ordinance is currently in effect. The Issuer has duly enacted a sewer rate ordinance on July 20, 2009, setting forth the respective rates and charges for the services of the sewerage portion of the System. The time for appeal of such rate ordinance has expired prior to the date hereof without any appeal, and such rate ordinance is currently in effect.

14. SIGNATURES AND DELIVERY: On the date hereof, the undersigned Mayor did officially sign all of the Bonds of the aforesaid issue, consisting upon original

issuance of a single Bond, dated the date hereof, by her manual signature, and the undersigned Recorder did officially cause the official seal of the Issuer to be affixed upon said Bonds and to be attested by 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. Said official seal of the Issuer is also impressed above the signatures appearing on this certificate.

15. BOND PROCEEDS: BOND PROCEEDS: On the date hereof, the Issuer received from the Authority the agreed purchase price of the Series 2009 A Bonds, being $764,000, there being no interest accrued thereon.

16. 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 *Weirton Daily Times*, a newspaper published and of general circulation in the The Town of New Cumberland, together with a notice to all persons concerned, stating that the Bond Ordinance had been adopted and that the Issuer contemplated the issuance of the Bonds described in such Bond Ordinance, stating that any person interested may appear before the Governing Body at the public hearing held at a public meeting of the Governing Body on the 5th day of October, 2009, at 5:00 p.m., at the Town Hall and present protests, and stating that a certified copy of the Bond Ordinance was on file at the office of the Clerk of the Issuer for review by interested parties during the office hours of the Issuer. At such hearing all objections and suggestions were heard by the Governing Body and the Bond Ordinance became finally adopted, enacted and effective as of the date of such public hearing, and remains in full force and effect.

17. PUBLIC SERVICE COMMISSION ORDER: The Issuer has received the Recommended Decision of the Public Service Commission of West Virginia in Case No. 08-1250-W-CN dated November 20, 2008 which became Final Order on December 10, 2008 among other things, granting to the Issuer a certificate of public convenience and necessity for the Project and approving the financing for the Project. The time for appeal of the Final Order has expired prior to the date hereof. Such Order is in full force and effect.

18. SPECIMEN BOND: Delivered concurrently herewith is a true and accurate specimen of the Bond.

19. CONFLICT OF INTEREST: No officer or employee of the Issuer has a substantial financial interest, direct, indirect or by reason of ownership of stock in any corporation, in any contract with the Issuer or in the sale of any land, materials, supplies or services to the Issuer or to any contractor supplying the Issuer, relating to the Bonds, the Bond Legislation and/or the Project, including, without limitation, with respect to the Depository Bank. For purposes of this paragraph, a "substantial financial interest" shall include, without limitation, an interest amounting to more than 5% of the particular business enterprise or contract.

20. COMPLIANCE WITH WEST VIRGINIA JOBS ACT: Unless it shall hereafter be qualified for an exception, the Issuer hereby covenants to comply with all the requirements of Chapter 21, Article 1C of the Code of West Virginia, 1931, as amended (the "West Virginia Jobs Act") and will require its contractors and subcontractors to comply with the West Virginia Jobs Act. The Issuer hereby certifies to the Authority that (i) the Issuer will comply with all the requirements of the West Virginia Jobs Act; (ii) the Issuer has included the provisions of the West Virginia Jobs Act in each contract and subcontract for the Project; (iii) the Issuer has received or will receive, prior to entering into contracts or subcontracts, from each contractor or subcontractor a certificate demonstrating compliance with Section 4 of the West Virginia Jobs Act or waiver certificates from the West Virginia Division of Labor ("DOL"); and (iv) the Issuer will file with the DOL and the Authority copies of the waiver certificates and certified payrolls or comparable documents that include the number of employees, the county and state wherein the employees reside and their occupation, following the procedures established by the DOL.

21. GRANTS: The West Virginia Development Office grant in the amount of $250,000, is hereby fully committed.

22. PROCUREMENT OF ENGINEERING SERVICES: The Issuer has complied in all respects with the requirements of Chapter 5G, Article 1 of the West Virginia Code of 1931, as amended, in the procurement of engineering services to be paid from proceeds of the Bonds. Counsel to the Issuer makes no representation regarding this paragraph.

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

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WITNESS our signatures and the official seal of THE TOWN OF NEW CUMBERLAND as of the date first written above.

[CORPORATE SEAL]

SIGNATURE	OFFICIAL TITLE
_____	Mayor
_____	Clerk
_____	Counsel to Issuer

11.16.09
658300.00003

CH4912119.1

THE TOWN NEW CUMBERLAND

Combined Waterworks and Sewerage System Revenue Bonds, Series 2009 A
(West Virginia Water Development Authority)

CERTIFICATE OF ENGINEER

On this 15th day of December, 2009, I, John P. Pierko, Registered Professional Engineer, West Virginia License No. 11348, of ms consultants, Inc., Consulting Engineers, In Youngstown, Ohio, hereby certify as follows:

1. My firm is engineer for the acquisition and construction of certain extensions, additions, betterments and improvements (the "Project") to the water portion of the existing public combined waterworks and sewerage system (the "System") of The Town of New Cumberland (the "Issuer"), to be constructed primarily in Hancock County, West Virginia, which acquisition and construction are being financed in part by the proceeds of the above-captioned bonds (the "Series 2009 A Bonds") of the Issuer. Capitalized terms used herein and not defined herein shall have the same meanings set forth in the Bond Ordinance enacted by the Issuer on October 5, 2009, and the Supplemental Resolution adopted by the Issuer on December 7, 2009, and the loan agreement (the "Loan Agreement"), dated December 15, 2009 (the "Loan Agreement"), by and between the Issuer and the West Virginia Water Development Authority (the "Authority").

2. The Bonds are being issued for the purposes of (i) paying a portion of the costs of acquisition and construction of the Project; (ii) capitalizing interest on the Series 2009 A Bonds; and (iii) 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 West Virginia Bureau for Public Health and any change orders approved by the Issuer, the Authority and all necessary governmental bodies; (ii) the Project is adequate for the purpose for which it was designed and has an estimated useful life of at least 22 years, if properly constructed, operated and maintained, excepting anticipated replacements due to normal wear and tear; (iii) the Issuer has received bids for the acquisition and construction of the Project which are in an amount and otherwise compatible with the plan of financing described in Schedule B, attached hereto as Exhibit A and the Issuer's counsel, Frankovitch, Anetakis, Colantonio & Simon, 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 successful bidders have provided the drug-free workplace affidavit as evidence of compliance with the provisions of Article 1D, Chapter 21 of the West Virginia Code; (vi) the bid documents relating to the Project reflect the Project as approved by the Authority and the bid forms provided to the bidders contain the critical operational components of the Project; (vii) the successful bids include prices for every item on such bid forms; (viii) the uniform bid procedures were followed; (ix) the Issuer has obtained all applicable permits required by the laws of the State of West Virginia and the United States necessary for the acquisition and construction of the Project and the operation of the System; (x) in reliance upon the certificate of Griffith & Associates, PLLC, as of the effective date thereof, the rates and charges for the System enacted by the Issuer will be sufficient to comply with the provisions of the Loan Agreement; (xi) the net proceeds of the Bonds, together with all other monies on deposit or to be simultaneously deposited and irrevocably pledged thereto and the proceeds of grants, if any, irrevocably committed therefor, are sufficient to pay the costs of acquisition and construction of the Project approved by the Authority; and (xii) attached hereto as Exhibit A is the final amended "Schedule B - Final Total Cost of Project, Sources of Funds and Costs of Financing" for the Project.

4. The Project will serve no new customers.

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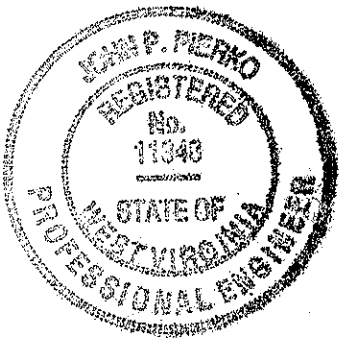
WITNESS my signature and seal as of the date first written above.

[SEAL]



MS CONSULTANTS, INC.

John P. Pierko
West Virginia License No. 11348

658300.00003

CH4911837.1

SCHEDULE B
New Cumberland

A. COST OF PROJECT	TOTAL	WDA Loan	Grant
1 Construction	767,980.00	590,720.00	177,260.00
2 Technical Services (MS)	92,000.00	19,730.00	72,270.00
4 Legal & Fiscal			
a. Legal (Title)	10,000.00	10,000.00	0.00
b. Legal - Local	15,000.00	15,000.00	0.00
c Accounting	10,000.00	10,000.00	0.00
5 Administrative/ Miscellaneous	3,200.00	2,730.00	470.00
6 Sites & Lands	0.00	0.00	0.00
7 Contingency	57,320.00	57,320.00	0.00
8 TOTAL of Lines 1 through 7	955,500.00	705,500.00	250,000.00
B. COST OF FINANCING			
9 Funded Reserve	0.00	0.00	0.00
10 Capitalized Interest	38,000.00	38,000.00	0.00
11 Registrar	500.00	500.00	0.00
12 Bond Counsel	20,000.00	20,000.00	0.00
13 Cost of Issuance (lines 9 through 12)	58,500.00	58,500.00	0.00
14 TOTAL PROJECT COST line 8 plus line 13	1,014,000.00	764,000.00	250,000.00
C. SOURCES OFOTHER FUNDS			
15 Federal Grants	0.00	0.00	0.00
16 State Grants - WVDO	250,000.00	0.00	250,000.00
17 Other Grants	0.00	0.00	0.00
18 TOTAL GRANTS Lines 15 through 17	250,000.00	0.00	250,000.00
19 Size of Bond Issue (Line 14 minus Line 18)	764,000.00	764,000.00	0.00

New Cumberland — 12-7-09 Date

MS Consultants — William J. Pancin, P.E. — 12-15-09 Date

Griffith & Associates, PLLC Accountants & Consultants

December 15, 2009

The Town of New Cumberland
Combined Waterworks and Sewerage System Revenue Bonds, Series 2009 A
(West Virginia Water Development Authority)

West Virginia Water Development Authority
Charleston, West Virginia

Ladies and Gentlemen:

Based upon the rates and charges as set forth in the sewer rate ordinance of The Town of New Cumberland (the "Issuer") enacted July 20, 2009, and the water rate ordinance of the Issuer enacted July 20, 2009, and the projected operating expenses and the anticipated customer usage as furnished to us by ms consultants, Inc., it is our opinion that such rates and charges will be sufficient to provide revenues which, together with other revenues of the combined waterworks and sewerage system of the Issuer, will pay all operating expenses and leave a balance each year equal to at least 115% of the maximum amount required in any year for debt service on the Combined Waterworks and Sewerage System Revenue Bonds, Series 2009 A (West Virginia Water Development Authority) (the "Bonds"), to be issued to the West Virginia Water Development Authority in the principal amount of $764,000 on the date hereof and all other obligations secured by or payable from the revenues of the System, including the Issuer's: (1) Combined Waterworks and Sewerage System Revenue Bonds, Series 1994 A (West Virginia Water Development Authority) dated October 27, 1994, issued in the original aggregate principal amount of $647,121 (the "Series 1994 A Bonds"); (2) Combined Waterworks and Sewerage System Revenue Bonds, Series 1994 B (West Virginia SRF Program) dated October 27, 1994, issued in the original aggregate principal amount of $498,666 (the "Series 1994 B Bonds"); and (3) Combined Waterworks and Sewerage System Revenue Bonds, Series 2004 A (West Virginia Infrastructure Fund) dated June 18, 2004, issued in the original aggregate principal amount of $238,600 (the "Series 2004 A Bonds") (collectively, the "Prior 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 Bonds, plus the estimated average increased annual Net Revenues to be received in each of the 3 succeeding years after the completion of the improvements to be financed by the Bonds, are not less than 115% of the largest aggregate amount that will mature and become due in any succeeding fiscal year for the principal of and interest on the Bonds and the Prior Bonds.

Very truly yours,

Michael D. Griffith, CPA, AFI
Griffith & Associates, PLLC

MDG/dk

Michael D. Griffith, CPA, AFI
michaelgriffithcpa@verizon.net
950 Little Coal River Road Alum Creek, WV 25003
Phone: (304) 756.3600 Facsimile: (304) 756.2911

THE TOWN OF NEW CUMBERLAND

Combined Waterworks and Sewerage System Revenue Bonds, Series 2009 A
(West Virginia Water Development Authority)

CERTIFICATE AS TO ARBITRAGE FOR SERIES 2009 A BONDS

The undersigned Mayor of The Town of New Cumberland in Hancock County, West Virginia (the "Issuer"), being one of the officials of the Issuer duly charged with the responsibility for the issuance of $764,000 aggregate principal amount of Combined Waterworks and Sewerage System Revenue Bonds, Series 2009 A (West Virginia Water Development Authority), of the Issuer, dated December 15, 2009 (the "Bonds" or the "Series 2009 A Bonds"), hereby certifies this 15th day of December, 2009 as follows:

1. This certificate is being executed and delivered pursuant to Section 148 of the Internal Revenue Code of 1986, as amended, and the temporary and permanent regulations promulgated thereunder or under any predecessor thereto (the "Code"). I am the officer of the Issuer duly charged with the responsibility of issuing the Bonds. I am familiar with the facts, circumstances and estimates herein certified and am duly authorized to execute and deliver this certificate on behalf of the Issuer. Capitalized terms used herein and not otherwise defined herein shall have the same meaning as set forth in the Bond Ordinance duly enacted by the Issuer on October 5, 2009, as supplemented by Supplemental Resolution duly adopted by the Issuer on December 7, 2009 (collectively, the "Bond Legislation"), authorizing the Bonds.

2. This certificate may be relied upon as the certificate of the Issuer.

3. The Issuer has not been notified by the Internal Revenue Service of any listing or proposed listing of it as an issuer that may not certify its bonds or the certification of which may not be relied upon by holders of obligations of the Issuer or that there is any disqualification of the Issuer by the Internal Revenue Service because a certification made by the Issuer contains a material misrepresentation.

4. This certificate is based upon facts, circumstances, estimates and expectations of the Issuer in existence on December 15, 2009, the date on which the Bonds are to be physically delivered in exchange for more than a de minimus amount of the principal of the Bonds, and to the best of my knowledge and belief, the expectations of the Issuer set forth herein are reasonable.

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

investments or to replace funds which were used directly or indirectly to acquire higher yielding investments, except as otherwise allowed under Sections 103 and 148 of the Code.

6. The Series 2009 A Bonds were sold on December 15, 2009, to the West Virginia Water Development Authority (the "Authority") pursuant to a loan agreement dated December 15, 2009, by and between the Issuer and the Authority, for an aggregate purchase price of $764,000 (100% of par value) there being no accrued interest paid thereon.

7. The Series 2009 A 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 improvements and extensions to the waterworks portion of the existing public combined waterworks and sewerage system facilities of the Issuer (the "Project"); (ii) capitalizing interest on the Series 2009 A Bonds; and (iii) paying costs of issuance of the Bonds and related costs.

8. 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, or has already done so. Acquisition, construction and equipping of the Project and allocation of the net sale proceeds of the Bonds to expenditures of the Project will commence immediately and will proceed with due diligence to completion, and, with the exception of proceeds constituting capitalized interest and proceeds deposited in the reserve account for the Bonds, all of the proceeds from the sale of the Bonds, together with any investment earnings thereon, will be expended for payment of costs of the Project on or before November 1, 2010, except as otherwise required for rebate to the United States under Section 148(f) of the Code. Acquisition and construction of the Project is expected to be completed by May 1, 2010.

9. The total cost of the Project (including all costs of issuance of the Bonds) is estimated at $1,014,000. Sources and uses of funds for the Project are as follows:

SOURCES

Gross Proceeds of the Series 2009 A Bonds	$ 764,000
West Virginia Development Office Grant	$ 250,000
Total Sources	$ 1,014,000

USES

Acquisition and Construction of Project	$ 955,500
Transferred to Sinking Fund for Capitalized Interest	$ 38,000
Costs of Issuance	$ 20,500
Total Uses	$ 1,014,000

Except for the proceeds of the Bonds, no other funds of the Issuer will be available to meet costs of the Project, which would constitute "replacement proceeds" within the meaning of Treas. Reg. §

1.148-1(c), inasmuch as (i) the Issuer does not reasonably expect that the term of the Bonds is longer than is reasonably necessary for the governmental purposes of the Issuer, (ii) the weighted average maturity of the Bonds does not exceed 120% of the average expected economic life of the Project, and (iii) there are no amounts that have a sufficiently direct nexus to the Bonds or to the governmental purpose of the Bonds to conclude that the amounts would have been used for that governmental purpose if the proceeds of the Bonds were not used or to be used for that governmental purpose.

10. Pursuant to Article V of the Bond Ordinance, the following special funds or accounts have been created or continued:

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

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

(3) Series 2009 A Bonds Construction Trust Fund;

(4) Series 2009 A Bonds Sinking Fund;

(5) Series 2009 A Bonds Reserve Account; and

(6) Rebate Fund.

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

As the Issuer receives advances of the monies derived from the sale of the Series 2009 A Bonds, such monies shall be deposited with the Depository Bank in the Series 2009 A Bonds Construction Trust Fund and applied solely to payment of costs of the Project as set forth in the Bond Ordinance.

Amounts in the Series 2009 A Bonds Construction Trust Fund, if invested, will be invested without yield limitation for a period necessary to complete the Project, not to exceed 3 years. All of such monies are necessary for such purpose.

None of the proceeds of the Bonds will be used to reimburse the Issuer for costs of the Project previously incurred and paid by the Issuer with its own funds.

12. Monies held in the Series 2009 A Bonds Sinking Fund will be used solely to pay principal of and interest on the Series 2009 A Bonds, and will not be available to meet costs of acquisition and construction of the Project. Except to the extent transferred to the Rebate Fund at the request of the Issuer, all investment earnings on monies in the Series 2009 A Bonds Sinking Fund and the Series 2009 A Bonds Reserve Account will be withdrawn therefrom, not less than once each year, and, during construction of the Project, deposited into the Series 2009 A Bonds Construction Trust Fund, and following completion of construction of the Project, will be deposited in the Revenue Fund, and such amounts will be applied as set forth in the Bond Ordinance.

13. Except for the Series 2009 A Bonds Sinking Fund and the Series 2009 A Bonds Reserve Account there are no other funds or accounts established or held by the Issuer which are reasonably expected to be used to pay debt service on the Series 2009 A Bonds, or which are pledged as collateral for the Series 2009 A Bonds and for which there is a reasonable assurance that amounts therein will be available to pay debt service on the Series 2009 A Bonds, if the Issuer encounters financial difficulties. The Issuer does not expect that monies in the Renewal and Replacement Fund will be used or needed for payments upon the Series 2009 A Bonds, and because such amounts may be expended for other purposes, there is no reasonable assurance that such amounts would be available to meet debt service if the Issuer encounters financial difficulties; thus, such amounts may be invested without yield limitation. Except as provided herein, no funds which have been or will be used to acquire directly or indirectly securities, obligations, annuity contracts, investment-type property or any residential rental property for family units which is not located within the jurisdiction of the Issuer and which is not acquired to implement a court ordered or approved desegregation plan or other investment property producing a yield in excess of the yield on the Series 2009 A Bonds, have been or will be pledged to payment of the Series 2009 A Bonds. Less than 10% of the proceeds of the Series 2009 A Bonds, if any, will be deposited in the Series 2009 A Bonds Reserve Account and or any other reserve or replacement fund. The amounts deposited in the Series 2009 A Bonds Reserve Account from time to time by the Issuer will not exceed the maximum annual principal and interest on the Series 2009 A Bonds, and will not exceed 125% of average annual principal and interest on the Series 2009 A Bonds. Amounts in the Series 2009 A Bonds Reserve Account, not to exceed 10% of the proceeds of the Series 2009 A Bonds, if invested, will be invested without yield limitation. The establishment of the Series 2009 A Bonds Reserve Account is required by the Authority, is vital to its purchase of the Series 2009 A Bonds, and is reasonably required to assure payments of debt service on the Series 2009 A Bonds.

14. The Issuer shall, on the date hereof or immediately hereafter, enter into a contract for the construction of the Project, and the amount to be expended pursuant to such contract exceeds 5% of the net sale proceeds of the Bonds.

15. Work with respect to the acquisition and construction of the Project will proceed with due diligence to completion. Acquisition and construction of the Project is expected to be completed within 5 months.

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

17. With the exception of the amount deposited in the Series 2009 A Bonds Sinking Fund for payment of interest on the Bonds, if any, and amounts deposited in the Series 2009 A Bonds Reserve Account, if any, all of the proceeds of the Bonds will be expended on the Project within 11 months from the date of issuance thereof.

18. The Series 2009 A Bonds Sinking Fund (other than the Series 2009 A Bonds Reserve Account therein) is intended primarily to achieve a proper matching of payments of debt service on the Series 2009 A Bonds each year. The Series 2009 A Bonds Sinking Fund (other than the Series 2009 A Bonds Reserve Account therein) will be depleted at least once a year except for a reasonable carryover amount not in excess of the greater of 1/12th of annual debt service on the Series 2009 A Bonds, or 1 year's interest earnings on the Series 2009 A Bonds Sinking Fund (other than the Series 2009 A Bonds Reserve Account therein). Except as otherwise allowed, any money deposited in the Series 2009 A Bonds Sinking Fund for payment of the principal of or interest on the Series 2009 A Bonds (other than

the Series 2009 A Bonds Reserve Account therein), will be spent within a 13-month period beginning on the date of receipt and will be invested without yield limitation, and any monies received from the investment of amounts held in the Series 2009 A Bonds Sinking Fund (other than in the Series 2009 A Bonds Reserve Account therein) will be spent within a 1-year period beginning on the date of receipt.

19. All proceeds of the Bonds which will be used for the payment of costs of the Project will be expended for such purposes within three years of the date hereof.

20. 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.

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

22. The Issuer shall file Form 8038-G in a timely fashion with the Internal Revenue Service Center, Ogden, Utah 84201.

23. No more than 10% of the proceeds of the Bonds will be used (directly or indirectly) in any trade or business carried on by, and less than 5% of the proceeds of Bonds or $5,000,000 have been or will be used to make or finance loans to, any person who is not a governmental unit.

24. The original proceeds of the Bonds will not exceed the amount necessary for the purposes of the issue, except to the extent any such proceeds are required for rebate to the United States.

25. The Issuer shall use the Bond proceeds solely for the costs of the Project, and the Project will be operated solely for a public purpose as a local governmental activity of the Issuer.

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

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

28. In accordance with Section 148 (f)(4)(D) of the Code, the Issuer covenants that it is a governmental unit with general taxing powers; that no part of the Notes are private activity bonds; that 95% or more of the Net Proceeds of the Notes are to be used for local governmental activities of the Issuer (or of a governmental unit the jurisdiction of which is entirely within the jurisdiction of the Issuer); and that the aggregate face amount of all the tax-exempt obligations (other than private activity bonds) issued by the Issuer during the calendar year in which the Notes are issued does not and will not exceed $5,000,000, determined in accordance with Section 148(f)(4)(D) of the Code and the Regulations from time to time in effect an applicable to the Notes. For purposes of the first paragraph of this Section and for purposes of applying Section 148(f)(4)(D) of the Code, the Issuer and all entities which issue obligations on behalf of the Issuer shall be treated as one issuer; all obligations issued by a governmental

unit to make loans to other governmental units with general taxing powers not subordinate to such unit shall, for purposes of applying this first paragraph of this Section and Section 148(f)(4)(D) of the Code, be treated as not issued by such unit; all obligations issued by a subordinate entity shall, for purposes of applying this first paragraph of this Section and Section 148(f)(4)(D) of the Code to each other entity to which such entity is subordinate, be treated as issued by such other entity; and an entity formed (or, to the extent provided by the Secretary, as set forth in the Code, availed of) to avoid the purposes of such Section 148(f)(4)(D) of the Code and all other entities benefitting thereby shall be treated as one issuer.

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

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

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

31. The Issuer has either (a) funded the Series 2009 A Bonds Reserve Account at the maximum amount of principal and interest which will mature and become due on the Series 2009 A Bonds in the then current or any succeeding year with the proceeds of the Series 2009 A Bonds, or (b) created the Series 2009 A Bonds Reserve Account which will be funded with equal payments made on a monthly basis over a 10 year period until such Series 2009 A Bonds Reserve Account holds an amount equal to the maximum amount of principal and interest which will mature and become due on the Series 2009 A Bonds in the then current or any succeeding year. Monies in the Series 2009 A Bonds Reserve Account and the Series 2009 A Bonds Sinking Fund will be used solely to pay principal of and interest on the Series 2009 A Bonds and will not be available to pay costs of the Project.

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

33. The Issuer expects that no part of the Project financed by the Bonds will be sold or otherwise disposed of prior to the last maturity date of the Bonds.

34. The Issuer covenants and agrees to comply with the rebate requirements of the Code if not exempted therefrom, and with all other requirements of the Code necessary, proper or desirable to maintain the tax-exempt status of the Bonds and the interest thereon. In addition, the Issuer has covenanted to comply with all Regulations from time to time in effect and applicable to the Bonds as may

be necessary in order to fully comply with Section 148(f) of the Code, and has covenanted to take such actions, and refrain from taking such actions, as may be necessary to fully comply with such Section 148(f) of the Code and such Regulations, regardless of whether such actions may be contrary to any of the provisions of the Ordinance authorizing issuance of the Bonds.

The Issuer has further covenanted to calculate, annually, the rebatable arbitrage, determined in accordance with Section 148(f) of the Code. Upon completion of each such annual calculation, unless otherwise agreed by the Authority, the Issuer shall deposit, or cause to be deposited, in the Rebate Fund such sums as are necessary to cause the aggregate amount on deposit in the Rebate Fund to equal the sum determined to be subject to rebate to the United States, which 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. The Issuer has further covenanted to pay, or cause to be paid, to the United States, from the Rebate Fund, the rebatable arbitrage in accordance with Section 148(f) of the Code and such Regulations. The Issuer shall remit payments to the United States in the time and at the address prescribed by the Regulations as the same may be from time to time in effect with such reports and statements as may be prescribed by such Regulations. In the event that, for any reason, amounts in the Rebate Fund are insufficient to make the payments to the United States which are required, the Issuer shall assure that such payments are made by the Issuer to the United States, on a timely basis, from any funds lawfully available therefor.

35. The Bonds are each a fixed yield issue. No interest or other amount payable on the Bonds (other than in the event of an unanticipated contingency) is determined by reference to (or by reference to an index that reflects) market interest rates or stock or commodity prices after the date of issue.

36. 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. Capitalizing interest with bond proceeds is reasonable and necessary.

37. None of the Bonds has a yield-to-maturity more than one-fourth of one percent higher than the yield on the Bond determined by assuming the Bond is retired on the date that when used in computing the yield on the Bond produces the lowest yield.

38. No portion of the proceeds of the Bonds will be used, directly or indirectly, to replace funds which were used, directly or indirectly, to acquire higher yielding investments, all within the meaning of Section 148 of the Code.

39. 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 sources of funds or will have substantially the same claim to be paid out of substantially the same sources of funds as the Bonds.

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

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

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

43. 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.

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

45. To the best of my knowledge, information and belief, the foregoing expectations are reasonable.

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WITNESS my signature on the day and year first written above.

THE TOWN OF NEW CUMBERLAND

Joseph J. Sargent

Chairman

12.04.09
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TOWN CHARTER

OF

NEW CUMBERLAND

WEST VIRGINIA

CHARTER OF THE TOWN OF NEW CUMBERLAND

Acts of the Legislature of West Virginia, 1891, Chapter 48.

An act 10 amend, consolidate and reenact Chapter 174 of the acts of the Legislature of 1879, providing for the incorporation of the Town of New Cumberland, and to extend and define the corporate limits of said town. Passed February 28th, 1891.

Be it enacted by the Legislature of West Virginia:

That Chapter one hundred and seventy-four of the acts of 1872, and Chapter 34 of the acts of 1879, are hereby amended, reduced into one, and re-enacted so that they shall read and be as follows.

Section 1. Town of New Cumberland, Corporate powers.

The inhabitants of Hancock County in this State, now and hereafter residing within the boundaries prescribed in the next section hereof, shall be, and they are hereby constituted a body politic, and corporate, by and under the name of "The Town of New Cumberland", and as such, and by an in that name, shall have perpetual succession and a common seal, and may sue and be sued, contract and be contracted with, purchase, lease, hold and use real personal property necessary for corporate purposes, and generally have all of the rights, powers and franchises appertaining to municipal corporations in this State.

Section 2. Boundaries.

The boundaries of the said town shall be as follows: Beginning at the Mouth of Deep Gut run, on the South side thereof, and at the low water mark of the Ohio river: Thence up said run North 63¼ degree E. 26 rods to a large Elm tree standing on the South bank of said run: Thence N. 10 degrees E. 23 rods to a stone on the North side of said run; thense South 85 degrees

E. crossing said run to a rock 11 rods; thence S. 19 degrees West 78 rods to a dogwood corner to Smith Porter & Co.; thence by line of Jeremiah Smith S. 23 degrees E. 65 rods; thence North 13 degrees 1.4 rods to a stone; thence by lands of Smith and Gregory South 30½ degrees E. 67.5 rods to a stone in John Chapman's line; thence South 70 degrees W. 17.5 rods to the East side of a twelve foot alley; thence with said alley S. 21 degrees E. 42.7 rods to the lands of Fickes; thence with said Fickes line N. 69 degrees E. 2.4 rods; thence S. 36 degrees E. 15 rods thence S. 69 degrees W. 6.5 rods to the east side of said alley; thence with same S. 21 degrees E. 22 rods to the line of Smith Porter & Co.; thence N. 69 degrees E 21.7 rods; thence S. 24 degrees E. 28.5 rods; thence S. 66½ degree W. 3 rods to corner of G. W. Newman; thence S. 39½ degrees E. 9.2 rods; thence S 62½ degrees E. 17 rods to a pile of rocks; thence S. 29 degrees E. 54.4 rods to three white oak stumps, original to Campbell, Cuppy and Chapman; thence S 54½ degrees E. 36 rods to a stone corner to the New Cumberland Cemetery, and with the same N. 16 degrees W. 10.5 rods to center of road; thence N. 50 degrees E 4 rods; thence N 42 degrees E. 12 rods; thence N. 56 degrees E. 25 rods; thence N 50 degrees E. 7 rods; thence S. 7½ degrees E. 58 rods; thence S. 66½ degrees W. 23.1 rods to a line of Mrs. Headley; thence S. 55 degrees E. 33.3 rods to a Read oak stump; thence N. 67 degrees E. 34.5 rods; thence S. 81¾ degrees E. 31.2 rods to cross on a rock on the North side of Harden's run; thence with line of E. Stewart, S. 25 degrees E. 8.5 rods; thence S. 42 degrees W 50.8 rods; thence S 65 degrees W about 22 rods to line of Rev. S. F. Greer; thence S. 33 degrees E 35 rods; thence with line of J. H. Atkinson, James M. Porter and John Porter S. 43½ degrees E 79 rods to a stone; thence S 89 degrees E. 20.5; rods; thence S. 2 degrees E. 40 rods; thence S. 9 degrees. E 49 rods to a hickory corned to Roseberry's; thence with Roseberry lands S 48 degrees W. 61 rods; thence S 55 degrees W. 41 rods thence S. 14 degrees E. 60 rods to corner of Mrs. Ballantyne; thence with her line North 50 degrees W. 15 rods; thence N. 88 degrees W. about 25 rods to low water

mark at the Ohio river; thence West about 70 rods to the West line of West Virginia; thence up the Ohio river with said line of West Virginia, about 800 rods; thence East across said river about 70 rods to the beginning; but excepting from said boundary the County Bridges over Deep But run and Over Harden's run, with their abutments which otherwise would be included therein.

Officers—Section 3

The officers of said town shall be mayor, recorder, and two councilmen from each ward, a sergeant, and street commissioner. The mayor and recorder shall be elected by the qualified voters of the town, and the councilmen by the qualified voters of the respective wards, and together shall constitute the common council of said town. The other officers of this section shall be appointed by council, but offices of mayor, sergeant, and street commissioner shall not be incompatible, neither shall the offices of recorder, street commissioner, sergeant, and policemen be incompatible, and all the appointive offices insofar as in possible may be held in whole or in part by the mayor or the recorder or either by the mayor and the recorder, and such consolidation of offices shall not be deemed incompatible. No person shall be eligible to any elective office unless he is a legal voter and was for the preceding year assessed with and paid taxes upon at least one hundred dollars worth of real or personal property therein.

Elections—Section 4

The first election under this act shall be held on the second Tuesday of June, one thousand nine hundred thirty-five and there shall be an election held on the second Tuesday of June every two years thereafter. The vote of said election shall be by ballot. All persons who shall have been bona fide residents of the Town three months next preceding any election, and entitled to vote under the constitution and laws of the state, shall be

entitled to vote at such election, but only in the ward of residence. The said election shall be held and conducted at such places and under such rules and regulations not inconsistent with the laws regulating district elections, as may be prescribed by the council. Contested elections shall be heard and decided by the council, and the proceedings shall conform as nearly as may be to similar proceedings in case of county and district officers. The council shall be the judge of the election returns and qualifications of its own members.

Terms of Office—Section 5

The terms of the office of mayor and recorder shall be two years each, and of councilmen shall be four years, beginning the first Tuesday in July next succeeding their election and continuing until their successors are elected and qualified; except that the term of office of one of the Councilmen from each of the wards elected at the first election provided shall be determined by lot, one for the two year term and one for the four term, in the presence of and under the direction of the council. The term of all officers appointed by Council shall be as prescribed by council, but shall not exceed two years.

Section 6—Oath of Office

Every person elected or appointed to an office in said town shall within twenty days thereafter, and before entering on the duties of his office, take and subscribe the oath required by law of officers generally, such oath may be administered by the Mayor, the Clerk, or any other officer authorized to administer oaths.

Section 7. Appointed Officers, Duties, Bonds, etc.

The Council shall prescribe the powers and duties of all officers by it appointed, except so far as the same are by this act prescribed. It shall fix their compensation, and may require and take from them respectively bonds payable to the town in such penalty and with such sureties as it may deem proper, conditioned for the faithful discharge of their duties.

Section 8. Boundaries of Wards

The territory of said town is hereby divided into three wards as follows: The part lying north of the center of Madison street shall constitute the first ward.

That part lying between the center of Madison street and the center of said Sedgwick street shall constitute the second ward. That part lying south of the center of Sedgwick street shall constitute the third ward. The lines between the wards are understood to run from the west boundary of the town to the east boundary by lines projected through the center of each of the said streets and avenues.

The council may, after two years after the passage of this act, by ordinance, change the boundaries of the several wards and may decrease the number of said wards; but no change of boundaries for the decrease of the number of wards shall be made until notice of such change of boundaries has been given by order of council by publication in the newspapers of said town, for two successive weeks prior to meeting of council at which such ordinance is proposed for passage, and said notice shall name the time of such meeting.

Section 9. Of the Council, Its General Powers

The council of said town shall have the power to lay off, vacate, close, open, alter, grade and keep in good repair and free from obstructions the roads, streets, alleys, pavements, sidewalks, crosswalks, drains, sewers and gutters therein for the use of citizens of the public; to improve and light the streets, alleys, buildings, and grounds of said town; to regulate the width of pavements and sidewalks on the streets and alleys, and to order the pavement, sidewalk, footways, drains and gutters to be kept in order, free and clean by the owners or occupants of the property (real) next adjacent thereto; to establish and regulate markets, prescribe the time of holding the same; provide suitable and convenient buildings therefor, and prevent the forestalling and regranting of such markets; to prevent injury or annoyance to the public or individuals from anything dangerous, offensive, or unwholesome; to prohibit or regulate slaughter-houses, tan houses, or soap factories within the town limits; or the exercise of any unhealthy or offensive business, trade, or employment; to abate all nuisances within the town limits, or to require or compel the abatement or removal thereof, by or at the expense of the person causing the same, or by or at the expense of the owner of the ground on which they are placed or found; to be caused to be filled up, raised, or drained, by or at the expense of the owner any town lot or tract of land covered or subject to be covered by stagnant water; to prevent horses, hogs, cattle, sheep, or other animals and fowls of all kinds from going or being at large in said town; and as one means of prevention, to provide for empounding and confining such animals and fowls, and for failure to reclaim, for the sale thereof; to protect places of divine worship, and to preserve order in and about the premises where and when such worship is held; to regulate the keeping of gun powder and other inflammable and dangerous substances; to provide

for the regular building of houses or other structures, and for the making and maintaining of division fences by the owners of adjoining premises, and for theproper drainage of town lots or other parcels of land, by or at the expense of the owner thereof; to provide against danger or damage by fire; to punish for assault and battery; to prevent loitering in or visiting houses of ill-fame, or loitering in saloons or on the streets, to prevent lewd or lascivious conduct, the sale or exhibition of indecent pictures, or otherrepresentations, to prevent and punish for gambling, the descration of the Sabbath Day, profane swearing; to prevent the illegal sale of intoxicating liquors, drinks, mixtures and preparations, and to provide the penalties of such cases; to protect the persons of those residing within the town; to appoint when necessary or advisable a police force, permanent or temporary to assist the sergeant in the discharge of his duties; to build or purchase, or lease and use a suitable place of imprisonment within or near the said town, for the safe-keeping or punishment of persons charged with or convicted of the violation of ordinances; to erect or authorize, or prohibit the erection of electric, gas or water works within the town limits to prevent injury to such works or the pollution of any water or gas used, or intended to be used by the public or by individuals; to provide for and regulate the weighing or measuring of hay, coal, and lumber, and other articles sold, or kept for sale within the said town; to establish, construct, alter, remove and repair landings, wharves, and dockes, and to establish and collect rates and charges for the use thereof; to regulate the running and speed of cars, automobiles, trucks, and other vehicles within the said town; to create by ordinance such committees or boards and delegate such authority thereto as may be deemed necessary or advisable; to provide for the annual assessment of the taxable property therein and for a revenue expense; and generally to take such measures as may be advisable or necessary to protect the property, lives

public and private within the town; to preserve and maintain the peace, quiet and good order therein, and preserve the health, safety and comfort and well being of the inhabitants thereof.

Section 10—Ordinance inflicting fines and penalties

To carry into effect these enumerated powers and all others by this act, or by general laws conferred upon the said town, or its council, or any of its officers, the said council shall have andpossess full authority to make, pass, and adopt all needful ordinances, by-laws, and resolutions, not repugnant to the constitution of the United States, or of this state, and to enforce any and all ordinaances, by-laws, orders, or resolutions by prescribing for a violation thereof fines andpenalties and imprisonments, either in the county jail of Hancock County, or in the town prison, if there be one. Such fines and terms of imprisonment shall not exceed the penalties imposed by the state for like offenses. Such fines and penalties shall be imposed and recovered, and such imprisonment inflicted and enforced, by and under the judgment of the mayor of said town, or in case of his absence or inability to act, then the recorder may act in his place, or one of the justices within the district of Clay.

Section 11. Removal, Vacancies, etc.

The Council shall have the authority to remove any officer of the town whether elected or appointed, for mis-conduct or neglect of duty by an affirmative vote of two-thirds of the members of Council, but only after reasonable notice to such officer, and a hearing of the charge or charges preferred; and any vacancy in office, however occasioned, may be filled by Council for the unexpired term until the next election of town officers.

Section 12. Meetings of Council, Transaction of Business

The Council shall fix the time and place of holding regular meetings, may provide for special and adjourned meetings; and may prescribe rules and regulations, not inconsistent here with, for the transaction of business, and for its own guidance and government. The Mayor shall be president of Council, but in the case of his absence, one of the Councilmen present at any meeting thereof, selected for the purpose by a majority of the members present shall act temporarially as such officer. A majority of the Council shall constitute a quorum. No member of the council chall vote, or take part in the consideration of any proposition in which he is or may be interested otherwise than a resident of said town; and the Mayor or any other presiding officer shall have but one vote, on any question, and that as a member of the council.

Section 13. Second vote on Ordinances, etc.

In case any ordinance, by-law, resolution or measure shall receive a majority of the votes of the members of the council present, but less than two-thirds of all of the members, the Mayor or any two of the Councilmen may insist upon a further consideration thereof, and thereup on it shall not be deemed passed, but shall be postponed until the next regular meeting of the council, when if it shall again receive a majority of the members present, it shall stand and be declared adopted, and not otherwise.

Section 14. Records.

The Council shall cause to be kept by the Clerk, in a well bound book, to be call the "Minute Book", an accurate record of all of its proceedings, ordinances, acts, orders and resolutions, and in another to be

classed "Ordinance Book", accurate copies of all of the general ordinances adopted by the council; both of which shall be fully indexed and open to the inspection of anyone required to pay taxes to the town, or who may be otherwise interested. All oaths and bonds of officers in the town, and all papers of the council, shall be endorsed, filed and securely kept by the Clerk. All printed copies of such ordinances purporting to be published under authority of the council, and transcript of such ordinances, acts, orders and resolutions, certified by the Clerk, under the seal of the town, shall be deemed prima facia correct when sought to be used in evidence in any court, or before any Justice.

Section 15. The Minutes, Yeas and Nays.

At each meeting of the council the proceedings of the last meeting shall be read and if erroneous corrected, and signed by the presiding officer for the time being. Upon the call of any member the yeas and nays on any question shall be taken and recorded in the "Minute Book" and the yeas and nays shall be taken and recorded upon the passage of every ordinance.

Section 16. Of the Mayor's Salary.

The Mayor shall receive the sum of not less than one hundred dollars or more than two hundred dollars per annum, to be fixed by the council, but if at any time the number of inhabitants of said town shall exceed thirty-five hundred, thesalary shall not be less than two hundred nor more than five hundred dollars. Such salary shall be in lieu of the fees which would otherwise accure to him in proceedings for the enforcement of ordinances, but all such fees shall be collected, when practicable, and accounted for to the town.

Section 17. General Powers and Duties of the Mayor

The Mayor shall be chief executive officer of the town, and shall take care that the orders, by-laws, ordinances and resolutions of the council thereof, are faithfully executed. He shall be ex-officio a Justice and conservator of the peace within said town, and shall within the same have, possess and may exercise all the powers and perform all the duties whether in civil or criminal proceedings, vested by law in a Justice of the Peace. Any summons, warrant, or other process, issued by him may be executed at any place within the County. He shall have control of the police officers and shall appoint special policemen whenever he deems it necessary; and it shall be his duty specially to see that the peace and good order of the town are preserved, and persons and property therein are protected, and to this end he may arrest and detain, or cause the arrest and detention of all riotous and disorderly persons before taking other proceedings in the case. He shall from time to time recommend to the council, such measures as he may deem needful for the welfare of the town. He shall not receive any money due or belonging to the State, or to corporation or to individuals, unless and until he shall have given the bond and security required of a Justice of the Peace by Chapter 50 of the Code of West Virginia; and all of the provisions of said chapter relating to monies received by him in like cases.

Section 18. Providing for the Violation of Certain Ordinances.

The process and proceedings to enforce any ordinance, prescribing a fine or imprisonment or a fine and imprisonment for violation thereof, shall be a summons in the name of the Town of New Cumberland, as plaintiff, directed to the Sergeant or any Constable of any district within said town, requiring the person accused of such violance or violation, and who may thereafter be designated as defendant, to appear before the Mayor, at any time and place therein named, to make answer to such accusation, and to be

dealt with according to law. Such summons shall contain such statement of the facts alleged as will inform the person of the general nature of the offense against the town with which he stands charged, and except in cases of arrest on view, shall be issued only on the complaint, on oath of some creditable persons. But the Mayor may, by good cause appearing, by an endorsement on the summons, order the person so accused to be forthwith apprehended and brought before him for hearing of the charge. The Clerk of the said town as well as the Mayor, shall have authority to receive any complaint in writing of the Violation of an ordinance, and to sign and issue a proper summons based on such complaint. The Mayor shall have, possess and exercise the power and authority belonging to a Justice, under Sections two hundred and twenty-four and two hundred and twenty-five of Chapter fifty of the Code of West Virginia, in summoning and enforcing the attendance and examination in punishing for contempt, in granting continuances and in securing the further attendance of the accused, with the view to a trial or hearing. If any recognizance be taken for such further attendance and is forfeited, the Mayor shall record the default and an action may be maintained, in the name of the town, before the Mayor or any Justice having jurisdiction, against the accused and his sureties if any, to recover the penalty thereof.

Section 19. Enforcement of Judgment.

The Mayor shall have the power to issue an execution for any fine or costs assessed or imposed by him for the violation of any ordinance or he may at the time of rendering judgment therefore, or at any time thereafter and before satisfaction of such judgment, by his order in writing, require immediate payment thereof, and in default of such payment he may commit the person so in default to the Jail of Hancock County, or in his discretion, to the prison of said town if any shall have been provided by the Council, until fine and costs have been paid; but such imprisonment shall not exceed thirty days.

Section 20. Duty of Jailor--Jail Expenses.

The Jailor of Hancock County, shall take and receive into his custody any person sentenced to imprisonment in the Jail of said county, or committed thereto for the non-payment of fine and costs, or for the failure to enter into a recognizance, by the judgment or the order of the Mayor in proceedings for the violation of an ordinance; and the expense of maintaining such person while so in confinement shall be paid by the town.

Section 21. Docket

A book well bound and indexed, to be denominated the "Docket" shall be kept in the office of the Mayor, in which shall be noted each case, brought or tried by him, together with the proceedings thereon, including a statement of the complaint, the summons, the return, the fact of appearance, the defense, the hearing, the judgement, the costs, and in case the judgment be one of conviction, the action taken to enforce the same. The record of each case shall be signed by the Mayor and the original papers thereof, if no appeal with writ of error or certiorari be taken, shall be kept together and preserved in his office.

Section 22. Appeal from Judgment in Town Cases.

In case of the violation of an ordinance of the said town, in which there is a judgment by the Mayor of imprisonment, or for a fine of more than five dollars, an appeal shall lie at the instance of the person against whom such judgment is rendered, to the Circuit Court of Hancock County. Such appeal shall not be granted by the Mayor unless, within ten days from date of judgment, such person shall enter into a recognizance with security deemed sufficient to appear before the said court on the first day of the next term thereof, to answer for the offense against the town, with which he stands charged, and not thence depart without leave of said court. The provisions

of Chapter one hundred and sixty-two of the Code of West Virginia, relating to recognizances in criminal cases, shall be applicable to recognizances contemplated by this section; but any money recovered thereon, or by virtue thereof shall inure to the said town.

Section 23. Trial in Court.

If the appellant be found guilty of a violation of the ordinances in question, whether upon the verdict of the jury or otherwise, the Court shall ascertain by its judgment the fine or imprisonment to be paid or suffered by such defendant, having regard to the punishment prescribed by such ordinance, and shall include in any such judgment the cost incurred, by the said town, as well as in the proceedings before the Mayor as those in Court, including a fee to the attorney for the town of five dollars, and fees, if any of the Jailor or keeper of the town prison; and the proceedings to enforce the collection of any such fine and costs may be as provided in section ten, eleven and twelve of Chapter thirty-six of the Code of West Virginia, except the writ mentioned in the tenth section may be issued by the Clerk upon the order of the Mayor of the town, and the notice contemplated by the eleventh section, shall be given to such officer. If the judgment be for the defendant, he shall recover his costs against the town.

Section 24. Appeals in other Cases.

From all judgments by the Mayor or in cases other than for the violation of ordinances, appeals shall be allowed as in similar cases before Justices.

Section 25. Bond of Sergeant--Collection of Taxes, etc.

The Sergeant before entering on the discharge of his duties, shall execute a bond conditioned for the faithful performance by him of the duties

of his office, and for the accounting for and paying over, as required by law, all money which comes into his hands by virtue of his office, with sur satisfactory to the council, payable to the town of New Cumberland, and in a penalty of not less than one thousand and not more than five thousand dollars, as the council may prescribe. He shall be chargeable with the town taxes and levies and it shall be his duty to collect and account for the same, and he may distrain therefore in case they are not paid within one month after they are placed in his hands and notice thereof given for two weeks by publication in one or more newspapers published in said town; or by posting at one or more public places in each ward; and as to such distraint and any sale thereunder, as well as in other respects, he shall have the same power and authority possessed by the officer charged with the collection of State taxes, upon all town taxes, whether real or personal estate, not collected before the first day of January, after they are due and payable, he shall charge and collect and account for interest at the rate of one per cent per month until they are fully paid. He shall also be chargeable with and shall collect and account for all the assessments made by the council, and all fines and costs and rates due to the town.

Section 26. Arrest upon View--Service of Process-
Liability of Sergeant.

In case of violation of any ordinance of said town is committed in the presence, or within the view of the Sergeant, or other police officer, the offender may be forthwith apprehended and taken before the Mayor and a complaint under oath, stating such violation, then alleged and filed; and thereupon such offender may be tried and dealt with according to law, without summons. The Sergeant shall execute, within the County of Hancock, any proper process issued by the Mayor in proceedings for the enforcement of ordinances; and shall collect, by levy of execution or otherwise, and duly account for all

fines assessed and the costs imposed in such proceedings. He shall also have all of the rights and powers within said town in regard to the arrest of persons, the collection of claims and the execution and return of process, that are or may be lawfully executed by a Constable of a district within the same, and shall be entitled to the compensation therefore; and he and his sureties shall be liable to all the fines, penalties and forfeitures that a Constable is liable to for any dereliction of duty in office, to be recovered in the same manner and in the same Court that such fine, penalties and forfeitures are recovered against Constables.

Section 27. Settlement by the Sergeant--Compensation--
Payments on orders.

It shall be the duty of the Sergeant, at least once in six months during his continuance in office, and oftener if required by the Council to render an account of the taxes, fines, penalties, assessments and other claims in his hands for collection, and return a list of such as he may not have been able to collect by reason of insolvency, removal or other causes; to which list he shall append an affidavit that he has used due diligence to collect the claims therein mentioned, but has been unable to do so; and if the council shall be satisfied of the correctness of the said list it shall allow him a credit for said claims; but may thereafter take such lawful measures to collect the same as shall be by it prescribed. He shall receive for his services in the collection of taxes, assessments and other claims due the town, a compensation to be fixed by the council, not exceeding five per centum on the amount duly collected and accounted for, except an additional per centum may be allowed in case of fines, and may be allowed in addition, a salary of not more than three hundred dollars per annum. He shall pay any more money in his hands belonging to the town upon the order of the council.

Section 28. Remedy against the Sergeant.

If the Sergeant shall fail to collect, account for, and pay over all or any of the monies with which he may be chargeable, belonging to the town, according to the conditions of his bond and the orders of the council it shall be lawful for the council to recover the same by action, or by motion, upon ten days notice, in the corporate name of the town, in the Circuit Court of Hancock County, against him and his sureties or any or either of them or his or their executors or administrators, if the sum does not exceed three hundred hundred dollars, such recovery may be had before the Mayor or any Justice of said County.

Section 29. Deputy Sergeants.

The Sergeant may, with the consent of the council, entered of record, bet not otherwise, appoint a deputy or deputies, who may perform the duties or any of them, with which he is charged; but the Sergeant shall in all cases be responsible for the acts or omissions of the deputy or deputies so appointed.

Section 30. Of the Assessor.

It shall be the duty of the Assessor to ascertain the tangibles and property within said town subject to taxation and make returns thereof to the council at such time as may be prescribed, substantially in manner and form as in the case of assessments by County assessors; and to this end he shall have access to the most recent books and record of the County of Hancock upon payment of reasonable fees and charges to be arranged and provided for by the council. The latest accessable assessments, for State and County purposes, including value, shall be used and adopted by him; but as to property not included in such assessment, he shall ascertain the same, fix the value thereof, and include the same in his assessment; but the

council may correct any error on his part in this regard, upon the application of any person aggrieved. In the discharge of his duty he shall have the same powers as are conferred by law upon County Assessors.

Section 31. Street Commissioner.

The Street Commissioner shall be appointed by the council and shall hold office at their pleasure; perform such duties and receive such compensation therefore, as council may from time to time prescribe.

Section 32. Finances and Expenses.

The council shall cause to be made up annually, and spread upon its minute book, the accurate estimate of all sums of which are, or may become lawfully charged against the town, and which ought to be paid within one year, and it shall order a levy of so much as will in its judgment, be necessary, and upon all real and personal property therein, subject to State and County taxes; provide, that such levies shall not exceed one dollar on each tangible, and one dollar on every one hundred dollars of the ascertained value of such property. At least once in each year the council shall cause to be made up and published in one or more of the newspapers of the town, a statement of the revenue received from the different sources, and of the expenditures upon the different accounts for the preceding year, or portion of year as the case may be.

Section 33. Lien for Taxes, Fines, etc.

There shall be a lien upon real estate within said town for the town taxes assessed thereon, and for all the fines thereof by the authorities of said town from the time the same are so assessed or imposed, which shall have priority over all other liens, except the lien for taxes due the State, county and district; which may be enforced by the council in the same manner provided by law for the enforcement of the lien for County taxes. If any

if any real estate within the said town be returned delinquent for the non-payment of the delinquent taxes due thereon, a copy of such delinquent list may be certified by the council to the Auditor, and the same be sold for the town taxes, interest therein, in the same manner, at the same time, by the same officer, as real estate is sold for the non-payment of State taxes.

Section 34. Town Licenses.

Council shall have authority to require a town license, as follows: for anything to be done, carried on, exhibited within the town for which a State license is now, or may hereafter be required, for the keeping of hacks, carriages, carts, wagons and other vehicles for hire within the town, and for the keeping of dogs within the town; and the council may provide for the killing of all dogs, the keeping of which is now so licensed. Upon all such license, the council may impose a reasonable tax for the use of the town, when any license is granted by the council for the sale of spiritous liquors, wine, porter, ale or beer, and drinks of like nature, it shall take from the person as licensed, a bond with approved security, in a penalty of not less than three thousand and five hundred dollars, payable to the State of West Virginia, and conditioned as prescribed in section twenty-two of Chapter thirty-two of the Code of West Virginia. The council may provide for the punishment of such persons for the violation of any of the conditions of the said bond, and suit may be brought and maintained against such person and his sureties on such bond, for the same object, by the same person, in the same manner, and with like effect, as upon a bond taken under section mentioned; and also for any fines and costs that may be imposed by the Mayor for any offense against the town under its ordinances, involving a breach of the conditions of such bond. But no such license shall be granted unless the consent of the County Court shall first be obtained therefore; and such license shall be of uniform tax, at the rate of not less than five hundred dollars, and not more than

nine hundred dollars in each instance, for each year. The council may revoke any such license for a breach of any of the conditions of such bond, or for any good causes shown; but the person holding the license must first have reasonable notice of the time and place of hearing and adjudication of the matter as well as the cause alleged; and he shall be entitled to be heard; in person or by counsel in opposition to such revocation. The council may prescribe by ordinance, the manner in which licenses of all kinds shall be applied for and granted, and it may require the payment of the tax thereon before the delivery to the person applying therefore.

Section 35. The time for which License shall be granted.

The provisions of the twenty-ninth section of chapter thirty-two of the Code of West Virginia, relating to State Licenses, shall be deemed applicable to licenses of a similar character to those therein mentioned, and when granted by or under the authority of the council of the said town. License for the keeping of dogs shall also expire on the thirtieth day of April next after they are granted, and all other licenses may be for such time as the council may determine.

Section 36. Condemnation Proceedings.

The council shall have the right to institute proceedings in the name of the town, for the condemnation of real estate, for streets, alleys, drains, market grounds, landings, wharves, city prison, or other work or purpose of public utility. Such preceedings shall conform to the provisions of Chapter forty-two of the Code of West Virginia, and the expense thereof shall be bourn by the town.

Section 37. Work upon Streets.

Every male resident between the age of twenty-one and fifty years,

not a pauper, may be required by the council, by himself, or an acceptable substitute, under the directions of the Street Commissioner to work not to exceed two days in each year, upon any of the streets and alleys of said town, or he may be released therefrom upon the payment to the Street Commissioner of a sum of money to be first by Council, to be used solely in making or improving such streets and alleys, and the council shall include in its levy an additional sum that may be necessary to make and keep in order such streets and alleys, as well as the drains, gutters, sidewalks and crosswalks, and to defray all other expenses incident thereto. The residents of the said town shall be and remain exhonorated from the payment of district road taxes assessed by the County of Hancock and from the performance of labor on roads outside of the corporate limits of said town.

Section 38. Pavements.

If the owner or accupant of any sidewalk, footway or gutter, or of the real property next adjacent thereto, shall fail or refuse to curb, pave or keep the same clean, and in repair, in the manner, or within the time required, by council, it shall be the duty of the council to cause the same to be done at the expense of the town, and to assess the amount of such expense upon the owner or occupant, and the same may be collected by the Sergeant in the manner herein provided for the collection of town taxes. Upon the petition, in writing, of the persons owning the three quarter part of the lots fronting on or abounding on both sides of any street, or between a cross street and an alley, the council, by a majority of not less than two-thirds of all of the members, constituting said body, shall be authorized to order such part of any street or alley to be paved, between the sidewalks, with cobble stones, bricks or other suitable material, and a sewer to be constructed therein from one of such cross streets or alleys to the other, or to have the paving done without the construction of a sewer or a sewer con-

structed without such paving, under such regulations as it shall direct by ordinance, upon the lowest and best terms to be obtained by advertisement for bids or proposals therefore; and two-thirds of the cost of such paving, together with the cost of such sewer, or the cost of such sewers, when constructed without such paving shall be assessed to the owners of the lots, or fractional parts of lots abutting or abounding on that part of the street or alley so paved and/or sewered, in proportion to the distance so abutting or abounding on that part of the Street or alley so paved or sewered in proportion to the distance so abutting or abounding owned by each. The one-fourth shall be paid within thirty days after the completion of the work, and the remainder in three equal installments payable respectively at such times as the council may by ordinance fix, at the time of letting the contract for such work. The other one-third of the cost of said paving shall be born by the town. The intersection of streets, or of streets and alleys, paved or provided with sewer under this section, shall be correspondingly paved and sewered by council at the sole expense of the town. The sum or sums of money so assessed for paving or construction of sewers shall be a lien upon lots or fractional parts of lots upon which they are assessed, which lien may be enforced by suit in equity in any court having jurisdiction thereof, or the same or any installment thereof, may be collected by a suit at law, before any court or Justice of the Peace having jurisdiction thereof. All provisions of Chapter 174 of the acts of 1872, and Chapter 34, of the acts of 1879, inconsistent with this act are hereby repealed.

Approved March 7th, 1891.

An ordinance to adopt Chapter ninety-two Acts of the Legislature, passed February seventeenth, 1897, entitled "An Act to amend and reenact Sections one and thireen of Chapter forty-seven of the Code of West Virginia".

Be it ordained and enacted by the Council of the Town of New Cumberland, and it is hereby ordained and enacted by authority of the same.

Section 1.

That chapter ninety-two of the acts of the Legislature passed February seventeenth, 1897, being an act entitled "An act to amend and re-enact sections one and thirteen of chapter forty-seven (47) Code of West Virginia." Be and the same is hereby adopted as an amendment to, and made a part of the Charter of New Cumberland and

Section 2.

Be it further ordained that chapter ninety-two as aforesaid be spread upon the minutes and that this ordinance shall be in full force and effect from the date of its passage

The chapter from Code referred to is as follows--Chapter 92, an act to amend and re-enact sections one and thirteen of the chapter forty-seven of the Code of West Virginia (passed February 17, 1897, in effect ninety days from its passage, approved February 19, 1897.)

Be it enacted by the Legislature of West Virginia--that sections one and thirteen of chapter forty-seven of the Code of West Virginia, be amended and re-enacted so as to read as follows:

1--

The cities, town, and villages in this State, heretofore established under the laws of the State of West Virginia or of this State shall remain subject to the law now in force and applicable thereto, respectively, and the provisions hereinafter contained in this chapter, shall be deemed

applicable only to cities, town, and villages, hereafter established, except that the municipal authorities, of cities, towns, or villages, heretofore established, other than the City of Wheeling, may exercise the powers conferred by this chapter, although the same may not be conferred by their charter, and so far as this chapter confers power upon the municipal authorities of a city, town or village other than said City of Wheeling, not conferred by the charter of any city, town or village, the same shall be deemed as an amendment to said charter. Any city, town or village in this State incorporated by special act of the legislature of Virginia, or of this State, and exercising the power conferred by this chapter, may by ordinance of the council of said city, town or village adopt this chapter, and thereafter the same officers shall be elected or appointed as are provided for by this chapter.

13--

The municipal authorities of said city, town or village, shall be a Mayor, Recorder, and the Councilmen who together shall form a Common Council, where the said city, town or village has not been divided into wards there shall be at least five councilmen but when the said city, town or village has been divided into wards, the Council may by ordinance determine the number of Councilmen to be selected from each ward. And when it is deemed necessary the council may by ordinance increase the number of wards and change the boundaries thereof, the said wards to be made as nearly equal as may be in territory and population and when such city, town or village shall be divided into wards, or there shall be an increase in the number of wards as aforesaid, the council may increase the number of wards as aforesaid, the council may increase the number of councilmen and direct an election to be held in such ward as may have its full number residing therein, and to give to each ward, equal representation in the council, and may by ordinance, provide for said election and prescribe the terms of office

PROPOSED CHANGES OF TOWN CHARTER OF NEW CUMBERLAND

Sec. 40: It shall be the duty of the mayor, recorder, and council, in office at the time of the time of submission of the changes in the charter to the voters, to perform all the duties in relation to holding such election as required by the general laws in holding municipal elections.

Sec. 41: If this act be adopted by the majority of the votes cast at said election then the mayor, recorder, and councilmen in office at the time of the adoption shall hold an election as made and provided in section four of this act, for the purposes of electing a mayor, recorder, and six councilmen, and the designation by lot the councilmen selected for the two year and four year terms as provided in section five, as to the two year and four years terms of councilmen.

Sec. 42: During the interim between the time when this act shall take effect and its adoption by the votes cast at a special election for ratification or rejection, the present officers of the town shall have and exercise the same authority as made and provided in the old charter. On and after the second Tuesday in July, one thousand nine hundred thirty-five, all officers elected on the second Tuesday in June, one thousand nine hundred thirty-five, shall take office, after qualifying, and all officers elected March eleven, one thousand nine hundred thirty-five, shall terminate, unless reelected under the provisions of this act.

Sec. 43: The town council may by ordinance or ordinances adopt any sections now in the state municipal code, or that hereafter may be adopted as a part of the said state municipal code.

Sec. 44: All ordinances, by-laws, resolutions, and rules of the town of New Cumberland in force at the time of the passage of this act and the adoption thereof by the votes so cast in its ratification, which are not

inconsistent therewith, shall be and remain in full force and effect, until amended or repealed by the council of said town.

Sec. 45: All acts and parts of acts in conflict and inconsistent with this act are hereby repealed. If any clause, paragraph, or section of this act should be declared to be unconstitutional, all clauses, paragraphs, and sections thereof shall not be affected thereby.

(4)

ORDINANCE NO. 0-682

AN ORDINANCE TO SUBMIT TO A VOTE A CHANGE IN THE CHARTER CONCERNING MAYOR'S SALARY-SECTION 16-PAGE 5 OF THE CHARTER OF THE CITY OF NEW CUMBERLAND.

Be it ordained by the govering body of the City of New Cumberland, West Virginia, to be effective July 1, 2001.

The mayor shall receive the sum of $200.00 per month not to exceed, $200.00 in anyone month or $2,400.00 per annum. Such salary shall be in lieu of the fees which would otherwise accure to the mayor in proceedings for the enforcement of ordinances, but all such fees shall be collected, when practicable and accounted for to the town.

Motion to accept this ordinance made by councilman Hartung.

Second by councilman Blackwell.

Passed council 6 to 0.

First reading: January 8, 2001.

Second reading: February 5, 2001.

Dated this 5th day of February, 2001.

Arthur L. Watson
Mayor

Attest:

Tamera M. Jenkins
City Clerk

This ordinance has been passed at the 2001 election Polls.

Final Count, Favored: ____ opposed: ____

ORDINANCE NO. 00-003

An ordinance to submit to a vote for a change in the charter concerning terms of office-section 5-page 2 of the charter of the City of New Cumberland.

The term of the office of mayor shall be for four years, beginning the first day of July at 12:01 a.m. two thousand one and continuing until his successor is elected and qualified.

Councilmen terms shall remain unchanged as provided in Section 5-page 2 of the Charter of the City of New Cumberland.

Motion to accept this ordinance made by Councilman Hartung.

Second by Councilman Mills.

Passed council 5 to 0.

First reading: September 11, 2000

Second reading: October 2, 2000

Ordinance number 00-003 was passed on this 2nd day of October, 2000.

Arthur L. Watson

Arthur L. Watson, Mayor

Attest:

Tamera M. Jenkins

Tamera M. Jenkins, City Clerk

This ordinance has been passed at the 2001 election polls.

Final count, favored: _____ opposed: _____.

ORDINANCE NO. 89-004

AN ORDINANCE ADOPTING AND INCORPORATING SELECTED PROVISIONS OF STATE STATUTES ADDRESSING ETHICS IN GOVERNMENT; ESTABLISHING ETHICAL PURPOSES AND REQUIRING THAT ETHICAL PRACTICES BE ADHERED TO BY MUNICIPAL OFFICIALS AND EMPLOYEES; AND DETERMINING THAT CERTAIN PROVISIONS OF SUCH STATUTE SHALL NOT APPLY TO THIS MUNICIPALITY AND ITS OFFICERS AND EMPLOYEES.

WHEREAS, the West Virginia State Legislature passed and enacted H.B. 104 on February 1, 1989, which is primarily embodied by the statutory provisions of Chapter 6B, Articles 1 through 3, of the West Virginia Code, as amended; and

WHEREAS, the aforesaid Chapter 6B of the West Virginia Code is more particularly known as the West Virginia Governmental Ethics Act, the purposes of which said Act are contained and set forth in Chapter 6B, Article 1, Section 2 of the West Virginia Code; and,

WHEREAS, the City now deems it to be reasonable, necessary and appropriate (1) to expressly affirm the aforesaid purposes of the West Virginia Governmental Ethics Act, and (2) to further incorporate selected provisions of the aforesaid Act as are presently enacted or as hereafter may be enacted by the State Legislature, and further, (3) to affirmatively state that certain provisions of the West Virginia Governmental Ethics Act shall not be effective as to this municipality, and its officers and employees, all through the adoption and implementation of the City of New Cumberland's Municipal Government Ethics Ordinance.

NOW, THEREFORE, BE IT ORDAINED AND ENACTED BY THE COUNCIL OF THE CITY OF NEW CUMBERLAND AS FOLLOWS:

ARTICLE I: COUNCIL'S FINDINGS OF FACT

SECTION 1: The Council hereby finds that the purpose of the West Virginia Governmental Ethics Act have reasonable, necessary and appropriate application to matters involving all elected and appointed municipal officials and employees, whether full or part time, who derive a salary, payment of wayes or other direct remuneration from the municipality, and does now hereby affirm, ratify and adopt said State defined purposes as being the same purposes of this Municipal Government Ethics Ordinance, without specifically republishing said State purposes herein.

SECTION 2: The Council further hereby finds that for the purpose of assisting in the administration of the provisions of this Ordinance, that various statutory sections of the aforesaid State Act shall be hereby expressly adopted and incorporated as provisions of this Ordinance, except as otherwise expressly provided herein, and which said State statutory sections specifically hereby adopted and incorporated herein are as follows: (1) S6B-1-1 through 5; and (2) S6-B-2-5.

SECTION 3: Notwithstanding the affirmation and adoption of the purposes of the State Act and further the specific adoption of the selected, statutory sections which were immediately hereinbefore set forth in Section 2 hereof, the Council specifically finds that certain statutory provisions of the aforesaid State Act are either inapplicable to the administration of this Municipal Ordinance or would otherwise be unduly burdensome for the City to require and administer, and specifically, the Council finds

that the purposes of the State Act and of this Ordinance can be effectively executed at the municipal level without the specific adoption and incorporation of the statutory provisions of Chapter 6B, Article 2, Sections 6 and 7 of the West Virginia Code respecting financial disclosure, and Chapter 6B, Article 3 relating to regulation and registration of lobbyists, and which said statutory provisions the Council hereby expressly opts not to include as provisions of this Ordinance, and affirmatively elects that such provisions shall not apply to this municipality and its officers and employees.

ARTICLE II: AMENDMENTS TO STATE STATUTES

Any amendment to any of the aforesaid statutory provisions of the State of West Virginia which are expressly herein adopted and incorporated as provisions of this Ordinance, shall upon enactment by the State Legislature, pursuant to the State prescribed effective date thereof, be deemed to an amendment to this Ordinance unless the City expressly opts not to adopt any such amendment by Ordinance duly adopted by the Council evidencing the non-adoption of such amendments.

ARTICILE III: EFFECTIVE DATE

This Ordinance shall be effective on the 5th day of September , 1989.

FIRST READING: August 7, 1989

SECOND READING: September 5, 1989

CERTIFICATE OF ENACTMENT

I, Gale S. Thomas, City Clerk/Recorder, do hereby certify that the foregoing Ordinance No. 89-004 was lawfully ordained and enacted by the Council of the City of New Cumberland at a regular session assembled on the 5th day of September, 1989.

Gale S. Thomas
CITY CLERK/RECORDER

John P. Harrington, Jr. Mayor

ORDINANCE NO. 89-002

ORDINANCE TO AMEND AND REENACT THE ELECTION LAWS - SECTION 4 - PAGE 2 OF THE CHARTER OF THE CITY OF NEW CUMBERLAND TO COMPLY WITH WEST VIRGINIA STATE ELECTION LAW.

Pursuant to prior revision of the Charter, elections in the City of New Cumberland shall be held on the 2nd Tuesday of May, since May of the year One Thousand Nine Hundred and Eighty Three and every two years thereafter. The vote of said election shall be by ballot. The election of officials shall be on a non-partisan basis. All persons who shall have been bona fide residents of the City three months next preceding any election, and entitled to vote under the constitution and laws of the state, shall be entitled to vote at such election, but only in the ward of residence. The said election shall be held and conducted at such places and under such rules and regulations not inconsistent with the laws regulating district elections as may be prescribed by the council. Consistent with the provisions of Chapter 3, Article 1, Section 28, of the Code of West Virginia, as amended, the election may be held without the necessity of two boards of election officers. Contested election shall be heard and decided by the council, and the proceedings shall conform as nearly as may be possible to similar proceedings in case of county and district elections. The council shall be the judge of the election returns and qualifications of its own members.

LAW OFFICES
HINERMAN & FAHEY
WEIRTON, W. VA.

Administrative Action

This ordinance shall become effective immediately after the Public hearing required by Chapter 16, Article 13A of the West Virginia Code and the statutory comment periods and final action of the Council of the Town of New Cumberland.

Lawrence T. Andrews
Mayor

Gale S. Thomas
Recorder

Effective Date: January 9, 1989

ORDINANCE 0-185

REDISTRICTING

TO REVISE CHAPTER 48-SECTIONS 5 AND 8 OF CITY CHARTER

WHEREAS, to comply with state law governing the balance of precincts according to population; and

WHEREAS, to cooperate with county boundaries by making no changes in boundary lines; and

WHEREAS, to change our wards in compliance with our City Charter by decreasing the number of wards;

NOW, THEREFORE, BE IT ORDAINED BY THE GOVERNING BODY OF THE CITY OF NEW CUMBERLAND, WEST VIRGINIA:

1. Pursuant to Chapter 3, Article 1, Section 6 of the Election Laws of the State of West Virginia to follow as nearly as possible the boundaries of the County elections by:

   A. Unifying Ward I (Precinct 12) and Ward II (Precinct 13) to make <u>One Ward</u> that will be known in all City Elections as WARD I.

   B. By making no changes to the existing Ward III (Precinct 14) other than having it known in all City Elections as WARD II.

2. The Mayor's term will remain a two year term.

3. Council seats would be set up to provide Six Council members:

   A. Three (3) Council Seats from WARD I

   B. Three (3) Council Seats from WARD II

4. The committee set up to be as follows:

   A. One council member from each ward for each working committee in the City of New Cumberland.

   B. Two citizen members from each ward for each working committee in the City of New Cumberland.

This would provide Six members to each committee (Two council and Four citizen). The mayor would have the authority to increase or decrease councilmembers and/or citizens members to each committee as he deems necessary.

5. The Ordinance shall be effective immediately upon passage beginning with the May,1985 Election.

Duly adopted and enacted on 6th day of May ,1985.

First reading: April 1,1985

Second reading: May 6,1985

Motion to accept this ordinance made by Councilman Harris

Seconded by Councilman Pettit.

Passed council 6 to 0.

Dated this 6th day of May ,1985.

Mayor, City of New Cumberland

Attest:

City Clerk

ORDINANCE NO. O-682

AN ORDINANCE TO SUBMIT TO A VOTE A CHANGE IN THE CHARTER CONCERNING MAYOR'S SALARY-SECTION 16-PAGE 5 OF THE CHARTER OF THE CITY OF NEW CUMBERLAND.

The mayor shall receive the sum of $ 40.00 per meeting not to exceed, $ 40.00 in anyone month or $ 480.00 per annum. Such salary shall be in lieu of the fees which would otherwise accure to the mayor in proceedings for the enforcement of ordinances, but all such fees shall be collected, when practicable and accounted for to the town.

To receive such salary the mayor must attend at least one meeting a month.

Motion to accept this ordinance made by Councilman Richard Huggins.

Seconded by Councilman Donna Arbogast.

Passed council 5 to 0.

First reading: December 6,1982

Second reading: January 3,1983

Dated this 3rd day of January ,1983

Mayor
City of New Cumberland

Attest:

City Clerk

ORDINANCE NO. O-582

AN ORDINANCE TO SUBMIT TO A VOTE FOR A CHANGE IN THE CHARTER CONCERNING TERMS OF OFFICE-SECTION 5-PAGE 2 OF THE CHARTER OF THE CITY OF NEW CUMBERLAND.

The term of the office of mayor shall be for four years, beginning the first day of July at 12:01 a.m. one thousand nine hundred eighty three and continuing until his successor is elected and qualified.

Councilmen terms shall remain unchanged as provided in Section 5-Page 2 of the Charter of the City of New Cumberland.

Motion to accept this ordinance made by Councilman Richard Huggins.

Seconded by Councilman Alan Pettit.

Passed council 5 to 0.

First reading: December 6,1982

Second reading: January 3,1983

Dated this 3rd day of January ,1983.

Amy James Eyler
Mayor
City of New Cumberland

Attest:

Ruth Ann Methany
City Clerk

Rejected Election 1983!

Amended 3/14/89
Ordinance #89-002

ORDINANCE NO. O-182

AN ORDINANCE TO REVISE AND AMEND ELECTIONS - SECTION 4 - PAGE 2 OF THE CHARTER OF THE CITY OF NEW CUMBERLAND TO COMPLY WITH WEST VIRGINIA STATE ELECTION LAW.

The first election under this revision shall be held on the second Tuesday of May, one thousand nine hundred eighty three and there shall be an election held on the second Tuesday of May every two years thereafter. The vote of said election shall be by ballot. All persons who shall have been bona fide residents of the city three months next preceding any election, and entitled to vote under the constitution and laws of the state, shall be entitled to vote at such election, but only in the ward of residence. The said election shall be held and conducted at such places and under such rules and regulations not inconsistent with the laws regulating district elections, as may be prescribed by the council. Contested elections shall be heard and decided by the council, and the proceedings shall conform as nearly as may be to similar proceedings in case of county and district officers. The council shall be the judge of the election returns and qualifications of its own members.

Motion to accept this ordinance made by Councilman Arbogast.

Seconded by Councilman Harris.

Passed council 5 to 0

First reading: July 12,1982
Second reading: August 9,1982

Dated this 9th day of August ,1982.

Mary Jane Boyles
Mayor
City of New Cumberland

Attest:

Ruth Ann Metheny
City Clerk

Rules of Procedure

CITY OF NEW CUMBERLAND

RESOLUTION ON OPEN GOVERNMENTAL PROCEEDINGS RULES

Pursuant to Chapter 6, Article 9A, Section 3 of the West Virginia Code, the Council of the City of New Cumberland does hereby adopt the following rules to make available, in advance, the date, time, place and agenda of all regularly scheduled meetings of the Council, and the date, time, place and purpose of all special meetings of the Council to the public and news media (except in the case of an emergency requiring immediate action) as follows:

> 1. Regular Meetings. A notice shall be posted and maintained by the Recorder at the front door or bulletin board of the City Hall of the date, time and place fixed and entered of record by Council for the holding of regularly scheduled meetings. In addition, a copy of the agenda for each regularly scheduled meeting shall be posted at the same location by the Recorder not less than 72 hours before such regular meeting is to be held. If a particular regularly scheduled meeting is canceled or postponed, a notice of such cancellation or postponement shall be posted at the same location as soon as feasible after such cancellation or postponement has been determined.
>
> 2. Special Meetings. A notice shall be posted by the Recorder at the front door or bulletin board of the City Hall not less than 72 hours before a specially scheduled meeting is to be held, stating the date, time, place and purpose for which such special meeting shall be held. If the special meeting is canceled, a notice of such cancellation shall be posted at the same location as soon as feasible after such cancellation has been determined.

These rules regarding notice of meetings shall replace any and all previous rules heretofore adopted by Council.

Adopted this 7th day of June, 2004.

Mayor

ATTEST:

Recorder

CITY OF NEW CUMBERLAND

P.O. BOX 505 • NEW CUMBERLAND, WEST VIRGINIA 26047 • (304) 564-3383 • FAX (304) 564-3777

Oath of Office

I Richard Blackwell do hereby solemnly vow that I will support the Constitution of the United States, the Constitution of the State of West Virginia, and that I will faithfully discharge the duties of Councilman of the City of New Cumberland, West Virginia, beginning 12:00 a.m., July 1, 2007, to the best of my skill and judgment, so help me God.

Richard Blackwell

Signature of Official

Taken, sworn to and subscribed before the undersigned authority this the 29th day of June, 2007.

James R. Berners, mayor

Signature and Title

Attest:

Tamera M. Jenkins, City Clerk

Signature and Title

CITY OF NEW CUMBERLAND

P.O. BOX 505 • NEW CUMBERLAND, WEST VIRGINIA 26047 • (304) 564-3383 • FAX (304) 564-3777

Oath of Office

I Gary Nardo do hereby solemnly vow that I will support the Constitution of the United States, the Constitution of the State of West Virginia, and that I will faithfully discharge the duties of Councilman of the City of New Cumberland, West Virginia, beginning 5:00 p.m., July 6, 2009, to the best of my skill and judgment, so help me God.

Gary Nardo

Signature of Official

Taken, sworn to and subscribed before the undersigned authority this the 6th day of July, 2009.

Joseph J Sargent Mayor

Signature and Title

Attest:

Tamara M. Jenkins City Clerk

Signature and Title

CITY OF NEW CUMBERLAND

P.O. BOX 505 • NEW CUMBERLAND, WEST VIRGINIA 26047 • (304) 564-3383 • FAX (304) 564-3777

Oath of Office

I Dencil Oldaker do hereby solemnly vow that I will support the Constitution of the United States, the Constitution of the State of West Virginia, and that I will faithfully discharge the duties of Councilman of the City of New Cumberland, West Virginia, beginning 12:00 a.m., July 1, 2007, to the best of my skill and judgment, so help me God.

Dencil Oldaker

Signature of Official

Taken, sworn to and subscribed before the undersigned authority this the 29th day of June, 2007.

James A. Burson, Mayor

Signature and Title

Attest:

Tamera M. Jackson, City Clerk

Signature and Title

CITY OF NEW CUMBERLAND

P.O. BOX 505 • NEW CUMBERLAND, WEST VIRGINIA 26047 • (304) 564-3383 • FAX (304) 564-3777

Oath of Office

I Joseph J. Sargent do hereby solemnly vow that I will support the Constitution of the United States, the Constitution of the State of West Virginia, and that I will faithfully discharge the duties of Mayor of the City of New Cumberland, West Virginia, beginning 12:00 a.m., July 1, 2009, to the best of my skill and judgment, so help me God.

Joseph J. Sargent

Signature of Official

Taken, sworn to and subscribed before the undersigned authority this the 30th day of June, 2009.

Joseph Bowers, Mayor

Signature and Title

Attest:

Vanessa M. Jenkins City Clerk

Signature and Title

CITY OF NEW CUMBERLAND

P.O. Box 505 • New Cumberland, West Virginia 26047 • (304) 564-3383 • Fax (304) 564-3777

Oath of Office

I Angela Skinner do hereby solemnly vow that I will support the Constitution of the United States, the Constitution of the State of West Virginia, and that I will faithfully discharge the duties of Councilwoman of the City of New Cumberland, West Virginia, beginning 5:00 p.m., July 6, 2009, to the best of my skill and judgment, so help me God.

Angela M. Skinner
Signature of Official

Taken, sworn to and subscribed before the undersigned authority this the 6th day of July, 2009.

Joseph J. Sargent Mayor
Signature and Title

Attest:

Pamela M. Jackson City Clerk
Signature and Title

CITY OF NEW CUMBERLAND

P.O. BOX 505 • NEW CUMBERLAND, WEST VIRGINIA 26047 • (304) 564-3383 • FAX (304) 564-3777

Oath of Office

I Arthur L. Watson do hereby solemnly vow that I will support the Constitution of the United States, the Constitution of the State of West Virginia, and that I will faithfully discharge the duties of Councilman of the City of New Cumberland, West Virginia, beginning 12:00 a.m., July 1, 2009, to the best of my skill and judgment, so help me God.

Arthur L. Watson

Signature of Official

Taken, sworn to and subscribed before the undersigned authority this the 1st day of July, 2009.

Joseph J. Smith Mayor

Signature and Title

Attest:

Vanessa M. Jackson, City Clerk

Signature and Title

CITY OF NEW CUMBERLAND

P.O. BOX 505 • NEW CUMBERLAND, WEST VIRGINIA 26047 • (304) 564-3383 • FAX (304) 564-3777

Oath of Office

I Brian Webster do hereby solemnly vow that I will support the Constitution of the United States, the Constitution of the State of West Virginia, and that I will faithfully discharge the duties of Councilman of the City of New Cumberland, West Virginia, beginning 12:00 a.m., July 1, 2009, to the best of my skill and judgment, so help me God.

Brian Webster

Signature of Official

Taken, sworn to and subscribed before the undersigned authority this the 1st day of July, 2009.

Joseph J. Bryant Mayor

Signature and Title

Attest:

Clemera M. Jenkins, City Clerk

Signature and Title

CITY OF NEW CUMBERLAND

AN ORDINANCE SETTING FORTH THE RATES, FEES AND CHARGES FOR SERVICE TO CUSTOMERS OF THE WATER SYSTEM OF THE CITY OF NEW CUMBERLAND.

THE COUNCIL OF THE CITY OF NEW CUMBERLAND HEREBY ORDAINS: The following rules, rates and charges are hereby fixed, determined and established for municipal water services provided to all general domestic, commercial, and industrial users of the City of New Cumberland's Municipal Water System, commencing upon the effective date as hereinafter provided, and in accordance with the following Rates and Schedules:

RULES AND REGULATIONS

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

SECTION 1 – TARIFF

APPLICABILITY

Applicable within the entire territory served.

AVAILABILITY

Available for general domestic, commercial, industrial and sales for resale water service.

RATES (Customers with metered water supply)

First	2,000	gallons used per month	$3.31	per 1,000 gallons
Next	198,000	gallons used per month	$2.65	per 1,000 gallons
All Over	200,000	gallons used per month	$2.65	per 1,000 gallons

MINIMUM CHARGE

No minimum bill will be rendered for less than $6.62 per month, which is equivalent to 2,000 gallons or:

5/8	inch meter	–	$6.62	per month
3/4	inch meter	–	$9.95	per month
1	inch meter	–	$16.55	per month
1 1/2	inch meter	–	$33.10	per month
2	inch meter	–	$53.00	per month
3	inch meter	–	$99.30	per month
4	inch meter	–	$165.50	per month
6	inch meter	–	$331.00	per month
8	inch meter	–	$529.60	per month

SALES FOR RESALE

All water for resale will be billed in accordance with the approved rate of $2.65 per 1,000 gallons used per month.

DELAYED PAYMENT PENALTY

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

TAP FEE

The following charge is to be made whenever the utility installs a new tap to serve an applicant:

A tap fee of four hundred dollars ($400.00), or the actual cost of the connection (solely determined by the City), whichever is greater, will be charged to all customers who apply for service outside of a certificate proceeding before the Commission for each new tap to the system.

WATER DISCONNECT – RECONNECT – ADMINISTATIVE FEES

Whenever water service has been disconnected for any reason, a disconnection fee of twenty-five dollars ($25.00) shall be charged; or in the event the delinquent water bill is collected in the field, an administrative fee of twenty-five dollars ($25.00) shall be charged. Whenever water service which has been previously disconnected for any reason is reconnected, a reconnection fee of twenty-five dollars ($25.00) shall be charged.

RETURNED CHECK CHARGE

A service charge of twenty-five dollars ($25.00) will be imposed upon any customer whose check for payment of charges is returned by their bank for any reason.

SECURITY DEPOSIT

A deposit of fifty dollars ($50.00) or two-twelfths (2/12) of the average annual usage of the applicant's specific customer class, whichever is greater.

LEAK ADJUSTMENT

An amount not to exceed $2.65 per 1,000 gallons is to be used when a bill reflects unusual consumption which can be attributed to eligible leakage on the customer's side of the meter. This rate shall be applied to all such consumption above the customer's historical usage. The City shall establish a nondiscriminatory policy regarding this provision for leak adjustments.

EFT, CREDIT CARD AND DROP BOX PAYMENTS

A service charge will be imposed on EFT, Credit Card or Drop Box payments. The amount shall be equal to the actual charges to the utility from the financial institution for processing payment.

PRIVATE FIRE PROTECTION

Where connections, hydrants, sprinklers, etc. on private property are maintained by consumer:

RATE

2 inch Service Line with hydrants, sprinklers, and/or hose connections	$7.50	per month
3 inch Service Line with hydrants, sprinklers, and/or hose connections	$17.00	per month
4 inch Service Line with hydrants, sprinklers, and/or hose connections	$30.00	per month
6 inch Service Line with hydrants, sprinklers, and/or hose connections	$68.00	per month
8 inch Service Line with hydrants, sprinklers, and/or hose connections	$120.00	per month
10 inch Service Line with hydrants, sprinklers, and/or hose connections	$190.00	per month
12 inch Service Line with hydrants, sprinklers, and/or hose connections	$310.00	per month

PUBLIC FIRE PROTECTION SERVICE

Where connections, hydrants, sprinklers, etc. on private are maintained by utility:

RATE

For each public fire hydrants $300.00 per year.

SECTION 2 – EFFECTIVE DATE

The rates, charges and penalties provided herein shall become effective forty-five (45) days after enactment, or as soon thereafter as the same may be approved by the Public Service Commission of West Virginia.

SECTION 3 – SEVERABILITY; REPEAL OF CONFLICTING ORDINANCES

The provisions of this Ordinance are severable, and if any clause, provision or section hereof shall be held void or unenforceable by the Public Service Commission of West Virginia or any court of competent jurisdiction, such holding shall not affect the remainder of this Ordinance. Upon the effective date hereof, all ordinances, resolutions, orders or parts thereof in conflict with the provisions of this Ordinance are, to the extent of such conflicts, hereby repealed, and to the extent that the provisions of this Ordinance do not touch upon the provisions of prior ordinances, resolutions, orders or parts thereof, the same shall remain in full force and effect.

SECTION 4 – STATUTORY NOTICE AND PUBLIC HEARING

Upon introduction hereof, the City Clerk shall cause to be published a copy of this Ordinance in the *Hancock County Courier*, a qualified newspaper of general circulation in the City of New Cumberland, and said notice shall state that this Ordinance has been introduced, and that any person interested may appear before the City Council on Monday, July 20, 2009, at 5:00 p.m., which date is not less than five (5) days after the date of the publication of the Ordinance and notice, and present any comment or protest thereto, following which hearing, Council shall take

such action as it shall deem proper. Copies of this Ordinance shall be available to the public for inspection at the office of the City Clerk, City of New Cumberland, New Cumberland, West Virginia.

First Reading: July 6, 2009

Second Reading
and Public Hearing: July 20, 2009

CITY OF NEW CUMBERLAND, a municipal corporation

Mayor: Joseph J. Bryant

Clerk: Tamera M. Perkins

06.18.09
658300.00003

CITY OF NEW CUMBERLAND

AN ORDINANCE SETTING FORTH THE RATES, FEES AND CHARGES FOR SERVICE TO CUSTOMERS OF THE SEWERAGE SYSTEM OF THE CITY OF NEW CUMBERLAND.

THE COUNCIL OF THE CITY OF NEW CUMBERLAND HEREBY ORDAINS: The following rules, rates and charges are hereby fixed, determined and established for municipal sewerage services provided to all general domestic, commercial, and industrial users and customers of the City of New Cumberland's Municipal Sewage Treatment Plant and Collection System, commencing upon the effective date as hereinafter provided, and in accordance with the following Rates and Schedules:

RULES AND REGULATIONS

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

SECTION 1 – TARIFF

SCHEDULE NO. 1

APPLICABILITY

Applicable within entire territory served, which is totally within the corporation limits of the City of New Cumberland.

AVAILABILITY OF SERVICE

Available for general domestic, commercial and industrial (except unusual industrial waste) service.

RATES

First	2,000	gallons used per month	$20.12	
Every additional	1,000	gallons used per month	$10.06	per 1,000 gallons

MINIMUM CHARGE

No bill will be rendered for less than: $20.12 per month (Based on 2,000 gallons).

FLAT RATE CHARGE (Customers with non-metered water supply)

Equivalent of 4,500 gallons of water usage: $45.27 per month.

BULK TREATMENT RATES (Based on metered water supply)

$3.39 per 1,000 gallons

TAP FEE

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

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

A tap fee of three hundred and fifty dollars ($350.00), or the actual cost of the connection (solely determined by the City), whichever is greater, will be charged to all customers who apply for service outside of a certificate proceeding before the Commission for each new tap to the system.

DELAYED PAYMENT PENALTY

The above tariff is net. On all current usage billings not paid within twenty (20) days, ten percent (10%) will be added to the net current amount unpaid. This delayed payment penalty is not interest and is to be collected only once for each bill where it is appropriate.

LEAK ADJUSTMENT INCREMENT

$1.00 per 1,000 gallons. To be used when the bill reflects unusual consumption which can be attributed to eligible leakage on the customer's side of the meter. This rate shall be applied to all such unusual consumption above the customer's historical average usage.

RETURNED CHECK CHARGE

A service charge of twenty-five dollars ($25.00) will be imposed upon any customer whose check for payment of charges is returned by the bank for any reason.

SECURITY DEPOSIT

All new applicants for residential or other sewer service shall make a deposit of (i) fifty dollars ($50.00), or (ii) two-twelfths (2/12) of the average annual usage for the applicant's specific customer class for sewer service, whichever is greater, with the City to secure the payment of sewer service rates and charges.

EFT, CREDIT CARD AND DROP BOX PAYMENTS

A service charge will be imposed on EFT, Credit Car or Drop Box payments. The amount shall be equal to the actual charges to the utility from the financial institution for processing payment.

SCHEDULE NO. 2

SURCHARGE FORMULA TO BE APPLIED IN CASES WHERE SURFACE DRAINAGE IS CONNECTED TO THE CITY'S SANITARY SEWER SYSTEM

Wherever the City of New Cumberland has discovered that a customer's roof drain, downspouts, storm sewer, or other similar facilities conducting surface water has been connected to the City of New Cumberland's sewer system, and such customer has failed to take appropriate action within thirty (30) days of receipt of a demand by the City of New Cumberland, in accordance with the rules and regulations of the Public Service Commission, to eliminate such connection, a surcharge will be imposed upon the customer calculated on the basis of the following formula:

$$S = A \times R \times .0006233 \times C$$

S	-	The surcharge in dollars.
A	-	The area under roof and/or the area of any other water collection surface connected to the sanitary sewer, in square feet.
R	-	The measured monthly rainfall, in inches.
.0006233	-	A conversion factor to change inches of rain x square feet of surface to thousands of gallons of water.
C	-	the City of New Cumberland's approved rate per thousand gallons of metered water usage.

The City of New Cumberland shall not impose the surcharge unless, and until, the customer has been notified by certified mail, return receipt requested, or by hand delivery, that it has been established by smoke testing, dye testing, or on-site inspection that rain or other surface water is being introduced into the sanitary sewer system at the customer's location, and that the customer has not acted within thirty (30) days from receipt of such notice to divert the water from the sanitary sewer system.

Said surcharge shall be calculated and imposed for each month that said condition continues to exist. Failure to pay the surcharge and/or correct the situation shall give rise to the possible termination of water service in accordance with the Rules and Regulations of the Public Service Commission of West Virginia.

SCHEDULE NO. 3

SURCHARGE FORMULA TO BE APPLIED IN THE CASE OF USERS PRODUCING UNUSUAL WASTE

The charge for the treatment of unusual waste will be calculated on the basis of the following formula:

$$Ci = VoVi + BoBi + SoSi$$

Ci	=	Charge to unusual users per year.
Vo	=	Average unit cost of transport and treatment chargeable to volume, in dollars per gallon.
Vi	=	Volume of wastewater from unusual users in gallons per year.
Bo	=	Average unit cost of treatment, chargeable to Biochemical Oxygen Demand (BOD) in dollars per pound.
Bi	=	Weight of BOD from unusual users in pounds per year.
So	=	Average unit cost of treatment (including sludge treatment) chargeable to total solids in dollars per pound.
Si	=	Weight of total solids from unusual users in pounds per year.

When an unusual user is to be served, a preliminary study of its wastes, and the cost of transport and treatment thereof, will be made. Waste containing materials which, in the judgment of the City of New Cumberland, should not be introduced into the sewer system, need not be handled by it. The results of this preliminary study will be used to determine the feasibility of the proposed sewer service and the charge therefore, based upon the formula set out above.

Thereafter, unusual sewage service will be monitored on a regular basis and at the conclusion of each fiscal year, based on the investigation aforesaid and audit of the City of New Cumberland records, new cost figures will be calculated for use in the above formula. The cost of establishing the monitoring facilities shall be paid by the unusual user. Based on these audited figures, additional billings covering the past fiscal year will be made for payment by each unusual user, or refund given by the City of New Cumberland, as the case may be. Such audited figures will then be used for the preliminary billing for the next fiscal year, at the end of which an adjustment will be made as aforesaid.

SECTION 2 – TARIFF EFFECTIVE DATE

The rates, charges and penalties provided herein shall become effective forty-five (45) days after enactment, or as soon thereafter as the same may be approved by the Public Service Commission of West Virginia.

SECTION 3 – SEVERABILITY; REPEAL OF CONFLICTING ORDINANCES

The provisions of this Ordinance are severable, and if any clause, provision or section hereof shall be held void or unenforceable by the West Virginia Public Service Commission or any court of competent jurisdiction, such holding shall not affect the remainder of this Ordinance. Upon the effective date hereof, all ordinances, resolutions, orders or parts thereof in conflict with the provisions of this Ordinance are, to the extent of such conflicts, hereby repealed, and to the extent that the provisions of this Ordinance do not touch upon the provisions of prior ordinances, resolutions, orders or parts thereof, the same shall remain in full force and effect.

SECTION 4 – STATUTORY NOTICE AND PUBLIC HEARING

Upon introduction hereof, the City Clerk shall cause to be published a copy of this Ordinance once a week for two (2) successive weeks within a period of fourteen (14) consecutive days, with at least six (6) days between each publication, in the *Hancock County Courier*, a qualified newspaper of general circulation in the City of New Cumberland, and said notice shall state that this Ordinance has been introduced, and that any person interested may appear before Council on Monday, July 20, 2009, at 5:00 p.m., which date is not less than ten (10) days after the date of the first publication of the Ordinance and notice, and present any comment or protest thereto, following which hearing, Council shall take such action as it shall deem proper. Copies of this Ordinance shall be available to the public for inspection at the office of the City Clerk, New Cumberland, West Virginia.

First Reading: July 6, 2009

Second Reading
and Public Hearing: July 20, 2009

CITY OF NEW CUMBERLAND, a municipal corporation

[SEAL]

Mayor: Joseph J. Sargent

Clerk: Pamela M. Jenkins

06.18.09
658300.00003

Regular Session of Council

July 6, 2009

Mayor brought the meeting to order at 5:00 p.m. Those present were Blackwell, Oldaker, Webster, Watson, Attorney Simon.

Mayor entertained a motion to change the order of the agenda to appoint and swear in the two councilmen. A motion was made by Watson to move the order of the agenda. A motion was made by Blackwell to second the motion. Motion was carried.

Mayor Sargent would like to appoint Angela Skinner as Ward II Councilwoman. A motion was made by Watson to appoint Skinner as Councilwomen. A motion was made by Webster to second the motion. Motion carried.

A motion was made by Watson to appoint Gary Nardo Ward II councilman. A motion was made by Webster to second the motion. Motion carried.

A motion was made by Webster to appoint John Ashcraft as Municipal Judge. A motion was made by Blackwell to second the motion. Motion carried.

A motion was made by Webster to appoint Tamera Jenkins as City Clerk. A motion was made by Watson to second the motion. Motion carried.

A motion was made by Blackwell to appoint Frankovitch, Anetakis, Colantonio, and Simon as City Solicitor. A motion was made by Watson to second the motion. Motion carried.

A motion was made by Webster to make Lester Skinner, Jr. Chief of Police. A motion was made by Webster. A motion was made by Blackwell to second the motion. Motion carried.

A motion was made by Watson to approve minutes from May 4, May 18, May 21, June 1, and June 25th. A motion was made by Webster to second the motion. Motion was carried.

Plimpton Thompson alley issues. Plimpton stated that the trees were moved back and both parties were happy with the compromised decision. They would each like to have 6' of the alley and Thompson would like to put up a fence with council's approval. Thompson still has issues regarding the alley she wants council to name the alley as paper so she never has this issue again. Blackwell made a motion to table this for further investigation and put it on the next meeting. A motion was made by Webster to second the motion. Motion carried.

A motion was made by Watson to order dumpsters for the City clean up for August 4, 5, and 6th. A motion was made by Oldaker to second the motion. Motion carried.

James Yost addressed council to see if they would be interested in buying property off him the was beside the Pride Park. Blackwell made a motion to table this for the next council meeting. A motion was made by Watson to second the motion. Motion carried.

A motion was made by Blackwell to approve the second reading of ordinance 09-002 RR Alley limited access. A motion was made by Oldaker to second the motion. Motion carried.

A motion was made by Blackwell to set the fines for the 09-002 ordinance as follows first offense fine would be 45.00, second offense fine would be 100.00, and third offense fine would be 500.00. A motion was made by Webster to second the motion. Motion carried.

A motion was made by Watson to approve the first reading of the sewer rate increase ordinance. A motion was made by Webster to second the motion. Motion carried.

A motion was made by Blackwell to approve the first reading of the water rate increase ordinance. A motion was made by Webster to second the motion. Motion carried.

The following bids were received for the demolition: Sweeney bid $98, 090.19 total, Pulice bid $74,700.00 total, and X-treme bid $24,300.00 total. A motion was made by Blackwell to approve X-treme as the winning bid for the demolition of the Hardware and 505 Ridge Ave. A motion was made by Webster to second the motion. Motion carried.

Blackwell stated that Fema is offering a free training class and I would like to sign up for it. With all the changes we will have to have a new flood plain ordinance. Mayor entertains a motion to send Richard to the training. Webster made a motion to approve Blackwell to attend Fema class. A motion was made by Skinner. Motion carried.

Blackwell made a motion to approve any councilman to attend the WVML Conference. A motion was made by Webster to second the motion. Motion carried.

A motion was made by Watson to approve General Fund Budget Revision for the carry over 09-10 budget. A motion was made by Blackwell to second the motion. Motion was carried.

A motion was made by Blackwell to approve the Coal Severance Budget for the carry over 09-10 budget. A motion was made by Webster to second the motion. Motion carried.

Mayor stated that we did not receive any bids for the street sweeper. He entertained a motion to advertise the street sweeper in a magazine to see if we can sell it. Oldaker questioned what it would cost to fix the street sweeper if we took it to someone who knows how to fix it. Blackwell and Watson both feel the same way. Nardo stated that even if we find someone to fix it that this is still a high maintenance machine and would take a lot to keep it running. Watson made a motion to take the sweeper to Golden Equipment to get an estimate on fixing the street sweeper. A motion was made by Blackwell to second the motion. Motion carried.

A motion was made by Blackwell to approve the school building deed. A motion was made by Skinner to second the motion. Motion carried.

Nardo stated that Jeff Davis is putting a new building in at Jackson and North Chester Street and would like to see if the City would meet his parking area with pavement, he would like to see it done before July 22, 2009. Nardo has called several people to get prices. Nardo made a motion to table this to a special session. A motion was made by Skinner to second the motion. Motion carried.

Webster stated that the Police Committee recommended hiring Cunningham and Tate as certified officers to cover part time while the guys are at the Academy. A motion was made by Watson to rehire Tate and Cunningham and use them as needed. A motion was made by Webster to second the motion.

Motion carried.

A motion was made by Webster to go into executive session regarding employee issues. A motion was made by Skinner to second the motion. Motion carried.

A motion was made by Skinner to resume regular session. A motion was made by Blackwell. Motion carried.

Committee Reports

Building maintenance: Hines stated that the Summer youth are doing a good job.

Police Committee: Webster stated that the next meeting will be the 15th at 5:00 p.m. The guys are doing well at the Academy.

Water Sewer: Watson stated the next meeting is on Monday at 5:00 p.m.

Festival and Parade Committee: Jenkins stated that the next meeting will be July 15, 2009 at 6:00 p.m.

A motion was made by Blackwell to adjourn the meeting. A motion was made by Oldaker to second the motion. Motion carried.

New Cumberland City Council
Special Session & Public Hearing Minutes
July 20, 2009, 5:00 p.m.

Mayor Sargent brought the meeting to order at 5:00 p.m. Roll Call was taken. Those present were Councilman Watson, Councilman Webster, Councilman Oldaker, Councilman Blackwell, Councilman Nardo, City Solicitor Kevin Pearl, and Administrative Assistant Dawn Harmon.

Also attending the meeting were Chuck Knurek with Griffith and Associates, Dave Stevens with Tomlinson Public Service District, and Bob Mills, resident of New Cumberland.

Mayor Sargent read the Second Reading of the Proposed Ordinance setting forth the rates, fees and charges for service to customers of the Water System of the City of New Cumberland. This proposed ordinance will raise the minimum bill for 2,000 gallons from $6.00 to $6.62 and the per thousand rate after that will go from $ 2.40 to $2.65. Mayor Sargent asked for discussion. Dave Stevens stated he feels that he has a good working relationship with New Cumberland but he feels they carry an unequal burden. They are the biggest customer New Cumberland has and he feels the citizens of New Cumberland should absorb the cost of the rate increase.
Roll Call Vote on the Proposed Water Rate Increase: Blackwell, yes; Oldaker, yes; Webster, yes; Watson, yes; Nardo, yes. All voted yes, motion passed.

Mayor Sargent read the Second reading of the Proposed Ordinance setting forth the rates, fees, and charges for service to customers of the Sewerage System of the City of New Cumberland. This proposed ordinance will raise the minimum bill for 2,000 gallons from $ 17.80 to $ 20.12 and the per thousand rate after that will go from $ 8.90 to $ 10.06. Bulk treatment rate will go from $ 3.00 per thousand to $ 3.39 per thousand. Mayor Sargent asked for discussion.
Roll Call Vote on the Proposed Sewer Rate Increase: Blackwell, yes; Oldaker, yes; Webster, yes; Watson, yes; Nardo, yes. All voted yes, motion passed.

Adjournment: Mayor Sargent entertained the motion to adjourn the meeting. Councilman Oldaker made the motion to adjourn the meeting with a second by Councilman Webster. All voted yes.

Meeting adjourned.

_____
Joseph J. Sargent, Mayor

_____
Dawn M. Harmon, Administrative Assistant

Regular Session of Council
October 5, 2009

Mayor brought the meeting to order at 5:00 p.m. Those present were Blackwell, Oldaker, Webster, Watson, Skinner, and Nardo.

Old Business:
Mayor would like to give an update on the Main Streetscape Joe Juszczak is ready to go forward as planned he will be finished with the job he has been working on with in a week and will be back here in two weeks. We hope to go out to bid by March 15th.

Demolition update, Dan from X-Treme will be moving his equipment in by Friday for tearing down 505 Ridge Ave.

Jenkins stated that the Auditor had suggested having Council approve me to pay the recurring monthly bills with out having a signature first. Watson made a motion to approve the Clerk to pay the recurring monthly bills whether there is a signature or not.

Watson made a motion to have Halloween Hours from 5:00 p.m. to 7:00 p.m. on Saturday, October 31, 2009, and the Halloween party will be at the Community House at 7:00 p.m. A motion was made by Skinner to second the motion. Motion carried.

A motion was made by Blackwell to renew the leases the present term for a year. A motion was made by Webster to second the motion. Motion carried, Watson abstaining.

Gym rental Dave Willey of the OG JR Bear basketball would like to get the floor cleaned they will work with us on the cost. Watson made a motion to increase the rent of the basketball to $50.00 and pay for the floor to be cleaned by English cleaning. A motion was made by Skinner to second the motion. Motion carried.

A motion was made by Watson to approve getting the P Card for the City. A motion was Blackwell to second the motion. Motion carried.

A motion was made by Watson to approve the third and final reading of the Water rate increase ordinance. A motion was made by Webster to second the motion. Motion carried.

A motion was made by Watson to approve the third and final reading of the Sewer rate increase ordinance. A motion was made by Webster to second the motion. Motion was carried.

Dumpster for Cross property. Nardo made a motion to go into executive session. A motion was made by Blackwell to second the motion. Motion carried at 5:30 p.m.

Watson stated that Lou Bernardi is working on the bid documents for the Magistrates Office.

Mayor stated that we received a nice thank you from Social Services for our donation to them.

A motion was made by Webster to adjourn the meeting. A motion was made by Blackwell to second the motion. Meeting adjourned.

CERTIFICATION

I hereby certify that the foregoing is a true copy of the minutes of The Town of New Cumberland and that such actions remain in full force and effect and have not been amended, rescinded, superseded, repealed or changed.

WITNESS my signature on this 15th day of December, 2009.

Clerk

08.25.08
658300.00003

CH4972713.1

3 3/4 = $36.23

CERTIFICATE OF PUBLICATION

HANCOCK COUNTY COURIER

Published By

THE HANCOCK COURIER PRINTING COMPANY

NOTICE OF PUBLIC HEARING ON CITY OF NEW CUMBERLAND WATER RATE ORDINANCE

Notice is hereby given, that on July 6, 2009, the City of New Cumberland, caused to be read before the City Council, an ordinance proposing increased water rates and charges in lieu of those rates and charges contained in the City's existing water tariff currently on file at the Public Service Commission of West Virginia for furnishing water service to customers in Hancock County, West Virginia and is proposing adoption of the same. The proposed ordinance is titled:

AN ORDINANCE SETTING FORTH THE RATES, FEES AND CHARGES FOR SERVICE TO CUSTOMERS OF THE WATER SYSTEM OF THE CITY OF NEW CUMBERLAND.

The City Council of the City of New Cumberland will have its final reading and vote on the ordinance on Monday, July 20, 2009 at 5 p.m. in the City of New Cumberland, City Hall, New Cumberland, West Virginia. Said meeting is open to the public and all interested parties may appear at the meeting and present protests, if any, with respect to the proposed ordinance. A copy of the proposed ordinance is available for inspection at the office of the City Clerk of the City of New Cumberland, City Hall, New Cumberland, West Virginia.

/s/ Tamera M. Jenkins
Clerk

Publish: July 9, 2009
Hancock County Courier

STATE OF WEST VIRGINIA,
COUNTY OF HANCOCK

I, Joyce Frain publisher of the HANCOC COUNTY COURIER, a newspaper published in the CITY OF NE CUMBERLAND, STATE OF WEST VIRGINIA, hereby certify that th annexed publication was inserted in said newspaper on the following date

July 9, 2009

commencing on the 9th day of July 20 09

Given under my hand this 9th day of July 20 09

Joyce Frain

Sworn to and subscribed before me this 9th day c

July 20 09

Notary Publi

of, in and for HANCOCK COUNTY, WEST VIRGINIA.

Official Seal
Notary Public,
State of West Virginia
Hugh C. Tate
P.O. Box 163
New Cumberland, WV 26047
My Commission Expires November 7, 2013

11" - $85.96

CERTIFICATE OF PUBLICATION

HANCOCK COUNTY COURIER

Published By

THE HANCOCK COURIER PRINTING COMPANY

PUBLIC NOTICE OF WATER RATES OF THE CITY OF NEW CUMBERLAND

NOTICE is hereby given that the CITY OF NEW CUMBERLAND (the "City") enacted an ordinance on July 20, 2009 containing rates and charges for furnishing water service to 606 customers at New Cumberland and vicinity, in Hancock County, West Virginia.

The proposed increased rates and charges will become effective 45 days from the effective date of the ordinance, unless otherwise ordered by the Public Service Commission, and will produce approximately $28,181 annually in additional revenue, an increase of 10.20%. The average monthly bill for the various classes of customers will be as follows:

TYPE OF CUSTOMER		($) INCREASE	(%) INCREASE
Domestic	(4,000 gallons)	$1.12	10.37%
Commercial	(4,000 gallons)	$1.12	10.37%
Industrial	(4,000 gallons)	$1.12	10.37%
Resale	(4,000 gallons)	$1.12	10.37%

Resale customers of the City include Tomlinson Public Service District.

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

(1) Any customer aggrieved by the changed rates or charges who presents to the Public Service Commission a petition signed by not less than twenty-five percent (25%) of the customers served by the City's waterworks system; or

(2) Any customer who is served by the City's waterworks system and who resides outside the corporate limits and who is affected by the change in said rates or charges and who presents to the Public Service Commission a petition alleging discrimination between customers within and without the City's boundaries. Said petition shall be accompanied by evidence of discrimination; or

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

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

A complete copy of the proposed rates, as well as a representative of the utility to provide any information requested concerning it, is available to all customers, prospective customers, or their agents at the Clerk's Office at the City Hall, New Cumberland, West Virginia.

A copy of the proposed rates is available for public inspection at the Office of the Executive Secretary of the Public Service Commission at 201 Brooks Street, Post Office Box 812, Charleston, West Virginia 25323.

/s/ Tamera M. Jenkins
City Clerk

Publish: July 30 and August 6, 2009
Hancock County Courier

STATE OF WEST VIRGINIA,
COUNTY OF HANCOCK

I, Joyce Frain publisher of the HANCO(COUNTY COURIER, a newspaper published in the CITY OF NE CUMBERLAND, STATE OF WEST VIRGINIA, hereby certify that annexed publication was inserted in said newspaper on the following dat

July 30; August 6, 2009

commencing on the 30th day of July 20 0'

Given under my hand this 6th day of August 20 0'

Joyce Frain

Sworn to and subscribed before me this 6th day

August 20 09

Hugh Tate Notary Pub

of, in and for HANCOCK COUNTY, WEST VIRGINIA.

Official Seal
Notary Public,
State of West Virginia
Hugh C. Tate
P.O. Box 163
New Cumberland, WV 26047
My Commission Expires November 7, 2013

39 1/2"

CERTIFICATE OF PUBLICATION

HANCOCK COUNTY COURIER $667.75

Published By

OCK COURIER PRINTING COMPANY

STATE OF WEST VIRGINIA,
COUNTY OF HANCOCK

I, Joyce Frain publisher of the HANCOCK COUNTY COURIER, a newspaper published in the CITY OF NEW CUMBERLAND, STATE OF WEST VIRGINIA, hereby certify that the annexed publication was inserted in said newspaper on the following dates:

July 9, 16, 2009

commencing on the 9th day of July 20 09

Given under my hand this 16th day of July 20 09

Joyce Frain

Sworn to and subscribed before me this 16th day of July 20 09

Hugh C Tate Notary Public

of, in and for HANCOCK COUNTY, WEST VIRGINIA.

Official Seal
Notary Public,
State of West Virginia
Hugh C. Tate
P.O. Box 163
New Cumberland, WV 26047
My Commission Expires November 7, 2013

NOTICE OF PUBLIC HEARING ON
CITY OF NEW CUMBERLAND SEWER RATE ORDINANCE

A public hearing will be held on Monday, July 20, 2009, at 5 p.m., prevailing time, on following ordinance which was introduced on July 6, 2009. Any person interested r appear before the City Council of the City of New Cumberland at the City Hall, w Cumberland, West Virginia, and present any comment or protest thereto. Following ich hearing City Council shall take such action as it shall deem proper.

CITY OF NEW CUMBERLAND

ORDINANCE SETTING FORTH THE RATES, FEES AND CHARGES FOR SER-CE TO CUSTOMERS OF THE SEWERAGE SYSTEM OF THE CITY OF NEW MBERLAND.

THE COUNCIL OF THE CITY OF NEW CUMBERLAND HEREBY ORDAINS; e following rules, rates and charges are hereby fixed, determined and established for nicipal sewerage services provided to all general domestic, commercial, and industri-isers and customers of the City of New Cumberland's Municipal Sewage Treatment nt and Collection System, commencing upon the effective date as hereinafter provid-and in accordance with the following Rates and Schedules:

RULES AND REGULATIONS

Rules and Regulations for the Government of Sewer Utilities, adopted by the Public Service Commission of West Virginia, and now in effect, and all amendments there-to and modifications thereof hereafter made by said Commission.

SECTION 1-TARIFF

SCHEDULE NO. 1

PLICABILITY
Applicable within entire territory served, which is totally within the corporation lim-its of the City of New Cumberland.

AILABILITY OF SERVICE
Available for general domestic, commercial and industrial (except unusual industri-al waste) service.

TES

First	2,000 gallons used per month	$20.12
Every additional	1,000 gallons used per month	$10.06 per 1,000 gallons

NIMUM CHARGE
No bill will be rendered for less than: $20.12 per month (Based on 2,000 gallons).

AT RATE CHARGE (Customers with non-metered water supply)
Equivalent of 4,500 gallons of water usage: $45.27 per month.

LK TREATMENT RATES (Based on metered water supply)
13.39 per 1,000 gallons

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

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

A tap fee of three hundred and fifty dollars ($350.00), or the actual cost of the con-nection (solely determined by the City), whichever is greater, will be charged to all customers who apply for service outside of a certificate proceeding before the Commission for each new tap to the system.

LAYED PAYMENT PENALTY
The above tariff is net. On all current usage billings not paid within twenty (20) days, ten percent (10%) will be added to the net current amount unpaid. This delayed pay-ment penalty is not interest and is to be collected only once for each bill where it is appropriate.

AK ADJUSTMENT INCREMENT
$1.00 per 1,000 gallons. To be used when the bill reflects unusual consumption which can be attributed to eligible leakage on the customer's side of the meter. This rate shall be applied to all such unusual consumption above the customer's historical average usage.

TURNED CHECK CHARGE
A service charge of twenty-five dollars ($25.00) will be imposed upon any customer whose check for payment of charges is returned by the bank for any reason.

CURITY DEPOSIT
All new applicants for residential or other sewer service shall make a deposit of (i) fifty dollars ($50.00), or (ii) two-twelfths (2/12) of the average annual usage for the applicant's specific customer class for sewer service, whichever is greater, with the City to secure the payment of sewer service rates and charges.

T. CREDIT CARD AND DROP BOX PAYMENTS
A service charge will be imposed on EFT, Credit Card or Drop Box payments. The amount shall be equal to the actual charges to the utility from the financial institu-tion for processing payment.

SCHEDULE NO. 2

SURCHARGE FORMULA TO BE APPLIED IN CASES WHERE SURFACE DRAINAGE IS CONNECTED TO THE CITY'S SANITARY SEWER SYSTEM

Wherever the City of New Cumberland has discovered that a customer's roof drain, downspouts, storm sewer, or other similar facilities conducting surface water has been connected to the City of New Cumberland's sewer system, and such customer has failed to take appropriate action within thirty (30) days of receipt of a demand by the City of New Cumberland, in accordance with the rules and regulations of the Public Service Commission, to eliminate such connection, a surcharge will be imposed upon the customer calculated on the basis of the following formula:

$$S = A \times R \times .0006233 \times C$$

S - The surcharge in dollars.

A - The area under roof and/or the area of any other water collection surface con nected to the sanitary sewer, in square feet.

R - The measured monthly rainfall, in inches.

.0006233 - A conversion factor to change inches of rain x square feet of surface to thousands of gallons of water.

The City of New Cumberland shall not impose the surcharge unless, and until, the customer has been notified by certified mail, return receipt requested, or by hand delivery, that it has been established by smoke testing, dye testing, or on-site inspection that rain or other surface water is being introduced into the sanitary sewer system at the customer's location, and that the customer has not acted within thirty (30) days from receipt of such notice to divert the water from the sanitary sewer system.

Said surcharge shall be calculated and imposed for each month that said condition continues to exist. Failure to pay the surcharge and/or correct the situation shall give rise to the possible termination of water service in accordance with the Rules and Regulations of the Public Service Commission of West Virginia.

SCHEDULE NO. 3

SURCHARGE FORMULA TO BE APPLIED IN THE CASE OF USERS PRODUCING UNUSUAL WASTE

The charge for the treatment of unusual waste will be calculated on the basis of the following formula:

$$Ci = VoVi + BoBi + SoSi$$

Ci = Charge to unusual users per year.

Vo = Average unit cost of transport and treatment chargeable to volume, in dollars per gallon.

Vi = Volume of wastewater from unusual users in gallons per year.

Bo = Average unit cost of treatment, chargeable to Biochemical Oxygen Demand (BOD) in dollars per pound.

Bi = Weight of BOD from unusual users in pounds per year.

So = Average unit cost of treatment (including sludge treatment) chargeable to total solids in dollars per pound,

Si = Weight of total solids from unusual users in pounds per year.

When an unusual user is to be served, a preliminary study of its wastes, and the cost of transport and treatment thereof, will be made. Waste containing materials which, in the judgment of the City of New Cumberland, should not be introduced into the sewer system, need not be handled by it. The results of this preliminary study will be used to determine the feasibility of the proposed sewer service and the charge therefore, based upon the formula set out above.

Thereafter, unusual sewage service will be monitored on a regular basis and at the conclusion of each fiscal year, based on the investigation aforesaid and audit of the City of New Cumberland records, new cost figures will be calculated for use in the above formula. The cost of establishing the monitoring facilities shall be paid by the unusual user. Based on these audited figures, additional billings covering the past fiscal year will be made for payment by each unusual user, or refund given by the City of New Cumberland, as the case may be. Such audited figures will then be used for the preliminary billing for the next fiscal year, at the end of which an adjustment will be made as aforesaid.

SECTION 2 - TARIFF EFFECTIVE DATE

The rates, charges and penalties provided herein shall become effective forty-five (45) days after enactment, or as soon thereafter as the same may be approved by the Public Service Commission of West Virginia.

SECTION 3 - SEVERABILITY; REPEAL OF CONFLICTING ORDINANCES

The provisions of this Ordinance are severable, and if any clause, provision or section hereof shall be held void or unenforceable by the West Virginia Public Service Commission or any court of competent jurisdiction, such holding shall not affect the remainder of this Ordinance. Upon the effective date hereof, all ordinances, resolutions, orders or parts thereof in conflict with the provisions of this Ordinance are, to the extent of such conflicts, hereby repealed, and to the extent that the provisions of this Ordinance do not touch upon the provisions of prior ordinances, resolutions, orders or parts thereof, the same shall remain in full force and effect.

SECTION 4 - STATUTORY NOTICE AND PUBLIC HEARING

Upon introduction hereof, the City Clerk shall cause to be published a copy of this Ordinance once a week for two (2) successive weeks within a period of fourteen (14) consecutive days, with at least six (6) days between each publication, in the *Hancock County Courier*, a qualified newspaper of general circulation in the City of New Cumberland, and said notice shall state that this Ordinance has been introduced, and that any person interested may appear before Council on Monday, July 20, 2009, at 5:00 p.m., which date is not less than ten (10) days after the date of the first publication of the Ordinance and notice, and present any comment or protest thereto, following which hearing, Council shall take such action as it shall deem proper. Copies of this Ordinance shall be available to the public for inspection at the office of the City Clerk, New Cumberland, West Virginia.

First Reading: July 6, 2009
Second Reading and Public Hearing: July 20, 2009
CITY OF NEW CUMBERLAND, a municipal corporation
[SEAL]
Mayor:
Clerk:

CERTIFICATION AND NOTICE
I hereby certify that the foregoing is a true and accurate copy of an Ordinance which has been introduced and adopted on first reading at a meeting of the City Council of the City of New Cumberland held on July 6, 2009, pursuant to proper notice, at which meeting a quorum was present and acting throughout. Any person interested may appear before the City Council of the City of New Cumberland at the City Hall, New Cumberland, West Virginia, on Monday, July 20, 2009, at 5 p.m., being the date, time and place of the proposed final adoption of this Ordinance, and be heard. The City Council will then take such action as it shall deem proper. The proposed ordinance may be inspected by the public at the Office of the Clerk in the City Hall, New Cumberland, West Virginia during regular office hours.

/s/ Tamera M. Jenkins
Clerk

Publish: July 9 and 16, 2009
Hancock County Courier

11" - $85.96

CERTIFICATE OF PUBLICATION

HANCOCK COUNTY COURIER

Published By

THE HANCOCK COURIER PRINTING COMPANY

PUBLIC NOTICE OF SEWERAGE RATES OF
THE CITY OF NEW CUMBERLAND

NOTICE is hereby given that the CITY OF NEW CUMBERLAND (the "City") enacted an ordinance on July 20, 2009 containing rates and charges for furnishing sewerage service to 474 customers at New Cumberland and vicinity, in Hancock County, West Virginia.

The proposed increased rates and charges will become effective 45 days from the effective date of the ordinance, unless otherwise ordered by the Public Service Commission, and will produce approximately $25,449 annually in additional revenue, an increase of 10.91%. The average monthly bill for the various classes of customers will be as follows:

TYPE OF CUSTOMER		($) INCREASE	(%) INCREASE
Domestic	(4,000 gallons)	$4.64	13%
Commercial	(4,000 gallons)	$4.64	13%
Industrial	(4,000 gallons)	$4.64	13%
Resale	(100,000 gallons)	$39.00	13%

Resale customers of the City include Hancock County Public Service District.

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

(1) Any customer aggrieved by the changed rates or charges who presents to the Public Service Commission a petition signed by not less than twenty-five percent (25%) of the customers served by the City's sewerage system; or

(2) Any customer who is served by the City's sewerage system and who resides outside the corporate limits and who is affected by the change in said rates or charges and who presents to the Public Service Commission a petition alleging discrimination between customers within and without the City's boundaries. Said petition shall be accompanied by evidence of discrimination; or

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

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

A complete copy of the proposed rates, as well as a representative of the utility to provide any information requested concerning it, is available to all customers, prospective customers, or their agents at the Clerk's Office at the City Hall, New Cumberland, West Virginia.

A copy of the proposed rates is available for public inspection at the Office of the Executive Secretary of the Public Service Commission at 201 Brooks Street, Post Office Box 812, Charleston, West Virginia 25323.

By: /s/ Tamera M. Jenkins
City Clerk

Publish: July 30 and August 6, 2009
Hancock County Courier

STATE OF WEST VIRGINIA,
COUNTY OF HANCOCK

I, Joyce Frain publisher of the HANCO
COUNTY COURIER, a newspaper published in the CITY OF NE
CUMBERLAND, STATE OF WEST VIRGINIA, hereby certify that
annexed publication was inserted in said newspaper on the following da
July 30; August 6, 2009

commencing on the 30th day of July 20 0

Given under my hand this 6th day of August 20 0

Joyce Frain

Sworn to and subscribed before me this 6th day
August 20 09

Notary Pul

of, in and for HANCOCK
COUNTY, WEST VIRGINIA.

Official Seal
Notary Public,
State of West Virginia
Hugh C. Tate
P.O. Box 163
New Cumberland, WV 26047
My Commission Expires November 7, 2013

THE TOWN OF NEW CUMBERLAND

Combined Waterworks and Sewerage System Revenue Bonds, Series 2009 A
(West Virginia Water Development Authority)

EXCERPT OF MINUTES ON ADOPTION OF SUPPLEMENTAL RESOLUTION, DRAW RESOLUTION AND SWEEP RESOLUTION

The undersigned CLERK of The Town of New Cumberland of hereby certifies that the following is a true and correct excerpt of the minutes of a meeting of the said Council:

*** *** ***

The Council of The Town of New Cumberland met in regular session, pursuant to notice duly posted, on the 7th day of December, 2009, in Hancock County, West Virginia, at the hour of 5:00 p.m.

PRESENT:

Joseph Sargent, Mayor
Tamera Jenkins, Clerk
Dencil Oldaker, Councilmember
Angela Skinner, Councilmember
Richard Blackwell, Councilmember
Gary Nardo, Councilmember
Jack Watson, Councilmember
Brian Webster, Councilmember
Kevin Pearl
John Stump, Steptoe & Johnson

Joseph Sargent, Mayor, presided, and Tamera Jenkins, acted as Clerk. The Mayor announced that a quorum of members was present and that the meeting was open for any business properly before it.

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

SUPPLEMENTAL RESOLUTION REDESIGNATING BONDS AND PROVIDING AS TO PRINCIPAL AMOUNT, DATE, MATURITY DATE, REDEMPTION PROVISION, INTEREST RATE, INTEREST AND PRINCIPAL PAYMENT

DATES, SALE PRICE AND OTHER TERMS OF THE COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2009 A (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), OF THE TOWN OF NEW CUMBERLAND; RATIFYING AND APPROVING A LOAN AGREEMENT RELATING TO SUCH BONDS AND THE SALE AND DELIVERY OF SUCH BONDS TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

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

Next, the Mayor presented a proposed Draw Resolution for the approval of invoices. Thereupon, on motion duly made by Jack Watson and seconded by Richard Blackwell, it was unanimously ordered that the said Draw Resolution be adopted.

Next, the Mayor presented a proposed Sweep Resolution for the authorization of electronic monthly debt service and reserve fund payments to the Municipal Bond Commission. Thereupon, on motion duly made by Richard Blackwell and seconded by Jack Watson, it was unanimously ordered that the said Sweep Resolution be adopted.

*** *** ***

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

[Remainder of Page Intentionally Blank]

CERTIFICATION

I hereby certify that the foregoing is a true copy of the minutes of The Town of New Cumberland and that such actions remain in full force and effect and have not been amended, rescinded, superseded, repealed or changed.

WITNESS my signature on this 15th day of December, 2009.

Clerk

08.25.08
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CH4972713.1

Regular Session of Council
September 8, 2008

Mayor brought the meeting to order at 5:00 p.m. Those present were Oldaker, Webster, Watson, Sargent, Nardo, and Attorney Pearl.

Jill Swan stated that she spoke to Jenkins regarding the red light not working properly and everyone using the alley to avoid the light. Jenkins stated that she has spoke to the state three times regarding this matter, I will call Kurt Donley back to see when he is coming up. Chief Skinner stated that they could issue a citation for those violating this. He feels that if they see someone getting stopped for this maybe it will deter them from doing this. Jill suggested possibly putting in another stop sign to see if that will help. Sargent stated that we will try putting an officer there to monitor it, if that does not work maybe we can install a temporary stop sign.

Sell or dispose of the old Piano Jenkins stated that Hines asks what Council wanted to do with this either sell it or auction it off. Watson asks if it was in the road. Jenkins stated that she did not think so. Watson made a motion to table this. A motion was made by Sargent to second the motion. Motion carried. Pearl to look into seeing if we can auction the piano. Motion carried.

A motion was made by Watson to approve the Resolution for the Mayor to sign the contract for the Third Well Project in the amount of $250,000.00. A motion was made by Webster to second the motion. Motion carried.

A motion was made by Watson to approve the Resolution for the Mayor to sign the contract for the purchase of street lights for the Main Streetscape in the amount of $16,000.00. A motion was made by Sargent to second the motion. Motion carried.

A motion was made by Watson to approve the first reading of the Bond Ordinance #08-006 for the Third Well Project to secure the funding for this project. Watson explained what the ordinance was about and he read the first page of the ordinance. This has to be read at three separate meetings, one being a Public Hearing. A motion was made by Webster to second this motion. Motion carried. ✓

A motion was made by Sargent to get a quote for the survey of City Parks and the land purchased for the Hancock County Board of Education. A motion was made by Webster to second the motion. Motion carried. Watson stated that we have never received a deed for this place; the Prosecuting Attorney Office should have prepared the deed. Watson asks Pearl to check into the deed.

Personnel issues were on the agenda. A motion was made by Watson to go into executive session. A motion was made by sergeant to second the motion. Motion carried at 5:18 p.m. Watson made a motion to go back into regular session. A motion was made by Sargent. Motion carried. Back in to the regular session of council at 5:29 p.m.

Nardo stated that Family Touch would like to see if we could talk the Railroad into putting the crossing back in at the Park Plaza. Nardo stated that the Railroad made an offer that if we close the crossing at Harrison Street they will re-open the crossing at the Park Plaza and the Railroad will donate money to the NCVFD. Watson asks Nardo to find out how much money. Nardo stated that they offered $3,000.00. Nardo is waiting to hear back from the NCVFD. Ashcraft stated that the NCVFD is not in favor of closing any streets. Nardo will call Steve Hazlet of the Railroad and tell them that we are not in favor of closing any streets. Watson asks why we cannot put hydrants on South Chestnut Street. Watson will take this to the Water Sewage Board.

A motion was made by Watson to table the Appointment of the Building Commission. A motion was made by Sargent to second the motion. Motion carried.

A motion was made by Sargent to increase Hugh Tate's wage to $10.50 an hour because he completed the academy. A motion was made by Webster to second the motion. Motion carried.

Committee Reports:
Community Service/Building Maintenance: Hines gave a report to council.

Finance: Jenkins stated that we did not meet.

NCVFD: Ashcraft states that we had two false alarms, structure fire that turned into two building, a mutual aids park on Route Two, several rekindle, setting up first responder class for the fire department, possible gun raffle. We are going to have a letter drive to come up with some funding. We have two new members that have put in an application.

Police: Sargent has been off and the Chief just got back from vacation.

Streets: Nardo stated they had no meeting and he is still waiting on the faxes for salt quotes.

Water/Sewage: Watson stated that their meeting is next Monday at 5:00 p.m. Watson stated that they would like to look into radio read meters. Blackwell is to bring information back from the Rural Water Conference. Pearl stated that the Rule 42 passed and we do not have to advertise or have a rate increase at this time.

Mayor read the thank you that we received for the gazebo.

Ward Reports:
Webster: They are having a Public Hearing this Thursday at 9:00am regarding Fema money at the Salvation Army. Webster also asks what the status is with the Hardware. Webster states that a construction person told his family that it is ready to cave in. Pearl stated that we should be about at the twenty day mark. He will look into this. Webster also stated that there have been a large amount of dead rats being thrown onto North Chestnut Street.

Sargent: He had the opportunity to attend an BDC Meeting, Joe would like to know what our plan is for the future. They will look at our total area and see what they can do for each area. The Municipals will contribute $5,000.00 possibly each year. Watson stated that it was not working before because there was too much competition between the Cities. Sargent noted that there will be no Commissioners in this group just Business Owners and Municipal Officials.

Nardo: He received complaints of a large tree between Second and Third Ave, this tree is so large that it is pushing up the pavement. Possible see if we can split the cost with the homeowners 500.00 each. Pearl states as long as one of the three owns the tree and it is an insured company doing the work you should be fine. Nardo will find out who owns the trees and bring it back to the next meeting.

A motion was made by Nardo to adjourn. A motion was made by Oldaker to second the motion. Motion carried. Meeting adjourned.

Ward Reports:
Webster asks how the hardware situation is coming along. Pearl states that he has been served through the Secretary States Office but now we have to serve him.

Sargent: New Cumberland Festival and Parade Committee we had a very successful meeting last month and we have another meeting set for the 15th at 6:00 p.m. if anyone would like to attend. This is in conjunction with the fireworks and unfortunately we heard that this year they will go up 20 to 30% because of fuel costs. For the Christmas parade we are raffling Steelers tickets for $10.00 a piece.

Nardo would like to follow up with Brian's question with the hardware, are we still working on the list of other houses. Pearl states yes if you want me to. Nardo stated that he thought we were to proceed with all the houses making the hardware top priority. Pearl states that was not his understanding but he can do that. Blackwell asks if that will delay the process of the hardware.

A motion was made to adjourn by Webster. A motion was made by Oldaker to second the motion. Motion carried, meeting adjourned.

Regular Session of Council
October 6, 2008

Tamera Jenkins brought the meeting to order at 5:10 p.m. Those present were Blackwell, Oldaker, Webster, Watson, Sargent, Nardo, and Attorney Pearl.

A motion was made by Webster to approve August 4, 2008, September 8, 2008, and September 26, 2008. A motion was made by Blackwell to second the motion and approve the minutes. Motion carried.

Jenkins stated that she Weirton is holding their Halloween hours on Thursday the 30th from 6:00 to 8:00. Chester has tentatively set the date as October 31st from 5:00 to 7:00 but they are voting tonight to possibly be moving it to the same as Weirton. A motion was made by Blackwell to set Halloween Hours on Friday October 31, 2008 from 5:00 to 6:30 p.m. with the party at the Chouse at 6:30 p.m. A motion was made by Sargent to second the motion. Motion carried.

A motion was made by Watson to approve the Proclamation for Breast Cancer Awareness. A motion was made by Oldaker to second the motion. Motion carried.

Attorney Kevin Pearl read the terms and conditions as described by Steptoe and Johnson for the Water Sewage System Revenue Bonds. A motion was made by Blackwell to approve the second reading of 08-006. A motion was made by Watson to second the motion. Motion carried. ✓

A motion was made by Sargent to advertise to sell the white police cruiser. Watson asks if the cruiser has been stripped. Chief states that the lights and everything have been taken off. Chief asks if we should have a minimum bid set for this. Watson asks what it is worth. Chief states that he feels that it is worth 500.00. Sargent rescinds his motion and made a new motion to advertise to sell the white police cruiser with a minimum bid of $500.00. A motion was made by Webster to second the motion. Motion carried. Blackwell commented that no City Official or employee can bid on the cruiser or any relative of any City Official/ employee.

Curtis Pitcock health insurance, Jenkins stated that she wanted this put on the agenda; you all knew when he interviewed to be hired that he could loose his insurance coverage in one year. Jenkins asks if she needed a motion for us to pay this. Watson stated that we will cover Curtis at 80% but not his family, the same as any other employee. Blackwell made a motion to cover Curtis Pitcock's health insurance at 80%. A motion was made by Oldaker to second the motion. Motion carried.

Nardo stated that he is still working on the tree situation on Second Ave. A motion was made Blackwell to table the motion. A motion was made by Nardo to second the motion. Motion carried.

A motion was made by Blackwell to advertise for a certified part time officer. Watson wanted to comment that Joe Sargent is a councilman and he also served Florida Highway Patrol, Joe only needs a few hours of classes to become certified in West Virginia. A part time officer leads to a full time officer once they are full time they look for better things. I think we should consider Joe as a part time officer for several reasons I don't feel that he would leave to go to the County and he is local. I feel that council should consider hiring Joe as a part time employee. Nardo stated he thought we hired him at the Special Session of Council. Watson stated that we talked about this and asks that it be put on this agenda. If he gets certified in West Virginia maybe we should consider him as a full time employee. Chief Skinner explains the steps that would be required for Joe to become a certified officer of West Virginia. He would be allowed to work for us now, make application for the academy and they will let us know what other classes he needs to get certified in West Virginia. Sargent stated that he was a County Deputy for Florida for seven years. Watson made a motion to hire Joe Sargent as a part time police officer for the City of New Cumberland. A motion was made by Nardo to second the motion. Blackwell stated that since everyone is going to ignore his motion that he will withdraw his motion. Motion carried. Roll Call: Blackwell No, Oldaker Abstain, Webster Yes, Watson Yes, Sargent Abstain, Nardo Yes. Pearl states motion carried.

Sargent recommends appointing Webster to Chair of Police Committee. Jenkins asks if the Mayor is okay with appointing Webster to Police Committee Chairman. Mayor states yes. A motion was made by Watson to approve the Mayor's Appointment of Brian Webster to Police Committee Chairman. A second was made by Blackwell. Motion carried with Oldaker abstaining.

Chief explains that we were awarded the grant money in the amount of 70,000.00 for technology. Chief states that there are three phases to this grant the first phase is to purchase one base unit, three car radios, and seven portables, and an extended service contract with whoever meats the bid price. The second phase includes new computer system for the office, and the third phase includes purchasing security camera for the building and throughout town. Chief explains that this is no match grant money. Chief explains that it will be sometime this month that we advertise we have some paperwork to go through to find out the procedures. Jenkins explains that there are a lot of stipulations as to what we can and cannot buy with this grant money. A motion was made by Blackwell to advertise for portable radio system for the Police Department. Blackwell asks if this will be separate from the County's radio system. Chief explains that it has to be compatible with the County because they dispatch us. A motion was made by Oldaker to second the motion. Motion carried.

Crestview park re-dedication letter was given to everyone and Jenkins read the letter. There will be a re-dedication ceremony set for October 12, 2008 from 1:00 p.m. to 4:00 p.m. given by Keep New Cumberland Beautiful Chairman George Hines, Hancock County Commissioners, and the TOP of WV CVB, in conjunction with the Hancock County Arts Council. Watson stated that this is a wonderful thing but whose responsibility is it for the Park. The Park is owned by the County but it is with in the City limits so who is responsible for maintaining the park it should be the County.

A motion was made by Webster to approve the TCE Abatement resolution. A motion was made by Blackwell to second the motion. Motion carried 6 to 0.

Jenkins explains that we have already approved the purchase of the cruiser but Hancock County Bank requires a resolution be passed as well. A motion was made by Webster to approve the resolution to finance $15, 237.00 for the 2009 Dodge Charger through Hancock Savings Bank for one year with the interest rate of 6.40%. A motion was made by Sargent to second the motion. Motion carried.

Business Development Council Watson stated that he and Sargent attended last month. They want to reorganize and have someone from each City being on this Board. They are going to try to take politics out of this. They have assessed each City ours being $1,500.00 whenever the time comes each year for three years. A motion was made by Watson to commit to this. A motion was made by Blackwell to second the motion. Motion carried.

Nardo explained that we discussed the salt this year and possibly using cinders in with this because of the increased cost of salt this year. I told council that we would have to repair the old salt spreader because the new small spreader will not spread cinders. It will cost approximately $2,600.00 to fix the old spreader and I don't feel that it is worth outing that kind of money in that one. We received quotes from two companies Angelinos in Michigan quoted for 8 foot painted $2,900.00, 6 foot stainless $3,649.00, and a 8 foot stainless $3,499.00, it would costs $130.00 for crating plus shipping charges. Quality in Ohio has an 8' for 4,942.00, and an 8 foot stainless for $4,100.00. A motion was made by Blackwell to purchase the 8 foot stainless from Quality in the amount of $4,100.00. A motion was made by Sargent to second the motion. Motion carried.

Committee Reports:
Community Service/Building Maintenance: Jenkins stated that Hines gave everyone a report.

Finance: Blackwell states that we did not have a meeting. He asks if we have heard from the state yet on the audit. Jenkins states no, she will give them a call.

New Cumberland VFD: Ashcraft states that they had several calls during the power outage, stated first responders October 20th, we are in the process of having a gun raffle.

Police: Sargent stated that we had a meeting discussed hiring a full time employee.

Streets: Nardo stated that they had a meeting and discussed the salt situation. Watson asks if we have heard anything from the surveyors yet. Jenkins states that she will call them.

Water Sewage: Watson stated that we have our next meeting on Monday at 5:00 p.m. Oldaker states that is a holiday. Watson stated then we will have it on Tuesday.

STATE OF WEST VIRGINIA
COUNTY OF HANCOCK

I, **LISA L. BOYER**, bookkeeper for the publisher of **THE WEIRTON DAILY TIMES** a newspaper in the City of Weirton, State of West Virginia, hereby certify that the annexed publication was inserted in said newspaper on the following dates:

Dates: 9-22, 29, 2009

Given under my hand this 29th **day of** September **2009**

Lisa L. Boyer

//

Sworn to and subscribed before me on this 29th
day of September, **2009**
of, in and for JEFFERSON COUNTY, OHIO

NOTARY

NOTARIAL SEAL STATE OF OHIO

NANCY KAUFMANN
NOTARY PUBLIC - STATE OF OHIO
MY COMMISSION EXPIRES JUNE 9, 2012

Nancy Kaufmann

NOTICE OF PUBLIC HEARING ON THE TOWN OF NEW CUMBERLAND BOND ORDINANCE

A public hearing will be held on the following entitled Ordinance at a regular meeting of the Council of The Town of New Cumberland (the "Town") to be held on Monday, October 5, 2009, at 5:00 p.m. at the Town Hall, New Cumberland, West Virginia, and at such hearing any person interested may appear before the Town and present protests, and all protests and suggestions shall be heard by the Town and it shall then take such actions as it shall deem proper in the premises upon an Ordinance entitled:

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

The above-quoted title of the Ordinance describes generally the contents thereof and the purposes of the Bonds contemplated thereby. The Town contemplates the issuance of the Bonds described in the Ordinance. The proceeds of the Bonds will be used (I) to pay the costs of acquisition and construction of certain extensions, additions, betterments and improvements to the water portion of the existing public combined waterworks and sewerage system of the Issuer (the "Project"), (II) to pay interest on the Series 2008 A Bonds during the construction of the project and for not more than 6 months thereafter; (III) to fund a reserve account for the Series 2008 A Bonds; and (IV) to pay certain costs of issuance hereof and related costs. The Bonds are payable solely from revenues to be derived from the ownership and operation of the system of the Town. No taxes may at any time be levied for the payment of the Bonds or the interest thereon.

The above-entitled Ordinance was adopted by the Council of The Town of New Cumberland on October 6, 2008. A certified copy of the above-entitled Ordinance is on file with the Town for review by interested parties during regular office hours.

Following the public hearing, the Town intends to enact the Ordinance upon final reading.

/s/James Bowersox, Mayor

09-22, 29, 2009 Adv.

WV MUNICIPAL BOND COMMISSION
1207 Quarrier Street
Suite 401
Charleston, WV 25301
(304) 558-3971

NEW ISSUE REPORT FORM

Date of Report: 15-Dec-09

ISSUE: The Town of New Cumberland
Combined Waterworks and Sewerage System Revenue Bonds, Series 2009 A
(West Virginia Water Development Authority)

ADDRESS: P. O. Box 505, New Cumberland, WV 26047 COUNTY: Hancock

PURPOSE OF ISSUE:
New Money: x
Refunding:

REFUNDS ISSUE(S) DATED: NA

ISSUE DATE: 15-Dec-09
CLOSING DATE: 15-Dec-09
ISSUE AMOUNT: $764,000.00
RATE: 5%
1ST DEBT SERVICE DUE: 1-Apr-10
1ST PRINCIPAL DUE 1-Oct-10
1ST DEBT SERVICE AMOUNT $11,247.78*
PAYING AGENT: Municipal Bond Commission

BOND COUNSEL:
Firm: Steptoe & Johnson PLLC
Contact John Stump, Esquire
Phone: (304) 353.8196

UNDERWRITERS COUNSEL
Firm: Jackson Kelly, PLLC
Contact: Samme Gee, Esquire
Phone: (304) 340-1318

CLOSING BANK:
Bank: Hancock County Savings Bank
Contact: Barb Corpus
Phone: 304.564.3368

ESCROW TRUSTEE:
Firm:
Contact:
Phone:

KNOWLEDGEABLE ISSUER CONTACT
Contact: Arthur Watson
Position: Water Board Director
Phone: 304.564.3383

OTHER:
Agency: West Virginia Water Development Authority
Contact: Chris Jarrett
Position: Director
Phone: (304) 558-3612

DEPOSITS TO MBC AT CLOSE
By: X Wire
Check

	Accrued Interest:	$
X	Capitalized Interest:	$ 38,000
	Reserve Account:	$
	Other:	$

REFUNDS & TRANSFERS BY MBC AT CLOSE
By: Wire
Check
IGT

	To Escrow Trustee	$
	To Issuer	$
	To Cons. Invest. Fun	$
	To Other:	$

NOTES: The Series 2009 A Bonds Reserve Account will be funded over 10 years.

* First payment only. See DSS for future payments.

FOR MUNICIPAL BOND COMMISSION USE ONLY:
DOCUMENTS REQUIRED:
TRANSFERS REQUIRED:

THE TOWN OF NEW CUMBERLAND

Combined Waterworks and Sewerage System Revenue Bonds, Series 2009 A
(West Virginia Water Development Authority)

ACCEPTANCE OF APPOINTMENT AS DEPOSITORY BANK

Hancock County Savings Bank, New Cumberland, West Virginia, hereby accepts appointment as Depository Bank in connection with a Bond Ordinance of The Town of New Cumberland (the "Issuer") enacted by the Council of the Issuer on October 5, 2009, and a Supplemental Resolution of the Issuer adopted by the Council of the Issuer on December 7, 2009 (collectively, the "Bond Legislation"), authorizing issuance of the Issuer's Combined Waterworks and Sewerage System Revenue Bonds, Series 2009 A (West Virginia Water Development Authority), dated December 15, 2009, in the principal amount of $764,000 (the "Bonds"), and agrees to serve as Depository Bank in connection with the Bonds, all as set forth in the Bond Legislation.

WITNESS my signature on this 15th day of December, 2009.

HANCOCK COUNTY SAVINGS BANK

Alicia K Field, SVP-CFO
Authorized Officer

11.16.09
658300.00003

CH4911692.1

THE TOWN OF NEW CUMBERLAND

Combined Waterworks and Sewerage System Revenue Bonds, Series 2009 A
(West Virginia Water Development Authority)

ACCEPTANCE OF DUTIES AS REGISTRAR

THE HUNTINGTON NATIONAL BANK, Charleston, West Virginia, hereby accepts appointment as Registrar in connection with the The Town of New Cumberland Combined Waterworks and Sewerage System Revenue Bonds, Series 2009 A (West Virginia Water Development Authority), dated December 15, 2009, in the principal amount of $764,000 (the "Bonds"), and agrees to perform all duties of Registrar in connection with the Bonds, all as set forth in the Bond Legislation authorizing issuance of the Bonds.

WITNESS my signature on this 15th day of December, 2009.

THE HUNTINGTON NATIONAL BANK

By: _____
Its: Authorized Officer

11.16.09
658300.00003

THE TOWN OF NEW CUMBERLAND

Combined Waterworks and Sewerage System Revenue Bonds, Series 2009 A
(West Virginia Water Development Authority)

CERTIFICATE OF REGISTRATION OF BONDS

THE HUNTINGTON NATIONAL BANK, Charleston, West Virginia, as Registrar under the Bond Legislation and Registrar's Agreement providing for the above-captioned bond issue of The Town of New Cumberland (the "Issuer"), hereby certifies that on the date hereof, the single, fully registered The Town of New Cumberland Combined Waterworks and Sewerage System Revenue Bond, Series 2009 A (West Virginia Water Development Authority), dated December 15, 2009, in the principal amount of $764,000, numbered AR-1, was registered as to principal and interest in the name of "West Virginia Water Development Authority" in the books of the Issuer kept for that purpose at our office, by a duly authorized officer on behalf of The Huntington National Bank, as Registrar.

WITNESS my signature on this 15th day of December, 2009.

THE HUNTINGTON NATIONAL BANK

By: _____
Its: Authorized Officer

11.16.09
658300.00003

CH4911874.1

THE TOWN OF NEW CUMBERLAND

Combined Waterworks and Sewerage System Revenue Bonds, Series 2009 A
(West Virginia Water Development Authority)

REGISTRAR'S AGREEMENT

THIS REGISTRAR'S AGREEMENT, dated as of the 15th day of December, 2009, by and between THE TOWN OF NEW CUMBERLAND, a municipal corporation and political subdivision of the State of West Virginia (the "Issuer"), and THE HUNTINGTON NATIONAL BANK, Charleston, West Virginia (the "Registrar").

WHEREAS, the Issuer has, contemporaneously with the execution hereof, issued and sold its $764,000 principal amount of Combined Waterworks and Sewerage System Revenue Bonds, Series 2009 A (West Virginia Water Development Authority), dated the date hereof, in fully registered form (the "Bonds"), pursuant to a Bond Ordinance of the Issuer duly enacted October 5, 2009, and a Supplemental Resolution of the Issuer duly adopted December 7, 2009 (collectively, the "Bond Legislation");

WHEREAS, capitalized words and terms used in this Registrar's Agreement and not otherwise defined herein shall have the respective meanings given them in the Bond Legislation, a copy of which is attached as EXHIBIT A hereto and incorporated herein by reference;

WHEREAS, the Bond Legislation provides for an appointment by the Issuer of a Registrar for the Bonds; and

WHEREAS, the Issuer desires to appoint, and by the Bond Legislation and this Registrar's Agreement does appoint, the Registrar to act as Registrar under the Bond Legislation and to take certain other actions hereinafter set forth;

NOW, THEREFORE, it is agreed by and between the parties hereto as follows:

1. Upon the execution of this Registrar's Agreement by the Issuer and the Registrar and during the term hereof, the Registrar does accept and shall have and carry out the powers and duties of Registrar for the Bonds, all as set forth in the Bond Legislation, such duties including, among other things, the duties to authenticate, register and deliver Bonds upon original issuance and when properly presented for exchange or transfer, and shall do so with the intention of maintaining the exemption of interest on the Bonds from federal income taxation, in accordance with any rules and regulations promulgated by the United States Treasury Department or by the Municipal Securities Rulemaking Board or

similar regulatory bodies as the Issuer advises it of and with generally accepted industry standards.

2. The Registrar agrees to furnish the Issuer with appropriate records of all transactions carried out by it as Registrar and to furnish the Issuer with the names and specimen signatures of the Registrar's authorized officers for the purposes of acting as the Registrar and with such other information and reports as the Issuer may from time to time reasonably require.

3. The Registrar shall have no responsibility or liability for any action taken by it at the specific direction of the Issuer.

4. As compensation for acting as Registrar pursuant to this Registrar's Agreement, the Issuer hereby agrees to pay to the Registrar the compensation for services rendered as provided in the annexed schedule.

5. It is intended that this Registrar's Agreement shall carry out and implement provisions of the Bond Legislation with respect to the Registrar. In the event of any conflict between the terms of this Registrar's Agreement and the Bond Legislation, the terms of the Bond Legislation shall govern.

6. The Issuer and the Registrar each warrants and represents that it is duly authorized and empowered to execute and enter into this Registrar's Agreement and that neither such execution nor the performance of its duties hereunder or under the Bond Legislation will violate any order, decree or agreement to which it is a party or by which it is bound.

7. This Registrar's Agreement may be terminated by either party upon 60 days' written notice sent by registered or certified mail to the other party, at the following respective addresses:

ISSUER: The Town of New Cumberland
P. O. Box 505
New Cumberland, West Virginia 26047
Attention: Mayor

REGISTRAR: The Huntington National Bank
One Huntington Square
Charleston, West Virginia 25301
Attention: Corporate Trust Department

8. The Registrar is hereby requested and authorized to authenticate, register and deliver the Bonds in accordance with the Bond Legislation.

9. This document may be executed in one or more counterparts each of which shall be deemed an original and all of which shall constitute but one and the same document.

[Remainder of Page Intentionally Blank]

IN WITNESS WHEREOF, the parties hereto have respectively caused this Registrar's Agreement to be signed in their names and on their behalf, all as of the date first written above.

THE TOWN OF NEW CUMBERLAND

By: Joseph J Surgent
Its: Mayor

THE HUNTINGTON NATIONAL BANK

By: _____
Its: Authorized Officer

11.16.09
658300.00003

CH4912993.1

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.

THE TOWN OF NEW CUMBERLAND

By: _____
Its: Mayor

THE HUNTINGTON NATIONAL BANK

By: _____
Its: Authorized Officer

11.16.09
658300.00003

CH4912993.1

EXHIBIT A

Included in transcript as Documents No. 1 and No. 2

SCHEDULE OF COMPENSATION
(see attached)

Private Financial Group
P.O. Box 633 - WE3013
Charleston, West Virginia 25322-0633

Huntington

STATEMENT OF REGISTRAR'S FEES
Invoice Date December 15, 2009

The Town of New Cumberland
Account Number 6089001809

The Town of New Cumberland
Combined Waterworks and Sewerage System
Revenue Bonds, Series 2009 A
C/o John C. Stump
Steptoe & Johnson, PLLC
P.O. Box 1588
Charleston, WV 25326-1588

SUMMARY OF ACCOUNT

****

FEE CALCULATION FOR December, 2009

****

TOTAL AMOUNT	$	500.00
TOTAL DUE	**$**	**500.00**

* FEE INVOICES ARE PAYABLE WITHIN 30 DAYS. IF PAYMENT *
* IS NOT RECEIVED, FEES WILL BE DEDUCTED FROM THE PLAN *
* .. MAIL CHECK TO: HUNTINGTON NATIONAL BANK, ATTN: BARRY. . *
* .. GRIFFITH, PO BOX 633, CHARLESTON, WV 25322-0633 . . . . . .*

PLEASE INCLUDE A COPY OF THIS INVOICE WITH YOUR PAYMENT

IF YOU HAVE ANY QUESTIONS, PLEASE CONTACT
Barry Morgan Griffith at (304)348-5035

WEST VIRGINIA
Water Development Authority
Celebrating 34 Years of Service 1974 - 2008

December 15, 2009

The Town of New Cumberland
Combined Waterworks and Sewerage System Revenue Bonds, Series 2009 A
(West Virginia Water Development Authority)

TO WHOM IT MAY CONCERN:

In reliance upon a certificate of Griffith & Associates, PLLC, an independent certified public accountant, and an opinion of Steptoe & Johnson PLLC, as bond counsel, stating that the coverage and parity requirements have been met, the undersigned duly authorized representative for the West Virginia Water Development Authority, the registered owner of the entire outstanding aggregate principal amount of the Series 1994 A Bonds, the Series 1994 B Bonds and the Series 2004 A Bonds hereinafter defined and described, hereby consents to (i) the issuance of the Combined Waterworks and Sewerage System Revenue Bonds, Series 2009 A (West Virginia Water Development Authority) (the "Bonds"), in the original aggregate principal amount of $764,000 by The Town of New Cumberland (the "Issuer"), under the terms of the bond ordinance authorizing the Bonds, on a parity, with respect to liens, pledge and source of and security for payment, with the Issuer's outstanding: (1) Combined Waterworks and Sewerage System Revenue Bonds, Series 1994 A (West Virginia Water Development Authority), dated October 27, 1994, issued in the original aggregate principal amount of $647,121 (the "Series 1994 A Bonds"); (2) Combined Waterworks and Sewerage System Revenue Bonds, Series 1994 B (West Virginia SRF Program), dated October 27, 1994, issued in the original aggregate principal amount of $498,666 (the "Series 1994 B Bonds"); and (3) Combined Waterworks and Sewerage System Revenue Bonds, Series 2004 A (West Virginia Infrastructure Fund), dated June 18, 2004, issued in the original aggregate principal amount of $238,600 (the "Series 2004 A Bonds").

Carol A. Cummings
Authorized Representative

11.16.09
658300.00003

180 Association Drive, Charleston, WV 25311-1217
phone (304) 558-3612 / fax (304) 558-0299
www.wwda.org

CH4911939.1

ACORD™ CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YY) 12/03/09

PRODUCER

Wells Fargo Ins. Services
of West Virginia, Inc.
P.O. Box 1551
Charleston WV 25326-1551
(304) 346-0611

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.

COMPANIES AFFORDING COVERAGE

COMPANY A St. Paul Fire & Marine Ins Co.

COMPANY B

COMPANY C

COMPANY D

INSURED

City of New Cumberland
P O Box 505
Cumberland, WV 26047

COVERAGES

THIS IS TO CERTIFY THAT 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. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

CO LTR	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YY)	POLICY EXPIRATION DATE (MM/DD/YY)	LIMITS	
A	GENERAL LIABILITY	GP09314305	7/01/09	7/01/10	GENERAL AGGREGATE	$ 2,000,000
	X COMMERCIAL GENERAL LIABILITY				PRODUCTS-COMP/OP AGG	$ 2,000,000
	CLAIMS MADE X OCCUR				PERSONAL & ADV INJURY	$ 1,000,000
	OWNER'S & CONTRACTOR'S PROT				EACH OCCURRENCE	$ 1,000,000
					FIRE DAMAGE (Any one fire)	$ 100,000
					MED EXP (Any one person)	$
	AUTOMOBILE LIABILITY				COMBINED SINGLE LIMIT	$
	ANY AUTO				BODILY INJURY (Per person)	$
	ALL OWNED AUTOS					
	SCHEDULED AUTOS				BODILY INJURY (Per accident)	$
	HIRED AUTOS					
	NON-OWNED AUTOS				PROPERTY DAMAGE	$
	GARAGE LIABILITY				AUTO ONLY - EA ACCIDENT	$
	ANY AUTO				OTHER THAN AUTO ONLY:	
					EACH ACCIDENT	$
					AGGREGATE	$
A	EXCESS LIABILITY	GP09314305	7/01/09	7/01/10	EACH OCCURRENCE	$ 1,000,000
	X UMBRELLA FORM				AGGREGATE	$ 1,000,000
	OTHER THAN UMBRELLA FORM					$
	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY				WC STATUTORY LIMITS / OTHER	
	THE PROPRIETOR/ PARTNERS/EXECUTIVE OFFICERS ARE: INCL / EXCL				EL EACH ACCIDENT	$
					EL DISEASE-POLICY LIMIT	$
					EL DISEASE-EA EMPLOYEE	$
	OTHER					

DESCRIPTION OF OPERATIONS/LOCATIONS/VEHICLES/SPECIAL ITEMS

CERTIFICATE HOLDER IS ADDED AS AN ADDITIONAL INSURED.

CERTIFICATE HOLDER

WV WATER DEVELOPMENT AUTHORITY
180 ASSOCIATION DR
CHARLESTON, WV 25311

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING COMPANY WILL ENDEAVOR TO MAIL 10 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BUT FAILURE TO MAIL SUCH NOTICE SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE COMPANY, ITS AGENTS OR REPRESENTATIVES.

AUTHORIZED REPRESENTATIVE

© ACORD CORPORATION 1988

CERTIFICATE: 004/001/ 00004

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.

CITY OF NEW CUMBERLAND

COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1994 A (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY)

BOND ORDINANCE

Table of Contents

Subject		Page
ARTICLE I		
STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS		
Section 1.01	Authority for this Ordinance	1
Section 1.02	Findings	1
Section 1.03	Bond Legislation Constitutes Contract	3
Section 1.04	Definitions	4
ARTICLE II		
AUTHORIZATION OF ACQUISITION AND CONSTRUCTION OF THE PROJECT		
Section 2.01	Authorization of Acquisition and Construction of the Project	12
ARTICLE III		
AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND SALE OF BONDS; AUTHORIZATION AND EXECUTION OF LOAN AGREEMENT		
Section 3.01	Authorization of Bonds	13
Section 3.02	Terms of Bonds	13
Section 3.03	Execution of Bonds	14
Section 3.04	Authentication and Registration	14
Section 3.05	Negotiability, Transfer and Registration	14
Section 3.06	Bonds Mutilated, Destroyed, Stolen or Lost	15
Section 3.07	Bonds not to be Indebtedness of the Issuer	15

Section 3.08	Bonds Secured by Pledge of Gross Revenues	15
Section 3.09	Delivery of Bonds	16
Section 3.10	Form of Series 1994 A Bonds	16
	FORM OF SERIES 1994 A BOND	17
Section 3.11	Sale of Bonds; Approval and Ratification of Execution of Loan Agreement	24
Section 3.12	"Amended Schedule A" Filing	24

ARTICLE IV
[RESERVED] 25

ARTICLE V
FUNDS AND ACCOUNTS; SYSTEM REVENUES AND APPLICATION THEREOF

Section 5.01	Establishment of Funds and Accounts with Depository Bank	26
Section 5.02	Establishment of Funds and Accounts with Commission	26
Section 5.03	System Revenues; Flow of Funds	26

ARTICLE VI
BOND PROCEEDS; CONSTRUCTION DISBURSEMENTS

Section 6.01	Application of Bond Proceeds; Pledge of Unexpended Bond Proceeds	31
Section 6.02	Disbursements From the Bond Construction Trust Fund	32

ARTICLE VII
ADDITIONAL COVENANTS OF THE ISSUER

Section 7.01	General Covenants of the Issuer	33
Section 7.02	Bonds not to be Indebtedness of the Issuer	33
Section 7.03	Bonds Secured by Pledge of Gross Revenues	33
Section 7.04	Rates and Charges	33
Section 7.05	Sale of the System	33
Section 7.06	Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances	35
Section 7.07	Parity Bonds	35
Section 7.08	Books; Records and Facilities	37
Section 7.09	Rates	38

Section 7.10	Operating Budget; Audit and Monthly Financial Report	39
Section 7.11	Engineering Services and Operating Personnel	40
Section 7.12	No Competing Franchise	40
Section 7.13	Enforcement of Collections	41
Section 7.14	No Free Services	41
Section 7.15	Insurance and Construction Bonds	41
Section 7.16	Mandatory Connections	43
Section 7.17	Completion of Project; Permits and Orders	43
Section 7.18	Compliance with Loan Agreement and Law	43
Section 7.19	Tax Covenants	44
Section 7.20	Statutory Mortgage Lien	45

ARTICLE VIII
INVESTMENT OF FUNDS; NON ARBITRAGE

Section 8.01	Investments	46
Section 8.02	Arbitrage	46
Section 8.03	Small Issuer Exemption from Rebate of Excess Investment Earnings to the United States	47

ARTICLE IX
DEFAULT AND REMEDIES

Section 9.01	Events of Default	49
Section 9.02	Remedies	49
Section 9.03	Appointment of Receiver	49

ARTICLE X
DEFEASANCE

Section 10.01	Defeasance of Bonds	51

ARTICLE XI
MISCELLANEOUS

Section 11.01	Amendment or Modification of Bond Legislation	52
Section 11.02	Bond Legislation Constitutes Contract	52
Section 11.03	Severability of Invalid Provisions	52
Section 11.04	Headings, Etc.	52
Section 11.05	Conflicting Provisions Repealed	52
Section 11.06	Covenant of Due Procedure, Etc.	53

Section 11.07	Effective Date	53
Section 11.08	Statutory Notice and Public Hearing	53
	SIGNATURES	54
	CERTIFICATION	55
	EXHIBIT A	56

CITY OF NEW CUMBERLAND

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF EXTENSIONS, ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE SEWERAGE PORTION OF THE EXISTING PUBLIC COMBINED WATERWORKS AND SEWERAGE SYSTEM OF THE CITY OF NEW CUMBERLAND AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE CITY OF NOT MORE THAN $700,000 IN AGGREGATE PRINCIPAL AMOUNT OF COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1994 A (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING A LOAN AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

BE IT ORDAINED AND ENACTED BY THE COUNCIL OF THE CITY OF NEW CUMBERLAND:

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 of the West Virginia Code of 1931, as amended (the "Act"), and other applicable provisions of law.

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

A. The City of New Cumberland (the "Issuer") is a municipal corporation and political subdivision of the State of West Virginia in Hancock 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 extensions, additions, betterments and improvements to the sewerage portion of the existing public combined waterworks and sewerage system of the Issuer, consisting of a secondary sewage treatment facility, together with all appurtenant facilities, including a conventional gravity vacuum and low pressure force main sewer system with a gravity collection station and raw sewage pumping station already constructed (collectively, the "Project") (the existing public combined waterworks and sewerage system of the Issuer, the Project and any further extensions, additions, betterments and improvements thereto are herein called the "System") at an estimated cost of not more than $4,600,000, in accordance with the plans and specifications prepared by the Consulting Engineers, which plans and specifications have heretofore been filed with the Issuer.

C. The 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 Bonds (as hereinafter defined) and to make payments into all Sinking Funds, Reserve Accounts and other payments provided for herein and in the Series 1994 B Bonds Ordinance (as hereinafter defined).

D. It is deemed necessary for the Issuer to issue its Combined Waterworks and Sewerage System Revenue Bonds, Series 1994 A (West Virginia Water Development Authority), in the total aggregate principal amount of not more than $700,000 (the "Series 1994 A Bonds"), initially to be represented by a single bond, to permanently finance the costs of acquisition and construction of the Project. Said costs shall be deemed to include the cost of all property rights, easements and franchises deemed necessary or convenient therefor; interest upon the Series 1994 A Bonds prior to and during acquisition and construction of the Project and for a period not exceeding 6 months after completion of acquisition and construction of the Project; amounts which may be deposited in the Series 1994 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 West Virginia Water Development Authority (the "Authority"), discount, initial fees for the services of registrars, paying agents, depositories or trustees or other costs in connection with the sale of the Series 1994 A Bonds and such other expenses as may be necessary or incidental to the financing herein authorized, the acquisition or construction of the Project and the placing of same in operation, and the performance of the things herein required or permitted, in connection with any thereof, provided, that reimbursement to the Issuer for any amounts expended by it for allowable costs prior to the issuance of the Series 1994 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 1994 A Bonds be sold to the Authority pursuant to the terms and provisions of a loan agreement to be entered into by and between the Issuer and the Authority, in form satisfactory to the Issuer and the Authority, as shall be approved by supplemental resolution of the Issuer.

G. There are outstanding obligations of the Issuer which will rank on a parity with the Series 1994 A Bonds as to liens, pledge, source of and security for payment, being the Issuer's Combined Waterworks and Sewerage System Revenue Bonds, Series 1994 B (West Virginia SRF Program) (the "Series 1994 B Bonds"), issued concurrently with the Series 1994 A Bonds, pursuant to an ordinance enacted by the Issuer simultaneously herewith on October 3, 1994 (the "Series 1994 B Bonds Ordinance"). The Issuer has met the parity test requirements of the Series 1994 B Bonds and the Series 1994 B Bonds Ordinance. Other than the Series 1994 B Bonds, there are no outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System.

H. 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 1994 A Bonds, or will have so complied prior to issuance of any thereof, including, among other things, the obtaining of a certificate of convenience and necessity from the Public Service Commission of West Virginia by final order, the time for rehearing and appeal of which will either have expired prior to the date of issuance of the Series 1994 A Bonds or such final order will not be subject to appeal.

I. The Issuer is a governmental unit which has general taxing powers to finance operations of or facilities of the nature of the Project and the System; 95% or more of the Net Proceeds of the Series 1994 A Bonds are to be used for local governmental activities of the Issuer (or of a governmental unit the jurisdiction of which is entirely within the jurisdiction of the Issuer); and the Issuer, all subordinate entities, all entities which issue obligations on behalf of the Issuer, and all entities formed or, to the extent provided under Section 148 of the Code, herein defined, availed of, to avoid the purposes of Section 148(f)(4)(D) of the Code and all other entities benefiting thereby reasonably expect to issue less than $5,000,000 aggregate principal amount of tax-exempt obligations (other than private activity bonds) during the calendar year in which the Series 1994 A Bonds and the Series 1994 B Bonds are to be issued.

Section 1.03. Bond Legislation Constitutes Contract. In consideration of the acceptance of Series 1994 A Bonds by the registered owners of the same from time to time, this Bond Legislation shall be deemed to be and shall constitute a contract between the Issuer and such Bondholders, and the covenants and agreements herein set forth to be

performed by the Issuer shall be for the equal benefit, protection and security of the Bondholders of any and all of such Bonds, all which shall be of equal rank and without preference, priority or distinction between any one Bond and any other Bonds and by reason of priority of issuance or otherwise, except as expressly provided therein and herein.

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

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

"Authority" means the West Virginia Water Development Authority, which is expected to be the original purchaser and Registered Owner of the Series 1994 A Bonds, or any other agency, board or department of the State that succeeds to the functions of the Authority.

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

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

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

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

"Bonds" means, collectively, the Series 1994 A Bonds, the Series 1994 B Bonds and, where appropriate, any bonds on a parity therewith subsequently authorized to be issued hereunder or by another ordinance of the Issuer.

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

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

"Closing Date" means the date upon which there is an exchange of the Series 1994 A Bonds for the proceeds representing the purchase price of the Series 1994 A Bonds from the Authority.

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

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

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

"Costs" or "Costs of the Project" means those costs described in Section 1.02D 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.

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

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

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

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

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

"Grant" means all moneys received by the Issuer on account of any Grant.

"Gross Revenues" means the aggregate gross operating and non-operating revenues of the System, as hereinafter defined, determined in accordance with generally accepted accounting principles, after deduction of prompt payment discounts, if any, and reasonable provision for uncollectible accounts; provided, that "Gross Revenues" does not include any gains from the sale or other disposition of, or from any increase in the value of, capital assets (including Qualified Investments, as hereinafter defined, purchased pursuant to Article 8.01 hereof) or any Tap Fees, as hereinafter defined.

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

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

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

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

"Loan Agreement" means the Loan Agreement to be entered into between the Authority and the Issuer, providing for the purchase of the Series 1994 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 1994 A Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds, if any, deposited in the Series 1994 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 1994 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 1994 A Bonds and is not acquired in order to carry out the governmental purpose of the Series 1994 A Bonds.

"Operating Expenses" means the reasonable, proper and necessary costs of repair, operation and maintenance of the System, as hereinafter defined, and includes, without limiting the generality of the foregoing, administrative, engineering, legal, auditing and insurance expenses, other than those capitalized as part of the Costs, fees and expenses

of the Authority, fiscal agents, the Depository Bank, 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 Series 1994 A Bonds or the Series 1994 B Bonds, charges for depreciation, losses from the sale or other disposition of, or from any decrease in the value of, capital assets, amortization of debt discount or such miscellaneous deductions as are applicable to prior accounting periods.

"Outstanding," when used with reference to Bonds and as of any particular date, describes all Bonds theretofore and thereupon being authenticated and delivered except (i) any Bond cancelled by the Bond Registrar at or prior to said date; (ii) any Bond for the payment of which 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 Bondholders, 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 such other entity or authority as may be designated as a Paying Agent by the Issuer in the Supplemental Resolution.

"Private Business Use" means use directly or indirectly in a trade or business carried on by a natural person, including all persons "related" to such person within the meaning of Section 144(a)(3) of the Code, or in any activity carried on by a person other than a natural person, including all persons "related" to such person within the meaning of Section 144(a)(3) of the Code, excluding, however, use by a state or local governmental unit and use as a member of the general public. All of the foregoing shall be determined in accordance with the Code, including, without limitation, giving due regard to "incidental use," if any, of the proceeds of the issue and/or proceeds used for "qualified improvements," if any.

"Program" means the Authority's loan program, under which the Authority purchases the water development revenue bonds of local governmental entities satisfying certain legal and other requirements with the proceeds of the water development revenue bonds of the Authority.

"Project" means the acquisition and construction of certain extensions, additions, betterments and improvements to the sewerage portion of the existing public combined waterworks and sewerage system of the Issuer, consisting of a secondary sewage treatment facility, together with all appurtenant facilities, including a conventional gravity

vacuum and low pressure force main sewer system with a gravity collection station and raw sewage pumping station already constructed.

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

(a) Government Obligations;

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

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

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

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

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

(g) Repurchase agreements, fully secured by investments of the types described in paragraphs (a) through (e) above, with banks or national banking associations which are members of FDIC or with government bond dealers recognized as primary dealers by the Federal Reserve Bank of New York, provided, that said investments securing said repurchase agreements either must mature as nearly as practicable coincident with the maturity of said repurchase agreements or must be replaced or increased so that the market value thereof is always at least equal to the principal amount of said

repurchase agreements, and provided further that the holder of such repurchase agreement shall have a prior perfected security interest in the collateral therefor; must have (or its agent must have) possession of such collateral; and such collateral must be free of all claims by third parties;

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

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

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

"Registrar" means the Bond Registrar.

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

"Renewal and Replacement Fund" means the Renewal and Replacement Fund established by Section 5.01 hereof.

"Reserve Accounts" means, collectively, the respective reserve account established for the Series 1994 A Bonds and the Series 1994 B Bonds.

"Reserve Requirement" means, collectively, the respective amount required to be on deposit in any reserve account for the Bonds.

"Revenue Fund" means the Revenue Fund established by Section 5.01 hereof.

"Series 1994 A Bonds" means the not more than $700,000 aggregate principal amount of Combined Waterworks and Sewerage System Revenue Bonds, Series 1994 A (West Virginia Water Development Authority), of the Issuer, authorized by this Ordinance.

"Series 1994 A Bonds Construction Trust Fund" means the Series 1994 A Bonds Construction Trust Fund established by Section 5.01 hereof.

"Series 1994 A Bonds Reserve Account" means the Series 1994 A Bonds Reserve Account established in the Series 1994 A Bonds Sinking Fund pursuant to Section 5.02 hereof.

"Series 1994 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 1994 A Bonds in the then current or any succeeding year.

"Series 1994 A Bonds Sinking Fund" means the Series 1994 A Bonds Sinking Fund established by Section 5.02 hereof.

"Series 1994 B Bonds" means the not more than $600,000 aggregate principal amount of Combined Waterworks and Sewerage System Revenue Bonds, Series 1994 B (West Virginia SRF Program), of the Issuer.

"Series 1994 B Bonds Ordinance" means the ordinance of the Issuer enacted simultaneously herewith on October 3, 1994, authorizing the Series 1994 B Bonds.

"Series 1994 B Bonds Reserve Account" means the Series 1994 B Bonds Reserve Account established in the Series 1994 B Bonds Sinking Fund pursuant to Section 5.02 of the Series 1994 B Bonds Ordinance.

"Series 1994 B Bonds Reserve Requirement" means, as of any date of calculation, the maximum amount of principal and interest which will become due on the Series 1994 B Bonds in the then current or any succeeding year.

"Series 1994 B Bonds Sinking Fund" means the Series 1994 B Bonds Sinking Fund established by Section 5.02 of the Series 1994 B Bonds Ordinance.

"Sinking Funds" means, collectively, the respective sinking fund established for the Series 1994 A Bonds and the Series 1994 B Bonds.

"State" means the State of West Virginia.

"Supplemental Resolution" means any resolution, ordinance or order of the Issuer supplementing or amending this Ordinance and, when preceded by the article "the," refers specifically to the supplemental resolution authorizing the sale of the Series 1994 A Bonds; provided, that any matter intended by this Ordinance to be included in the Supplemental Resolution with respect to the Series 1994 A Bonds, and not so included may be included in another Supplemental Resolution.

"System" means the complete public combined waterworks and sewerage system of the Issuer, as presently existing in its entirety or any integral part thereof, and shall include the Project and any further extensions, additions, betterments and improvements thereto hereafter constructed or acquired from any sources whatsoever.

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

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

ARTICLE II

AUTHORIZATION OF ACQUISITION AND CONSTRUCTION OF THE PROJECT

Section 2.01. Authorization of Acquisition and Construction of the Project. There is hereby authorized and ordered the acquisition and construction of the Project, at an estimated cost of not to exceed $4,600,000, 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 1994 A Bonds hereby authorized shall be applied as provided in Article VI hereof. The Issuer has received bids and will enter into contracts for the acquisition and construction of the Project, compatible with the financing plan submitted to the Authority.

The cost of the Project is estimated not to exceed $4,600,000, of which approximately $700,000 will be obtained from proceeds of the Series 1994 A Bonds, approximately $600,000 will be obtained from proceeds of the Series 1994 B Bonds, approximately $2,500,000 from a grant by the United States Environmental Protection Agency, and approximately $750,000 from a grant by the United States Department of Housing and Urban Development (Small Cities Block Grant through the State of West Virginia).

The Project consists of two phases. The first phase of the Project, which has been completed, consists of the construction of a conventional gravity vacuum and low pressure force main sewer system with a gravity collection station and raw sewage pumping station. This phase of the Project has been paid with a portion of the grant from the United States Environmental Protection Agency and the grant from the United States Department of Housing and Urban Development (Small Cities Block Grant through the State of West Virginia). The second phase of the Project, which has yet to be constructed, consists of the construction of a secondary sewage treatment plant, together with all appurtenant facilities. This phase of the Project will be paid with the remaining portion of the grant from the United States Environmental Protection Agency and the grant from the United States Department of Housing and Urban Development (Small Cities Block Grant through the State of West Virginia) and the proceeds of the Series 1994 A Bonds and the Series 1994 B Bonds.

ARTICLE III

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

Section 3.01. Authorization of Bonds. For the purposes of capitalizing interest on the Series 1994 A Bonds, funding a reserve account for the Series 1994 A Bonds, paying Costs of the Project not otherwise provided for and paying certain costs of issuance and related costs, or any or all of such purposes, as determined by the Supplemental Resolution, there shall be and hereby are authorized to be issued the negotiable Series 1994 A Bonds of the Issuer. The Series 1994 A Bonds shall be issued as a single bond, designated "Combined Waterworks and Sewerage System Revenue Bond, Series 1994 A (West Virginia Water Development Authority)," in the principal amount of not more than $700,000, and shall have such terms as set forth hereinafter and in the Supplemental Resolution. The proceeds of the Series 1994 A Bonds remaining after funding of the Series 1994 A Bonds Reserve Account (if funded from Bond proceeds) and capitalizing interest on the Series 1994 A Bonds, if any, shall be deposited in or credited to the Series 1994 A Bonds Construction Trust Fund established by Section 5.01 hereof.

Section 3.02. Terms of Bonds. The Series 1994 A Bonds shall bear interest at such rate or rates, not exceeding the then legal maximum, payable semiannually 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. The Bonds shall be payable as to principal at the office of the Paying Agent, in any coin or currency which, on the dates of payment of principal is legal tender for the payment of public or private debts under the laws of the United States of America. Interest on the Bonds shall be paid by check or draft of the Paying Agent or its agent, mailed to the registered owner thereof at the address as it appears on the books of the Bond Registrar, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner thereof.

Unless otherwise provided by the Supplemental Resolution, the Series 1994 A Bonds shall initially be issued in the form of a single bond, fully registered to the Authority, with a debt service schedule attached, representing the aggregate principal amount of the Series 1994 A Bonds, and shall mature in principal installments, all as provided in the Supplemental Resolution. The Bonds shall be exchangeable at the option and expense of the Registered Owner for another fully registered Bond or Bonds of the same series in aggregate principal amount equal to the amount of said Bonds then Outstanding and being exchanged, with principal installments or maturities, as applicable, corresponding to the dates of payment of principal installments of said Bonds; provided, that the Authority shall not be obligated to pay any expenses of such exchange.

Subsequent series of Bonds, if any, shall be issued in fully registered form and in denominations as determined by a Supplemental Resolution. The Bonds shall be dated as of the date specified in a Supplemental Resolution and shall bear interest from the date so specified therein.

Section 3.03. Execution of Bonds. The Series 1994 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 City Clerk. In case any one or more of the officers who shall have signed or sealed any of the Bonds shall cease to be such officer of the Issuer before the Bonds so signed and sealed have been actually sold and delivered, such Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bonds had not ceased to hold such office. Any Bonds may be signed and sealed on behalf of the Issuer by such person as at the actual time of the execution of such Bonds shall hold the proper office in the Issuer, although at the date of such Bonds such person may not have held such office or may not have been so authorized.

Section 3.04. Authentication and Registration. No Series 1994 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 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 1994 A Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder, in accepting any of said Bonds shall be conclusively deemed to have agreed that such Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder shall further be conclusively deemed to have agreed that said Bonds shall be incontestable in the hands of a bona fide holder for value.

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

The registered Bonds shall be transferable only upon the books of the Bond Registrar, by the registered owner thereof in person or by his attorney duly authorized in

writing, upon surrender thereto together with a written instrument of transfer satisfactory to the Bond Registrar duly executed by the registered owner or his duly authorized attorney.

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

Section 3.06. Bonds Mutilated, Destroyed, Stolen or Lost. In case any Series 1994 A Bond shall become mutilated or be destroyed, stolen or lost, the Issuer may, in its discretion, issue, and the Bond Registrar shall, if so advised by the Issuer, authenticate and deliver, a new Bond of the same series and of like tenor as the Bonds so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond, upon surrender and cancellation of such mutilated Bond, or in lieu of and substitution for the Bond destroyed, stolen or lost, and upon the Holder's furnishing satisfactory indemnity and complying with such other reasonable regulations and conditions as the Issuer may prescribe and paying such expenses as the Issuer and the Bond Registrar may incur. All Bonds so surrendered shall be cancelled by the Bond Registrar and held for the account of the Issuer. If any such Bond shall have matured or be about to mature, instead of issuing a substitute Bond, the Issuer may pay the same, upon being indemnified as aforesaid, and if such Bond be lost, stolen or destroyed, without surrender thereof.

Section 3.07. Bonds not to be Indebtedness of the Issuer. The Series 1994 A Bonds shall not, in any event, be or constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provision or limitation, but shall be payable solely from the Gross Revenues derived from the operation of the System as herein provided and amounts, if any, in the Series 1994 A Bonds Sinking Fund and the Series 1994 A Bonds Reserve Account. No holder or holders of any of the Series 1994 A Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Series 1994 A Bonds or the interest thereon.

Section 3.08. Bonds Secured by Pledge of Gross Revenues. The payment of the debt service of all Series 1994 A Bonds shall be secured forthwith equally and ratably with each other by a first lien on the Gross Revenues derived from the System, on parity with the lien on the Gross Revenues in favor of the Holders of the Series 1994 B Bonds.

Such Gross Revenues in an amount sufficient to pay the principal of and interest on and other payments for the Bonds and to make all other payments provided for in the Bond Legislation, are hereby irrevocably pledged to such payments as they become due.

Section 3.09. Delivery of Bonds. The Issuer shall execute and deliver the Series 1994 A Bonds to the Bond Registrar, and the Bond Registrar shall authenticate, register and deliver the Series 1994 A Bonds to the original purchasers upon receipt of the documents set forth below:

A. If other than the Authority, a list of the names in which the Series 1994 A Bonds are to be registered upon original issuance, together with such taxpayer identification and other information as the Bond Registrar may reasonably require;

B. A request and authorization to the Bond Registrar on behalf of the Issuer, signed by an Authorized Officer, to authenticate and deliver the Series 1994 A Bonds to the original purchasers;

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

D. An executed copy of the Loan Agreement; and

E. The unqualified approving opinion of bond counsel on the Series 1994 A Bonds.

Section 3.10. Form of Series 1994 A Bonds. The text of the Series 1994 A Bonds shall be in substantially the following form, with such omissions, insertions and variations as may be necessary and desirable and authorized or permitted hereby, or by any Supplemental Resolution adopted prior to the issuance thereof:

(FORM OF SERIES 1994 A BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
CITY OF NEW CUMBERLAND
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BOND,
SERIES 1994 A
(WEST VIRGINIA WATER DEVELOPMENT AUTHORITY)

No. AR-____ $_____

KNOW ALL MEN BY THESE PRESENTS: That the CITY OF NEW CUMBERLAND, a municipal corporation and political subdivision of the State of West Virginia in Hancock 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 ($_____), in installments on October 1 of each year as set forth on the "Schedule of Annual Debt Service" attached as Exhibit A hereto and incorporated herein by reference with interest on each installment at the rate per annum set forth on said Exhibit A.

The interest on each installment shall run from the original date of delivery of this Bond to the Authority and payment therefor, and until payment of such installment, and such interest shall be payable on April 1 and October 1 in each year, beginning _____ 1, 199____. Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent"). The interest on this Bond is payable by check or draft of the Paying Agent mailed to the registered owner hereof at the address as it appears on the books of One Valley Bank, National Association, Charleston, West Virginia, as registrar (the "Registrar"), on the 15th day of the month next preceding an interest payment date, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner hereof.

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority, and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement by and between the Issuer and the Authority, dated _____, 199____.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain extensions, additions, betterments and improvements to the sewerage portion of the existing public combined waterworks and sewerage system of the Issuer (the "Project"); (ii) [to pay interest on the Bonds of this Series (the "Bonds") during construction of the Project and for not more than 6 months thereafter; (iii) to fund a reserve account for the Bonds; and (iv)] to pay certain costs of issuance hereof and related costs. The existing public combined waterworks and sewerage system of the Issuer, the Project, and any further extensions, additions, betterments or improvements thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 8, Article 20 of the West Virginia Code of 1931, as amended (the "Act"), and a Bond Ordinance duly enacted by the Issuer on _____, 199____, and a Supplemental Resolution duly adopted by the Issuer on _____, 199____ (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS ISSUED ON PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1994 B (WEST VIRGINIA SRF PROGRAM), DATED _____, 1994, ISSUED CONCURRENTLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $_____ (THE "SERIES 1994 B BONDS").

This Bond is payable only from and secured by a pledge of the Gross Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on parity with the pledge of Gross Revenues in favor of the Holders of the Series 1994 B Bonds, and from moneys in the Reserve Account created under the Bond Legislation for the Bonds (the "Series 1994 A Bonds Reserve Account"), and unexpended proceeds of the Bonds. Such Gross Revenues shall be sufficient to pay all operating expenses of the System and the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest hereon except from said special fund provided from the Gross Revenues, the moneys in the Series 1994 A Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest on the Bonds, and all other obligations secured by a lien

on or payable from such revenues prior to or on a parity with the Bonds, including the Series 1994 B Bonds; provided however, that so long as there exists in the Series 1994 A Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding prior to or on a parity with the Bonds, including the Series 1994 B Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

Subject to the registration requirements set forth herein, this Bond is transferable, as provided in the Bond Legislation, only upon the books of the Registrar 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 the payment of the costs of the Project and costs of issuance hereof described in the Bond Legislation, and there shall be and hereby is created and granted a lien upon such moneys, until so applied, in favor of the registered owner of this Bond.

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

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

IN WITNESS WHEREOF, the CITY OF NEW CUMBERLAND has caused this Bond to be signed by its Mayor, and its corporate seal to be hereunto affixed and attested by its City Clerk, and has caused this Bond to be dated _____, 199____.

[SEAL]

_____
Mayor

ATTEST:

_____
City Clerk

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 1994 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: _____, 199____.

ONE VALLEY BANK, NATIONAL
ASSOCIATION,
as Registrar

_____
Authorized Officer

EXHIBIT A

SCHEDULE OF ANNUAL DEBT SERVICE

(Form of)

ASSIGNMENT

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

Dated: _____, _____.

_____

In the presence of:

_____

Section 3.11. Sale of Bonds; Approval and Ratification of Execution of Loan Agreement. The Series 1994 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 in the form attached hereto as "Exhibit A" and made a part hereof, and the City Clerk is directed to affix the seal of the Issuer, attest the same and deliver the Loan Agreement to the Authority, and any such prior execution and delivery is hereby authorized, approved, ratified and confirmed.

Section 3.12. "Amended Schedule A" Filing. Upon completion of acquisition and construction of the Project, the Issuer will file with the Authority a schedule in substantially the form of the "Amended Schedule A" to the Loan Agreement, setting forth the actual costs of the Project and sources of funds therefor.

ARTICLE IV

[RESERVED]

ARTICLE V

FUNDS AND ACCOUNTS; SYSTEM REVENUES AND APPLICATION THEREOF

Section 5.01. Establishment of Funds and Accounts with Depository Bank. The following special funds or accounts are hereby created with and shall be held by the Depository Bank separate and apart from all other funds or accounts of the Depository Bank and the Issuer and from each other:

(1) Revenue Fund;

(2) Renewal and Replacement Fund; and

(3) Series 1994 A Bonds Construction Trust Fund.

Section 5.02. Establishment of Funds and Accounts with Commission. The following special funds or accounts are hereby created (or confirmed if concurrently established by the Series 1994 B Bonds Ordinance) with and shall be held by the Commission separate and apart from all other funds or accounts of the Commission and the Issuer and from each other:

(1) Series 1994 A Bonds Sinking Fund;

(2) Within the Series 1994 A Bonds Sinking Fund, the Series 1994 A Bonds Reserve Account;

(3) Series 1994 B Bonds Sinking Fund (established by the Series 1994 B Bonds Ordinance); and

(4) Within the Series 1994 B Bonds Sinking Fund, the Series 1994 B Bonds Reserve Account (established by the Series 1994 B Bonds Ordinance).

Section 5.03. System Revenues; Flow of Funds. A. The entire Gross Revenues derived from the operation of the System shall be deposited upon receipt in the Revenue Fund. The Revenue Fund shall constitute a trust fund for the purposes provided in this Bond Legislation and in the Series 1994 B Bonds 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 this Bond Legislation and in the Series 1994 B Bonds Ordinance. All revenues at any time on deposit in the Revenue Fund shall be disposed of only in the following order and priority:

(1) The Issuer shall first, (i) on the first day of each month, commencing 7 months prior to the first date of payment of interest on the

Series 1994 A Bonds for which interest has not been capitalized, apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in the Series 1994 A Bonds Sinking Fund, an amount equal to 1/6th of the amount of interest which will become due on the Series 1994 A Bonds on the next ensuing semiannual interest payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 1994 A Bonds Sinking Fund and the next semiannual interest payment date is less than 7 months, then such monthly payments shall be increased proportionately to provide, one month prior to the next semiannual interest payment date, the required amount of interest coming due on such date, (ii) simultaneously with the transfer set forth in subsection 5.03A(1)(i), on the first day of each month, commencing 13 months prior to the first date of payment of principal of the Series 1994 A Bonds, apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in the Series 1994 A Bonds Sinking Fund, an amount equal to 1/12th of the amount of principal which will mature and become due on the Series 1994 A Bonds on the next ensuing annual principal payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 1994 A Bonds Sinking Fund and the next annual principal payment date is less than 13 months, then such monthly payments shall be increased proportionately to provide, one month prior to the next annual principal payment date, the required amount of principal coming due on such date, and (iii) simultaneously with the transfers set forth in subsections 5.03A(1)(i) and (ii), on the first day of each month, transfer from the Revenue Fund and remit to the Commission the amounts required by the Series 1994 B Bonds Ordinance to be deposited in the Series 1994 B Bonds Sinking Fund for payment of the principal of and interest, if any, on the Series 1994 B Bonds.

(2) The Issuer shall next, (i) on the first day of each month, commencing 13 months prior to the first date of payment of principal of the Series 1994 A Bonds, if not fully funded upon issuance of the Series 1994 A Bonds, apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in the Series 1994 A Bonds Reserve Account, an amount equal to 1/120 of the Series 1994 A Bonds Reserve Requirement; provided that, no further payments shall be made into the Series 1994 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 1994 A Bonds Reserve Requirement, and (ii) simultaneously with the transfer set forth in subsection 5.03A(2)(i), on the first day of each month, transfer from the Revenue Fund and remit to the Commission the amount required by the Series 1994 B Bonds Ordinance to be deposited in the Series 1994 B Bonds Reserve Account.

(3) Thereafter, the Issuer shall, each month, pay from the Revenue Fund current Operating Expenses of the System.

(4) The Issuer shall next, from the moneys remaining in the Revenue Fund, on the first day of each month, commencing with the first month in which any of the above payments shall be payable from the Revenue Fund, transfer to the Renewal and Replacement Fund, a sum equal to 2 1/2% of the Gross Revenues each month, exclusive of any payments for account of any Reserve Account. All funds in the Renewal and Replacement Fund shall be kept apart from all other funds of the Issuer or of the Depository Bank and shall be invested and reinvested in accordance with Article VIII hereof. 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 the Series 1994 A Bonds Reserve Account and the Series 1994 B Bonds Reserve Account [except to the extent such deficiency exists because the required payments into such account have not, as of the date of determination of a deficiency, funded such account to the maximum extent required hereof] shall be promptly eliminated with moneys from the Renewal and Replacement Fund.

Moneys in the Series 1994 A Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest on the Series 1994 A Bonds as the same shall become due.. Moneys in the Series 1994 A Bonds Reserve Account shall be used only for the purpose of paying principal of and interest on the Series 1994 A Bonds as the same shall come due, when other moneys in the Series 1994 A Bonds Sinking Fund are insufficient therefor, and for no other purpose.

All investment earnings on moneys in the Series 1994 A Bonds Sinking Fund and the Series 1994 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 1994 A Bonds Construction Trust Fund, and following completion of construction of the Project, shall be deposited in the Revenue Fund and applied in full, first to the next ensuing interest payment due on the Series 1994 A Bonds, and then to the next ensuing principal payment due thereon.

Any withdrawals from the Series 1994 A Bonds Reserve Account which result in a reduction in the balance of the Series 1994 A Bonds Reserve Account to below the Series 1994 A Bonds Reserve Requirement shall be subsequently restored from the first Gross Revenues available after all required payments have been made in full to the Series 1994 A Bonds Sinking Fund and the Series 1994 B Bonds Sinking Fund.

As and when additional Bonds ranking on a parity with the Series 1994 A 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 appropriate reserve account in an amount equal to the maximum amount of principal and interest which will become due in any year for account of the Bonds of such series, including such additional Bonds.

The Issuer shall not be required to make any further payments into the Series 1994 A Bonds Sinking Fund, or the Series 1994 A Bonds Reserve Account therein when the aggregate amount of funds therein are at least equal to the aggregate principal amount of the Series 1994 A Bonds issued pursuant to this Bond Legislation then Outstanding and all interest to accrue until the maturity thereof.

Principal and interest payments, and any payments made for the purpose of funding a deficiency in any Reserve Account, shall be made on a parity and pro rata, with respect to the Series 1994 A Bonds and the Series 1994 B 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 1994 A Bonds Sinking Fund and the Series 1994 A Bonds Reserve Account created hereunder, and all amounts required for said accounts shall be remitted to the Commission from the Revenue Fund by the Issuer at the times provided herein.

Moneys in the Series 1994 A Bonds Sinking Fund and the Series 1994 A Bonds Reserve Account shall be invested and reinvested by the Commission in accordance with Section 8.01 hereof.

The Series 1994 A Bonds Sinking Fund, including the Series 1994 A Bonds Reserve Account therein, shall be used solely and only for, and are hereby pledged for, the purpose of servicing the Series 1994 A Bonds and any additional Bonds ranking on a parity therewith that may be issued and Outstanding under the conditions and restrictions hereinafter set forth.

B. The Issuer shall on the first day of each month (if such day is not a business day, then the next succeeding business day) deposit with the Commission the required principal, interest and reserve payments with respect to the Series 1994 A Bonds and all such payments shall be remitted to the Commission with appropriate instructions as to the custody, use and application thereof consistent with the provisions of this Bond Legislation.

C. 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 said 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.

D. The Issuer shall remit from the Revenue Fund to the Commission, the Registrar, the Paying Agent or the Depository Bank, on such dates as the Commission, the Registrar, the Paying Agent or the Depository Bank, as the case may be, shall require, such additional sums as shall be necessary to pay their respective charges, fees and expenses then due.

E. The moneys in excess of the sum insured by the maximum amounts insured by FDIC in the Revenue Fund and the 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; 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 Section 5.03 of the Series 1994 B Bonds Ordinance, and the Gross Revenues shall be applied to such deficiencies before being applied to any other payments hereunder.

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

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

ARTICLE VI

BOND PROCEEDS; CONSTRUCTION DISBURSEMENTS

Section 6.01. Application of Bond Proceeds; Pledge of Unexpended Bond Proceeds. From the moneys received from the sale of any or all of the Series 1994 A Bonds, the following amounts shall be first deducted and deposited in the order set forth below:

A. From the proceeds of the Series 1994 A Bonds or from other funds available to the Issuer, there shall first be deposited with the Commission in the Series 1994 A Bonds Sinking Fund, the amount, if any, set forth in the Supplemental Resolution as capitalized interest; provided, that such amount may not exceed the amount necessary to pay interest on the Series 1994 A Bonds for the period commencing on the date of issuance of the Series 1994 A Bonds and ending 6 months after the estimated date of completion of construction of the Project.

B. Next, from the proceeds of the Series 1994 A Bonds or from other funds available to the Issuer, there shall be deposited with the Commission in the Series 1994 A Bonds Reserve Account, the amount, if any, set forth in the Supplemental Resolution for funding the Series 1994 A Bonds Reserve Account.

C. Next, from the proceeds of the Series 1994 A Bonds, there shall first be credited to the Series 1994 A Bonds Construction Trust Fund and then paid, any and all other borrowings by the Issuer made for the purpose of temporarily financing a portion of the Costs of the Project and any borrowings by the Issuer from the Authority, including interest accrued thereon to the date of such payment, not otherwise paid from funds of the Issuer.

D. The remaining moneys derived from the sale of the Series 1994 A Bonds shall be deposited with the Depository Bank in the Series 1994 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.

E. The Depository Bank shall act as a trustee and fiduciary for the Bondholder with respect to the Series 1994 A Bonds Construction Trust Fund and shall comply with all requirements with respect to the disposition of the Series 1994 A Bonds Construction Trust Fund set forth in the Bond Legislation. Moneys in the Series 1994 A Bonds Construction Trust Fund shall be used solely to pay Costs of the Project and until so transferred or expended, are hereby pledged as additional security for the Series 1994 A Bonds.

Section 6.02. Disbursements From the Bond Construction Trust Fund. Payments for Costs of the Project shall be made monthly. Except as provided in Section 6.01 hereof, disbursements from the Series 1994 A Bonds Construction Trust Fund (except for the costs of issuance of the Series 1994 A Bonds which shall be made upon request of the Issuer), shall be made only after submission to the Depository Bank of a certificate, signed by an Authorized Officer and the Consulting Engineers, stating:

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

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

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

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

In case any contract provides for the retention of a portion of the contract price, the Depository Bank shall disburse from the Series 1994 A Bonds Construction Trust Fund only the net amount remaining after deduction of any such portion. All payments made from the Series 1994 A Bonds 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 Series 1994 A Bonds 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 Series 1994 A Bonds Construction Trust Fund, including any accounts therein, shall be invested and reinvested in Qualified Investments at the written direction of the Issuer.

After completion of the Project, as certified by the Consulting Engineers, and all Costs have been paid, the Depository Bank shall transfer any moneys remaining in the Series 1994 A Bonds Construction Trust Fund to the Series 1994 A Bonds Reserve Account, and when fully funded, shall return such remaining moneys to the Issuer for deposit in the Revenue Fund; provided that, in no event shall more than 10% of the proceeds of the Series 1994 A Bonds be deposited in the Series 1994 A Bonds Reserve Account and any balance in excess of said amounts shall be returned to the Issuer for deposit in the Revenue Fund. The Issuer shall thereafter, apply such moneys in full, first to the next ensuing interest payments due on the Series 1994 A Bonds and thereafter to the next ensuing principal payments due thereon.

ARTICLE VII

ADDITIONAL COVENANTS OF THE ISSUER

Section 7.01. General Covenants of the Issuer. All the covenants, agreements and provisions of this Bond Legislation shall be and constitute valid and legally binding covenants of the Issuer and shall be enforceable in any court of competent jurisdiction by any Holder or Holders of the Series 1994 A Bonds. In addition to the other covenants, agreements and provisions of this Bond Legislation, the Issuer hereby covenants and agrees with the Holders of the Series 1994 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 1994 A Bonds or the interest thereon is Outstanding and unpaid.

Section 7.02. Bonds not to be Indebtedness of the Issuer. The Series 1994 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 Holder or Holders of the Series 1994 A Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Series 1994 A Bonds or the interest thereon.

Section 7.03. Bonds Secured by Pledge of Gross Revenues. The payment of the debt service of the Series 1994 A Bonds issued hereunder shall be secured forthwith equally and ratably by a first lien on the Gross Revenues derived from the operation of the System, on a parity with the lien on said Gross Revenues in favor of the Holders of the Series 1994 B Bonds. The Gross Revenues derived from the System, in an amount sufficient to pay the principal of and interest on the Bonds and to make the payments into all funds and accounts and all other payments provided for in the Bond Legislation are hereby irrevocably pledged, in the manner provided herein, to such payments as they become due, and for the other purposes provided in the Bond Legislation.

Section 7.04. Rates and Charges. The initial schedule of water and sewer rates and charges for the services and facilities of the System shall be as set forth respectively in the water rate ordinance of the Issuer enacted April 4, 1994, and the Final Order of the Public Service Commission of West Virginia, entered August 31, 1994, in Case No. 94-0319-S-MA, which rates are incorporated herein by reference as a part hereof.

Section 7.05. Sale of the System. Except as otherwise required by law or with the written consent of the Authority, the System may not be sold, mortgaged, leased or otherwise disposed of except as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to pay fully all the Bonds Outstanding, or to effectively defease this Bond Legislation in accordance with Article X hereof. The proceeds

from any such sale, mortgage, lease or other disposition of the System shall, with respect to the Series 1994 A Bonds, immediately be remitted to the Commission for deposit in the Series 1994 A Bonds Sinking Fund, and, with the written permission of the Authority, or in the event the Authority is no longer a Bondholder, the Issuer shall direct the Commission to apply such proceeds to the payment of principal at maturity of and interest on the Series 1994 A Bonds. Any balance remaining after the payment of all the Series 1994 A Bonds and interest thereon shall be remitted to the Issuer by the Commission unless necessary for the payment of other obligations of the Issuer payable out of the revenues of the System.

The foregoing provision notwithstanding, the 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, 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 with the written consent of the Authority, be remitted by the Issuer to the Commission for deposit in the Series 1994 A Bonds Sinking Fund and shall be applied only to the purchase of Bonds of the last maturities then Outstanding at prices not greater than the par value thereof plus 3% of such par value or otherwise. Such payment of such proceeds into the Series 1994 A Bonds Sinking Fund 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 Holders, or their duly authorized representatives, of over 50% in amount of the Bonds then Outstanding. The Issuer shall prepare the form of such approval and consent for execution by the then Holders of the Bonds for the disposition of the proceeds of the sale, lease or other disposition of such properties of the System.

Section 7.06. Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances. Except as provided for in Section 7.06 and Section 7.07 hereof, the Issuer shall not issue any other obligations whatsoever payable from the revenues of the System which rank prior to, or equally, as to lien on and source of and security for payment from such revenues with the Series 1994 A Bonds. All obligations issued by the Issuer after the issuance of the Series 1994 A Bonds and payable from the revenues of the System, except additional parity Bonds, shall contain an express statement that such obligations are junior and subordinate, as to lien on, pledge and source of and security for payment from such revenues and in all other respects, to the Series 1994 A Bonds; provided, that no such subordinate obligations shall be issued unless all payments required to be made into all funds and accounts set forth herein have been made and are current at the time of the issuance of such subordinate obligations.

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

The Issuer shall give the Authority 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, or any other obligations related to the Project or the System.

Section 7.07. 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 Bond Legislation, except under the conditions and in the manner herein provided.

All Parity Bonds issued hereunder shall be on a parity in all respects with the Series 1994 A Bonds.

No such Parity Bonds shall be issued except for the purpose of financing the costs of the acquisition or construction of extensions, additions, betterments or improvements to the System or refunding the Series 1994 A Bonds issued pursuant hereto, or both such purposes.

No Parity Bonds shall be issued at any time, however, unless there has been procured and filed with the City Clerk a written statement by the Independent Certified Public Accountants, based upon the necessary investigation and certification by the Consulting Engineers, reciting the conclusion that the Net Revenues actually derived, subject to the adjustments hereinafter provided for, from the System during 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 not be less than 115% of the largest aggregate

amount that will mature and become due in any succeeding Fiscal Year for principal of and interest on the following:

(1) The Bonds then Outstanding;

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

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

The "estimated average increased annual Net Revenues to be received in each of the 3 succeeding years," as that term is used in the computation provided in the above paragraph, shall refer only to the increased Net Revenues estimated to be derived from (a) the improvements to be financed by such Parity Bonds and (b) any increase in rates enacted by the Issuer, the period for appeal of which has expired prior to the date of delivery of such Parity Bonds, and shall not exceed the amount to be stated in a certificate of the Consulting Engineers, which shall be filed in the office of the City Clerk prior to the issuance of such Parity Bonds.

The Net Revenues actually derived from the System during the 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 said Independent Certified Public Accountants, as stated in a certificate jointly made and signed by the Consulting Engineers and said Independent Certified Public Accountants, on account of increased rates, rentals, fees and charges for the System adopted by the Issuer, the period for appeal of which has expired prior to issuance of such Parity Bonds.

Within 30 days of the delivery of such Parity Bonds, the Issuer shall have entered into written contracts for the immediate acquisition or construction of such extensions, additions, betterments or improvements, if any, to the System that are to be financed by 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 Holders of the Bonds and the Holders of any Parity Bonds subsequently issued from time to time within the limitations of and in compliance with this section. Bonds issued on a parity, regardless of the time or times of their issuance, shall rank equally with respect to their lien on the revenues of the System and their source of and security for payment from said revenues, without preference of any Bond of one series over any other Bond of the same series. The Issuer shall comply fully with all the increased payments into the various funds and accounts created in this Bond Legislation required for and on account of such Parity Bonds, in addition to the payments required for Bonds theretofore issued pursuant to this Bond Legislation.

Parity Bonds shall not be deemed to include bonds, notes, certificates or other obligations subsequently issued, the lien of which on the revenues of the System is subject to the prior and superior liens of the Series 1994 A Bonds on such revenues. The Issuer shall not issue any obligations whatsoever payable from the revenues of the System, or any part thereof, which rank prior to or, except in the manner and under the conditions provided in this section, equally, as to lien on and source of and security for payment from such revenues, with the Series 1994 A Bonds.

No Parity Bonds shall be issued any time, however, unless all the payments into the respective funds and accounts provided for in this Bond Legislation with respect to the Bonds then Outstanding, and any other payments provided for in this Bond Legislation, shall have been made in full as required to the date of delivery of such Parity Bonds, and the Issuer shall then be in full compliance with all the covenants, agreements and terms of this Bond Legislation.

Notwithstanding the foregoing, or any provision of Section 7.06 hereof to the contrary, additional Parity Bonds may be issued solely for the purpose of completing the Project as described in the application to the Authority submitted as of the date of the Loan Agreement without regard to the restrictions set forth in this Section 7.07, if there is first obtained by the Issuer the written consent of the Authority to the issuance of the Parity Bonds.

Section 7.08. Books; Records and Facilities. The 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, or its 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 such documents and information as it 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, or its 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 Issuer will keep books and records of the System, which shall be separate and apart from all other books, records and accounts of the Issuer, in which complete and correct entries shall be made of all transactions relating to the System, and any Holder of a Bond or Bonds issued pursuant to this Bond Legislation shall have the right at all reasonable times to inspect the System and all parts thereof and all records, accounts and data of the Issuer relating thereto.

The accounting system for the System shall follow current generally accepted accounting principles and safeguards to the extent allowed and as prescribed by the Public Service Commission of West Virginia. Separate control accounting records shall be maintained by the Issuer. Subsidiary records as may be required shall be kept in the manner and on the forms, books and other bookkeeping records as prescribed by the 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 Consulting Engineers, the Authority, or any other original purchaser of the Series 1994 A Bonds, and shall mail in each year to any Holder or Holders of the Series 1994 A Bonds, requesting the same, an annual report containing the following:

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

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

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

The Issuer shall also, at least once a year, cause the books, records and accounts of the System to be audited by Independent Certified Public Accountants and shall mail upon request, and make available generally, the report of said Independent Certified Public Accountants, or a summary thereof, to any Holder or Holders of the Series 1994 A Bonds and shall submit said report to the Authority, or any other original purchaser of the Series 1994 A Bonds. Such audit report submitted to the Authority shall include a statement that the Issuer is in compliance with the terms and provisions of the Loan Agreement and this Bond Legislation and that the revenues of the System are adequate to meet the Issuer's Operating Expenses and debt service requirements.

The Issuer shall permit the Authority, or its 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 Issuer shall also provide the Authority, or its 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 with respect to the System pursuant to the Act.

Section 7.09. Rates. Equitable rates or charges for the use of and service rendered by the System have been established all in the manner and form required by law,

and copies of such rates and charges so established will be continuously on file with the City Clerk, which copies will be open to inspection by all interested parties. The schedule of rates and charges shall at all times be adequate to produce Gross Revenues from said System sufficient to pay Operating Expenses and to make the prescribed payments into the funds created hereunder. Such schedule of rates and charges shall be changed and readjusted whenever necessary so that the aggregate of the rates and charges will be sufficient for such purposes. In order to assure full and continuous performance of this covenant, with a margin for contingencies and temporary unanticipated reduction in income and revenues, the Issuer hereby covenants and agrees that the schedule of rates or charges from time to time in effect shall be sufficient, together with other revenues of the System (i) to provide for all Operating Expenses of the System and (ii) to leave a balance each year equal to at least 115% of the maximum amount required in any year for payment of principal of and interest on the Series 1994 A Bonds and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with the Series 1994 A Bonds, including the Series 1994 B Bonds; provided that, in the event that amounts equal to or in excess of the reserve requirements are on deposit respectively in the Series 1994 A Bonds Reserve Account and any reserve accounts for obligations prior to or on a parity with the Series 1994 A Bonds, including the Series 1994 B Bonds, are funded at least at the requirement therefor, such balance each year need only equal at least 110% of the maximum amount required in any year for payment of principal of and interest on the Series 1994 A Bonds and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with the Series 1994 A Bonds, including the Series 1994 B Bonds. In any event, the Issuer shall not reduce the rates or charges for services set forth in the rate ordinance described in Section 7.04.

Section 7.10. Operating Budget; Audit and Monthly Financial Report. The 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 within 30 days of adoption thereof. No expenditures for the operation and maintenance of the System shall be made in any Fiscal Year in excess of the amounts provided therefor in such budget without a written finding and recommendation by a registered professional engineer, which finding and recommendation shall state in detail the purpose of and necessity for such increased expenditures for the operation and maintenance of the System, and no such increased expenditures shall be made until the Issuer shall have approved such finding and recommendation by a resolution duly adopted. No increased expenditures in excess of 10% of the amount of such budget shall be made except upon the further certificate of a registered professional engineer that such increased expenditures are necessary for the continued operation of the System. The Issuer shall mail copies of such annual budget and all resolutions authorizing increased expenditures for operation and maintenance to the Authority and to any Holder of any Bonds who shall file his or her address with the Issuer and request in writing that copies of all such budgets and resolutions be furnished him or her and shall make available such budgets and all resolutions authorizing increased

expenditures for operation and maintenance of the System at all reasonable times to any Holder of any Bonds or anyone acting for and in behalf of such Holder of any Bonds.

In addition, the Issuer shall annually cause the records of the System to be audited by an Independent Certified Public Accountant, the report of which audit shall be submitted to the Authority and which audit report shall include a statement that the Issuer is in compliance with the terms and provisions of this Bond Legislation and the Loan Agreement and that the revenues of the System are adequate to meet the Issuer's Operating Expenses and debt service requirements.

Commencing on the date contracts are executed for the acquisition and construction of the Project and for 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 as Exhibit C, and forward a copy of such report to the Authority by the 10th day of each month.

Section 7.11. Engineering Services and Operating Personnel. The Issuer will obtain a certificate of the Consulting Engineers in the form attached to the Loan Agreement, stating, among other things, that the Project has been or will be constructed in accordance with the approved plans, specifications and designs as submitted to the Authority, the Project is adequate for the purposes for which it was designed, the funding plan as submitted to the Authority 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 resident engineering services satisfactory to the Authority covering the supervision and inspection of the development and construction of the Project, and bearing the responsibility of assuring that construction conforms to the plans, specifications and designs prepared by the Consulting Engineers, which have been approved by all necessary governmental bodies. Such resident engineer shall certify to the Authority 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 agrees that qualified operating personnel properly certified by the State will be employed to operate the System during the entire term of the Loan Agreement.

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

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

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

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

Section 7.15. Insurance and Construction Bonds. A. The Issuer hereby covenants and agrees that so long as any of the 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. 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 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 and 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 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 for every officer, member and employee of the Issuer or the Governing Body having custody of the revenues or of any other funds of the System, in an amount at least equal to the total funds in the custody of any such person at any one time.

B. 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. 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.

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

Any such house, dwelling or building from which emanates sewage or water-borne waste matter and which is not so connected with the sewerage facilities portion of the System is hereby declared and found to be a hazard to the health, safety, comfort and welfare of the inhabitants of the Issuer and a public nuisance which shall be abated to the extent permitted by law and as promptly as possible by proceedings in a court of competent jurisdiction.

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

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

Section 7.18. Compliance with Loan Agreement and Law. The Issuer agrees to comply with all the terms and conditions of the Loan Agreement and all applicable

laws, rules and regulations issued by the Authority, or other State, federal or local bodies in regard to the acquisition and construction of the Project and the operation, maintenance and use of the System.

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

A. PRIVATE BUSINESS USE LIMITATION. The Issuer shall assure that (i) not in excess of 10% of the Net Proceeds of the Series 1994 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 1994 A Bonds during the term thereof is, under the terms of the Series 1994 A Bonds or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for a Private Business Use or in payments in respect of property used or to be used for a Private Business Use or is to be derived from payments, whether or not to the Issuer, in respect of property or borrowed money used or to be used for a Private Business Use; and (ii) and that, in the event that both (A) in excess of 5% of the Net Proceeds of the Series 1994 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 1994 A Bonds during the term thereof is, under the terms of the Series 1994 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 1994 A Bonds used for a Private Business Use shall be used for a Private Business Use related to the governmental use of the Project, or if the Series 1994 A Bonds are for the purpose of financing more than one project, a portion of the Project, and shall not exceed the proceeds used for the governmental use of that portion of the Project to which such Private Business Use is related, all of the foregoing to be determined in accordance with the Code.

B. PRIVATE LOAN LIMITATION. The Issuer shall assure that not in excess of 5% of the Net Proceeds of the Series 1994 A Bonds are used, directly or indirectly, to make or finance a loan (other than loans constituting Nonpurpose Investments) to persons other than state or local government units.

C. FEDERAL GUARANTEE PROHIBITION. The Issuer shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause the Series 1994 A Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Code.

D. INFORMATION RETURN. The Issuer will file all statements, instruments and returns necessary to assure the tax-exempt status of the Series 1994 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 any and all actions that may be required of it (including, without limitation, those deemed necessary by the Authority) so that the interest on the Series 1994 A Bonds will be and remain excludable from gross income for federal income tax purposes, and will not take any actions, or fail to take any actions (including, without limitation, those deemed necessary by the Authority), the result of which would adversely affect such exclusion.

Section 7.20. Statutory Mortgage Lien. For the further protection of the Holders of the Series 1994 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 1994 A Bonds and shall be on a parity with the statutory mortgage lien in favor of the Holders of the Series 1994 B Bonds.

ARTICLE VIII

INVESTMENT OF FUNDS; NON ARBITRAGE

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

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

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

Section 8.02. Arbitrage. The Issuer covenants that (i) it shall not take, or permit or suffer to be taken, any action with respect to the gross or other proceeds of the Series 1994 A Bonds which would cause the Series 1994 A Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code, and (ii) it will take all actions that may be required of it (including, without implied limitation, the timely filing of a Federal information return with respect to the Series 1994 A Bonds) so that the interest on the

Series 1994 A Bonds will be and remain excludable from gross income for Federal income tax purposes, and will not take any actions which would adversely affect such exclusion.

Section 8.03. Small Issuer Exemption from Rebate of Excess Investment Earnings to the United States. In accordance with Section 148 (f)(4)(D) of the Code, the Issuer covenants that it is a governmental unit with general taxing powers; that no part of the Series 1994 A Bonds are private activity bonds; that 95% or more of the Net Proceeds of the Series 1994 A Bonds are to be used for local governmental activities of the Issuer (or of a governmental unit the jurisdiction of which is entirely within the jurisdiction of the Issuer); and that the aggregate face amount of all the tax-exempt obligations (other than private activity bonds) issued by the Issuer during the calendar year in which the Series 1994 A Bonds are issued does not and will not exceed $5,000,000, determined in accordance with Section 148(f)(4)(D) of the Code and the Regulations from time to time in effect an applicable to the Series 1994 A Bonds. For purposes of the first paragraph of Section 8.03 and for purposes of applying Section 148(f)(4)(D) of the Code, the Issuer and all entities which issue obligations on behalf of the Issuer shall be treated as one issuer; all obligations issued by a governmental unit to make loans to other governmental units with general taxing powers not subordinate to such unit shall, for purposes of applying this first paragraph of Section 8.03 and Section 148(f)(4)(D) of the Code, be treated as not issued by such unit; all obligations issued by a subordinate entity shall, for purposes of applying this first paragraph of Section 8.03 and Section 148(f)(4)(D) of the Code to each other entity to which such entity is subordinate, be treated as issued by such other entity; and an entity formed (or, to the extent provided by the Secretary, as set forth in the Code, availed of) to avoid the purposes of such Section 148(f)(4)(D) of the Code and all other entities benefiting thereby shall be treated as one issuer.

Notwithstanding the foregoing, if in fact the Issuer is subject to the rebate requirements of Section 148(f) of the Code, and not exempted from such requirements, the Issuer covenants to make, or cause to be made, all rebate calculations, computations and payments in the time, manner and as required in Section 148(f) of the Code and the Regulations from time to time in effect and applicable to the Series 1994 A Bonds and otherwise covenants and agrees to comply with the provisions of such Section 148(f) of the Code and the Regulations from time to time in effect and applicable to the Series 1994 A Bonds. In the event of a failure to pay any such amount or amounts, the Issuer will pay, from any lawful sources available therefor, to the United States an amount equal to the sum of 50% of the amount not paid, plus interest at the required rate on the portion of the amount which was not paid on the required date, beginning on such date, unless waived. In order to provide for the administration of this paragraph, the Issuer may provide for the employment of independent attorneys, accountants and consultants compensated on such reasonable basis as the Issuer may deem appropriate.

The Issuer shall furnish to the Authority, annually, and at such time as it is required to perform its rebate calculations under the Code, a certificate with respect to its rebate calculations and, at any time, any additional information relating thereto as may be

requested by the Authority. In addition, the Issuer shall cooperate with the Authority in preparing any required rebate calculations and in all other respects in connection with rebates and hereby consents to the performance of all matters in connection with such rebates by the Authority at the expense of the Issuer.

The Issuer shall submit to the Authority within 15 days following the end of each Bond Year a certified copy of its rebate calculation or, if the Issuer qualifies for the small governmental issue exception to rebate, the Issuer shall submit a certificate stating that it is exempt from the rebate provisions and that no event has occurred to its knowledge during the Bond Year which would make the Series 1994 A Bonds subject to rebate. The Issuer shall also furnish the Authority, at any time, such additional information relating to rebate as may be reasonably requested by the Authority, including information with respect to earnings on all funds constituting "gross proceeds" of the Bonds (as such term "gross proceeds" is defined in the Code).

ARTICLE IX

DEFAULT AND REMEDIES

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

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

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

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

(4) If default occurs with respect to the Series 1994 B Bonds or the Series 1994 B Bonds Ordinance.

Section 9.02. Remedies. Upon the happening and continuance of any Event of Default, any Registered Owner of a Bond may exercise any available remedy and bring any appropriate action, suit or proceeding to enforce his or her rights and, in particular, (i) bring suit for any unpaid principal or interest then due, (ii) by mandamus or other appropriate proceeding enforce all rights of such Registered Owners including the right to require the Issuer to perform its duties under the Act and the Bond Legislation relating thereto, including but not limited to the making and collection of sufficient rates or charges for services rendered by the System, (iii) bring suit upon the Bonds; (iv) by action at law or bill in equity require the Issuer to account as if it were the trustee of an express trust for the Registered Owners of the Bonds, and (v) by action or bill in equity enjoin any acts in violation of the Bond Legislation with respect to the Bonds, or the rights of such Registered Owners; provided that, all rights and remedies of the Holders of the Series 1994 A Bonds shall be on a parity with the Holders of the Series 1994 B Bonds.

Section 9.03. Appointment of Receiver. Any Registered Owner of a Bond may, by proper legal action, compel the performance of the duties of the Issuer under the Bond Legislation and the Act, including, the completion of the Project and after commencement of operation of the System, the making and collection of sufficient rates and charges for services rendered by the System and segregation of the revenues therefrom and the application thereof. If there be any Event of Default with respect to such Bonds, any

Registered Owner of a Bond shall, in addition to all other remedies or rights, have the right by appropriate legal proceedings to obtain the appointment of a receiver to administer the System or to complete the acquisition and construction of the Project on behalf of the Issuer, with power to charge rates, rentals, fees and other charges sufficient to provide for the payment of Operating Expenses of the System, the payment of the Bonds and interest and the deposits into the funds and accounts hereby established, and to apply such rates, rentals, fees, charges or other revenues in conformity with the provisions of this Bond Legislation and the Act.

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

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

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

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

ARTICLE X

DEFEASANCE

Section 10.01. Defeasance of Bonds. If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the respective Holders of all Bonds, the principal of and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Bond Legislation, then the pledge of Gross Revenues and other moneys and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Registered Owners of the Series 1994 A Bonds shall thereupon cease, terminate and become void and be discharged and satisfied, except as may otherwise be necessary to assure the exclusion of interest on the Series 1994 A Bonds from gross income for federal income tax purposes.

Series 1994 A Bonds for the payment of which either moneys in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide moneys which, together with the moneys, if any, deposited with the Paying Agent at the same or earlier time, shall be sufficient, to pay as and when due either at maturity or at the next redemption date, the principal installments of and interest on such Series 1994 A Bonds shall be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section. All Series 1994 A Bonds shall, prior to the maturity thereof, be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section if there shall have been deposited with the Commission or its agent, either moneys in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide moneys which, together with other moneys, if any, deposited with the Commission at the same time, shall be sufficient to pay when due the principal installments of and interest due and to become due on said Series 1994 A Bonds on and prior to the next redemption date or the maturity dates thereof. Neither securities nor moneys deposited with the Commission pursuant to this section nor principal or interest payments on any such securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal installments of and interest on said Series 1994 A Bonds; provided, that any cash received from such principal or interest payments on such securities deposited with the Commission or its agent, if not then needed for such purpose, shall, to the extent practicable, be reinvested in securities maturing at times and in amounts sufficient to pay when due the principal installments of and interest to become due on said Bonds on and prior to the next redemption date or the maturity dates thereof, and interest earned from such reinvestments shall be paid over to the Issuer as received by the Commission or its agent, free and clear of any trust, lien or pledge. For the purpose of this section, securities shall mean and include only Government Obligations.

ARTICLE XI

MISCELLANEOUS

Section 11.01. Amendment or Modification of Bond Legislation. Prior to issuance of the Series 1994 A Bonds, this Ordinance may be amended or supplemented in any way by the Supplemental Resolution. Following issuance of the Series 1994 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 Bonds shall be made without the consent in writing of the Registered Owners of 66-2/3% or more in principal amount of the Bonds so affected and then Outstanding; provided, that no change shall be made in the maturity of any Bond or Bonds or the rate of interest thereon, or in the principal amount thereof, or affecting the unconditional promise of the Issuer to pay such principal and interest out of the funds herein pledged therefor without the consent of the Registered Owner thereof. No amendment or modification shall be made that would reduce the percentage of the principal amount of Bonds required for consent to the above-permitted amendments or modifications. Notwithstanding the foregoing, this Bond Legislation may be amended without the consent of any Bondholder as may be necessary to assure compliance with Section 148(f) of the Code relating to rebate requirements or otherwise as may be necessary to assure the exclusion of interest on the Series 1994 A Bonds from gross income of the Holders thereof.

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

Section 11.03. Severability of Invalid Provisions. If any section, paragraph, clause or provision of this Ordinance should be held invalid by any court of competent jurisdiction, the invalidity of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Ordinance, the Series 1994 B Bonds Ordinance, the Supplemental Resolutions thereto, or the Bonds.

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

Section 11.05. Conflicting Provisions Repealed. All ordinances, orders or resolutions and or parts thereof in conflict with the provisions of this Ordinance are, to the extent of such conflict, hereby repealed, provided that, in the event of any conflict between this Ordinance and the Series 1994 B Bonds Ordinance, the more restricive provision shall control.

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

Section 11.07. Effective Date. This Ordinance shall take effect immediately following public hearing hereon.

Section 11.08. Statutory Notice and Public Hearing. Upon adoption hereof, an abstract of this Ordinance determined by the Governing Body to contain sufficient information as to give notice of the contents hereof shall be published once a week for 2 successive weeks within a period of fourteen consecutive days, with at least 6 full days intervening between each publication, in the Hancock County Courier, a newspaper published and of general circulation in the City of New Cumberland, together with a notice stating that this Ordinance has been adopted and that the Issuer contemplates the issuance of the Bonds, and that any person interested may appear before the Council upon a date certain, not less than ten days subsequent to the date of the first publication of such abstract of this Ordinance and notice, and present protests, and that a certified copy of this Ordinance is on file with the Governing Body for review by interested persons during office hours of the Governing Body. At such hearing, all objections and suggestions shall be heard and the Governing Body shall take such action as it shall deem proper in the premises.

Passed on First Reading:	-	September 12, 1994
Passed on Second Reading:	-	September 19, 1994
Passed on Final Reading Following Public Hearing:	-	October 3, 1994

Timothy P. Crazo
Mayor

Jacqueline L. Kalson
City Clerk

CERTIFICATION

Certified a true copy of an Ordinance duly enacted by the Council of the CITY OF NEW CUMBERLAND on the 3rd day of October, 1994.

Dated: October 27, 1994.

[SEAL]

Jacqueline L. Kalson
City Clerk

10/06/94
NCC.A4
658300/94001

EXHIBIT A

[Loan Agreement attached to bond transcript as Document 3.]

CITY OF NEW CUMBERLAND

Combined Waterworks and Sewerage System Revenue Bonds, Series 1994 A (West Virginia Water Development Authority)

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNT, DATE, MATURITY DATE, REDEMPTION PROVISION, INTEREST RATE, INTEREST AND PRINCIPAL PAYMENT DATES, SALE PRICE AND OTHER TERMS OF THE COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1994 A (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), OF THE CITY OF NEW CUMBERLAND; AUTHORIZING AND APPROVING A LOAN AGREEMENT RELATING TO SUCH BONDS AND THE SALE AND DELIVERY OF SUCH BONDS TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

WHEREAS, the council (the "Governing Body") of the City of New Cumberland (the "Issuer"), has duly and officially adopted and enacted a bond ordinance, effective October 3, 1994 (the "Bond Ordinance"), entitled:

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF EXTENSIONS, ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE SEWERAGE PORTION OF THE EXISTING PUBLIC COMBINED WATERWORKS AND SEWERAGE SYSTEM OF THE CITY OF NEW CUMBERLAND AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE CITY OF NOT MORE THAN $700,000 IN AGGREGATE PRINCIPAL AMOUNT OF COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1994 A (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF

SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING A LOAN AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

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

WHEREAS, the Bond Ordinance provides for the issuance of Combined Waterworks and Sewerage System Revenue Bonds, Series 1994 A (West Virginia Water Development Authority), of the Issuer (the "Bonds" or the "Series 1994 A Bonds"), in the aggregate principal amount not to exceed $700,000, and has authorized the execution and delivery of a loan agreement relating to the Bonds (the "Loan Agreement"), by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), all in accordance with Chapter 8, Article 20 of the West Virginia Code of 1931, as amended (the "Act"); and in the Bond Ordinance it is provided that the form of the Loan Agreement and the exact principal amount, date, maturity date, redemption provision, interest rate, interest and principal payment dates, sale price and other terms of the Bonds should be established by a supplemental resolution pertaining to the Bonds; and that other matters relating to the Bonds be herein provided for;

WHEREAS, the Loan Agreement has been presented to the Issuer at this meeting;

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

WHEREAS, the Governing Body deems it essential and desirable that this supplemental resolution (the "Supplemental Resolution") be adopted and that the Loan Agreement be approved and entered into by the Issuer, that the exact principal amount, the date, the maturity date, the redemption provisions, the interest rate, the interest and principal payment dates and the sale price of the Bonds be fixed hereby in the manner stated herein, and that other matters relating to the Bonds be herein provided for;

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

Section 1. Pursuant to the Bond Ordinance and the Act, this Supplemental Resolution is adopted and there are hereby authorized and ordered to be issued the Combined Waterworks and Sewerage System Revenue Bonds, Series 1994 A (West Virginia Water Development Authority), of the Issuer, originally represented by a single Bond, numbered AR-1, in the principal amount of $647,121. The Bonds shall be dated the date of delivery thereof, shall finally mature October 1, 2033, and shall bear interest at the rate of 6.75% per annum, payable semiannually on April 1 and October 1 of each year, beginning April 1, 1995. The Bonds shall be payable in annual installments of principal on October 1 of each year, commencing October 1, 1996, and ending October 1, 2033, and in the amounts as set forth in "Schedule X" attached to the Loan Agreement and incorporated in and made a part of the Bonds. The Bonds shall be subject to redemption upon the written consent of the Authority, and upon payment of the interest and redemption premium, if any, and otherwise in compliance with the Loan Agreement, so long as the Authority shall be the registered owner of the Bonds.

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

Section 3. The Issuer does hereby authorize, approve and accept the Loan Agreement, a copy of which is incorporated herein by reference, and the execution and delivery of the Loan Agreement by the Mayor, and 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 Authority. The price of the Bonds shall be 100% of par value, there being no interest accrued thereon.

Section 4. The Issuer does hereby appoint and designate One Valley Bank, National Association, Charleston, West Virginia, as Registrar (the "Registrar") for the Bonds and does approve and accept the Registrar's Agreement to be dated the date of delivery of the Bonds, by and between the Issuer and the Registrar, in substantially the form attached hereto, and the execution and delivery of the Registrar's Agreement by the Mayor, and the performance of the obligations contained therein, on behalf of the Issuer, are hereby authorized, approved and directed.

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

Section 6. The Issuer does hereby appoint Hancock County Savings Bank, New Cumberland, West Virginia, as Depository Bank under the Bond Ordinance.

Section 7. Series 1994 A Bonds proceeds in the amount of $-0- shall be deposited in the Series 1994 A Bonds Sinking Fund, as capitalized interest. The Issuer shall

deposit $60,441 in the Series 1994 A Bonds Sinking Fund as capitalized interest with other funds available to the Issuer.

Section 8. Series 1994 A Bonds proceeds in the amount of $-0- shall be deposited in the Series 1994 A Bonds Reserve Account. The Issuer shall deposit $47,664 in the Series 1994 A Bonds Reserve Account with other funds available to the Issuer.

Section 9. Series 1994 A Bonds proceeds or other funds of the Issuer in the amount of $4,444 shall be paid to the Authority to pay in full the principal of and interest accrued on all borrowings by the Issuer from the Authority for financing the planning and design of sewerage facilities for the System.

Section 10. The balance of the proceeds of the Bonds shall be deposited in or credited to the Series 1994 A Bonds Construction Trust Fund for payment of Costs of the Project, including costs of issuance of the Bonds and related costs.

Section 11. The Mayor and City Clerk are hereby authorized and directed to execute and deliver such other documents and certificates required or desirable in connection with the Bonds hereby and by the Bond Ordinance approved and provided for, to the end that the Bonds may be delivered on or about October 27, 1994, to the Authority pursuant to the Loan Agreement.

Section 12. The acquisition and construction of the Project and the financing thereof in part with proceeds of the Bonds is in the public interest, serves a public purpose of the Issuer and will promote the health, welfare and safety of the residents of the Issuer.

Section 13. The Issuer hereby determines to invest all moneys in the funds and accounts established by the Bond Ordinance held by the Depository Bank until expended, in repurchase agreements or time accounts, secured by a pledge of Government Obligations, and therefore, the Issuer hereby directs the Depository Bank to take such actions as may be necessary to cause such moneys to be invested in such repurchase agreements or time accounts until further directed in writing by the Issuer. Moneys in the Series 1994 A Bonds Sinking Fund, including the Series 1994 A Bonds Reserve Account therein, shall be invested by the West Virginia Municipal Bond Commission in the West Virginia Consolidated Fund.

Section 14. The Issuer shall not permit at any time or times any of the proceeds of the Bonds or any other funds of the Issuer to be used directly or indirectly in a manner which would result in the exclusion of the Bonds from the treatment afforded by Section 103(a) of the Internal Revenue Code of 1986, as amended, and any regulations promulgated thereunder or under any predecessor thereto (the "Code"), by reason of the classification of the Bonds as "private activity bonds" within the meaning of the Code. The Issuer will take all actions necessary to comply with the Code and Treasury Regulations to be promulgated thereunder.

Section 15. The Issuer is a governmental unit with general taxing powers to finance operations of or facilities of the nature of the Project and the System; no part of the Bonds are private activity bonds; 95% or more of the net proceeds of the Bonds are to be used for local governmental activities of the Issuer; and the Issuer reasonably expects to issue less than $5,000,000 aggregate principal face amount of tax-exempt obligations (other than private activity bonds) during the calendar year 1994, being the calendar year in which the Bonds are to be issued. For purposes of this Section and for purposes of applying Section 148(f)(4)(D) of the Code, the Issuer and all entities which issue obligations on behalf of the Issuer shall be treated as one issuer; all obligations issued by a governmental unit to make loans to other governmental units with general taxing powers not subordinate to such unit shall, for purposes of applying this Section and Section 148(f)(4)(D) of the Code, be treated as not issued by such unit; all obligations issued by a subordinate entity shall, for purposes of applying this Section and Section 148(f)(4)(D) of the Code to each other entity to which such entity is subordinate, be treated as issued by such other entity; and an entity formed (or, to the extent provided by the Secretary, as set forth in the Code, availed of) to avoid the purposes of such Section 148(f)(4)(D) of the Code and all other entities benefiting thereby shall be treated as one issuer.

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

Adopted this 12th day of October, 1994.

CITY OF NEW CUMBERLAND

Timothy P. Crazo
Mayor

Jacqueline L. Rabson
City Clerk

CERTIFICATION

Certified a true copy of a Supplemental Resolution duly adopted by the Council of the City of New Cumberland on the 12th day of October, 1994.

Dated: October 27, 1994.

[SEAL]

City Clerk

10/11/94
NCC.L3
658300/94001

CITY OF NEW CUMBERLAND

COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1994 B (WEST VIRGINIA SRF PROGRAM)

BOND ORDINANCE

Table of Contents

Subject		Page
ARTICLE I		
STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS		
Section 1.01	Authority for this Ordinance	1
Section 1.02	Findings	1
Section 1.03	Bond Legislation Constitutes Contract	4
Section 1.04	Definitions	4
ARTICLE II		
AUTHORIZATION OF ACQUISITION AND CONSTRUCTION OF THE PROJECT		
Section 2.01	Authorization of Acquisition and Construction of the Project	12
ARTICLE III		
AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND SALE OF BONDS; AUTHORIZATION AND EXECUTION OF LOAN AGREEMENT		
Section 3.01	Authorization of Bonds	13
Section 3.02	Terms of Bonds	13
Section 3.03	Execution of Bonds	14
Section 3.04	Authentication and Registration	14
Section 3.05	Negotiability, Transfer and Registration	14
Section 3.06	Bonds Mutilated, Destroyed, Stolen or Lost	15
Section 3.07	Bonds not to be Indebtedness of the Issuer	15
Section 3.08	Bonds Secured by Pledge of Gross Revenues	16

Section 3.09	Delivery of Bonds	16
Section 3.10	Form of Series 1994 B Bonds	16
	FORM OF SERIES 1994 B BOND	17
Section 3.11	Sale of Bonds; Approval and Ratification of Execution of Loan Agreement	25
Section 3.12	"Amended Schedule A" Filing	25

ARTICLE IV
[RESERVED] 26

ARTICLE V
FUNDS AND ACCOUNTS; SYSTEM REVENUES AND APPLICATION THEREOF

Section 5.01	Establishment of Funds and Accounts with Depository Bank	27
Section 5.02	Establishment of Funds and Accounts with Commission	27
Section 5.03	System Revenues; Flow of Funds	27

ARTICLE VI
BOND PROCEEDS; CONSTRUCTION DISBURSEMENTS

Section 6.01	Application of Bond Proceeds; Pledge of Unexpended Bond Proceeds	32
Section 6.02	Disbursements From the Bond Construction Trust Fund	33

ARTICLE VII
ADDITIONAL COVENANTS OF THE ISSUER

Section 7.01	General Covenants of the Issuer	34
Section 7.02	Bonds not to be Indebtedness of the Issuer	34
Section 7.03	Bonds Secured by Pledge of Gross Revenues	34
Section 7.04	Rates and Charges	34
Section 7.05	Sale of the System	34
Section 7.06	Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances	36
Section 7.07	Parity Bonds	36
Section 7.08	Books; Records and Facilities	38
Section 7.09	Rates	40
Section 7.10	Operating Budget; Audit and Monthly Financial Report	40
Section 7.11	Engineering Services and Operating Personnel	41
Section 7.12	No Competing Franchise	42

Section 7.13	Enforcement of Collections	42
Section 7.14	No Free Services	42
Section 7.15	Insurance and Construction Bonds	43
Section 7.16	Mandatory Connections	44
Section 7.17	Completion of Project; Permits and Orders	45
Section 7.18	Compliance with Loan Agreement and Law	45
Section 7.19	Tax Covenants	45
Section 7.20	Statutory Mortgage Lien	46

ARTICLE VIII
INVESTMENT OF FUNDS; NON ARBITRAGE

Section 8.01	Investments	47
Section 8.02	Arbitrage	47
Section 8.03	Small Issuer Exemption from Rebate of Excess Investment Earnings to the United States	48

ARTICLE IX
DEFAULT AND REMEDIES

Section 9.01	Events of Default	50
Section 9.02	Remedies	50
Section 9.03	Appointment of Receiver	50

ARTICLE X
DEFEASANCE

Section 10.01	Defeasance of Bonds	52

ARTICLE XI
MISCELLANEOUS

Section 11.01	Amendment or Modification of Bond Legislation	53
Section 11.02	Bond Legislation Constitutes Contract	53
Section 11.03	Severability of Invalid Provisions	53
Section 11.04	Headings, Etc.	53
Section 11.05	Conflicting Provisions Repealed	53
Section 11.06	Covenant of Due Procedure, Etc.	54
Section 11.07	Effective Date	54
Section 11.08	Statutory Notice and Public Hearing	54
	SIGNATURES	54
	CERTIFICATION	55
	EXHIBIT A	56

CITY OF NEW CUMBERLAND

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF EXTENSIONS, ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE SEWERAGE PORTION OF THE EXISTING PUBLIC COMBINED WATERWORKS AND SEWERAGE SYSTEM OF THE CITY OF NEW CUMBERLAND AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE CITY OF NOT MORE THAN $600,000 IN AGGREGATE PRINCIPAL AMOUNT OF COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1994 B (WEST VIRGINIA SRF PROGRAM); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING A LOAN AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

BE IT ORDAINED AND ENACTED BY THE COUNCIL OF THE CITY OF NEW CUMBERLAND:

ARTICLE I

STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

Section 1.01. Authority for this Ordinance. This Ordinance (together with any ordinance, order or resolution supplemental hereto or amendatory hereof, the "Bond Legislation") is enacted pursuant to the provisions of Chapter 8, Article 20 and Chapter 22C, Article 2 of the West Virginia Code of 1931, as amended (collectively, the "Act"), and other applicable provisions of law.

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

A. The City of New Cumberland (the "Issuer") is a municipal corporation and political subdivision of the State of West Virginia in Hancock 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 extensions, additions, betterments and improvements to the sewerage portion of the existing public combined waterworks and sewerage system of the Issuer, consisting of a secondary sewage treatment facility, together with all appurtenant facilities, including a conventional gravity vacuum and low pressure force main sewer system with a gravity collection station and raw sewage pumping station already constructed (collectively, the "Project") (the existing public combined waterworks and sewerage system of the Issuer, the Project and any further extensions, additions, betterments and improvements thereto are herein called the "System") at an estimated cost of not more than $4,600,000, in accordance with the plans and specifications prepared by the Consulting Engineers, which plans and specifications have heretofore been filed with the Issuer.

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

D. It is deemed necessary for the Issuer to issue its Combined Waterworks and Sewerage System Revenue Bonds, Series 1994 B (West Virginia SRF Program), in the total aggregate principal amount of not more than $600,000 (the "Series 1994 B Bonds"), initially to be represented by a single bond, to permanently finance costs of acquisition and construction of the Project. Said costs shall be deemed to include the cost of all property rights, easements and franchises deemed necessary or convenient therefor; interest upon the Series 1994 B Bonds prior to and during acquisition and construction of the Project and for a period not exceeding 6 months after completion of acquisition and construction of the Project; amounts which may be deposited in the Series 1994 B 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, discount, initial fees for the services of registrars, paying agents, depositories or trustees or other costs in connection with the sale of the Series 1994 B Bonds and such other expenses as may be necessary or incidental to the financing herein authorized, the acquisition or construction of the Project and the placing of same in operation, and the performance of the things herein required or permitted, in connection with any thereof, provided, that reimbursement to the Issuer for any amounts expended by it for allowable costs prior to the issuance of the Series 1994 B Bonds or the repayment of indebtedness incurred by the Issuer for such purposes shall be deemed Costs of the Project, as hereinafter defined.

E. The period of usefulness of the System after completion of the Project is not less than 20 years.

F. It is in the best interests of the Issuer that its Series 1994 B Bonds be sold to the Authority pursuant to the terms and provisions of a loan agreement by and among the Issuer, the Authority and the West Virginia Division of Environmental Protection, a division of the West Virginia Bureau of Environment (the "DEP"), in form satisfactory to the Issuer, the Authority and the DEP, to be approved hereby if not previously approved by resolution of the Issuer.

G. There are outstanding obligations of the Issuer which will rank on a parity with the Series 1994 B Bonds as to liens, pledge, source of and security for payment, being the Issuer's Combined Waterworks and Sewerage System Revenue Bonds, Series 1994 A (West Virginia Water Development Authority) (the "Series 1994 A Bonds"), issued concurrently with the Series 1994 B Bonds, pursuant to an ordinance enacted by the Issuer simultaneously herewith on October 3, 1994 (the "Series 1994 A Bonds Ordinance"). The Issuer has met the parity test requirements of the Series 1994 A Bonds and the Series 1994 A Bonds Ordinance. Other than the Series 1994 A Bonds, there are no outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System.

H. The estimated revenues to be derived in each year after completion of the Project from the operation of the System will be sufficient to pay all costs of operation and maintenance of the System and the principal of and interest on the Bonds (as hereinafter defined) and to make payments into all Sinking Funds, Reserve Accounts and other payments provided for herein and in the Series 1994 A Bonds Ordinance, all as such terms are hereinafter defined.

I. The Issuer has complied with all requirements of West Virginia law and the Loan Agreement relating to authorization of the acquisition, construction and operation of the Project and the System and issuance of the Series 1994 B Bonds, or will have so complied prior to issuance of any thereof, including, among other things, the obtaining of a certificate of convenience and necessity from the Public Service Commission of West Virginia by final order, the time for rehearing and appeal of which will either have expired prior to the issuance of the Series 1994 B Bonds or such final order will not be subject to appeal.

J. The Issuer is a governmental unit which has general taxing powers to finance operations of or facilities of the nature of the Project and the System; 95% or more of the Net Proceeds of the Series 1994 B Bonds are to be used for local governmental activities of the Issuer (or of a governmental unit the jurisdiction of which is entirely within the jurisdiction of the Issuer); and the Issuer, all subordinate entities, all entities which issue obligations on behalf of the Issuer, and all entities formed or, to the extent provided under Section 148 of the Code, herein defined, availed of, to avoid the purposes of

Section 148(f)(4)(D) of the Code and all other entities benefiting thereby reasonably expect to issue less than $5,000,000 aggregate principal amount of tax-exempt obligations (other than private activity bonds) during the calendar year in which the Series 1994 A Bonds and the Series 1994 B Bonds are to be issued.

Section 1.03. Bond Legislation Constitutes Contract. In consideration of the acceptance of the Series 1994 B Bonds by the Registered Owners of the same from time to time, this Bond Legislation shall be deemed to be and shall constitute a contract between the Issuer and such Bondholders, and the covenants and agreements herein set forth to be performed by the Issuer shall be for the equal benefit, protection and security of the Bondholders of any and all of such Bonds, all which shall be of equal rank and without preference, priority or distinction between any one Bond and any other Bonds and by reason of priority of issuance or otherwise, except as expressly provided therein and herein.

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

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

"Authority" means the West Virginia Water Development Authority, which is expected to be the original purchaser and Registered Owner of the Series 1994 B Bonds, or any other agency, board or department of the State that succeeds to the functions of the Authority.

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

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

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

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

"Bonds" means, collectively, the Series 1994 B Bonds, the Series 1994 A Bonds and, where appropriate, any bonds on a parity therewith subsequently authorized to be issued hereunder or by another ordinance of the Issuer.

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

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

"Closing Date" means the date upon which there is an exchange of the Series 1994 B Bonds for the proceeds or at least a de minimis portion thereof representing the purchase price of the Series 1994 B Bonds from the Authority.

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

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

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

"Consulting Engineers" means KLH Engineers, Inc., Pittsburgh, Pennsylvania, or any qualified engineer or firm of engineers that shall at any time hereafter be retained by the Issuer as Consulting Engineers for the System, or portion thereof; provided however, that the Consulting Engineers shall not be a regular, full-time employee of the State or any of its agencies, commissions, or political subdivisions.

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

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

"DEP" means the West Virginia Division of Environmental Protection, a division of the West Virginia Bureau of Environment, or any other agency, board or department of the State that succeeds to the functions of the DEP.

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

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

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

"Governing Body" means the Council of the Issuer.

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

"Grant" means all moneys received by the Issuer on account of any Grant.

"Gross Revenues" means the aggregate gross operating and non-operating revenues of the System, as hereinafter defined, determined in accordance with generally accepted accounting principles, after deduction of prompt payment discounts, if any, and reasonable provision for uncollectible accounts; provided, that "Gross Revenues" does not include any gains from the sale or other disposition of, or from any increase in the value of, capital assets (including Qualified Investments, as hereinafter defined, purchased pursuant to Article 8.01 hereof) or any Tap Fees, as hereinafter defined.

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

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

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

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

"Loan Agreement" means the Loan Agreement heretofore entered, or to be entered, into among the Authority, the DEP and the Issuer, providing for the purchase of the Series 1994 B 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 1994 B Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds,

if any, deposited in the Series 1994 B 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 1994 B Bonds, without regard to whether or not such investment is made in tax-exempt obligations.

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

"Nonpurpose Investment" means any Investment Property which is acquired with the gross proceeds or any other proceeds of the Series 1994 B Bonds and is not acquired in order to carry out the governmental purpose of the Series 1994 B Bonds.

"Operating Expenses" means the reasonable, proper and necessary costs of repair, operation and maintenance of the System, as hereinafter defined, and includes, without limiting the generality of the foregoing, administrative, engineering, legal, auditing and insurance expenses, other than those capitalized as part of the Costs, fees and expenses of the Authority, fiscal agents, the Depository Bank, 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 Series 1994 A Bonds or the Series 1994 B Bonds, charges for depreciation, losses from the sale or other disposition of, or from any decrease in the value of, capital assets, amortization of debt discount or such miscellaneous deductions as are applicable to prior accounting periods.

"Outstanding," when used with reference to Bonds and as of any particular date, describes all Bonds theretofore and thereupon being authenticated and delivered except (i) any Bond cancelled by the Bond Registrar at or prior to said date; (ii) any Bond for the payment of which 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 Bondholders, 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 such other entity or authority as may be designated as a Paying Agent by the Issuer in the Supplemental Resolution with the written consent of the Authority and the DEP.

"Private Business Use" means use directly or indirectly in a trade or business carried on by a natural person, including all persons "related" to such person within the meaning of Section 144(a)(3) of the Code, or in any activity carried on by a person other than a natural person, including all persons "related" to such person within the meaning of

Section 144(a)(3) of the Code, excluding, however, use by a state or local governmental unit and use as a member of the general public. All of the foregoing shall be determined in accordance with the Code, including, without limitation, giving due regard to "incidental use," if any, of the proceeds of the issue and/or proceeds used for "qualified improvements," if any.

"Project" means the acquisition and construction of certain extensions, additions, betterments and improvements to the sewerage portion of the existing public combined waterworks and sewerage system of the Issuer, consisting of a secondary sewage treatment facility, together with all appurtenant facilities, including a conventional gravity vacuum and low pressure force main sewer system with a gravity collection station and raw sewage pumping station already constructed.

"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 Coóperatives; Federal Intermediate Credit Banks; Federal Home Loan Bank System; Export-Import Bank of the United States; Federal Land Banks; Government National Mortgage Association; Tennessee Valley Authority; or Washington Metropolitan Area Transit Authority;

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

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

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

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

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

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

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

"Registrar" means the Bond Registrar.

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

"Renewal and Replacement Fund" means the Renewal and Replacement Fund established by Section 5.01 of the Series 1994 A Bonds Ordinance.

"Reserve Accounts" means, collectively, the respective reserve account established for the Series 1994 A Bonds and the Series 1994 B Bonds.

"Reserve Requirement" means, collectively, the respective amount required to be on deposit in any reserve account for the Bonds.

"Revenue Fund" means the Revenue Fund established by Section 5.01 of the Series 1994 A Bonds Ordinance.

"Series 1994 A Bonds" means the not more than $700,000 aggregate principal amount of Combined Waterworks and Sewerage System Revenue Bonds, Series 1994 A (West Virginia Water Development Authority), of the Issuer.

"Series 1994 A Bonds Ordinance" means the ordinance of the Issuer enacted simultaneously herewith on October 3, 1994, authorizing the Series 1994 A Bonds.

"Series 1994 A Bonds Reserve Account" means the Series 1994 A Bonds Reserve Account established in the Series 1994 A Bonds Sinking Fund pursuant to Section 5.02 of the Series 1994 A Bonds Ordinance.

"Series 1994 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 1994 A Bonds in the then current or any succeeding year.

"Series 1994 A Bonds Sinking Fund" means the Series 1994 A Bonds Sinking Fund established by Section 5.02 of the Series 1994 A Bonds Ordinance.

"Series 1994 B Bonds" means the not more than $600,000 in aggregate principal amount of Combined Waterworks and Sewerage System Revenue Bonds, Series 1994 B (West Virginia SRF Program), of the Issuer, authorized by this Ordinance.

"Series 1994 B Bonds Construction Trust Fund" means the Series 1994 B Bonds Construction Trust Fund established by Section 5.01 hereof.

"Series 1994 B Bonds Reserve Account" means the Series 1994 B Bonds Reserve Account established in the Series 1994 B Bonds Sinking Fund pursuant to Section 5.02 hereof.

"Series 1994 B Bonds Reserve Requirement" means, as of any date of calculation, the maximum amount of principal and interest which will become due on the Series 1994 B Bonds in the then current or any succeeding year.

"Series 1994 B Bonds Sinking Fund" means the Series 1994 B Bonds Sinking Fund established by Section 5.02 hereof.

"Sinking Funds" means, collectively, the respective sinking fund established for the Series 1994 A Bonds and the Series 1994 B Bonds.

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

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

"State" means the State of West Virginia.

"Supplemental Resolution" means any resolution, ordinance or order of the Issuer supplementing or amending this Ordinance and, when preceded by the article "the," refers specifically to the supplemental resolution authorizing the sale of the Series 1994 B Bonds; provided, that any matter intended by this Ordinance to be included in the Supplemental Resolution with respect to the Series 1994 B Bonds, and not so included may be included in another Supplemental Resolution.

"System" means the complete public combined waterworks and sewerage system of the Issuer, as presently existing in its entirety or any integral part thereof, and shall include the Project and any further extensions, additions, betterments and improvements thereto hereafter constructed or acquired from any sources whatsoever.

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

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

ARTICLE II

AUTHORIZATION OF ACQUISITION AND CONSTRUCTION OF THE PROJECT

Section 2.01. Authorization of Acquisition and Construction of the Project. There is hereby authorized and ordered the acquisition and construction of the Project, at an estimated cost of not to exceed $4,600,000, 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 1994 B Bonds hereby authorized shall be applied as provided in Article VI hereof. The Issuer has received bids and will enter into contracts for the acquisition and construction of the Project, compatible with the financing plan submitted to the SRF Program.

The cost of the Project is estimated not to exceed $4,600,000, of which approximately $700,000 will be obtained from proceeds of the Series 1994 A Bonds, approximately $600,000 will be obtained from proceeds of the Series 1994 B Bonds, approximately $2,500,000 from a grant by the United States Environmental Protection Agency, and approximately $750,000 from a grant by the United States Department of Housing and Urban Development (Small Cities Block Grant through the State of West Virginia).

The Project consists of two phases. The first phase of the Project, which has been completed, consists of the construction of a conventional gravity vacuum and low pressure force main sewer system with a gravity collection station and raw sewage pumping station. This phase of the Project has been paid with a portion of the grant from the United States Environmental Protection Agency and the grant from the United States Department of Housing and Urban Development (Small Cities Block Grant through the State of West Virginia). The second phase of the Project, which has yet to be constructed, consists of the construction of a secondary sewage treatment plant, together with all appurtenant facilities. This phase of the Project will be paid with the remaining portion of the grant from the United States Environmental Protection Agency and the grant from the United States Department of Housing and Urban Development (Small Cities Block Grant through the State of West Virginia) and the proceeds of the Series 1994 A Bonds and the Series 1994 B Bonds.

ARTICLE III

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

Section 3.01. Authorization of Bonds. For the purposes of capitalizing interest on the Series 1994 B Bonds, funding a reserve account for the Series 1994 B Bonds, paying Costs of the Project not otherwise provided for and paying certain costs of issuance and related costs, or any or all of such purposes, as determined by the Supplemental Resolution, there shall be and hereby are authorized to be issued the negotiable Series 1994 B Bonds of the Issuer. The Series 1994 B Bonds shall be issued as a single bond, designated "Combined Waterworks and Sewerage System Revenue Bond, Series 1994 B (West Virginia SRF Program)", in the principal amount of not more than $600,000, and shall have such terms as set forth hereinafter and in the Supplemental Resolution. The proceeds of the Series 1994 B Bonds remaining after funding of the Series 1994 B Bonds Reserve Account (if funded from Bond proceeds) and capitalizing interest on the Series 1994 B Bonds, if any, shall be deposited in or credited to the Series 1994 B Bonds Construction Trust Fund established by Section 5.01 hereof.

Section 3.02. Terms of Bonds. The Series 1994 B Bonds 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 1994 B Bonds shall be payable as to principal at the office of the Paying Agent, in any coin or currency which, on the dates of payment of principal is legal tender for the payment of public or private debts under the laws of the United States of America. Interest on the Series 1994 B Bonds, if any, shall be paid by check or draft of the Paying Agent or its agent, mailed to the Registered Owner thereof at the address as it appears on the books of the Bond Registrar, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner thereof.

Unless otherwise provided by the Supplemental Resolution, the Series 1994 B Bonds shall initially be issued in the form of a single bond, fully registered to the Authority, with a record of advances and a debt service schedule attached, representing the aggregate principal amount of the Series 1994 B Bonds, and shall mature in principal installments, all as provided in the Supplemental Resolution. The Series 1994 B Bonds shall be exchangeable at the option and expense of the Registered Owner for another fully registered Bond or Bonds of the same series in aggregate principal amount equal to the amount of said Bonds then Outstanding and being exchanged, with principal installments or maturities, as applicable, corresponding to the dates of payment of principal installments of said Bonds; provided, that the Authority shall not be obligated to pay any expenses of such exchange.

Subsequent series of Bonds, if any, shall be issued in fully registered form and in denominations as determined by a Supplemental Resolution. The Bonds shall be dated as of the date specified in a Supplemental Resolution and shall bear interest, if any, from the date so specified therein.

Section 3.03. Execution of Bonds. The Series 1994 B Bonds shall be executed in the name of the Issuer by the Mayor, and the seal of the Issuer shall be affixed thereto or imprinted thereon and attested by the City Clerk. In case any one or more of the officers who shall have signed or sealed the Series 1994 B Bonds shall cease to be such officer of the Issuer before the Series 1994 B Bonds so signed and sealed have been actually sold and delivered, such Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bonds had not ceased to hold such office. Any Series 1994 B Bonds may be signed and sealed on behalf of the Issuer by such person as at the actual time of the execution of such Bonds shall hold the proper office in the Issuer, although at the date of such Bonds such person may not have held such office or may not have been so authorized.

Section 3.04. Authentication and Registration. No Series 1994 B 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 1994 B 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 1994 B Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder, in accepting the Series 1994 B Bonds shall be conclusively deemed to have agreed that such Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder shall further be conclusively deemed to have agreed that said Bonds shall be incontestable in the hands of a bona fide holder for value.

So long as the Series 1994 B Bonds remain outstanding, the Issuer, through the Bond Registrar or its agent, shall keep and maintain books for the registration and transfer of such Bonds.

The registered Series 1994 B Bonds shall be transferable only upon the books of the Bond Registrar, by the registered owner thereof in person or by his attorney duly authorized in writing, upon surrender thereto together with a written instrument of transfer satisfactory to the Bond Registrar duly executed by the registered owner or his duly authorized attorney.

In all cases in which the privilege of exchanging Series 1994 B Bonds or transferring the registered Series 1994 B Bonds are exercised, all Series 1994 B Bonds shall be delivered in accordance with the provisions of this Bond Legislation. All Series 1994 B Bonds surrendered in any such exchanges or transfers shall forthwith be cancelled by the Bond Registrar. For every such exchange or transfer of Series 1994 B 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 1994 B Bonds during the period commencing on the 15th day of the month next preceding an interest payment date on the Series 1994 B Bonds or, in the case of any proposed redemption of Series 1994 B Bonds, next preceding the date of the selection of Bonds to be redeemed, and ending on such interest payment date or redemption date.

Section 3.06. Bonds Mutilated, Destroyed, Stolen or Lost. In case any Series 1994 B Bond shall become mutilated or be destroyed, stolen or lost, the Issuer may, in its discretion, issue, and the Bond Registrar shall, if so advised by the Issuer, authenticate and deliver, a new Bond of the same series and of like tenor as the Bonds so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond, upon surrender and cancellation of such mutilated Bond, or in lieu of and substitution for the Bond destroyed, stolen or lost, and upon the Holder's furnishing satisfactory indemnity and complying with such other reasonable regulations and conditions as the Issuer may prescribe and paying such expenses as the Issuer and the Bond Registrar may incur. All Bonds so surrendered shall be cancelled by the Bond Registrar and held for the account of the Issuer. If any such Bond shall have matured or be about to mature, instead of issuing a substitute Bond, the Issuer may pay the same, upon being indemnified as aforesaid, and if such Bond be lost, stolen or destroyed, without surrender thereof.

Section 3.07. Bonds not to be Indebtedness of the Issuer. The Series 1994 B Bonds shall not, in any event, be or constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provision or limitation, but shall be payable solely from the Gross Revenues derived from the operation of the System as herein provided and amounts, if any, in the Series 1994 B Bonds Sinking Fund and the Series 1994 B Bonds Reserve Account. No holder or holders of the Series 1994 B Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Series 1994 B Bonds or the interest thereon.

Section 3.08. Bonds Secured by Pledge of Gross Revenues. The payment of the debt service of all Series 1994 B Bonds shall be secured forthwith equally and ratably with each other by a first lien on the Gross Revenues derived from the System, on parity with the lien on the Gross Revenues in favor of the Holders of the Series 1994 A Bonds. Such Gross Revenues in an amount sufficient to pay the principal of and interest on and other payments for the Bonds and to make all other payments provided for in the Bond Legislation, are hereby irrevocably pledged to such payments as they become due.

Section 3.09. Delivery of Bonds. The Issuer shall execute and deliver the Series 1994 B Bonds to the Bond Registrar, and the Bond Registrar shall authenticate, register and deliver the Series 1994 B Bonds to the original purchasers upon receipt of the documents set forth below:

A. If other than the Authority, a list of the names in which the Series 1994 B Bonds are to be registered upon original issuance, together with such taxpayer identification and other information as the Bond Registrar may reasonably require;

B. A request and authorization to the Bond Registrar on behalf of the Issuer, signed by an Authorized Officer, to authenticate and deliver the Series 1994 B Bonds to the original purchasers;

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

D. An executed copy of the Loan Agreement; and

E. The unqualified approving opinion of bond counsel on the Series 1994 B Bonds.

Section 3.10. Form of Series 1994 B Bonds. The text of the Series 1994 B Bonds shall be in substantially the following form, with such omissions, insertions and variations as may be necessary and desirable and authorized or permitted hereby, or by any Supplemental Resolution adopted prior to the issuance thereof:

[FORM OF SERIES 1994 B BOND]

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
CITY OF NEW CUMBERLAND
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BOND,
SERIES 1994 B
(West Virginia SRF Program)

No. BR-____ $_____

KNOW ALL MEN BY THESE PRESENTS: That the CITY OF NEW CUMBERLAND, a municipal corporation and political subdivision of the State of West Virginia in Hancock County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the West Virginia Water Development Authority (the "Authority") or registered assigns the sum of _____ DOLLARS ($_____), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, in quarterly installments on _____ 1, _____ 1, _____ 1 and _____ 1 of each year, as set forth on the "Schedule of Annual Debt Service" attached as EXHIBIT B hereto and incorporated herein by reference, without 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 upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement by and among the Issuer, the Authority and the West Virginia Division of Environmental Protection, dated _____, 19_____.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain extensions, additions, betterments and improvements to the sewerage portion of the existing public combined waterworks and sewerage system of the Issuer (the "Project"); (ii) [to fund a reserve account for the Bonds of this Series (the "Bonds"); and (iii)] to pay certain costs of issuance hereof and related costs. The existing public combined

waterworks and sewerage system of the Issuer, the Project, and any further extensions, additions, betterments or improvements thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 8, Article 20 and Chapter 22C, Article 2 of the West Virginia Code of 1931, as amended (collectively, the "Act"), and a Bond Ordinance duly enacted by the Issuer on _____, 199____, and a Supplemental Resolution duly adopted by the Issuer on _____, 199____ (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS ISSUED ON PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1994 A (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED _____, 1994, ISSUED CONCURRENTLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $_____ (THE "SERIES 1994 A BONDS").

This Bond is payable only from and secured by a pledge of the Gross Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on parity with the pledge of Gross Revenues in favor of the Holders of the Series 1994 A Bonds, and from moneys in the Reserve Account created under the Bond Legislation for the Bonds (the "Series 1994 B Bonds Reserve Account"), and unexpended proceeds of the Bonds. Such Gross Revenues shall be sufficient to pay all operating expenses of the System and the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same, except from said special fund provided from the Gross Revenues, the moneys in the Series 1994 B Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest, if any, on the Bonds, and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with the Bonds, including the Series 1994 A Bonds; provided however, that so long as there exists in the Series 1994 B Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest, if any, which will become due on the Bonds in the then current or any succeeding

year, and in the respective reserve accounts established for any other obligations outstanding prior to or on a parity with the Bonds, including the Series 1994 A Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

Subject to the registration requirements set forth herein, this Bond is transferable, as provided in the Bond Legislation, only upon the books of One Valley Bank, National Association, Charleston, West Virginia, as registrar (the "Registrar"), by the registered owner, or by its attorney duly authorized in writing, upon the surrender of this Bond together with a written instrument of transfer satisfactory to the Registrar duly executed by the registered owner or its attorney duly authorized in writing.

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

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

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Bond have existed, have happened, and have been performed in due time, form and manner as required by law, and that the amount of this Bond, together with all other obligations of the Issuer, does not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia and that a sufficient amount of the Gross Revenues of the System has been pledged to and will be set aside into said special fund by the Issuer for the prompt payment of the principal of 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 NEW CUMBERLAND has caused this Bond to be signed by its Mayor, and its corporate seal to be hereunto affixed and attested by its City Clerk, and has caused this Bond to be dated _____, 199____.

[SEAL]

_____
Mayor

ATTEST:

_____
City Clerk

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 1994 B Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: _____, 199____.

ONE VALLEY BANK,
NATIONAL ASSOCIATION,
as Registrar

_____
Authorized Officer

EXHIBIT A

RECORD OF ADVANCES

	AMOUNT	DATE		AMOUNT	DATE
(1)	$		(7)	$	
(2)	$		(8)	$	
(3)	$		(9)	$	
(4)	$		(10)	$	
(5)	$		(11)	$	
(6)	$		(12)	$	

TOTAL $_____

EXHIBIT B

SCHEDULE OF ANNUAL DEBT SERVICE

(Form of)

ASSIGNMENT

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

Dated: _____, _____.

_____

In the presence of:

_____

Section 3.11. Sale of Bonds; Approval and Ratification of Execution of Loan Agreement. The Series 1994 B 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 in the form attached hereto as "Exhibit A" and made a part hereof, and the City Clerk is directed to affix the seal of the Issuer, attest the same and deliver the Loan Agreement to the Authority, and any such prior execution and delivery is hereby authorized, approved, ratified and confirmed.

Section 3.12. "Amended Schedule A" Filing. Within 60 days following the Completion Date, the Issuer will file with the Authority a schedule in substantially the form of the "Amended Schedule A" to the Loan Agreement, setting forth the actual costs of the Project and sources of funds therefor.

ARTICLE IV

[RESERVED]

ARTICLE V

FUNDS AND ACCOUNTS; SYSTEM REVENUES AND APPLICATION THEREOF

Section 5.01. Establishment of Funds and Accounts with Depository Bank. The following special funds or accounts are hereby created (or confirmed if concurrently established by the Series 1994 A Bonds Ordinance) with and shall be held by the Depository Bank separate and apart from all other funds or accounts of the Depository Bank and the Issuer and from each other:

(1) Revenue Fund (established by the Series 1994 A Bonds Ordinance);

(2) Renewal and Replacement Fund (established by the Series 1994 A Bonds Ordinance); and

(3) Series 1994 B Bonds Construction Trust Fund.

Section 5.02. Establishment of Funds and Accounts with Commission. The following special funds or accounts are hereby created (or confirmed if concurrently established by the Series 1994 A Bonds Ordinance) with and shall be held by the Commission separate and apart from all other funds or accounts of the Commission and the Issuer and from each other:

(1) Series 1994 A Bonds Sinking Fund (established by the Series 1994 A Bonds Ordinance);

(2) Within the Series 1994 A Bonds Sinking Fund, the Series 1994 A Bonds Reserve Account (established by the Series 1994 A Bonds Ordinance);

(3) Series 1994 B Bonds Sinking Fund; and

(4) Within the Series 1994 B Bonds Sinking Fund, the Series 1994 B Bonds Reserve Account.

Section 5.03. System Revenues; Flow of Funds. A. The entire Gross Revenues derived from the operation of the System shall be deposited upon receipt in the Revenue Fund. The Revenue Fund shall constitute a trust fund for the purposes provided in this Bond Legislation and in the Series 1994 A Bonds 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 this Bond Legislation and in the Series 1994 A Bonds Ordinance. All revenues at any time on deposit in the Revenue Fund shall be disposed of only in the following order and priority:

(1) The Issuer shall first, (i) on the first day of each month, commencing 4 months prior to the first date of payment of principal of the Series 1994 B Bonds, apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in the Series 1994 B Bonds Sinking Fund, an amount equal to 1/3rd of the amount of principal which will mature and become due on the Series 1994 B Bonds on the next ensuing quarterly principal payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 1994 B Bonds Sinking Fund and the next quarterly principal payment date is less than 4 months, then such monthly payments shall be increased proportionately to provide, one month prior to the next quarterly principal payment date, the required amount of principal coming due on such date, and (ii) simultaneously with the transfer set forth in subsection 5.03A(1)(i), on the first day of each month, transfer from the Revenue Fund and remit to the Commission the amounts required by the Series 1994 A Bonds Ordinance to be deposited in the Series 1994 A Bonds Sinking Fund for payment of the principal of and interest on the Series 1994 A Bonds.

(2) The Issuer shall next, (i) on the first day of each month, commencing 3 months prior to the first date of payment of principal of the Series 1994 B Bonds, if not fully funded upon issuance of the Series 1994 B Bonds, apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in the Series 1994 B Bonds Reserve Account, an amount equal to 1/120 of the Series 1994 B Bonds Reserve Requirement; provided that, no further payments shall be made into the Series 1994 B Bonds Reserve Account when there shall have been deposited therein, and as long as there shall remain on deposit therein, an amount equal to the Series 1994 B Bonds Reserve Requirement, and (ii) simultaneously with the transfer set forth in subsection 5.03A(2)(i), on the first day of each month, transfer from the Revenue Fund and remit to the Commission the amount required by the Series 1994 A Bonds Ordinance to be deposited in the Series 1994 A Bonds Reserve Account.

(3) Thereafter, the Issuer shall, each month, pay from the Revenue Fund current Operating Expenses of the System.

(4) The Issuer shall next, from the moneys remaining in the Revenue Fund, on the first day of each month, commencing with the first month in which any of the above payments shall be payable from the Revenue Fund, as set forth in the Series 1994 A Bonds Ordinance and not in addition thereto, transfer to the Renewal and Replacement Fund, a sum equal to 2 1/2% of the Gross Revenues each month, exclusive of any payments for account of any Reserve Account. All funds in the Renewal and Replacement Fund shall be kept apart from all other funds of the Issuer or of the

Depository Bank and shall be invested and reinvested in accordance with Article VIII hereof. 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 the Series 1994 A Bonds Reserve Account and the Series 1994 B Bonds Reserve Account [except to the extent such deficiency exists because the required payments into such account have not, as of the date of determination of a deficiency, funded such account to the maximum extent required hereof] shall be promptly eliminated with moneys from the Renewal and Replacement Fund.

Moneys in the Series 1994 B Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest, if any, on the Series 1994 B Bonds as the same shall become due. Moneys in the Series 1994 B Bonds Reserve Account shall be used only for the purpose of paying principal of and interest, if any, on the Series 1994 B Bonds as the same shall come due, when other moneys in the Series 1994 B Bonds Sinking Fund are insufficient therefor, and for no other purpose.

All investment earnings on moneys in the Series 1994 B Bonds Sinking Fund and the Series 1994 B Bonds Reserve Account shall be returned, not less than once each year, by the Commission to the Issuer, and such amounts shall, during construction of the Project, be deposited in the Series 1994 B Bonds Construction Trust Fund, and following completion of construction of the Project, shall be deposited in the Revenue Fund and applied in full, first to the next ensuing interest payment due, if any, on the Series 1994 B Bonds and then to the next ensuing principal payment due thereon.

Any withdrawals from the Series 1994 B Bonds Reserve Account which result in a reduction in the balance of the Series 1994 B Bonds Reserve Account to below the Series 1994 B Bonds Reserve Requirement shall be subsequently restored from the first Gross Revenues available after all required payments have been made in full to the Series 1994 A Bonds Sinking Fund and the Series 1994 B Bonds Sinking Fund.

As and when additional Bonds ranking on a parity with the Series 1994 B Bonds are issued, provision shall be made for additional payments into the respective sinking fund sufficient to pay the interest on such additional parity Bonds and accomplish retirement thereof at maturity and to accumulate a balance in the appropriate reserve account in an amount equal to the maximum amount of principal and interest which will become due in any year for account of the Bonds of such series, including such additional Bonds.

The Issuer shall not be required to make any further payments into the Series 1994 B Bonds Sinking Fund, or the Series 1994 B Bonds Reserve Account therein when the aggregate amount of funds therein are at least equal to the aggregate principal amount of the Series 1994 B Bonds issued pursuant to this Bond Legislation then Outstanding and all interest, if any, to accrue until the maturity thereof.

Principal and interest payments, and any payments made for the purpose of funding a deficiency in any Reserve Account, shall be made on a parity and pro rata, with respect to the Series 1994 A Bonds and Series 1994 B 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 1994 B Bonds Sinking Fund and the Series 1994 B Bonds Reserve Account created hereunder, and all amounts required for said accounts shall be remitted to the Commission from the Revenue Fund by the Issuer at the times provided herein.

Moneys in the Series 1994 B Bonds Sinking Fund and the Series 1994 B Bonds Reserve Account shall be invested and reinvested by the Commission in accordance with Section 8.01 hereof.

The Series 1994 B Bonds Sinking Fund, including the Series 1994 B Bonds Reserve Account therein, shall be used solely and only for, and are hereby pledged for, the purpose of servicing the Series 1994 B Bonds and any additional Bonds ranking on a parity therewith that may be issued and Outstanding under the conditions and restrictions hereinafter set forth.

B. The Issuer shall on the first day of each month (if such day is not a business day, then the next succeeding business day) deposit with the Commission the required principal, interest and reserve payments with respect to the Series 1994 B Bonds and all such payments shall be remitted to the Commission with appropriate instructions as to the custody, use and application thereof consistent with the provisions of this Bond Legislation.

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

D. 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 said 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 Issuer shall remit from the Revenue Fund to the Commission, the Registrar, the Paying Agent or the Depository Bank, on such dates as the Commission, the Registrar, the Paying Agent or the Depository Bank, as the case may be, shall require, such additional sums as shall be necessary to pay their respective charges, fees and expenses then due. The Issuer shall also remit from the Revenue Fund to the Authority, on such dates as

the Authority shall require, the Issuer's allocable share of reasonable administrative expenses, if any, incurred by the Authority with respect to the SRF Program.

F. The moneys in excess of the sum insured by the maximum amounts insured by FDIC in the Revenue Fund and the 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.

G. If on any monthly payment date the revenues are insufficient to place the required amount in any of the funds and accounts as hereinabove provided, the deficiency shall be made up in the subsequent payments in addition to the payments which would otherwise be required to be made into the funds and accounts on the subsequent payment dates; provided, however, that the priority of curing deficiencies in the funds and accounts herein shall be in the same order as payments are to be made pursuant to this Section 5.03 and Section 5.03 of the Series 1994 A Bonds Ordinance, and the Gross Revenues shall be applied to such deficiencies before being applied to any other payments hereunder.

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

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

ARTICLE VI

BOND PROCEEDS; CONSTRUCTION DISBURSEMENTS

Section 6.01. Application of Bond Proceeds; Pledge of Unexpended Bond Proceeds. From the moneys received from the sale of any or all of the Series 1994 B Bonds, the following amounts shall be first deducted and deposited in the order set forth below:

A. From the proceeds of the Series 1994 B Bonds, there shall first be deposited with the Commission in (i) the Series 1994 A Bonds Sinking Fund and (ii) the Series 1994 B Bonds Sinking Fund, the amounts, if any, set forth in the respective Supplemental Resolutions as capitalized interest; provided, that such amounts may not exceed the amount necessary to pay interest on the Bonds for the period commencing on the date of issuance of the Bonds and ending 6 months after the estimated date of completion of construction of the Project.

B. Next, from the proceeds of the Series 1994 B Bonds, there shall be deposited with the Commission in (i) the Series 1994 A Bonds Reserve Account and (ii) the Series 1994 B Bonds Reserve Account, the amounts, if any, set forth in the respective Supplemental Resolutions for funding the Series 1994 A Bonds Reserve Account and the Series 1994 B Bonds Reserve Account.

C. Next, from the proceeds of the Series 1994 B Bonds, there shall first be credited to the Series 1994 B Bonds Construction Trust Fund and then paid, any and all other borrowings by the Issuer made for the purpose of temporarily financing a portion of the Costs of the Project and any borrowings by the Issuer from the Authority, including interest accrued thereon to the date of such payment, not otherwise paid from funds of the Issuer.

D. As the Issuer receives advances of the remaining moneys derived from the sale of the Series 1994 B Bonds, such moneys shall be deposited with the Depository Bank in the Series 1994 B Bonds Construction Trust Fund and applied solely to payment of Costs of the Project in the manner set forth in Section 6.02 hereof.

E. The Depository Bank shall act as a trustee and fiduciary for the Bondholder with respect to the Series 1994 B Bonds Construction Trust Fund and shall comply with all requirements with respect to the disposition of the Series 1994 B Bonds Construction Trust Fund set forth in the Bond Legislation. Moneys in the Series 1994 B Bonds Construction Trust Fund shall be used solely to pay Costs of the Project and until so transferred or expended, are hereby pledged as additional security for the Series 1994 B Bonds.

Section 6.02. Disbursements From the Bond Construction Trust Fund. On or before the Closing Date, the Issuer shall have delivered to the Authority a report listing the specific purposes for which the proceeds of the Series 1994 B 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 1994 B Bonds Construction Trust Fund shall be made only after submission to, and approval from, the Authority and the DEP of the following:

(1) a "Payment Requisition Form," a form of which is attached to the Loan Agreement as Exhibit C, and

(2) a certificate, signed by an Authorized Officer and the Consulting Engineers, stating:

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

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

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

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

In case any contract provides for the retention of a portion of the contract price, the Depository Bank shall disburse from the Series 1994 B Bonds Construction Trust Fund only the net amount remaining after deduction of any such portion. All payments made from the Series 1994 B Bonds 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 Series 1994 B Bonds 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 Series 1994 B Bonds Construction Trust Fund, including any accounts therein, shall be invested and reinvested in Qualified Investments at the written direction of the Issuer.

ARTICLE VII

ADDITIONAL COVENANTS OF THE ISSUER

Section 7.01. General Covenants of the Issuer. All the covenants, agreements and provisions of this Bond Legislation shall be and constitute valid and legally binding covenants of the Issuer and shall be enforceable in any court of competent jurisdiction by any Holder or Holders of the Series 1994 B Bonds. In addition to the other covenants, agreements and provisions of this Bond Legislation, the Issuer hereby covenants and agrees with the Holders of the Series 1994 B Bonds as hereinafter provided in this Article VII. All such covenants, agreements and provisions shall be irrevocable, except as provided herein, as long as any of the Series 1994 B Bonds or the interest thereon is Outstanding and unpaid.

Section 7.02. Bonds not to be Indebtedness of the Issuer. The Series 1994 B Bonds shall not be nor constitute an indebtedness of the Issuer within the meaning of any constitutional, statutory or charter limitation of indebtedness, but shall be payable solely from the funds pledged for such payment by this Bond Legislation. No Holder or Holders of any Series 1994 B Bonds, shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Series 1994 B Bonds or the interest, if any, thereon.

Section 7.03. Bonds Secured by Pledge of Gross Revenues. The payment of the debt service of the Series 1994 B Bonds issued hereunder shall be secured forthwith equally and ratably by a first lien on the Gross Revenues derived from the operation of the System, on parity with the lien on said Gross Revenues in favor of the Holders of the Series 1994 A Bonds. The Gross Revenues derived from the System, in an amount sufficient to pay the principal of and interest on the Bonds and to make the payments into all funds and accounts and all other payments provided for in the Bond Legislation are hereby irrevocably pledged, in the manner provided herein, to such payments as they become due, and for the other purposes provided in the Bond Legislation.

Section 7.04. Rates and Charges. The initial schedule of water and sewer rates and charges for the services and facilities of the System shall be as set forth respectively in the water rate ordinance of the Issuer enacted April 4, 1994, and the Final Order of the Public Service Commission of West Virginia, entered August 31, 1994, in Case No. 94-0319-S-MA, which rates are incorporated herein by reference as a part hereof.

Section 7.05. Sale of the System. Except as otherwise required by law or with the written consent of the Authority, the System may not be sold, mortgaged, leased or otherwise disposed of except as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to pay fully all the Bonds Outstanding, or to effectively defease this Bond Legislation in accordance with Article X hereof. The proceeds

from any such sale, mortgage, lease or other disposition of the System shall, with respect to the Series 1994 B Bonds, immediately be remitted to the Commission for deposit in the Series 1994 B Bonds Sinking Fund, and, with the written permission of the Authority, or in the event the Authority is no longer a Bondholder, the Issuer shall direct the Commission to apply such proceeds to the payment of principal at maturity of and interest on the Series 1994 B Bonds. Any balance remaining after the payment of all the Series 1994 B Bonds and interest thereon shall be remitted to the Issuer by the Commission unless necessary for the payment of other obligations of the Issuer payable out of the revenues of the System.

The foregoing provision notwithstanding, the 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, 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 with the written consent of the Authority, be remitted by the Issuer to the Commission for deposit in the Series 1994 B Bonds Sinking Fund and shall be applied only to the purchase of Bonds of the last maturities then Outstanding at prices not greater than the par value thereof plus 3% of such par value or otherwise. Such payment of such proceeds into the Series 1994 B Bonds Sinking Fund 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 Holders, or their duly authorized representatives, of over 50% in amount of the Bonds then Outstanding. The Issuer shall prepare the form of such approval and consent for execution by the then Holders of the Bonds for the disposition of the proceeds of the sale, lease or other disposition of such properties of the System.

Section 7.06. Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances. Except as provided for in Section 7.06 and Section 7.07 hereof, the Issuer shall not issue any other obligations whatsoever payable from the revenues of the System which rank prior to, or equally, as to lien on and source of and security for payment from such revenues with the Series 1994 B Bonds. All obligations issued by the Issuer after the issuance of the Series 1994 B Bonds and payable from the revenues of the System, except such additional parity Bonds, shall contain an express statement that such obligations are junior and subordinate, as to lien on, pledge and source of and security for payment from such revenues and in all other respects, to the Series 1994 B Bonds; provided, that no such subordinate obligations shall be issued unless all payments required to be made into all funds and accounts set forth herein have been made and are current at the time of the issuance of such subordinate obligations.

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

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

Section 7.07. Parity Bonds. No Parity Bonds, payable out of the revenues of the System, shall be issued after the issuance of any Bonds pursuant to this Bond Legislation, except under the conditions and in the manner herein provided.

All Parity Bonds issued hereunder shall be on a parity in all respects with the Series 1994 B Bonds.

No such Parity Bonds shall be issued except for the purpose of financing the costs of the acquisition or construction of extensions, additions, betterments or improvements to the System or refunding the Series 1994 B Bonds issued pursuant hereto, or both such purposes.

No Parity Bonds shall be issued at any time, however, unless there has been procured and filed with the City Clerk a written statement by the Independent Certified Public Accountants, based upon the necessary investigation and certification by the Consulting Engineers, reciting the conclusion that the Net Revenues actually derived, subject to the adjustments hereinafter provided for, from the System during 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 not be less than 115% of the largest aggregate amount that will mature and become due in any succeeding Fiscal Year for principal of and interest on the following:

(1) The Bonds then Outstanding;

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

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

The "estimated average increased annual Net Revenues to be received in each of the 3 succeeding years," as that term is used in the computation provided in the above paragraph, shall refer only to the increased Net Revenues estimated to be derived from (a) the improvements to be financed by such Parity Bonds and (b) any increase in rates enacted by the Issuer, the period for appeal of which has expired prior to the date of delivery of such Parity Bonds, and shall not exceed the amount to be stated in a certificate of the Consulting Engineers, which shall be filed in the office of the City Clerk prior to the issuance of such Parity Bonds.

The Net Revenues actually derived from the System during the 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 said Independent Certified Public Accountants, as stated in a certificate jointly made and signed by the Consulting Engineers and said Independent Certified Public Accountants, on account of increased rates, rentals, fees and charges for the System adopted by the Issuer, the period for appeal of which has expired prior to issuance of such Parity Bonds.

Within 30 days of the delivery of such Parity Bonds, the Issuer shall have entered into written contracts for the immediate acquisition or construction of such extensions, additions, betterments or improvements, if any, to the System that are to be financed by 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 Holders of the Bonds and the Holders of any Parity Bonds subsequently issued from time to time within the limitations of and in compliance with this section. Bonds issued on a parity, regardless of the time or times of their issuance, shall rank equally with respect to their lien on the revenues of the System and their source of and security for payment from said revenues, without preference of any Bond of one series over any other Bond of the same series. The Issuer shall comply fully with all the increased payments into the various funds and accounts created in this Bond Legislation required for

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

Parity Bonds shall not be deemed to include bonds, notes, certificates or other obligations subsequently issued, the lien of which on the revenues of the System is subject to the prior and superior liens of the Series 1994 B Bonds on such revenues. The Issuer shall not issue any obligations whatsoever payable from the revenues of the System, or any part thereof, which rank prior to or, 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 1994 B Bonds.

No Parity Bonds shall be issued any time, however, unless all the payments into the respective funds and accounts provided for in this Bond Legislation with respect to the Bonds then Outstanding, and any other payments provided for in this Bond Legislation, shall have been made in full as required to the date of delivery of such Parity Bonds, and the Issuer shall then be in full compliance with all the covenants, agreements and terms of this Bond Legislation.

Notwithstanding the foregoing, or any provision of Section 7.06 hereof to the contrary, additional Parity Bonds may be issued solely for the purpose of completing the Project as described in the application to the Authority and the DEP submitted as of the date of the Loan Agreement without regard to the restrictions set forth in this Section 7.07, if there is first obtained by the Issuer the written consent of the Authority and the DEP to the issuance of the Parity Bonds.

Section 7.08. Books; Records and Facilities. 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 of the System at all reasonable times following completion of construction of the Project and commencement of operation thereof, or, if the Project is an improvement to an existing system, at any reasonable time following commencement of construction.

The Issuer will keep books and records of the System, which shall be separate and apart from all other books, records and accounts of the Issuer, in which complete and

correct entries shall be made of all transactions relating to the System, and any Holder of a Bond or Bonds issued pursuant to this Bond Legislation shall have the right at all reasonable times to inspect the System and all parts thereof and all records, accounts and data of the Issuer relating thereto.

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

The Issuer shall file with the Consulting Engineers, the Authority and the DEP, or any other original purchaser of the Series 1994 B Bonds, and shall mail in each year to any Holder or Holders of the Series 1994 B Bonds, requesting the same, an annual report containing the following:

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

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

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

The Issuer shall also, at least once a year, cause the books, records and accounts of the System to be audited by Independent Certified Public Accountants and shall mail upon request, and make available generally, the report of said Independent Certified Public Accountants, or a summary thereof, to any Holder or Holders of the Series 1994 B Bonds and shall submit said report to the Authority and the DEP, or any other original purchaser of the Series 1994 B Bonds. Such audit report submitted to the Authority shall include a statement that the Issuer is in compliance with the terms and provisions of the Loan Agreement and this Bond Legislation and that the revenues of the System are adequate to meet the Issuer's Operating Expenses and debt service requirements.

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

The 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 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. Equitable rates or charges for the use of and service rendered by the System have been established all in the manner and form required by law, and copies of such rates and charges so established will be continuously on file with the City Clerk, which copies will be open to inspection by all interested parties. The schedule of rates and charges shall at all times be adequate to produce Gross Revenues from said System sufficient to pay Operating Expenses and to make the prescribed payments into the funds created hereunder. Such schedule of rates and charges shall be changed and readjusted whenever necessary so that the aggregate of the rates and charges will be sufficient for such purposes. In order to assure full and continuous performance of this covenant, with a margin for contingencies and temporary unanticipated reduction in income and revenues, the Issuer hereby covenants and agrees that the schedule of rates or charges from time to time in effect shall be sufficient, together with other revenues of the System (i) to provide for all Operating Expenses of the System and (ii) to leave a balance each year equal to at least 115% of the maximum amount required in any year for payment of principal of and interest, if any, on the Series 1994 B Bonds and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with the Series 1994 B Bonds, including the Series 1994 A Bonds; provided that, in the event that amounts equal to or in excess of the reserve requirements are on deposit respectively in the Series 1994 B Bonds Reserve Account and any reserve accounts for obligations prior to or on a parity with the Series 1994 B Bonds, including the Series 1994 A Bonds, are funded at least at the requirement therefor, such balance each year need only equal at least 110% of the maximum amount required in any year for payment of principal of and interest, if any, on the Series 1994 B Bonds and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with the Series 1994 B Bonds, including the Series 1994 A Bonds. In any event, the Issuer shall not reduce the rates or charges for services set forth in the rate ordinance described in Section 7.04.

Section 7.10. Operating Budget; Audit and Monthly Financial Report. The 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 registered professional engineer, which finding and recommendation shall state in detail the purpose of and necessity for such

increased expenditures for the operation and maintenance of the System, and no such increased expenditures shall be made until the Issuer shall have approved such finding and recommendation by a resolution duly adopted. No increased expenditures in excess of 10% of the amount of such budget shall be made except upon the further certificate of a registered professional engineer that such increased expenditures are necessary for the continued operation of the System. The Issuer shall mail copies of such annual budget and all resolutions authorizing increased expenditures for operation and maintenance to the Authority, the DEP and to any Holder of any Bonds who shall file his or her address with the Issuer and request in writing that copies of all such budgets and resolutions be furnished him or her and shall make available such budgets and all resolutions authorizing increased expenditures for operation and maintenance of the System at all reasonable times to any Holder of any Bonds or anyone acting for and in behalf of such Holder of any Bonds.

In addition, the Issuer shall annually cause the records of the System to be audited by an Independent Certified Public Accountant, the report of which audit shall be submitted to the Authority and which audit report shall include a statement that the Issuer is in compliance with the terms and provisions of this Bond Legislation and the Loan Agreement and that the revenues of the System are adequate to meet the Issuer's Operating Expenses and debt service requirements.

Commencing on the date contracts are executed for the acquisition and construction of the Project and for 2 years following the completion of the Project, the Issuer shall each month complete a "Monthly Financial Report," a form of which is attached to the Loan Agreement as Exhibit B, and forward a copy of such report to the Authority and the DEP by the 10th day of each month.

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

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

The Issuer shall require the Consulting Engineers to submit Recipient As-Built Plans, as defined in the SRF Regulations, to it within 60 days of the completion of the Project. The Issuer shall notify the DEP in writing of such receipt. The Issuer shall submit a "Performance Certificate," a form of which is attached to the Loan Agreement as Exhibit A, to the DEP within 60 days of the end of the first year after the Project is completed.

The Issuer shall require the Consulting Engineers to submit the final Operation and Maintenance Manual, as defined in the SRF Regulations, to the DEP when the Project is 90% completed.

The Issuer agrees that qualified operating personnel properly certified by the State will be employed before the Project is 25% complete and agrees that it will retain such a certified operator(s) to operate the System during the entire term of the Loan Agreement. The Issuer shall notify the DEP in writing of the certified operator employed at the 25% completion stage.

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

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

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

Section 7.14. No Free Services. The Issuer will not render or cause to be rendered any free services of any nature by the System, nor will any preferential rates

be established for users of the same class; and in the event the Issuer, or any department, agency, instrumentality, officer or employee of either shall avail itself or themselves of the facilities or services provided by the System, or any part thereof, the same rates, fees or charges applicable to other customers receiving like services under similar circumstances shall be charged the Issuer, and any such department, agency, instrumentality, officer or employee. The revenues so received shall be deemed to be revenues derived from the operation of the System, and shall be deposited and accounted for in the same manner as other revenues derived from such operation of the System.

Section 7.15. Insurance and Construction Bonds. A. The Issuer hereby covenants and agrees that so long as the Series 1994 B 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. 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 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 System facilities are or will be located in designated special flood or mudslide-prone areas and to the extent available at reasonable cost to the Issuer.

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

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

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 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.

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

every such owner, tenant or occupant shall, after a 30 day notice of the availability of the sewerage facilities portion of the System, pay the rates and charges established therefor.

Any such house, dwelling or building from which emanates sewage or water-borne waste matter and which is not so connected with the sewerage facilities portion of the System is hereby declared and found to be a hazard to the health, safety, comfort and welfare of the inhabitants of the Issuer and a public nuisance which shall be abated to the extent permitted by law and as promptly as possible by proceedings in a court of competent jurisdiction.

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

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

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

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

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

A. PRIVATE BUSINESS USE LIMITATION. The Issuer shall assure that (i) not in excess of 10% of the Net Proceeds of the Series 1994 B 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 1994 B Bonds during the term thereof is, under the terms of the Series 1994 B Bonds or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for a Private Business Use or in payments in respect of property used or to be used for a Private Business Use or is to be derived from payments, whether or not to the Issuer, in respect of property or borrowed money used or to be used for a Private Business Use; and (ii) and that, in the event that both (A) in excess of 5% of the Net Proceeds of the Series 1994 B 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 1994 B Bonds during the term thereof is, under the terms of the Series 1994 B 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 1994 B Bonds used for a Private Business Use shall be used for a Private Business Use related to the governmental use of the Project, or if the Series 1994 B Bonds are for the purpose of financing more than one project, a portion of the Project, and shall not exceed the proceeds used for the governmental use of that portion of the Project to which such Private Business Use is related, all of the foregoing to be determined in accordance with the Code.

B. PRIVATE LOAN LIMITATION. The Issuer shall assure that not in excess of 5% of the Net Proceeds of the Series 1994 B Bonds are used, directly or indirectly, to make or finance a loan (other than loans constituting Nonpurpose Investments) to persons other than state or local government units.

C. FEDERAL GUARANTEE PROHIBITION. The Issuer shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause the Series 1994 B Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Code.

D. INFORMATION RETURN. The Issuer will file all statements, instruments and returns necessary to assure the tax-exempt status of the Series 1994 B Bonds and the interest thereon, including, without limitation, the information return required under Section 149(e) of the Code.

E. FURTHER ACTIONS. The Issuer will take any and all actions that may be required of it (including, without limitation, those deemed necessary by the Authority) so that the interest on the Series 1994 B Bonds will be and remain excludable from gross income for federal income tax purposes, and will not take any actions, or fail to take any actions (including, without limitation, those deemed necessary by the Authority), the result of which would adversely affect such exclusion.

Section 7.20. Statutory Mortgage Lien. For the further protection of the Holders of the Series 1994 B Bonds, a statutory mortgage lien upon the System is granted and created by the Act, which statutory mortgage lien is hereby recognized and declared to be valid and binding, shall take effect immediately upon delivery of the Series 1994 B Bonds and shall be on a parity with the statutory mortgage lien in favor of the Holders of the Series 1994 A Bonds.

ARTICLE VIII

INVESTMENT OF FUNDS; NON ARBITRAGE

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

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

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

Section 8.02. Arbitrage. The Issuer covenants that (i) it shall not take, or permit or suffer to be taken, any action with respect to the gross or other proceeds of the Series 1994 B Bonds which would cause the Series 1994 B Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code, and (ii) it will take all actions that may be required of it (including, without implied limitation, the timely filing of a Federal information return with respect to the Series 1994 B Bonds) so that the interest on the Series 1994 B Bonds will be and remain excludable from gross income for Federal income tax purposes, and will not take any actions which would adversely affect such exclusion.

Section 8.03. Small Issuer Exemption from Rebate of Excess Investment Earnings to the United States. In accordance with Section 148 (f)(4)(D) of the Code, the Issuer covenants that it is a governmental unit with general taxing powers; that no part of the Series 1994 B Bonds are private activity bonds; that 95% or more of the Net Proceeds of the Series 1994 B Bonds are to be used for local governmental activities of the Issuer (or of a governmental unit the jurisdiction of which is entirely within the jurisdiction of the Issuer); and that the aggregate face amount of all the tax-exempt obligations (other than private activity bonds) issued by the Issuer during the calendar year in which the Series 1994 B Bonds are issued does not and will not exceed $5,000,000, determined in accordance with Section 148(f)(4)(D) of the Code and the Regulations from time to time in effect an applicable to the Series 1994 B Bonds. For purposes of the first paragraph of Section 8.03 and for purposes of applying Section 148(f)(4)(D) of the Code, the Issuer and all entities which issue obligations on behalf of the Issuer shall be treated as one issuer; all obligations issued by a governmental unit to make loans to other governmental units with general taxing powers not subordinate to such unit shall, for purposes of applying this first paragraph of Section 8.03 and Section 148(f)(4)(D) of the Code, be treated as not issued by such unit; all obligations issued by a subordinate entity shall, for purposes of applying this first paragraph of Section 8.03 and Section 148(f)(4)(D) of the Code to each other entity to which such entity is subordinate, be treated as issued by such other entity; and an entity formed (or, to the extent provided by the Secretary, as set forth in the Code, availed of) to avoid the purposes of such Section 148(f)(4)(D) of the Code and all other entities benefiting thereby shall be treated as one issuer.

Notwithstanding the foregoing, if in fact the Issuer is subject to the rebate requirements of Section 148(f) of the Code, and not exempted from such requirements, the Issuer covenants to make, or cause to be made, all rebate calculations, computations and payments in the time, manner and as required in Section 148(f) of the Code and the Regulations from time to time in effect and applicable to the Series 1994 B Bonds and otherwise covenants and agrees to comply with the provisions of such Section 148(f) of the Code and the Regulations from time to time in effect and applicable to the Series 1994 B Bonds. In the event of a failure to pay any such amount or amounts, the Issuer will pay, from any lawful sources available therefor, to the United States an amount equal to the sum of 50% of the amount not paid, plus interest at the required rate on the portion of the amount which was not paid on the required date, beginning on such date, unless waived. In order to provide for the administration of this paragraph, the Issuer may provide for the employment of independent attorneys, accountants and consultants compensated on such reasonable basis as the Issuer may deem appropriate.

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

The Issuer shall submit to the Authority within 15 days following the end of each Bond Year a certified copy of its rebate calculation or, if the Issuer qualifies for the small governmental issue exception to rebate, the Issuer shall submit a certificate stating that it is exempt from the rebate provisions and that no event has occurred to its knowledge during the Bond Year which would make the Series 1994 B Bonds subject to rebate. The Issuer shall also furnish the Authority, at any time, such additional information relating to rebate as may be reasonably requested by the Authority, including information with respect to earnings on all funds constituting "gross proceeds" of the Bonds (as such term "gross proceeds" is defined in the Code).

ARTICLE IX

DEFAULT AND REMEDIES

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

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

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

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

(4) If default occurs with respect to the Series 1994 A Bonds or the Series 1994 A Bonds Ordinance.

Section 9.02. Remedies. Upon the happening and continuance of any Event of Default, any Registered Owner of a Bond may exercise any available remedy and bring any appropriate action, suit or proceeding to enforce his or her rights and, in particular, (i) bring suit for any unpaid principal or interest then due, (ii) by mandamus or other appropriate proceeding enforce all rights of such Registered Owners including the right to require the Issuer to perform its duties under the Act and the Bond Legislation relating thereto, including but not limited to the making and collection of sufficient rates or charges for services rendered by the System, (iii) bring suit upon the Bonds; (iv) by action at law or bill in equity require the Issuer to account as if it were the trustee of an express trust for the Registered Owners of the Bonds, and (v) by action or bill in equity enjoin any acts in violation of the Bond Legislation with respect to the Bonds, or the rights of such Registered Owners; provided that, all rights and remedies of the Holders of the Series 1994 B Bonds shall be on a parity with the Holders of the Series 1994 A Bonds.

Section 9.03. Appointment of Receiver. Any Registered Owner of a Bond may, by proper legal action, compel the performance of the duties of the Issuer under the Bond Legislation and the Act, including, the completion of the Project and after commencement of operation of the System, the making and collection of sufficient rates and charges for services rendered by the System and segregation of the revenues therefrom and the application thereof. If there be any Event of Default with respect to such Bonds, any

Registered Owner of a Bond shall, in addition to all other remedies or rights, have the right by appropriate legal proceedings to obtain the appointment of a receiver to administer the System or to complete the acquisition and construction of the Project on behalf of the Issuer, with power to charge rates, rentals, fees and other charges sufficient to provide for the payment of Operating Expenses of the System, the payment of the Bonds and interest and the deposits into the funds and accounts hereby established, and to apply such rates, rentals, fees, charges or other revenues in conformity with the provisions of this Bond Legislation and the Act.

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

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

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

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

ARTICLE X

DEFEASANCE

Section 10.01. Defeasance of Bonds. If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the Holders of the Series 1994 B Bonds, the principal of and interest due or to become due thereon, if any, at the times and in the manner stipulated therein and in this Bond Legislation, then the pledge of Gross Revenues and other 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 1994 B Bonds shall thereupon cease, terminate and become void and be discharged and satisfied, except as may otherwise be necessary to assure the exclusion of interest on the Series 1994 B Bonds from gross income for federal income tax purposes.

Series 1994 B Bonds for the payment of which either moneys in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide moneys which, together with the moneys, if any, deposited with the Paying Agent at the same or earlier time, shall be sufficient, to pay as and when due either at maturity or at the next redemption date, the principal installments of and interest on such Series 1994 B Bonds shall be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section. All Series 1994 B Bonds shall, prior to the maturity thereof, be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section if there shall have been deposited with the Commission or its agent, either moneys in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide moneys which, together with other moneys, if any, deposited with the Commission at the same time, shall be sufficient to pay when due the principal installments of and interest due and to become due on said Series 1994 B Bonds on and prior to the next redemption date or the maturity dates thereof. Neither securities nor moneys deposited with the Commission pursuant to this section nor principal or interest payments on any such securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal installments of and interest on said Series 1994 B Bonds; provided, that any cash received from such principal or interest payments on such securities deposited with the Commission or its agent, if not then needed for such purpose, shall, to the extent practicable, be reinvested in securities maturing at times and in amounts sufficient to pay when due the principal installments of and interest to become due on said Bonds on and prior to the next redemption date or the maturity dates thereof, and interest earned from such reinvestments shall be paid over to the Issuer as received by the Commission or its agent, free and clear of any trust, lien or pledge. For the purpose of this section, securities shall mean and include only Government Obligations.

ARTICLE XI

MISCELLANEOUS

Section 11.01. Amendment or Modification of Bond Legislation. Prior to issuance of the Series 1994 B Bonds, this Ordinance may be amended or supplemented in any way by the Supplemental Resolution. Following issuance of the Series 1994 B Bonds, no material modification or amendment of this Ordinance, or of any ordinance, resolution or order amendatory or supplemental hereto, that would materially and adversely affect the rights of Registered Owners of the Bonds shall be made without the consent in writing of the Registered Owners of 66 2/3% or more in principal amount of the Bonds so affected and then Outstanding; provided, that no change shall be made in the maturity of any Bond or Bonds or the rate of interest thereon, or in the principal amount thereof, or affecting the unconditional promise of the Issuer to pay such principal and interest out of the funds herein pledged therefor without the consent of the Registered Owner thereof. No amendment or modification shall be made that would reduce the percentage of the principal amount of Bonds required for consent to the above-permitted amendments or modifications. Notwithstanding the foregoing, this Bond Legislation may be amended without the consent of any Bondholder as may be necessary to assure compliance with Section 148(f) of the Code relating to rebate requirements or otherwise as may be necessary to assure the excludability of interest on the Series 1994 B Bonds from gross income of the holders thereof.

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

Section 11.03. Severability of Invalid Provisions. If any section, paragraph, clause or provision of this Ordinance should be held invalid by any court of competent jurisdiction, the invalidity of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Ordinance, the Series 1994 A Bonds Ordinance, the Supplemental Resolutions thereto, or the Bonds.

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

Section 11.05. Conflicting Provisions Repealed. All ordinances, orders or resolutions and or parts thereof in conflict with the provisions of this Ordinance are, to the extent of such conflict, hereby repealed, provided that, in the event of any conflict between this Ordinance and the Series 1994 A Bonds Ordinance, the more restrictive provision shall control.

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

Section 11.07. Effective Date. This Ordinance shall take effect immediately following public hearing hereon.

Section 11.08. Statutory Notice and Public Hearing. Upon adoption hereof, an abstract of this Ordinance determined by the Governing Body to contain sufficient information as to give notice of the contents hereof shall be published once a week for 2 successive weeks within a period of fourteen consecutive days, with at least 6 full days intervening between each publication, in the Hancock County Courier, a newspaper published and of general circulation in the City of New Cumberland, together with a notice stating that this Ordinance has been adopted and that the Issuer contemplates the issuance of the Bonds, and that any person interested may appear before the Governing Body upon a date certain, not less than ten days subsequent to the date of the first publication of such abstract of this Ordinance and notice, and present protests, and that a certified copy of this Ordinance is on file with the Governing Body for review by interested persons during office hours of the Governing Body. At such hearing, all objections and suggestions shall be heard and the Governing Body shall take such action as it shall deem proper in the premises.

Passed on First Reading:	-	September 12, 1994
Passed on Second Reading:	-	September 19, 1994
Passed on Final Reading Following Public Hearing:	-	October 3, 1994

Timothy P. Crago
Mayor

Jacqueline L. Kabom
City Clerk

CERTIFICATION

Certified a true copy of an Ordinance duly enacted by the Council of the CITY OF NEW CUMBERLAND on the 3rd day of October, 1994.

Dated: October 27, 1994.

[SEAL]

Jacqueline L. Kalson
City Clerk

10/06/94
NCC.B4
658300/94001

EXHIBIT A

[Loan Agreement attached to bond transcript as Document 6.]

CITY OF NEW CUMBERLAND

Combined Waterworks and Sewerage System Revenue Bonds,
Series 1994 B (West Virginia SRF Program)

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNT, DATE, MATURITY DATE, REDEMPTION PROVISION, INTEREST RATE, INTEREST AND PRINCIPAL PAYMENT DATES, SALE PRICE AND OTHER TERMS OF THE COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1994 B (WEST VIRGINIA SRF PROGRAM), OF THE CITY OF NEW CUMBERLAND; RATIFYING AND APPROVING A LOAN AGREEMENT RELATING TO SUCH BONDS AND THE SALE AND DELIVERY OF SUCH BONDS TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

WHEREAS, the council (the "Governing Body") of the City of New Cumberland (the "Issuer"), has duly and officially adopted and enacted a bond ordinance, effective October 3, 1994 (the "Bond Ordinance"), entitled:

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF EXTENSIONS, ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE SEWERAGE PORTION OF THE EXISTING PUBLIC COMBINED WATERWORKS AND SEWERAGE SYSTEM OF THE CITY OF NEW CUMBERLAND AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE CITY OF NOT MORE THAN $600,000 IN AGGREGATE PRINCIPAL AMOUNT OF COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1994 B (WEST VIRGINIA SRF PROGRAM); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS;

APPROVING, RATIFYING AND CONFIRMING A LOAN AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

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

WHEREAS, the Bond Ordinance provides for the issuance of Combined Waterworks and Sewerage System Revenue Bonds, Series 1994 B (West Virginia SRF Program), of the Issuer (the "Bonds" or the "Series 1994 B Bonds"), in the aggregate principal amount not to exceed $600,000, and has authorized the execution and delivery of a loan agreement relating to the Bonds (the "Loan Agreement"), by and among the Issuer, the West Virginia Water Development Authority (the "Authority") and the West Virginia Division of Environmental Protection (the "DEP"), all in accordance with Chapter 8, Article 20 and Chapter 22C, Article 2 of the West Virginia Code of 1931, as amended (collectively, the "Act"); and in the Bond Ordinance it is provided that the form of the Loan Agreement and the exact principal amount, date, maturity date, redemption provision, interest rate, interest and principal payment dates, sale price and other terms of the Bonds should be established by a supplemental resolution pertaining to the Bonds; and that other matters relating to the Bonds be herein provided for;

WHEREAS, the Loan Agreement has been presented to the Issuer at this meeting;

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

WHEREAS, the Governing Body deems it essential and desirable that this supplemental resolution (the "Supplemental Resolution") be adopted and that the Loan Agreement be approved and entered into by the Issuer, that the exact principal amount, the date, the maturity date, the redemption provisions, the interest rate, the interest and principal payment dates and the sale price of the Bonds be fixed hereby in the manner stated herein, and that other matters relating to the Bonds be herein provided for;

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

Section 1. Pursuant to the Bond Ordinance and the Act, this Supplemental Resolution is adopted and there are hereby authorized and ordered to be issued the Combined Waterworks and Sewerage System Revenue Bonds, Series 1994 B (West Virginia SRF Program), of the Issuer, originally represented by a single Bond, numbered BR-1, in the principal amount of $498,666. The Bonds shall be dated the date of delivery thereof, shall finally mature March 1, 2016, and shall bear no interest. The Bonds shall be payable in quarterly installments of principal on March 1, June 1, September 1 and December 1 of each year, commencing June 1, 1996, and ending March 1, 2016, and in the amounts as set forth in "Schedule Y" attached to the Loan Agreement and incorporated in and made a part of the Bonds. The Bonds shall be subject to redemption upon the written consent of the Authority and the DEP, and upon payment of the interest and redemption premium, if any, and otherwise in compliance with the Loan Agreement, so long as the Authority shall be the registered owner of the Bonds.

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

Section 3. The Issuer does hereby ratify, approve and accept the Loan Agreement, a copy of which is incorporated herein by reference, and the execution and delivery of the Loan Agreement by the 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 4. The Issuer does hereby appoint and designate One Valley Bank, National Association, Charleston, West Virginia, as Registrar (the "Registrar") for the Bonds and does approve and accept the Registrar's Agreement to be dated the date of delivery of the Bonds, by and between the Issuer and the Registrar, in substantially the form attached hereto, and the execution and delivery of the Registrar's Agreement by the Mayor, and the performance of the obligations contained therein, on behalf of the Issuer, are hereby authorized, approved and directed.

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

Section 6. The Issuer does hereby appoint Hancock County Savings Bank, New Cumberland, West Virginia, as Depository Bank under the Bond Ordinance.

Section 7. Series 1994 B Bonds proceeds in the amount of $60,441 shall be deposited in the Series 1994 A Bonds Sinking Fund, as capitalized interest.

Section 8. Series 1994 B Bonds proceeds in the amount of $-0- shall be deposited in the Series 1994 B Bonds Sinking Fund, as capitalized interest.

Section 9. Series 1994 B Bonds proceeds in the amount of $47,664 shall be deposited in the Series 1994 A Bonds Reserve Account.

Section 10. Series 1994 B Bonds proceeds in the amount of $24,936 shall be deposited in the Series 1994 B Bonds Reserve Account.

Section 11. The balance of the proceeds of the Bonds shall be deposited in or credited to the Series 1994 B Bonds Construction Trust Fund as received from time to time for payment of Costs of the Project, including costs of issuance of the Bonds and related costs.

Section 12. The Mayor and City Clerk are hereby authorized and directed to execute and deliver such other documents and certificates required or desirable in connection with the Bonds hereby and by the Bond Ordinance approved and provided for, to the end that the Bonds may be delivered on or about October 27, 1994, to the Authority pursuant to the Loan Agreement.

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

Section 14. The Issuer hereby determines to invest all moneys in the funds and accounts established by the Bond Ordinance held by the Depository Bank until expended, in repurchase agreements or time accounts, secured by a pledge of Government Obligations, and therefore, the Issuer hereby directs the Depository Bank to take such actions as may be necessary to cause such moneys to be invested in such repurchase agreements or time accounts until further directed in writing by the Issuer. Moneys in the Series 1994 B Bonds Sinking Fund, including the Series 1994 B Bonds Reserve Account therein, shall be invested by the West Virginia Municipal Bond Commission in the West Virginia Consolidated Fund.

Section 15. The Issuer shall not permit at any time or times any of the proceeds of the Bonds or any other funds of the Issuer to be used directly or indirectly in a manner which would result in the exclusion of the Bonds from the treatment afforded by Section 103(a) of the Internal Revenue Code of 1986, as amended, and any regulations promulgated thereunder or under any predecessor thereto (the "Code"), by reason of the classification of the Bonds as "private activity bonds" within the meaning of the Code. The Issuer will take all actions necessary to comply with the Code and Treasury Regulations to be promulgated thereunder.

Section 16. The Issuer is a governmental unit with general taxing powers to finance operations of or facilities of the nature of the Project and the System; no part of the Bonds are private activity bonds; 95% or more of the net proceeds of the Bonds are to be used for local governmental activities of the Issuer; and the Issuer reasonably expects to issue less than $5,000,000 aggregate principal face amount of tax-exempt obligations (other than private activity bonds) during the calendar year 1994, being the calendar year in which the Bonds are to be issued. For purposes of this Section and for purposes of applying Section 148(f)(4)(D) of the Code, the Issuer and all entities which issue obligations on behalf of the Issuer shall be treated as one issuer; all obligations issued by a governmental unit to make loans to other governmental units with general taxing powers not subordinate to such unit shall, for purposes of applying this Section and Section 148(f)(4)(D) of the Code, be treated as not issued by such unit; all obligations issued by a subordinate entity shall, for purposes of applying this Section and Section 148(f)(4)(D) of the Code to each other entity to which such entity is subordinate, be treated as issued by such other entity; and an entity formed (or, to the extent provided by the Secretary, as set forth in the Code, availed of) to avoid the purposes of such Section 148(f)(4)(D) of the Code and all other entities benefiting thereby shall be treated as one issuer.

Section 17. This Supplemental Resolution shall be effective immediately following adoption hereof.

Adopted this 12th day of October, 1994.

CITY OF NEW CUMBERLAND

Timothy P. Crazy
Mayor

Jacqueline L. Robson
City Clerk

CERTIFICATION

Certified a true copy of a Supplemental Resolution duly adopted by the Council of the City of New Cumberland on the 12th day of October, 1994.

Dated: October 27, 1994.

[SEAL]

Jacqueline L. Kalson
City Clerk

10/11/94
NCC.M3
658300/94001

CITY OF NEW CUMBERLAND

COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2004 A (WEST VIRGINIA INFRASTRUCTURE FUND)

BOND ORDINANCE

Table of Contents

Subject **Page**

ARTICLE I
STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

Section 1.01	Authority for this Ordinance	1
Section 1.02	Findings	2
Section 1.03	Bond Legislation Constitutes Contract	4
Section 1.04	Definitions	4

ARTICLE II
AUTHORIZATION OF ACQUISITION AND CONSTRUCTION OF THE PROJECT

Section 2.01	Authorization of Acquisition and Construction of the Project	13

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

Section 3.01	Authorization of Bonds	14
Section 3.02	Terms of Bonds	14
Section 3.03	Execution of Bonds	15
Section 3.04	Authentication and Registration	15

Section 3.05	Negotiability, Transfer and Registration	15
Section 3.06	Bonds Mutilated, Destroyed, Stolen or Lost	16
Section 3.07	Bonds not to be Indebtedness of the Issuer	16
Section 3.08	Bonds Secured by Pledge of Gross Revenues; Lien Position with respect to Prior Bonds	17
Section 3.09	Delivery of Bonds	17
Section 3.10	Form of Bonds	17
	FORM OF SERIES 2004 A BOND	18
Section 3.11	Sale of Bonds; Approval and Ratification of Execution of Loan Agreement	26
Section 3.12	"Amended Schedule B" Filing	26

ARTICLE IV
[RESERVED] 27

ARTICLE V
FUNDS AND ACCOUNTS; SYSTEM REVENUES AND APPLICATION THEREOF

Section 5.01	Establishment of Funds and Accounts with Depository Bank	28
Section 5.02	Establishment of Funds and Accounts with Commission	28
Section 5.03	System Revenues; Flow of Funds	28

ARTICLE VI
BOND PROCEEDS; CONSTRUCTION DISBURSEMENTS

Section 6.01	Application of Bond Proceeds; Pledge of Unexpended Bond Proceeds	33
Section 6.02	Disbursements From the Series 2004 A Bond Construction Trust Fund	33

ARTICLE VII
ADDITIONAL COVENANTS OF THE ISSUER

Section 7.01	General Covenants of the Issuer	35
Section 7.02	Bonds not to be Indebtedness of the Issuer	35
Section 7.03	Bonds Secured by Pledge of Gross Revenues; Lien Position with respect to Prior Bonds	35
Section 7.04	Rates and Charges	35
Section 7.05	Sale of the System	36
Section 7.06	Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances	37
Section 7.07	Parity Bonds	37

Section 7.08	Books; Records and Audit	39
Section 7.09	Rates	41
Section 7.10	Operating Budget and Monthly Financial Report	42
Section 7.11	Engineering Services and Operating Personnel	42
Section 7.12	No Competing Franchise	43
Section 7.13	Enforcement of Collections	43
Section 7.14	No Free Services	43
Section 7.15	Insurance and Construction Bonds	44
Section 7.16	Mandatory Connections	45
Section 7.17	Completion of Project; Permits and Orders	46
Section 7.18	Compliance with Loan Agreement and Law	46
Section 7.19	Tax Covenants	46
Section 7.20	Securities Laws Compliance	47
Section 7.21	Contracts; Public Releases	47
Section 7.22	Statutory Mortgage Lien	48

ARTICLE VIII
INVESTMENT OF FUNDS

Section 8.01	Investments	49
Section 8.02	Certificate and Covenant as to Use of Proceeds	49

ARTICLE IX
DEFAULT AND REMEDIES

Section 9.01	Events of Default	51
Section 9.02	Remedies	51
Section 9.03	Appointment of Receiver	51

ARTICLE X
PAYMENT OF BONDS

Section 10.01	Payment of Bonds	54

ARTICLE XI
MISCELLANEOUS

Section 11.01	Amendment or Modification of Bond Legislation	55
Section 11.02	Bond Legislation Constitutes Contract	55
Section 11.03	Severability of Invalid Provisions	55
Section 11.04	Headings, Etc.	55
Section 11.05	Conflicting Provisions Repealed; Prior Ordinances	55
Section 11.06	Covenant of Due Procedure, Etc.	56
Section 11.07	Effective Date	56
Section 11.08	Statutory Notice and Public Hearing	56
	SIGNATURES	57
	CERTIFICATION	58
	EXHIBIT A	59

BOND ORDINANCE

CITY OF NEW CUMBERLAND

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF EXTENSIONS, ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE SEWERAGE PORTION OF THE EXISTING PUBLIC COMBINED WATERWORKS AND SEWERAGE SYSTEM OF THE CITY OF NEW CUMBERLAND AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE CITY OF NOT MORE THAN $280,000 IN AGGREGATE PRINCIPAL AMOUNT OF COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2004 A (WEST VIRGINIA INFRASTRUCTURE FUND); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING A LOAN AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

BE IT ORDAINED AND ENACTED BY THE COUNCIL OF THE CITY OF NEW CUMBERLAND:

ARTICLE I

STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

Section 1.01. Authority for this Ordinance. This Ordinance (together with any ordinance, order or resolution supplemental hereto or amendatory hereof, the "Bond Legislation") is enacted pursuant to the provisions of Chapter 8, Article 20 and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"), and other applicable provisions of law.

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

A. The City of New Cumberland (the "Issuer") is a municipal corporation and political subdivision of the State of West Virginia in Hancock 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 extensions, additions, betterments and improvements to the sewerage portion of the existing public combined waterworks and sewerage system of the Issuer, consisting of upgrading the existing disinfection system at the wastewater treatment plant, together with all appurtenant facilities (collectively, the "Project") (the existing public combined waterworks and sewerage system of the Issuer, the Project and any further extensions, additions, betterments and improvements thereto are herein called the "System"), in accordance with the plans and specifications prepared by the Consulting Engineers, which plans and specifications have heretofore been filed with the Issuer.

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

D. It is deemed necessary for the Issuer to issue its Combined Waterworks and Sewerage System Revenue Bonds, Series 2004 A (West Virginia Infrastructure Fund), in the aggregate principal amount of not more than $280,000 (the "Series 2004 A Bonds"), to permanently finance a portion of the costs of acquisition and construction of the Project. Said costs shall be deemed to include the cost of all property rights, easements and franchises deemed necessary or convenient therefor; interest upon the Series 2004 A Bonds prior to and during construction or acquisition and for a period not exceeding 6 months after completion of construction of the Project; amounts which may be deposited in the Series 2004 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, discount, initial fees for the services of registrars, paying agents, depositories or trustees or other costs in connection with the sale of the Series 2004 A Bonds and such other expenses as may be necessary or incidental to the financing herein authorized, the acquisition or construction of the Project and the placing of same in operation, and the performance of the things herein required or permitted, in connection with any thereof, provided, that reimbursement to the Issuer for any amounts expended by it for allowable costs prior to the issuance of the Series 2004 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 2004 A Bonds be sold to the Authority pursuant to the terms and provisions of a loan agreement by and between the Issuer and the Authority, on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), in form satisfactory to the respective parties (the "Loan Agreement"), approved hereby if not previously approved by resolution of the Issuer.

G. There are outstanding obligations of the Issuer which will rank on a parity with the Series 2004 A Bonds as to liens, pledge, source of and security for payment, being the Issuer's (1) Combined Waterworks and Sewerage System Revenue Bonds, Series 1994 A (West Virginia Water Development Authority), dated October 27, 1994, issued in the original aggregate principal amount of $647,121 (the "Series 1994 A Bonds"), and (2) Combined Waterworks and Sewerage System Revenue Bonds, Series 1994 B (West Virginia SRF Program), dated October 27, 1994, issued in the original aggregate principal amount of $498,666 (the "Series 1994 B Bonds") (collectively, the "Prior Bonds").

H. Prior to the issuance of the Series 2004 A Bonds, the Issuer will obtain (i) the certificate of an Independent Certified Public Accountant stating that the coverage and parity tests of the Prior Bonds are met, and (ii) the written consent of the Holders of the Prior Bonds to the issuance of the Series 2004 A Bonds on a parity with the Prior Bonds. Other than the Prior Bonds, there are no other outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System. The Issuer is in compliance with all the covenants of the Prior Bonds and the Prior Ordinances.

I. The estimated revenues to be derived in each year after completion of the Project from the operation of the System will be sufficient to pay all costs of operation and maintenance of the System and the principal of and interest, if any, on the Series 2004 A Bonds and the Prior Bonds and to make payments into all funds and accounts and other payments provided for herein.

J. The Issuer has complied with all requirements of West Virginia law and the Loan Agreement relating to authorization of the acquisition, construction and operation of the Project and the System and issuance of the Series 2004 A Bonds, or will have so complied prior to issuance of any thereof, including, among other things, the approval of the Project and the financing thereof by the Council and the obtaining of a certificate of public convenience and necessity from the Public Service Commission of West Virginia by final order, the time for rehearing and appeal of which will either have expired prior to the issuance of the Series 2004 A Bonds or such final order will not be subject to appeal.

K. The Issuer is a governmental unit which has general taxing powers to finance operations of or facilities of the nature of the Project and the System; 95% or more

of the Net Proceeds of the Series 2004 A Bonds are to be used for local governmental activities of the Issuer (or of a governmental unit the jurisdiction of which is entirely within the jurisdiction of the Issuer); and the Issuer, all subordinate entities, all entities which issue obligations on behalf of the Issuer, and all entities formed or, to the extent provided under Section 148 of the Code, herein defined, availed of, to avoid the purposes of Section 148(f)(4)(D) of the Code and all other entities benefitting thereby reasonably expect to issue less than $5,000,000 aggregate principal amount of tax-exempt obligations (other than private activity bonds) during the calendar year in which the Series 2004 A Bonds are to be issued.

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

Section 1.03. Bond Legislation Constitutes Contract. In consideration of the acceptance of the Series 2004 A Bonds by the Registered Owners of the same from time to time, this Bond Legislation shall be deemed to be and shall constitute a contract between the Issuer and such Bondholders, and the covenants and agreements herein set forth to be performed by the Issuer shall be for the equal benefit, protection and security of the Bondholders of any and all of such Series 2004 A Bonds, all of which shall be of equal rank and without preference, priority or distinction between any one Bond and any other Bonds and by reason of priority of issuance or otherwise, except as expressly provided therein and herein.

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

"Act" means, collectively, Chapter 8, Article 20 and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended and in effect on the date of enactment hereof.

"Authority" means the West Virginia Water Development Authority, which is expected to be the original purchaser and Registered Owner of the Series 2004 A Bonds, or any other agency, Issuer or department of the State that succeeds to the functions of the Authority, acting in its administrative capacity and upon authorization from the Council under the Act.

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

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

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

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

"Bonds" means, collectively, the Series 2004 A Bonds, the Prior Bonds and, where appropriate, any bonds on a parity therewith subsequently authorized to be issued hereunder or by another ordinance of the Issuer.

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

"Recorder" means the Recorder of the Issuer.

"Closing Date" means the date upon which there is an exchange of the Series 2004 A Bonds for all or a portion of the proceeds of the Series 2004 A Bonds from the Authority.

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

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

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

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

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

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

"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.

"Grant" means all monies received by the Issuer on account of any grant.

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

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

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

"Investment Property" means

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

(B) any obligation,

(C) any annuity contract,

(D) any investment-type property, or

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

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

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

"Loan Agreement" means the loan agreement heretofore entered, or to be entered, into by and between the Issuer and the Authority, on behalf of the Council, providing for the purchase of the Series 2004 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 2004 A Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds, if any, deposited in the Series 2004 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 2004 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.

"1994 A Ordinance" means, collectively, the ordinance of the Issuer enacted October 3, 1994, as supplemented by the supplemental resolution of the Issuer adopted October 12, 1994, authorizing the issuance of and setting forth certain terms and provisions of the Series 1994 A Bonds.

"1994 B Ordinance" means, collectively, the ordinance of the Issuer enacted October 3, 1994, as supplemented by the supplemental resolution of the Issuer adopted October 12, 1994, authorizing the issuance of and setting forth certain terms and provisions of the Series 1994 B Bonds.

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

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

"Outstanding" when used with reference to Bonds or Prior Bonds and as of any particular date, describes all Bonds or Prior Bonds theretofore and thereupon being authenticated and delivered, except (i) any Bond or Prior Bond cancelled by the Bond Registrar or Registrar for Prior Bonds, at or prior to said date; (ii) any Bond or Prior Bonds, for the payment of which monies, equal to its principal amount and redemption premium, if applicable, with interest to the date of maturity or redemption shall be in trust hereunder, and set aside for such payment (whether upon or prior to maturity); (iii) any Bond deemed to have been paid as provided in Article X hereof; (iv) any Prior Bond deemed to have been paid; and (v) for purposes of consents or other action by a specified percentage of Bondholders, or holders of Prior Bonds, any Bonds or Prior Bonds registered to the Issuer.

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

"Paying Agent" means the Commission or other entity designated as such for the Series 2004 A Bonds in the Supplemental Resolution.

"Prior Bonds" means, collectively, the Series 1994 A Bonds and the Series 1994 B Bonds.

"Prior Ordinances" means the 1994 A Ordinance and the 1994 B Ordinance.

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

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

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

(a) Government Obligations;

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

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

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

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

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

(g) Repurchase agreements, fully secured by investments of the types described in paragraphs (a) through (e) above, with banks or national banking associations which are members of FDIC or with government bond dealers recognized as primary

dealers by the Federal Reserve Bank of New York, provided, that said investments securing said repurchase agreements either must mature as nearly as practicable coincident with the maturity of said repurchase agreements or must be replaced or increased so that the market value thereof is always at least equal to the principal amount of said repurchase agreements, and provided further that the holder of such repurchase agreement shall have a prior perfected security interest in the collateral therefor; must have (or its agent must have) possession of such collateral; and such collateral must be free of all claims by third parties;

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

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

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

"Registrar" means the Bond Registrar.

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

"Renewal and Replacement Fund" means the Renewal and Replacement Fund established by Section 5.01 hereof.

"Reserve Accounts" means, collectively, the respective Reserve Accounts established for the Series 2004 A Bonds and the Prior Bonds.

"Reserve Requirement" means, collectively, the respective amounts required to be on deposit in any Reserve Account for the Prior Bonds and the Series 2004 A Bonds.

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

"Series 1994 A Bonds" means the Combined Waterworks and Sewerage System Revenue Bonds, Series 1994 A (West Virginia Water Development Authority), of the Issuer, dated October 27, 1994, issued in the original aggregate principal amount of $647,121.

"Series 1994 B Bonds" means the Combined Waterworks and Sewerage System Revenue Bonds, Series 1994 B (West Virginia SRF Program), of the Issuer, dated October 27, 1994, issued in the original aggregate principal amount of $498,666.

"Series 2004 A Bonds" means the Combined Waterworks and Sewerage System Revenue Bonds, Series 2004 A (West Virginia Infrastructure Fund), of the Issuer, authorized by this Bond Legislation.

"Series 2004 A Bonds Construction Trust Fund" means the Series 2004 A Bonds Construction Trust Fund established by Section 5.01 hereof.

"Series 2004 A Bonds Reserve Account" means the Series 2004 A Bonds Reserve Account established by Section 5.02 hereof.

"Series 2004 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 2004 A Bonds in the then current or any succeeding year.

"Series 2004 A Bonds Sinking Fund" means the Series 2004 A Bonds Sinking Fund established by Section 5.02 hereof.

"Sinking Funds" means, collectively, the respective Sinking Funds established for the Series 2004 A Bonds and the Prior Bonds.

"State" means the State of West Virginia.

"Supplemental Resolution" means any resolution, ordinance or order of the Issuer supplementing or amending this Ordinance and, when preceded by the article "the," refers specifically to the supplemental resolution authorizing the sale of the Series 2004 A Bonds; provided, that any matter intended by this Ordinance to be included in the Supplemental Resolution with respect to the Series 2004 A Bonds, and not so included may be included in another Supplemental Resolution.

"Surplus Revenues" means the Net Revenues not required by the Bond Legislation to be set aside and held for the payment of or security for the Series 2004 A Bonds, the Prior Bonds or any other obligations of the Issuer, including, without limitation, the Renewal and Replacement Fund, the Sinking Funds and the Reserve Accounts.

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

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

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

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

ARTICLE II

AUTHORIZATION OF ACQUISITION AND CONSTRUCTION OF THE PROJECT

Section 2.01. Authorization of Acquisition and Construction of the Project. There is hereby authorized and ordered the acquisition and construction of the Project, at an estimated cost of not more than $410,000 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 2004 A Bonds hereby authorized shall be applied as provided in Article VI hereof. The Issuer has received bids and will enter into contracts for the acquisition and construction of the Project, compatible with the financing plan submitted to the Council and the Authority.

The cost of the Project is estimated not to exceed $410,000, not more than $280,000 of which will be obtained from proceeds of the Series 2004 A Bonds, and $130,000 of which will be obtained from proceeds of a West Virginia Infrastructure and Jobs Development Council 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 2004 A Bonds, if any, funding a reserve account for the Series 2004 A Bonds, paying Costs of the Project not otherwise provided for and paying certain costs of issuance of the Series 2004 A Bonds and related costs, or any or all of such purposes, as determined by the Supplemental Resolution, there shall be issued the negotiable Series 2004 A Bonds of the Issuer. The Series 2004 A Bonds shall be issued as a single bond, designated as "Combined Waterworks and Sewerage System Revenue Bonds, Series 2004 A (West Virginia Infrastructure Fund)," in the principal amount of not more than $280,000, and shall have such terms as set forth hereinafter and in the Supplemental Resolution. The proceeds of the Series 2004 A Bonds remaining after funding of the Series 2004 A Bonds Reserve Account (if funded from Bond proceeds) and capitalization of interest, if any, shall be deposited in or credited to the Series 2004 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 2004 A Bonds shall be issued in such principal amount; shall bear interest at such rate or rates, not exceeding the then legal maximum, payable quarterly on such dates; shall mature on such dates and in such amounts; and shall be redeemable, in whole or in part, all as the Issuer shall prescribe in a Supplemental Resolution or as specifically provided in the Loan Agreement. The Series 2004 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 2004 A Bonds, if any, shall be paid by check or draft of the Paying Agent or its agent, mailed to the Registered Owner thereof at the address as it appears on the books of the Bond Registrar, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner thereof.

Unless otherwise provided by the Supplemental Resolution, the Series 2004 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 2004 A Bonds. The Series 2004 A Bonds shall be exchangeable at the option and expense of the Registered Owner for another fully registered Bond or Bonds of the same series in aggregate principal amount equal to the amount of said Bonds then Outstanding and being exchanged, with principal installments or maturities, as applicable, corresponding to the dates of payment of principal installments of said Bonds; provided, that the Authority shall not be obligated to pay any expenses of such exchange.

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

Section 3.03. Execution of Bonds. The Series 2004 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 2004 A Bonds shall cease to be such officer of the Issuer before the Series 2004 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 2004 A Bonds may be signed and sealed on behalf of the Issuer by such person as at the actual time of the execution of such Bonds shall hold the proper office in the Issuer, although at the date of such Bonds such person may not have held such office or may not have been so authorized.

Section 3.04. Authentication and Registration. No Series 2004 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 2004 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 2004 A Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder, in accepting the Series 2004 A Bonds shall be conclusively deemed to have agreed that such Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder shall further be conclusively deemed to have agreed that said Bonds shall be incontestable in the hands of a bona fide holder for value.

So long as the Series 2004 A Bonds remain outstanding, the Issuer, through the Bond Registrar or its agent, shall keep and maintain books for the registration and transfer of such Bonds.

The registered Series 2004 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 2004 A Bonds or transferring the registered Series 2004 A Bonds are exercised, all Series 2004 A Bonds shall be delivered in accordance with the provisions of this Bond Legislation. All Series 2004 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 2004 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 2004 A Bonds during the period commencing on the 15th day of the month next preceding an interest payment date on the Series 2004 A Bonds or, in the case of any proposed redemption of Series 2004 A Bonds, next preceding the date of the selection of Bonds to be redeemed, and ending on such interest payment date or redemption date.

Section 3.06. Bonds Mutilated, Destroyed, Stolen or Lost. In case any Series 2004 A Bond shall become mutilated or be destroyed, stolen or lost, the Issuer may, in its discretion, issue, and the Bond Registrar shall, if so advised by the Issuer, authenticate and deliver, a new Bond of the same series and of like tenor as the Bonds so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond, upon surrender and cancellation of such mutilated Bond, or in lieu of and substitution for the Bond destroyed, stolen or lost, and upon the Holder's furnishing satisfactory indemnity and complying with such other reasonable regulations and conditions as the Issuer may prescribe and paying such expenses as the Issuer and the Bond Registrar may incur. All Bonds so surrendered shall be canceled by the Bond Registrar and held for the account of the Issuer. If any such Bond shall have matured or be about to mature, instead of issuing a substitute Bond, the Issuer may pay the same, upon being indemnified as aforesaid, and if such Bond be lost, stolen or destroyed, without surrender thereof.

Section 3.07. Bonds not to be Indebtedness of the Issuer. The Series 2004 A Bonds shall not, in any event, be or constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provision or limitation, but shall be payable solely from the Gross Revenues derived from the System as herein provided. No Holder or Holders of the Series 2004 A Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Series 2004 A Bonds or the interest thereon.

Section 3.08. Bonds Secured by Pledge of Gross Revenues; Lien Position with respect to Prior Bonds. The payment of debt service of the Series 2004 A Bonds shall be secured by a first lien on the Gross Revenues derived from the System, on a parity with the lien on the Gross Revenues in favor of the Holders of the Prior Bonds. Such Gross Revenues in an amount sufficient to pay the principal of and interest, if any, on the Series 2004 A Bonds and the Prior Bonds and to make all other payments provided for in the Bond Legislation are hereby irrevocably pledged to such payments as they become due.

Section 3.09. Delivery of Bonds. The Issuer shall execute and deliver the Series 2004 A Bonds to the Registrar, and the Registrar shall authenticate, register and deliver the Series 2004 A Bonds to the original purchasers upon receipt of the documents set forth below:

A. If other than the Authority, a list of the names in which the Series 2004 A Bonds are to be registered upon original issuance, together with such taxpayer identification and other information as the Bond Registrar may reasonably require;

B. A request and authorization to the Bond Registrar on behalf of the Issuer, signed by an Authorized Officer, to authenticate and deliver the Series 2004 A Bonds to the original purchasers;

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

D. An executed copy of the Loan Agreement; and

E. The unqualified approving opinion of bond counsel on the Series 2004 A Bonds.

Section 3.10. Form of Bonds. The text of the Series 2004 A Bonds shall be in substantially the following form, with such omissions, insertions and variations as may be necessary and desirable and authorized or permitted hereby, or by any Supplemental Resolution adopted prior to the issuance thereof:

[FORM OF SERIES 2004 A BOND]

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
CITY OF NEW CUMBERLAND
COMBINED WATERWORKS AND SEWERAGE
SYSTEM REVENUE BOND, SERIES 2004 A
(WEST VIRGINIA INFRASTRUCTURE FUND)

No. AR-1 $_____

KNOW ALL MEN BY THESE PRESENTS: That the City of New Cumberland, a municipal corporation and political subdivision of the State of West Virginia in Hancock County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY (the "Authority") or registered assigns the sum of _____ DOLLARS ($_____), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing _____ 1, 200_, as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference.

This Bond shall bear no interest. Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent").

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the West Virginia Infrastructure and Jobs Development Council (the "Council"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement by and between the Issuer and the Authority, on behalf of the Council, dated _____, 200_.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain extensions, additions, betterments and improvements to the sewerage portion of the existing public combined waterworks and sewerage system of the Issuer (the

"Project"); and (ii) to pay certain costs of issuance of the Bonds of this Series (the "Bonds") and related costs. The existing public combined waterworks and sewerage system of the Issuer, the Project, and any further extensions, additions, betterments or improvements thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 8, Article 20 and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"), a Bond Ordinance duly enacted by the Issuer on _____, 200_, and a Supplemental Resolution duly adopted by the Issuer on _____, 200_ (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S (1) COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1994 A (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED OCTOBER 27, 1994, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $647,121 (THE "SERIES 1994 A BONDS") AND (2) COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1994 B (WEST VIRGINIA SRF PROGRAM), DATED OCTOBER 27, 1994, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $498,666 (THE "SERIES 1994 B BONDS") (COLLECTIVELY, THE "PRIOR BONDS").

This Bond is payable only from and secured by a pledge of the Gross Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Gross Revenues in favor of the holders of the Prior Bonds and from monies in the reserve account created under the Bond Legislation for the Bonds (the "Series 2004 A Bonds Reserve Account"), and unexpended proceeds of the Bonds. Such Gross Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest hereon, if any, except from said special fund provided from the Gross Revenues, the monies in the Series 2004 A Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest on the Bonds, and all other obligations secured by a lien on or payable from such revenues on a parity with the Bonds,

including the Prior Bonds; provided however, that so long as there exists in the Series 2004 A Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with the Bonds, including the Prior Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

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

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

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

IN WITNESS WHEREOF, the CITY OF NEW CUMBERLAND 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 _____, 200___.

[SEAL]

_____
Mayor

ATTEST:

_____
Recorder

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2004 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: _____, 200___.

THE HUNTINGTON NATIONAL BANK,
as Registrar

_____
Authorized Officer

EXHIBIT A

RECORD OF ADVANCES

	AMOUNT	DATE		AMOUNT	DATE
(1)	$		(19)	$	
(2)	$		(20)	$	
(3)	$		(21)	$	
(4)	$		(22)	$	
(5)	$		(23)	$	
(6)	$		(24)	$	
(7)	$		(25)	$	
(8)	$		(26)	$	
(9)	$		(27)	$	
(10)	$		(28)	$	
(11)	$		(29)	$	
(12)	$		(30)	$	
(13)	$		(31)	$	
(14)	$		(32)	$	
(15)	$		(33)	$	
(16)	$		(34)	$	
(17)	$		(35)	$	
(18)	$		(36)	$	

TOTAL $_____

EXHIBIT B

DEBT SERVICE SCHEDULE

(Form of)

ASSIGNMENT

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

_____

_____

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

Dated: _____, _____.

_____

In the presence of:

_____

Section 3.11. Sale of Bonds; Approval and Ratification of Execution of Loan Agreement. The Series 2004 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 in the form attached hereto as "Exhibit A" and made a part hereof, and the Recorder is directed to affix the seal of the Issuer, attest the same and deliver the Loan Agreement to the Authority, and any such prior execution and delivery is hereby authorized, approved, ratified and confirmed. The Loan Agreement, including all schedules and exhibits attached thereto, are hereby approved and incorporated into this Bond Legislation.

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

ARTICLE IV

[RESERVED]

ARTICLE V

FUNDS AND ACCOUNTS; SYSTEM REVENUES AND APPLICATION THEREOF

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

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

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

(3) Series 2004 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 2004 A Bonds Sinking Fund; and

(2) Series 2004 A Bonds Reserve Account.

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

(1) The Issuer shall first, on the first day of each month, transfer from the Revenue Fund and remit to the Commission for deposit in the Series 1994 A Bonds Sinking Fund, the amount required by the 1994 A Ordinance for payment of the interest on the Series 1994 A Bonds.

(2) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and remit to the Commission (i) for deposit in the

Series 1994 A Bonds Sinking Fund, the amount required by the 1994 A Ordinance for payment of the principal of the Series 1994 A Bonds; (ii) for deposit in the Series 1994 B Bonds Sinking Fund, the amount required by the 1994 B Ordinance for payment of the principal of the Series 1994 B Bonds; and (iii) commencing 3 months prior to the first date of payment of principal of the Series 2004 A Bonds, for deposit in the Series 2004 A Bonds Sinking Fund, an amount equal to 1/3rd of the amount of principal which will mature and become due on the Series 2004 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 2004 A Bonds Sinking Fund and the next quarterly principal payment date is less than 3 months, then such monthly payments shall be increased proportionately to provide, 1 month prior to the next quarterly principal payment date, the required amount of principal coming due on such date.

(3) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and remit to the Commission (i) for deposit in the Series 1994 A Bonds Reserve Account, the amount required by the 1994 A Ordinance to be deposited therein; (ii) for deposit in the Series 1994 B Bonds Reserve Account, the amount required by the 1994 B Ordinance to be deposited therein; and (iii) commencing 3 months prior to the first date of payment of principal of the Series 2004 A Bonds, if not fully funded upon issuance of the Series 2004 A Bonds, for deposit in the Series 2004 A Bonds Reserve Account, an amount equal to 1/120th of the Series 2004 A Bonds Reserve Requirement; provided that, no further payments shall be made into the Series 2004 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 2004 A Bonds Reserve Requirement.

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

(5) The Issuer shall next, from the monies remaining in the Revenue Fund, on the first day of each month 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 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, emergency repairs, improvements or extensions to the System; provided, that any

deficiencies in the Reserve Accounts (except to the extent such deficiency exists because the required payments into such accounts have not, as of the date of determination of a deficiency, funded such accounts to the maximum extent required hereof) shall be promptly eliminated with monies from the Renewal and Replacement Fund.

Monies in the Series 2004 A Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest, if any, on the Series 2004 A Bonds, as the same shall become due. Monies in the Series 2004 A Bonds Reserve Account shall be used only for the purpose of paying principal of and interest, if any, on the Series 2004 A Bonds, as the same shall come due, when other monies in the Series 2004 A Bonds Sinking Fund are insufficient therefor, and for no other purpose.

All investment earnings on monies in the Series 2004 A Bonds Sinking Fund and the Series 2004 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 2004 A Bonds Construction Trust Fund, and following completion of construction of the Project, shall be deposited in the Revenue Fund and applied in full, first to the next ensuing interest payment due on the Series 2004 A Bonds, if any, and then to the next ensuing principal payment due thereon.

Any withdrawals from the Series 2004 A Bonds Reserve Account which results in a reduction in the balance therein to below the Series 2004 A Bonds Reserve Requirement shall be subsequently restored from the first Gross Revenues available after all required payments have been made in full in the order set forth above.

As and when additional Bonds ranking on a parity with the Series 2004 A Bonds are issued, provision shall be made for additional payments into the respective sinking fund sufficient to pay the interest, if any, on such additional parity Bonds and accomplish retirement thereof at maturity and to accumulate a balance in the respective reserve account in an amount equal to the requirement thereof.

The Issuer shall not be required to make any further payments into the Series 2004 A Bonds Sinking Fund or the Series 2004 A Bonds Reserve Account, when the aggregate amount of funds therein are at least equal to the aggregate principal amount of the Series 2004 A Bonds issued pursuant to this Bond Legislation then Outstanding and all interest, if any, to accrue until the maturity thereof.

Interest, principal or reserve payments, whether made for a deficiency or otherwise, shall be made on a parity and pro rata, with respect to the Prior Bonds and the Series 2004 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 2004 A Bonds Sinking Fund and the Series 2004 A Bonds Reserve Account created hereunder, and all amounts required for said accounts shall be remitted to the Commission from the Revenue Fund by the Issuer at the times provided herein. If required by the Authority at anytime, the Issuer shall make the necessary arrangements whereby required payments into said accounts shall be automatically debited from the Revenue Fund and electronically transferred to the Commission on the dates required hereunder.

Monies in the Series 2004 A Bonds Sinking Fund and the Series 2004 A Bonds Reserve Account shall be invested and reinvested by the Commission in accordance with Section 8.01 hereof.

The Series 2004 A Bonds Sinking Fund and the Series 2004 A Bonds Reserve Account shall be used solely and only for, and are hereby pledged for, the purpose of servicing the Series 2004 A Bonds under the conditions and restrictions set forth herein.

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

C. The Issuer shall on the first day of each month (if such day is not a business day, then the next succeeding business day), deposit with the Commission the required interest, if any, principal and reserve payments with respect to the Series 2004 A Bonds and all such payments shall be remitted to the Commission with appropriate instructions as to the custody, use and application thereof consistent with the provisions of this Bond Legislation. All remittances made by the Issuer to the Commission shall clearly identify the fund or account into which each amount is to be deposited.

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

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

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

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

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

ARTICLE VI

BOND PROCEEDS; CONSTRUCTION DISBURSEMENTS

Section 6.01. Application of Bond Proceeds; Pledge of Unexpended Bond Proceeds. From the monies received from the sale of the Series 2004 A Bonds, the following amounts shall be first deducted and deposited in the order set forth below:

A. From the proceeds of the Series 2004 A Bonds, there shall first be deposited with the Commission in the Series 2004 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 2004 A Bonds, there shall be deposited with the Commission in the Series 2004 A Bonds Reserve Account, the amount, if any, set forth in the Supplemental Resolution for funding of the Series 2004 A Bonds Reserve Account.

C. As the Issuer receives advances of the remaining monies derived from the sale of the Series 2004 A Bonds, such monies shall be deposited with the Depository Bank in the Series 2004 A Bonds Construction Trust Fund and applied solely to payment of the costs of the Project in the manner set forth in Section 6.02 hereof and until so expended, are hereby pledged as additional security for the Series 2004 A Bonds.

D. After completion of construction of the Project, as certified by the Consulting Engineers, and all costs have been paid, any remaining proceeds of the Series 2004 A Bonds shall be expended as approved by the Council.

Section 6.02. Disbursements From the Series 2004 A Bond Construction Trust Fund. The Issuer shall each month provide the Council with a requisition for the costs incurred for the Project, together with such documentation as the Council shall require. Payments of all Costs of the Project shall be made monthly.

Except as provided in Section 6.01 hereof, disbursements from the Series 2004 A Bonds Construction Trust Fund shall be made only after submission to and approval from the Council, of a certificate, signed by an Authorized Officer and the Consulting Engineers, stating that:

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

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

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

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

Pending such application, monies in the Series 2004 A Bonds Construction Trust Fund shall be invested and reinvested in Qualified Investments at the written direction of the Issuer.

The Issuer shall expend all proceeds of the Series 2004 A Bonds within 3 years of the date of issuance of the Council's bonds, the proceeds of which were used to make the loans to the Issuer.

ARTICLE VII

ADDITIONAL COVENANTS OF THE ISSUER

Section 7.01. General Covenants of the Issuer. All the covenants, agreements and provisions of this Bond Legislation shall be and constitute valid and legally binding covenants of the Issuer and shall be enforceable in any court of competent jurisdiction by any Holder or Holders of the Series 2004 A Bonds. In addition to the other covenants, agreements and provisions of this Bond Legislation, the Issuer hereby covenants and agrees with the Holders of the Series 2004 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 2004 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 2004 A Bonds shall not be nor constitute an indebtedness of the Issuer within the meaning of any constitutional, statutory or charter limitation, but shall be payable solely from the funds pledged for such payment by this Bond Legislation. No Holder or Holders of the Series 2004 A Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Series 2004 A Bonds or the interest, if any, thereon.

Section 7.03. Bonds Secured by Pledge of Gross Revenues; Lien Position with respect to Prior Bonds. The payment of debt service of the Series 2004 A Bonds shall be secured by a first lien on the Gross Revenues derived from the System, on a parity with the lien on the Gross Revenues in favor of the Holders of the Prior Bonds. Such Gross Revenues in an amount sufficient to pay the principal of and interest, if any, on the Series 2004 A Bonds and the Prior Bonds and to make all other payments provided for in the Bond Legislation are hereby irrevocably pledged to such payments as they become due.

Section 7.04. Rates and Charges. The Issuer has obtained any and all approvals of rates and charges required by State law and has taken any other action required to establish and impose such rates and charges, with all requisite appeal periods having expired without successful appeal. Such rates and charges shall be sufficient to comply with the requirements of the Loan Agreement. The initial schedule of rates and charges for the services and facilities of the System shall be as set forth in the water rate ordinance of the Issuer enacted April 4, 1994, and the sewer rate ordinance of the Issuer enacted May 3, 2004, which rates are incorporated herein by reference as a part hereof.

So long as the Series 2004 A Bonds are outstanding, the Issuer covenants and agrees to fix and collect rates, fees and other charges for the use of the System and to take all such actions necessary to provide funds sufficient to produce the required sums set forth in the Bond Legislation and in compliance with the Loan Agreement. In the event the schedule of rates, fees and charges initially established for the System in connection with the Series 2004 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 2004 A Bonds are outstanding and except as otherwise required by law or with the written consent of the Council and the Authority, the System may not be sold, mortgaged, leased or otherwise disposed of except as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to fully pay all the Bonds Outstanding, in accordance with Article X hereof. The proceeds from any such sale, mortgage, lease or other disposition of the System shall, with respect to the Series 2004 A Bonds, immediately be remitted to the Commission for deposit in the Series 2004 A Bonds Sinking Fund, and, with the written permission of the Council and the Authority, or in the event the Authority is no longer a Bondholder, the Issuer shall direct the Commission to apply such proceeds to the payment of principal of and interest, if any, on the Series 2004 A Bonds. Any balance remaining after the payment of the Series 2004 A Bonds and interest, if any, thereon shall be remitted to the Issuer by the Commission unless necessary for the payment of other obligations of the Issuer payable out of the revenues of the System.

The foregoing provision notwithstanding, the Issuer shall have and hereby reserves the right to sell, lease or otherwise dispose of any of the property comprising a part of the System hereinafter determined in the manner provided herein to be no longer necessary, useful or profitable in the operation thereof. Prior to any such sale, lease or other disposition of such property, if the amount to be received therefor, 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, 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 of any such sale shall be deposited in the Renewal and Replacement Fund. The payment of such proceeds into the Renewal and Replacement Fund shall not reduce the amount required to be paid into such account by other provisions of this Bond Legislation.

No sale, lease or other disposition of the properties of the System shall be made by the 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 Holders, or their duly authorized representatives, of the Bonds then Outstanding. The Issuer shall prepare the form of such approval and consent for execution by the then Holders of the Bonds for the disposition of the proceeds of the sale, lease or other disposition of such properties of the System.

Section 7.06. Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances. Except as provided for in Section 7.06 and Section 7.07 hereof, the Issuer shall not issue any other obligations whatsoever payable from the revenues of the System which rank prior to, or equally, as to lien on and source of and security for payment from such revenues with the Series 2004 A Bonds and the Prior Bonds. All obligations issued by the Issuer after the issuance of the Series 2004 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 2004 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 2004 A Bonds, and the interest, if any, thereon, upon any of the income and revenues of the System pledged for payment of the Series 2004 A Bonds and the interest, if any, thereon in this Bond Legislation, or upon the System or any part thereof.

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

Section 7.07. Parity Bonds. So long as the Prior Bonds are outstanding, the limitations on the issuance of parity obligations set forth in the Prior Ordinances shall be applicable. In addition, no Parity Bonds, payable out of the revenues of the System, shall be

issued after the issuance of the Series 2004 A Bonds pursuant to this Bond Legislation, without the prior written consent of the Authority and the Council and without complying with the conditions and requirements herein provided (unless less restrictive than the provisions of the Prior Ordinances).

All Parity Bonds issued hereunder shall be on a parity in all respects with the Series 2004 A Bonds.

No such Parity Bonds shall be issued except for the purpose of financing the costs of design, acquisition or construction of extensions, additions, improvements or betterments to the System or refunding the Series 2004 A Bonds issued pursuant hereto, or both such purposes.

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

(1) The Bonds then Outstanding;

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

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

The "estimated average increased annual Net Revenues expected to be received in each of the 3 succeeding years," as that term is used in the computation provided in the above paragraph, shall refer only to the increased Net Revenues estimated to be derived from the improvements to be financed by such Parity Bonds and any increase in rates enacted by the Issuer, the time for appeal of which shall have expired (without successful appeal) prior to the issuance of such Parity Bonds, and shall not exceed the amount to be stated in a certificate of the Independent Certified Public Accountants, which shall be filed in the office of the 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 Holders of the Bonds and the Holders of any Parity Bonds theretofore or subsequently issued from time to time within the limitations of and in compliance with this section. All Bonds, regardless of the time or times of their issuance, shall rank equally with respect to their lien on the Gross Revenues of the System, and their source of and security for payment from the Gross Revenues, without preference of any Bond over any other. The Issuer shall comply fully with all the increased payments into the various funds and accounts created in this Bond Legislation required for and on account of such Parity Bonds, in addition to the payments required for Bonds theretofore issued pursuant to this Bond Legislation.

Parity Bonds shall not be deemed to include bonds, notes, certificates or other obligations subsequently issued, the lien of which on the revenues of the System is subject to the prior and superior lien of the Series 2004 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 2004 A Bonds.

No Parity Bonds shall be issued at any time, however, unless all of the payments into the respective funds and accounts provided for in this Bond Legislation with respect to the Bonds then Outstanding, and any other payments provided for in this Bond Legislation, shall have been made in full as required to the date of delivery of the Parity Bonds, and the Issuer then be in full compliance with all the covenants, agreements and terms of this Bond Legislation.

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

The Issuer shall permit the Authority and the Council, or their agents and representatives, to inspect all records pertaining to the operation and maintenance of the System at all reasonable times following completion of construction of the Project and

commencement of operation thereof, or, if the Project is an improvement to an existing system, at any reasonable time following commencement of construction.

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

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

The Issuer shall file with the Authority and the Council, or any other original purchaser of the Series 2004 A Bonds, and shall mail in each year to any Holder or Holders of the Series 2004 A Bonds, requesting the same, an annual report containing the following:

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

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

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

The Issuer shall also, at least once a year, cause the books, records and accounts of the System to be audited by an Independent Certified Public Accountant in compliance with the applicable OMB Circular, or any successor thereof, and the Single Audit Act, or any successor thereof, to the extent legally required, and shall mail upon request, and make available generally, the report of the Independent Certified Public Accountant, or a summary thereof, to any Holder or Holders of the Series 2004 A Bonds and shall submit said report to the Authority and the Council, or any other original purchaser of the Series 2004 A Bonds. Such audit report submitted to the Authority and the Council shall include a statement that the Issuer is in compliance with the terms and provisions of the Act, the Loan Agreement and

this Bond Legislation and that the revenues of the System are adequate to meet the Issuer's Operating Expenses and debt service and reserve requirements.

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

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

Section 7.09. Rates. Prior to the issuance of the Series 2004 A Bonds, equitable rates or charges for the use of and service rendered by the System shall be established all in the manner and form required by law, and copies of such rates and charges so established will be continuously on file with the 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 year equal to at least 115% of the maximum amount required in any year for payment of principal of and interest, if any, on the Series 2004 A Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2004 A Bonds, including the Prior Bonds; provided that, in the event that amounts equal to or in excess of the reserve requirements are on deposit in the Series 2004 A Bonds Reserve Account and any reserve accounts for obligations on a parity with the Series 2004 A Bonds are funded at least at the requirement therefor, such balance each year need only equal at least 110% of the maximum amount required in any year for payment of principal of and interest, if any, on the Series 2004 A Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2004 A Bonds,

including the Prior Bonds. In any event, the Issuer shall not reduce the rates or charges for services set forth in the rate ordinance described in Section 7.04.

Section 7.10. Operating Budget and Monthly Financial Report. The Issuer shall annually, at least 45 days preceding the beginning of each Fiscal Year, prepare and adopt by resolution a detailed, balanced budget of the estimated revenues and expenditures for operation and maintenance of the System during the succeeding Fiscal Year and shall submit a copy of such budget to the Authority and the Council within 30 days of adoption thereof. No expenditures for the operation and maintenance of the System shall be made in any Fiscal Year in excess of the amounts provided therefor in such budget without a written finding and recommendation by a registered professional engineer, which finding and recommendation shall state in detail the purpose of and necessity for such increased expenditures for the operation and maintenance of the System, and no such increased expenditures shall be made until the Issuer shall have approved such finding and recommendation by a resolution duly adopted. No increased expenditures in excess of 10% of the amount of such budget shall be made except upon the further certificate of a registered professional engineer that such increased expenditures are necessary for the continued operation of the System. The Issuer shall within 30 days of adoption thereof mail copies of such annual budget and all resolutions authorizing increased expenditures for operation and maintenance to the Authority and the Council and to any Holder of any Bonds who shall file his or her address with the Issuer and request in writing that copies of all such budgets and resolutions be furnished him or her and shall make available such budgets and all resolutions authorizing increased expenditures for operation and maintenance of the System at all reasonable times to any Holder of any Bonds or anyone acting for and in behalf of such Holder of any Bonds.

Commencing on the date contracts are executed for the acquisition and construction of the Project and for 2 years following the completion of the Project, the 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 Council 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 Council, the Project is adequate for the purposes for which it was designed, the funding plan as submitted to the Authority and the Council is sufficient to pay the costs of acquisition and construction of the Project, and all permits required by federal and state laws for construction of the Project have been obtained.

The Issuer shall provide and maintain competent and adequate engineering services satisfactory to the Authority and the Council covering the supervision and inspection

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

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

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

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

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

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

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

Section 7.15. Insurance and Construction Bonds. A. The Issuer hereby covenants and agrees that so long as the Series 2004 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. 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 OR

COMPLETION BONDS, such bonds to be in the amounts of not less than 100% of the amount of any construction contract and to be required of each contractor dealing directly with the Issuer and such payment bonds will be filed with the Clerk of the County Commission of the County in which such work is to be performed prior to commencement of construction of any additions, extensions or improvements for the System in compliance with West Virginia Code, Section 38-2-39.

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

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

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

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

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

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 Bureau for Health from such house, dwelling or building into the System, to the extent permitted by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, shall connect with and use the sewerage facilities portion of the System and shall cease the use of all other means for the collection, treatment and disposal of sewage and waste matters from such house, dwelling or building where there is such gravity flow or transportation by such other method approved by the State Bureau for Health and such house, dwelling or building can be adequately served by the sewerage facilities portion of the System, and every such owner, tenant or occupant shall, after a 30-day notice of the availability of the sewerage facilities portion of the System, pay the rates and charges established therefor.

Any such house, dwelling or building from which emanates sewage or water-borne waste matter and which is not so connected with the sewerage facilities portion of the System is hereby declared and found to be a hazard to the health, safety, comfort and welfare of the inhabitants of the Issuer and a public nuisance which shall be abated to the extent permitted by law and as promptly as possible by proceedings in a court of competent jurisdiction.

Section 7.17. Completion of Project; Permits and Orders. The 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 West Virginia Public Service Commission and the Council necessary for the acquisition and construction of the Project and the operation of the System and all approvals for issuance of the Series 2004 A Bonds required by state law, with all requisite appeal periods having expired without successful appeal.

Section 7.18. Compliance with Loan Agreement and Law. The Issuer 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 shall provide the Council 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 and the Council or other state, federal or local bodies in regard to the acquisition and construction of the Project and the operation, maintenance and use of the System.

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

A. PRIVATE BUSINESS USE LIMITATION. The Issuer shall assure that (i) not in excess of 10% of the Net Proceeds of the Series 2004 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, if any, due on the Series 2004 A Bonds during the term thereof is, under the terms of the Series 2004 A Bonds or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for a Private Business Use or in payments in respect of property used or to be used for a Private Business Use or is to be derived from payments, whether or not to the Issuer, in respect of property or borrowed money used or to be used for a Private Business Use; and (ii) and that, in the event that both (A) in excess of 5% of the Net Proceeds of the Series 2004 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, if any, due on the Series 2004 A Bonds during the term thereof is, under the terms of the Series 2004 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 2004 A Bonds used for a Private Business Use shall be used for a Private Business Use related to the governmental use of the Project, or if the Series 2004 A Bonds are for the purpose of financing more than one project, a portion of the Project, and shall not exceed the proceeds used for the governmental use of that portion of the Project to which such Private Business Use is related, all of the foregoing to be determined in accordance with the Code.

B. PRIVATE LOAN LIMITATION. The Issuer shall assure that not in excess of the lesser of 5% or $5,000,000 of the Net Proceeds of the Series 2004 A Bonds are used, directly or indirectly, to make or finance a loan (other than loans constituting Nonpurpose Investments) to persons other than state or local government units.

C. FEDERAL GUARANTEE PROHIBITION. The Issuer shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause the Series 2004 A Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Code.

D. INFORMATION RETURN. If required, the Issuer shall file all statements, instruments and returns necessary to assure the tax-exempt status of the Series 2004 A Bonds and the interest, if any, thereon, including, without limitation, the information return required under Section 149(e) of the Code.

E. FURTHER ACTIONS. The Issuer shall take any and all actions that may be required of it (including, without limitation, those deemed necessary by the Authority) so

that the interest, if any, on the Series 2004 A Bonds will be and remain excludable from gross income for federal income tax purposes, and shall not take any actions, or fail to take any actions (including, without limitation, those deemed necessary by the Authority), the result of which would adversely affect such exclusion.

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

Section 7.21. Contracts; Public Releases. A. The Issuer shall, simultaneously with the delivery of the Series 2004 A Bonds or immediately thereafter, enter into written contracts for the immediate acquisition or construction of the Project.

B. The Issuer shall submit all proposed change orders to the Council for written approval. The Issuer shall obtain the written approval of the Council before expending any proceeds of the Series 2004 A Bonds held in "contingency" as set forth in the schedule attached to the Certificate of the Consulting Engineer. The Issuer shall also obtain the written approval of the Council before expending any proceeds of the Series 2004 A Bonds made available due to bid or construction or project underruns.

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

Section 7.22. Statutory Mortgage Lien. For the further protection of the Holders of the Series 2004 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 2004 A Bonds, and shall be on a parity with the statutory mortgage lien in favor of the Holders of the Prior Bonds.

ARTICLE VIII

INVESTMENT OF FUNDS

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

Any investment shall be held in and at all times deemed a part of the fund or account in which such monies were originally held, and the interest accruing thereon and any profit or loss realized from such investment shall be credited or charged to the appropriate fund or account. The investments held for any fund or account shall be valued at the lower of cost or then current market value, or at the redemption price thereof if then redeemable at the option of the holder, including the value of accrued interest and giving effect to the amortization of discount, or at par if such investment is held in the "Consolidated Fund." The Commission, the Depository Bank, or such other bank or national banking association 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 if reasonably requested by the Issuer), a summary of such funds, accounts and investment earnings. The Issuer shall retain all such records and any additional records with respect to such funds, accounts and investment earnings so long as any of the Series 2004 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 2004 A Bonds from gross income for federal income tax purposes.

Section 8.02. Certificate and Covenants as to Use of Proceeds. The Issuer shall deliver a certificate as to use of proceeds or other similar certificate to be prepared by nationally recognized bond counsel relating to restrictions on the use of proceeds of the Series 2004 A Bonds as a condition to issuance of the Series 2004 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 2004 A Bonds as may be necessary in order to maintain the status of the Series 2004 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 2004 A Bonds which would cause any bonds, the interest, if any, on which is exempt from federal income taxation under Section 103(a) of the Code, issued by the Authority or the Council, as the case may be, from which the proceeds of the Series 2004 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 Council, to ensure compliance with the covenants and agreements set forth in this Section, regardless of whether such actions may be contrary to any of the provisions of this Bond Legislation.

The Issuer shall annually furnish to the Authority information with respect to the Issuer's use of the proceeds of the Series 2004 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 2004 A Bonds:

(1) If default occurs in the due and punctual payment of the principal of or interest, if any, on any Series 2004 A Bonds; or

(2) If default occurs in the Issuer's observance of any of the covenants, agreements or conditions relating to the Series 2004 A Bonds set forth in this Bond Legislation, any supplemental resolution or in the Series 2004 A Bonds, and such default shall have continued for a period of 30 days after the Issuer shall have been given written notice of such default by the Commission, the Depository Bank, the Registrar, the Paying Agent or any other Paying Agent or a Holder of a Bond; or

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

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

Section 9.02. Remedies. Upon the happening and continuance of any Event of Default, any Registered Owner of a Bond may exercise any available remedy and bring any appropriate action, suit or proceeding to enforce his or her rights and, in particular, (i) bring suit for any unpaid principal or interest, if any, then due, (ii) by mandamus or other appropriate proceeding enforce all rights of such Registered Owners including the right to require the Issuer to perform its duties under the Act and the Bond Legislation relating thereto, including but not limited to the making and collection of sufficient rates or charges for services rendered by the System, (iii) bring suit upon the Bonds; (iv) by action at law or bill in equity require the Issuer to account as if it were the trustee of an express trust for the Registered Owners of the Bonds, and (v) by action or bill in equity enjoin any acts in violation of the Bond Legislation with respect to the Bonds, or the rights of such Registered Owners; provided however, that all rights and remedies of the Holders of the Series 2004 A Bonds shall be on a parity with those of the Holders of the Prior Bonds.

Section 9.03. Appointment of Receiver. Any Registered Owner of a Bond may, by proper legal action, compel the performance of the duties of the Issuer under the Bond Legislation and the Act, including, the completion of the Project and after

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

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

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

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

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

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

ARTICLE X

PAYMENT OF BONDS

Section 10.01. Payment of Bonds. If the Issuer shall pay or there shall otherwise be paid to the Holders of the Series 2004 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 Gross Revenues and other monies and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Registered Owners of the Series 2004 A Bonds shall thereupon cease, terminate and become void and be discharged and satisfied, except as may otherwise be necessary to assure the exclusion of interest, if any, on the Series 2004 A Bonds from gross income for federal income tax purposes.

ARTICLE XI

MISCELLANEOUS

Section 11.01. Amendment or Modification of Bond Legislation. Prior to the issuance of the Series 2004 A Bonds, this Ordinance may be amended or supplemented in any way by the Supplemental Resolution. Following issuance of the Series 2004 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 2004 A Bonds shall be made without the consent in writing of the Registered Owners of the Series 2004 A Bonds so affected and then Outstanding; provided, that no change shall be made in the maturity of any Bond or Bonds or the rate of interest, 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 2004 A Bonds required for consent to the above-permitted amendments or modifications. Notwithstanding the foregoing, this Bond Legislation may be amended without the consent of any Bondholder as may be necessary to assure compliance with Section 148(f) of the Code relating to rebate requirements or otherwise as may be necessary to assure the excludability of interest, if any, on the Series 2004 A Bonds from gross income of the holders thereof.

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

Section 11.03. Severability of Invalid Provisions. If any section, paragraph, clause or provision of this Ordinance should be held invalid by any court of competent jurisdiction, the invalidity of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Ordinance, the Supplemental Resolution or the Series 2004 A Bonds.

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

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

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

Section 11.06. Covenant of Due Procedure, Etc. The Issuer covenants that all acts, conditions, things and procedures required to exist, to happen, to be performed or to be taken precedent to and in the adoption of this Ordinance do exist, have happened, have been performed and have been taken in regular and due time, form and manner as required by and in full compliance with the laws and Constitution of the State of West Virginia applicable thereto; and that the Mayor, the 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. Effective Date. This Ordinance shall take effect immediately following public hearing and final reading hereof.

Section 11.08. Statutory Notice and Public Hearing. Upon adoption hereof, an abstract of this Ordinance determined by the Governing Body to contain sufficient information as to give notice of the contents hereof shall be published once a week for 2 successive weeks within a period of fourteen consecutive days, with at least 6 full days intervening between each publication, in the Hancock County Courier and Weirton Daily Times, newspapers published and of general circulation in the City of New Cumberland, together with a notice stating that this Ordinance has been adopted and that the Issuer contemplates the issuance of the Bonds, and that any person interested may appear before the Governing Body upon a date certain, not less than ten days subsequent to the date of the first publication of such abstract of this Ordinance and notice, and present protests, and that a certified copy of this Ordinance is on file with the Governing Body for review by interested persons during office hours of the Governing Body. At such hearing, all objections and suggestions shall be heard and the Governing Body shall take such action as it shall deem proper in the premises.

Passed on First Reading: April 8, 2004

Passed on Second Reading: April 16, 2004

Passed on Final Reading
Following Public Hearing: May 3, 2004

Mayor

ATTEST:

Recorder

06/04/04
658300.00002

CERTIFICATION

Certified a true copy of an Ordinance duly enacted by the Council of the City of New Cumberland on the 3rd day of May, 2004.

Dated: June 18, 2004.

[SEAL]

Recorder

EXHIBIT A

Loan Agreement is included in bond transcript as Document 3.

CITY OF NEW CUMBERLAND

Combined Waterworks and Sewerage System Revenue Bonds,
Series 2004 A (West Virginia Infrastructure Fund)

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNT, DATE, MATURITY DATE, REDEMPTION PROVISION, INTEREST RATE, INTEREST AND PRINCIPAL PAYMENT DATES, SALE PRICE AND OTHER TERMS OF THE COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2004 A (WEST VIRGINIA INFRASTRUCTURE FUND), OF THE CITY OF NEW CUMBERLAND, APPROVING AND RATIFYING A LOAN AGREEMENT RELATING TO SUCH BONDS AND THE SALE AND DELIVERY OF SUCH BONDS TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

WHEREAS, the city council (the "Governing Body") of the City of New Cumberland (the "Issuer") has duly and officially adopted and enacted a bond ordinance, effective May 3, 2004 (the "Bond Ordinance"), entitled:

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF EXTENSIONS, ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE SEWERAGE PORTION OF THE EXISTING PUBLIC COMBINED WATERWORKS AND SEWERAGE SYSTEM OF THE CITY OF NEW CUMBERLAND AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE CITY OF NOT MORE THAN $280,000 IN AGGREGATE PRINCIPAL AMOUNT OF COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2004 A (WEST VIRGINIA

INFRASTRUCTURE FUND); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING A LOAN AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

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

WHEREAS, the Bond Ordinance provides for the issuance of the Combined Waterworks and Sewerage System Revenue Bonds, Series 2004 A (West Virginia Infrastructure Fund), of the Issuer (the "Bonds" or the "Series 2004 A Bonds"), in the aggregate principal amount not to exceed $280,000, and has authorized the execution and delivery of the loan agreement relating to the Series 2004 A Bonds, including all schedules and exhibits attached thereto (the "Loan Agreement"), by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), all in accordance with Chapter 8, Article 20 and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"); and in the Bond Ordinance it is provided that the form of the Loan Agreement and the exact principal amount, date, maturity date, redemption provision, interest rate, interest and principal payment dates, sale price and other terms of the Bonds should be established by a supplemental resolution pertaining to the Bonds; and that other matters relating to the Bonds be herein provided for;

WHEREAS, the Loan Agreement has been presented to the Issuer at this meeting;

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

WHEREAS, the Governing Body deems it essential and desirable that this supplemental resolution (the "Supplemental Resolution") be adopted, that the Loan Agreement be ratified and approved by the Issuer, that the exact principal amount, the date,

the maturity date, the redemption provision, the interest rate, the interest and principal payment dates and the sale price of the Bonds be fixed hereby in the manner stated herein, and that other matters relating to the Bonds be herein provided for;

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

Section 1. Pursuant to the Bond Ordinance and the Act, this Supplemental Resolution is adopted and there are hereby authorized and ordered to be issued the Combined Waterworks and Sewerage System Revenue Bonds, Series 2004 A (West Virginia Infrastructure Fund), of the Issuer, originally represented by a single Bond, numbered AR-1, in the principal amount of $238,600. The Series 2004 A Bonds shall be dated the date of delivery thereof, shall finally mature June 1, 2044, and shall bear no interest. The principal on the Bonds shall be payable quarterly, on March 1, June 1, September 1 and December 1 of each year, commencing June 1, 2005, and maturing June 1, 2044, and in the amounts as set forth in the "Schedule Y" attached to the Loan Agreement and incorporated in and made a part of the Series 2004 A Bonds. The Series 2004 A Bonds shall be subject to redemption upon the written consent of the Authority and the Council, and upon payment of the redemption premium, if any, and otherwise in compliance with the Loan Agreement, so long as the Authority shall be the registered owner of the Series 2004 A Bonds.

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

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

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

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

Section 6. The Issuer does hereby appoint and designate Hancock County Savings Bank, New Cumberland, West Virginia, to serve as Depository Bank under the Bond Ordinance.

Section 7. Series 2004 A Bonds proceeds in the amount of $-0- shall be deposited in the Series 2004 A Bonds Sinking Fund, as capitalized interest.

Section 8. Series 2004 A Bonds proceeds in the amount of $-0- shall be deposited in the Series 2004 A Bonds Reserve Account.

Section 9. The proceeds of the Series 2004 A Bonds shall be deposited in or credited to the Series 2004 A Bonds Construction Trust Fund for payment of the costs of the Project, including, without limitation, costs of issuance of the Bonds and related costs.

Section 10. The Issuer does hereby ratify and approve its contribution to the Project in the amount of $12,100.

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 on or about June 18, 2004, to the Authority pursuant to the Loan Agreement.

Section 12. The acquisition and construction of the Project and the financing thereof in part with proceeds of the Bonds 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 does hereby ratify, approve and accept all contracts relating to the financing, acquisition and construction of the Project.

Section 14. The Issuer hereby determines to invest all monies in the funds and accounts established by the Bond Ordinance held by the Depository Bank until expended, in repurchase agreements or time accounts, secured by a pledge of Government Obligations, and therefore, the Issuer hereby directs the Depository Bank to take such actions as may be necessary to cause such monies to be invested in such repurchase agreements or time accounts until further directed in writing by the Issuer. Monies in the Series 2004 A Bonds Sinking Fund and the Series 2004 A Bonds Reserve Account shall be invested by the West Virginia Municipal Bond Commission in the West Virginia Consolidated Fund.

Section 15. The Issuer hereby approves payment of all invoices and bills for the Project which have been received to date from the proceeds of the Bonds.

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

[Remainder of Page Intentionally Left Blank]

Adopted this 7th day of June, 2004.

Mayor

CERTIFICATION

Certified a true copy of a Supplemental Resolution duly adopted by the Council of the City of New Cumberland on the 7th day of June, 2004.

Dated: June 18, 2004.

[SEAL]

Recorder

6/7/04
658300.00002

SPECIMEN

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
CITY OF NEW CUMBERLAND
COMBINED WATERWORKS AND SEWERAGE
SYSTEM REVENUE BOND, SERIES 2004 A
(WEST VIRGINIA INFRASTRUCTURE FUND)

No. AR-1 $238,600

KNOW ALL MEN BY THESE PRESENTS: That the City of New Cumberland, a municipal corporation and political subdivision of the State of West Virginia in Hancock County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY (the "Authority") or registered assigns the sum of TWO HUNDRED THIRTY-EIGHT THOUSAND SIX HUNDRED DOLLARS ($238,600), 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, 2005, as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference.

This Bond shall bear no interest. Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent").

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the West Virginia Infrastructure and Jobs Development Council (the "Council"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement by and between the Issuer and the Authority, on behalf of the Council, dated June 18, 2004.

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

compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 8, Article 20 and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"), a Bond Ordinance duly enacted by the Issuer on May 3, 2004, and a Supplemental Resolution duly adopted by the Issuer on June 7, 2004 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S (1) COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1994 A (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED OCTOBER 27, 1994, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $647,121 (THE "SERIES 1994 A BONDS") AND (2) COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1994 B (WEST VIRGINIA SRF PROGRAM), DATED OCTOBER 27, 1994, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $498,666 (THE "SERIES 1994 B BONDS") (COLLECTIVELY, THE "PRIOR BONDS").

This Bond is payable only from and secured by a pledge of the Gross Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Gross Revenues in favor of the holders of the Prior Bonds and from monies in the reserve account created under the Bond Legislation for the Bonds (the "Series 2004 A Bonds Reserve Account"), and unexpended proceeds of the Bonds. Such Gross Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest hereon, if any, except from said special fund provided from the Gross Revenues, the monies in the Series 2004 A Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest on the Bonds, and all other obligations secured by a lien on or payable from such revenues on a parity with the Bonds, including the Prior Bonds; provided however, that so long as there exists in the Series 2004 A Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity

with the Bonds, including the Prior Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

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

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

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

IN WITNESS WHEREOF, the CITY OF NEW CUMBERLAND 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 June 18, 2004.

[SEAL]

Mayor

SPECIMEN

ATTEST:

Recorder

SPECIMEN

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2004 A Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: June 18, 2004.

THE HUNTINGTON NATIONAL BANK,
as Registrar

SPECIMEN

Authorized Officer

EXHIBIT A

RECORD OF ADVANCES

	AMOUNT	DATE		AMOUNT	DATE
(1)	$ 39,900	June 18, 2004	(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

$238,600
City of New Cumberland (West Virginia)
40 Years, 0% Interest Rate
Closing Date: June 18, 2004

Debt Service Schedule

Date	Principal	Coupon	Total P+I
09/01/2004	-	-	-
12/01/2004	-	-	-
03/01/2005	-	-	-
06/01/2005	1,519.75	-	1,519.75
09/01/2005	1,519.75	-	1,519.75
12/01/2005	1,519.75	-	1,519.75
03/01/2006	1,519.75	-	1,519.75
06/01/2006	1,519.75	-	1,519.75
09/01/2006	1,519.75	-	1,519.75
12/01/2006	1,519.75	-	1,519.75
03/01/2007	1,519.75	-	1,519.75
06/01/2007	1,519.75	-	1,519.75
09/01/2007	1,519.75	-	1,519.75
12/01/2007	1,519.75	-	1,519.75
03/01/2008	1,519.75	-	1,519.75
06/01/2008	1,519.75	-	1,519.75
09/01/2008	1,519.75	-	1,519.75
12/01/2008	1,519.75	-	1,519.75
03/01/2009	1,519.75	-	1,519.75
06/01/2009	1,519.75	-	1,519.75
09/01/2009	1,519.75	-	1,519.75
12/01/2009	1,519.75	-	1,519.75
03/01/2010	1,519.75	-	1,519.75
06/01/2010	1,519.75	-	1,519.75
09/01/2010	1,519.75	-	1,519.75
12/01/2010	1,519.75	-	1,519.75
03/01/2011	1,519.75	-	1,519.75
06/01/2011	1,519.75	-	1,519.75
09/01/2011	1,519.75	-	1,519.75
12/01/2011	1,519.75	-	1,519.75
03/01/2012	1,519.75	-	1,519.75
06/01/2012	1,519.75	-	1,519.75
09/01/2012	1,519.75	-	1,519.75
12/01/2012	1,519.75	-	1,519.75
03/01/2013	1,519.75	-	1,519.75
06/01/2013	1,519.75	-	1,519.75
09/01/2013	1,519.75	-	1,519.75
12/01/2013	1,519.75	-	1,519.75
03/01/2014	1,519.75	-	1,519.75
06/01/2014	1,519.75	-	1,519.75
09/01/2014	1,519.75	-	1,519.75
12/01/2014	1,519.75	-	1,519.75
03/01/2015	1,519.75	-	1,519.75
06/01/2015	1,519.75	-	1,519.75

238,600
City of New Cumberland (West Virginia)
40 Years, 0% Interest Rate
Closing Date: June 18, 2004

Debt Service Schedule

Date	Principal	Coupon	Total P+I
09/01/2015	1,519.75	-	1,519.75
12/01/2015	1,519.75	-	1,519.75
03/01/2016	1,519.75	-	1,519.75
06/01/2016	1,519.75	-	1,519.75
09/01/2016	1,519.75	-	1,519.75
12/01/2016	1,519.75	-	1,519.75
03/01/2017	1,519.75	-	1,519.75
06/01/2017	1,519.75	-	1,519.75
09/01/2017	1,519.75	-	1,519.75
12/01/2017	1,519.75	-	1,519.75
03/01/2018	1,519.75	-	1,519.75
06/01/2018	1,519.75	-	1,519.75
09/01/2018	1,519.75	-	1,519.75
12/01/2018	1,519.75	-	1,519.75
03/01/2019	1,519.75	-	1,519.75
06/01/2019	1,519.75	-	1,519.75
09/01/2019	1,519.75	-	1,519.75
12/01/2019	1,519.75	-	1,519.75
03/01/2020	1,519.75	-	1,519.75
06/01/2020	1,519.75	-	1,519.75
09/01/2020	1,519.75	-	1,519.75
12/01/2020	1,519.75	-	1,519.75
03/01/2021	1,519.75	-	1,519.75
06/01/2021	1,519.75	-	1,519.75
09/01/2021	1,519.75	-	1,519.75
12/01/2021	1,519.75	-	1,519.75
03/01/2022	1,519.75	-	1,519.75
06/01/2022	1,519.75	-	1,519.75
09/01/2022	1,519.75	-	1,519.75
12/01/2022	1,519.75	-	1,519.75
03/01/2023	1,519.75	-	1,519.75
06/01/2023	1,519.75	-	1,519.75
09/01/2023	1,519.75	-	1,519.75
12/01/2023	1,519.75	-	1,519.75
03/01/2024	1,519.75	-	1,519.75
06/01/2024	1,519.75	-	1,519.75
09/01/2024	1,519.75	-	1,519.75
12/01/2024	1,519.75	-	1,519.75
03/01/2025	1,519.75	-	1,519.75
06/01/2025	1,519.75	-	1,519.75
09/01/2025	1,519.75	-	1,519.75
12/01/2025	1,519.74	-	1,519.74
03/01/2026	1,519.74	-	1,519.74
06/01/2026	1,519.74	-	1,519.74

$238,600
City of New Cumberland (West Virginia)
40 Years, 0% Interest Rate
Closing Date: June 18, 2004

Debt Service Schedule

Date	Principal	Coupon	Total P+I
09/01/2026	1,519.74	-	1,519.74
12/01/2026	1,519.74	-	1,519.74
03/01/2027	1,519.74	-	1,519.74
06/01/2027	1,519.74	-	1,519.74
09/01/2027	1,519.74	-	1,519.74
12/01/2027	1,519.74	-	1,519.74
03/01/2028	1,519.74	-	1,519.74
06/01/2028	1,519.74	-	1,519.74
09/01/2028	1,519.74	-	1,519.74
12/01/2028	1,519.74	-	1,519.74
03/01/2029	1,519.74	-	1,519.74
06/01/2029	1,519.74	-	1,519.74
09/01/2029	1,519.74	-	1,519.74
12/01/2029	1,519.74	-	1,519.74
03/01/2030	1,519.74	-	1,519.74
06/01/2030	1,519.74	-	1,519.74
09/01/2030	1,519.74	-	1,519.74
12/01/2030	1,519.74	-	1,519.74
03/01/2031	1,519.74	-	1,519.74
06/01/2031	1,519.74	-	1,519.74
09/01/2031	1,519.74	-	1,519.74
12/01/2031	1,519.74	-	1,519.74
03/01/2032	1,519.74	-	1,519.74
06/01/2032	1,519.74	-	1,519.74
09/01/2032	1,519.74	-	1,519.74
12/01/2032	1,519.74	-	1,519.74
03/01/2033	1,519.74	-	1,519.74
06/01/2033	1,519.74	-	1,519.74
09/01/2033	1,519.74	-	1,519.74
12/01/2033	1,519.74	-	1,519.74
03/01/2034	1,519.74	-	1,519.74
06/01/2034	1,519.74	-	1,519.74
09/01/2034	1,519.74	-	1,519.74
12/01/2034	1,519.74	-	1,519.74
03/01/2035	1,519.74	-	1,519.74
06/01/2035	1,519.74	-	1,519.74
09/01/2035	1,519.74	-	1,519.74
12/01/2035	1,519.74	-	1,519.74
03/01/2036	1,519.74	-	1,519.74
06/01/2036	1,519.74	-	1,519.74
09/01/2036	1,519.74	-	1,519.74
12/01/2036	1,519.74	-	1,519.74
03/01/2037	1,519.74	-	1,519.74
06/01/2037	1,519.74	-	1,519.74

$238,600
City of New Cumberland (West Virginia)
40 Years, 0% Interest Rate
Closing Date: June 18, 2004

Debt Service Schedule

Date	Principal	Coupon	Total P+I
09/01/2037	1,519.74	-	1,519.74
12/01/2037	1,519.74	-	1,519.74
03/01/2038	1,519.74	-	1,519.74
06/01/2038	1,519.74	-	1,519.74
09/01/2038	1,519.74	-	1,519.74
12/01/2038	1,519.74	-	1,519.74
03/01/2039	1,519.74	-	1,519.74
06/01/2039	1,519.74	-	1,519.74
09/01/2039	1,519.74	-	1,519.74
12/01/2039	1,519.74	-	1,519.74
03/01/2040	1,519.74	-	1,519.74
06/01/2040	1,519.74	-	1,519.74
09/01/2040	1,519.74	-	1,519.74
12/01/2040	1,519.74	-	1,519.74
03/01/2041	1,519.74	-	1,519.74
06/01/2041	1,519.74	-	1,519.74
09/01/2041	1,519.74	-	1,519.74
12/01/2041	1,519.74	-	1,519.74
03/01/2042	1,519.74	-	1,519.74
06/01/2042	1,519.74	-	1,519.74
09/01/2042	1,519.74	-	1,519.74
12/01/2042	1,519.74	-	1,519.74
03/01/2043	1,519.74	-	1,519.74
06/01/2043	1,519.74	-	1,519.74
09/01/2043	1,519.74	-	1,519.74
12/01/2043	1,519.74	-	1,519.74
03/01/2044	1,519.74	-	1,519.74
06/01/2044	1,519.74	-	1,519.74
Total	**$238,600.00**	-	**$238,600.00**

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:

_____

SPECIMEN

6/7/04

658300.00002

PWSID# WV3301515

State of West Virginia

OFFICE OF ENVIRONMENTAL HEALTH SERVICES

CAPITOL and WASHINGTON STREETS 1 DAVIS SQUARE, SUITE 200 CHARLESTON, WEST VIRGINIA 25301
TELEPHONE 304-558-2981

PERMIT

PROJECT: (Water) Water System Improvements **PERMIT NO.:** 17,929

LOCATION: New Cumberland **COUNTY:** Hancock **DATE:** 3-31-2008

THIS IS TO CERTIFY that after reviewing plans, specifications, application forms, and other essential information that

COPY

City of New Cumberland
P. O. Box 505
New Cumberland, West Virginia 26047

is hereby granted approval to: install a new pre-engineered concrete water treatment plant building with chemical feed equipment for sodium hypochlorite and sodium fluoride, new electrical controls for three (3) existing well pumps and a future well pump, add new telemetry system, install new 460 volt- 3 phase power service and add an emergency generator; replace the pumps in existing Well Nos. 1B and 1C; replace the Cemetery Hill water booster station with a new pre-engineered building with two (2) 500 G.P.M. booster pumps with VFD, new 460 volt-3 phase power service, telemetry and emergency power generator; replace the existing Cemetery Hill pressure reducing station; and replace approximately 1,000 LF of 8" water line along route 20 with 1,000 LF of 10" water line.

Facilities are to serve the City of New Cumberland, Tomlinson Public Service District and occasionally the Oakland Public Service District.

Note: This permit is contingent upon all new water line being disinfected, flushed and bacteriologically tested, prior to use.

The Environmental Engineering Division of the **OEHS-Wheeling District Office**, telephone (304) 238-1145, is to be notified when construction begins.

Validity of this permit is contingent upon conformity with plans, specifications, application forms, and other information submitted to the West Virginia Bureau for Public Health.

FOR THE DIRECTOR

William S. Herold, Jr., P.E., Assistant Manager
Infrastructure and Capacity Development
Environmental Engineering Division

WSH:emt
pc: MS Consultants, Inc.,
James W. Ellars, P.E., PSC-Engineering Division
Amy Swann, PSC
Hancock County Health Department
OEHS-EED Wheeling District Office

Resolution Authorizing the Acceptance of a West Virginia Development Office Infrastructure Fund Grant For the New Cumberland Third Well Upgrade Project For the New Cumberland Water/Sewage Department New Cumberland, West Virginia

WHEREAS, the City of New Cumberland is aware of its need to construct a new Treatment plant, connect a new well, replace water lines, add new pumps, Add emergency power, any other work pertaining to the project; and

WHEREAS, the City of New Cumberland has identified the West Virginia Development Office Infrastructure Grant program as a source of funding for the Improvements; and

WHEREAS, it is necessary for the City of New Cumberland to accept the $250,000.00 In grant funding from the West Virginia Development Office Infrastructure Fund to complete this project and the City is requesting the Water/Sewage Board receive all funds and maintain all financial and administrative Records,

NOW, THEREFORE BE IT RESOLVED, that the Arthur L. Watson, Chairman, New Cumberland Water/Sewage Board is hereby authorized by the City to sign all documents pertaining to the acceptance of said grant application and assurances, and to submit the application and assurances to the WV Development Office for funding approval.

This Resolution becomes effective as of this date. Passed this 7th day of January, 2008.

Arthur L. Watson, Chairman

James R. Bowersox, Mayor

Tamera M. Jenkins, City Clerk

WEST VIRGINIA DEVELOPMENT OFFICE INFRASTRUCTURE FUND

Fiscal Year 2008 Application
July 1, 2007 through June 30, 2008

1. Name of Grantee	2. Project Name	3. Name of Individual Completing Form
City of New Cumberland	Third Well Project	Arthur L. Watson

4. Street Address	5. City	Zip Code
104 N Court St.	New Cumberland	26047

6. County	7a. Congressional District	7b. Region	8. Phone Number	9. Fax Number	10. Email Address
Hancock	1	11	304 564-3384	304 564-3777	utilityclerk@ cityofnewcumberland.net

11. Classification of Grantee
- ☒ City Government
- ☐ County Government
- ☐ Regional Government
- ☐ State Government
- ☐ Other *(Please Specify)* _____

12. Upon Completion, what governmental agency will own, operate, and/or be responsible for the project?

New Cumberland Water/Sewage Board

13. Name of Chief Elected Official of governmental agency

Jim Bowersox, Mayor

14. Describe in SPECIFIC TERMS the scope of work to be completed and the purposes for which this funding will be used. Attach maps or other documentation to this application if necessary:

To complete the Third Well Project, which includes updating our pumping and water treatment facilities. This includes a treatment building which will contain our electrical control panels. A portion of this grant will be used to replace approximately 1000 feet of old water lines.

15. IJDC Project # (attach approval letter and full IJDC review and application.)

16. How many persons will directly benefit from this project? 1099

17. How many households will directly benefit from this project? 660

18. How many permanent full-time jobs will be created? 0

19. Is the project site/right-of-way now publicly owned? NO

20. Vicinity/Site Plan Attached?
- ☐ Yes

21. Name of office or organization that will receive funds:	22. Address where grant will be used:
New Cumberland Water/Sewage Board	200 Adams Street, New Cumberland, WV 26047
	Street address City Zip Code

23. Funding Summary:	
	Funds Requested: _____
	Other Funds: _____ (Attach evidence of commitment)
	Total Project Cost: _____

Name of Grantee (Cont.)	Project Name
City of New Cumberland	Third Well Project

24. BUDGET INFORMATION

Attach documentation of basis for project costs. Use written estimates, tabulations, feasibility studies, cost estimates, etc.

CATEGORY	WVDOIF GRANT FUNDS	OTHER FUNDS	TOTAL FUNDS
A. Construction/Renovation by Applicant (Force Account) 1. Labor Costs 2. Materials and Supplies 3. Equipment Rental			
B. Construction/Renovation by Construction Contract			$754,000.00
C. Land Acquisition			
D. Architecture/Engineering			$ 92,000.00
E. Audit			
F. Other (Please Specify)			$ 35,000.00
TOTAL PROJECT COST			$881,200.00

25. FUNDING INFORMATION

Attach estimates of commitment for each funding source: Local, County, Federal, or Private

FUNDING SOURCE	AMOUNT	DOCUMENTATION ATTACHED
A. WVDO Infrastructure Fund	$250,000.00	
B. WDA	$764,000.00	
C.		
D.		
E.		
TOTAL FUNDING		

26. APPLICATION REVIEW

Please review your application prior to submittal. The following items are required.
Your application cannot be processed without the following items:

- ☐ Proper Signature
- ☐ Resolution by Unit of Local Government

27. ASSURANCES

The applicant hereby assures and certifies that it shall comply with the following regulation, policies, guidelines, and requirements:

A. The applicant assures the State that it will perform the work for which the grant was made as determined by the State.

B. The applicant assures the State that it has or will secure qualified personnel to administer a grant, and that the costs to administer the grant will be paid for by the applicant.

C. The applicant assures the State that it will have started work on the project before the end of the fiscal year in which the grant award is made.

D. The applicant assures the State that it understands that the amount of the grant award cannot be increased without the written consent of the Governor.

E. The applicant assures the State that payment for work performed will be requested in writing with copies of invoices attached that document the costs of each work segment making up the total amount of funds requested.

Name of Grantee (Cont.)	Project Name
City of New Cumberland	Third Well Project

F. The applicant assures the State that it understands that ten percent of the grant award will be held by the State as retainage, pending receipt of a written certificate of substantial completion attached to any final invoices for work not already paid.

G. The applicant assures the State that it understands that by letter the State can terminate for cause an applicant's grant agreement with the amount of funds recovered equal to the percentage of incomplete work. The applicant further assures the State that it understands that it can be terminated by letter any grant agreement with the State before costs are incurred on the project.

H. The applicant assures the State that any changes in the scope of work specified in a grant agreement will first be submitted in writing to the State for approval by change order.

I. The applicant assures the State that in its hiring practices for work to be performed it will comply with the equal employment provisions of Titles VI and VII of the 1964 Civil Rights Act, and Presidential Executive Orders 11246 and 11375, as amended.

J. The applicant assures the State that State prevailing wage rates will be paid on contract construction unless federal funds are included in the project, in which case, the higher of the State's or Davis-Bacon wage rates will be paid on all contract construction.

K. The applicant assures the State that competitive bids will be solicited on any major work element exceeding $10,000 in cost.

L. The applicant assures the State that any part of the project to be occupied by the general public will be made handicapped accessible to the handicapped.

M. The applicant assures the State that any permits, licenses, or other requirements of particular State or Federal agencies necessary for the project's design, construction, or operation will be secured.

N. The applicant assures the State that it will not subgrant any of the grant funds received to any of its officials or employees or the members of their families or to employees of the WVDEVO or members of the State Legislature in any contracts awarded for work to be performed.

O. The applicant assures the State that it will maintain and have available for inspection on written request by the State all records kept on the project including bid documents, copies of all contracts, contractors' payrolls, time sheets, and invoices. The applicant further assures the State that it will schedule an audit of any grant funds to be included in its annual audit as performed by the State Tax Department.

P. The applicant assures the State, by evidence of attaching a resolution, motion, or similar action passed by its governing body, that it has the legal authority to apply for this grant, commit any local matching shares, authorize the person signing the grant to act as an agent for the applicant to answer any questions by the State about the application, and to abide by the understandings and assurances described in this section.

Q. **This program will be administered according to the state fiscal year. Every effort must be made to expend grant funds within the contract period. Mutual written agreement between the West Virginia Development Office and the grantee is required to extend a grant period for more than one fiscal year, pending approval by the West Virginia Legislature**

30. AUTHORIZING SIGNATURE AND RESOLUTION

The **Chief Elected or Appointed Official** (county commission president or mayor) representing the unit of local government in this application for funding must sign below.

An **Authorizing Resolution** from the appropriate governing body **must be attached** to this application.

This application <u>cannot be processed</u> without the following:

Proper Signature
Resolution by Unit of Local Government

To the best of my knowledge, the information contained in this application is true and correct; the submission thereof has been duly authorized by the governing body; and the applicant will comply with the regulations, policies, guidelines and requirements outlined by the State of West Virginia.

If the recipient is a nonprofit organization, the county or municipality certifies that this organization is legally authorized to receive public funds.

Name: Arthur L. Watson Title: Water/Sewage Board Chairman

Signature: Arthur L. Watson Date: 1/15/08

Return Completed Application to

West Virginia Development Office
Community Development Division
Attention: Jim Marshall
1900 Kanawha Boulevard, East
Charleston, West Virginia 25305-0311
Phone: 304-558-2234
Fax: 304-558-3248

WV Infrastructure & Jobs Development Council

Certification of Bidder Regarding Compliance with the
WV Jobs Act (SB 103) WV Code 21-1C-1

WV JOBS ACT REQUIREMENTS

(a) Contractors shall hire at least 75% of employees for the project from the local labor market.

- At least two employees from outside local labor market permissible for each employer
- Employees shall have resided in the local labor market

(b) Any employer unable to employ the minimum number of employees from the local labor market shall provide the nearest office of the Division of Employment Services, Bureau of Employment Programs the following:

(1) the number of qualified employees needed; and
(2) a job description of positions to be filled

(c) If, within 3 business days following the placing of the job order with the Division of Employment Services (the "Division"), the Division is unable to refer any qualified applicants to the employer or refers less qualified job applicants than the number requested, then the Division shall issue a waiver to the employer stating the unavailability of applicants and permit the employer to fill any positions covered by the waiver from outside the local labor market.

CONTRACTOR REQUIREMENTS

The contractor hereby agrees to the following:

(a) The contractor will comply with the Act and will file or cause to be filed with the WV Division of Labor and the Infrastructure Council copies of waiver certificates and certified payrolls as required by the Act, or other comparable documents that include the number of employees, the county and state where the employees reside and their occupation

(b) the contractor will follow the procedure established by the Division of Labor for efficient collection of the data;

(c) the contractor will ensure that each subcontract for shall contain provisions conforming to the requirement of the Act

(d) the contractor will provide with each pay requisition a certification that the contract is in compliance with the Act

Name & Title of Signer (Please type) MICHAEL GIANNI, PRESIDENT	
Signature: Michael Gianni	Date 10/23/09

Rev. 2 April 2, 2003

STEPTOE & JOHNSON PLLC
ATTORNEYS AT LAW

Chase Tower, Eighth Floor
P.O. Box 1588
Charleston, WV 25326-1588
(304) 353-8000 (304) 353-8180 Fax
www.steptoe-johnson.com

Writer's Contact Information

CLOSING MEMORANDUM

To: **Financing Team**

From: **John C. Stump, Esquire**

Date: **December 15, 2009**

Re: **The Town of New Cumberland Combined Waterworks and Sewerage System Revenue Bonds, Series 2009 A (West Virginia Water Development Authority)**

---

1. DISBURSEMENTS TO THE TOWN OF NEW CUMBERLAND

Payor:	West Virginia Water Development Authority
Amount:	$726,000
Form:	Wire Transfer
Payee:	The Town of New Cumberland
Bank:	Hancock County Savings Bank
Routing No.	243474273
Account No.	573300084
Contact:	Barb Corpus 304.564.3368
Account:	Series 2009 A Bonds Construction Trust Fund

2. DISBURSEMENTS TO MUNICIPAL BOND COMMISSION

Payor:	West Virginia Water Development Authority
Source:	Series 2009 A Bonds Proceeds
Amount:	$38,000
Form:	Wire Transfer
Payee:	The Town of New Cumberland
Bank:	BB&T for benefit of Municipal Bond Commission
Routing #:	051503394
Account:	5270517317
Contact:	Sara Boardman, 304.558.3971
Account:	Series 2009 A Bonds Sinking Fund (Capitalized Interest)

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 12/14/09 Time 1:45 LGA Town of New Cumberland Program WDA

NAME	COMPANY, AGENCY, OR ORGANIZATION	TELEPHONE	FAX	E-MAIL
Carol A. Cummings	WDA	304-558-3612	304-558-0299	ccummings@wvwda.org
Ryan White	Jackson Kelly	304 340-1283	304 340-1272	srwhite@jacksonkelly.com

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

Name Arthur Watson Telephone 304 564 3383 E-Mail

Address PO Box 505 New Cumberland, WV 26047

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.

STEPTOE & JOHNSON PLLC
ATTORNEYS AT LAW

Chase Tower, Eighth Floor
P.O. Box 1588
Charleston, WV 25326-1588
(304) 353-8000 (304) 353-8180 Fax
www.steptoe-johnson.com

Writer's Contact Information
(304) 353-8196 Phone
(304) 353-8181 Fax
John.Stump@steptoe-johnson.com

December 16, 2009

The Town of New Cumberland
Combined Waterworks and Sewerage System Revenue Bonds, Series 2009 A

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

Internal Revenue Service
Internal Revenue Service Center
Ogden, Utah 84201

Ladies and Gentlemen:

Enclosed herewith is a completed and executed Internal Revenue Service Form 8038-G and a file copy thereof with regard to the above-captioned issue. Please file the original form in the appropriate Internal Revenue Service records and return the copy marked in red as the "File Copy" to me (after acknowledging receipt of the same) in the enclosed self-addressed envelope.

Thank you for your attention to this letter. If you have any questions regarding any of the issues set forth herein, or if I can be of any service, please do not hesitate to call.

My best regards.

Very truly yours,

John C. Stump

JCS/bsl
Enclosure

658300.00003

CH5240443.1

Form **8038-G**
(Rev. November 2000)
Department of the Treasury
Internal Revenue Service

Information Return for Tax-Exempt Governmental Obligations

▶ Under Internal Revenue Code section 149(e)
▶ See separate Instructions.
Caution: *If the issue price is under $100,000, use Form 8038-GC.*

OMB No. 1545-0720

If **Amended Return**, check here ▶ ☐

Part I Reporting Authority

1	Issuer's name: The Town of New Cumberland	2	Issuer's employer identification number: 55 6000221
3	Number and street (or P.O. box if mail is not delivered to street address): Post Office Box 505 — Room/suite:	4	Report number: 3 09-01
5	City, town, or post office, state, and ZIP code: New Cumberland, WV 26047	6	Date of issue: December 15, 2009
7	Name of issue: Combined Waterworks and Sewerage System Revenue Bonds, Series 2009 A	8	CUSIP number: N/A
9	Name and title of officer or legal representative whom the IRS may call for more information: Joseph Sargent, Mayor	10	Telephone number of officer or legal representative: (304) 564.3383

Part II Type of Issue (check applicable box(es) and enter the issue price) See instructions and attach schedule

11	☐ Education	11	
12	☐ Health and hospital	12	
13	☐ Transportation	13	
14	☐ Public safety	14	
15	☑ Environment (including sewage bonds)	15	764,000
16	☐ Housing	16	
17	☐ Utilities	17	
18	☐ Other. Describe ▶	18	
19	If obligations are TANs or RANs, check box ▶ ☐ If obligations are BANs, check box ▶ ☐		
20	If obligations are in the form of a lease or installment sale, check box ▶ ☐		

Part III Description of Obligations. Complete for the entire issue for which this form is being filed.

	(a) Final maturity date	(b) Issue price	(c) Stated redemption price at maturity	(d) Weighted average maturity	(e) Yield
21	10/1/2029	$ 764,000	$ 764,000	11.9582 years	5 %

Part IV Uses of Proceeds of Bond Issue (including underwriters' discount)

22	Proceeds used for accrued interest			22	
23	Issue price of entire issue (enter amount from line 21, column (b))			23	764,000
24	Proceeds used for bond issuance costs (including underwriters' discount)	24	20,500		
25	Proceeds used for credit enhancement	25			
26	Proceeds allocated to reasonably required reserve or replacement fund	26			
27	Proceeds used to currently refund prior issues	27			
28	Proceeds used to advance refund prior issues	28			
29	Total (add lines 24 through 28)			29	20,500
30	Nonrefunding proceeds of the issue (subtract line 29 from line 23 and enter amount here)			30	743,500

Part V Description of Refunded Bonds (Complete this part only for refunding bonds.)

31 Enter the remaining weighted average maturity of the bonds to be currently refunded ▶ _____ years
32 Enter the remaining weighted average maturity of the bonds to be advance refunded ▶ _____ years
33 Enter the last date on which the refunded bonds will be called ▶ _____
34 Enter the date(s) the refunded bonds were issued ▶

Part VI Miscellaneous

35	Enter the amount of the state volume cap allocated to the issue under section 141(b)(5)	35	
36a	Enter the amount of gross proceeds invested or to be invested in a guaranteed investment contract (see instructions)	36a	
b	Enter the final maturity date of the guaranteed investment contract ▶		
37	Pooled financings: a Proceeds of this issue that are to be used to make loans to other governmental units	37a	

b If this issue is a loan made from the proceeds of another tax-exempt issue, check box ▶ ☐ and enter the name of the issuer ▶ _____ and the date of the issue ▶ _____

38 If the issuer has designated the issue under section 265(b)(3)(B)(i)(III) (small issuer exception), check box ▶ ☐
39 If the issuer has elected to pay a penalty in lieu of arbitrage rebate, check box ▶ ☐
40 If the issuer has identified a hedge, check box ▶ ☐

Sign Here

Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete.

▶ Signature of issuer's authorized representative — Date

▶ Joseph Sargent, Mayor
Type or print name and title

For Paperwork Reduction Act Notice, see page 2 of the Instructions.

Cat. No. 63773S Form **8038-G** (Rev. 11-2000)

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Internal Revenue Service
Internal Revenue Service Center
Ogden, Utah 84201

COMPLETE THIS SECTION ON DELIVERY

A. Signature
X ☐ Agent ☐ Addressee

B. Received by (Printed Name) | C. Date of Delivery

D. Is delivery address different from item 1? ☐ Yes
If YES, enter delivery address below: ☐ No

3. Service Type
☒ Certified Mail ☐ Express Mail
☐ Registered ☒ Return Receipt for Merchandise
☐ Insured Mail ☐ C.O.D.

4. Restricted Delivery? (Extra Fee) ☐ Yes

2. Article Number (Transfer from service label) 7008 0150 0003 0441 8452

Yes Cumberland

PS Form 3811, February 2004 Domestic Return Receipt 102595-02-M-1540

7008 0150 0003 0441 8452

U.S. Postal Service™
CERTIFIED MAIL™ RECEIPT
(Domestic Mail Only; No Insurance Coverage Provided)

For delivery information visit our website at www.usps.com®

OFFICIAL USE

Postage	$
Certified Fee	
Return Receipt Fee (Endorsement Required)	
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	$ 6.32

Postmark Here

Sent To Internal Revenue Service
Street, Internal Revenue Service Center
or PO B
City, St Ogden, Utah 84201

Brandy Yes Cumberland

PS Form ... uctions

SWEEP RESOLUTION

The Town of New Cumberland

WHEREAS, The Town of New Cumberland (the "Issuer") is a governmental body and political subdivision of West Virginia;

WHEREAS, the Issuer has issued bonds, as more specifically set forth on Exhibit A, attached hereto and incorporated herein by reference (the "Bonds");

WHEREAS, the Issuer makes or will make monthly debt service payments on and transfers reserve funds for the Bonds by check to the West Virginia Municipal Bond Commission (the "MBC") which in turn pays the owners of the Bonds and deposits funds in the reserve accounts;

WHEREAS, the MBC may accept such monthly payments by electronic funds transfer, thereby eliminating delay in payments and lost checks;

WHEREAS, the Issuer finds and determines that it is in the best interest of the Issuer, its citizens and the owners of the Bonds that the monthly debt service and reserve fund payments be made by electronic funds transfer with the State Treasurer sweeping the Issuer's account.

NOW THEREFORE BE IT RESOLVED AS FOLLOWS:

1) The monthly debt service payments on and reserve funds for the Bonds, as set forth in Exhibit A, shall be made to the MBC by an electronic transfer by the State Treasurer from the accounts set forth in Exhibit A in such form and at such directions as are provided by the MBC.

2) The Mayor and Recorder are hereby authorized to sign and execute all such documents as are necessary to facilitate the electronic transfer of the Bond debt service and reserve fund payments.

3) This resolution shall be effective immediately upon adoption.

Adopted this 7th day of December, 2009.

Joseph J. Bryant

Mayor