THE CITY OF PENNSBORO

Sewer Revenue Bonds, Series 2012 A; and
Sewer Revenue Bonds, Series 2012 B
(West Virginia SRF Program)

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State of West Virginia
WATER DEVELOPMENT AUTHORITY
180 Association Drive, Charleston, WV 25311-1217
(304) 558-3612 - (304) 558-0299 (Fax)
Internet: www.wvwda.org - Email: contact@wvwda.org

Date 12/10/12 Time 1:00 LGA Pennsboro, City of Program CW

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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 Mary Jane Allen Telephone (304) 659-2377 E-Mail cityofpennsboro@zoomnet.net

Address 422 Main Street, Pennsboro, WV 26415

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.

THE CITY OF PENNSBORO
SEWER REVENUE BONDS, SERIES 2012 A; AND
SEWER REVENUE BONDS, SERIES 2012 B
(WEST VIRGINIA SRF PROGRAM)

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THE CITY OF PENNSBORO

CONFORMED BOND ORDINANCE

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN EXTENSIONS, ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE EXISTING PUBLIC SEWERAGE SYSTEM OF THE CITY OF PENNSBORO AND THE FINANCING OF THE COST THEREOF, NOT OTHERWISE PROVIDED, THROUGH THE ISSUANCE BY THE CITY OF PENNSBORO OF NOT MORE THAN $443,618 IN ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2012 A (WEST VIRGINIA SRF PROGRAM), AND NOT MORE THAN $26,725 IN ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2012 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 BOND PURCHASE 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 PENNSBORO:

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 16, Article 13 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 Pennsboro (the "Issuer") is a municipal corporation and political subdivision of the State of West Virginia in Richie County of said State.

B. The Issuer presently owns and operates a public 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 for the existing public sewerage system of the Issuer, consisting of construct and install improvements to the existing

wastewater system, including, but not limited to, improvements to the existing wastewater treatment plant and all necessary appurtenances (collectively, the "Project") (the existing public 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 the costs of acquisition and construction of the Project through the issuance of its revenue bonds to the West Virginia Water Development Authority (the "Authority"), which administers the West Virginia Water Pollution Control Revolving Fund Program (the "SRF Program"), all pursuant to the Act.

D. It is deemed necessary for the Issuer to issue its Sewer Revenue Bonds, in the total aggregate principal amount of not more than $550,000 in two or more series, initially planned to be (i) the Sewer Revenue Bonds, Series 2012 A (West Virginia SRF Program), in the aggregate principal amount of not more than $443,618 (the "Series 2012 A Bonds"); and (ii) the Sewer Revenue Bonds, Series 2012 B (West Virginia SRF Program), in the aggregate principal amount of not more than $26,725 (the "Series 2012 B Bonds"), (collectively, the "Series 2012 Bonds"), to permanently finance a portion of the costs of acquisition and construction of the Project. Such costs shall be deemed to include the cost of all property rights, easements and franchises deemed necessary or convenient therefor and eligible under the Act; interest, if any, upon the Series 2012 Bonds prior to and during acquisition or construction and for a period not exceeding 6 months after completion of acquisition and construction of the Project; amounts which may be deposited in the Series 2012 A Bonds Reserve Account (as hereinafter defined) for the Series 2012 A Bonds; engineering and legal expenses; expenses for estimates of costs and revenues; expenses for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the enterprise; administrative expense; commitment fees; fees and expenses of the Authority, including the SRF Administrative Fee (as hereinafter defined); discount; initial fees for the services of registrars, paying agents, depositories or trustees or other costs in connection with the sale of the Series 2012 Bonds and such other expenses as may be necessary or incidental to the financing herein authorized; the design, 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 2012 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 2012 Bonds be sold to the Authority pursuant to the terms and provisions of a Bond Purchase Agreement by and among the Issuer, the Authority and the West Virginia Department of Environmental Protection (the "DEP"), in form satisfactory to the respective parties, 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 2012 Bonds as to liens, pledge, source of and security for payment, being the Issuer's: (i) Sewer Revenue Bonds, Series 1993 (United States Department of Agriculture), dated April 12, 1993, issued in the original aggregate principal amount of $375,000 (the "Series 1993 Bonds"); and (ii) Sewer Revenue Bonds, Series 2009 B (West Virginia SRF Program/ARRA), dated September 25, 2009, issued

in the original aggregate principal amount of $2,801,000 (the "Series 2009 B Bonds"), (collectively, the "Prior Bonds").

The Series 2012 Bonds shall be issued on a parity with the Prior Bonds. Prior to the issuance of the Series 2012 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 are met; and (ii) the written consent of the Registered Owners of the Prior Bonds to the issuance of the Series 2012 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.

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, the principal of and interest on the Issuer's Prior Bonds, and the Series 2012 Bonds and to make payments into all funds and accounts and other payments provided for herein.

I. The Issuer has complied with all requirements of West Virginia law and the Bond Purchase Agreement (hereinafter defined) relating to authorization of the acquisition, construction and operation of the Project and the System and issuance of the Series 2012 Bonds, or will have so complied prior to issuance of any thereof, including, among other things, the approval of the Project and the financing thereof by the West Virginia Infrastructure and Jobs Development Council and the obtaining of a Certificate of Public Convenience and Necessity from the Public Service Commission of West Virginia.

J. Pursuant to the Act, the Issuer has heretofore established a Sanitary Board and the Sanitary Board has petitioned the Governing Body to issue the Series 2012 Bonds for the purposes set forth herein.

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

Section 1.03. Bond Legislation Constitutes Contract. In consideration of the acceptance of the Series 2012 Bonds by the Registered Owners of the same from time to time, this Bond Legislation shall be deemed to be and shall constitute a contract between the Issuer and such Bondholders, and the covenants and agreements herein set forth to be performed by the Issuer shall be for the equal benefit, protection and security of the Bondholders of any and all of such Series 2012 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 16, Article 13 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 2012 Bonds, or any other agency, board

or department of the State that succeeds to the functions of the Authority, acting in its administrative capacity and upon authorization from the DEP under the Act.

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

"Board" means the Sanitary Board of the Issuer.

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

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

"Bond Purchase Agreement" means the Bond Purchase Agreement heretofore entered, or to be entered into, by and among the Issuer, the Authority and the DEP, providing for the purchase of the Series 2012 Bonds from the Issuer by the Authority, the form of which shall be approved and the execution and delivery by the Issuer authorized and directed or ratified by the Supplemental Resolution.

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

"Bonds" means, collectively, the Series 2012 Bonds and 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 2012 Bonds for all or a portion of the proceeds of the Series 2012 Bonds from the Authority and the DEP.

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

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

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

"Consulting Engineers" means Burgess & Niple, Limited, Parkersburg, 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 costs of design, acquisition and construction of the Project as described in Section 1.02B hereof.

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

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

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

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

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

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

"Gross Revenues" means all rates, rents, fees, charges or other income received by the Issuer, or accrued to the Issuer, or any department, board, agency or instrumentality thereof in control of the management and operation of the System, from the operation of the System and all parts thereof, all as calculated in accordance with sound accounting practices.

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

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

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

"Mayor" means the Mayor of the Issuer.

"Net Proceeds" means the face amount of the Series 2012 Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds, if any, deposited in the Series 2012 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 2012 Bonds, without regard to whether or not such investment is made in tax-exempt obligations.

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

"Operating Expenses" means the current expenses, paid or accrued, of operation and maintenance of the System and its facilities, and includes, without limiting the generality of the foregoing, the SRF Administrative Fee (as hereinafter defined), insurance premiums, salaries, wages and administrative expenses of the Issuer relating and chargeable solely to the System, the accumulation of appropriate reserves for charges not annually recurrent but which are such as may reasonably be expected to be incurred, and such other reasonable operating costs as are normally and regularly included under recognized accounting practices.

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

"Paying Agent" means the Commission or such other entity or authority as may be designated as a Paying Agent by the Issuer in the Supplemental Resolution with the written consent of the Authority and the DEP.

"Prior Bonds" means, collectively, the Series 1993 Bonds and Series 2009 B Bonds.

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

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

"Qualified Investments" means and includes the following:

(a) Government Obligations;

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

(c) Bonds, debentures, notes or other evidences of indebtedness issued by any of the following agencies: Banks for Cooperatives; Federal

Intermediate Credit Banks; Federal Home Loan Bank System; Export-Import Bank of the United States; Federal Land Banks; Government National Mortgage Association; Tennessee Valley Authority; or Washington Metropolitan Area Transit Authority;

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

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

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

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

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

(i) Obligations of states or political subdivisions or agencies thereof, the interest on which is excluded from gross income for federal

income tax purposes, and which are rated at least "A" by Moody's Investors Service, Inc. or Standard & Poor's Corporation.

"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 Prior Bonds and the Series 2012 A Bonds.

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

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

"Series 1993 Bonds" means the Issuer's Sewer Revenue Bonds, Series 1993 (United States Department of Agriculture), dated April 12, 1993, issued in the original aggregate principal amount of $375,000.

"Series 2009 B Bonds" means the Issuer's Sewer Revenue Bonds, Series 2009 B (West Virginia SRF Program/ARRA), dated September 25, 2009, issued in the original aggregate principal amount of $2,801,000.

"Series 2012 A Bonds" means the Sewer Revenue Bonds, Series 2012 A (West Virginia SRF Program), of the Issuer, authorized by this Ordinance.

"Series 2012 A Bonds Reserve Account" means the Series 2012 A Bonds Reserve Account established by Section 5.02 hereof.

"Series 2012 A Bonds Reserve Requirement" means, as of any date of calculation, the maximum amount of principal and interest which will become due on the Series 2012 A Bonds in the then current or any succeeding year.

"Series 2012 A Bonds Sinking Fund" means the Series 2012 A Bonds Sinking Fund established by Section 5.02 hereof.

"Series 2012 B Bonds" means the Sewer Revenue Bonds, Series 2012 B (West Virginia SRF Program), of the Issuer, authorized by this Ordinance.

"Series 2012 Bonds" means, collectively, the Series 2012 A Bonds and the Series 2012 B Bonds.

"Series 2012 Bonds Construction Trust Fund" means the Series 2012 Bonds Construction Trust Fund established by Section 5.01 hereof.

"Sinking Funds" means, collectively, the respective sinking funds established for the Prior Bonds and the Series 2012 A Bonds.

"SRF Administrative Fee" means any administrative fee required to be paid under the Bond Purchase Agreement for the Series 2012 A 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 2012 Bonds; provided, that any matter intended by this Ordinance to be included in the Supplemental Resolution with respect to the Series 2012 Bonds, and not so included may be included in another Supplemental Resolution.

"Surplus Revenues" means the Gross 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 complete existing public 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 acquired or constructed for the System from any sources whatsoever.

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

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 not to exceed $2,197,382 in accordance with the plans and specifications which have been prepared by the Consulting Engineers, heretofore filed in the office of the Governing Body. The proceeds of the Series 2012 A Bonds and the Series 2012 B Bonds hereby authorized shall be applied as provided in Article VI hereof. The Issuer has received bids or will receive and will enter into contracts for the acquisition and construction of the Project, compatible with the financing plan submitted to the DEP.

The Cost of the Project is estimated not to exceed $2,117,725, of which up to $443,618 will be obtained from proceeds of the Series 2012 A Bonds, up to $26,725 will be obtained from proceeds of the Series 2012 B Bonds, $1,105,182 will be obtained as a Small Cities Block Grant and $542,200 will be obtained from a U.S. Environmental Protection Agency Grant.

ARTICLE III

AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND SALE OF BONDS; AUTHORIZATION AND EXECUTION OF BOND PURCHASE AGREEMENT

Section 3.01. Authorization of Bonds. For the purposes of paying a portion of the Costs of the Project not otherwise provided for and paying certain costs of issuance of the Series 2012 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 2012 Bonds of the Issuer. The Series 2012 Bonds shall be issued in two series, each as a single bond, designated respectively as "Sewer Revenue Bonds, Series 2012 A (West Virginia SRF Program)", in the principal amount of not more than $443,618, and "Sewer Revenue Bonds, Series 2012 B (West Virginia SRF Program)," in the principal amount of not more than $26,725, and all shall have such terms as set forth hereinafter and in the Supplemental Resolution. The proceeds of the Series 2012 Bonds remaining after funding of the Reserve Accounts (if funded from Bond proceeds) and capitalization of interest, if any, shall be deposited in or credited to the Series 2012 Bond Construction Trust Fund established by Section 5.01 hereof.

Section 3.02. Terms of Bonds. A. The Series 2012 A Bonds shall be issued in such principal amounts; shall bear interest, if any, at such rate or rates, not exceeding the then legal maximum, payable quarterly on such dates; shall mature on such dates and in such amounts; and shall be redeemable, in whole or in part, all as the Issuer shall prescribe in a Supplemental Resolution or as specifically provided in the Bond Purchase Agreement. The Series 2012 A Bonds shall be payable as to principal at the office of the Paying Agent, in any coin or currency which, on the dates of payment of principal is legal tender for the payment of public or private debts under the laws of the United States of America. Interest, if any, on the Series 2012 A Bonds shall be paid by check or draft of the Paying Agent or its agent, mailed to the Registered Owner thereof at the address as it appears on the books of the Bond Registrar, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner thereof.

Unless otherwise provided by the Supplemental Resolution, the Series 2012 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, and shall mature in principal installments, all as provided in the Supplemental Resolution. The Series 2012 A Bonds shall be exchangeable at the option and expense of the Registered Owner for another fully registered Bond or Bonds of the same series in aggregate principal amount equal to the amount of said Bonds then Outstanding and being exchanged, with principal installments or maturities, as applicable, corresponding to the dates of payment of principal installments of said Bonds; provided, that the Authority shall not be obligated to pay any expenses of such exchange.

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 specified in a Supplemental Resolution.

B. The Series 2012 B Bonds shall be issued in such principal amount; shall not bear interest; shall mature on such dates and in such amounts; and shall be redeemable, in whole or in part, all as the Issuer shall prescribe in a Supplemental Resolution or as specifically provided in the Bond Purchase Agreement. The Series 2012 B Bonds shall be forgivable as to principal.

As provided by the Supplemental Resolution, the Series 2012 B Bonds shall initially be issued each as one series, fully registered to the Authority, with a record of advances and a debt service schedule attached, representing the aggregate principal amount of the Series 2012 B Bonds. The Series 2012 B Bonds shall be exchangeable at the option and expense of the Registered Owner for another fully registered Bond or Bonds of the same series in aggregate principal amount equal to the amount of said Bonds then Outstanding and being exchanged, with principal installments or maturities, as applicable, corresponding to the dates of payment of principal installments of said Bonds; provided, that the Authority shall not be obligated to pay any expenses of such exchange.

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 bear interest, if any, and shall be dated as set forth in a Supplemental Resolution.

Section 3.03. Execution of Bonds. The Series 2012 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 2012 Bonds shall cease to be such officer of the Issuer before the Series 2012 Bonds so signed and sealed have been actually sold and delivered, such Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bonds had not ceased to hold such office. Any Series 2012 Bonds may be signed and sealed on behalf of the Issuer by such person as at the actual time of the execution of such Bonds shall hold the proper office in the Issuer, although at the date of such Bonds such person may not have held such office or may not have been so authorized.

Section 3.04. Authentication and Registration. No Series 2012 Bonds shall be valid or obligatory for any purpose or entitled to any security or benefit under this Bond Legislation unless and until the Certificate of Authentication and Registration on such Bond, substantially in the form set forth in Section 3.10 hereof shall have been manually executed by the Bond Registrar. Any such executed

Certificate of Authentication and Registration upon any such Bond shall be conclusive evidence that such Bond has been authenticated, registered and delivered under this Bond Legislation. The Certificate of Authentication and Registration on any Series 2012 Bonds shall be deemed to have been executed by the Bond Registrar if manually signed by an authorized officer of the Bond Registrar, but it shall not be necessary that the same officer sign the Certificate of Authentication and Registration on all of the Bonds issued hereunder.

Section 3.05. Negotiability, Transfer and Registration. Subject to the provisions for transfer of registration set forth below, the Series 2012 Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder, in accepting the Series 2012 Bonds shall be conclusively deemed to have agreed that such Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder shall further be conclusively deemed to have agreed that said Bonds shall be incontestable in the hands of a bona fide Holder for value.

So long as the Series 2012 Bonds remain Outstanding, the Issuer, through the Bond Registrar or its agent, shall keep and maintain books for the registration and transfer of such Bonds.

The registered Series 2012 Bonds shall be transferable only upon the books of the Bond Registrar, by the Registered Owner thereof in person or by his attorney duly authorized in writing, upon surrender thereto together with a written instrument of transfer satisfactory to the Bond Registrar duly executed by the Registered Owner or his duly authorized attorney.

In all cases in which the privilege of exchanging or transferring the registered Series 2012 Bonds are exercised, all Series 2012 Bonds shall be delivered in accordance with the provisions of this Bond Legislation. All Series 2012 Bonds surrendered in any such exchanges or transfers shall forthwith be cancelled by the Bond Registrar. For every such exchange or transfer of Series 2012 Bonds, the Bond Registrar may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer and the cost of preparing each new Bond upon each exchange or transfer, and any other expenses of the Bond Registrar incurred in connection therewith, which sum or sums shall be paid by the Issuer. The Bond Registrar shall not be obliged to make any such exchange or transfer of any Series 2012 Bonds during the period commencing on the 15th day of the month next preceding an interest payment date on the Series 2012 Bonds or, in the case of any proposed redemption of such Bonds, next preceding the date of the selection of Bonds to be redeemed, and ending on such interest payment date or redemption date.

Section 3.06. Bonds Mutilated, Destroyed, Stolen or Lost. In case any Series 2012 Bonds shall become mutilated or be destroyed, stolen or lost, the Issuer may, in its discretion, issue, and the Bond Registrar shall, if so advised by the Issuer, authenticate and deliver, a new Bond of the same series and of like tenor as the Bonds so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond, upon surrender and cancellation of such mutilated Bond, or in lieu of and substitution for the Bond destroyed, stolen or lost, and upon the Holder's furnishing satisfactory indemnity and complying with such other reasonable regulations and conditions as the Issuer may prescribe and paying such expenses as the Issuer and the Bond Registrar may incur. All Bonds so surrendered shall be 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 2012 Bonds shall not, in any event, be or constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provision or limitation, but shall be payable solely from the Net Revenues derived from the operation of the System as herein provided. No Holder or Holders of the Series 2012 Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Series 2012 Bonds or the interest thereon.

Section 3.08. Bonds Secured by Pledge of Net Revenues; Lien Position with respect to Prior Bonds. The payment of the debt service on the Series 2012 Bonds shall be secured by a first lien on the Net Revenues derived from the System, on a parity with each other and with the lien on the Net Revenues in favor of the Holders of the Prior Bonds. The Net Revenues in an amount sufficient to pay the principal of and interest, if any, on and other payments for the 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 2012 Bonds to the Bond Registrar, and the Bond Registrar shall authenticate, register and deliver the Series 2012 Bonds to the original purchasers upon receipt of the documents set forth below:

A. If other than the Authority, a list of the names in which the Series 2012 Bonds are to be registered upon original issuance, together with such taxpayer identification and other information as the Bond Registrar may reasonably require;

B. A request and authorization to the Bond Registrar on behalf of the Issuer, signed by an Authorized Officer, to authenticate and deliver the Series 2012 Bonds to the original purchasers;

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

D. An executed copy of the Bond Purchase Agreement; and

E. The unqualified approving opinions of bond counsel on the Series 2012 Bonds.

Section 3.10. Form of Bonds. The text of the Series 2012 Bonds shall be in substantially the following forms, with such omissions, insertions and variations as may be necessary and desirable and authorized or permitted hereby, or by any Supplemental Resolution adopted prior to the issuance thereof:

[Remainder of Page Intentionally Blank]

(FORM OF SERIES 2012 A BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE CITY OF PENNSBORO
SEWER REVENUE BONDS, SERIES 2012 A
(WEST VIRGINIA SRF PROGRAM)

No. AR-1

$_____

KNOW ALL MEN BY THESE PRESENTS: That on the ___ day of _____, 2012, THE CITY OF PENNSBORO, a municipal corporation and political subdivision of the State of West Virginia in Richie County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY (the "Authority") or registered assigns the sum of _____ DOLLARS ($_____), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing _____ 1, 20___, to and including _____ 1, 20___, as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference. The SRF Administrative Fee of 0.5% (as defined in the hereinafter described Bond Legislation) shall be payable quarterly on March 1, June 1, September 1, and December 1 of each year, commencing _____ 1, 20___, as set forth on EXHIBIT B attached hereto.

This Bond shall bear no interest. Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent").

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the West Virginia Department of Environmental Protection (the "DEP"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Bond Purchase Agreement (the "Bond Purchase Agreement") by and among the Issuer, the Authority and the DEP dated _____, 2012.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain additions, betterments and improvements to the existing public 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 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 16, Article 13 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 _____, 2012, and a Supplemental Resolution and Conformed Bond Ordinance duly adopted by the Issuer on

_____, 2012 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY, WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, TO THE ISSUER'S: (I) SEWER REVENUE BONDS, SERIES 1993 (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED APRIL 12, 1993, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $375,000 (THE "SERIES 1993 BONDS"); (II) SEWER REVENUE BONDS, SERIES 2009 B (WEST VIRGINIA SRF PROGRAM/ARRA), DATED SEPTEMBER 25, 2009, ISSUED IN THE ORIGINAL AGGREGATE PRINCIAPL AMOUNT OF $2,801,000 (THE "SERIES 2009 B BONDS"), (COLLECTIVELY, THE "PRIOR BONDS"); AND (III) SEWER REVENUE BONDS, SERIES 2012 B (WEST VIRGINIA SRF PROGRAM), DATED _____, 2012, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $_____ (THE "SERIES 2012 B BONDS"), ISSUED SIMULTANEOUSLY HEREWITH.

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Net Revenues in favor of the Holders of the Prior Bonds and the Series 2012 B Bonds, and from monies in the Reserve Account created under the Bond Legislation for the Series 2012 A Bonds (the "Series 2012 A Bonds Reserve Account"), and unexpended proceeds of the Series 2012 A Bonds. Such Net 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 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, except from said special fund provided from the Net Revenues, the monies in the Series 2012 A Bonds Reserve Account and unexpended proceeds of the Series 2012 A 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 revenue on a parity with the Series 2012 A Bonds including the Prior Bonds and the Series 2012 B Bonds; provided however, that, so long as there exists in the Series 2012 A Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest which will become due on the Series 2012 A 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 junior and subordinate to the Series 2012 A Bonds, including the Series 2012 B Bonds and the Prior Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the Registered Owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the Registered Owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

Subject to the registration requirements set forth herein, this Bond is transferable, as provided in the Bond Legislation, only upon the books of the Registrar (as defined in the Bond Legislation) by the Registered Owner, or by its attorney duly authorized in writing, upon the surrender of

this Bond, together with a written instrument of transfer satisfactory to the Registrar, duly executed by the Registered Owner or its attorney duly authorized in writing.

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

All money received from the sale of this Bond, after reimbursement and repayment of all amounts advanced for preliminary expenses as provided by law and the Bond Legislation, shall be applied solely to payment of the Costs of the Project and costs of issuance 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 do exist, have happened, and have been performed in due time, form and manner as required by law, and that the amount of this Bond, together with all other obligations of the Issuer, does not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia and that a sufficient amount of the Net Revenues of the System has been pledged to and will be set aside into said special fund by the Issuer for the prompt payment of the principal of this Bond.

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

[Remainder of Page Intentionally Blank]

IN WITNESS WHEREOF, THE CITY OF PENNSBORO 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 the day and year first written above.

[SEAL]

_____
Mayor

ATTEST:

_____
Clerk

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2012 A Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the Registered Owner set forth above, as of the date set forth below.

Date: _____, 2012.

THE HUNTINGTON NATIONAL BANK
as Registrar

_____
Authorized Officer

EXHIBIT A

RECORD OF ADVANCES

AMOUNT	DATE	AMOUNT	DATE
(1) $		(19)	
(2)		(20)	
(3)		(21)	
(4)		(22)	
(5)		(23)	
(6)		(24)	
(7)		(25)	
(8)		(26)	
(9)		(27)	
(10)		(28)	
(11)		(29)	
(12)		(30)	
(13)		(31)	
(14)		(32)	
(15)		(33)	
(16)		(34)	
(17)		(35)	
(18)		(36)	

TOTAL $_____

EXHIBIT B

DEBT SERVICE SCHEDULE

(Form of)

ASSIGNMENT

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

Dated: _____, 20____.

_____

In the presence of:

_____

(FORM OF SERIES 2012 B BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE CITY OF PENNSBORO
SEWER REVENUE BONDS, SERIES 2012 B
(WEST VIRGINIA SRF PROGRAM)

No. BR-1

$_____

KNOW ALL MEN BY THESE PRESENTS: The ____ day of _____, 2012, that THE CITY OF PENNSBORO, a municipal corporation and political subdivision of the State of West Virginia in Richie County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY (the "Authority") or registered assigns the sum of _____ _____ DOLLARS ($_____), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously forgiven, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference. The Series 2012 B Bonds are not subject to the SRF Administrative Fee (as defined in the hereinafter described Bond Legislation).

This Bond shall bear no interest. The principal amounts advanced under the Series 2012 B Bonds will be deemed forgiven on the 30th day of June in the fiscal year in which advanced. The Series 2012 B Bonds shall be deemed no longer Outstanding after the last advance is forgiven.

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the West Virginia Department of Environmental Protection (the "DEP"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Bond Purchase Agreement (the "Bond Purchase Agreement") by and among the Issuer, the Authority and the DEP, dated _____, 2012.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain extensions, additions, betterments and improvements to the existing public 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 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 16, Article 13 and Chapter 22C, Article 2 of the West Virginia Code of 1931, as amended (collectively, the "Act"), a Bond Ordinance duly enacted by the Issuer on _____, 2012, and a Supplemental Resolution and Conformed Bond Ordinance duly adopted by the Issuer on _____, 2012 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY, WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, TO THE ISSUER'S: (I) SEWER REVENUE BONDS, SERIES 1993 (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED APRIL 12, 1993, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $375,000 (THE "SERIES 1993 BONDS"); (II) SEWER REVENUE BONDS, SERIES 2009 B (WEST VIRGINIA SRF PROGRAM/ARRA), DATED SEPTEMBER 25, 2009, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,801,000 (THE "SERIES 2009 B BONDS"), (COLLECTIVELY, THE "PRIOR BONDS"); AND (III) SEWER REVENUE BONDS, SERIES 2012 A BONDS, DATED _____, 2012, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $_____ (THE "SERIES 2012 A BONDS"), ISSUED SIMULTANEOUSLY HEREWITH.

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Net Revenues in favor of the Holders of the Series 2012 A Bonds and the Prior Bonds and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest, if any, on all bonds which may be issued pursuant to the Act and 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, except from said special fund provided from the Net Revenues and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest, if any, on the Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with or junior to the Bonds, including the Series 2012 A Bonds and the Prior Bonds, and in the respective reserve accounts established for any other obligations Outstanding on a parity with or junior to the Bonds, including the Series 2012 A Bonds and the Prior Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the Registered Owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the Registered Owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

All money received from the sale of this Bond, after reimbursement and repayment of all amounts advanced for preliminary expenses as provided by law and the Bond Legislation, shall be applied solely to payment of the Costs of the Project and costs of issuance 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 do exist, have happened, and have been performed in due time, form and manner as required by law, and that the amount of this Bond, together with all other obligations of the Issuer, does not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia and that a sufficient amount of the Net Revenues of the System has been pledged to and will be set aside into said special fund by the Issuer for the prompt payment of the principal of this Bond.

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

[Remainder of Page Intentionally Blank]

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

[SEAL]

_____
Mayor

ATTEST:

_____
Clerk

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2012 B Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the Registered Owner set forth above, as of the date set forth below.

Date: _____, 2012.

THE HUNTINGTON NATIONAL BANK
as Registrar

_____
Authorized Officer

EXHIBIT A

RECORD OF ADVANCES

AMOUNT	DATE	AMOUNT	DATE
(1) $		(19)	
(2)		(20)	
(3)		(21)	
(4)		(22)	
(5)		(23)	
(6)		(24)	
(7)		(25)	
(8)		(26)	
(9)		(27)	
(10)		(28)	
(11)		(29)	
(12)		(30)	
(13)		(31)	
(14)		(32)	
(15)		(33)	
(16)		(34)	
(17)		(35)	
(18)		(36)	

TOTAL $_____

(Form of)

ASSIGNMENT

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

Dated: _____, 20___.

_____

In the presence of:

_____

Section 3.11. Sale of Bonds; Approval and Ratification of Execution of Bond Purchase Agreement. The Series 2012 Bonds shall be sold to the Authority, pursuant to the terms and conditions of the Bond Purchase Agreement. If not so authorized by previous ordinance or resolution, the Mayor is specifically authorized and directed to execute the Bond Purchase Agreement and the Clerk is directed to affix the seal of the Issuer, attest the same and deliver them to the Authority, and any such prior execution and delivery is hereby authorized, approved, ratified and confirmed.

Section 3.12. Filing of Amended Schedule. Within 60 days following the Completion Date, the Issuer will file with the Authority and the DEP a schedule for the Series 2012 Bonds, the form of which will be provided by the DEP, setting forth the actual Costs of the Project and sources of funds therefor.

ARTICLE IV

[RESERVED]

ARTICLE V

FUNDS AND ACCOUNTS; SYSTEM REVENUES AND APPLICATION THEREOF

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

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

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

(3) Reserve Account (established by Prior Ordinances for the Series 1993 Bonds); and

(4) Series 2012 Bonds Construction Trust Fund.

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

(1) Series 2012 A Bonds Sinking Fund; and

(2) Series 2012 A Bonds Reserve Account.

Section 5.03. System Revenues; Flow of Funds.

A. The entire Gross Revenues derived from the operation of the System and all parts thereof shall be deposited upon receipt in the Revenue Fund. The Revenue Fund shall constitute a trust fund for the purposes provided in the Prior Ordinances and in this Bond Legislation and shall be kept separate and distinct from all other funds of the Issuer and the Depository Bank and used only for the purposes and in the manner provided in the Prior Ordinances and in this Bond Legislation. All monies in the Revenue Fund shall be disposed of only in the following manner and order of priority:

(1) The Issuer shall first, each month, pay from the Revenue Fund the current Operating Expenses of the System.

(2) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and remit to the National Finance Office the amount required by Prior Ordinances to pay interest on the Series 1993 Bonds.

(3) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit (i) to the National Finance Office the amount required by the Prior Ordinances for payment of principal of the Series 1993 Bonds; and (ii) to the Commission commencing 4 months prior to the first date of payment of principal of the Series 2012 A Bonds, for deposit in the Series 2012 A Bonds Sinking Fund, an amount equal to 1/3rd of the amount of principal which will mature and come due on the Series 2012 A Bonds on the next ensuing quarterly principal payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 2012 A Bonds Sinking Fund and the next quarterly principal payment date is less than 3 months, then such monthly payment shall be increased proportionately to provide, 1 month prior to the next quarterly principal payment date, the required amount of principal coming due on such date.

(4) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the (i) Depository Bank the amount required by the Prior Ordinances for deposit in the Reserve Account for the Series 1993 Bonds; and (ii) Commission commencing 4 months prior to the first date of payment of principal of the Series 2012 A Bonds, if not fully funded upon issuance of the Series 2012 A Bonds, for deposit in the Series 2012 A Bonds Reserve Account, an amount equal to 1/120th of the Series 2012 A Bonds Reserve Requirement; provided that, no further payments shall be made into the Series 2012 A Bonds Reserve Account when there shall have been deposited therein, and as long as there shall remain on deposit therein, an amount equal to the Series 2012 A Bonds Reserve Requirement.

(5) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and remit to the Depository Bank (as required in the Prior Ordinances and not in addition thereto), for deposit in 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, 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 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 2012 A Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest, if any, on the Series 2012 A Bonds as the same shall become due. Monies in the Series 2012 A Bonds Reserve Account shall be used only for the purposes of paying principal of and interest on the Series 2012 A Bonds as the same shall come due, when other monies in the Series 2012 A Bonds Sinking Fund are insufficient therefor, and for no other purpose.

All investment earnings on monies in the Series 2012 A Bonds Sinking Fund and the Series 2012 A Bonds Reserve Account, shall be returned, not less than once each year, by the Commission to the Issuer, and such amounts shall, during construction of the Project, be deposited in the Series 2012 Bonds Construction Trust Fund, and following completion thereof, shall be deposited in the Revenue Fund and applied in full, first to the next ensuing interest payment due on the Series 2012 A Bonds, if any, and then to the next ensuing principal payment due thereon.

Any withdrawals from the Series 2012 A Bonds Reserve Account which result in a reduction in the balance of such accounts to below the respective Reserve Requirements thereof, shall be restored from the first Net Revenues available after all required payments have been made in full in the order set forth above, all on a pro rata basis.

As and when additional Bonds ranking on a parity with the Series 2012 Bonds are issued, provision shall be made for additional payments into the respective sinking fund sufficient to pay the interest on such additional parity Bonds and accomplish retirement thereof at maturity and to accumulate a balance in the respective reserve account in an amount equal to the requirement thereof.

The Issuer shall not be required to make any further payments into the Series 2012 A Bonds Sinking Fund or the Series 2012 A Bonds Reserve Account, when the aggregate amount of funds therein are at least equal to the respective aggregate principal amount of the Series 2012 A Bonds issued pursuant to this Bond Legislation then Outstanding and all interest to accrue, if any, until the maturity thereof.

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

The Commission is hereby designated as the fiscal agent for the administration of the Series 2012 A Bonds Sinking Fund and the Series 2012 A Bonds Reserve Account, created hereunder, and all amounts required for said accounts shall be remitted to the Commission from the Revenue Fund by the Issuer at the times provided herein. All remittances made by the Issuer to the Commission shall clearly identify the fund or account into which each amount is to be deposited. The Issuer shall 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 2012 A Bonds Sinking Fund and the Series 2012 A Bonds Reserve Account shall be invested and reinvested by the Commission in accordance with Section 8.01 hereof.

The Series 2012 A Bonds Sinking Fund and the Series 2012 A Bonds Reserve Account shall be used solely and only for, and are hereby pledged for, the purpose of servicing the Series 2012 A Bonds under the conditions and restrictions set forth herein.

B. 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.

C. The Issuer shall on the first day of each month (if the first day is not a business day, then the first business day of each month) deposit with the Commission the required principal, interest and reserve payments with respect to the Series 2012 Bonds and all such payments shall be remitted to the Commission with appropriate instructions as to the custody, use and application thereof consistent with the provisions of this Bond Legislation. The Issuer shall also on the first day of each month (if the first day is not a business day, then the first business day of each month) deposit with the Commission the SRF Administrative Fee as set forth in the Bond Purchase Agreement for the Series 2012 A Bonds.

D. The Issuer shall complete the "Monthly Payment Form," a form of which is attached to the Bond Purchase 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 respective parties shall require, such additional sums as shall be necessary to pay their respective charges and fees then due. In the case of payments to the Commission under this paragraph, the Issuer shall, if required by the Authority at anytime, make the necessary arrangements whereby such required payments shall be automatically debited from the Revenue Fund and electronically transferred to the Commission on the dates required.

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 Government Obligations or by other 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 herein above provided, the deficiency shall be made

up in the subsequent payments in addition to the payments which would otherwise be required to be made into the funds and accounts on the subsequent payment dates; provided, however, that the priority of curing deficiencies in the funds and accounts herein shall be in the same order as payments are to be made pursuant to this Section 5.03, and the Net Revenues shall be applied to such deficiencies on a parity and pro rata with respect to the Series 2012 Bonds and the Prior Bonds all in accordance with the respective principal amounts Outstanding before being applied to any other payments hereunder.

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

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

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

ARTICLE VI

APPLICATION OF BOND PROCEEDS

Section 6.01. Application of Bond Proceeds; Pledge of Unexpended Bond Proceeds. From the monies received from the sale of the Series 2012 Bonds, the following amounts shall be first deducted and deposited in the order set forth below:

A. From the proceeds of the Series 2012 A Bonds, there shall first be deposited with the Commission in the Series 2012 A Bonds Sinking Fund, the amount, if any, set forth in the Supplemental Resolution as capitalized interest.

B. Next, from the proceeds of the Series 2012 A Bonds, there shall be deposited with the Commission in the Series 2012 A Bonds Reserve Account, the amount, if any, set forth in the Supplemental Resolution for funding of the Series 2012 A Bonds Reserve Account.

C. As the Issuer receives advances of the monies derived from the sale of the Series 2012 A Bonds, such monies shall be deposited with the Depository Bank in the Series 2012 Bonds Construction Trust Fund and applied solely to payment of the Costs of the Project in the manner set forth in Section 6.02 hereof and, until so expended, are hereby pledged as additional security for the Series 2012 A Bonds.

D. As the Issuer receives advances of the monies derived from the sale of the Series 2012 B Bonds, such monies shall be deposited with the Depository Bank in the Series 2012 Bonds Construction Trust Fund and applied solely to payment of the Costs of the Project in the manner set forth in Section 6.02 hereof and, until so expended, are hereby pledged as additional security for the Series 2012 B Bonds.

E. After completion of construction of the Project, as certified by the Consulting Engineers, and all Costs have been paid, any remaining proceeds of the Series 2012 Bonds shall be expended as approved by the DEP.

Section 6.02. Disbursements of Bond Proceeds. On or before the Closing Date, the Issuer shall have delivered to the Authority and the DEP a report listing the specific purposes for which the proceeds of the Series 2012 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. Invoices for which repayment from the Series 2012 Bonds Construction Trust Fund will be sought must be first approved by the Issuer.

Except as provided in Section 6.01 hereof, disbursements from the Series 2012 Bonds Construction Trust Fund shall be made only after submission to, and approval from, the Authority and the DEP of a completed and signed "Payment Requisition Form," a form of which is attached to the Bond Purchase Agreement, in compliance with the construction schedule; and

Pending such application, monies in the Series 2012 Bonds Construction Trust Fund shall be invested and reinvested in Qualified Investments at the written direction of the Issuer.

ARTICLE VII

ADDITIONAL COVENANTS OF THE ISSUER

Section 7.01. General Covenants of the Issuer. All the covenants, agreements and provisions of this Bond Legislation shall be and constitute valid and legally binding covenants of the Issuer and shall be enforceable in any court of competent jurisdiction by any Holder or Holders of the Series 2012 Bonds. In addition to the other covenants, agreements and provisions of this Bond Legislation, the Issuer hereby covenants and agrees with the Holders of the Series 2012 Bonds as hereinafter provided in this Article VII. All such covenants, agreements and provisions shall be irrevocable, except as provided herein, as long as any of the Series 2012 Bonds or the interest, if any, thereon is Outstanding and unpaid.

Section 7.02. Bonds not to be Indebtedness of the Issuer. The Series 2012 Bonds shall not be nor constitute an indebtedness of the Issuer within the meaning of any constitutional, statutory or charter limitation 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 2012 Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Series 2012 Bonds or the interest thereon.

Section 7.03. Bonds Secured by Pledge of Net Revenues; Lien Position with respect to Prior Bonds. The payment of the debt service on the Series 2012 Bonds issued hereunder shall be secured equally and ratably by a first lien on the Net Revenues derived from the System, on a parity with each other and with the lien on the Net Revenues in favor of the Holders of the Prior Bonds. The Net 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 hereinafter set forth, are hereby irrevocably pledged to such payments as they become due.

Section 7.04. Rates and Charges. The Issuer has obtained any and all approvals of rates and charges required by State law and has taken any other action required to establish and impose such rates and charges, with all requisite appeal periods having expired without successful appeal and the Issuer shall supply an opinion of counsel to such effect. Such rates and charges shall be sufficient to comply with the requirements of the Bond Purchase Agreement and the Issuer shall supply a certificate of Certified Public Accountant to such effect. The initial schedule of rates and charges for the services and facilities of the System shall be as set forth in the sewer rate ordinance of the Issuer enacted December 19, 2011, which rates are incorporated herein by reference as a part hereof.

So long as the Series 2012 Bonds are Outstanding, the Issuer covenants and agrees to fix and collect rates, fees and other charges for the use of the System and to take all such actions necessary to provide funds sufficient to produce the required sums set forth in the Bond Legislation and in compliance with the Bond Purchase Agreement. In the event the schedule of rates and charges initially established for the System in connection with the Series 2012 Bonds shall prove to be insufficient to produce the amounts required by this Bond Legislation and the Bond Purchase Agreement, the Issuer hereby covenants and agrees that it will, to the extent or in the manner authorized by law, immediately adjust and increase such schedule of rates and charges and take all such actions necessary to provide funds sufficient to produce the amounts required by this Bond Legislation and the Bond Purchase Agreement.

Section 7.05. Sale of the System. So long as the Prior Bonds are Outstanding, the Issuer shall not sell, lease, mortgage or in any manner 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 2012 Bonds are Outstanding and except as otherwise required by law or with the written consent of the Authority and the DEP, the System may not be sold, mortgaged, leased or otherwise disposed of, except as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to fully pay all the Bonds Outstanding, in accordance with Article X hereof. The proceeds from any such sale, mortgage, lease or other disposition of the System shall immediately be remitted to the Commission for deposit in the Series 2012 A Bonds Sinking Fund, pro rata with respect to the principal amount of each of the Bonds then Outstanding, 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 of and interest, if any, on the Series 2012 A Bonds in accordance with Article X hereof. Any balance remaining after the payment of the 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 that such property comprising a part of the System is

no longer necessary, useful or profitable in the operation thereof and may then, if it be so advised, by resolution duly adopted, authorize such sale, lease or other disposition of such property in accordance with the laws of the State. The proceeds of any such sale shall be deposited in the Sinking Fund for repayment of the Bonds. The payment of such proceeds into the Renewal and Replacement Fund and Sinking Fund shall not reduce the amounts 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 this Section 7.06 and Section 7.07 hereof, the Issuer shall not issue any other obligations whatsoever payable from the revenues of the System which rank prior to, or equally, as to lien on and source of and security for payment from such revenues with the Series 2012 Bonds. All obligations issued by the Issuer after the issuance of the Series 2012 Bonds and payable from the revenues of the System, except such additional parity Bonds, shall contain an express statement that such obligations are junior and subordinate, as to lien on and source of and security for payment from such revenues and in all other respects, to the Series 2012 Bonds; provided, that no such subordinate obligations shall be issued unless all payments required to be made into all funds and accounts 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 Series 2012 Bonds, and the interest, if any, thereon, upon any of the income and revenues of the System pledged for payment of the Series 2012 Bonds and the interest, if any, thereon in this Bond Legislation, or upon the System or any part thereof.

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

Section 7.07. Parity Bonds. So long as the Prior Bonds are Outstanding, the limitations on the issuance of parity obligations set forth in the Prior Ordinances shall be applicable. In addition, no additional Parity Bonds, payable out of the revenues of the System, shall be issued after the issuance of the Series 2012 Bonds pursuant to this Ordinance, without the prior written consent of the Authority and the DEP and without complying with the conditions and requirements herein provided (unless less restrictive than the provisions of the Prior Ordinances).

No such additional Parity Bonds shall be issued except for the purposes of financing the costs of the design, acquisition and construction of extensions, additions, betterments or improvements to the System, refunding all or a portion of one or more series of Bonds issued pursuant hereto, or to pay claims which may exist against the revenues or facilities of the System or all of such purposes.

So long as the Series 1993 Bonds are Outstanding, no Parity Bonds shall be issued at any time, however, unless there has been procured and filed with the Clerk a written statement by the Independent Certified Public Accountants, reciting the conclusion that the Net Revenues for the Fiscal Year following the year in which such Parity Bonds are to be issued shall be at least 120% of the average annual debt service requirements on the following:

(1) The Bonds 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 foregoing limitation may be waived or modified by the written consent of the Holders of the Series 1993 Bonds, representing 75% of the then-Outstanding principal indebtedness.

So long as the Series 2009 B Bonds or the Series 2012 Bonds are Outstanding, 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 be not less than 115%, of the largest aggregate amount that will mature and become due in any succeeding Fiscal Year for principal of and interest on the following:

(1) The Bonds then Outstanding;

(2) Any 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 accounts 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 designing, 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 design, acquisition, construction and installation of the Project; the operation and maintenance of the System and the administration of the loan or any grants or other sources of financing for the Project.

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

The Issuer will keep books and records of the System, which shall be separate and apart from all other books, records and accounts of the Issuer, in which complete and correct entries shall be made of all transactions relating to the System, and any 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 and the Act. Separate control accounting records shall be maintained by the Issuer. Subsidiary records as may be required shall be kept in the manner 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 and the DEP, or any other original purchaser of the Series 2012 Bonds and shall mail in each year to any Holder or Holders of the Series 2012 Bonds, requesting the same, an annual report containing the following:

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

(B) A balance sheet statement showing all deposits in all the funds and accounts provided for in this Bond Legislation and the status of all said funds and accounts.

(C) The amount of any Bonds, notes or other obligations Outstanding.

The Issuer shall also, at least once a year, cause the books, records and accounts of the System to be audited by Independent Certified Public Accountants (and to the extent legally required in compliance with the applicable OMB Circular, or any successor thereof, and the Single Audit Act, or any successor thereof), and shall mail upon request, and make available generally, the report of the Independent Certified Public Accountants, or a summary thereof, to any Holder or Holders of the Series 2012 Bonds and shall submit the report to the Authority and the DEP or any other original purchaser of the Series 2012 Bonds. Such audit report submitted to the Authority and the DEP shall include a statement that the Issuer is in compliance with the terms and provisions of the Act and Bond Purchase 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 Bond Purchase Agreement and the Act, the Issuer has acquired, or shall do all things necessary to acquire, the proposed site of the Project and shall do, is doing or has done all things necessary to construct the Project in accordance with the plans, specifications and designs prepared by the Consulting Engineers. All real estate and interests in real estate and all personal property constituting the Project and the Project site heretofore or hereafter acquired shall at all times be and remain the property of the Issuer.

The Issuer shall provide the DEP with all appropriate documentation to comply with any special conditions established by federal and/or state regulations as set forth in the Bond Purchase Agreement for the Series 2012 Bonds or any Exhibit thereto or as promulgated from time to time.

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

facilities as may be reasonably necessary to accomplish all of the powers and rights of the Authority and the DEP with respect to the System pursuant to the Act.

Section 7.09. Rates. Prior to the issuance of the Series 2012 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, to meet the coverage requirements set forth in the Prior Ordinances so long as the Prior Bonds are Outstanding and thereafter, (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 2012 Bonds, and all other obligations secured by a lien on or payable from such revenues on a parity with, or subordinate to, the Series 2012 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 Reserve Accounts and any reserve accounts for obligations on a parity with the Series 2012 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, if any, on the Series 2012 Bonds, and all other obligations secured by a lien on or payable from such revenues on a parity with, or subordinate to, the Series 2012 Bonds.

The Issuer hereby covenants to commence enactment of such ordinance or ordinances as shall be required to increase the rates and charges for the services and facilities of the System within 30 days following a determination of the Independent 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 and the DEP within 30 days of adoption thereof. The Issuer shall mail copies of such annual budget and all resolutions authorizing increased expenditures for operation and maintenance to the Authority and the DEP and to any Holder of any Bonds who shall file his or her address with the Issuer and request in writing that copies of all such budgets and resolutions be furnished him or her, within 30 days of adoption thereof and shall make available such budgets and all resolutions authorizing increased expenditures for operation and maintenance of the System at all reasonable times to the Authority, the DEP and any Holder of any Bonds or anyone acting for and on behalf of such Holder.

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 Bond Purchase Agreement, and forward a copy of such report to the Authority and the DEP by the 20th 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 Bond Purchase Agreement, stating, among other things, that the Project has been or will be constructed in accordance with the approved plans, specifications and designs as submitted to the Authority and the DEP, the Project is adequate for the purposes for which it was designed, the funding plan as submitted to the Authority and the DEP is sufficient to pay the costs of acquisition and construction of the Project, and all permits required by federal and state laws for construction of the Project have been obtained.

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

The Issuer shall require the Consulting Engineers to submit Recipient As-Built Plans, as defined in the SRF Regulations, to it within 60 days of the completion of the Project. The Issuer shall notify the DEP in writing of such receipt. The Issuer shall submit a "Performance Certificate," a form of which is attached to the Bond Purchase Agreement for the Series 2012 Bonds as Exhibit A, to the DEP within 60 days of the end of the first year after the Project is completed.

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

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

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

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

Section 7.13. Enforcement of Collections. The 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, and any services and facilities of the water 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 of either system until all delinquent charges for the services of the System, plus reasonable interest and penalty charges for the restoration of service, have been fully paid and shall take all further actions to enforce collections to the maximum extent permitted by law. If the water facilities are not owned by the Issuer, the Issuer shall enter into a termination agreement with the water provider of such water, subject to any required approval of such agreement by the Public Service Commission of West Virginia and all rules, regulations and orders of the Public Service Commission of West Virginia.

Section 7.14. No Free Services. The 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 2012 Bonds remain Outstanding, the Issuer will, as an Operating Expense, procure, carry and maintain insurance with a reputable insurance carrier or carriers as is customarily covered with respect to works and properties similar to the System. Such insurance shall initially cover the following risks and be in the following amounts:

(1) FIRE, LIGHTNING, VANDALISM, MALICIOUS MISCHIEF AND EXTENDED COVERAGE INSURANCE, on all above-ground insurable portions of the System in an amount equal to the actual cost thereof. In time of war the Issuer will also carry and maintain insurance to the extent available against the risks and hazards of war. In the event of any damage to or destruction of any portion of the System, the proceeds of all such insurance policies shall be placed in the Renewal and Replacement Fund and used only for the repairs and restoration of the damaged or destroyed properties or for the other purposes provided herein for the Renewal and Replacement Fund. The Issuer will itself, or will require each contractor and subcontractor to, obtain and maintain builder's risk insurance (fire and extended coverage) to protect the

interests of the Issuer, the Authority, the prime contractor and all subcontractors as their respective interests may appear, in accordance with the Bond Purchase 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) WORKERS' COMPENSATION COVERAGE FOR ALL EMPLOYEES OF OR FOR THE SYSTEM ELIGIBLE THEREFOR; AND PERFORMANCE AND PAYMENT BONDS, such bonds to be in the amounts of 100% of the amount of any construction contract and to be required of each contractor contracting directly with the Issuer, and such payment bonds will be filed with the Clerk of The County Commission of the County in which such work is to be performed prior to commencement of construction of the Project in compliance with West Virginia Code, Chapter 38, Article 2, Section 39.

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

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

(6) FIDELITY BONDS will be provided as to every officer, member and employee of the Issuer 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 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 workers' 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 Bond Purchase Agreement so requires, such insurance shall be made payable to the order of the Authority, the DEP, the Issuer, the prime contractor and all subcontractors, as their interests may appear. The Issuer shall verify such insurance prior to commencement of construction.

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

Any such house, dwelling or building from which emanates sewage or water-borne waste matter and which is not so connected with the System is hereby declared and found to be a hazard to the health, safety, comfort and welfare of the inhabitants of the Issuer and a public nuisance which shall be abated to the extent permitted by law and as promptly as possible by proceedings in a court of competent jurisdiction.

Section 7.17. Completion and Operation of Project; Permits and Orders. The Issuer will complete the acquisition and construction of 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, all orders and approvals from the Public Service Commission of West Virginia 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 of issuance of the Series 2012 Bonds required by State law, with all requisite appeal periods having expired without successful appeal, except as otherwise provided in Section 1.02(I) and the Issuer shall supply an opinion of counsel to such effect.

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

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

Section 7.19. [RESERVED].

Section 7.20. Securities Law 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 7.21. Contracts; Change Orders; Public Releases.

A. The Issuer shall, simultaneously with the delivery of the Series 2012 Bonds or immediately thereafter, enter into written contracts for the immediate acquisition or construction of the Project.

B. The Issuer shall submit all proposed change orders to the DEP for written approval. The Issuer shall obtain the written approval of the DEP before expending any proceeds of the Series 2012 Bonds held in "contingency" as set forth in the Schedule attached to the certificate of the Consulting Engineer. The Issuer shall also obtain the written approval of the DEP before expending any proceeds of the Series 2012 Bonds made available due to bid or construction or project underruns.

C. The Issuer shall list the funding provided by the DEP and the Authority in any press release, publication, program bulletin, sign or other public communication that references the Project, including but not limited to any program document distributed in conjunction with any ground breaking or dedication of the Project.

Section 7.22. Statutory Mortgage Lien. For the further protection of the Holders of the Series 2012 Bonds, a statutory mortgage lien upon the System is granted and created by the Act, which statutory mortgage lien is hereby recognized and declared to be valid and binding, shall take effect immediately upon delivery of the Series 2012 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 or 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 as reasonably requested by the Issuer, a summary of such funds, accounts and investment earnings. The Issuer shall retain all such records and any additional records with respect to such funds, accounts and investment earnings so long as any of the Series 2012 Bonds are Outstanding and as long thereafter as necessary to comply with the Code and to assure the exclusion of interest, if any, on the Series 2012 Bonds from gross income for federal income tax purposes.

Section 8.02. Certificate as to Use of Proceeds. The Issuer shall deliver a certificate as to use of proceeds or other similar certificate to be prepared by nationally recognized bond counsel relating to restrictions on the use of proceeds of the Series 2012 Bonds as a condition to issuance of the Series 2012 Bonds. In addition, the Issuer covenants (i) to comply with the Code and all Regulations from time to time in effect and applicable to the Series 2012 Bonds as may be necessary in order to maintain the status of the Series 2012 Bonds as governmental bonds; (ii) that it shall not take, or permit or suffer to be taken, any action with respect to the Issuer's use of the proceeds of the Series 2012 Bonds which would cause any bonds, the interest on which is exempt from federal income taxation under Section 103(a) of the Code, issued by the Authority or the DEP, as the case may be, from which the proceeds of the Series 2012 Bonds are derived, to lose their status as tax-exempt bonds; and (iii) to take such action, or refrain from taking such action, as shall be deemed necessary by the Issuer, or requested by the Authority or the DEP, to ensure compliance with the covenants and agreements set forth in this Section, regardless of whether such actions may be contrary to any of the provisions of this Bond Legislation.

The Issuer shall annually furnish to the Authority information with respect to the Issuer's use of the proceeds of the Series 2012 Bonds and any additional information requested by the Authority.

ARTICLE IX

DEFAULT AND REMEDIES

Section 9.01. Events of Default. Each of the following events shall constitute an "Event of Default" with respect to the Series 2012 Bonds:

(1) If default occurs in the due and punctual payment of the principal of or interest on any Series 2012 Bonds; or

(2) If default occurs in the Issuer's observance of any of the covenants, agreements or conditions relating to the Series 2012 Bonds set forth in this Bond Legislation, any supplemental resolution or in the

Series 2012 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 or Holder 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 or Bondholders 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 or Bondholders 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 2012 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 herein above 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 Series 2012 A Bonds. If the Issuer shall pay, or there shall otherwise be paid, to the Registered Owners of the Series 2012 A Bonds, the principal of and interest, if any, due or to become due thereon, at the times and in the manner stipulated therein and in this Bond Legislation, then the pledge of Net Revenues and other 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 2012 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 2012 A Bonds from gross income for federal income tax purposes.

Section 10.02. Payment of Series 2012 B Bonds. If the Issuer shall pay, or there shall otherwise be paid, to the Registered Owners of all of the Series 2012 B Bonds, the principal of and interest, if any, due or to become due thereon, at the times and in the manner stipulated therein and in this Bond Legislation, then the pledge of Net Revenues and other 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 2012 B Bonds shall thereupon cease, terminate and become void and be discharged and satisfied, except as may otherwise be necessary to assure the exclusion of interest, if any, on the Series 2012 B Bonds from gross income for federal income tax purposes.

ARTICLE XI

MISCELLANEOUS

Section 11.01. Amendment or Modification of Bond Legislation. Prior to issuance of the Series 2012 Bonds, this Ordinance may be amended or supplemented in any way by the Supplemental Resolution. Following issuance of the Series 2012 Bonds, no material modification or amendment of this Ordinance, or of any ordinance, resolution or order amendatory or supplemental hereto, that would materially and adversely affect the rights of Registered Owners of the Series 2012 Bonds shall be made without the consent in writing of the Registered Owners of the Series 2012 Bonds so affected and then Outstanding; provided, that no change shall be made in the maturity of the Series 2012 Bonds or the rate of interest thereon, or in the principal amount thereof, or affecting the unconditional promise of the Issuer to pay such principal and interest out of the funds herein pledged therefor without the consent of the Registered Owner thereof. No amendment or modification shall be made that would reduce the percentage of the principal amount of the Series 2012 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 2012 Bonds from gross income of the Holders thereof.

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

Section 11.03. Severability of Invalid Provisions. If any section, paragraph, clause or provision of this Ordinance should be held invalid by any court of competent jurisdiction, the invalidity of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Ordinance, the Supplemental Resolution or the Series 2012 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 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 *Ritchie Gazette*, a newspaper of general circulation in The City of Pennsboro, together with a notice stating that this Ordinance has been adopted and that the Issuer contemplates the issuance of the Series 2012 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.

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Section 11.08. Effective Date. This Ordinance shall take effect immediately following public hearing hereon.

Passed on First Reading:	August 20, 2012
Passed on Second Reading:	September 17, 2012
Passed on Final Reading Following Public Hearing:	October 15, 2012

Mary Jane Allen

Mayor

CERTIFICATION

Certified a true copy of an Ordinance duly enacted by the Governing Body of THE CITY OF PENNSBORO on the 15th day of October, 2012.

Dated: December 11, 2012.

[SEAL]

Rebecca Lackington
Clerk

696750.00003

Phase II-A

THE CITY OF PENNSBORO

Sewer Revenue Bonds, Series 2012 A; and
Sewer Revenue Bonds, Series 2012 B
(West Virginia SRF Program)

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNTS, DATES, MATURITY DATES, REDEMPTION PROVISIONS, INTEREST RATES, INTEREST AND PRINCIPAL PAYMENT DATES, SALE PRICES AND OTHER TERMS OF THE SEWER REVENUE BONDS, SERIES 2012 A (WEST VIRGINIA SRF PROGRAM) AND SEWER REVENUE BONDS, SERIES 2012 B (WEST VIRGINIA SRF PROGRAM) OF THE CITY OF PENNSBORO; APPROVING A CONFORMED BOND ORDINANCE; APPROVING AND RATIFYING THE BOND PURCHASE 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 Pennsboro (the "Issuer" or "Governmental Agency") has duly and officially adopted and enacted a bond ordinance, effective October 15, 2012 (the "Bond Ordinance"), entitled:

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN EXTENSIONS, ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE EXISTING PUBLIC SEWERAGE SYSTEM OF THE CITY OF PENNSBORO AND THE FINANCING OF THE COST THEREOF, NOT OTHERWISE PROVIDED, THROUGH THE ISSUANCE BY THE CITY OF PENNSBORO OF NOT MORE THAN $550,000 IN ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2012 A (WEST VIRGINIA SRF PROGRAM); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING BOND PURCHASE 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 Sewer Revenue Bonds, Series 2012 A (West Virginia SRF Program) in an aggregate principal amount not to exceed $550,000 in one or more series;

WHEREAS, the Issuer desires to amend the Bond Ordinance though this Supplemental Resolution and Conformed Bond Ordinance (collectively, the "Bond Legislation") to provide for the issuance of two series of bonds being the Sewer Revenue Bonds, Series 2012 A (West Virginia SRF Program) and the Sewer Revenue Bonds, Series 2012 B (West Virginia SRF Program), (the "Series 2012 A Bonds" and "Series 2012 B Bonds" respectively, and collectively the "Series 2012 Bonds");

WHEREAS, the Bond Ordinance has authorized the execution and delivery of a Bond Purchase Agreement relating to the Series 2012 Bonds, including all schedules and exhibits attached thereto, by and among the Issuer, the West Virginia Water Development Authority (the "Authority"), and the West Virginia Department of Environmental Protection (the "DEP") (the "Bond Purchase Agreement"), all in accordance with Chapter 16, Article 13 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 Bond Purchase Agreement and the exact principal amounts, dates, maturity dates, redemption provisions, interest rates, interest and principal payment dates, sale prices and other terms of the Series 2012 Bonds should be established by a supplemental resolution pertaining to the Series 2012 Bonds; and that other matters relating to the Series 2012 Bonds be herein provided for;

WHEREAS, the Bond Purchase Agreement have been presented to the Issuer at this meeting;

WHEREAS, the Series 2012 Bonds are proposed to be purchased by the Authority pursuant to the Bond Purchase Agreement; and

WHEREAS, the Governing Body deems it essential and desirable that this supplemental resolution (the "Supplemental Resolution") be adopted, that the Bond Purchase Agreement be approved and ratified by the Issuer, that the exact principal amounts, the dates, the maturity dates, the redemption provisions, the interest rates, the interest and principal payment dates and the sale prices of the Series 2012 Bonds be fixed hereby in the manner stated herein, and that other matters relating to the Series 2012 Bonds be herein provided for;

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

Section 1. The Issuer hereby approves the Conformed Bond Ordinance attached hereto as Exhibit A.

Section 2. A. Pursuant to the Bond Ordinance and the Act, this Supplemental Resolution is adopted and there are hereby authorized and ordered to be issued the Sewer Revenue Bonds, Series 2012 A (West Virginia SRF Program), of the Issuer, originally represented by a single Bond, numbered AR-1, in the original aggregate principal amount of $443,618. The Series 2012 A Bonds shall be dated the date of delivery thereof, shall finally mature December 1, 2052 and shall bear no interest. The principal of the Series 2012 A Bonds shall be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing December 1, 2014, to and including December 1, 2052, and in the amounts as set forth in the "Schedule Y" attached to the Bond Purchase Agreement for the Series 2012 A Bonds and incorporated in and made a part of the Series 2012 A Bonds. The Series 2012 A Bonds shall be subject to redemption upon the written consent of the Authority and the DEP, and upon payment of the interest and redemption premium, if any, and otherwise in compliance with the Bond Purchase Agreement, so long as the Authority shall be the registered owner of the Series 2012 A Bonds. The Issuer does hereby approve and shall pay the SRF Administrative Fee equal to 0.5% of the principal amount of the Series 2012 A Bonds set forth in "Schedule Y" attached to the Bond Purchase Agreement.

B. Pursuant to the Bond Ordinance and the Act, this Supplemental Resolution is adopted and there are hereby authorized and ordered to be issued the Sewer Revenue Bonds, Series 2012 B (West Virginia SRF Program), of the Issuer, originally represented by a single Bond, numbered BR-1, in the principal amount of $26,725. The Series 2012 B Bonds shall be dated the date of delivery thereof and shall bear no interest. The principal amounts advanced under the Series 2012 B Bonds will be deemed forgiven on the 30th day of June in the fiscal year in which advanced. The Series 2012 B Bonds shall be deemed no longer outstanding after the last advance is forgiven. The Series 2012 B Bonds may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the DEP, and otherwise in compliance with, the Bond Purchase Agreement. The Series 2012 B Bonds are not subject to the SRF Administrative Fee.

Section 3. All other provisions relating to the Series 2012 Bonds and the text of each series of the Series 2012 Bonds shall be in substantially the forms provided in the Bond Ordinance.

Section 4. The Issuer does hereby authorize, approve, ratify and accept the Bond Purchase Agreement, a copy of which is incorporated herein by reference, and the execution and delivery of the Bond Purchase 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 Bond Purchase Agreement and in the applications to the DEP and the Authority. The price of the Series 2012 Bonds shall be 100% of par value, there being no interest accrued thereon, provided that the proceeds of the Series 2012 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 of Charleston, West Virginia, to serve as Registrar (the "Registrar") for the Series 2012 Bonds under the Bond Ordinance and does approve and accept the Registrar's Agreement to be dated the date of delivery of the Series 2012 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 Series 2012 Bonds under the Bond Ordinance.

Section 7. The Issuer does hereby appoint and designate Union Bank, Pennsboro, West Virginia, to serve as Depository Bank under the Bond Ordinance.

Section 8. Series 2012 A Bonds proceeds in the amount of $-0- shall be deposited in the Series 2012 A Bonds Reserve Account.

Section 9. The balance of the proceeds of the Series 2012 A Bonds shall be deposited in or credited to the Series 2012 Bonds Construction Trust Funds for payment of the costs of the Project, including, without limitation, costs of issuance of the Series 2012 A Bonds and related costs.

Section 10. The proceeds of the Series 2012 B Bonds shall be deposited in or credited to the Series 2012 Bonds Construction Trust Funds for payment of the costs of the Project, including, without limitation, costs of issuance of the Series 2012 B Bonds and related costs.

Section 11. The Mayor and the Clerk are hereby authorized and directed to execute and deliver such other documents and certificates required or desirable in connection with the Series 2012 Bonds hereby and by the Bond Ordinance approved and provided for, to the end that the Series 2012 Bonds may be delivered on or about December 11, 2012, to the Authority pursuant to the Bond Purchase Agreement.

Section 12. The acquisition and construction of the Project and the financing thereof in part with proceeds of the Series 2012 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. This Supplemental Resolution and Conformed Bond Ordinance shall be effective immediately following adoption hereof.

[Remainder of Page Intentionally Blank]

Adopted this 11th day of November, 2012.

Mayor

CERTIFICATION

Certified a true copy of a Supplemental Resolution duly adopted by the Council of The City of Pennsboro on the 19th day of November, 2012.

Dated: December 11, 2012.

[SEAL]

Rebecca Salkington
Clerk

696750.00003

Exhibit A

Conformed Bond Ordinance

SRF-BPA-1
(09/12)

BOND PURCHASE AGREEMENT

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

THE CITY OF PENNSBORO
(C-544409-02 – Phase IIA/2010S-1168)
(Local Government)

W I T N E S S E T H:

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

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE I

Definitions

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

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

1.3 "Decentralized System" means wastewater treatment systems that treat wastewater, then reusing and/or dispersing the reclaimed water, as close to where it is generated as practical in each circumstance. A Decentralized System may include: on-site systems contained entirely within the simple boundaries of the lot it serves; small-scale collective systems, with their reuse/dispersal sites on easements on the lots served, on vacant lots purchased for this purpose, on off-site properties, or a combination of these; larger scale collective systems utilizing dispersed or aggregated reuse/dispersal sites or discharging to surface water.

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

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

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

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

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

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

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

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

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

ARTICLE II

The Project and the System

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

2.2 Subject to the terms, conditions and provisions of this Bond Purchase Agreement and the Local Act, the Local Government has acquired, or shall do all things

necessary to acquire, the proposed site of the Project and shall do, is doing or has done all things necessary to construct the Project in accordance with the plans, specifications and designs prepared for the Local Government by the Consulting Engineers.

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

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

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

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

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

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

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

2.10 The Local Government shall require the Consulting Engineers to submit the final or updated Operation and Maintenance Manual, if necessary as defined in the SRF Regulations, to DEP when the Project is 90% completed. The Local Government shall at all times provide operation and maintenance of the System in compliance with any and all State and federal standards. The Local Government shall employ a state certified plant operator prior to the Project being 50% complete and notify the DEP of such employment. The Local Government shall retain the operator(s) to operate the System during the entire term of this Bond Purchase Agreement.

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

2.12 The Local Government, commencing on the date contracts are executed for the acquisition or construction of the Project and for two years following the completion of acquisition or construction of the Project, shall each month complete a Monthly Financial Report, the form of which is attached hereto as Exhibit B and incorporated herein by reference, and forward a copy by the 20th of each month to the DEP and the Authority.

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

ARTICLE III

Conditions to Purchase of Local Bonds; Issuance of Local Bonds

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

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

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

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

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

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

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

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

(h) The Local Government shall have obtained any and all approvals of rates and charges required by State law and shall have taken any other action required to

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

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

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

3.2 Subject to the terms and provisions of this Bond Purchase Agreement, the rules and regulations promulgated by the Authority and DEP, including the SRF Regulations, or any other appropriate State agency and any applicable rules, regulations and procedures promulgated from time to time by the federal government, it is hereby agreed that the Authority shall purchase the Local Bonds of the Local Government and the Local Government shall issue and sell the Local Bonds to the Authority, and in furtherance thereof it is agreed that the Local Government shall sell to the Authority and the Authority shall purchase the Local Bonds in the principal amount and at the price set forth in Schedule X hereto. The Local Bonds shall have such further terms and provisions as described in Article IV hereof.

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

3.4 The Local Bonds shall be delivered to the Authority, at the offices of the Authority, on a date designated by the Local Government by written notice to the Authority, which written notice shall be given not less than ten (10) business days prior to the date designated; provided, however, that if the Authority is unable to accept delivery on the date designated, the Local Bonds shall be delivered to the Authority on a date as close as possible to the designated date and mutually agreeable to the Authority, DEP and the Local Government. The date of delivery so designated or agreed upon is hereinafter referred to as the "Date of Closing."

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

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

ARTICLE IV

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

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

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

(i) to pay Operating Expenses of the System;

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

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

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

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

(b) Covenants substantially as follows:

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

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

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

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

(v) That the Local Government shall not issue any other obligations payable from the revenues of the System which rank prior to, or equally, as to lien and security with the Local Bonds, except parity bonds which shall only be issued if net revenues of the System prior to issuance of such parity bonds, plus reasonably projected revenues from rate increases and the improvements to be financed by such parity bonds, shall not be less than one hundred fifteen percent (115%) of the maximum debt service in any succeeding year on all Local Bonds and parity bonds theretofore and then being issued and on any obligations secured by a lien on or payable from the revenues of the System prior to the Local Bonds and with the prior written consent of the Authority and DEP; provided, however, that additional parity bonds may be issued to complete the Project, as described in the Application as of the date hereof, without regard to the foregoing;

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

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

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

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

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

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

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

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

(xiv) That the proceeds of the Local Bonds, advanced from time to time, except for accrued interest and capitalized interest, if any, must (a) be deposited in a

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

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

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE V

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

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

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

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

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

ARTICLE VI

Other Agreements of the Local Government

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

6.2 The Local Government hereby warrants and represents that all information provided to the Authority and DEP in this Bond Purchase Agreement, in the

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

6.3 The Local Government hereby agrees to repay on or prior to the Date of Closing any moneys due and owing by it to the Authority or any other lender for the planning or design of the Project.

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

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

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

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

ARTICLE VII

Miscellaneous

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

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

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

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

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

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

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

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

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

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

CITY OF PENNSBORO

(SEAL)

By: _____
Its: Mayor
Date: December 11, 2012

Attest:

_____
Its: Clerk

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

By: _____
Its: Director
Date: December 11, 2012

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

(SEAL)

By: _____
Its: Executive Director
Date: December 11, 2012

Attest:

_____
Its: Authorized Officer

{C2468742.1}

EXHIBIT A

FORM OF PERFORMANCE CERTIFICATE

[To Be Provided By DEP]

EXHIBIT B

MONTHLY FINANCIAL REPORT

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

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

_____
Name of Person Completing Form

_____
Address

_____
Telephone

{C2468742.1}

INSTRUCTIONS FOR COMPLETING MONTHLY FINANCIAL REPORT

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

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

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

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

The Local Government must complete the Monthly Financial Report and forward it to the Water Development Authority by the 20th day of each month, commencing on the date contracts are executed for the acquisition or construction of the Project and for two years following the completion of acquisition or construction of the Project.

EXHIBIT C

PAYMENT REQUISITION FORM

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

EXHIBIT D

FORM OF CERTIFICATE OF CONSULTING ENGINEER

_____
(Issuer)

_____
(Name of Bonds)

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

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

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

3. To the best of my knowledge, information and belief, (i) within the limits and in accordance with the applicable and governing contractual requirements relating to the Project, the Project will be constructed in general accordance with the approved plans, specifications and designs prepared by my firm and approved by the DEP and any change orders approved by the Issuer, the DEP and all necessary governmental bodies; (ii) the schematic design for the Project began [before July 1, 2012], (iii) 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; (iv) the Issuer has received bids for the acquisition and construction of the Project which are in an amount and otherwise compatible with the plan of financing set forth in Schedule

attached hereto as Exhibit A, and my firm[1] has ascertained that all successful bidders have made required provisions for all insurance and payment and performance bonds and that such insurance policies or binders and such bonds have been verified for accuracy; (v) the successful bidders received any and all addenda to the original bid documents; (vi) the bid documents relating to the Project reflect the Project as approved by the DEP and the bid forms provided to the bidders contain all critical operational components of the Project; (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 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; (x) as of the effective date thereof[2], the rates and charges for the System as adopted by the Issuer will be sufficient to comply with the provisions of the Bond Purchase Agreement; (xi) the net proceeds of the Bonds, together with all other moneys on deposit or to be simultaneously deposited and irrevocably pledged thereto and the proceeds of grants, if any, irrevocably committed therefor, are sufficient to pay the costs of acquisition and construction of the Project approved by the DEP; (xii) the Project design was performed in compliance with the provisions of West Virginia Code Chapter 22, Article 29; and (xiii) attached hereto as Exhibit A is the final amended "Schedule A - Total Cost of Project; Sources of Funds and Cost of Financing" for the Project.

4. The Project will serve _____ new customers in the _____ area.

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

_____

By _____
West Virginia License No. __

[SEAL]

---

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

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

EXHIBIT E

SPECIAL CONDITIONS

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

B. ASSET MANAGEMENT – The Local Government shall submit an acceptable asset management plan or where applicable, updated plans, to DEP no later than six months following substantial completion of the Project. This requirement shall be included in the bond closing documents.

C. WAGE RATES – The Local Government shall require that all laborers and mechanics employed by its contractors and subcontractors be paid wages at rates not less than those prevailing on projects of a character similar in the locality as determined by the Secretary of Labor (DOL) in accordance with subchapter IV of chapter 32 of title 40, United States Code. The Local Government must require that contractors and subcontractors obtain wage determinations from DOL and comply with DOL guidance and regulations implementing wage rate requirements.

D. AUDIT REQUIREMENT (Supplement to Article IV 4.1 (b) (xi)) – This Project has been designated as an "equivalency" project and the Local Government must obtain audits in accordance with the Single Audit Act and the applicable OMB Circular or any successor thereto. Following completion of the Project, financial statement audits are required once all funds have been received by the Local Government.

E. CLOSING REQUIREMENTS – The Closing is contingent on the DEP's receipt of _____.

EXHIBIT F

MONTHLY PAYMENT FORM

West Virginia Water Development Authority
1009 Bullitt Street
Charleston, WV 25301

Re: [Name of bond issue]

Ladies and Gentlemen:

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

Sinking Fund:

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

Witness my signature this ___ day of_____.

[Name of Local Government]

By: _____
Authorized Officer

Enclosure: copy of check(s)

{C2468742.1}

EXHIBIT G

OPINION OF BOND COUNSEL FOR LOCAL GOVERNMENT

[To Be Dated as of Date of Closing]

West Virginia Water Development Authority
1009 Bullitt Street
Charleston, WV 25301

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

Ladies and Gentlemen:

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

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

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

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

supplemental resolution duly adopted by the Local Government on _____ (collectively, the "Local Act"), pursuant to and under which Local Statute and Local Act the Local Bonds are authorized and issued, and the Bond Purchase Agreement has been undertaken. The Local Bonds are subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Local Act and the Bond Purchase Agreement.

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

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

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

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

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

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

6. The Local Bonds are, by statute, exempt _____, and under existing statutes and court decisions of the United States of America, as presently written and

applied, the interest on the Local Bonds is excludable from the gross income of the recipients thereof for federal income tax purposes.

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

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

Very truly yours,

SCHEDULE X

DESCRIPTION OF LOCAL BONDS

A. Series A Bonds (CWSRF Base Program)

Principal Amount of Local Bonds	$443,618
Purchase Price of Local Bonds	$443,618

The Local Bonds shall bear no interest. Commencing December1, 2014, principal of the Local Bonds is payable quarterly, with an administrative fee of 0.5%. Quarterly payments will be made on March 1, June 1, September 1 and December 1 of each year as set forth on the Schedule Y attached hereto and incorporated herein by reference.

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

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

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

Number of Proposed New Customers to Be Served: 0
Location: Plant Upgrade

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

(1) City of Pennsboro Sewer Revenue Bonds, Series 1993 (United States Department of Agriculture), dated April 12, 1993, issued in the original aggregate amount of $375,000; and

(2) City of Pennsboro Sewer Revenue Bonds, Series 2009 B (West Virginia SRF Program/ARRA), dated September 25, 2009, issued in the original aggregate principal amount of $2,801,000.

B. Series B Bonds (CWSRF Forgiveness)

Principal Amount of Local Bonds	$26,725
Purchase Price of Local Bonds	$26,725

The Local Bonds shall bear no interest. The Authority at the direction of the DEP shall forgive the principal amount of the Local Bonds. The principal amounts advanced under the Series B Bonds will be deemed forgiven on the 30th day of June in the fiscal year in which advanced. The Series B Bonds shall be deemed no longer outstanding after the last advance is forgiven.

The Local Bonds are fully registered in the name of the Authority.

The Local Government shall make monthly payments into the Renewal and Replacement Fund as required by Section 4.1 of this Agreement for at least the term of the Local Bonds.

The Local Government shall notify the Authority and the Council of any proposed bond indebtedness secured by the revenues of the System.

SCHEDULE Y
DEBT SERVICE SCHEDULE

Bond Debt Service
City of Pennsboro
CW SRF
$443,618
0% Interest Rate, 0.5% Administrative Fee
40 Years from Closing Date

Dated Date	12/11/2012
Delivery Date	12/11/2012

Period Ending	Principal	Interest	Debt Service
9/1/2014			
12/1/2014	2,900		2,900
3/1/2015	2,900		2,900
6/1/2015	2,900		2,900
9/1/2015	2,900		2,900
12/1/2015	2,900		2,900
3/1/2016	2,900		2,900
6/1/2016	2,900		2,900
9/1/2016	2,900		2,900
12/1/2016	2,900		2,900
3/1/2017	2,900		2,900
6/1/2017	2,900		2,900
9/1/2017	2,900		2,900
12/1/2017	2,900		2,900
3/1/2018	2,900		2,900
6/1/2018	2,900		2,900
9/1/2018	2,900		2,900
12/1/2018	2,900		2,900
3/1/2019	2,900		2,900
6/1/2019	2,900		2,900
9/1/2019	2,900		2,900
12/1/2019	2,900		2,900
3/1/2020	2,900		2,900
6/1/2020	2,900		2,900
9/1/2020	2,900		2,900
12/1/2020	2,900		2,900
3/1/2021	2,900		2,900
6/1/2021	2,900		2,900
9/1/2021	2,900		2,900
12/1/2021	2,900		2,900
3/1/2022	2,900		2,900
6/1/2022	2,900		2,900
9/1/2022	2,900		2,900
12/1/2022	2,900		2,900
3/1/2023	2,900		2,900
6/1/2023	2,900		2,900
9/1/2023	2,900		2,900

Bond Debt Service

City of Pennsboro

SRF

$443,618

0% Interest Rate, 0.5% Administrative Fee

Period Ending	Principal	Interest	Debt Service
12/1/2023	2,900		2,900
3/1/2024	2,900		2,900
6/1/2024	2,900		2,900
9/1/2024	2,900		2,900
12/1/2024	2,900		2,900
3/1/2025	2,900		2,900
6/1/2025	2,900		2,900
9/1/2025	2,900		2,900
12/1/2025	2,900		2,900
3/1/2026	2,900		2,900
6/1/2026	2,900		2,900
9/1/2026	2,900		2,900
12/1/2026	2,900		2,900
3/1/2027	2,900		2,900
6/1/2027	2,900		2,900
9/1/2027	2,900		2,900
12/1/2027	2,900		2,900
3/1/2028	2,900		2,900
6/1/2028	2,900		2,900
9/1/2028	2,900		2,900
12/1/2028	2,900		2,900
3/1/2029	2,900		2,900
6/1/2029	2,900		2,900
9/1/2029	2,900		2,900
12/1/2029	2,900		2,900
3/1/2030	2,900		2,900
6/1/2030	2,900		2,900
9/1/2030	2,900		2,900
12/1/2030	2,900		2,900
3/1/2031	2,900		2,900
6/1/2031	2,900		2,900
9/1/2031	2,900		2,900
12/1/2031	2,900		2,900
3/1/2032	2,900		2,900
6/1/2032	2,899		2,899
9/1/2032	2,899		2,899
12/1/2032	2,899		2,899
3/1/2033	2,899		2,899
6/1/2033	2,899		2,899

Bond Debt Service
City of Pennsboro
SRF
$443,618
0% Interest Rate, 0.5% Administrative Fee

Period Ending	Principal	Interest	Debt Service
9/1/2033	2,899		2,899
12/1/2033	2,899		2,899
3/1/2034	2,899		2,899
6/1/2034	2,899		2,899
9/1/2034	2,899		2,899
12/1/2034	2,899		2,899
3/1/2035	2,899		2,899
6/1/2035	2,899		2,899
9/1/2035	2,899		2,899
12/1/2035	2,899		2,899
3/1/2036	2,899		2,899
6/1/2036	2,899		2,899
9/1/2036	2,899		2,899
12/1/2036	2,899		2,899
3/1/2037	2,899		2,899
6/1/2037	2,899		2,899
9/1/2037	2,899		2,899
12/1/2037	2,899		2,899
3/1/2038	2,899		2,899
6/1/2038	2,899		2,899
9/1/2038	2,899		2,899
12/1/2038	2,899		2,899
3/1/2039	2,899		2,899
6/1/2039	2,899		2,899
9/1/2039	2,899		2,899
12/1/2039	2,899		2,899
3/1/2040	2,899		2,899
6/1/2040	2,899		2,899
9/1/2040	2,899		2,899
12/1/2040	2,899		2,899
3/1/2041	2,899		2,899
6/1/2041	2,899		2,899
9/1/2041	2,899		2,899
12/1/2041	2,899		2,899
3/1/2042	2,899		2,899
6/1/2042	2,899		2,899
9/1/2042	2,899		2,899
12/1/2042	2,899		2,899
3/1/2043	2,899		2,899

Bond Debt Service

City of Pennsboro

SRF

$443,618

0% Interest Rate, 0.5% Administrative Fee

Period Ending	Principal	Interest	Debt Service
6/1/2043	2,899		2,899
9/1/2043	2,899		2,899
12/1/2043	2,899		2,899
3/1/2044	2,899		2,899
6/1/2044	2,899		2,899
9/1/2044	2,899		2,899
12/1/2044	2,899		2,899
3/1/2045	2,899		2,899
6/1/2045	2,899		2,899
9/1/2045	2,899		2,899
12/1/2045	2,899		2,899
3/1/2046	2,899		2,899
6/1/2046	2,899		2,899
9/1/2046	2,899		2,899
12/1/2046	2,899		2,899
3/1/2047	2,899		2,899
6/1/2047	2,899		2,899
9/1/2047	2,899		2,899
12/1/2047	2,899		2,899
3/1/2048	2,899		2,899
6/1/2048	2,899		2,899
9/1/2048	2,899		2,899
12/1/2048	2,899		2,899
3/1/2049	2,899		2,899
6/1/2049	2,899		2,899
9/1/2049	2,899		2,899
12/1/2049	2,899		2,899
3/1/2050	2,899		2,899
6/1/2050	2,899		2,899
9/1/2050	2,899		2,899
12/1/2050	2,899		2,899
3/1/2051	2,899		2,899
6/1/2051	2,899		2,899
9/1/2051	2,899		2,899
12/1/2051	2,899		2,899
3/1/2052	2,899		2,899
6/1/2052	2,899		2,899
9/1/2052	2,899		2,899
12/1/2052	2,900		2,900 *
	443,618		443,618

To include a quarterly administrative fee of $279.06 . Total administrative fee paid over the life of the loan is $42,696.18

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 – Telephone
(304) 353-8180 – Facsimile
John.stump@steptoe-johnson.com

November 14, 2012

Via Hand Delivery

03:41 PM NOV 14 2012 PSC EXEC SEC DIV

Sandra Squire, *Executive Secretary*
Public Service Commission of West Virginia
201 Brooks Street
Charleston, West Virginia 25323

Case No.: 12-0754-S-CN

CITY OF PENNSBORO

Application for a certificate of convenience and necessity to make improvements and upgrades to existing wastewater treatment plant, including a new operations building, a new solids handling building (including belt filter press), a new generator structure and related site, electrical and associated support utilities, along with all necessary work appertaining thereto.

Dear Ms. Squire:

Enclosed herein for filing on behalf of the City of Pennsboro, please find an affidavit by the City's certified public accountant.

Please file the enclosed affidavit and distribute the additional copies to the appropriate parties at the Commission. Additionally, I ask that you date stamp the file copy provided and return it with our messenger. Thank you in advance for your attention to this matter, and should you have any questions please contact me at (304) 353-8196.

Best Regards,

John C. Stump
(W. V. State Bar No. 6385)

Enclosures

03:41 PM NOV 14 2012 PSC EXEC SEC DIV

PUBLIC SERVICE COMMISSION OF WEST VIRGINIA

Case No.: 12-0754-S-CN

CITY OF PENNSBORO

Application for a certificate of convenience and necessity to make improvements and upgrades to existing wastewater treatment plant, including a new operations building, a new solids handling building (including belt filter press), a new generator structure and related site, electrical and associated support utilities, along with all necessary work appertaining thereto.

STATE OF WEST VIRGINIA
COUNTY OF KANAWHA, TO-WIT:

AFFIDAVIT

We have reviewed the Recommended Decision of the Public Service Commission of West Virginia in Case No. 12-0754-S-CN entered September 13, 2012 which became a Final Order on October 3, 2012 approving funding consisting of: (a) a $542,200 existing SAP Grant; (b) a $1,105,182 Small Cities Block Grant; and (c) a $443,618 WVDEP State Revolving loan with a 0% interest rate and a 0.5% annual administrative fee, with a term of forty years.

Based upon all the information that has been provided, to date, we are of the opinion that the rates and charges are not affected by the revised funding consisting of: (a) a $542,200 existing SAP Grant; (b) a $1,105,182 Small Cities Block Grant; (c) a $443,618 WVDEP State Revolving loan with a 0% interest rate and a 0.5% annual administrative fee, with a term of forty years; and (d) a $26,725 forgivable loan from the Division of Environmental Protection Clean Water State Revolving Fund.

This Affidavit is executed on the 14th day of November, 2012.

Smith Cochran & Hicks

Taken, subscribed and sworn to before me this 14th day of November, 2012.

My commission expires 12/13/15.

[SEAL]

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
BETH A. VanBIBBER
SMITH, COCHRAN & HICKS, P.L.L.C.
405 CAPITOL STREET, SUITE 908
CHARLESTON, WV 25301
My commission expires December 13, 2015

Notary Public

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

FINAL

10/3/2012

Entered: September 13, 2012

CASE NO. 12-0754-S-CN

CITY OF PENNSBORO
a municipal utility, Pennsboro, Ritchie County.

Application for a certificate of convenience and necessity to make improvements and upgrades to existing wastewater treatment plant, including a new operations building, a new solids handling building (including belt filter press), a new generator structure and related site, electrical and associated support utilities, along with all necessary work appertaining thereto.

RECOMMENDED DECISION

The application is granted and the project and its financing are approved.

CASE RECORD

On June 5, 2012, the City of Pennsboro (City), by counsel H. Wyatt Hanna, III, filed with the Public Service Commission (Commission) an application for a certificate of convenience and necessity to construct certain improvements to its existing wastewater treatment plant, including a new operations building, a new solids handling building (including a belt filter press), a new generator structure and related site, and electrical and associated support utilities, along with all necessary work appertaining thereto.

Also on June 5, 2012, the Commission directed the City to publish a Notice of Filing, which provided that, if no substantial protest was filed within thirty days after the date of publication, the Commission might waive formal hearing and grant the application based upon its review of the evidence submitted with the application.

On June 25, 2012, the City, by counsel, filed an affidavit of publication of the Notice of Filing on June 20, 2012, in The Pennsboro News.

On July 6, 2012, Staff Attorney Ronald E. Robertson, Jr., filed an Initial Joint Staff Memorandum, with an attached memorandum from Brian Dworsky, of the Utilities Division, and Jonathan Fowler, of the Engineering Division. Staff explained the following: The City has entered into a Consent Order with the West Virginia Department of Environmental Protection (WVDEP) that requires it to take measures in order to come into compliance with its WV/NPDES permit; Phase I of those measures was approved in Case No. 09-0826-S-SCN (2009), and the project at issue in this matter is known as Phase II.[1] The project cost is estimated at $2,091,000. The proposed financing is comprised of a $542,200 existing SAP Grant; a $443,618 WVDEP State Revolving Fund loan; and a $1,105,182 Small Cities Block Grant in the form of a principal forgiveness loan. The City is proposing no new rate increase.

On July 6, 2012, Mr. Robertson filed discovery requests he was serving on the Town.

On July 19, 2012, by Order, the Commission referred this matter to the Division of Administrative Law Judges (ALJ Division) for decision no later than November 19, 2012.

On July 27 and August 1, 2012, the City, by counsel, filed its responses to Staff's discovery requests, including a July 27, 2012 letter from DEP committing to the $443,618 loan, and specifying the terms at 0% interest, with a 0.5% annual administrative fee, for a term of 40 years (38-year payback).

On September 4, 2012, Mr. Robertson filed the Final Joint Staff Memorandum, with attached memorandum from Messrs. Dworsky and Fowler, which included the following: The City serves approximately 550 sewer customers in and around it. The City raised its sewer rates, effective February 2, 2012. The City will have adequate revenue to cover the approximately $14,103 in annual additional debt service requirements the funding for the project will cause; the City will have a surplus of $35,715 and a 205.93% debt service coverage factor upon completion of the project. Phase I was substantially complete on January 7, 2011. Phase II is a relatively small project, involving improvements at the City's existing treatment plant.[2] The key elements of the project are as follows:

1. A new belt filter press, associated systems and a new building will be built to enable improved solids handling and sludge drying capabilities. The plant presently disposes of sludge in liquid form and improved process control capabilities will result from the new solids handling and drying capabilities. This improvement is also projected to reduce O&M costs, primarily as a result of reduced sludge hauling (transportation) costs.

2. A small building will be constructed to house the plant office, control room and laboratory. The existing building is located below the flood elevation and has

[1] In the record the project at issue in this matter is also labeled "Phase IIA" and the final phase is labeled "Phase IIB." Such labeling is confusing, in that the overall project has three phases; the undersigned accepts Mr. Robertson's label of Phase II for the project at issue in this matter; the final project will be referred to as "Phase III."

[2] Phase III will involve providing a new treatment system with a small increase in capacity, which would allow the City to accept a small number of additional customers in the future, if needed.

been inundated several times in the past. The new building will be elevated above the flood level and will allow for uninterrupted operations during flood events.

3. An emergency backup generator and associated electrical system modifications will be installed to supply power to this facility during utility loss of service events. This emergency power source, which is required under State and Federal requirements, will also be elevated above the flood level like the control building and the belt press building.

The project will not add any new customers, but will increase treatment system reliability and insure compliance with the WVDEP Consent Order. The total estimated cost of $2,091,000 includes an estimated $1,510,000 total construction cost. The costs, including the engineering costs and the $3,802 cost per customer, are reasonable. The project-related increase in operation and maintenance costs of $3,200 is reasonable. Most permits have been issued. No conflict between the Commission's Rules and Regulations for the Government of Sewer Utilities and the plans and specifications have been found. The project has been approved by the West Virginia Infrastructure and Jobs Development Council. The project has not been bid. The funding is reasonable and should be approved. The application should be granted, without a hearing, since no protests have been filed.

FINDINGS OF FACT

1. On June 5, 2012, the City of Pennsboro filed with the Public Service Commission an application for a certificate of convenience and necessity to construct certain improvements to its existing wastewater treatment plant. (See application).

2. The key elements of the project are (A) installation of a new filter press and construction of a new building to enable improved solids handling and sludge drying capabilities, (B) the construction of a building to house the plant office, control room and laboratory, and (C) installation of an emergency backup generator and associated electrical system modifications. (See application; Final Joint Staff Memorandum filed September 4, 2012).

3. Element A will allow the City to dispose of sludge solids rather than liquids, which will improve its process control capabilities and will reduce operation and maintenance costs. Regarding Element B, the building will be constructed above the flood plain and will replace a building that has been flooded repeatedly. Element C is required by law; the equipment will also be elevated above the flood plain. (See Final Joint Staff Memorandum).

4. The West Virginia Department of Environmental Protection issued a Consent Order, requiring the City to take certain actions in order to come into compliance with its WV/NPDES permit. The first phase of those actions was approved in Case No. 09-0826-S-SCN (2009), and that project is complete. The project at issue in this matter is the second phase of a three-phase overall project to effect compliance. (See Initial Joint Staff Memorandum filed July 6, 2012; Final Joint Staff Memorandum).

5. The project was approved by the West Virginia Infrastructure and Jobs Development Council. (See Final Joint Staff Memorandum).

6. The total estimated cost of the project, $2,091,000, includes an estimated $1,510,000 total construction cost. Commission Staff considers the cost to be reasonable. (See Final Joint Staff Memorandum).

7. Most permits have been issued (See Final Joint Staff Memorandum).

8. This project has not been bid. (See Final Joint Staff Memorandum).

9. The proposed financing is comprised of a $542,200 existing SAP Grant; a $1,105,182 Small Cities Block Grant in the form of a principal forgiveness loan; and a $443,618 WVDEP State Revolving Fund loan, with a 0% interest rate and a 0.5% annual administrative fee, payable over 40 years. (See application; filing of July 27, 2012; Initial and Final Joint Staff Memoranda).

10. The City is proposing no increase in its rates as a result of this project. It raised its rates, effective February 2, 2012, and the City's revenue is adequate to cover the $14,103 in additional debt service due to the project and will provide an annual surplus of approximately $35,715 and a 205.93% debt service coverage factor. (See application; Final Joint Staff Memorandum).

11. The City provided notice to its customers by publishing a Notice of Filing on June 20, 2012, in The Pennsboro News, and no protest was filed. (See filing of June 25, 2012; Commission case file).

12. Staff recommended that the project and its funding be approved without hearing. (See Final Joint Staff Memorandum).

CONCLUSIONS OF LAW

1. It is appropriate to grant the application and to approve the project, pursuant to W.Va. Code §24-2-11, upon the condition that any needed outstanding permits be received and filed before construction begins on the project, because the public convenience and necessity require the project.

2. It is appropriate to approve the funding for the project.

ORDER

IT IS, THEREFORE, ORDERED that the application filed on June 5, 2012, by the City of Pennsboro for a certificate of convenience and necessity to make certain improvements and

upgrades to its existing wastewater treatment plant, at a total estimated cost of $2,091,000, is granted and the project is approved, without specific approval of the project's plans and specifications.

IT IS FURTHER ORDERED that the City of Pennsboro not proceed to construction unless and until it has received and filed with the Commission all required federal, state, and local permits.

IT IS FURTHER ORDERED that the funding for the project, consisting of a $542,200 existing SAP Grant; a $1,105,182 Small Cities Block Grant in the form of a principal forgiveness loan; and a $443,618 WVDEP State Revolving Fund loan, with a 0% interest rate and a 0.5% annual administrative fee, with a term of forty years, is approved.

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

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

IT IS FURTHER ORDERED that the City of Pennsboro file a copy of the engineer's certified tabulation of bids for the project within ten (10) days of the opening date.

IT IS FURTHER ORDERED that the City of Pennsboro file with the Commission a certificate of substantial completion of the project from its engineer as soon as it becomes available.

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

IT IS FURTHER ORDERED that the Executive Secretary of the Commission serve a copy of this order upon the Commission by hand delivery, and by electronic service upon all parties of record who have filed an e-service agreement with the Commission and by United States Certified Mail, return receipt requested, and upon all parties of record who have not filed an e-service agreement with the Commission.

Leave is hereby granted to the parties to file written exceptions supported by a brief with the Executive Secretary 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 Executive Secretary. No such waiver will be effective until approved by order of the Commission.

Sunya Anderson
Administrative Law Judge

SA:s
120754a.docx

H. Wyatt Hanna III
Attorney at Law

H. Wyatt Hanna, III WV State Bar No. 1579

P. O. Box 8070 • South Charleston, West Virginia 25303
(304) 744-3150 • Fax (304) 744-3157

June 25, 2012

Ms. Sandra Squire
Director-Executive Secretary Division
Public Service Commission of WV
201 Brooks Street
Charleston, WV 25301

12:25 PM JUN 25 2012 PSC EXEC SEC DIV

RE: Case No. 12-0754-S-CN
Application of CITY OF PENNSBORO, a municipal corporation, Ritchie County, West Virginia, for a Certificate of Convenience and Necessity to construct certain improvements to the existing wastewater treatment plant, including a new operations building, a new solids handling building (including belt filter press), a new generator structure, and related site, electrical and associated support utilities, along with all necessary work appertaining thereto.

Dear Ms. Squire:

I represent the City of Pennsboro, Ritchie County, West Virginia, with regard to the above referenced Certificate Application. As such, enclosed please find an Affidavit of Publication from The Pennsboro News which indicates that the Notice of Filing was published in that newspaper on June 20, 2012.

The original and twelve (12) copies of this letter and the accompanying Affidavit are being filed herewith. If you should have any questions or desire to discuss this matter further with me, please do not hesitate to contact my office.

Sincerely,

H. Wyatt Hanna, III

HWHIII/rb
Enclosures
cc: Beckie Talkington - City of Pennsboro
Todd F. Dingess, CPA
Michael P. Davis, PE
Tim Meeks

KS

INVOICE AND AFFIDAVIT OF PUBLICATION

The Pennsboro News

103 North Spring Street,
P.O. Box 241, Harrisville, WV 26362
Ph. 304.643.4947 • Fax 304.643.4717

WEST CENTRAL PUBLISHING
FEDERAL I.D. NO.
STATE OF WEST VIRGINIA
COUNTY OF RITCHIE, to wit:

I, James McGoldrick, being first duly sworn upon my oath, do depose and say:

- that I am Publisher of The Pennsboro News, a Democratic newspaper,
- that I have been duly authorized to execute this affidavit,
- that such newspaper is regularly published weekly for at least fifty weeks during the calendar year, in the municipality of Harrisville, Ritchie County, West Virginia.
- that such newspaper is a newspaper of "general circulation" as defined in Art. 3, Chap. 59 of the Code of West Virginia 1931 as amended, within Ritchie County;
- that such newspaper averages in length four or more pages, exclusive of any cover, per issue;
- that such newspaper is circulated to the general public at a definite price or consideration;
- that such newspaper is a newspaper to which the general public resorts for passing events or a political, religious, commercial and social nature and for current happenings, announcements, miscellaneous reading matters, advertisements and other notices;
- and that the annexed notice described as follows:

Notice of Filing - City of Pennsboro

WAS PUBLISHED IN SAID NEWSPAPER AS FOIIOWS:

TIMES	DATES
One	June 20, 2012

PUBLICATION CHARGES **$159.39**

CERTIF-BILL TO

H Wyatt Hanna, III
PO Box 8070
South Charleston, WV 25303

(signed) James McGoldrick

NOTARIZATION

Taken, sworn to and subscribed before me this 20th

day of June ,20 12

Charlott C Stine

Notary Public

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
CHARLOTT C. STINE
115 PINE GROVE RD.
ST. MARYS, WV 26170
My Commission Expires November 18, 2013

PLEASE RETURN A COPY OF THIS INVOICE WITH YOUR PAYMENT TO:
P.O. BOX 241, HARRISVILLE, WV 26362

NOTICE OF FILING

On June 5, 2012, the City of Pennsboro (Pennsboro) filed an application, duly verified, for a Certificate to construct certain additions and improvements to the existing wastewater treatment plant, including a new operations building, a new solids handling building (including belt filter press), a new generator structure, and related site, electrical and associated support utilities, along with all necessary work appertaining thereto. The application is on file with and available for public inspection at the Public Service Commission, 201 Brooks Street, in Charleston, West Virginia.

Pennsboro estimates that construction will cost approximately $2,091,000.00. It is proposed that the construction will be financed through an existing SAP Grant of $542,200.00; a loan through WVDEP's State Revolving Fund (SRF) Program in the amount of $443,618.00, at an interest rate of 0.5% for a term not to exceed 38 years; and $1,105,182.00 from Small Cities Block Grant program in the form of a principal forgiveness loan.

Pennsboro does not seek a rate increase in connection in this filing and will continue to charge the following current tariff rates:

SCHEDULE 1

APPLICABILITY
This schedule shall apply to service in the entire territory served by the sewer system of Pennsboro.

AVAILABILITY OF SERVICE
All sewer customers served by the sewer system of Pennsboro, whether for general domestic, commercial or industrial purposes, shall pay rates in accordance with the schedule established herein.

RATES

Usage charge:

First 2,000 gallons used per month
$19.26
Next 3,000 gallons used per month
$6.93 per 1,000 gallons
Next 5,000 gallons used per month
$7.73 per 1,000 gallons
All Over 10,000 gallons used per month
$5.91 per 1,000 gallons

Flat Rate
All customers not served by water works system of Pennsboro shall as a condition to being or remaining connected to the sewer system, pay a monthly charge of $38.37. All customers not served by the sewer system who desire such service shall pay a connection fee of $250.00 or $50.00 in excess of the actual cost of making connections whichever is greater.

DELAYED PAYMENT PENALTY
The above tariff is net. All accounts not paid in full within twenty days from and after the date of mailing of monthly bills thereon shall have added to the net amount shown a delayed payment penalty of ten percent of the amount if such bill, plus reasonable attorney's fees and costs incurred in collection. Furthermore, Pennsboro has and asserts a lien against the premises of each customer served and may foreclose upon that lien in the event of unpaid sewer service charges in accordance with the provisions of Section 16 of Article 13 of Chapter 16 of said Code.

DISCONNECTION
If any bill is not paid within thirty days after the date of mailing thereof, water and sewer service to the customer will be discontinued; provided, however, that at least three days before the discontinuation of sewer service, a notice of such discontinuation shall be mailed to the delinquent customer at his last address on record with the Clerk, by regular United States Mail, postage prepaid. Water and sewer service will not be restored until all past due sewer bills have been paid in full and all accrued penalties plus a reconnection charge of $25 shall be paid.

RETURNED CHECK CHARGE
A service charge of the greater of $25 or the actual bank fee will be imposed upon any customer whose check for payment of charges is returned by their bank due to insufficient funds or any other reason.

MULTIPLE OCCUPANCY
On apartment buildings or other multiple occupancy buildings, bills will be rendered based upon each family or business located therein which shall have a separate meter serving such family or business. Under no circumstances, however, may more than one living unit, not in the same structure be connected to the same meter.

TRAILER COURTS
The operators of house trailer courts may require separate metering for each site upon which a house trailer may be set. Alternatively, house trailer courts may be provided with a master meter, in which case the charge for sewer services to such house trailer court shall be the grater of either: (i) the product obtained by multiplying the minimum bill per customer of 19.26 times the number of units situated on the court site at the time the meter is read, or (ii) the actual charge for water used according to the schedule set forth herein. House trailers, as used herein, shall include both mobile and immobile units. House trailers, either mobile or immobile, located on sites other than a part of house trailer court shall be billed in the same manner as any other family or business unit.

SCHEDULE II
SURCHARGE FOR ROOF DRAINS
In the event that any building shall be found to have its roof drains or other storm sewers connected to the sanitary sewage system of Pennsboro, the owner of such building or the sewer system customer therein, if any there be, shall be assessed and billed by, and shall pay to, the sewer department of Pennsboro a charge calculated on the basis of the following formula, separate and independent of the charges for sewer treatment levied hereunder, to wit:
S=AxRx.0006233xC
S – The surcharge in dollars;
A – The average area under roof in square feet;
R – The measured monthly rainfall, in inches;
00006233 – A conversion factor to convert inches to thousands gallons measurement;
C – The approved rate per thousand gallons of waste water treatment.

ADJUSTMENT FOR UNUSUAL CONSUMPTION
When Pennsboro determines that there has been unusual consumption of sewage treatment services by any customer which can be attributed by Pennsboro to eligible bill, and the customer shall pay to the sewer fund of Pennsboro a sewage treatment charge of $0.95 per thousand gallons of water (or fraction thereof) over and above the customer's two-year historical average usage of water.

Anyone desiring to protest or intervene in this Certificate proceeding should file a written protest or request to intervene within thirty (30) days following the date of this publication unless otherwise modified by Commission order. Failure to timely protest or intervene can affect your right to protest aspects of this certificate case or participate in future proceedings. All protests or requests to intervene should briefly state the reason for the protest or request to intervene. Requests to intervene must comply with the rules on intervention set forth in the Commission Rules of Practice and Procedure. All protests and requests to intervene should be addressed to Executive Secretary, P.O. box 812, Charleston, West Virginia 25323.

In the absence of substantial protests received within thirty (30) days of this publication, the Commission may waive formal hearing and grant the application based on Commission review of the evidence submitted with the application.

WEST VIRGINIA

Infrastructure & Jobs Development Council

Gov. Earl Ray Tomblin
Chairman

Kenneth Lowe Jr
Public Member

David "Bones" McConias
Public Member

Ron Justice
Public Member

Louis R. Spatafore
Public Member

Joseph Freeland
Public Member

James W. Ellars, P.E.
Executive Director

Barbara J. Pauley
Administrative Secretary

March 4, 2011

The Honorable James Vogt
Mayor, City of Pennsboro
422 Main Street
Pennsboro, WV 26415

Re: City of Pennsboro (Phase IIA)
Sewer Project 2010S-1168 (Revised)

Dear Mayor Vogt:

The West Virginia Infrastructure and Jobs Development Council (Infrastructure Council) has reviewed the City of Pennsboro's (City) revised preliminary application to upgrade the wastewater treatment facilities (Project).

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

Upon consideration of the revised preliminary application, the Infrastructure Council recommends that the City utilize a $542,200 Environmental Protection Agency/Special Appropriations grant, a $1,105,182 Small Cities Block grant and pursue a $443,618 Clean Water State Revolving Fund loan (0%, .5% Adm Fee, 38 yrs) to fund this $2,091,000 Project. Please contact the Department of Environmental Protection at 304-926-0499 (X1298) 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 James W. Ellars at 304-558-4607 (X201).

Sincerely,

Kenneth Lowe, Jr.

Enclosure

cc: Mike Johnson, P.E., DEP (w/o enclosure) *(via e-mail)*
Craig Richards, Burgess & Niple
Fred Rader, Region V-MOVRC

180 Association Drive • Charleston, WV 25311 • Phone (304) 558-4607 • Fax (304) 558-4609

www.wvinfrastructure.com

west virginia department of environmental protection

Division of Water and Waste Management
601 57th Street SE
Charleston, WV 25304
Phone: (304) 926-0495
Fax: (304) 926-0496

Earl Ray Tomblin, Governor
Randy C. Huffman, Cabinet Secretary
dep.wv.gov

July 27, 2012

The Honorable James Vogt
Mayor, City of Pennsboro
422 Main Street
Pennsboro, West Virginia 26415

RE: Pennsboro – Ph. IIA
SRF No. C-544409-02
Binding Commitment

Dear Mayor Vogt:

This letter is to confirm our intention of providing the long-term financing through the Clean Water State Revolving Fund Program for the City's wastewater improvement project. The project involves the second phase of upgrades to the wastewater treatment facilities. There will be no new customers added to the system.

We are hereby committing an amount of $443,618 at 0% interest, 0.5% annual administrative fee, for a term of 40 years (38-year payback). The City qualifies for these terms as long as the 4,000 gallon average sewer rate is equal to or greater than $35.18 (1.75% MHI). We understand the proposed 4,000 gallon rate for the City is estimated to be $37.12. These funds are being provided through the base CWSRF Program. The final loan amount may be adjusted after receipt of bids and a formal application is submitted.

If the City's bonds have not been issued to the Fund prior to January 27, 2013, it is understood that the Fund reserves the right to discontinue processing the City's application and on that day, will have no further responsibilities or obligations hereunder.

Should you have any questions, please do not hesitate to contact me at (304) 926-0499, extension 1596 or at Katheryn.D.Emery@wv.gov.

Sincerely,

Katheryn D. Emery, P.E.
Program Manager
Clean Water SRF Program

KDE

cc: WVPSC (12-0754-S-CN)
Mr. John Stump, Esquire, Steptoe & Johnson
Ms. Samme Gee, Esquire, Jackson Kelly
Mr. Craig Richards, P.E., Burgess & Niple
Mr. Tim Meeks, MOVRC

THE CITY OF PENNSBORO

Sewer Revenue Bonds, Series 2012 A; and
Sewer Revenue Bonds, Series 2012 B
(West Virginia SRF Program)

CROSS-RECEIPT FOR BOND AND BOND PROCEEDS

On the 11th day of December, 2012, the undersigned authorized representative of the West Virginia Water Development Authority (the "Authority"), for and on behalf of the Authority, and the undersigned Mayor of The City of Pennsboro (the "Issuer"), for and on behalf of the Issuer, hereby certify as follows:

1. On the 11th day of December, 2012, the Authority received the Sewer Revenue Bonds, Series 2012 A (West Virginia SRF Program), of the Issuer, in the principal amount of $443,618, numbered AR-1 (the "Series 2012 A Bonds") and Sewer Revenue Bonds, Series 2012 B (West Virginia SRF Program), of the Issuer, in the principal amount of $26,725, numbered BR-1 (the "Series 2012 B Bonds"), all issued as a single, fully registered Bond, and dated December 11, 2012.

2. At the time of such receipt, all the Series 2012 A Bonds and Series 2012 B 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 2012 A Bonds, of $23,517, being a portion of the principal amount of the Series 2012 A Bonds. The balance of the principal amount of the Series 2012 A Bonds will be advanced by the Authority and by the West Virginia Department of Environmental Protection to the Issuer as acquisition and construction of the Project progresses.

4. The Issuer has received and hereby acknowledges receipt from the Authority, as the original purchaser of the Series 2012 B Bonds, of $-0-, being a portion of the principal amount of the Series 2012 B Bonds. The balance of the principal amount of the Series 2012 B Bonds will be advanced by the Authority and by the West Virginia Department of Environmental Protection to the Issuer as acquisition and construction of the Project progresses.

[Remainder of Page Intentionally Blank]

Dated as of the day and year first written above.

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

By: Sheila A. Miller
Its: Authorized Representative

THE CITY OF PENNSBORO

By: Mary Jane Allen
Its: Mayor

696750.00003

THE CITY OF PENNSBORO

Sewer Revenue Bonds, Series 2012 A; and
Sewer Revenue Bonds, Series 2012 B
(West Virginia SRF Program)

DIRECTION TO AUTHENTICATE AND DELIVER BONDS

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

Ladies and Gentlemen:

There are delivered to you herewith on this 11th day of December, 2012.

(1) Bond No. AR-1, constituting the entire original issue of The City of Pennsboro Sewer Revenue Bonds, Series 2012 A (West Virginia SRF Program), in the principal amount of $443,618 (the "Series 2012 A Bonds"), and Bond No. BR-1, constituting the entire original issue of The City of Pennsboro Sewer Revenue Bonds, Series 2012 B (West Virginia SRF Program), in the principal amount of $26,725 (the "Series 2012 B Bonds"), both dated December 11, 2012 (collectively, the "Series 2012 Bonds"), executed by the Mayor and the Clerk of The City of Pennsboro (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 15, 2012, and a Supplemental Resolution duly adopted by the Issuer on November 19, 2012 (collectively, the "Bond Legislation");

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

(3) Executed counterparts of a Bond Purchase Agreement for the Series 2012 Bonds, dated December 11, 2012 (the "Bond Purchase Agreement"), by and among the Issuer, the West Virginia Water Development Authority (the "Authority") and the West Virginia Department of Environmental Protection (the "DEP"); and

(4) Executed opinions of nationally recognized bond counsel regarding the validity of the Bond Purchase Agreement and the Series 2012 Bonds.

You are hereby requested and authorized to deliver the Series 2012 A Bonds to the Authority upon payment to the Issuer of the sum of $23,517, representing a portion of the principal amount of the Series 2012 A Bonds. You are further hereby requested and authorized to deliver the Series 2012 B Bonds to the Authority upon payment to the Issuer of the sum of $-0-, representing a portion of the principal amount of the Series 2012 B Bonds. Prior to such delivery of the Series 2012 Bonds, you will please cause the Series 2012 Bonds to be authenticated and registered by an authorized officer, as Bond Registrar, in accordance with the forms of Certificate of Authentication and Registration thereon.

Dated as of the day and year first written above.

THE CITY OF PENNSBORO

By: _____
Its: Mayor

696750.00003

SPECIMEN

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE CITY OF PENNSBORO
SEWER REVENUE BONDS, SERIES 2012 A
(WEST VIRGINIA SRF PROGRAM)

No. AR-1 $443,618

KNOW ALL MEN BY THESE PRESENTS: That on the 11th day of December, 2012, THE CITY OF PENNSBORO, a municipal corporation and political subdivision of the State of West Virginia in Richie County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY (the "Authority") or registered assigns the sum of FOUR HUNDRED FORTY-THREE THOUSAND SIX HUNDRED EIGHTEEN DOLLARS ($443,618), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing December 1, 2014, to and including December 1, 2052, as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference. The SRF Administrative Fee of 0.5% (as defined in the hereinafter described Bond Legislation) shall be payable quarterly on March 1, June 1, September 1, and December 1 of each year, commencing December 1, 2014, as set forth on EXHIBIT B attached hereto.

This Bond shall bear no interest. Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent").

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the West Virginia Department of Environmental Protection (the "DEP"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Bond Purchase Agreement (the "Bond Purchase Agreement") by and among the Issuer, the Authority and the DEP dated December 11, 2012.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain additions, betterments and improvements to the existing public 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 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 16, Article 13 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 October 15, 2012, and a Supplemental Resolution and Conformed Bond Ordinance duly adopted by the Issuer on

November 19, 2012 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY, WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, TO THE ISSUER'S: (I) SEWER REVENUE BONDS, SERIES 1993 (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED APRIL 12, 1993, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $375,000 (THE "SERIES 1993 BONDS"); (II) SEWER REVENUE BONDS, SERIES 2009 B (WEST VIRGINIA SRF PROGRAM/ARRA), DATED SEPTEMBER 25, 2009, ISSUED IN THE ORIGINAL AGGREGATE PRINCIAPL AMOUNT OF $2,801,000 (THE "SERIES 2009 B BONDS"), (COLLECTIVELY, THE "PRIOR BONDS"); AND (III) SEWER REVENUE BONDS, SERIES 2012 B (WEST VIRGINIA SRF PROGRAM), DATED DECEMBER 11, 2012, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $26,725 (THE "SERIES 2012 B BONDS"), ISSUED SIMULTANEOUSLY HEREWITH.

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Net Revenues in favor of the Holders of the Prior Bonds and the Series 2012 B Bonds, and from monies in the Reserve Account created under the Bond Legislation for the Series 2012 A Bonds (the "Series 2012 A Bonds Reserve Account"), and unexpended proceeds of the Series 2012 A Bonds. Such Net 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 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, except from said special fund provided from the Net Revenues, the monies in the Series 2012 A Bonds Reserve Account and unexpended proceeds of the Series 2012 A 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 revenue on a parity with the Series 2012 A Bonds including the Prior Bonds and the Series 2012 B Bonds; provided however, that, so long as there exists in the Series 2012 A Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest which will become due on the Series 2012 A 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 junior and subordinate to the Series 2012 A Bonds, including the Series 2012 B Bonds and the Prior Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the Registered Owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the Registered Owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

All money received from the sale of this Bond, after reimbursement and repayment of all amounts advanced for preliminary expenses as provided by law and the Bond Legislation, shall be applied solely to payment of the Costs of the Project and costs of issuance 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 do exist, have happened, and have been performed in due time, form and manner as required by law, and that the amount of this Bond, together with all other obligations of the Issuer, does not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia and that a sufficient amount of the Net Revenues of the System has been pledged to and will be set aside into said special fund by the Issuer for the prompt payment of the principal of this Bond.

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

[Remainder of Page Intentionally Blank]

IN WITNESS WHEREOF, THE CITY OF PENNSBORO 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 the day and year first written above.

[SEAL]

Mary Jo Miller
Mayor

SPECIMEN

ATTEST:

Rebecca Lackington
Clerk

SPECIMEN

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2012 A Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the Registered Owner set forth above, as of the date set forth below.

Date: December 11, 2012.

THE HUNTINGTON NATIONAL BANK
as Registrar

Authorized Officer

EXHIBIT A

RECORD OF ADVANCES

AMOUNT	DATE	AMOUNT	DATE
(1) $23,517	12/11/2012	(19)	
(2)		(20)	
(3)		(21)	
(4)		(22)	
(5)		(23)	
(6)		(24)	
(7)		(25)	
(8)		(26)	
(9)		(27)	
(10)		(28)	
(11)		(29)	
(12)		(30)	
(13)		(31)	
(14)		(32)	
(15)		(33)	
(16)		(34)	
(17)		(35)	
(18)		(36)	

TOTAL $_____

EXHIBIT B

DEBT SERVICE SCHEDULE

Bond Debt Service

City of Pennsboro

CW SRF

$443,618

0% Interest Rate, 0.5% Administrative Fee

40 Years from Closing Date

Dated Date	12/11/2012
Delivery Date	12/11/2012

Period Ending	Principal	Interest	Debt Service
9/1/2014			
12/1/2014	2,900		2,900
3/1/2015	2,900		2,900
6/1/2015	2,900		2,900
9/1/2015	2,900		2,900
12/1/2015	2,900		2,900
3/1/2016	2,900		2,900
6/1/2016	2,900		2,900
9/1/2016	2,900		2,900
12/1/2016	2,900		2,900
3/1/2017	2,900		2,900
6/1/2017	2,900		2,900
9/1/2017	2,900		2,900
12/1/2017	2,900		2,900
3/1/2018	2,900		2,900
6/1/2018	2,900		2,900
9/1/2018	2,900		2,900
12/1/2018	2,900		2,900
3/1/2019	2,900		2,900
6/1/2019	2,900		2,900
9/1/2019	2,900		2,900
12/1/2019	2,900		2,900
3/1/2020	2,900		2,900
6/1/2020	2,900		2,900
9/1/2020	2,900		2,900
12/1/2020	2,900		2,900
3/1/2021	2,900		2,900
6/1/2021	2,900		2,900
9/1/2021	2,900		2,900
12/1/2021	2,900		2,900
3/1/2022	2,900		2,900
6/1/2022	2,900		2,900
9/1/2022	2,900		2,900
12/1/2022	2,900		2,900
3/1/2023	2,900		2,900
6/1/2023	2,900		2,900
9/1/2023	2,900		2,900

Bond Debt Service
City of Pennsboro
SRF
$443,618
0% Interest Rate, 0.5% Administrative Fee

Period Ending	Principal	Interest	Debt Service
12/1/2023	2,900		2,900
3/1/2024	2,900		2,900
6/1/2024	2,900		2,900
9/1/2024	2,900		2,900
12/1/2024	2,900		2,900
3/1/2025	2,900		2,900
6/1/2025	2,900		2,900
9/1/2025	2,900		2,900
12/1/2025	2,900		2,900
3/1/2026	2,900		2,900
6/1/2026	2,900		2,900
9/1/2026	2,900		2,900
12/1/2026	2,900		2,900
3/1/2027	2,900		2,900
6/1/2027	2,900		2,900
9/1/2027	2,900		2,900
12/1/2027	2,900		2,900
3/1/2028	2,900		2,900
6/1/2028	2,900		2,900
9/1/2028	2,900		2,900
12/1/2028	2,900		2,900
3/1/2029	2,900		2,900
6/1/2029	2,900		2,900
9/1/2029	2,900		2,900
12/1/2029	2,900		2,900
3/1/2030	2,900		2,900
6/1/2030	2,900		2,900
9/1/2030	2,900		2,900
12/1/2030	2,900		2,900
3/1/2031	2,900		2,900
6/1/2031	2,900		2,900
9/1/2031	2,900		2,900
12/1/2031	2,900		2,900
3/1/2032	2,900		2,900
6/1/2032	2,899		2,899
9/1/2032	2,899		2,899
12/1/2032	2,899		2,899
3/1/2033	2,899		2,899
6/1/2033	2,899		2,899

Bond Debt Service
City of Pennsboro
SRF
$443,618
0% Interest Rate, 0.5% Administrative Fee

Period Ending	Principal	Interest	Debt Service
9/1/2033	2,899		2,899
12/1/2033	2,899		2,899
3/1/2034	2,899		2,899
6/1/2034	2,899		2,899
9/1/2034	2,899		2,899
12/1/2034	2,899		2,899
3/1/2035	2,899		2,899
6/1/2035	2,899		2,899
9/1/2035	2,899		2,899
12/1/2035	2,899		2,899
3/1/2036	2,899		2,899
6/1/2036	2,899		2,899
9/1/2036	2,899		2,899
12/1/2036	2,899		2,899
3/1/2037	2,899		2,899
6/1/2037	2,899		2,899
9/1/2037	2,899		2,899
12/1/2037	2,899		2,899
3/1/2038	2,899		2,899
6/1/2038	2,899		2,899
9/1/2038	2,899		2,899
12/1/2038	2,899		2,899
3/1/2039	2,899		2,899
6/1/2039	2,899		2,899
9/1/2039	2,899		2,899
12/1/2039	2,899		2,899
3/1/2040	2,899		2,899
6/1/2040	2,899		2,899
9/1/2040	2,899		2,899
12/1/2040	2,899		2,899
3/1/2041	2,899		2,899
6/1/2041	2,899		2,899
9/1/2041	2,899		2,899
12/1/2041	2,899		2,899
3/1/2042	2,899		2,899
6/1/2042	2,899		2,899
9/1/2042	2,899		2,899
12/1/2042	2,899		2,899
3/1/2043	2,899		2,899

Bond Debt Service

City of Pennsboro

SRF

$443,618

0% Interest Rate, 0.5% Administrative Fee

Period Ending	Principal	Interest	Debt Service
6/1/2043	2,899		2,899
9/1/2043	2,899		2,899
12/1/2043	2,899		2,899
3/1/2044	2,899		2,899
6/1/2044	2,899		2,899
9/1/2044	2,899		2,899
12/1/2044	2,899		2,899
3/1/2045	2,899		2,899
6/1/2045	2,899		2,899
9/1/2045	2,899		2,899
12/1/2045	2,899		2,899
3/1/2046	2,899		2,899
6/1/2046	2,899		2,899
9/1/2046	2,899		2,899
12/1/2046	2,899		2,899
3/1/2047	2,899		2,899
6/1/2047	2,899		2,899
9/1/2047	2,899		2,899
12/1/2047	2,899		2,899
3/1/2048	2,899		2,899
6/1/2048	2,899		2,899
9/1/2048	2,899		2,899
12/1/2048	2,899		2,899
3/1/2049	2,899		2,899
6/1/2049	2,899		2,899
9/1/2049	2,899		2,899
12/1/2049	2,899		2,899
3/1/2050	2,899		2,899
6/1/2050	2,899		2,899
9/1/2050	2,899		2,899
12/1/2050	2,899		2,899
3/1/2051	2,899		2,899
6/1/2051	2,899		2,899
9/1/2051	2,899		2,899
12/1/2051	2,899		2,899
3/1/2052	2,899		2,899
6/1/2052	2,899		2,899
9/1/2052	2,899		2,899
12/1/2052	2,900		2,900 *
	443,618		443,618

To include a quarterly administrative fee of $279.06 . Total administrative fee paid over the life of the loan is $42,696.18

(Form of)

ASSIGNMENT

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

Dated: _____, 20____.

_____

In the presence of:

_____

SPECIMEN

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE CITY OF PENNSBORO
SEWER REVENUE BONDS, SERIES 2012 B
(WEST VIRGINIA SRF PROGRAM)

No. BR-1 $26,725

KNOW ALL MEN BY THESE PRESENTS: The 11th day of December, 2012, that THE CITY OF PENNSBORO, a municipal corporation and political subdivision of the State of West Virginia in Richie 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 TWENTY-SIX THOUSAND SEVEN HUNDRED TWENTY-FIVE DOLLARS ($26,725), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously forgiven, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference. The Series 2012 B Bonds are not subject to the SRF Administrative Fee (as defined in the hereinafter described Bond Legislation).

This Bond shall bear no interest. The principal amounts advanced under the Series 2012 B Bonds will be deemed forgiven on the 30th day of June in the fiscal year in which advanced. The Series 2012 B Bonds shall be deemed no longer Outstanding after the last advance is forgiven.

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the West Virginia Department of Environmental Protection (the "DEP"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Bond Purchase Agreement (the "Bond Purchase Agreement") by and among the Issuer, the Authority and the DEP, dated December 11, 2012.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain extensions, additions, betterments and improvements to the existing public 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 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 16, Article 13 and Chapter 22C, Article 2 of the West Virginia Code of 1931, as amended (collectively, the "Act"), a Bond Ordinance duly enacted by the Issuer on October 15, 2012, and a Supplemental Resolution and Conformed Bond Ordinance duly adopted by the Issuer on November 19, 2012 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY, WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, TO THE ISSUER'S: (I) SEWER REVENUE BONDS, SERIES 1993 (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED APRIL 12, 1993, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $375,000 (THE "SERIES 1993 BONDS"); (II) SEWER REVENUE BONDS, SERIES 2009 B (WEST VIRGINIA SRF PROGRAM/ARRA), DATED SEPTEMBER 25, 2009, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,801,000 (THE "SERIES 2009 B BONDS"), (COLLECTIVELY, THE "PRIOR BONDS"); AND (III) SEWER REVENUE BONDS, SERIES 2012 A BONDS, DATED DECEMBER 11, 2012, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $26,725 (THE "SERIES 2012 A BONDS"), ISSUED SIMULTANEOUSLY HEREWITH.

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Net Revenues in favor of the Holders of the Series 2012 A Bonds and the Prior Bonds and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest, if any, on all bonds which may be issued pursuant to the Act and 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, except from said special fund provided from the Net Revenues and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest, if any, on the Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with or junior to the Bonds, including the Series 2012 A Bonds and the Prior Bonds, and in the respective reserve accounts established for any other obligations Outstanding on a parity with or junior to the Bonds, including the Series 2012 A Bonds and the Prior Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the Registered Owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the Registered Owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

All money received from the sale of this Bond, after reimbursement and repayment of all amounts advanced for preliminary expenses as provided by law and the Bond Legislation, shall be applied solely to payment of the Costs of the Project and costs of issuance 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 do exist, have happened, and have been performed in due time, form and manner as required by law, and that the amount of this Bond, together with all other obligations of the Issuer, does not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia and that a sufficient amount of the Net Revenues of the System has been pledged to and will be set aside into said special fund by the Issuer for the prompt payment of the principal of this Bond.

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

[Remainder of Page Intentionally Blank]

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

[SEAL]

Mayor

ATTEST:

Clerk

SPECIMEN

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2012 B Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the Registered Owner set forth above, as of the date set forth below.

Date: December 11, 2012.

THE HUNTINGTON NATIONAL BANK
as Registrar

Authorized Officer

EXHIBIT A

RECORD OF ADVANCES

AMOUNT	DATE	AMOUNT	DATE
(1) $-0-	12/11/2012	(19)	
(2)		(20)	
(3)		(21)	
(4)		(22)	
(5)		(23)	
(6)		(24)	
(7)		(25)	
(8)		(26)	
(9)		(27)	
(10)		(28)	
(11)		(29)	
(12)		(30)	
(13)		(31)	
(14)		(32)	
(15)		(33)	
(16)		(34)	
(17)		(35)	
(18)		(36)	

TOTAL $_____

(Form of)

ASSIGNMENT

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

Dated: _____, 20___.

_____

In the presence of:

_____

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

Phase II-A

December 11, 2012

The City of Pennsboro
Sewer Revenue Bonds, Series 2012 A
(West Virginia SRF Program)

The City of Pennsboro
Pennsboro, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

West Virginia Department of Environmental Protection
Charleston, West Virginia

Ladies and Gentlemen:

We have served as bond counsel to The City of Pennsboro (the "Issuer"), a municipal corporation and political subdivision of the State of West Virginia in connection with its $443,618 Sewer Revenue Bonds, Series 2012 A (West Virginia SRF Program), 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 Bond Purchase Agreement dated December 11, 2012, including all schedules and exhibits attached thereto (the "Bond Purchase Agreement"), among the Issuer, the West Virginia Water Development Authority (the "Authority") and the West Virginia Department of Environmental Protection (the "DEP"), and (ii) the Bonds to be purchased by the Authority in accordance with the provisions of the Bond Purchase Agreement. The Bonds are issued in the principal amount of $443,618, in the form of one bond, bearing no interest, registered as to principal only to the Authority, with principal payable quarterly on March 1, June 1, September 1, and December 1 of each year, beginning December 1, 2014, to and including December 1, 2052, all as set forth in "Schedule Y" attached to the Bond Purchase Agreement and incorporated in and made a part of the Bonds. The Series 2012 A Bonds are subject to the SRF Administrative Fee equal to 0.5% of the principal amount of the Series 2012 A Bonds as set forth in the Schedule Y attached to the Bond Purchase Agreement.

The Bonds are issued for the purposes of (i) paying a portion of the costs of acquisition and construction of certain additions, betterments and improvements to the existing public sewerage system of the Issuer (the "Project"); and (ii) paying certain issuance and other costs in connection therewith.

We have also examined the applicable provisions of Chapter 16, Article 13 and Chapter 22C, Article 2 of the Code of West Virginia, 1931, as amended (collectively, the "Act"), and the Bond Ordinance duly enacted by the Issuer on October 15, 2012, as supplemented by the Supplemental Resolution duly adopted by the Issuer on November 19, 2012 (collectively, the "Bond Legislation"), pursuant to and under which Act and Bond Legislation the Bonds are authorized and issued, and the Bond

Purchase Agreement has been undertaken. 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 defined herein shall have the same meanings set forth in the Bond Legislation.

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

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

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

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

4. The Bond Legislation and all other necessary ordinances and resolutions have been legally and effectively adopted or enacted 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 in the form of those set forth in Section 4.1 of the Bond Purchase Agreement.

5. The Bonds have been duly authorized, issued, executed and delivered by the Issuer to the Authority and are valid, legally enforceable and binding special obligations of the Issuer, payable from the Net Revenues of the System and secured by a first lien on and pledge of the Net Revenues of the System, on a parity with the Issuer's: (i) Sewer Revenue Bonds, Series 1993 (United States Department of Agriculture), dated April 12, 1993, issued in the original aggregate principal amount of $375,000 (the "Series 1993 Bonds"); (ii) Sewer Revenue Bonds, Series 2009 B (West Virginia SRF Program/ARRA), dated September 25, 2009, issued in the original aggregate principal amount of $2,801,000 (the "Series 2009 B Bonds"); and (iii) Sewer Revenue Bonds, Series 2012 B (West Virginia SRF Program), dated December 11, 2012, issued simultaneously herewith in the original aggregate principal amount of $26,725 (the "Series 2012 B Bonds"), all in accordance with the terms of the Bond Legislation.

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.

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

No opinion is given herein as to the effect upon enforceability of the Bonds 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 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

696750.00003

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

Phase II-A

December 11, 2012

The City of Pennsboro
Sewer Revenue Bonds, Series 2012 B
(West Virginia SRF Program)

The City of Pennsboro
Pennsboro, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

West Virginia Department of Environmental Protection
Charleston, West Virginia

Ladies and Gentlemen:

We have served as bond counsel to The City of Pennsboro (the "Issuer"), a municipal corporation and political subdivision of the State of West Virginia in connection with its $26,725 Sewer Revenue Bonds, Series 2012 B (West Virginia SRF Program), 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 Bond Purchase Agreement dated December 11, 2012, including all schedules and exhibits attached thereto (the "Bond Purchase Agreement"), among the Issuer, the West Virginia Water Development Authority (the "Authority") and the West Virginia Department of Environmental Protection (the "DEP"), and (ii) the Bonds to be purchased by the Authority in accordance with the provisions of the Bond Purchase Agreement. The Bonds are issued in the principal amount of $26,725, in the form of one bond, bearing no interest, registered as to principal only to the Authority, with the principal amounts advanced under the Series 2012 B Bonds being deemed forgiven on the 30th day of June in the fiscal year in which advanced. The Series 2012 B Bonds shall be deemed no longer outstanding after the last advance is forgiven. The Series 2012 B Bonds are not subject to the SRF Administrative Fee.

The Bonds are issued for the purposes of (i) paying a portion of the costs of acquisition and construction of certain additions, betterments and improvements to the existing public sewerage system of the Issuer (the "Project"); and (ii) paying certain issuance and other costs in connection therewith.

We have also examined the applicable provisions of Chapter 16, Article 13 and Chapter 22C, Article 2 of the Code of West Virginia, 1931, as amended (collectively, the "Act"), and the Bond Ordinance duly enacted by the Issuer on October 15, 2012, as supplemented by the Supplemental Resolution duly adopted by the Issuer on November 19, 2012 (collectively, the "Bond Legislation"), pursuant to and under which Act and Bond Legislation the Bonds are authorized and issued, and the Bond Purchase Agreement has been undertaken. 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 defined herein shall have the same meanings set forth in the Bond Legislation.

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

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

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

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

4. The Bond Legislation and all other necessary ordinances and resolutions have been legally and effectively adopted or enacted 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 in the form of those set forth in Section 4.1 of the Bond Purchase Agreement.

5. The Bonds have been duly authorized, issued, executed and delivered by the Issuer to the Authority and are valid, legally enforceable and binding special obligations of the Issuer, payable from the Net Revenues of the System and secured by a first lien on and pledge of the Net Revenues of the System, on a parity with the Issuer's: (i) Sewer Revenue Bonds, Series 1993 (United States Department of Agriculture), dated April 12, 1993, issued in the original aggregate principal amount of $375,000 (the "Series 1993 Bonds"); (ii) Sewer Revenue Bonds, Series 2009 B (West Virginia SRF Program/ARRA), dated September 25, 2009, issued in the original aggregate principal amount of $2,801,000 (the "Series 2009 B Bonds"); and (iii) Sewer Revenue Bonds, Series 2012 A (West Virginia SRF Program), dated December 11, 2012, issued simultaneously herewith in the original aggregate principal amount of $443,618 (the "Series 2012 A Bonds"), all in accordance with the terms of the Bond Legislation.

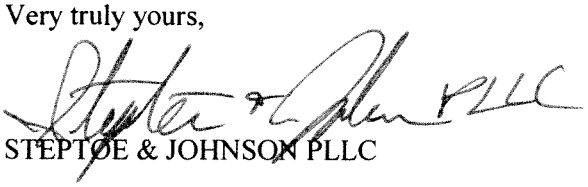
6. The Bonds are, under the Act, exempt from all taxation by the State of West Virginia or any county, municipality, political subdivision or agency thereof.

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

No opinion is given herein as to the effect upon enforceability of the Bonds 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 Bond numbered BR-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

696750.00003

H. Wyatt Hanna III
Attorney at Law

H. Wyatt Hanna, III WV State Bar No. 1579

P. O. Box 8070 • South Charleston, West Virginia 25303
(304) 744-3150 • Fax (304) 744-3157

Phase II-A

December 11, 2012

The City of Pennsboro
Sewer Revenue Bonds, Series 2012 A; and
Sewer Revenue Bonds, Series 2012 B
(West Virginia SRF Program)

The City of Pennsboro
Pennsboro, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

West Virginia Department of Environmental Protection
Charleston, West Virginia

Ladies and Gentlemen:

I am counsel to The City of Pennsboro in Ritchie County, West Virginia (the "Issuer"). As such counsel, I have examined copies of the approving opinions of Steptoe & Johnson PLLC, as bond counsel, a Bond Purchase Agreement for the Series 2012 Bonds, dated December 11, 2012, including all schedules and exhibits attached thereto, by and among the Issuer and the West Virginia Water Development Authority (the "Authority") and the West Virginia Department of Environmental Protection (the "DEP") (the "Bond Purchase Agreement"), a Bond Ordinance duly enacted by the Issuer on October 15, 2012, as supplemented by a Supplemental Resolution duly adopted by the Issuer on November 19, 2012 (collectively, the "Bond Legislation"), a Petition of the Sanitary Board duly adopted August 17, 2012, 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 Bond Purchase Agreement when used herein.

I am of the opinion that:

1. The Issuer has been duly created and is validly existing as a municipal corporation and political subdivision of the State of West Virginia, and the Mayor, 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 Purchase Agreement has been duly authorized, executed and delivered by the Issuer and, assuming due authorization, execution and delivery by the other parties thereto, constitutes a valid and binding agreement of the Issuer enforceable in accordance with its terms.

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

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

5. The Issuer has received all permits, licenses, approvals, consents, exemptions, orders, certificates and authorizations necessary for the issuance of the Bonds, the acquisition and construction of the Project, the operation of the System and the imposition of rates and charges for use of the System, including, without limitation, the receipt of all requisite orders and approvals from the West Virginia Department of Environmental Protection and the Public Service Commission of West Virginia, and has taken any other action required for the imposition of such rates and charges, including, without limitation, the enactment of an ordinance prescribing such rates and charges.

6. I am of the opinion that the Issuer has received all orders and approvals from the Public Service Commission of West Virginia, including the Recommended Decision entered September 13, 2012, which became Final Order on October 3, 2012 and an affidavit of CPA dated November 14, 2012 in Case No.12-0754-S-CN, among other things, granting to the Issuer a certificate of convenience and necessity for the Project and approving the financing for the Project. The time for appeal of the Order has expired prior to the date hereof. The order is in full force and effect.

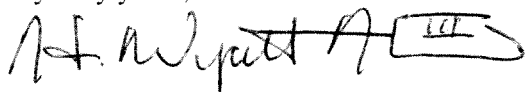
7. To the best of my knowledge, there is no litigation, action, suit, proceeding or investigation at law or in equity before or by any court, public board or body, pending or threatened, wherein an unfavorable decision, ruling or finding would adversely affect the transactions contemplated by the Bond Purchase 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 Net Revenues therefore.

8. I 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 complies with the Drug-Free Workplace Act, Article 1D, Chapter 21 of the West Virginia Code. Prior to the execution of construction contracts by the Issuer, I will verify that all successful bidders have made the required provisions for all insurance and payment and performance bonds and I will verify such insurance policies and bonds for accuracy. Prior to the execution of construction contracts by the Issuer, I will review the contracts, the surety bonds and the policies or other evidence of insurance coverage in connection with the Project, and verify that such surety bonds and policies: (1) are in compliance with the contracts; (2) are adequate in form, substance and amount to protect the various interests of the Issuer; (3)

have been executed by duly authorized representatives of the proper parties; (4) meet the requirements of the Act, the Bond Legislation and the Bond Purchase Agreement; and (5) all such documents constitute valid and legally binding obligations of the parties thereto in accordance with the terms, conditions and provisions thereof.

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

Very truly yours,



WYATT HANNA, ESQUIRE

696750.00003

H. Wyatt Hanna III
Attorney at Law

H. Wyatt Hanna, III WV State Bar No. 1579

P. O. Box 8070 • South Charleston, West Virginia 25303
(304) 744-3150 • Fax (304) 744-3157

December 11, 2012

The City of Pennsboro
Pennsboro, WV

WV Water Development Authority
Charleston, WV

WV Department of Environmental Protection
Charleston, WV

RE: The City of Pennsboro - Phase II-A
Sewer Revenue Bonds, Series 2012 A; and Sewer Revenue Bonds, Series 2012 B
(West Virginia SRF Program)

Ladies & Gentlemen:

I am counsel to The City of Pennsboro in Ritchie County, West Virginia ("Pennsboro") with regard to a proposed project to construct certain improvements to the existing wastewater treatment plant, including a new operations building, a new solids handling building (including belt filter press), a new generator structure, and related site, electrical and associated support utilities, along with all necessary work appertaining thereto, (the "Project"). This Final Title Opinion is being submitted on behalf of Pennsboro to satisfy the requirements of the West Virginia Infrastructure and Jobs Development Council (the "Council") and West Virginia Department of Environmental Protection ("DEP") with regard to the financing proposed for the Project. Please be advised of the following:

1. That I am of the opinion that the City of Pennsboro is a duly created and is validly existing as a municipal corporation and political subdivision of the State of West Virginia possessed with all the powers and authority granted to municipal corporations under the laws of the State of West Virginia and has the full power and authority to construct, operate and maintain the Project as approved by the Bureau for Public Health.

2. That Pennsboro has obtained approval for all necessary permits and approvals for the construction of the Project.

3. That I have investigated and ascertained the location of and am familiar with the legal description of the necessary sites, including easements and/or rights of way, required for the Project as set forth in the Plans for the Project prepared by Burgess & Niple, Inc., the consulting engineers for the Project.

4. That I have examined the records on file in the Office of the Clerk of the County Commission of Ritchie County, West Virginia, the county in which the Project is to be located, and, in my opinion, Pennsboro 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. That all deeds or other documents which have been acquired to date by Pennsboro have been duly recorded in the aforesaid Clerk's Office in order to protect the legal title to and interest of the City of Pennsboro.

Sincerely,

H. Wyatt Hanna, III

HWHIII/rb

cc: City of Pennsboro

Phase II-A

THE CITY OF PENNSBORO

Sewer Revenue Bonds, Series 2012 A; and
Sewer Revenue Bonds, Series 2012 B
(West Virginia SRF Program)

GENERAL CERTIFICATE OF ISSUER AND ATTORNEY ON:

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

We, the undersigned MAYOR and CLERK of The City of Pennsboro in Ritchie County, West Virginia (the "Issuer"), and the undersigned COUNSEL TO THE ISSUER hereby certifies on this 11th day of December, 2012 in connection with the Issuer's Sewer Revenue Bonds, Series 2012 A (West Virginia SRF Program) and Sewer Revenue Bonds, Series 2012 B (West Virginia SRF Program), both dated the date hereof (collectively, the "Series 2012 Bonds" or individually, the "Series 2012 A Bonds" and the "Series 2012 B Bonds," respectively), as follows:

1. TERMS: All capitalized words and terms used in this General Certificate and not otherwise defined herein shall have the same meaning as set forth in the Bond Ordinance of the Issuer duly enacted October 15, 2012, and the Supplemental Resolution duly adopted November 19, 2012 (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 Series 2012 Bonds, the acquisition and construction of the Project, the operation of the System, the receipt of the Gross Revenues or any grants, or in any way contesting or affecting the validity of the Series 2012 Bonds, or any proceedings of the Issuer taken with respect to the issuance or sale of the Series 2012 Bonds, the pledge or application of the Net Revenues or any other moneys or security provided for the payment of the Series 2012 Bonds or the existence or the powers of the Issuer insofar as they relate to the authorization, sale and issuance of the Series 2012 Bonds, the acquisition and construction of the Project, the operation of the System, the collection of the Gross Revenues or the pledge of Net Revenues as security for the Series 2012 Bonds.

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 Series 2012 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 Bond Purchase Agreement and the Issuer has met all conditions prescribed in the Bond Purchase Agreement. The Issuer has or can provide the financial, institutional, legal and managerial capabilities necessary to complete the Project.

There are outstanding obligations of the Issuer which will rank on a parity with the Series 2012 Bonds as to liens, pledge, source of and security for payment, being the Issuer's: (i) Sewer Revenue Bonds, Series 1993 (United States Department of Agriculture), dated April 12, 1993, issued in the original aggregate principal amount of $375,000 (the "Series 1993 Bonds"); and (ii) Sewer Revenue Bonds, Series 2009 B (West Virginia SRF Program/ARRA), dated September 25, 2009, issued in the original aggregate principal amount of $2,801,000 (the "Series 2009 B Bonds") (collectively, the "Prior Bonds"). The Issuer is current on all Prior Bonds' payments and is in compliance with all covenants and requirements of the Prior Ordinance.

The Series 2012 Bonds shall be issued on a parity with the Prior Bonds, with respect to liens, pledge, source of and security for payment and in all other respects. The Issuer has obtained (i) a certificate of an Independent Certified Public Accountant stating that the coverage and parity tests of the Prior Bonds are met, and (ii) the written consent of certain of the Holders of the Prior Bonds to the issuance of the Series 2012 Bonds on a parity with the Prior Bonds. Other than the Prior Bonds, there are no other bonds, notes or other obligations of the Issuer which are secured by revenues or assets of the System.

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

Bond Purchase Agreement for Series 2012 Bonds

Public Service Commission Orders

Infrastructure Council Approval

City Charter

Ordinance Creating Sanitary Board

Petition of Sanitary Board

Oaths of Office of Officers and Council Members

Resolution on Open Governmental Proceedings Rules

Sewer Rate Ordinance

Minutes on Enactment of Sewer Rate Ordinance and Notice of Public Hearing

Affidavit of Publication of Sewer Rate Ordinance and Notice of Public Hearing

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

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

Prior Bond Ordinance and Supplemental Resolution

Consent of USDA to Issuance of Parity Bonds

Consent of WDA to Issuance of Parity Bonds

Evidence of Insurance

Evidence of Small Cities Block Grant

Evidence of US EPA Grant

6. INCUMBENCY AND OFFICIAL NAME: The proper corporate title of the Issuer is "The City of Pennsboro". The Issuer is a municipal corporation in Ritchie County and is presently existing under the laws of, and is a political subdivision of, the State of West Virginia. The governing body of the Issuer is its Council, consisting of a Mayor, Clerk and four (4) council members, all duly elected or appointed, as applicable, qualified and acting, and whose names and dates of commencement and termination of current terms of office are as follows:

Name		Date of Commencement of Office	Date of Termination of Office
Mary Jane Allen	- Mayor	07/01/2012	06/30/2016
Peggy Mahaney	- Councilmember	10/15/2012	06/30/2014
James Props	- Councilmember	07/01/2010	06/30/2014
Donnie Jones	- Councilmember	07/01/2012	06/30/2016
Vance Weekley	- Councilmember	07/01/2012	06/30/2016

The names of the duly appointed, qualified and acting members of the Sanitary Board of the Issuer are as follows:

Chairman	-	Mary Jane Allen
Member	-	Wes Merritt
Member	-	Tom Brown, P.E.

The duly appointed Clerk is Rebecca Talkington and the duly appointed and acting Counsel to the Issuer is Wyatt Hanna, Esquire, South Charleston, 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 will be acquired 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 Series 2012 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 Series 2012 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 have been required to maintain Workers' 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. Prior to the execution of construction contracts by the Issuer, all insurance for the System required by the Bond Legislation will be in full force and effect.

10. BOND PURCHASE AGREEMENT: As of the date hereof, (i) the representations of the Issuer contained in the Bond Purchase Agreement are true and correct in all material respects as if made on the date hereof; (ii) the Bond Purchase 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 Bond Purchase 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 Bond Purchase Agreement not misleading; and (iv) the Issuer is in compliance with the Bond Purchase 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 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 Bond Purchase Agreement. All insurance for the System required by the Resolution and the Bond Purchase 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 sewer rate ordinance on December 19, 2011, setting rates and charges of the System. The time for appeal of such Order has expired prior to the date hereof without any appeal and such rates are currently in full force and effect.

14. SIGNATURES AND DELIVERY: On the date hereof, the undersigned Mayor did officially sign all of the Series 2012 Bonds of the aforesaid issue, consisting upon original issuance of a single Bond of each series, dated the date hereof, by his or her manual signature, and the undersigned Clerk did officially cause the official seal of the Issuer to be affixed upon said Series 2012 Bonds and to be attested by his or her manual signature, and the Registrar did officially authenticate and deliver the Series 2012 Bonds to a representative of the Authority as the original purchaser of the Series 2012 Bonds under the Bond Purchase Agreement. Said official seal of the Issuer is also impressed above the signatures appearing on this certificate.

15. PUBLIC SERVICE COMMISSION ORDER: The Issuer has received all orders and approvals from the Public Service Commission of West Virginia, including the Recommended Decision entered on September 13, 2012 which became Final Order on October 3, 2012, and an affidavit of CPA dated November 14, 2012 in Case No. 12-0745-S-CN, among other things, granting to the Issuer a certificate of 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 without any appeal. The order is in full force and effect.

16. BOND PROCEEDS: A. On the date hereof, the Issuer received $23,517 from the Authority and the DEP, being a portion of the principal amount of the Series 2012 A Bonds. The balance of the principal amount of the Series 2012 A Bonds will be advanced to the Issuer as acquisition and construction of the Project progresses.

B. On the date hereof, the Issuer received $-0- from the Authority and the DEP, being a portion of the principal amount of the Series 2012 B Bonds. The balance of the principal amount of the Series 2012 B Bonds will be advanced to the Issuer as acquisition and construction of the Project progresses.

17. 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 Pennsboro News*, a qualified newspaper of general circulation in The City of Pennsboro, no newspaper being published therein, together with a notice to all persons concerned, stating that the Bond Ordinance had been adopted and that the Issuer contemplated the issuance of the Series 2012 Bonds described in such Bond Ordinance, stating that any person interested may appear before the Council at the public hearing held at a public meeting of Council on the 15th day of October, 2012, at 7:00 p.m., at City Building 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.

18. SPECIMEN BONDS: Delivered concurrently herewith are true and accurate specimens of the Series 2012 Bonds.

19. GRANTS: The Small Cities Block Grant in the amount of $1,105,182 and the Special Appropriations Grant in the amount of $542,200 are hereby fully committed.

20. CONFLICT OF INTEREST: No member, officer or employee of the Issuer has a substantial financial interest, direct, indirect or by reason of ownership of stock in any corporation, in any contract with the Issuer or in the sale of any land, materials, supplies or services to the Issuer or to any contractor supplying the Issuer, relating to the Series 2012 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.

21. CLEAN WATER ACT: The Project described in the Bond Ordinance complies with the Clean Water Act.

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.

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.

[Remainder of Page Intentionally Blank]

WITNESS our signatures and the official seal of The City of Pennsboro on this the day and year first above written.

[CORPORATE SEAL]

SIGNATURE	OFFICIAL TITLE
Mary Ann Cain	Mayor
Rebecca Lakington	Clerk Rebecca
	Counsel to Issuer

696750.00003

WITNESS our signatures and the official seal of The City of Pennsboro on this the day and year first above written.

[CORPORATE SEAL]

SIGNATURE	OFFICIAL TITLE
_____	Mayor
_____	Clerk
_____	Counsel to Issuer

696750.00003

THE CITY OF PENNSBORO

Sewer Revenue Bonds, Series 2012 A; and
Sewer Revenue Bonds, Series 2012 B
(West Virginia SRF Program)

CERTIFICATE AS TO USE OF PROCEEDS

The undersigned Mayor of The City of Pennsboro in Ritchie County, West Virginia (the "Issuer"), being the official of the Issuer duly charged with the responsibility for the issuance of $443,618 Sewer Revenue Bonds, Series 2012 A (West Virginia SRF Program) and $26,725 Sewer Revenue Bonds, Series 2012 B (West Virginia SRF Program), of the Issuer, dated December 11, 2012 (collectively, the "Bonds" or the "Series 2012 Bonds"), hereby certifies on the 11th day of December, 2012, as follows:

1. I am the officer of the Issuer duly charged with the responsibility of issuing the Bonds. I am familiar with the facts, circumstances and estimates herein certified and duly authorized to execute and deliver this certificate on behalf of the Issuer. Capitalized terms used herein and not otherwise defined herein shall have the meanings set forth in the Bond Ordinance duly enacted by the Issuer on October 15, 2012, as supplemented by Supplemental Resolution duly adopted by the Issuer on November 19, 2012 (the "Bond Ordinance"), authorizing the Bonds.

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

3. This certificate is based upon facts, circumstances, estimates and expectations of the Issuer in existence on December 11, 2012, the date on which the Bonds are being physically delivered in exchange for an initial advance of $23,517, being a portion of the principal amount of the Series 2012 A Bonds and $-0-, being a portion of the principal amount of the Series 2012 B Bonds, and to the best of my knowledge and belief, the expectations of the Issuer set forth herein are reasonable.

4. In the Bond Ordinance pursuant to which the Bonds are issued, the Issuer has covenanted that it shall not take, or permit or suffer to be taken, any action with respect to Issuer's use of the proceeds of the Bonds which would cause any bonds, the interest on which is exempt from federal income taxation under Section 103(a) of the Internal Revenue Code of 1986, as amended, and the temporary and permanent regulations promulgated thereunder or under any predecessor thereto (collectively, the "Code"), issued by the West Virginia Water Development Authority (the "Authority"), from which the proceeds of the Bonds are derived, to lose their status as tax-exempt bonds. The Issuer hereby covenants to take all actions necessary to comply with such covenant.

5. The Series 2012 A Bonds were sold on December 11, 2012, to the Authority, pursuant to a bond purchase agreement dated December 11, 2012, by and among the Issuer, the Authority, and the West Virginia Department of Environmental Protection (the "DEP"), for an aggregate purchase price of $443,618 (100% of par) (the "Bond Purchase Agreement"), at which time, the Issuer received $23,517 from the Authority and the DEP, being the first advance of the principal amount of the Series 2012 A Bonds. No accrued interest has been or will be paid on the Series 2012 A Bonds. The balance of the principal amount of the Series 2012 A Bonds will be advanced to the Issuer as acquisition and construction of the Project progresses.

6. The Series 2012 B Bonds were sold on December 11, 2012, to the Authority, pursuant to a Bond Purchase Agreement dated December 11, 2012, by and among the Issuer, the Authority and the DEP, for an aggregate purchase price of $26,725 (100% of par), at which time, the Issuer received $-0- from the Authority and the DEP, being the first advance of the principal amount of the Series 2012 B Bonds. No accrued interest has been or will be paid on the Series 2012 B Bonds. The balance of the principal amount of the Series 2012 B Bonds will be advanced to the Issuer as acquisition and construction of the Project progresses.

7. The Series 2012 Bonds are being delivered simultaneously with the delivery of this certificate and are issued for the purposes of (i) paying a portion of the costs of acquisition and construction of certain additions, betterments and improvements to the existing sewerage system of the Issuer (the "Project"); and (ii) paying certain costs of issuance of the Bonds and related costs.

8. Within 30 days after the delivery of the Bonds, the Issuer shall enter into agreements which require the Issuer to expend at least 5% of the net sale proceeds of the Bonds on the Project, constituting a substantial binding commitment. The acquisition and construction of the Project and the allocation of the net sale proceeds of the Bonds to expenditures of the Project shall commence immediately and shall proceed with due diligence to completion, and with the exception of proceeds deposited in the Series 2012 A Bonds Reserve Account, if any, all of the proceeds from the sale of the Bonds, together with any investment earnings thereon, will be expended for payment of costs of the Project on or before April 1, 2014. The acquisition and construction of the Project is expected to be completed by October 1, 2013.

9. The total cost of the Project is estimated at $2,117,725. Sources and uses of funds for the Project are as follows:

SOURCES	
Proceeds of the Series 2012 A Bonds	$443,618
Proceeds of the Series 2012 B bonds	$26,725
US EPA Grant	$542,200
Small Cities Block Grant	$1,105,182
Total Sources	$2,117,725
USES	
Costs of Acquisition and Construction of the Project	$2,101,725
Costs of Issuance	$16,000
Total Uses	$2,117,725

10. Pursuant to Article V of the Bond Ordinance, the following special funds or accounts have been created or continued relative to the Series 2012 Bonds:

(1) Revenue Fund;

(2) Series 2012 Bonds Construction Trust Fund;

(3) Series 2012 A Bonds Sinking Fund; and

(4) Series 2012 A Bonds Reserve Account.

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

(1) Proceeds of the Series 2012 A Bonds in the amount of $-0- will be deposited with the Commission in the Series 2012 A Bonds Reserve Account.

(2) As the Issuer receives advances of the remaining monies derived from the sale of the Series 2012 A Bonds, such monies shall be deposited with the Depository Bank in the Series 2012 Bonds Construction Trust Fund and applied solely to payment of the costs of the Project and, until so expended, are hereby pledged as additional security for the Series 2012 A Bonds.

(3) As the Issuer receives advances of the monies derived from the sale of the Series 2012 B Bonds, such monies shall be deposited with the Depository Bank in the Series 2012 Bonds Construction Trust Fund and applied solely to payment of the costs of the Project and, until so expended, are hereby pledged as additional security for the Series 2012 B Bonds.

12. Monies held in the Series 2012 A Bonds Sinking Fund will be used solely to pay principal of and interest on the Series 2012 A Bonds and will not be available to meet costs of acquisition and construction of the Project. All investment earnings on monies in the Series 2012 A Bonds Sinking Fund and Series 2012 A Bonds Reserve Account, if any, will be withdrawn therefrom and deposited into the Series 2012 Bonds Construction Trust Fund during construction of the Project, and following completion of the Project, will be deposited, not less than once each year, in the Revenue Fund, and such amounts will be applied as set forth in the Bond Ordinance.

13. Work with respect to the acquisition and construction of the Project will proceed with due diligence to completion. The acquisition and construction of the Project is expected to be completed within 9 months of the date hereof.

14. The Issuer will take such steps as requested by the Authority to ensure that the Authority's bonds meet the requirements of the Code.

15. With the exception of the amount deposited in the Series 2012 A Bonds Reserve Account, if any, all of the proceeds of the Bonds will be expended on the Project within 15 months from the date of issuance thereof.

16. The Issuer does not expect to sell or otherwise dispose of the Project in whole or in part prior to the last maturity date of the Bonds.

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

18. All property financed with the proceeds of the Bonds will be owned and held by (or on behalf of) a qualified governmental unit.

19. No proceeds of the Bonds will be used, directly or indirectly, in any trade or business carried on by any person who is not a governmental unit.

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

21. 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.

22. The Bonds are not federally guaranteed.

23. The Issuer has retained the right to amend the Bond Ordinance authorizing the issuance of the Bonds if such amendment is necessary to assure that the Bonds remain public purpose or governmental bonds.

24. The Issuer has either (a) funded the Series 2012 A Bonds Reserve Account at the maximum amount of principal and interest which will mature and become due on the Series 2012 A Bonds in the then current or any succeeding year with the proceeds of the Series 2012 A Bonds, or (b) created the Series 2012 A Bonds Reserve Account which will be funded with equal payments made on a monthly basis over a 10-year period until such Series 2012 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 2012 A Bonds in the then current or any succeeding year. Monies in the Series 2012 A Bonds Reserve Account and the Series 2012 A Bonds Sinking Fund will be used solely to pay principal of and interest on the Bonds and will not be available to pay costs of the Project.

25. 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.

26. To the best of my knowledge, information and belief, there are no other facts, estimates and circumstances which would materially change the expectations herein expressed.

27. The Issuer will comply with instructions as may be provided by the Authority, at any time, regarding use and investment of proceeds of the Bonds, rebates and rebate calculations.

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

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

THE CITY OF PENNSBORO

By: Mary Jane Allen
Its: Mayor

696750.00003

Phase II-A

THE CITY OF PENNSBORO

Sewer Revenue Bonds, Series 2012 A; and
Sewer Revenue Bonds, Series 2012 B
(West Virginia SRF Program)

CERTIFICATE OF ENGINEER

I, Michael P. Davis, Registered Professional Engineer, West Virginia License No. 016347, of Burgess & Niple, Inc., Parkersburg, West Virginia, hereby certify this 11th day of December, 2012 as follows:

1. My firm is engineer for the acquisition and construction of certain extensions, additions, betterments and improvements (the "Project") to the sewerage system (the "System") of The City of Pennsboro (the "Issuer"), to be constructed in Ritchie County, West Virginia, which acquisition and construction are being permanently financed in part by the proceeds of the above-captioned bonds (collectively, the "Bonds") of the Issuer. Capitalized terms used herein and not defined herein shall have the same meaning set forth in the Bond Ordinance enacted by the Issuer on October 15, 2012, as supplemented by the Supplemental Resolution of the Issuer adopted November 19, 2012 (collectively, the "Bond Legislation"), the Bond Purchase Agreement for the Series 2012 A Bonds by and among the Issuer, the West Virginia Water Development Authority (the "Authority") and the West Virginia Department of Environmental Protection (the "DEP"), dated December 11, 2012 (the "Bond Purchase Agreement").

2. The Bonds are being issued (i) to pay a portion of the costs of acquisition and construction of the Project; and (ii) to pay certain costs of issuance and related costs.

3. To the best of my knowledge, information and belief, (i) within the limits and in accordance with the applicable and governing contractual requirements relating to the Project, the Project will be constructed in general accordance with the approved plans, specifications and designs prepared by my firm and approved by the DEP and the Authority and any change orders approved by the Issuer, the Authority, the DEP and all necessary governmental bodies; (ii) the Project, as designed, is adequate for its intended purpose and has a useful life of at least 40 years, if properly constructed, operated and maintained, excepting anticipated replacements due to normal wear and tear; (iii) the Issuer has received bids for the acquisition and construction of the Project which are in an amount and otherwise compatible with the plan of financing set forth in the Schedule B attached hereto as Exhibit A and Wyatt Hanna, Esquire, counsel to the Issuer, will ascertain that all successful bidders have made required provisions for all insurance and payment and performance bonds and such insurance policies or binders and such bonds will be verified for accuracy; (iv) the successful bidders received any and all addenda to the original bid documents; (v) the 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 DEP 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 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; (x) the net proceeds of the Bonds, together with all other monies on deposit or to be simultaneously deposited and irrevocably pledged thereto and the proceeds of grants, if any, irrevocably committed therefor, are sufficient to pay the costs of acquisition and construction of the Project approved by the DEP; and (xi) attached hereto as Exhibit A is the final amended "Schedule B - Final Total Cost of Project, Sources of Funds and Cost of Financing" for the Project.

4. The Project will serve no new customers.

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

BURGESS & NIPLE, INC.

(SEAL)

Michael P. Davis, P.E.
West Virginia License No. 016347

696750.00003

CITY OF PENNSBORO
WWTP Improvements Phase 2A - IJDC #2010S-1168

SCHEDULE B

A. COST OF PROJECT	TOTAL	SCBG	EPA	SRF Forgiveness	SRF (0%; 0.5% admin; 40 yrs)
1 Construction	1,644,500	839,562	464,320	26,725	313,893
contingency	81,725	0	0	0	81,725
2 Engineering					
Planning	0	0	0	0	0
Design	141,600	63,720	77,880	0	0
Construction Basic	159,400	159,400	0	0	0
Special Svcs	0	0	0	0	0
Inspection	0	0	0	0	0
3 Legal & Fiscal					
a. Legal	7,500	0	0	0	7,500
b. Accounting	7,500	7,500	0	0	0
4 Administrative	35,000	35,000	0	0	0
Permits, etc	24,500	0	0	0	24,500
5 Lands & Rights	0	0	0	0	0
6 TOTAL of Lines 1 through 5	2,101,725	1,105,182	542,200	26,725	427,618
B. COST OF FINANCING					
7 Registrar	1,000	0	0	0	1,000
8 Bond Counsel	15,000	0	0	0	15,000
9 TOTAL FINANCING COSTS	16,000	0	0	0	16,000
10 Total Project Cost (line 6 + line 9)	2,117,725	1,105,182	542,200	26,725	443,618
C. SOURCES OF FUNDS					
11 SCBG	1,105,182	1,105,182	0	0	0
12 EPA	542,200	0	542,200	0	0
13 Other Grants	0	0	0	0	0
14 TOTAL Grants	1,647,382	1,105,182	542,200	0	0
15 NET BOND ISSUE (line 10 minus Line 14)	470,343	0	0	26,725	443,618

Mary Ann Allen
City of Pennsboro

11-19-2012
Date

Burgess & Niple

11-27-2012
Date

smithcochranhicks PLLC
CERTIFIED PUBLIC ACCOUNTANTS

Phase II-A

December 11, 2012

The City of Pennsboro
Sewer Revenue Bonds, Series 2012 A
(West Virginia SRF Program)

The City of Pennsboro
Pennsboro, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

West Virginia Department of Environmental Protection
Charleston, West Virginia

United States Department of Agriculture
Ripley, West Virginia

Ladies and Gentlemen:

Based upon the rates and charges set forth in the sewer rate ordinance of The City of Pennsboro (the "Issuer"), enacted December 19, 2011 and projected operation and maintenance expenses and anticipated customer usage as furnished to us by Burgess & Niple, Limited, the Consulting Engineer to the Issuer, it is our opinion that such rates and charges will be sufficient to provide revenues which, together with other revenues of the sewerage system (the "System") of the Issuer, will pay all repair, operation and maintenance expenses of the System and leave a balance each year equal to at least 115% of the maximum amount required in any year for debt service on the Issuer's Sewer Revenue Bonds, Series 2012 A (West Virginia SRF Program) issued in the original aggregate principal amount of $443,618 and Sewer Revenue Bonds, Series 2012 B (West Virginia SRF Program) issued in the original aggregate principal amount of $26,725 (collectively, the "Bonds"), and all other obligations secured by a lien on or payable from such revenues, including the Issuer's: (i) Sewer Revenue Bonds, Series 1993 (United States Department of Agriculture), dated April 12, 1993, issued in the original aggregate principal amount of $375,000 (the "Series 1993 Bonds"); and (ii) Sewer Revenue Bonds, Series 2009 B (West Virginia SRF Program/ARRA), dated September 25, 2009, issued in the original aggregate principal amount of $2,801,000 (the "Series 2009 B Bonds"), (collectively, the "Prior Bonds").

It is our further opinion that (i) the Net Revenues for the Fiscal Year following the year in which the Bonds are issued will be at least 120% of the average annual debt service requirements on the Series 2012 A Bonds and the Prior Bonds, and (ii) 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

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succeeding years after the completion of the improvements to be financed by the Bonds, if any, are not less than 115% of the largest aggregate amount that will mature and become due in any succeeding fiscal year for the principal of and interest on the Series 2012 A Bonds and the Prior Bonds.

Very truly yours,

Smith Cochran Hicks

SMITH COCHRAN & HICKS

696750.00003

AMENDING CHARTER

The first step in amending a city charter is to have a proposed ordinance. This ordinance must then be adopted in accordance with the following requirements.

1) The proposed ordinance shall be read by title at not less than two meetings of the governing body with at least one week intervening between each meeting unless a member of the governing body demands that the ordinance be read in full at one or both meetings. If the demand is made, the ordinances shall be read.

2) At least five days before the meeting at which a proposed ordinance is to be finally adopted the governing body shall cause notice of the proposed adoption of the proposed ordinance to be published as a Class I-O legal advertisement - published once. The requirements for the newspaper are the same as those for the Class II-O legal advertisement which are listed later on. The notice shall state the subject matter, title of ordinance, date, time and place of the proposed final vote on adoption and the place or places within a municipality where the proposed ordinance may be inspected by the public. A reasonable number of copies should be made available. The notice should also advise that interested parties may appear at the meeting and be heard with respect.

3) The proposed ordinance shall not be materially amended at same meeting at which it is finally adopted.

A city may require any or all ordinances to be published in a newspaper prior to the adoption, may specify other additional requirements for this section, or may prescribe a procedure for the enactment of the ordinance in greater detail than prescribed in this section, but the city shall not, except in an emergency, have the power to lessen or reduce the requirements (1, 2, & 3). Nothing could be found in Pennsboro's Charter concerning any additional requirements the city has for ordinances concerning amending the charter. Therefore, it would seem that legally steps 1, 2, and 3 need to be done.

After the proposed ordinance has been adopted, the governing body of the city shall set out in its proper record books the proposed amendment. The body shall set a date, time, and place for a public hearing which shall not be less than thirty days after the date of the first publication hereinafter required.

The proposed amendment together with a notice of the date, time, and place shall be published as a Class II-O legal advertisement - published once a week for two successive weeks with no publication on Sunday. The published amendment must be made in the area for which a legal advertisement is required by the law or court to be made.

The newspaper that will print the proposed amendment must be published regularly for at least fifty weeks during the calendar year, and the newspaper must have been published for at least one year preceding the date on which the ad is delivered. The paper must be at least four pages and

have a title. If there is no qualified paper in the region or if the paper will not publish the legal advertisement, then the advertisement must be published in a paper outside the region that meets the above requirments.

The cost for publication is:

4¢ per word if newspaper circulation is less than 10,000

5¢ per word if newspaper circulation is between 10,000 and 40,000

5 3/4¢ per word if newspaper circulation is greater than 40,000

The legal ad will cost the full amount the first time it is published and 60% of the cost the second time.

The published notice shall state that the proposed amendment will be considered on date, time, place, and that any qualified voter or freeholder of the city may appear and file objections, in writing, and also that if no objections are filed, or if they are filed and withdrawn within ten days, the governing body shall adopt the amendment as an amendment to the charter, and cause a copy of the amendment, ordinance, and transcript of the proceedings to be certified to the Clerk of the House of Delegates, as keeper of the rolls, and to be recorded in the office of Clerk of the County Court. The same shall be preserved by the Clerk of the House of Delegates as an authentic public record. The amendment shall take effect on the effective date specified in the notice.

If on the date, time, and place there are objections, the governing body may abandon the proposed amendment or may submit it at the next regular municipal election or at a special election if the governing body by the

affirmative vote of 2/3 of its members determine that the special election is needed.

Notice of these elections, if needed, shall state date, hours, and the proposed amendment or say where a copy of it may be obtained. The notice must abide by the same publication requirements previously listed.

Those amendments approved at an election by the majority of votes take effect on the date declaration of results are made by the governing body and entered in the minutes of the governing body. One copy of the amendment, along with the declaration of results, shall be certified forthwith by the recorder of the city to the Clerk of the House of Delegates as Keeper of the rolls, and another to the Clerk of the County Court for recording in the office of such Clerk of the County Court. It shall be preserved by the Clerk of House of Delegates as an authentic public record.

If the majority of votes are against the amendment, the same shall not be proposed again for at least one year.

CHARTER

THE CITY OF PENNSBORO

ENROLLED BILL

(H. B. No. 180)

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

Be it enacted by the Legislature of West Virginia:

Section 1. That the inhabitants of so much of the county of Ritchie as is within the bounds prescribed by section two of this act, and their successors, shall be and remain and they are hereby constituted a body politic and corporate, by the name of "The City of Pennsboro", and as such, and by that name shall have perpetual succession and a common seal and may contract and be contracted with, sue and be sued, plead and be impleaded, answer and be answered unto, and may purchase, take, receive, hold and use goods and chattels, lands and tenements, and choses in action, or any interest, right or estate therein, either for the proper use of said city, or in trust for the benefit of any person or corporation therein; and the same may grant, sell, convey, transfer, let and assign, pledge, mortage, charge and encumber in any case,

and in any manner, in which it would be lawful for a private individual so to do, subject to the limitations and provisions of the constitution of the state; and may have and use a common seal and alter and renew the same at pleasure; and generally shall have all the rights, franchises, capacities and powers appertaining to like corporations in this state, and shall have and succeed to all powers, franchises and immunities, rights and privileges, which were conferred upon or belonged or appertained to the town of Pennsboro by virtue of any act or acts of the general assembly of the state of Virginia or of the legislature of this state heretofore passed; and shall have all the rights, privileges, capacities and powers provided by chapter forty-seven of the code of West Virginia, as contained in the edition of the year one thousand eight hundred and ninety-nine, and for which provision is not herein otherwise expressly made.

Sec. 2. The corporation limits and boundary of said city of Pennsboro shall be as follows:

Beginning at a pine tree, corner of Brown's heirs and Saddler's lands, N. 15°30' E. 47 poles to jack oak at Doyles corner; N. 43° 30' W. 77 poles to white oak, Wells knob; N. 55° E. 46 poles to jack oak in Wells & McDougal corner; N. 20° W. 46 poles to persimmon in Well's fence; N. 3° 30' E. 43 poles to sycamore at McDougal's foot bridge; N. 11° W. 663 poles to a post corner McDougal's fence; N. 89° 30' W. 66 poles

to pine tree in Geor. Boyce line; N. 84° W. 127 poles to white oak in Sill land near where Monroe lives; S. 63° W. 47 poles to oak near Bonds creek road; S. 86° 30' W. 166 poles to corner in Wilson and Sill lands; S. 21° W. ~~18~~ 138 poles to jack oak in woods in M. H. Davis land; S. 44° 30' W. 160 poles to telephone pole on Kelly's point; S. 51° 30' W. 38 poles to telephone pole near pike at fair grounds; S. 62° 15' W. 12 poles to west corner post at pike entrance to fair grounds; S. 18° 15' W. 38 poles to black walnut by fair ground fence; S. 13° 30' W. 32 poles to west end fair ground fence; S. 63° E. 17 poles to sugar corner fair ground fence; N. 70° E. 30 poles to post in fair ground fence; N. 89° E. 165 poles to stone in Thomas land; N. 69° E. 157.5 poles to stone in Wilson's field; S. 57° E. 40 poles to stone in Wilson's field; S. 56° E. 48 poles to Flesher's line; S. 23° W. 30 poles to Flesher's corner; S. 73° 30' 20 poles to Flesher's & Taylor's corner; N. 22° 30' E. 24 poles to a stone in Flesher's line; S. 56° E. 7.7 poles to persimmon in Taylor's land; S. 63° E. 47 poles to stone in Taylor's land; S. 89° 30' 89 poles to stone in Taylor's land; N. 1° W. 78 poles to white oak on ridge in Brown's line; N. 12° 30' W. 12.4 poles to pine at beginning.

Section.3. All general and special laws of the state of West Virginia, governing cities and towns and now applicable and not inconsistent with the provisions of this act, shall

apply to and govern the city of Pennsboro. All by-laws, ordinances and resolutions lawfully passed and in force in the town of Pennsboro under its former organization, and not inconsistent herewith, shall remain in force throughout the city of Pennsboro until altered or repealed by the council elected under the provisions of this act. All rights and property heretofore vested in said town of Pennsboro are continued and preserved and its title and property vested in said city of Pennsboro and no right or liability either in favor or against the said town of Pennsboro at the time this act takes effect, and no suit or prosecution of any kind shall be effected by such change, unless otherwise provided for in this act.

Sec. 4.

~~Sec. 11.~~ Regular meetings of the Council shall be held at such times and on such days as may be established by resolution of Council. Special meetings may be called from time to time by the Mayor or by any two Councilmen. The Mayor shall preside at all meetings of Council and shall supervise the work of all departments and report to the Council or its action all matters requiring attention from any department. The superintendent of the department of accounts and finance shall preside at Council and shall assume the duties of Mayor in the event of a vacancy in office of Mayor, or the absence or the inability of the Mayor to perform the functions of that office.

REV. 9/8/98 pm.

SECTION 4

[illegible] was elected in the event that the remainder of such term shall not exceed two (2) years duration, but if such vacancy occurs at a time in which more than two (2) years remain in such term, a special election shall be held on the first Tuesday after the first Monday in May of the odd-numbered year which shall constitute the second year of such term, and the person elected at such election shall take office on the first day of July immediately following, and serve as Mayor for the remaining two (2) year portion of the four (4) year term for which his predecessor was elected. Any interim vacancies shall be filled by appointment in the fashion prescribed by the general law.

Section 5. Elections

a. Regular municipal elections for municipal offices shall be held in each odd-numbered year on such day as shall be provided by the Legislature by general law.

b. Special municipal elections may be held at such time and date as may be specified in the ordinance calling the same.

c. All municipal elections shall be conducted from a single municipal precinct, the voting place of which shall be the Clerk's Office in the City Building, unless the Council shall, by resolution, fix a different place for a particular election. Voting in such precinct shall be administered by a single board of commissioners and clerk regardless of the size of the precinct.

d. Municipal offices shall be filled on an at-large basis by a single non-partisan general election, candidates for which shall be determined by the filing of nominating petitions in a form prescribed by resolution of Council and available from the Clerk. Petitions may be obtained from the Clerk no earlier than April 15 next preceding the election and must be filed with the Clerk no later than May 1 next preceding the election.

e. Applications for voting on an absentee basis by mail may be received by the Clerk no earlier than May 1 next preceding any election for municipal office, and no earlier than thirty-five days next preceding any special municipal election, or at such other time as the Council may determine by the ordinance calling such special election.

f. In all respects not inconsistent with the provisions hereof, the general law of the State of West Virginia, as the same may be amended from time to time hereafter, shall govern municipal elections, except that all duties assigned either to the Circuit Clerk or the County Clerk therein shall be performed by the City Clerk. In the event of a disparity between the general law and the provisions hereof, the provisions hereof shall govern.

eligible thereto to fill such vacancy during the balance of the unexpired term.

Said officers shall be nominated and elected at large. Said officers shall qualify and their terms of office shall be two years and until their successors are elected and qualified, and shall begin on the second Monday after the election; the terms of office of the mayor and councilmen of the said town of Pennsboro in office at the beginning of the terms of office of the mayor and councilmen of the city of Pennsboro first elected under the provisions of this act shall then cease and determine, and the terms of office of all other elective or appointive officers in force in such city, except as hereinbefore provided, shall cease and determine as soon as the council shall by resolution so declare.

Sec. 5. Candidates to be voted for at general municipal elections at which the mayor and four councilmen are to be elected under the provisions of this act shall be nominated by a primary election, and no other names shall be printed upon the general ballot except those selected in the manner hereinafter prescribed. The primary election for such nominations shall be held on the second Tuesday preceding the general municipal election. The judges of election shall be appointed by council for the general municipal election, who shall be then judges of the primary election, and it shall be held at the same place so far as possible, and the

SECTION 5 -
CHANGED IN APRIL 1985,
UNDER 1989 SECTION 5 "A"

polls shall be closed and opened at the same hours, with the same clerks as are required for said general municipal election. The Council of the town of Pennsboro as constituted at the time shall appoint the judges for the first primary and general election to be held hereunder.

Any person desiring to become a candidate for mayor or councilman shall, at least ten days prior to said primary election, file with the city clerk a statement of such candidacy, in substantially the following form:

State of West Virginia, Ritchie County, ss:

I, _____, being first duly sworn, say that I reside at _____ street, city of Pennsboro, county of Ritchie, state of West Virginia; that I am a qualified voter therein; that I am a candidate for nomination to the office of (mayor or councilman) to be voted upon at the primary election to be held on the _____ Tuesday of _____, 1915, and I hereby request that my name be printed upon the official primary ballot for nomination by such primary election for such office.

Signed _____

Subscribed and sworn to (or affirmed) before me by _____, on this _____ day of _____, 1915.

Signed _____

And shall at the same time file therewith the petition of at least twenty-five qualified voters requesting such candidacy.

Each petition shall be verified by one or more persons as to the qualifications and residence, with street location of each of the persons so signing the said petition, and the said petition shall be in subtantially the following form:

Petition Accompanying Nominating Statement

The undersigned, duly qualified electors of the city of Pennsboro, and residing at the places set opposite our respective names hereon, do hereby request that the name of (name of candidate) be placed on the ballot as candidate for nomination for (name of office) at the primary election to be held in such city on the first Tuesday in May, one thousand nine hundred and fifteen. We further state that we know him to be a qualified elector of said city and a man of good moral character and qualified, in our judgment, for the duties of such office.

Names of Qualified Electors. Number. Street.

Immediately upon the expiration of the time of filing the statements and petitions for candidates the said clerk of the municipality shall cause to be published in proper form the names of the persons as they are to appear upon the primary ballot, which publication may be made by posting copies thereof at four of the most public places in the said city of Pennsboro, including the place of meeting of the council and the mayor's office at least ten days immediately

preceding the primary election, or if the council so order by publication in the last issue of some newspaper published in said city of Pennsboro immediately preceeding such primary election; and the said clerk shall thereupon cause the primary ballots to be printed authenticated with a fac simile of his signature. Upon the said ballot the names of the candidates for mayor, arranged alphabetically, shall first be placed, with a square to the left of each name and immediately below the words "Vote for One." Following these names, likewise arranged in alphabetical order, shall appear the names of the candidates for councilmen, with a square at the left of each name, and below the names of such candidates shall appear the words "Vote for Four." The ballots shall be printed upon plain substantial white paper, and shall be headed:

CANDIDATES FOR NOMINATION FOR MAYOR AND COUNCILMEN OF THE CITY PENNSBORO, AT THE PRIMARY ELECTION.

But shall have no party designation or mark whatever. The ballots shall be in substantially the following form:

(Place a cross in the square preceding the names of the parties you favor as candidates for the respective offices.)

OFFICIAL PRIMARY BALLOTT.

Candidates for nomination for mayor and councilmen of the city of Pennsboro at the primary election.

For Mayor.

(Name of Candidates)

(Vote for One)

For Councilmen.

(Name of Candidates)

(Vote for Four)

Official ballot, attest:

Signature _____

City Clerk

Having caused said ballots to be printed, the said city clerk shall cause to be delivered at each polling place a number of said ballots equal to twice the number of votes cast in such polling precinct at the last general election for mayor. The persons who are qualified to vote at the general municipal election shall be qualified to vote at such primary election, and challenges can be made by not more than two persons, to be appointed at the time of opening the polls by the judges of election; and the law applicable to challenges at a general municipal election shall be applicable to challenges made at such primary election. Judges of election shall, immediately upon the closing of the polls, count the ballots and ascertain the number of votes cast in such precinct for each of the candidates, and make return thereof to the city clerk within six hours of the closing of the polls. On the day following the said primary election the said clerk

shall canvass said returns so received from all the polling precincts, and shall make and publish in some newspaper of said city at least once, the result thereof. Such canvass by the city clerk shall be publicly made. The two candidates receiving the highest number of votes for mayor shall be the candidates and the only candidates whose names shall be place d upon the ballot for mayor at the next succeeding general municipal election, and the eight candidates receiving the highest number of votes for councilmen, or all such candidates if less than eight, shall be the candidates and the only candidates whose names shall be placed upon the ballot for councilmen at such municipal election. In the event of the death or resignation of a nominee before the election, the candidate receiving the next highest number of votes at the primary shall be placed on the ticket in his stead.

The ballot at such general municipal election shall be in the same general form as for such primary election, so far as applicable, and in all elections in such city the election precincts, voting places and announcing of results, shall be the same as by law provided for election of officers in said city, so far as the same are applicable to and not inconsistent with the provisions of this act.

Sec. 6. Said city shall be governed by a council, consisting of the mayor and four councilmen chosen as provided

in this act, each of whom shall have the right to vote on all questions coming before the council. Three members of the council shall constitute a quorum, and the affirmative of three members shall be necessary to adopt any motion, resolution or ordinance, or pass any measure. Upon every vote the yeas and nays shall be called and recorded, and every motion, resolution or ordinance shall be reduced to writing and read before the vote is taken thereon. The mayor shall preside at all meetings of the council; he shall have no power to veto any measure, but every resolution or ordinance passed by council must be signed by the mayor, or by three councilmen, and be recorded before the same shall be in force.

Sec. 7. The council shall have and possess, and the council and its members shall exercise all executive, legislative and judicial powers conferred upon cities, towns and villages by the general law of the state and by this act.

The executive and administrative powers, authority and duties in said city shall be distributed into and among five departments as follows:

1. Department of public affairs.

2. Department of accounts and finance.

3. Department of public safety.

4. Department of streets, parks, public improvements and public property.

5. Department of waterworks and sewers.

The council shall determine the powers and duties to be performed by, and assign them to the appropriate department, shall prescribe the powers and duties of officers and employees, may assign particular offices and employees to one or more of the departments; may require an officer or employee to perform duties in two or more departments; and may make such other rules and regulations as may be necessary or proper for the efficient and economical conduct of the business of the city.

Sec. 8. The mayor shall be superintendent of the department of public affairs and ex-officio city judge and the council shall, at the first regular meeting after election of its members, designate by majority vote, one councilman to be superintendent of the department of accounts and finance, one to be superintendent of the department of public safety, one to be superintendent of the department of streets, parks, public improvements and public property, and one to be superintendent of the department of waterworks and sewers; but such designation shall be changed whenever it appears that the public service would be benefited thereby.

The council may, at the first meeting, or as soon as practicable thereafter, elect by a majority vote the following officers; a clerk, solicitor, city civil engineer, city physician, chief of police, chief of fire department,

city collector, street commissioner, and such other officers and assistants as shall be provided for by ordinance and necessary to the proper and efficient conduct of the affairs of the city. Any officer, assistant or employee elected, appointed, or employed, may be removed at any time by a vote of a majority of the members of the council, under such regulations as council may prescribe.

Sec. 9. The council shall have power from time to time to create, fill and discontinue offices and employments other than herein prescribed, according to their judgment of the needs of the city, and may, by resolution or otherwise, prescribe, limit or change the compensation of such officers or employees.

Sec. 10. The mayor and council shall have an office or offices and their total compensation shall be as follows: The annual salary of the mayor shall not exceed two hundred dollars, and each councilman one hundred dollars, which salaries shall be payable in equal monthly installments.

Every other officer or assistant shall receive such salary or compensation as the council shall by ordinance provide payable in equal monthly installments.

The salary or compensation of all other employees of said city shall be fixed by the council, and shall be payable monthly or at such shorter periods as the council may determine.

Sec. 11. Regular meetings of the council shall be held on the second Monday after the election of councilmen, and thereafter at least twice each month. The council shall provide

REV. 9/8/98 MJ.

Sec. 11. Regular meetings of the Council shall be held at such times and on such days as may be established by resolution of Council. Special meetings may be called from time to time by the Mayor or by any two Councilmen. The Mayor shall preside at all meetings of Council and shall supervise the work of all departments and report to the Council or its action all matters requiring attention from any department. The superintendent of the department of accounts and finance shall preside at Council and shall assume the duties of Mayor in the event of a vacancy in office of Mayor, or the absence or the inability of the Mayor to perform the functions of that office.

to the council for its action in all matters requiring attention in any department. The superintendent of the department of accounts and finance shall be vice-president of the council, and in case of vacancy in the office of mayor, or the absence or inability of the mayor, shall perform the duties of the mayor.

Sec. 12. Every ordinance or resolution appropriating money or ordering any street improvement or sewer, or making or authorizing the making of any contract, or granting any or public places in the city for any purpose, shall be complete in franchise or right to occupy or use the streets, highways, bridges the form in which it is finally passed, and remain on file with the city clerk for public inspection at least one week before the final passage or adoption thereof. No franchise or right to occupy or use the streets, highways,

bridges or public places in said city shall be granted, renewed or extended, except by ordinance. No franchise shall be granted for a period exceeding thirty years, and no amendment or addition thereto shall extend beyond the termination of the original franchise.

Sec. 13. No officer or employee of said city shall accept or receive, directly or indirectly, from any person, firm or corporation operating within the territorial limits of said city, any interurban railway, street railway, gas works, water works, electric light or power plant, heating plant, telegraph line or exchange, or other business using or operating under a public franchise, any frank, free pass, free ticket or free service, or accept or receive directly or indirectly, from any such person, firm or corporation, any other service upon terms more favorable than is granted to the public generally. Any violation of the provisions of this section shall be a misdemeanor, and every such contract or agreement shall be void.

Such prohibition of free transportation shall not apply to policemen or firemen in uniform; nor shall any free service to city officials heretofore provided by any franchise or ordinance be effected by this section.

Sec. 14. Council may create by appointment, a civil service board, consisting of three residents of the city, whose duty it shall be to examine all applicants for positions

in the departments of police, fire, and such other departments as may be ordained, including the chiefs of such department; and shall define the terms and prescribe the duties of the members of said board. All appointments to said departments shall be made from applicants recommended by said board, and when appointed, shall be removed only for cause.

Sec. 15. The council may each month print a pamphlet from a detailed itemized statement of all receipts and expenses of the city and a summary of its proceedings during the preceding month, and furnish printed copies thereof to the state library, the weekly newspapers of the city, and to persons who shall apply therefor at the office of the city clerk. At the end of each year the council shall cause a full and complete examination of all books and accounts of the city to be made by competent accountants and shall publish the results of such examination in the manner above provided for publication of statements of monthly expenditures.

Sec. 16. If, at the beginning of the term of office of the first council elected in said city under the provisions of this act, the appropriations for the expenditures of the Town of Pennsboro for the current fiscal year have been made, the council of the city of Pennsboro shall have power by ordinance, to revise, repeal or change said appropriations,

and to make new and other and different appropriations.

Sec. 17. In the construction of this act the following rules shall be observed, unless such construction would be inconsistent with the manifest intent, or repugnant to the context.

1. When an officer, or officers, is named in any law referred to in this act it shall when applied to said city be construed to mean the officer or officers having the same functions or duties under the provisions of this act, or under ordinances passed under authority thereof.

2. The word "franchise" shall include every special privilege in the streets, highways and public places of the city, whether granted by the state or the city, which does not belong to citizens generally by common right.

3. The word "electors" shall be construed to mean persons qualified to vote for elective offices at regular municipal elections.

Sec. 18. Council shall have the right to levy and collect taxes on property, real and personal, and to grant licenses, and to assess and collect taxes on such licenses as are taxable under the laws of the State of West Virginia and not to exceed in amount and rate the tax on such licenses imposed by the State of West Virginia.

Sec. 19. The Council of the city may cause any street or alley or part thereof, to be paved with cobblestone, brick, concrete or other suitable material, curbing and suitable sidewalks laid, and a sewer or sewers to be constructed therein, or to have such paving done without the construction of such sewer or sewers, or a sewer or sewers constructed without such paving under such regulations not inconsistent with the provisions of this section as shall be fixed by council, upon the lowest and best terms to be obtained by the council by advertising for bids or proposals therefor, and the whole cost thereof (which cost shall include the cost and expense of preliminary and other survey, of printing and publishing all notices required to be published in relation thereto, and the cost of construction) shall be assesed to and paid by the owners of the lots or fractional parts of lots abutting or bounding on that part of the street so improved, paved or sewered and against the said lots or fractional parts of lots in proportion to the number of feet frontage owned by each. Provided, that the cost of paving and sewering intersections of streets and public alleys, and the proportion for lots, or parts of lots, or property against which no assessment can be legally made shall be assessed to and paid by the city; and, provided further, in case of a street or public alley occupied by street car tracks or other railway, the cost of paving the space between the rails, and for two feet additional outside each rail, shall be assessed to and paid by the street car or other railway company

The amount assessed against such abutting lots or fractional parts of lots to the said abutting property owners, the city and street car or other railway company as aforesaid, respectively, shall be paid in ten payments as follows: that is to say, one-tenth of said amount, together with the interest at the rate of six per centum per annum from the acceptance of the work by the city on the whole assessment, shall be paid to the city on or before the first day of May next after the work is accepted, and a like one-tenth, together with interest for one year upon the whole amount remaining unpaid on or before the first day of May in each succeeding year thereafter until all has been paid, and each installment shall bear interest at the rate of six per centum per annum from the date of its maturity, and moreover, to each installment remaining unpaid on the days herein specified for the payment thereof a penalty of ten per centum per annum of said installment shall be added and collected by the city: Provided, however, that any abutting property owner, the city, or street car or other railway company, against whom or against whose property, said assessments have been made, shall have the right at any time after such assessments shall have been certified to the superintendent of the department of accounts and finance for collection, as

hereinafter provided, to anticipate any or all of such assessments and shall be allowed to pay the face of said assessments with interest only to the time of payment.

(a) The sum or sums of money so assessed, together with the interest and penalty aforesaid, for paving or sewering, or other said improvements, shall be a lien upon the lots or fractional parts of lots and in case of a street car or other railway company, upon its tracks for the distance of said improvement, from the date of acceptance of said work by the city and said lien shall have priority over all other liens except those for taxes due to the state and shall be on a parity with the taxes and assessments due the city; Provided, however, such assessments shall after six months from the date of the acceptance of said work cease to constitute liens against said property as against creditors of the owners thereof or purchasers thereof for value without actual notice of such liens, unless within said six months a statement of said liens, certified as hereinafter provided, shall be filed for record in the office of the clerk of the county court of the county in which said property is situated.

(b) Immediately upon the acceptance of the work by the city, the clerk shall make out bills for the sums of money assessed as aforesaid against the property owners

aforesaid, and shall at the same time make and certify a statement of the assessments aforesaid in which shall be given the location of the real estate affected, the name of the owner, the date of the acceptance of said work by the city, and the amount of the assessment, and it shall be sufficient description of the location of said real estate to describe it as abounding or abutting upon said improvement included between the terminal of said improvement, or by the description by which it is described on the land books of the county in which said lots are situated, and shall cause said statement to be immediately recorded in the office of the clerk of the county court of the county in which such property is situate, and it shall be and it is hereb y made the duty of said county clerk, to record said statement in the trust deed books in the name of the city and also in the name of each person against whose property said assessments appear therein, and said clerk shall be paid for recording said statement the same fees as for recording deeds of trust. And said bills for said assessment shall be charged to the superintendent of the department of accounts and finance and immediately certified and delivered to him for collection.

(c) Upon default being made in the payment of any installment of the assessments aforesaid, the same shall be immediately reported to the council by the superintendent of the department of accounts and finance, and the council shall forthwith refer the same to such officer as it may deem expendient, for collection, and payment of said delinquent installments, with the interest and the penalty aforesaid, may be enforced in all respects as provided for the collection of city taxes, or the lien aforesaid may be enforced by a suit in equity in the name of the city in any court having jurisdiction thereof, and the said delinquent assessments or any installment thereof, may be collected from the person against whom the same were assessed by action at law before any court or a justice of the peace having jurisdiction thereof.

(d) Immediately upon the completion and acceptance of any of the work aforesaid, constructed by virtue of this section, the council shall direct the clerk to cause to be prepared a notice which shall name and describe the location of the street or alley upon which said work shall have been constructed; give the names of the owners of each lot or fractional part of lot abutting or abounding upon said street or alley, and also the name of any street car or other railroad company having tracksupon said street or alley, where

assessed for paving, if known, and if the name or names of the owner or owners of any lot or fractional part of lot, or of such street car or other railway company, are unknown, such lot or fractional part of lot, or of such street car or other railway company, are unknown, such lot or fractional part of lot, and the location of the paving assessed to such street car or other railway company, shall be described with reasonable certainty so that the same may be identified. The number of feet that each lot or a fractional part of lot abuts upon said street or alley, the street or alley intersections and all abutting city property and property not liable to assessments, and the number of square feet or yards to be paid for by said street car or other railway company, also the amount assessed against each lot or fractional part of lot, and also the amount assessed against the city, as well as the amount assessed against any street car or other railway company, shall be stated. Said notice shall cite all owners of lots or fractional parts of lots abutting upon the streets or alleys aforesaid, and also said street car or other railway company, to appear before the council at a regular meeting thereof within thirty days from the first publication thereof and show cause, if any they can, why the assessments aforesaid should not become final, which notice shall be published once a week for two successive weeks in one or more newspapers of general

circulation published in said city, and affidavits of the publishers of such notices showing the publishing thereof as herein provided, shall be recorded in the minutes of the council at their next regular meeting. The council shall, upon the request of any one or more of the owners of said lots or fractional parts of lots, or of said street car or other railway company, appoint a day for hearing the grievances of said owner or owners, street car or other railway company, and may correct or amend any assessment made against them or any one of them for good cause shown. The clerk shall give notice to all persons claiming to be injured by said assessment of the time and place of hearing said matters, which meeting shall be held within ten days after the expiration of the thirty days mentioned in said notice. The council may adjourn the hearing from time to time. In case any owner or owners of abutting property, or street car or other railway company, fail to complain of any damage or injury they may have, or may suffer, by reason of the assessments aforesaid and shall fail to appear for the purpose of having the same corrected, the assessments as to them as laid shall be final, and the said assessments shall then be recorded in the book in which the plans, specifications, profiles and estimates are recorded under the provisions hereof and next

following the same therein. The finding of said council shall be conclusive. The rights conferred by this section are cumulative and shall not be exhausted as to any particular street or alley by reason of having been once exercised.

(e) Whenever it is deemed expedieht by the council to provide for paving, sidewalks, curbing or sewers in or upon any of the streets or alleys of the city by the issue and sale of bonds of the city, it shall by resolution entered of record on the minutes of its proceedings so declare and thereupon the city shall be and is hereby empowered and authorized to issue its bonds for the purpose of providing for paving, laying sidewalks, curbing the streets and alleys of the city and of constructing sewers for the purpose of drainage of said city, in anticipation of special assessments to be made upon the property abutting upon the streets and alleys so improved, and upon street car and other railway companies occupying the said streets or alleys with tracks, and such bonds may be in such amount as shall be sufficient to pay the entire cost and expense of said improvements for which such special assessments are levied and said city is also authorized to sell said bonds as a whole issue at one time or in separate lots or parcels from time to time as the council may deem advisable; provided, that the price for which they are sold shall not be below the par value of said bonds; said bonds shall be payable

not to exceed ten years from the date of the issue thereof and shall bear interest at not to exceed six per centum per annum, payable semi-annually, and in the issuance and sale of said bonds the city shall be governed by all the restrictions and limitations of the constitution of this state and so far as not in conflict with the provisions of this section by the restrictions and limitations of this state with respect to the issuance and sale of other bonds; and the assessments, as paid and provided for in this section, shall be applied to the liquidation of said bonds and the interest thereon and to that end paid to the trustees of the sinking fund of the city to be by them invested for the best advantage of the city, anything in any general or special statute of the state notwithstanding to the contrary; and if by reason of penalties collected with the delinquent installments there may be any balance after the payment of said bonds and all accrued interest and costs, the said balance shall be turned into the city treasury to the credit of a fund for street improvements for said city and used for no other purpose; provided, that the city shall not by the sale or issue of such bonds cause the aggregate of its debts of every kind whatsoever to exceed five per centum of the value of the taxable property therein; and provided, further, that nothing herein contained shall be construed as authorizing said city to

become indebted in any other manner or for any other purpose to an amount including the existing indebtedness in the aggregate exceeding two and one-half per centum of the value of the taxable property therein (so long as are inforce the provisions of chapter fifty-one of the acts of one thousand nine hundred and five), except for the purpose of constructing paving, curbing, sewers and sidewalks in and upon the streets and alleys of said city, as provided in this section; nor shall said city make such issue and sale without at the same time providing for the collection of a direct annual tax sufficient to pay annually the interest on such debt and principal thereof within and not exceeding ten years.

All of the assessments, interest and penalties thereon collected from the abutting property owners on account of the grading, paving, sewering or otherwise improving the streets and alleys of the city, under the provisions of this section, shall annually be applied t o the annual tax required to pay the interest on such debt and such principal within and not exceeding ten years; and in the event that the assessments, interest and penalties so collected should not amount to a sum sufficient to pay annually the interest on such debt and the principal thereof within and not exceeding ten years, then the council shall collect so much of said levy as will pay annually the interest on such debt and the principal thereof within and not exceeding ten years.

(f) It is especially provided that no bonds shall be issued under the provisions of this section, unless and until the question of issuing said bonds shall have first been submitted to a vote of the people of the city and shall have received three-fifths of all votes cast at said election for or against the same. The council may provide by ordinance for an election every year, at which the question shall be submitted to the people as to whether the city shall be authorized to issue bonds for the purpose and under the provisions of this section, to an amount not to exceed in the ensuing year the amount recommended by said ordinance for said ensuing year; but the ordinance providing for said election need not specify in detail the location of the improvements contemplated to be paid for during the ensuing year out of said aggregate issue authorized for said year, and notwithstanding the provisions of sections two, three and six of chapter forty-seven-a of the code, it shall be sufficient description of the purpose for which said election is held if the ordinance calling the same shall cite that it authorizes the council to issue bonds for the purpose of paving, curbing, laying sidewalks or sewering the streets and alleys of said city, at such times as the council shall see fit during the ensuing year ending on the _____day of _____ 19____, to an amount not exceeding in the

aggregate during said year the sum of $_____, and when the council shall have once been authorized by a vote of the people to issue bonds for the said purpose and to a sum not to exceed the amount set forth in the ordinance calling the said election, no further election shall be necessary for the issuing of bonds during said ensuing year up to the amount stipulated in said ordinance calling said election, but the council shall from time to time during the ensuing year by ordinance authorize the issue of said bonds, in such sums, and for the improvements of such streets and alleys as to it may seem best, providing the requirements of this section are complied with. The aggregate amount of bonds authorized by said annual election shall not be exceeded during said year unless and except the same be authorized by a special election held at a subsequent time in said year and duly called as provided for the calling of the annual bond election.

The provisions of chapter forty-seven-a of the code concerning bond elections, shall, so far as they are not in conflict with the provisions of this section, apply to the annual bond elections and special bond elections herein provided for.

(g) Whenever it is deemed expedient by the council to provide for paving, curbing, sidewalks or sewers, or any other improvements on any streets or alleys of the

city in whole or in part, either by the issue of bonds theretofore authorized as herein provided or by the appropriation of funds in the city treasury not otherwise appropriated, it shall first, having on file in the city clerk's office plans, specifications, profiles and extimates of the proposed improvements, showing the proposed grade of the street or alley after completion with reference to the abutting property, declare by resolution the expediency of the work; and said plans, specifications, profiles and estimates shall be open to public inspection.

Said resolution shall determine the general nature of the work, the method of paying for the same, whether by an appropriation from the funds in the treasury not otherwise appropriated or whether or not the bonds theretofore as in this section provided should be issued and sold; said resolution shall be complete in the form in which it is finally passed and remain on file with the city clerk for public inspection one week before the final passage or adoption thereof. Immediately upon the filing of said resolution with the clerk, a copy thereof shall be published once in some newspaper of general circulation, in the city, and affidavits of the publishers of said newspapers, showing the publication, with a copy of the notice attached, shall be spread upon the minutes of the meeting of the council at which said resolution is passed or adopted. Said resolution

shall be posted at the front door of the building where the council holds its meetings on the day it is filed as aforesaid, and affidavit thereof shall be recorded in the minutes of the council at the next regular meeting.

Until said resolution is finally passed, the council shall hear all persons interested in relation thereto at any regular meeting and if it decides to proceed with the improvement, it shall pass said resolution. And then said council may by resolution correct or amend said plans, specifications, profiles and estimates and approve and adopt them as so corrected, or as they were in their original form as to it may seem proper; and said plans, specification, profiles and estimates shall be forthwith filed with the city clerk and by him recorded and attested in a well bound and permanent record book to be kept in his office. Both resolutions shall be in effect when finally passed.

The council may then adopt and pass ordinances for said purposes which shall provide generally the character of the work, make appropriation for the payment thereof, fix the time of payment of assessments therefor and the manner of giving notice of said assessments and correcting the same and providing advertisements for bids for said work; shall also set forth the streets and alleys upon

which the property is to be assessed for said improvements, the general character of materials which may be bid upon therefor, the mode of payment and a reference to the resolution theretofore passed for said improvements, giving the date of passage, and a statement of the intention of council to proceed therewith in accordance with said resolution and in accordance with the plans, specifications, estimates and profiles provided for such improvements.

In any case where the council has determined to pay for any of such improvements out of the funds in the city treasury not otherwise appropriated, and not by the issuance and sale of bonds, said ordinance shall be passed and become effective as provided in section twelve of this chapter; but in the event it has been determined to issue and sell bonds for the payment thereof, the said ordinance shall not be effective so as to permit any contract to be made or work to be done thereunder until, in addition to the compliance with the provisions of section twelve, the fact that the proceeds of the sale of said bonds have been received by the city shall be certified by the superintendent of the department of accounts and finance and such certificate entered upon the minutes of the council.

(h) When the whole or any portion of the improvement authorized by this section passes through or by a public market, space, park, cemetry, structure for the fire department, water works, school building, infirmary, market house, work house, hospital, house of refuge, bridge, gas works, public prison, church or any other public structure or public grounds, within said city, and belonging to said city, or to the county, state, board of education, or any church association or eleemosynary institution, the council shall direct the proper proportion of the cost and expenses of the improvements to be certified to the clerk of the county court of the county wherein said city is situated and the same shall thereupon be recorded by said clerk in the proper trust deed book and shall thereupon become a lien against said property and collectable as other assessments are collected against individuals under this section and it shall be the duty of those persons having charge of the fiscal affairs of any such property or institution to make proper arrangements for meeting of such assessments when due and payable.

(i) All acts or parts of acts, whether special or general, which are in conflict with the provisions of this act, so far as they may apply to the city of Pennsboro are to that extent repealed, except that said city may continue to lay sidewalks as the Town of Pennsboro have authorized, and nothing herein contained

shall in anywise effect or impair the right of the city to enforce the collection of any and all paving, sewering or sidewalk bills or assessments, heretofore issued, laid or levied by said city of Bennsboro or Town of Pennsboro, by virtue of any authority had by it.

Sec. 20. The council shall have authority to levy and collect an annual tax for the purpose hereinafter specified, on the personal property and real estate in said city, subject to taxation by said city, not to exceed in any year ten cents on every hundred dollars of the assessed value thereof; the money so collected shall be used for the purpose of paying its proportion of the cost of paving or re-paving streets and alleys and for constructing sewers in said city, in accordance with the provisions of section nineteen of this act; and such money shall in no case be used to pay for repairs of streets or alleys or sewers, or for any other purpose than for paving or for sewers. Provided, that the total levy for all purposes shall not exceed the total levy authorized by law.

Sec. 21. The holder of any elective office may be removed at any time by the electors qualified to vote for a successor of such incumbent. The procedure to effect the removal of an incumbent of an elective office shall be as follows: A petition signed by electors entitled to vote for a successor to the incumbent sought

to be removed, equal in number to at least twenty per centum of the entire vote for all candidates for the office of mayor cast at the last preceding general municipal election, demanding an election of a successor of the person sought to be removed shall be filed with the city clerk, which petition shall contain a general statement of the grounds for which the removal is sought. The signatures to the petition need not be appended to one paper, but each signer shall add to his signature his place of residence giving the street number. One of the signers of each such paper shall make oath before an officer competent to administer oaths, that the statements therein made are true as he believes, and that each signature to the paper appended is the genuine signature of the person whose name it purports to be. Within ten days from the date of filing such petition, the city clerk shall examine and from the voters' register ascertain whether or not said petition is signed by the requisite number of qualified electors, and if necessary, the council shall allow him extra help for that purpose, and he shall attach to said petition his certificate showing the result of said examination. If by the clerk's certificate, the petition is shown to be insufficient, it may be amended within ten days from the date of said certificate. The clerk shall, within ten days after such amendment, make like examination of the amended petition and if his certificate

shall show the same to be insufficient, it shall be returned to the person filing the same; without prejudice however, to the filing of a new petition to the same effect. If the petition shall be deemed to be sufficient, the clerk shall submit the same to the council without delay. If the petition shall be found to be sufficient, the council shall order and fix a date for holding said election, not less than thirty days nor more than forty days from the date of the clerk's certificate to the council that a sufficient petition is filed.

The council shall make, or cause to be made, publication of notice and all arrangements for holding such election, and the same shall be conducted, returned and the result thereof declared in all respects as are other city elections. So far as applicable except as otherwise herein provided, nominations hereunder shall be made without the intervention of a primary election by filing with the clerk at least ten (10) days prior to said special election, a statement of candidacy accompanied by a petition signed by electors entitled to vote at said special election, equal in number to at least ten per centum of the entire vote for all candidates for the office of mayor at the last preceeding general municipal election, which said statement of candidacy and petition shall be substantially in the form set out in section five of this act, so far as the same is applicable, substituting the word "special" for the word

"primary" in such statement and petition and stating therein that such person is a candidate for election instead of nomination.

The ballot for such special election shall be in substantially the following form:

OFFICIAL BALLOT.

Special election for the balance of the unexpired term of _____ as _____

For _____

(Vote for one only)

(Name of candidate)

( ) _____

( ) _____

Name of present incumbent.

Official ballot, attest:

Signature _____

City Clerk

The successor of any officer so removed shall hold office during the unexpired term of his predecessor. Any person sought to be removed may be a candidate to succeed himself, and unless he requests otherwise in writing, the clerk shall place his name on the official ballot without nomination. In any such removal election, the candidate receiving the highest number of votes shall be declared elected. At such election, if some other person than the incumbent receives the highest number of

votes, the incumbent shall thereupon be deemed removed from office upon qualification of his successor. In case the party who received the highest number of votes should fail to qualify within ten days after receiving notification of election, the office shall be deemed vacant. If the incumbent receives the highest number of votes, he shall continue in office. The said method of removal shall be cumulative and additional to the methods heretofore provided, by law.

Sec. 22. Any proposed ordinance may be submitted to the council by petition signed by electors of the city equal in number to the percentage hereinafter required. The signatures, verification, authentication, inspection, certification, amendment and submission of such petition shall be the same as provided for petition under section twenty-one hereof.

If this petition accompanying the proposed ordinance be signed by electors equal in number to twenty per centum of the votes cast for all candidates for mayor at the last preceeding general election, and contains a request that the said ordinance be submitted to a vote of the people, if not passed by the council, such council shall either

(a) Pass such ordinance without alteration within twenty days after attachment of the clerk's certification to the accompanying petition, or,

(b) Forthwith, after the clerk shall attach to the petition accompanying such ordinance his certificate of sufficiency, the council shall call a special election, unless the general municipal election is fixed within ninety days thereafter, and at such special election or general municipal election, if one is so fixed, such ordinance shall be submitted without alteration to the vote of the electors of said city. But if the petition is signed by not less than ten per centum of the electors, as above defined, then the council shall within twenty days, pass said ordinance without change, or submit the same at the next general city election occurring not more than ninety days nor less than thirty days after the clerk's certificate of sufficiency is attached to said petition.

The ballots used when voting upon said ordinance shall contain these words: "For the ordinance," and "Against the ordinance" (stating the nature of the proposed ordinance). If the majority of the qualified electors voting on the proposed ordinance shall vote in favor thereof, such ordinance shall thereupon become a valid and binding ordinance of the city; and any ordinance proposed by petition or which shall be adopted by a vote of the people, cannot be repealed or amended except by a vote of the people. Any number of proposed

ordinances may be voted upon at the same election in accordance with the provisions of this section; but there shall not be more than one special election in any period of six months for such purpose.

The council may submit a proposition for the repeal of any such ordinance or for amendments thereto, to be voted upon at any succeeding general city election; and should such proposition so submitted receive a majority of the votes cast thereon at such election, such ordinance shall thereby be repealed or amended accordingly. Whenever any ordinance or proposition is required by this act to be submitted to the voters of the city at any election, the city clerk shall cause such ordinance or proposition to be published once in one of the newspapers published in said city; such publication to be not more than twenty or less than five days before the submission of such proposition or ordinance to be voted on.

Sec. 23. No ordinance or franchise passed by the council, except when otherwise required by the general laws of the state or by the provisions of this act, except an ordinance for the immediate preservation of the public peace, health or safety, which shall contain a statement of its urgency, shall go into effect before ten days from the time of its final passage, and not then unless within two days after passage, Sunday and

holidays excepted, copies of the same shall have been posted and left posted at the mayor's office and at least three other public places in the said city. And if during said ten days a petition signed by electors of the city, equal in number to at least twenty per centum of the entire vote cast for all candidates for mayor at the last preceeding general municipal election at which a mayor was elected, protesting against the passage of such ordinance or franchise, be presented to the council, the said ordinance or franchise shall thereupon be suspended from going into operation, and it shall be the duty of the council to reconsider such ordinance or franchise, and if the same is not entirely repealed, the council shall submit the ordinance, or franchise, as is provided by sub-section "B" of section twenty-two of this act, to the vote of the electors of the city, either at the general election or at a special municipal election to be called for that purpose, and such ordinance or franchise shall not go into effect or become operative unless a majority of the qualified electors voting on the same shall vote in favor thereof. Said petition shall be in all respects in accordance with the provisions of said section twenty-two except as to the percentage of signers, and be examined and certified to by the clerk in all respects as therein provided.

Sec. 24. Petitions provided for in this act shall be signed by none but legal voters of the city. Each petition shall contain, in addition to the names of the petitioners, the street on which the petitioner resided, his age and length of residence in the city. It shall also be accompanied by the affidavit of one or more legal voters of the city, stating that the signers thereof were, at the time of signing, legal voters of said city, and the number of signers at the time the affidavit was made.

(Passed February 9th, 1915. In effect from passage. Approved by the Governor February 16th, 1915)

Oath of Office

State of West Virginia,
County of Ritchie, to-wit:

I, Mary Jane Allen, *upon my oath do hereby solemnly swear that I will support, protect, preserve and defend the Constitution and laws of the United States of America, the Constitution and laws of the State of West Virginia and the Charter and Ordinances of The City of Pennsboro, and faithfully perform my duties as* Mayor *for the City of Pennsboro for the term beginning July 1, 2012 through June 30, 2014, to the best of my skill, ability and judgment,* So Help me, God.

Mary Jane Allen

Taken, subscribed and sworn to before me this, the 18th day of June 2012, by Mary Jane Allen.

Notary Public, Rebecca R. Talkington

My commission expires: June 30, 2013

Oath of Office

State of West Virginia,
County of Ritchie, to-wit:

I, Vance Weekley, *upon my oath do hereby solemnly swear that I will support, protect, preserve and defend the Constitution and laws of the United States of America, the Constitution and laws of the State of West Virginia and the Charter and Ordinances of The City of Pennsboro, and faithfully perform my duties as* Council *for the City of Pennsboro for the term beginning July 1, 2012 through June 30, 2016, to the best of my skill, ability and judgment,* **So Help me, God.**

Vance Weekley

Taken, subscribed and sworn to before me this, the 18th day of June 2012, by Vance Weekley.

Notary Public, Rebecca R. Talkington

My commission expires: June 30, 2013

Oath of Office

State of West Virginia,
County of Ritchie, to-wit:

I, Donnie Jones, *upon my oath do hereby solemnly swear that I will support, protect, preserve and defend the Constitution and laws of the United States of America, the Constitution and laws of the State of West Virginia and the Charter and Ordinances of The City of Pennsboro, and faithfully perform my duties as* Council *for the City of Pennsboro for the term beginning July 1, 2012 through June 30, 2016, to the best of my skill, ability and judgment,* **So Help me, God.**

Donnie Jones

Taken, subscribed and sworn to before me this, the 18th day of June 2012, by Donnie Jones.

Notary Public, Rebecca R. Talkington

My commission expires: June 30, 2013

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF
REBECCA

Oath of Office

State of West Virginia,
County of Ritchie, to-wit:

I, James A. Props, *upon my oath do hereby solemnly swear that I will support, protect, preserve and defend the Constitution and laws of the United States of America, the Constitution and laws of the State of West Virginia and the Charter and Ordinances of The City of Pennsboro, and faithfully perform my duties as* Member of Council *of The City of Pennsboro for the four-year term beginning July 1, 2010, to the best of my skill, ability and judgment,* So Help me, God.

James A. Props

Taken, subscribed and sworn to before me this, the 15th day of June, 2010, by James A. Props.

Notary Public, Rebecca R. Talkington

My commission expires: June 30, 2013

Oath of Office

State of West Virginia,
County of Ritchie, to-wit:

I, **Mary E. Mahaney**, *upon my oath do hereby solemnly swear that I will support, protect, preserve and defend the Constitution and laws of the United States of America, the Constitution and laws of the State of West Virginia and the Charter and Ordinances of The City of Pennsboro, and faithfully perform my duties as* **Council** *for the City of Pennsboro for the term beginning October 15, 2012 through June 30, 2014, to the best of my skill, ability and judgment,* **So Help me, God.**

Mary E. Mahaney

Taken, subscribed and sworn to before me this, the 15th day of October 2012, by **Mary E. Mahaney.**

Notary Public, Rebecca R. Talkington

My commission expires: June 30, 2013

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
REBECCA R. TALKINGTON
139 McDougal Drive
Pennsboro, West Virginia 26415
My Commission Expires June 30, 2013

October 15, 2012

Mayor Mary Jane Allen called the Pennsboro Regular City Council meeting to order at 7:03 PM after the Public Meeting at the City Building at 422 Main Street with the following in attendance:

Mayor:	Mary Jane Allen
Council Members:	Jim Props
	Donnie Jones
	Vance Weekley
	Mary E. Mahaney "Peggy" - ***Appointed/Sworn in at meeting***
City Clerk:	Rebecca Talkington "Beckie"
Attorney:	Wyatt Hanna - ***Absent***
Chief of Police:	None
Municipal Judge	Irvin Talkington
News Reporters:	Kenna Davis, Pennsboro News & Missy Lamp, Ritchie Gazette
City Employees:	Junior McCullough - Sam Cokeley - Joyce Cain
Visitors:	John Stump with Steptoe & Johnson, Peggy Mahaney, Charlene Sweeney, Tom McCullough, Judy VanHoesen, John Baker, Donna Cottrill, William Mahaney, Robert Riggs, Kendall Cutright, Ray Watts, Bill Mahaney, William Wilson, Brittany Carns, with EQT, Doug Riggs, Aaron Riggs, Kevin Jones, Bud Sellers, and Rock Wilson

Council Member Vance Weekley moved the minutes of Monday, September 17, 2012 Public Meeting and Monday, September 17, 2012 Regular Council Meeting be approved as read, seconded by Council Member Jim Props, and motion passed unanimously.

VISITOR CONCERNS:

Ray Watts with the Baptist Church came before Council concerning the building permit of razing the old Baptist Church building. He stated the property would be completely cleaned up. The new Baptist Church wants to use the lot for parking. Mr. Watts stated that the building has been inspected for asbestos and there was not any. He would provide documentation of such if Council required a copy. Council responded that was necessary. The Church hopes to get started on the project in the next couple of weeks.

Rock Wilson came before Council on the old Glass Factory. He mentioned quite some time ago when he started cleaning up the property that the DEP stopped him. Rock stated that the EPA came in and cleaned it up and said that he could go ahead and clean up the property. But when he started cleaning it up the DEP stopped him. Robert Riggs mentioned to Rock that several weeks ago he had spoken with a gentleman from the DEP and at that time the DEP representative stated that as far as he knew there was no reason the property could not be cleaned up. Robert Riggs said that he would get the name and phone number to Rock on the individual that he had spoken with from the DEP. (Kevin Campbell, DEP 304-420-4635)

Cindy Jones was on the agenda concerning a culvert being placed at the top of West Raymond Avenue and that a "Dead End" sign be installed at West Raymond. Cindy was not present at the meeting. Mayor Allen requested that supervisor Sam Cokeley check out the culvert situation and install a dead end sign at West Raymond Avenue.

John Baker again mentioned the Mitigation Grant. Mayor Allen stated that she brought the information he had given her to the meeting for Council to review.

Mr. Baker stated pertaining to the open Council seat he would like to nominate William Mahaney. Mayor Allen explained to Mr. Baker that he could not nominate anyone for the Council seat, only Council can nominate an individual and it would be voted on by Council.

Mr. Baker questioned Robert Riggs about the wall that was discussed some time ago that was to be put up behind the tennis courts for flooding and the funds from the FEMA Grant. Mr. Riggs stated that Rick Wells had looked at the project. At this time no plans have been completed concerning the wall. Mr. Baker stated that he had researched and the wall should be clay. Mr. Baker again voiced his concerns of possibly causing individuals flooding if a wall was put up. Mr. Riggs explained that the flooding would only affect the ball fields which it does already; the wall is to keep the flooding off of the tennis courts. Mr. Riggs stated the problem that has not been solved is how to get trucks and equipment back to the creek bank.

Tom McCullough came before Council with his concern of the unfulfilled Council seat. He felt that Council should use common sense in selecting a Council member. He stated his view of what type of government the City is governed, which by "his understanding" is a strong Mayor and Council. He expressed that Council needs to be concerned about the City and not their personal agenda. He mentioned that Pennsboro has been good to him and turn he would like to donate a check to the City of Pennsboro to use in the water fund or general fund. Mr. McCullough donated a $500.00 check to the City of Pennsboro and thanked the citizens present for their time.

Kevin Jones at 300 Pike Avenue questioned if City Attorney Hanna had any information on the closed alley way next to his property that he presented to Council at the September 17, 2012 meeting. Mr. Jones was told that Attorney Hanna had not been in touch with the City pertaining to the property.

BUILDING PERMITS:

Council Member Vance Weekley made a motion that the following building permits be approved, seconded by Council Member Donnie Jones, motion passed unanimously.

7-Eleven, 401 Pullman Drive/remove existing underground tanks, piping, dispensers & replace
Kenneth Ramsey, 205 Premier Avenue/put roof over deck
Robert Holmes, 201 E. Myles Avenue/general repairs
Mackenzie Griffith, 243 Mountain Drive/remove awning, capping concrete steps, general repairs
Frank Wilson, 109 W. Myles Avenue/windows, siding, general repairs
Janie Thomas, 34 North Willow Street/build new front porch
Pennsboro Baptist Church, 91 Mountain Drive/razing old church building
Church of Christ, 76 Mountain Drive/razing house

PERSONNEL:

Council Member Vance Weekley made a motion, seconded by Council Member Donnie Jones to approve the termination of Police Chief Jeff Kennedy. Motion passed with Council Weekley, Jones and Mayor Allen voting for the termination approval, and Council Jim Props voting against the termination.

CONSIDERATION OF ORDINANCE:

Council Member Jim Props made a motion, seconded by Council Member Vance Weekley, to adopt the ***Third and Final Reading of an "Ordinance"*** authorizing the acquisition and construction of certain extensions, additions, betterments and improvements to the existing public sewerage system of the City of Pennsboro and the financing of the cost thereof, not otherwise provided, through the issuance by the City of Pennsboro of not more than $500,000 in original aggregate principal amount of sewer revenue bonds, series 2012 A (WV 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 bond purchase agreement relating to such bonds; authorizing the sale and providing for the terms and provisions of such bonds and adopting other provisions relating thereto, motion passed unanimously.

RESOLUTION:

Council Member Donnie Jones made a motion, seconded by Council Member Vance Weekley to approve a Resolution of Application for the Community Participation Grant Program for the City of Pennsboro in the amount of $5,500 for water operations - equipment & improvements and authorize the Mayor to sign, motion passed unanimously.

OLD BUSINESS:

Sewer Cleaner: Discussed at the September 17, 2012 Council Meeting on replacing due to it not working properly. Several repairs were completed on the sewer cleaner last year including a new tank and hoses, per Supervisor Sam Cokeley there is just not enough suction for the cleaner to work properly. Quote from Drier Maller for replacement was $43,000.00. Irvin Talkington explained that the sewer cleaner could possibly be taken to Pittsburg, PA to have it repaired, but it would have to be put on a trailer to be hauled. Sam Cokeley offered to haul the cleaner with his truck to Pittsburg to have it repaired. At this time there is no idea what it would cost for the repair on the sewer cleaner. The sewer cleaner is also a power washer and it works fine. It was suggested that several of the City's go together and purchase a sewer cleaner due to the expense. It was mentioned that Harrisville just purchased a new sewer cleaner. Suggestion was made to apply for a grant to purchase a new sewer cleaner. Sewer cleaner was tabled at this time.

Christopher Haymond Case, Council meeting Monday, September 17, 2012 City Attorney Hanna mentioned there is an issue on who owns the property, there is no insurance on the property, and possibly the property was sold for taxes. Mr. Hanna was to file with the Judge for a hearing.

Recorder Talkington mentioned she understood that Mark Campbell at 507 Fream Street purchased the Christopher Haymond property on the Court House steps. Attorney Hanna was not present for update.

Council Member Vance Weekley made a motion, seconded by Mayor Allen to appoint Robert Riggs to fulfill the unexpired term of Council Member Gerry Gatrell. Council Donnie Jones and Jim Props voted against. Motion did not pass due to lack of the required vote of three (3).

Mayor Mary Jane Allen made a motion, seconded by Council Member Vance Weekley to appoint Peggy Mahaney to fulfill the unexpired term of Council Member Gerry Gatrell who expired May 19, 2012, with her term expiring June 30, 2014, motion passed with Council Weekley, Jones and Mayor Allen voting to appoint Peggy Mahaney, and Council Jim Props voting against.

Peggy Mahaney was sworn in as Council Member effective October 15, 2012 through the unexpired term of Gerry Gatrell of June 30, 2014 by City Recorder Rebecca Talkington.

NEW BUSINESS:

Council Member Donnie Jones made a motion, seconded by Council Member Vance Weekley to authorize Mayor Mary Jane Allen to sign a Proclamation designating November 18th through 24, 2012 as **"Christian Heritage Week"**, motion passed unanimously.

Council Member Vance Weekley made a motion, seconded by Council Member Peggy Mahaney to donate the 2003 Ford 4D Crown Victoria that was donated to the City of Pennsboro from Doddridge County Commission, to Pomeroy Police Department, motion passed with Council Weekley, Jones and Mahaney voting to donate the 2003 Crown Victoria to Pomeroy Police Department, and Council Jim Props voting against. A letter was received from the Pomeroy Police Department in Meigs County Ohio pertaining to the old Police Cruiser. *** See Attached Letter ***

Council Member Donnie Jones made a motion, seconded by Council Member Peggy Mahaney to approve Municipal Judge Irvin Talkington to attend the Municipal Judges Training Seminar November 1st and 2, 2012 at the Charleston Civic Center in the amount of $250.00, motion passed unanimously.

REPORT OF MAYOR:

Mary Jane Allen: An advertisement for a City Police Officer will be reposted in the Pennsboro News and Ritchie Gazette November 7, 2012 and November 14, 2012 with the deadline being on Monday, November 19, 2012 at 4:00 PM.

Mayor Allen stated that she felt that the Ritchie County Sheriff's Department was doing a good job with patrolling since the City has been without an officer. Irvin Talkington stated that he felt the Sheriff's Department has been a great asset to the City. Mayor Allen stated she appreciated Mr. Talkington's comment.

Mayor Allen questioned Robert Riggs if he would be interested in continuing as the City's representative for the Mid Ohio Valley Regional Council (MOVRC) since he is a member at large. Mr. Riggs stated that he would if that is what Council wanted.

COUNCIL CONCERNS:

Jim Props: Stated that Hughes River Water Board (HRWB) approved the City selling potable water to Oil Companies.

CERTIFICATION OF BILLS PAID:

Council Member Jim Props moved council certify bills that were paid and presented to Council for October 2012, seconded by Council Member Vance Weekley, motion passed unanimously. **See list of bills **

Reminder that Trick or Treat is Tuesday, October 30, 2012 from 5:30 to 7:00 PM.

Mayor Mary Jane Allen adjourned at 8:07 PM.

Mary Jane Allen, Mayor

Rebecca Talkington, City Recorder

Ordinance No:_____

Introduced in Council: December 5, 2011

Passed by Council: December 19, 2011

AN ORDINANCE OF THE CITY OF PENNSBORO, RITCHIE COUNTY, WEST VIRGINIA, AMENDING AND REENACTING THE ESTABLISHMENT AND FIXING OF RATES, CHARGES AND DELAYED PENALTY CHARGES FOR SEWER SERVICE FOR CUSTOMERS OF THE SANITARY SEWER SYSTEM OF THE CITY OF PENNSBORO, RITCHIE COUNTY, WEST VIRGINIA

WHEREAS, The Council of the City of Pennsboro deems the present rates and charges for the furnishing of sanitary sewer service throughout the entire territory served by the City of Pennsboro to be unable to provide sufficient revenue to the City of Pennsboro to maintain and operate the sewer system and pay sinking fund requirements on any outstanding or proposed revenue bonds.

NOW, THEREFORE, BE IT ORDAINED AND ENACTED by the City Council of the City of Pennsboro, West Virginia, as follows:

ARTICLE I - STATUTORY AUTHORITY, FINDINGS AND DETERMINATION.

Section 1. This ordinance is enacted pursuant to the provisions and requirements of Section 4(a)(2) of Article 11 of Chapter 8 of the Code of West Virginia of 1931, as amended, and all other applicable provisions of law.

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

> That the rates now in existence for the furnishing of sanitary sewer service are not sufficient to provide for the repair, maintenance and operation of the sewer system to provide an adequate depreciation fund and to make other payments which are required by ordinance and the hereinafter established rates, charges and delayed penalty charges are just, reasonably applied without unjust discrimination or preference and based primarily upon the costs of providing service.

ARTICLE II - ESTABLISHING AND FIXING RATES, CHARGES AND DELAYED PENALTY CHARGES FOR SEWER SERVICE

Section 16, of Article 13, of Chapter 16 of the Pennsboro Municipal Code is hereby repealed and replaced with the following provisions, to-wit:

SECTION 1.

SCHEDULE I

APPLICABILITY

This schedule shall apply to service in the entire territory served by the sewer system of the City of Pennsboro.

AVAILABILITY OF SERVICE

All sewer customers served by the sewer system of the City of Pennsboro, whether for general domestic, commercial or industrial purposes, shall pay rates in accordance with the schedule established herein.

RATES

Usage charge

First	2,000 gallons used per month	$19.26	per 1,000 gallons
Next	3,000 gallons used per month	$ 8.93	per 1,000 gallons
Next	5,000 gallons used per month	$ 7.73	per 1,000 gallons
All Over	10,000 gallons used per month	$ 5.91	per 1,000 gallons

Flat Rate:

All customers not served by water works system of the City of Pennsboro shall, as a condition to being or remaining connected to the sewer system, pay a monthly charge of Thirty Eight Dollars and Thirty Seven Cents ($38.37). All customers not served by the sewer system who desire such service shall pay a connection fee of Two Hundred Fifty Dollars ($250.00) or Fifty Dollars ($50.00) in excess of the actual cost of making connections, whichever is greater.

DELAYED PAYMENT PENALTY

The above tariff is net. All accounts not paid in full within twenty (20) days from and after the date of mailing of monthly bills therefore shall have added to the net amount shown a delayed payment penalty of ten percent (10%)of the amount of such bill, plus reasonable attorney's fees anc costs incurred in collection.

Furthermore, the City of Pennsboro has and asserts a lien against the premises of each customer served and may foreclose upon that lien in the event of unpaid sewer service charges in accordance with the provisions of Section 16 of Article 13 of Chapter 16 of said Code.

DISCONNECTION

If any bill is not paid within thirty (30) days after the date of the mailing thereof, water and sewer service to the customer will be discontinued; provided, however, that at least three (3) days before the discontinuation of sewer service, a notice of such discontinuation shall be mailed to the delinquent customer at his last address on record with the Clerk, by regular United States Mail, postage prepaid. Water and sewer service will not be restored until all past due sewer bills have been paid in full and all accrued penalties plus a reconnection charge of Twenty-Five Dollars ($25.00) shall be paid.

RETURNED CHECK CHARGE

A service charge of the greater of $25.00 or the actual bank fee will be imposed upon any customer whose check for payment of charges is returned by their bank due to insufficient funds or any other reason.

MULTIPLE OCCUPANCY

On apartment buildings or other multiple occupancy buildings, bills will be rendered based upon each family or business located therein which shall have a separate meter serving such family or business. Under no circumstances, however, may more than one (1) living unit not in the same structure be connected to the same meter.

TRAILER COURTS

The operators of house trailer courts may require separate metering for each site upon which a house trailer may be set. Alternatively, house trailer courts may be provided with a master meter, in which case the charge for sewer services to such house trailer court shall be the greater of either (i) the product obtained by multiplying the minimum bill per customer of Nineteen Dollars and Twenty Six Cents ($19.26) times the number of units situated on the court site at the time the meter is read, or (ii) the actual charge for water used according to the schedule set forth herein. House trailers, as used herein, shall include both mobile and immobile units. House trailers, either mobile or immobile, located on sites other than a part of house trailer court shall be billed in the same manner as any other family or business unit.

SCHEDULE II

SURCHARGE FOR ROOF DRAINS

In the event that any building shall be found tohave its roof drains or other storm sewers connected to the sanitary sewage treatment system of theCityof Pennsboro, the owner of such building or the sewer system customer therein, if any there be, shall be assessed and billed by, and shall pay to, thesewer department of theCity of Pennsboro a charge calculated on the basis of the following formula, separate and independent of the charges for sewage treatment levied hereunder, to wit:

$$S = A \times R \times .0006233 \times C$$

S - The surcharge in dollars;

A - The average area under roof in square feet;

R - The measured monthly rainfall, in inches;

.0006233 - A conversion factor to convert inches to thousands gallons measurement;

C - The approved rate per thousand gallons of waste water treated

ADJUSTMENT FOR UNUSUAL CONSUMPTION

When the City of Pennsboro determines that there has been unusual consumption of sewage treatment services by any customer which can be attributed by the City of Pennsboro to eligible leakage of water on the customer's side of the water meter, the City of Pennsboro shall assess and bill, and the customer shall pay, to the sewer fund of the City of Pennsboro a sewage treatment charge of Zero Dollars and Ninety Five Cents ($0.95) per thousand gallons of water (or fraction thereof) over and above the customer's two-year historical average usage of water.

SECTION 2. The schedule of rates, charges and delayed payment charges herein established and fixed shall be effective as to all bills rendered on and after forty five (45) days after passage, or as otherwise provided herein, or as soon thereafter as legally permissible.

SECTION 3. All ordinances, resolutions and orders or parts thereof in conflict with the provisions of this ordinance are, to the extent of such conflict, hereby repealed.

SECTION 4. The Mayor of the City of Pennsboro and the City Recorder are hereby authorized and directed to have prepared and filed with the Public Service Commission of West Virginia, new tariffs or tariff sheets reflecting the sewer rates and charges as herein ordained and to perform all other acts required by the statutes and laws of this State and valid applicable rules and regulations promulgated by the Public Service Commission of West Virginia, to fully effectuate the provisions of this ordinance.

SECTION 5. The City Recorder is hereby authorized and directed to publish, and post as required by law, a notice of the proposed adoption of this ordinance as a Class I-O legal advertisement in compliance with the applicable requirements in a newspaper of general circulation in Ritchie County, West Virginia, with such notice stating the subject matter and title of the ordinance, the date, time and place of the council meeting which will consider the adoption of the ordinance, and such other information as may be required by law, and that any person interested may appear before the council on such date, at which time and place all parties and interests may be heard with respect to the adoption of this ordinance, and said notice shall be on file in the Office of the City Recorder, shall be posted at the Ritchie County Courthouse, and at the City of Pennsboro's office building for review by interested persons during the regular office hours of such offices, and with such other information as the City Recorder may determine to be necessary.

This Ordinance will be effective upon second reading and adoption.

A public hearing regarding the rate increases provided by this Ordinance will be held on the 19th day of December, 2011, beginning at 7:00 o'clock p.m., in the City Council Chambers in the City of Pennsboro, Ritchie County, West Virginia.

This Ordinance will be introduced and read for the first time at a Special Meeting of City Council held on the 5th day of December, 2011, and will be read a second time and considered for adoption, after a

public hearing, at a meeting of the City Council to be held on the 19th day of December, 2011.

Passed on first reading December 5, 2011

Public hearing held on December 19, 2011

Second and final reading December 19, 2011

MAYOR

CITY RECORDER

Prepared by:

H. WYATT HANNA, III, Esquire
City Attorney
P.O. Box 8070
South Charleston, WV 25303
(304) 744-3150 / State Bar No. 1579

December 5, 2011

Mayor Jim Vogt called the Pennsboro Special City Council meeting to order at 7:00 PM at the City Building at 422 Main Street with the following in attendance:

Mayor:	Jim Vogt
Council Members:	Geraldine Gatrell "Gerry"
	Jim Props
	Donnie Jones
	Vance Weekley
City Recorder:	Rebecca Talkington "Beckie"
Attorney:	Wyatt Hanna - ***Absent***
Chief of Police:	Jeff Kennedy
Municipal Judge:	Irvin Talkington
News Reporters:	Kenna Davis, Pennsboro News & Missy Lamp, Ritchie Gazette
City Employees:	Junior McCullough
Visitors:	Fred Rader with MOVRC, Mike Davis with Burgess & Niple
	Michael Stapleton

ORDINANCES:

Council Member Vance Weekley made a motion seconded by Council Member Gerry Gatrell to adopt the First Reading of an ***"Ordinance Increasing Sewer Rates"***, motion passed unanimously.

Council Member Gerry Gatrell made a motion, seconded by Council Member Vance Weekley to adopt the Second and Final Reading of a ***"Flood Plain Ordinance"*** presented by WV Division of Homeland Security & Emergency Management (HSEMA), motion passed unanimously.

Council Member Donnie Jones made a motion, seconded by Council Member Gerry Gatrell to adopt the Second and Final Reading of a ***"Sexual Harassment Ordinance"***, and adding to Ch. 2, Article 8, Sec. 25 of the Personnel Policy, motion passed unanimously.

OLD BUSINESS:

Pullman Road Sewer Lift Station was discussed. Mike Davis with Burgess and Niple stated that he received a quote from C.L. Thornburg of $5,074.22 for the equipment only, and $22,174.00 if C.L. Thornburg installed the Lift Station. Mayor Vogt mentioned that the City would probably want C.L. Thornburg to install due to warranty. Any funds spent over $5,000.00 through the City has to be put out to bid the DEP would require plans and specifications before DEP funds could be used for the Lift Station. Mike Davis stated that he would have the agreement addendum for bidding assistance with Burgess & Niple for the December 19, 2011 Council meeting.

Fred Rader with MOVRC submitted draw down from West Virginia Infrastructure & Jobs Development Council (IJDC) for Phase I of the Wastewater Treatment Plant Project. Invoice from Specialty Piping in the amount of $2,395.92.

Council Member Gerry Gatrell made a motion seconded by Council Member Vance Weekley to approve the Resolution for the draw down from West Virginia Infrastructure & Jobs Development Council (IJDC) for Phase I of the Wastewater Treatment Plant Project of invoice in the amount of 2,395.92 to Specialty Piping, motion passed unanimously.

Fred Rader stated there were no drawdowns for Waste Water Treatment Plant Improvements Phase IIA.

Council Member Vance Weekley made a motion, seconded by Council Member Donnie Jones to approve Council Member Geraldine Gatrell as an authorized signature on the Board of Park Commissioners checking account, motion passed with all Council voting for approval with Council Gatrell refraining from voting due to conflict of interest.

Council Member Gerry Gatrell made a motion, seconded by Council Member Vance Weekley to accept the quote of O'Brien Tree Service for $1,800.00 to cut down four (4) Pine Trees, with four or more men removing the debris located behind John Kopshina residence, motion passed unanimously.

NEW BUSINESS:

Council Member Donnie Jones made a motion, seconded by Council Member Jim Props to adopt the *"User Agency Agreement for Shared Use of Radio Frequency"* with the Ritchie County Sheriff's Office, and authorize the Chief of Police Jeffrey Kennedy to sign such *"User Agency Agreement"* and *"Memorandum of Agreement"*, motion passed unanimously.

Council Member Vince Weekley made a motion, seconded by Council Member Gerry Gatrell to authorize MCWRC to advertise for Engineer Procurement for water and sewer system improvements with bids due for January 16, 2012 Council meeting, motion passed unanimously.

Appointment of Engineer selection committee for water and sewer system improvements will be appointed at January 16, 2012 Council meeting.

Maintenance Manager Irvin Talkington presented to Council purchasing of tools for the maintenance department. Maintenance men in 2011 hauled junk and received funds in the amount of $3,568.05. Talkington requested using $1,279.85 of those funds to purchase tools for the maintenance department: Craftsman 413 pc. Mechanics tool set, Craftsman deluxe rolling utility cart, Wilmar W41028 system heavy duty rack stands, Craftsman 3 pc. Steel handle ball peen hammer set, and Craftsman 6 pc. chisel set.

Council Member Jim Props made a motion, seconded by Donnie Jones to authorize Irvin Talkington, Maintenance Manager to purchase tools for the maintenance department, motion passed unanimously.

PERSONNEL:

Council and Mayor discussed increasing Municipal Judge Irvin Talkington's monthly salary from $60.00 per month to $150.00 per month. Council Member Gerry Gatrell stated that she did not feel that Council should increase the Municipal Judge's salary when none of the other employees would be getting raises. Council Members Weekley and Jones responded with agreement with Council Gatrell. Mayor Vogt questioned Council *"then at this time Council is freezing any raises"?*

Mayor Vogt adjourned meeting at 7:55 PM.

Jim Vogt, Mayor

Rebecca Talkington, City Recorder

Mayor Jim Vogt called the Pennsboro Public meeting to order at 7:00 PM at the City Building at 422 Main Street pertaining to the Sewer Rate Increase, with the following in attendance:

Mayor:	Jim Vogt
Council Members:	Geraldine Gatrell "Gerry"
	Jim Props
	Donnie Jones
	Vance Weekley
City Recorder:	Rebecca Talkington "Beckie"
Attorney:	Wyatt Hanna
Chief of Police:	Jeff Kennedy
Municipal Judge:	Irvin Talkington
News Reporters:	Kenna Davis, Pennsboro News & Missy Lungo, Ritchie Gazette
City Employees:	Lance McCullough
Visitors:	Tim Meeks, MOVRC, Mike Davis with Burgess & Niple
	Ron Furby, Mike Spontaugle & Wayne Bowman with EQT,
	Kathy Bell and Kenneth Cunningham

Mayor Jim Vogt turned the meeting over to City Attorney Wyatt Hanna. Mr. Hanna opened the meeting for public comments concerning the Sewer Rate Increase. Mr. Hanna explained that the increase will be a 5% increase which will increase the sewer bill for each rate an additional $1.65 per 1,000 gallons.

There were no questions or comments from the public against the sewer rate increase.

Hearing no comments from the public Mayor Jim Vogt adjourned the public meeting at 7:03 PM.

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Mayor Jim Vogt called the Pennsboro regular City Council meeting to order at 7:03 PM at the City Building at 422 Main Street with the same above list of individuals present for the Public meeting.

Council Member Gerry Gatrell moved the minutes of Monday, November 21, 2011 regular Council meeting and Monday, December 5, 2011 special Council meeting be approved as read, seconded by Council Member Vance Weekley, and motion passed unanimously.

SAFETY:

Maintenance Manager Irvin Talkington stated that he held a safety meeting and that information had been submitted to PRIM by City Recorder Becky Talkington in hopes to reduce insurance for the City.

VISITORS:

Rock Wilson was on the agenda concerning the Glass Factory status. Mr. Wilson called last week stated he was unable to attend the meeting, but would be able to attend the meeting in January.

BUILDING PERMITS:

Council Member Vance Weekley made a motion that the following building permits be approved, seconded by Council Member Donnie Jones, motion passed unanimously.

Cheryl Horner, 113 Conway Drive/storage building
Gale Tingler, 508 Park Drive/setting a building

ORDINANCES:

Council Member Jim Props made a motion seconded by Council Member Gerry Gatrell to adopt the Second and Final Reading of an *"Ordinance Increasing Sewer Rates"*, motion passed unanimously.

OLD BUSINESS:

Tim Meeks with MOVRC stated that there were no drawdowns for Phase I for the Waste Water Treatment Improvements Project. The final draw down will be presented at the January 16, 2012 special meeting for approval.

Tim Meeks with MOVRC submitted draw down Phase II-A of the Wastewater Treatment Plant Project. Invoices from Burgess & Niple for Engineering in the amount of $11,328.00 and

McWhorter Administrative in the amount of $4,203.26 with a total amount of drawdowns of $15,531.26.

Council Member Vance Weekley made a motion, seconded by Council Member Donnie Jones to approve drawdowns for payment of invoices from Burgess & Niple for Engineering in the amount of $11,328.00 and McWRC for Administrative in the amount of $4,203.26 with a total amount of drawdowns of $15,531.26. Motion passed unanimously.

City Attorney Wyatt Hanna updated Council on the Christopher Hammond Case. Mr. Hanna has tried on several occasions to get in touch with Mr. Hammond's attorney Brian Carr; Mr. Carr has not returned his calls. Mr. Hanna check on court docket dates available. January 24, 2012 in the AM, January 31, 2012 11:45 AM or between the hours of 1:00 – 5:00 PM.

Mike Davis with Burgess & Niple spoke with Council concerning the sewer lift station on Pullman Road. Contingency funds from DEP can possibly be used and possibly allow Burgess & Niple to put the contract out to bid. Mike requested that this be placed on January16, 2012, Agenda for Council to approve the Engineering First Amendment for Pullman Lift Station.

Mike Davis presented to Council the flow study that was completed by Burgess & Niple per the approved change order for use of contingency funds for design of the sewer plant. The flow study showed 2.1 million gallons per day. This flow was higher than they anticipated. They were hoping for around 1.8 million gallons per day. The flow study was not significant enough to change the sewer plant design.

Mike Davis requested that the Engineering Second Amendment for Construction on Phase II-A be put on the agenda for Council approval for January 16, 2012 meeting.

Mike Davis and Tim Meeks discussed Phase II-B of the Waste Water Treatment Plant Improvements Project with Council. The cost is anticipated to be approximately 4.8 million dollars. They will review the application process and check funding agencies to proceed with the best results for funding and grants.

NEW BUSINESS:

Appointment of Professional Engineer for the Sanitary Board. City Recorder Beckie Talkington sent a letter to Greg Herrick in hopes that he would be interested in representing the City again on Phase II of the Waste Water Treatment Plant improvements. Mr. Herrick followed up the Recorder's letter with a phone call and stated that he had to decline. He is representing Parkersburg on their Sanitary Board and now that he is retired he and his wife do a lot of traveling. City Attorney Hanna stated that the State Law requires anytime there is water or sewer project the municipality must have a Certified Engineer on the Sanitary Board.

City Recorder Talkington, with the assistance of Tim Meeks with MCWRC will research the availability of an engineer hopefully by January 16, 2012 Council meeting.

Council Member Donnie Jones made a motion, seconded by Council member Vance Weekley to accept the resignation of Larry Rodriguez as a member of the Board of Park Commission. Motion passed unanimously.

Council Member Vance Weekley made a motion, seconded by Council Member Gerry Garrell to appoint Kevin Snider as a member of the Board of Park Commission replacing the unexpired term of Larry Rodriguez to February 21, 2013. Motion passed unanimously.

At this time there is not a replacement for the Board of Park Commission unexpired term of Pamela Yeater of February 21, 2012.

Mayor Jim Vogt discussed with Council the outstanding balance of water purchase invoices from Hughes River Water Board (HRWB). The City still owes a balance of $15,000.00 for the November purchase of water and the December invoice of $18,507.84 for purchase of water, with a total of outstanding invoices of $33,507.84.

Mayor Vogt stated Irvin Talkington has been working with Ron Furby, Mike Sponaugle & Wayne Bowman with EQT Production Company (Drilling Company), with the possibility of EQT purchasing water from the City Reservoir. EQT was interested in purchasing water with an exclusive agreement with the City of Pennsboro.

City Attorney explained to EQT that locally the City would not be permitted to sell water to EQT exclusively. The water is used for distribution etc. EQT is still interested in purchasing water from the City's Reservoir.

Council will set a work session to discuss options on drilling companies purchasing water from the City's Reservoir sometime next week.

Mr. Hanna stated that an agreement would have to be drawn up and be approved by the Public Service Commission (PSC).

Mayor Vogt questioned Tim Meeks if there was a possibility that a sewer cleaner purchase could be implemented in the Phase II-A. Tim mentioned that bids for Phase II-A would go out approximately in March/April 2012, and construction would start possibly by July 1, 2012. Tim mentioned there would be approximately $190,000.00 of contingency funds and he felt that possibly $40,000.00 could be used out of the contingency for a sewer cleaner.

REPORT OF MAYOR:

Mayor Vogt stated that his report was concerning the HRWB invoices and the possibility of selling water from the City's Reservoir

COUNCIL CONCERNS:

Gerry Gatrell: Appointing a Christmas Lights Committee in hopes of getting business and community involvement in purchasing new Christmas Lights for the City.

Donnie Jones: Questioned if anyone has contacted the Dept. of Highways about the hole in Rt. 74 North. Irvin Talkington stated that he had called the DOH a couple of times. Irvin will follow up.

CONSIDERATION OF BILLS:

Council member Jim Props moved Council approve payment of the bills as presented for December 2011, seconded by Council member Vance Weekley, motion passed unanimously. **See list of bills**

Council Member Gerry Gatrell made a motion, seconded by Council Member Vance Weekley to have two individuals (Paul & Lee) that are employed by Absten & Sons who installed the new furnaces and air conditioning units for the City Building from the Energy Efficient Block Grant (EEBG), to remove one of the old furnace's in the basement and install it in the back garage for Heat. Installation is not to exceed$1,000.00. Motion passed unanimously.

Council Member Vance Weekley made a motion, seconded by Council Member Donnie Jones to change the regular scheduled Council meeting on Monday, February 20, 2012 to Tuesday, February 21, 2012 due to office being closed on Monday, February 20, 2012 for President's Day, motion passed unanimously.

Mayor Jim Vogt requested that Council go into executive session pertaining to personnel. Council Member Gerry Gatrell made a motion to go into executive session pertaining to Personnel, seconded by Council Member Donnie Jones, motion passed unanimously.

Upon returning from executive session from 7:55 PM to 8:40 PM no action was taken.

Mayor Vogt adjourned meeting at 8:40 PM.

Jim Vogt, Mayor

Rebecca Talkington, City Recorder

H. Wyatt Hanna III
Attorney at Law

11:24 AM JAN 20 2012 PSC EXEC SEC DIV

H. Wyatt Hanna, III

WV State Bar No. 1579

P. O. Box 8070 • South Charleston, West Virginia 25303
(304) 744-3150 • Fax (304) 744-3157

ORDS Pennsboro 11B

January 19, 2012

Ms. Sandra Squire
Director-Executive Secretary Division
Public Service Commission of WV
201 Brooks Street
Charleston, WV 25301

VIA FAX AND U.S. MAIL

RE: City of Pennsboro, Ritchie County, West Virginia
Sewer Rate Ordinance

Dear Ms. Squire:

I represent the City of Pennsboro, Ritchie County, West Virginia, regarding an Ordinance which was adopted at a regular meeting of the City Council on December 19, 2011, concerning an increase in the rates and charges for furnishing sanitary sewer service. The purpose of this letter is to notify the Public Service Commission of a typographical error. After speaking with Ron Robertson, Jr., the Staff Attorney assigned to this matter, it was determined that a correction was needed due to this typographical error so that the new Tariff which will be issued by the Commission allows for the proper computation of the City of Pennsboro's sanitary sewer customer bills. The words "per 1,000 gallons" should be stricken from the new Tariff (referred to Article 2, Section 1, Schedule 1, under Usage Charge in the Ordinance adopted on December 19, 2011), after the figure "$19.26". The line should state "First 2,000 gallons used per month "$19.26". As previously indicated, the words "per 1,000 gallons" appeared after the "$19.26" figure and should be stricken from the new Tariff.

Any financial information submitted by the City in support of this rate Ordinance does not need to be amended to reflect this requested change. The proper calculations were made to reflect the proposed bills for all the classes of customers affected by this Ordinance. It is respectfully requested that this change be made in the new Tariff issued by the Commission.

I trust this clarifies any confusion which may have occurred with regard to this Rate Ordinance.

The original and twelve (12) copies of this letter are being filed herewith. If you should have any questions or desire to discuss this matter further with me, please do not hesitate to contact my office.

Sincerely,

H. Wyatt Hanna, III

HWHIII/rb
Enclosures
cc: Beckie Talkington - City of Pennsboro
Todd F. Dingess, CPA
Ron Robertson, Jr., Esquire

INVOICE AND AFFIDAVIT OF PUBLICATION

The Pennsboro News

103 North Spring Street,
P.O. Box 241, Harrisville, WV 26362
Ph. 304.643.4947 • Fax 304.643.4717

WEST CENTRAL PUBLISHING
FEDERAL I.D. NO. 55-06700561
STATE OF WEST VIRGINIA
COUNTY OF RITCHIE, to wit:

I, James McGoldrick, being first duly sworn upon my oath, do depose and say:

- that I am Publisher of The Pennsboro News, a Democratic newspaper,
- that I have been duly authorized to execute this affidavit,
- that such newspaper is regularly published weekly for at least fifty weeks during the calendar year, in the municipality of Harrisville, Ritchie County, West Virginia.
- that such newspaper is a newspaper of "general circulation" as defined in Art. 3, Chap. 59 of the Code of West Virginia 1931 as amended, within Ritchie County;
- that such newspaper averages in length four or more pages, exclusive of any cover, per issue;
- that such newspaper is circulated to the general public at a definite price or consideration;
- that such newspaper is a newspaper to which the general public resorts for passing events or a political, religious, commercial and social nature and for current happenings, announcements, miscellaneous reading matters, advertisements and other notices;
- and that the annexed notice described as follows:

Public Notice of Change in Sewer Rates-Pennsboro

WAS PUBLISHED IN SAID NEWSPAPER AS FOLLOWS:

TIMES	DATES
One	December 7, 2011

PUBLICATION CHARGES	$461.96

CERTIF-BILL TO

City of Pennsboro
Attn: Becky Talkington
422 Main Street
Pennsboro, WV 26415

(signed) James McGoldrick

NOTARIZATION

Taken, sworn to and subscribed before me this 7th

day of December ,20 11

Charlott C. Stine
Notary Public

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
CHARLOTT C. STINE
115 PINE GROVE RD.
ST. MARYS, WV 26170
My Commission Expires November 18, 2013

PLEASE RETURN A COPY OF THIS INVOICE WITH YOUR PAYMENT TO:
P.O. BOX 241, HARRISVILLE, WV 26362

AILER COURTS

The operators of house trailer courts may require separate metering for each site upon which a use trailer may be set. Alternatively, house trailer courts may be provided with a master meter, which case the charge for sewer services to such house trailer court shall be the greater of her (i) the product obtained by multiplying the minimum bill per customer of Nineteen Dollars d Twenty Six Cents ($19.26) times the number of units situated on the court site at the time the ter is read, or (ii) the actual charge for water used according to the schedule set forth herein use trailers, as used herein, shall include both mobile and immobile units. House trailers, either bile or immobile, located on sites other than a part of house trailer court shall be billed in the me manner as any other family or business unit.

SCHEDULE II

URCHARGE FOR ROOF DRAINS

In the event that any building shall be found to have its roof drains or other storm sewers nnected to the sanitary sewage treatment system of the City of Pennsboro, the owner of such lding or the sewer system customer therein, if any there be, shall be assessed and billed by, d shall pay to, the sewer department of the City of Pennsboro a charge calculated on the basis the following formula, separate and independent of the charges for sewage treatment levied reunder to wit

$$S = A \times R \times .0006233 \times C$$

- The surcharge in dollars.
- The average area under roof in square feet.
- The measured monthly rainfall, in inches.

006233 A conversion factor to convert inches to thousands gallons measurement;

- The approved rate per thousand gallons of waste water treated

DJUSTMENT FOR UNUSUAL CONSUMPTION

When the City of Pennsboro determines that there has been unusual consumption of sewage atment services by any customer which can be attributed by the City of Pennsboro to eligible akage of water on the customer's side of the water meter, the City of Pennsboro shall assess d bill, and the customer shall pay, to the sewer fund of the City of Pennsboro a sewage atment charge of Zero Dollars and Ninety Five Cents ($0.95) per thousand gallons of water (or ction thereof) over and above the customer's two-year historical average usage of water.

The requested rates and charges are only a proposal and are subject to change or modification the Public Service Commission in its review of this filing. The Commission shall review and prove or modify the increased rates only upon filing of a petition within thirty (30) days of the option of the ordinance changing said rates or charges, by

1. Any customer aggrieved by the changed rates or charges who presents to the Commission a tition signed by not less than twenty-five percent of the customers served by such municipally erated public utility, or

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

This Ordinance will be effective upon second reading and adoption.

A public hearing regarding the rate increases set forth in the Ordinance will be held on the 19th of December, 2011, beginning at 7:00 o'clock p.m., in the City Council Chambers located at 2 Main Street, in the City of Pennsboro, Ritchie County, West Virginia.

This Ordinance was introduced and read for a first time at a Special Meeting of the ennsboro City Council held on the 5th day of December, 2011, and will be read a second time d considered for adoption, after a public hearing, at a regular meeting of the City Council to be eld on the 19th day of December, 2011.

A complete copy of the proposed rates, as well as a representative of the City who ay provide any information requested concerning the Ordinance, is available to all customers, ospective customers or their agents at the office of the City of Pennsboro during regular usiness hours.

Beckie Talkington
City of Pennsboro
122 Main Street
Pennsboro, WV 26415
(304) 659-2377

Dated this 30th day of November, 2011.

BECKIE TALKINGTON
City Recorder

12-7-PN

PUBLIC NOTICE OF PROPOSED CHANGE IN SEWER RATES AND CHARGES BY THE CITY OF PENNSBORO, RITCHIE COUNTY, WEST VIRGINIA

NOTICE is hereby given that the City Council of the City of Pennsboro, Ritchie County, West Virginia, will consider upon second reading an increase for its sanitary sewer rates and charges on Monday, December 19, 2011, beginning at 7:00 o'clock p.m., at the City Council Chambers located at 422 Main Street, in the City of Pennsboro, Ritchie County, West Virginia. The Council will conduct a public hearing and then consider the proposed Ordinance during the regular Council meeting which will follow the public hearing.

The proposed increased sanitary sewer rates and charges are to become effective not less than 45 days after the second reading and adoption of the Ordinance, unless otherwise ordered by the Public Service Commission of West Virginia.

The proposed new sanitary sewer rates and charges are as follows:

ARTICLE II - ESTABLISHING AND FIXING RATES, CHARGES AND DELAYED PENALTY CHARGES FOR SEWER SERVICE

Section 16, of Article 13, of Chapter 16 of the Pennsboro Municipal Code is hereby repealed and replaced with the following provisions, to-wit:

SECTION 1.

SCHEDULE I

APPLICABILITY

This schedule shall apply to service in the entire territory served by the sewer system of the City of Pennsboro.

AVAILABILITY OF SERVICE

All sewer consumers served by the sewer system of the City of Pennsboro, whether for general domestic, commercial or industrial purposes, shall pay rates in accordance with the schedule established herein.

RATES

Usage charge

First	2,000 gallons used per month $19.26 per 1,000 gallons
Next	3,000 gallons used per month $ 8.93 per 1,000 gallons
Next	5,000 gallons used per month $ 7.73 per 1,000 gallons
All Over	10,000 gallons used per month $ 5.91 per 1,000 gallons

Flat Rate:

All customers not served by water works system of the City of Pennsboro shall, as a condition to being or remaining connected to the sewer system, pay a monthly charge of Thirty Eight Dollars and Thirty Seven Cents ($38.37). All customers not served by the sewer system who desire such service shall pay a connection fee of Two Hundred Fifty Dollars ($250.00) or Fifty Dollars ($50.00) in excess of the actual cost of making connections, whichever is greater.

DELAYED PAYMENT PENALTY

The above tariff is net. All accounts not paid in full within twenty (20) days from and after the date of mailing of monthly bills therefore shall have added to the net amount shown a delayed payment penalty of ten percent (10%)of the amount of such bill, plus reasonable attorney's fees and costs incurred in collection.

Furthermore, the City of Pennsboro has and asserts a lien against the premises of each customer served and may foreclose upon that lien in the event of unpaid sewer service charges in accordance with the provisions of Section 16 of Article 13 of Chapter 16 of said Code.

DISCONNECTION

If any bill is not paid within thirty (30) days after the date of the mailing thereof, water and sewer service to the customer will be discontinued; provided, however, that at least three (3) days before the discontinuation of sewer service, a notice of such discontinuation shall be mailed to the delinquent customer at his last address on record with the Clerk, by regular United States Mail postage prepaid. Water and sewer service will not be restored until all past due sewer bills have been paid in full and all accrued penalties plus a reconnection charge of Twenty-Five Dollars ($25.00) shall be paid.

RETURNED CHECK CHARGE

A service charge of the greater of $25.00 or the actual bank fee will be imposed upon any customer whose check for payment of charges is returned by their bank due to insufficient funds or any other reason.

MULTIPLE OCCUPANCY

On apartment buildings or other multiple occupancy buildings, bills will be rendered based upon each family or business located therein which shall have a separate meter serving such family or business. Under no circumstances, however, may more than one (1) living unit not in the same structure be connected to the same meter.

H. Wyatt Hanna III
Attorney at Law

H. Wyatt Hanna, III WV State Bar No. 1579

P. O. Box 8070 • South Charleston, West Virginia 25303
(304) 744-3150 • Fax (304) 744-3157

December 29, 2011

01:25 PM DEC 30 2011 PSC EXEC SEC DIV

Ms. Sandra Squire
Director-Executive Secretary Division
Public Service Commission of WV
201 Brooks Street
Charleston, WV 25301

ORDS Pennsboro-11B

RE: City of Pennsboro, Ritchie County, West Virginia
Sewer Rate Ordinance

Dear Ms. Squire:

I represent the City of Pennsboro, Ritchie County, West Virginia, regarding an Ordinance which was adopted at a regular meeting of the City Council on December 19, 2011, concerning an increase in certain rates and charges for furnishing sanitary sewer service. As such, enclosed please find for filing is the original and twelve (12) copies of an Affidavit of Publication from the Pennsboro News which indicates that the Public Notice of Change in Rates by Municipalities (Tariff Form No. 12) was duly published in that newspaper as a Class II legal advertisement on December 21, 2011, and December 28, 2011.

If you should have any questions or desire to discuss this matter further with me, please do not hesitate to contact my office.

Sincerely,

H. Wyatt Hanna III

H. Wyatt Hanna, III

HWHIII/rb
Enclosures
cc: Beckie Talkington, City Clerk
Todd F. Dingess, CPA

INVOICE AND AFFIDAVIT OF PUBLICATION

The Pennsboro News

103 North Spring Street,
P.O. Box 241, Harrisville, WV 26362
Ph. 304.643.4947 • Fax 304.643.4717

WEST CENTRAL PUBLISHING
FEDERAL I.D. NO. 55-06700561
STATE OF WEST VIRGINIA
COUNTY OF RITCHIE, to wit:

I, James McGoldrick, being first duly sworn upon my oath, do depose and say:

- that I am Publisher of The Pennsboro News, a Democratic newspaper,
- that I have been duly authorized to execute this affidavit,
- that such newspaper is regularly published weekly for at least fifty weeks during the calendar year, in the municipality of Harrisville, Ritchie County, West Virginia.
- that such newspaper is a newspaper of "general circulation" as defined in Art. 3, Chap. 59 of the Code of West Virginia 1931 as amended, within Ritchie County;
- that such newspaper averages in length four or more pages, exclusive of any cover, per issue;
- that such newspaper is circulated to the general public at a definite price or consideration;
- that such newspaper is a newspaper to which the general public resorts for passing events or a political, religious, commercial and social nature and for current happenings, announcements, miscellaneous reading matters, advertisements and other notices;
- and that the annexed notice described as follows:

Public Notice of Change in Rates by Municipalities

WAS PUBLISHED IN SAID NEWSPAPER AS FOLLOWS:

TIMES	DATES
Two	December 21 and 28, 2011

PUBLICATION CHARGES **$248.75**

CERTIF-BILL TO
City of Pennsboro
Attn: Becky Talkington, City Clerk
422 Main Street
Pennsboro, WV 26415

(signed) James McGoldrick

NOTARIZATION

Taken, sworn to and subscribed before me this 28th day of December, 20 11

Charlott C. Stine
Notary Public

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
CHARLOTT C. STINE
115 PINE GROVE RD.
ST. MARYS, WV 26170
My Commission Expires November 18, 2013

PLEASE RETURN A COPY OF THIS INVOICE WITH YOUR PAYMENT TO:
P.O. BOX 241, HARRISVILLE, WV 26362

Tariff Form No. 12

PUBLIC NOTICE OF CHANGE IN RATES BY MUNICIPALITIES

NOTICE is hereby given that the CITY OF PENNSBORO, RITCHIE COUNTY, WEST VIRGINIA, at a regular Council meeting on December 19, 2011, adopted an Ordinance containing a new sanitary sewer Tariff increasing rates, tolls and charges for furnishing WASTEWATER treatment service to approximately 575 customers at or near the City of Pennsboro and vicinity, in Ritchie 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 $11,204 annually in additional revenue, an increase of 5.0%. The average monthly bill for the various classes of customers will be changed as follows:

BASED ON	($)INCREASE	INCREASE(%)
Residential (3,700 gal/mo.)	$ 1.65	5.0%
Commercial (3,700 gal/mo.)	$ 1.65	5.0%
Industrial (3,700 gal/mo.)	$ 1.65	5.0%
Resale	Not Applicable	Not Applicable

There are no resale customers of the City of Pennsboro wastewater treatment and collection system.

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

1. Any customer aggrieved by the changed rates or charges who presents to the Commission a petition signed by not less than twenty-five percent of the customers served by such municipally operated public utility; or
2. Any customer who is served by a municipally operated public utility and who resides outside the corporate limits and who is affected by the change in said rates or charges and who presents to the Commission a petition alleging discrimination between customers within and without the municipal boundaries. Said petition shall be accompanied by evidence of discrimination; or
3. Any customer or group of customers who are affected by said change in rates who reside within the municipal boundaries and who present a petition to the Commission alleging discrimination between said customer or group of customers and other customers of the municipal utility. Said petition shall be accompanied by evidence of discrimination.

All petitions should be addressed to:

Public Service Commission of WV
Executive Secretary
201 Brooks Street
P.O. Box 812
Charleston, WV 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 offices of the City of Pennsboro:

Beckie Talkington
City of Pennsboro
422 Main Street
Pennsboro, WV 26415
(304) 659-2377

A copy of the proposed rates is available for public inspection at the office of:

Public Service Commission of WV
Executive Secretary
201 Brooks Street
P.O. Box 812
Charleston, WV 25323

12-21, 28 R

CITY OF PENNSBORO

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 Pennsboro 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:

> I. 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 3 business days 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.
>
> II. Special Meetings. A notice shall be posted by the Recorder at the front door or bulletin board of the City Hall not less than 2 business days 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 20th day of July, 2009.

Mayor

[SEAL]

ATTEST:

Rebecca R. Valkington

Recorder

An Ordinance of The City of Pennsboro
Creating the Sanitary Board of The City of Pennsboro

Whereas, the City of Pennsboro (the "City") now contemplates the construction and equipping of a sanitary sewerage system, and future additions, extensions and improvements thereto (the "System"), pursuant to Chapter 16, Article 13 of the West Virginia Code of 1931, as amended (the "Act"); and

Whereas, the Act requires that a sanitary board be established in connection with the issuance of sewer revenue bonds, as aforesaid, and in connection with the custody, administration, operation and maintenance of such a sewer system by a municipal corporation;

Now, therefore,, Be it Ordained and Enacted by the City Council of The City of Pennsboro that Article 4 of Chapter 11 of the Pennsboro Municipal Code be, and it is hereby, amended to add Section 11-25 thereto, which is in words and figures as follows, to-wit:

11-25. Creation and Operation of Sanitary Board

A. The Council of the City (the "Council") does hereby create and establish a Sanitary Board (the "Sanitary Board" or "Board"), with all powers and duties as provided in and pursuant to the Act.

B. Composition; Chairman; Appointment of Members. The Sanitary Board shall be composed of the Mayor of the City, who shall act as Chairman of the Sanitary Board, and two persons appointed by the Council. During the period of construction of the System or any additions thereto, one member must be a registered professional engineer. The engineer member of the Board need not be a resident of said municipality. After the construction of the System has been completed, the engineer may be succeeded by a person not an engineer. The appointees shall originally be appointed for terms of 2 and 3 years respectively, and upon the expiration of each such term and each succeeding term, appointment of a successor shall be made in like manner for a term of 3 years. Vacancies shall be filled for an unexpired term in the same manner as the original appointment. No officer or employee of the City, whether holding a paid or unpaid office, shall be eligible to appointment on the Sanitary Board until at least 1 year after the expiration of the term of his public office.

C. Organizational Meetings ; Vice Chairman, Secretary, Treasurer; Official Bonds. As soon as may be practicable following the appointment of a new member of the Sanitary Board, the Board shall hold an organizational meeting and choose a vice chairman from among its members, and a secretary and treasurer, who may be one person and need not be a Board member, and such officers shall hold office at the will of the Board. No bond shall be required of the Board members as such, but the treasurer, whether a member of the Board or not, shall give bond as required under Subsection K hereof, below.

D. Compensation and Expenses of Board Members. The members of the Sanitary Board shall receive such compensation, if any, for their services, either as a salary or as payments for meetings attended, as the Council may determine, and shall be entitled to payment for their reasonable expenses incurred in the performance of their duties. Any such compensation and expenses paid solely from funds derived from the System, but there shall be no liability upon the City for any compensation or expenses so incurred.

E. Powers, Duties and Limitations.

1. The Sanitary Board shall have the supervision and control of the custody, administration, operation and maintenance of any and all works for the collection, treatment and disposal of sewage, which are now owned or may hereafter be acquired by the City.

2. The Sanitary Board shall have power to take all steps and proceedings and to make and enter into all contracts or agreements necessary or incidental to the performance of its duties and the execution of the powers granted to such Board by the Act, as the same now exists and may hereafter be amended; but the powers of the Sanitary Board shall be subject to all restrictions and limitations contained in the Act as the same now exists or may hereafter be amended.

3. The Sanitary Board may employ engineers, architects, inspectors, superintendents, managers, collectors, attorneys and such other personnel as in its judgment may be necessary in the execution of its powers and duties, and may fix their compensation, all of whom shall do such work as the Board shall direct. All such compensation and all expenses incurred in carrying out the provisions of the Act shall be paid solely and only from funds provided under the authority of the Act, and the Board shall not exercise or carry out any authority or power given it so as to bind the Board or the City beyond the extent to which money shall have been or may be provided under the authority of the Act. No contract or agreement with any contractor or contractors for labor and/or material exceeding the sum of $10,000 shall be made without advertising for bids, which bids shall be publicly opened and award made to the best bidder, with power in the Board to reject any and all bids.

4. The construction, acquisition, improvement, equipment, custody, operation and maintenance of any such works for the collection, treatment or disposal of sewage and the collection of revenues therefrom for the service rendered thereby shall be under the supervision and control of the Sanitary Board.

5. After the construction, acquisition, installation and completion of such works, the Sanitary Board shall operate, manage and control the same and may order and complete any extensions, betterments and improvements of and to the works that the Board may deem expedient if funds therefor be available or made available as provided by the Act, and shall establish rules and regulations for the use and operation of the works and of other sewers and drains connected therewith so far as they may affect the operation of such works, and to do all things necessary or expedient for the successful operation thereof, and the Board shall have in addition hereto any and all powers granted to it by the Act, or which may be granted to it by amendments to the Act, hereafter made, subject to any and all restrictions and limitations therein contained.

F. Duty of Board to Restore Property Damaged by its Activities. All public ways or public works damaged or destroyed by the Sanitary Board in carrying out its authority under this ordinance and the Act shall be restored or repaired by the Board and placed in their original condition, as nearly as practicable, if requested so to do by the proper authorities, out of the funds provided by the Act.

G. Publication of Financial Statement. The Sanitary Board shall prepare a financial statement and cause it to be published as a Class I legal advertisement in compliance with the provisions of Chapter 59, Article 3 of the West Virginia Code of 1931, as amended, and the publication area for such publication shall be the sanitary district. Such statement shall contain an itemized account of the receipts and expenditures of the Board during the previous fiscal year, showing the source from which all money was derived, and the name of the person to whom an order was issued, together with the amount of such order, and why such order was issued, arranging the same under distinct heads, and including all money received and expended

from the sale of bonds, and also a specific statement of the debts of such Board, showing the purpose for which any debt was contracted, the amount of money in all funds at the end of the preceding year, and the amount of uncollected service charges. Such statement shall be prepared and published by the Board as soon as practicable after the close of the fiscal year. The statement shall be sworn to by the chairman and secretary and treasurer of the Board.

H. Procedure for Disbursement of Funds. All funds under the supervision of the Sanitary Board shall be disbursed, as disbursements are required, by check drawn upon the proper fund or account, and such checks shall be properly signed by the authorized officer or agent of the Board. All such disbursements shall be approved by the Board.

J. Fidelity Bonds. The Sanitary Board shall require all persons who collect or otherwise handle funds of the Board or the System to furnish a good and proper bond, with a recognized and reputable surety, conditioned upon the faithful performance of their duties and for the proper handling and care of said funds in their hands. Such bond shall be in an amount equal to the sum of money which might at any one time be in the hands of such person or persons.

K. Effective Date. This Ordinance shall take effect immediately following the second reading hereon.

Date of First Reading:	_____
Action on First Reading:	_____
Date of Second Reading:	July 20, 2009
Action on Second Reading:	_____

Phase II-A

THE CITY OF PENNSBORO

Sewer Revenue Bonds, Series 2012 A
(West Virginia SRF Program)

PETITION OF SANITARY BOARD

The Sanitary Board of The City of Pennsboro (the "City") hereby petitions the Council of the City to enact an ordinance directing that sewerage revenue bonds of the City be issued pursuant to the provisions of Chapter 16, Article 13 of the West Virginia Code of 1931, as amended, such bonds to be in an amount not to exceed $550,000, for the purpose of financing the costs of certain additions, betterments and improvements and acquisition and construction of certain improvements to the existing public sewerage system of the City, together with all necessary appurtenances, and the costs of issuance and related costs.

Directed this 17th day of August, 2012.

THE CITY OF PENNSBORO SANITARY BOARD

By: _____
Its: Chairman

696750.00003

5719273

Mayor Mary Jane Allen called the Pennsboro regular City Council meeting to order at 7:00 PM at the City Building at 422 Main Street with the following in attendance:

Mayor:	Mary Jane Allen
Council Members:	Jim Props
	Donnie Jones - ***Absent***
	Vance Weekley
City Clerk:	Rebecca Talkington "Beckie"
Attorney:	Wyatt Hanna - ***Absent***
Chief of Police:	
Municipal Judge	Irvin Talkington
News Reporters:	Kenna Davis, Pennsboro News & Missy Lamp, Ritchie Gazette
City Employees:	Junior McCullough - Sam Cokeley - Joyce Cain
Visitors:	Tim Meeks with MOVRC, Craig Richards with Burgess & Niple, Tom Aman with Steptoe & Johnson, Peg Mahaney, Sue Shuman, Robert Riggs, Larry Horner, Larry Horner, Jr., Dottie Burgess, Diane Cox, Kathy Bell Britton, Pamela Yeater, John Baker, Donna Cottrill, Kenneth Cunningham, Nikki Beck, William Wilson, Jim Vogt, Steve Hart, Ronald Miracle, Doug Riggs, Pat Poling, Tyler White, William Mahaney, Curtis Hackathorn, Freda Mossor, Brenda Ash, Michael Leggett, Bud Sellers, Charlene Sweeney and Gary Gilmore

Council Member Vance Weekley moved the minutes of Monday, July 16, 2012 regular Council meeting, Monday July 30, 2012 Special Council meeting, and Monday, August 6, 2012 Special Council meeting be approved as read, seconded by Council Member Jim Props, and motion passed unanimously.

John Baker came before Council in regards to Hazard Mitigation Grants. He stated that Marion County received $500,000.00 of grant funds for flooding. He suggested that the City check on this grant to see if the City could receive grant funds to clean out the creek. Mayor Allen commented that she would take Mr. Baker's suggestion under advisement.

Mr. Baker also commented on the shape of the City sidewalks. He stated that the landowners are responsible for the sidewalks in front of their property. He commented that there are several sidewalks that need to be replaced and or repaired, and are a safety issue. Mayor Allen responded that she was aware there are several sidewalks that need to be replaced or repaired.

Diane Cox came before council concerning installing a sign ***"no engine brake"***. Ms. Cox stated that she has contacted the State and spoke with the Department of Highways. She stated Mike Dailey with the Department of Highways requested that the City send a letter stating the City approves the sign to be installed.

Council discussed the request of Diane Cox and the installation of the sign, and questioned the fact that the City does not have an Ordinance pertaining to ***"no engine brake"*** which in turn could not be enforced, and no engine brake possibly is a safety issue.

Diane Cox question Mayor Allen if and when she would be turning in her resignation as an Industrial Park Board member. Diane said that she knew that the Mayor position has a lot of responsibility and will take up a lot of her time. She questioned Mayor Allen if she was going to be appointing new members to the Industrial Park Board. Mayor Allen responded that her intentions were to stay on the Industrial Park Board and that all of the members that are currently serving on the Industrial Park Board she was satisfied with.

BUILDING PERMITS:

Council Member Vance Weekley made a motion that the following building permits be approved, seconded by Council Member Jim Props, motion passed unanimously.

Pamela Yeater, 211 East Crown Avenue/driveway, fence, & general repairs
Linda Kelley, 415 East Myles Avenue/repair roof
Rosemary Horner, 207 West Myles Ave/re-do porch roof, add on to bldg., awning on window
James Alkire, 105 Pine Drive/ramp & general repairs
Donald & Freda Mossor, 111 West Myles Avenue/excavate creek
Rebecca Lanham, 205 East Raymond Avenue/new roof & fence
James Brown, 580 Mountain Drive/eight foot addition to house
Brenda Ash, Broadwater Circle/set new double wide & install driveway

Mayor Allen questioned the building permit of Brenda Ash in regards to moving in a new double wide on Broadwater Circle. Supervisor Sam Cokeley stated there is a water line that is in question. Cokeley stated that he would be present at the time the double wide was being moved in to make sure the line would not be hit. Ms. Ash stated that she would contact Cokeley when the double wide was to be moved to the property.

PERSONNEL:

Council discussed Police Chief Jeff Kennedy's termination by Mayor Allen on Tuesday, August 14, 2012 at 9:00 AM. Council Props questioned the approval of Council on the termination of Kennedy. Council Props commented to Mayor Allen that he has not been informed as to the reason of termination. Mayor Allen commented that Chief Kennedy was under her supervision and that the City Police answers to the Mayor and that Mr. Kennedy's services were no longer needed. Council Props requested that the approval of termination be tabled until Council can sit down and discuss the reason for termination. Chief Kennedy's termination was tabled.

Mayor Allen mentioned Aflac Insurance for employees. Mayor suggested Insurance be tabled until Council can sit down and discuss with employees. Insurance suggestion was City paying $50.00 per employee per month with each employee selecting their desired plan. A breakdown of the cost from each fund was presented to Council at June 18, 2012 Council meeting.

Council Member Vance Weekley made a motion, seconded by Council Member Jim Props to approve additional sick leave to Supervisor Sam Cokeley on an as needed basis, motion passed unanimously.

CONSIDERATION OF ORDINANCE:

Council Member Vance Weekley made a motion, seconded by Council Member Jim Props, to adopt the ***First Reading of an "Ordinance"*** authorizing the acquisition and construction of certain extensions, additions, betterments and improvements to the existing public sewerage system of the City of Pennsboro and the financing of the cost thereof, not otherwise provided, through the issuance by the City of Pennsboro of not more than $500,000 in original aggregate principal amount of sewer revenue bonds, series 2012 A (WV 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 bond purchase agreement relating to such bonds; authorizing the sale and providing for the terms and provisions of such bonds and adopting other provisions relating thereto, motion passed unanimously. Tom Aman from Steptoe & Johnson was present to answer question pertaining to the Ordinance.

OLD BUSINESS:

Tim Meeks with MOVRC presented to Council a revision of the drawdowns for Phase I of the Waste Water Treatment Plant Improvements that was presented at the July 30, 2012 Special Council meeting.

Council Member Jim Props made a motion, seconded by Council Member Vance Weekley to approve the revised drawn down of July 30, 2012 from the WV Infrastructure Council in the amount of $4,063.66 to Burgess & Niple for Engineering, and adding an invoice in the amount of $206.46 to Richard Hayhurst (previous City Attorney) for Legal Services rendered during development, funding and construction, for Phase I of the Waste Water Treatment Plant Improvements, motion passed unanimously.

Tim Meeks with MOVRC stated there were no drawdowns for Phase II-A of the Waste Water Treatment Plant Improvements.

Council Member Jim Props made a motion to appoint Jim Vogt to fulfill the unexpired term of Council Member Gerry Gatrell who expired May 19, 2012, with her term expiring June 30, 2014, motion failed due to lack of second.

Council Member Jim Props then made a motion to appoint Darla Cokeley to fulfill the unexpired term of Council Member Gerry Gatrell, motion failed due to lack of second.

Council Member Jim Props again made another motion to appoint Irvin Talkington to fulfill the unexpired term of Council Member Gerry Gatrell, motion failed due to lack of second.

Council Props stated to Mayor Allen and Council Weekley that he felt that he was the only one making an effort to fulfill the Council seat. Mayor Allen responded that she had already expressed her feelings as to who she felt should be appointed.

Visitor Pamela Yeater asked to speak concerning appointment of Council. She mentioned that she felt that Jim Vogt should be considered, because he agreed to be appointed Mayor for the remainder of his elected Council seat. She stated there was an election conducted in May of this year and there were other individuals that ran for Council. She suggested that Council maybe should consider those that were also voted for by the community.

At 7:35 PM Council Member Vance Weekley made a motion, seconded by Council Member Jim Props to go into executive session "to discuss the appointment of the unfilled Council seat", motion passed unanimously. Council Props suggested holding the executive session at the end of finished business on the agenda, but Council went into executive session at 7:35 PM.

Mayor Allen called the regular meeting to order at 8:00 PM.

Upon returning from executive session at 8:00 PM no action was taken.

Council Member Vance Weekley made a motion, seconded reluctantly by Council Member Jim Props to approve the ***"Modification of Amendment #9 of the Owner-Engineer Agreement"*** with Burgess & Niple with an increase of $2,400.00, motion passed unanimously.

Craig Richards with Burgess & Niple stated the Phase II-A paper work is completed and they are waiting on the Public Service Commission to approve a staff memorandum before advertising for Bids for contractors.

There were no updates on the Christopher Haymond Case.

NEW BUSINESS:

Water Purchasing Agreement with Noble Energy to purchase water from the Pennsboro Reservoir, was tabled at this time due to the level of water at the Reservoir.

Council Member Jim Props made a motion, seconded by Council Member Vance Weekley to charge $7.50 for potable water to oil companies, motion passed unanimously.

Council tabled approving Mayor Allen to sign any future agreements with oil companies on the current Council approved non-potable and potable water agreements. Mayor could not vote on any motion due to her approving herself to sign the agreements, and with the Mayor unable to vote there would not be three votes pass.

Mayor Allen mentioned Pennsboro Volunteer Fire Department hauling water for pools. Robert Riggs stated that the Fire Department has not been hauling water for pools for a couple of months. Mayor Allen questioned Riggs, and Riggs responded that the Fire Department has not hauled for pools for at least a couple of months.

REPORT OF MAYOR:

Mayor Allen stated that she did not have anything at this time.

COUNCIL CONCERNS:

Council Props stated that EQT had ceased withdrawing water from the City's Reservoir due to the level of water being too low. Props stated that he spoke with EQT and Antero and they both are interested in purchasing potable water.

Council Weekley stated that he has had complaints about the road going to the reservoir. Council Props stated that he had spoken with EQT and they will be blacktopping the road.

Visitor Sue Shuman questioned if the reference letters for Robert Riggs pertaining to fulfilling the vacant Council seat were going to be read? Council Weekley read the reference letters from Dave Gatrell and Larry Gatrell, sons of the late Council Member Gerry Gatrell. Weekley then read a letter that was addressed to Council from Diane Cox of her interest in fulfilling the vacant Council seat.

Jim Vogt the City's representative for Hughes River Water Board (HRWB) updated Council of the last HRWB meeting. HRWB is in the process of applying for a grant to purchase a generator for HRWB Water Plant to alleviate the situation that happened after the storm in June where the electric was out for a period of time causing water supply to be low.

Vogt also stated that HRWB questioned when the City was going to pay their water bill. Jim questioned if the City just owed for the current bill. Visitor Dottie Burgess spoke up and stated that the City owed $12,000.00. Recorder Talkington stated that the City owed a little over $20,000.00 with $2,000.00 of that being the previous month's bill. Vogt questioned if the $2,000.00 from the previous bill would be paid by the end of the month. Recorder Talkington stated that it would be.

Mayor Allen questioned if the water leak detector was being used. Supervisor Sam Cokeley stated that they have found several leaks and they have been fixed. Sam mentioned Raymond Reed is checking for leaks about every day.

CERTIFICATION OF BILLS PAID:

Council Member Jim Props moved council certify bills that were paid and presented to Council for August 2012, seconded by Council Member Vance Weekley, motion passed unanimously. **See list of bills **

Mayor Allen mentioned to Council the Ellenboro Fire Department donated $1,000.00 to the Myles Stadium Fund, and a thank you note had been sent.

Mayor Mary Jane Allen adjourned at 8:25 PM.

Mary Jane Allen, Mayor

Rebecca Talkington, City Recorder

September 17, 2012

Mayor Mary Jane Allen called the Pennsboro regular City Council meeting to order at 7:40 PM after the Public Meeting at the Senior Citizens Building at 408 Main Street with the following in attendance:

Mayor:	Mary Jane Allen
Council Members:	Jim Props Donnie Jones Vance Weekley
City Clerk:	Rebecca Talkington "Beckie"
Attorney:	Wyatt Hanna
Chief of Police:	None
Municipal Judge	Irvin Talkington
News Reporters:	Kenna Davis, Pennsboro News & Missy Lamp, Ritchie Gazette
City Employees:	Junior McCullough - Sam Cokeley - Joyce Cain
Visitors:	Todd Dingess with Smith Cochran & Hicks, Alex Hines with WBOY Channel 12 Clarksburg, Judy VanHoesen, Gene & Sue Shuman, Peggy Mahaney, John Baker, William E. Mahaney, Larry Horner, Jr., William Wilson, Pat Poling, Bud Sellers, Kenneth Cunningham, Sandra Lamp, Robert Riggs, Donna Cottrill, Charlene Sweeney, Kevin Jones, Steve Hart, Diane Cox, Deborah Rosen, Rod Hytonen, Bill Mahaney, Pamela Yeater, Aaron Riggs, Doug Riggs, Joseph Sellers, Jim & Nancy Vogt, and Nikki Beck.

Council Member Jim Props moved the minutes of Monday, August 20, 2012 regular Council meeting be approved as read, seconded by Council Member Vance Weekley, and motion passed unanimously.

Peggy Mahaney was on agenda, but stated that she did not have anything to comment on.

John Baker: 1) Hazard Mitigation Grant. Mayor Allen suggested that John submit to her information on the grant so she could better understand what he was talking about.
2) Sidewalk at West Penn and West Raymond is broken up and is a safety issue. John feels the City should take care of the problem. Mayor Allen stated some of the sidewalks are in bad shape, but it is the property owner's responsibility.
3) Vacant Council Seat needs to be filled. Names have been mentioned, but Council cannot agree. He feels Council needs to put their personal feelings aside.

Deborah Rosen read her written statement pertaining to her feelings against the City allowing campsites in the City limits. *** See Attached Statement ***

Kevin Jones at 300 Pike Avenue came before Council requesting to purchase the continuation of Pike Street that was closed several years. City Attorney Hanna stated that the property would have to be appraised then it would have to be declared surplus and sold to the highest bidder. Kevin would like to build a garage on the lot. The closed street joins his property with the width approximately 14 feet and the other side of the closed street is the Rails to Trails so there is no other property owner involved.

Jim Vogt responded to Deborah Rosen's concern of campsites going in on his property on Pullman Road. Mr. Vogt stated that with the oil & gas trade it would bring revenue to Pennsboro.

Pamela Yeater commented that she felt that the campsites should be permitted. She stated that her husband also works out of town. She also mentioned that with the oil & gas trade will also bring revenue into the City.

BUILDING PERMITS:

Council Member Donnie Jones made a motion that the following building permits be approved, seconded by Council Member Vance Weekley, motion passed unanimously.

Frank & Sara Horner, 202 Ray Avenue/raze trailer
Mark Miracle, 120 Pine Drive/put up fence, paint roofs, general repairs
Donna & Donald Cottrill, 505 Park Drive/add room on back of trailer with extending deck
Margaret Mahaney, 107A Pullman Drive/raze shed, set reconstructed shed/steps, repairs on shed

After Council discussion, Jim Vogt stated that he was given a building permit by the City and he has already started the ground work to install the campsites. Council Member Vance Weekley made a motion seconded by Donnie Jones to approve Jim Vogt's building permit at 315 Pullman Drive to install 28 campsites, motion passed unanimously.

PERSONNEL:

City Attorney Wyatt Hanna suggested that the termination of Chief Kennedy be tabled due to the fact that Mr. Kennedy was not present.

CONSIDERATION OF ORDINANCE:

City Attorney Wyatt Hanna presented information on the Sewer Revenue Bond Ordinance, series 2012-A.

Council Member Vance Weekley made a motion, seconded by Council Member Jim Props, to adopt the ***Second Reading of an "Ordinance"*** authorizing the acquisition and construction of certain extensions, additions, betterments and improvements to the existing public sewerage system of the City of Pennsboro and the financing of the cost thereof, not otherwise provided, through the issuance by the City of Pennsboro of not more than $500,000 in original aggregate principal amount of sewer revenue bonds, series 2012 A (WV 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 bond purchase agreement relating to such bonds; authorizing the sale and providing for the terms and provisions of such bonds and adopting other provisions relating thereto, motion passed unanimously.

Public meeting will be held prior to regular Council meeting Monday, October 15, 2012 at 7:00 PM pertaining to the Third and final Reading of "Bond Ordinance, series 2012-A".

Council Member Vance Weekley made a motion, seconded by Council Member Donnie Jones, to adopt the Second and Final Reading of ***"An Ordinance Amending and Reenacting the Establishment and Fixing of Rates, Charges and Delayed Penalty Charges for Water Service for Customers of the Water Works System of the City of Pennsboro"***. Motion passed unanimously. The adoption of the Ordinance Water Rate Increase would be 33%, including the 6% increase on June 1, 2012 water bills.

OLD BUSINESS:

Tim Meeks called earlier this week and stated there were no drawdowns for Phase I and Phase II-A for the Waste Water Treatment Plant Improvements.

Council Member Vance Weekley made a motion, seconded by Council Member Jim Props to approve Mayor Allen to sign any future agreements with oil companies on the current Council approved non-potable and potable water agreements, motion passed unanimously.

Council Member Vance Weekley made a motion, to appoint Robert Riggs to fulfill the unexpired term of Council Member Gerry Gatrell who expired May 19, 2012, with her term expiring June 30, 2014, motion failed lack of a second.

Bud Sellers asked why there could not be an election for the Council seat. Recorder Talkington commented that by the City Charter if the unexpired term is two years or less the Council appoints to fill the unexpired term until the next municipal election.

Sue Shuman responded that she felt that the Mayor should be able to appoint. Recorder Talkington stated that is not what the Charter states.

Peggy Mahaney responded maybe Council should look at changing the Charter.

City Attorney Wyatt Hanna stated that there was no update on the Christopher Haymond Case. Hanna mentioned there is an issue on who owns the property, there is no insurance on the property, and possibly the property was sold for taxes. Mr. Hanna will file with the Judge for a hearing.

NEW BUSINESS:

Steve Hart came before Council concerning redoing the dugout shelters at Myles Stadium. Mr. Hart mentioned that he and Steve McCloy will complete the work if the City will purchase the materials. Council Member Vance Weekley made a motion, seconded by Jim Props to purchase the materials that Steve Hart and Steve McCloy need to repair/redo the dugout shelters at Myles Stadium, motion passed unanimously.

Council Member Jim Props made a motion, seconded by Council Member Vance Weekley to appoint Engineer Tom Brown to the Sanitary Board for a three (3) year term, motion passed unanimously.

Council Member Vance Weekley made a motion, seconded by Council member Jim Props to appoint Wes Merritt to the Sanitary Board for a two (2) year term, motion passed unanimously.

Mayor Allen mentioned that Senators Kessler & Edgell submitted to the Governor for a Grant of $5,500 that was requested by Irvin Talkington for water operations, equipment, and improvements.

Council Member Donnie Jones made a motion, seconded by Council Member Vance Weekley to authorize an amount of $15,500.00 to be paid to the Pennsboro Volunteer Fire Department from the fire fee fund for payment on the PVFD new Chassis, motion passed unanimously.

Council Member Vance Weekley made a motion, seconded by Council Member Jim Props to accept the bid of $48,800.00 from Evans Construction for blacktopping City Streets, motion passed unanimously. Evans will proceed with blacktopping late October. A bid was also submitted by N&W Sealing from Marietta, Ohio in the amount of $ 50,975.00.

Council Member Vance Weekley made a motion, seconded by Council Member Jim Props to purchase a replacement pump for Rose Hill Water Tank from Service Pump and Supply in the amount of $1,641.60, motion passed unanimously.

Mayor Allen mentioned to Council the Industrial Park Board met Thursday, September 6, 2012 and discussed loaning funds to the City of Pennsboro to pay the past due water bill to Hughes River Water Board (HRWB) up to $18,000.00 for one year interest free, and after one year make monthly payments of $500.00 until the loan is paid off. The decision of the City borrowing funds from the Industrial Park Board was tabled at this time.

Mary Allen questioned Supervisor Sam Cokeley concerning the sewer cleaner and questioned replacing due to is not working properly. Several repairs were completed on the sewer cleaner last year including a new tank and hoses, but Cokeley stated there is just not enough suction. Quote from Drier Maller was $43,000.00. Council tabled at this time.

REPORT OF MAYOR:
Mayor had nothing to report.

COUNCIL CONCERNS:
Donnie Jones questioned Recorder Talkington if a work order was done for Georgia Lamp's slip which will be taken care of when blacktopping is done. Questioned Supervisor Sam Cokeley about the grate outside Myles Stadium's Gate. Supervisor Cokeley will look at the grate.

CERTIFICATION OF BILLS PAID:
Council Member Vance Weekley moved council certify bills that were paid and presented to Council for September 2012, seconded by Council Member Donnie Jones, motion passed unanimously. **See list of bills **

Mayor Allen questioned the Pennsboro Volunteer Fire Department about water hauled for individuals for pools. Bud Sellers responded that nothing had been hauled in a couple of months. Recorder Talkington stated that water was hauled for a pool the first of September. Robert Riggs responded that there was one and she was to come into the office to pay for the water. Recorder Talkington stated that the individual had come in the office and paid for the water. Talkington was questioning the Fire Department hauling water for pools?

Donna Cottrill stated that there is a large hole in front of Creed Collins on the Rails to Trails. Robert Riggs responded that she needed to get in contact with North Bend.

Council Member Jim Props made a motion, seconded by Council Member Vance Weekley to set Trick or Treat for Tuesday, October 30, 2012 from 5:30 to 7:00 PM.

Mayor Mary Jane Allen adjourned at 9:00 PM.

Mary Jane Allen, Mayor

Rebecca Talkington, City Recorder

October 15, 2012
Public Meeting

Mayor Mary Jane Allen called the Pennsboro Public Meeting to order at 7:00 PM at the City Building at 422 Main Street with the following in attendance:

Mayor:	Mary Jane Allen
Council Members:	Jim Props
	Donnie Jones
	Vance Weekley
City Clerk:	Rebecca Talkington "Beckie"
Attorney:	Wyatt Hanna - ***Absent***
Chief of Police:	None
Municipal Judge	Irvin Talkington
News Reporters:	Kenna Davis, Pennsboro News & Missy Lamp, Ritchie Gazette
City Employees:	Junior McCullough - Sam Cokeley - Joyce Cain
Visitors:	John Stump with Steptoe & Johnson, Peggy Mahaney, Charlene Sweeney, Tom McCullough, Judy VanHoesen, John Baker, Donna Cottrill, William Mahaney, Robert Riggs, Kendall Cutright, Ray Watts, Bill Mahaney, William Wilson, Brittany Carns, with EQT, Doug Riggs, Aaron Riggs, Kevin Jones, Bud Sellers, and Rock Wilson

Mayor Allen presented information to the public on the Sewer Revenue Bond Ordinance, series 2012-A. For discussion of the ***Third and Final Reading of an "Ordinance"*** authorizing the acquisition and construction of certain extensions, additions, betterments and improvements to the existing public sewerage system of the City of Pennsboro and the financing of the cost thereof, not otherwise provided, through the issuance by the City of Pennsboro of not more than $500,000 in original aggregate principal amount of sewer revenue bonds, series 2012 A (WV 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 bond purchase agreement relating to such bonds; authorizing the sale and providing for the terms and provisions of such bonds and adopting other provisions relating thereto.

Meeting was opened for discussion and or questions from the public pertaining to the Sewer Revenue Bond Ordinance, series 2012-A. John Stump from Steptoe & Johnson was present for any questions pertaining to the Sewer Revenue Bond Ordinance.

With there being no questions from the public concerning the Sewer Revenue Bond Ordinance, series 2012-A, Mayor Allen adjourned the public meeting at 7:02 PM.

Mary Jane Allen — Mary Jane Allen, Mayor

Rebecca Talkington — Rebecca Talkington, City Recorder

Phase II-A

THE CITY OF PENNSBORO

Sewer Revenue Bonds, Series 2012 A; and
Sewer Revenue Bonds, Series 2012 B
(West Virginia SRF Program)

EXCERPT OF MINUTES ON ADOPTION OF SUPPLEMENTAL RESOLUTION, DRAW RESOLUTION AND SWEEP RESOLUTION

The undersigned CLERK of The City of Pennsboro of hereby certifies that the following is a true and correct excerpt of the minutes of a regular meeting of the said Council:

*** *** ***

The Council of The City of Pennsboro met in regular session, pursuant to notice duly posted, on the 19th day of November, 2012, in Ritchie County, West Virginia, at the hour of 7:00 p.m.

PRESENT:
Mary Jane Allen, Mayor
Rebecca Talkington, Clerk
Jim Props, Councilmember
Mary E. Mahaney, Councilmember
Vance Weekley, Councilmember
Donnie Jones, Councilmember

ABSENT:
None.

Mary Jane Allen, Mayor, presided, and Rebecca Talkington, 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 then presented a proposed Supplemental Resolution in writing entitled:

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNTS, DATES, MATURITY DATES, REDEMPTION PROVISIONS, INTEREST RATES, INTEREST AND PRINCIPAL PAYMENT DATES, SALE PRICES AND OTHER TERMS OF THE SEWER REVENUE BONDS, SERIES 2012 A (WEST VIRGINIA SRF

PROGRAM) AND SEWER REVENUE BONDS, SERIES 2012 B (WEST VIRGINIA SRF PROGRAM) OF THE CITY OF PENNSBORO; APPROVING A CONFORMED BOND ORDINANCE; APPROVING AND RATIFYING THE BOND PURCHASE 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 Mary E. Mahaney and seconded by Donnie Jones, 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 Mary E. Mahaney and seconded by Donnie Jones, 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 Mary E. Mahaney and seconded by Jim Props, 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.

CERTIFICATION

I hereby certify that the foregoing is a true copy of the minutes of The City of Pennsboro 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 11th day of December, 2012.

Rebecca Falkenstein
Clerk

AFFIDAVIT OF PUBLICATION

STATE OF WEST VIRGINIA,
COUNTY OF RITCHIE, to-wit:

I, Denise J. Duelley, being first duly sworn upon my oath, do depose and say that I am a member of Ritchie Gazette Publishing Limited Liability Company, publisher of the newspaper entitled **RITCHIE GAZETTE AND THE CAIRO STANDARD**, a Republican newspaper; that I have been duly authorized by the members of such company to execute this affidavit of publication; that such newspaper has been published for more than one year prior to publication of the annexed notice described below; that such newspaper is regularly published weekly, for at least fifty weeks during the calendar year, in the Municipality of Harrisville, Ritchie County, West Virginia; that such newspaper is a newspaper of "general circulation," as that term defined in article three, chapter fifty-nine of the Code of West Virginia, 1931, as amended, within the publication area or areas of the aforesaid municipality, county, and state; that such newspaper averages in length four or more pages, exclusive of any cover, per issue; that such newspaper is circulated to the general public at a definite price or consideration; that such newspaper is a newspaper to which the general public resorts for passing events of a political, religious, commercial and social nature, and for the current happenings, announcements, miscellaneous reading materials, advertisements, and other notices; that the annexed notice of:

PUBLIC HEARING
(CIR 2)

was duly published two weeks beginning with the **3RD DAY OF OCTOBER, 2012,** issue, and ending with the **10TH DAY OF OCTOBER, 2012,** issue, and that the cost of publishing said annexed notice was **$114.11.**

/s/ Denise J. Duelley
Publisher, Ritchie Gazette & The Cairo Standard

Taken, subscribed and sworn to before me in my said county this 11th day of Oct., 2012.

Melissa A. Shaffer
Notary Public of Ritchie County, West Virginia

My commission expires Aug. 23, 2015.

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
MELISSA A. SHAFFER
ROUTE 1, BOX 139
CAIRO, WV 26337
My Commission Expires August 23, 2015

NOTICE OF PUBLIC HEARING ON THE CITY OF PENNSBORO BOND ORDINANCE

A public hearing will be held on the following entitled Ordinance at a regular meeting of the Council of The City of Pennsboro (the "City") to be held on Monday, October 15, 2012, at 7:00 p.m. at the City Hall, 422 Main Street, Pennsboro, West Virginia, and at such hearing any person interested may appear before the City and present protests, and all protests and suggestions shall be heard by the City and it shall then take such actions as it shall deem proper in the premises upon an Ordinance entitled:

THE CITY OF PENNSBORO

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN EXTENSIONS, ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE EXISTING PUBLIC SEWERAGE SYSTEM OF THE CITY OF PENNSBORO AND THE FINANCING OF THE COST THEREOF, NOT OTHERWISE PROVIDED, THROUGH THE ISSUANCE BY THE CITY OF PENNSBORO OF NOT MORE THAN $550,000 IN ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2012 A (WEST VIRGINIA SRF PROGRAM); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING BOND PURCHASE 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 City contemplates the issuance of the Bonds described in the Ordinance. The proceeds of the Bonds will be used to (i) to pay a portion of the costs of acquisition and construction of certain additions, betterments and improvements to the existing public sewerage system of the Issuer (the "Project"); and (ii) to pay certain costs of issuance of the Bonds and related costs. The Bonds are payable solely from revenues to be derived from the ownership and operation of the system of the City. 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 City of Pennsboro on September 17, 2012. A certified copy of the above entitled Ordinance is on file with the City for review by interested parties during regular office hours.

Following the public hearing, the City intends to enact the Ordinance upon final reading.

/s/ Rebecca Talkington
Clerk

C10/3-10

WV MUNICIPAL BOND COMMISSION
900 Pennsylvania Avenue
Suite 1117
Charleston, WV 25302
(304) 558-3971

NEW ISSUE REPORT FORM

Date of Report: 12/11/2012

ISSUE: The City of Pennsboro
Sewer Revenue Bonds, Series 2012 A (West Virginia SRF Program)

ADDRESS: 422 Main Street, Pennsboro, West Virginia 26415 COUNTY: Ritchie

PURPOSE OF ISSUE:
New Money: X
Refunding:

REFUNDS ISSUE(S) DATED:

ISSUE DATE: 12/11/2012
CLOSING DATE: 12/11/2012
ISSUE AMOUNT: $443,618
RATE: 0%
1ST DEBT SERVICE DUE: 12/1/2014
1ST PRINCIPAL DUE: 12/1/2014
1ST DEBT SERVICE AMOUNT $2,900
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: Union Bank
Contact:
Phone: 304.659.2964

ESCROW TRUSTEE:
Firm:
Contact:
Phone:

KNOWLEDGEABLE ISSUER CONTACT
Contact: Mary Jane Allen
Position: Mayor
Phone: 304.659.2377

OTHER:
Agency: WV Department of Environmental Protection
Contact: Rosalie Brodersen
Position: Program Manager
Phone: 304.926.0499 x 1608

DEPOSITS TO MBC AT CLOSE
By: ____ Wire ____ Check

____ Accrued Interest: $ ____
____ Capitalized Interest: $ ____
____ Reserve Account: $ ____
____ Other: $ ____

REFUNDS & TRANSFERS BY MBC AT CLOSE
By: ____ Wire ____ Check ____ IGT

____ To Escrow Trustee $ ____
____ To Issuer $ ____
____ To Cons. Invest. Func $ ____
____ To Other: ____ $ ____

NOTES: The Series 2012 A Bonds Reserve Account to be funded over 10 years.

FOR MUNICIPAL BOND COMMISSION USE ONLY:
DOCUMENTS REQUIRED:
TRANSFERS REQUIRED:

WV MUNICIPAL BOND COMMISSION
900 Pennsylvania Avenue
Suite 1117
Charleston, WV 25302
(304) 558-3971

NEW ISSUE REPORT FORM

Date of Report: 12/11/2012

ISSUE: The City of Pennsboro
Sewer Revenue Bonds, Series 2012 B (West Virginia SRF Program)

ADDRESS: 422 Main Street, Pennsboro, West Virginia 26415 COUNTY: Ritchie

PURPOSE OF ISSUE:
New Money: X
Refunding:

REFUNDS ISSUE(S) DATED:

ISSUE DATE: 12/11/2012

CLOSING DATE: 12/11/2012

ISSUE AMOUNT: $26,725

RATE: 100% forgivable

1ST DEBT SERVICE DUE: 100% forgivable

1ST PRINCIPAL DUE: 100% forgivable

1ST DEBT SERVICE AMOUNT 100% forgivable

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: Union Bank
Contact:
Phone: 304.659.2964

ESCROW TRUSTEE:
Firm:
Contact:
Phone:

KNOWLEDGEABLE ISSUER CONTACT
Contact: Mary Jane Allen
Position: Mayor
Phone: 304.659.2377

OTHER:
Agency: WV Department of Environmental Protection
Contact: Rosalie Brodersen
Position: Program Manager
Phone: 304.926.0499 x 1608

DEPOSITS TO MBC AT CLOSE
By: ____ Wire ____ Check

____ Accrued Interest: $ ____
____ Capitalized Interest: $ ____
____ Reserve Account: $ ____
____ Other: $ ____

REFUNDS & TRANSFERS BY MBC AT CLOSE
By: ____ Wire ____ Check ____ IGT

____ To Escrow Trustee $ ____
____ To Issuer $ ____
____ To Cons. Invest. Func $ ____
____ To Other: ____ $ ____

NOTES: The Series 2012 B Bonds are 100% forgivable and a Reserve Account will not be created.

FOR MUNICIPAL BOND COMMISSION USE ONLY:
DOCUMENTS REQUIRED:
TRANSFERS REQUIRED:

THE CITY OF PENNSBORO

Sewer Revenue Bonds, Series 2012 A; and
Sewer Revenue Bonds, Series 2012 B
(West Virginia SRF Program)

ACCEPTANCE OF APPOINTMENT AS DEPOSITORY BANK

Union Bank, Pennsboro, West Virginia, hereby accepts appointment as Depository Bank in connection with a Bond Ordinance of The City of Pennsboro (the "Issuer") enacted by the Issuer on October 15, 2012, and a Supplemental Resolution adopted by the Issuer on November 19, 2012 (collectively, the "Bond Legislation"), authorizing issuance of the Issuer's Sewer Revenue Bonds, Series 2012 A (West Virginia SRF Program) and Sewer Revenue Bonds, Series 2012 B (West Virginia SRF Program), each dated December 11, 2012, in the respective aggregate principals amount of $443,618 and $26,725 (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 11th day of December, 2012.

UNION BANK

By: Pamela Myers
Its: Authorized Officer

696750.00003

THE CITY OF PENNSBORO

Sewer Revenue Bonds, Series 2012 A; and
Sewer Revenue Bonds, Series 2012 B
(West Virginia SRF Program)

ACCEPTANCE OF DUTIES AS REGISTRAR

THE HUNTINGTON NATIONAL BANK, Charleston, West Virginia, hereby accepts appointment as Registrar in connection with The City of Pennsboro Sewer Revenue Bonds, Series 2012 A (West Virginia SRF Program) and Sewer Revenue Bonds, Series 2012 B (West Virginia SRF Program), both dated December 11, 2012, issued in the respective principal amounts of $443,618 and $26,725 (collectively, 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 11th day of December, 2012.

THE HUNTINGTON NATIONAL BANK

By: _____
Its: Authorized Officer

696750.00003

THE CITY OF PENNSBORO

Sewer Revenue Bonds, Series 2012 A; and
Sewer Revenue Bonds, Series 2012 B
(West Virginia SRF Program)

CERTIFICATE OF REGISTRATION OF BONDS

The Huntington National Bank, Charleston, West Virginia, as Registrar under the Bond Legislation and Registrar's Agreement providing for the above-captioned Bonds of The City of Pennsboro (the "Issuer"), hereby certifies that on the date hereof, the single, fully registered Sewer Revenue Bonds, Series 2012 A (West Virginia SRF Program), of the Issuer, dated December 11, 2012, in the principal amount of $443,618, numbered AR-1 and Sewer Revenue Bonds, Series 2012 B (West Virginia SRF Program), of the Issuer, dated December 11, 2012, in the principal amount of $26,725, numbered BR-1, were registered as to principal only in the name of "West Virginia Water Development Authority" in the books of the Issuer kept for that purpose at our office, by a duly authorized officer on behalf of the Registrar.

WITNESS my signature on this 11th day of December, 2012.

THE HUNTINGTON NATIONAL BANK

By: _____
Its: Authorized Officer

696750.00003

THE CITY OF PENNSBORO

Sewer Revenue Bonds, Series 2012 A; and
Sewer Revenue Bonds, Series 2012 B
(West Virginia SRF Program)

REGISTRAR'S AGREEMENT

THIS REGISTRAR'S AGREEMENT, dated as of the 11th day of December, 2012, by and between The City of Pennsboro, 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 $443,618 Sewer Revenue Bonds, Series 2012 A (West Virginia SRF Program) and $26,725 Sewer Revenue Bonds, Series 2012 B (West Virginia SRF Program), in fully registered form (collectively, the "Series 2012 Bonds"), pursuant to a Bond Ordinance of the Issuer duly enacted October 15, 2012, and a Supplemental Resolution of the Issuer duly adopted November 19, 2012 (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 Series 2012 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 Series 2012 Bonds, all as set forth in the Bond Legislation, such duties including, among other things, the duties to authenticate, register and deliver the Series 2012 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, if any, on the Series 2012 Bonds from federal income taxation, in accordance with any rules and regulations promulgated by the United States Treasury Department or by the Municipal Securities Rulemaking Board or similar regulatory bodies as the Issuer advises it of and with generally accepted industry standards.

2. The Registrar agrees to furnish the Issuer with appropriate records of all transactions carried out by it as Registrar and to furnish the Issuer with the names and specimen

signatures of the Registrar's authorized officers for the purposes of acting as the Registrar and with such other information and reports as the Issuer may from time to time reasonably require.

3. The Registrar shall have no responsibility or liability for any action taken by it at the specific direction of the Issuer.

4. As compensation for acting as Registrar pursuant to this Registrar's Agreement, the Issuer hereby agrees to pay to the Registrar the compensation for services rendered as provided in the annexed schedule.

5. It is intended that this Registrar's Agreement shall carry out and implement provisions of the Bond Legislation with respect to the Registrar. In the event of any conflict between the terms of this Registrar's Agreement and the Bond Legislation, the terms of the Bond Legislation shall govern.

6. The Issuer and the Registrar each warrants and represents that it is duly authorized and empowered to execute and enter into this Registrar's Agreement and that neither such execution nor the performance of its duties hereunder or under the Bond Legislation will violate any order, decree or agreement to which it is a party or by which it is bound.

7. This Registrar's Agreement may be terminated by either party upon 60 days' written notice sent by registered or certified mail to the other party, at the following respective addresses:

ISSUER:
The City of Pennsboro
422 Main Street
Pennsboro, West Virginia 26415
Attention: Mayor

REGISTRAR:
The Huntington National Bank
One Huntington Square
Charleston, West Virginia 25301

8. The Registrar is hereby requested and authorized to authenticate and deliver the Series 2012 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 day and year first above-written.

THE CITY OF PENNSBORO

By: _____
Its: Mayor

THE HUNTINGTON NATIONAL BANK

By: _____
Its: Authorized Officer

696750.00003

EXHIBIT A

Bond Legislation included in bond transcript as Documents No. 1 and No. 2

SCHEDULE OF COMPENSATION

(See Attached)

Huntington

Huntington Wealth Advisors
900 Lee Street - 2nd Floor | WE3013 | Charleston, West Virginia 25530

STATEMENT OF REGISTRAR'S FEES
Invoice Date December 11, 2012

City of Pennsboro
Account Number 6089001809

City of Pennsboro
Sewer Revenue Bonds, Series 2012 A
c/o John C. Stump
Steptoe & Johnson, PLLC
P.O. Box 1588
Charleston, WV 25326-1588

SUMMARY OF ACCOUNT
****
FEE CALCULATION FOR December, 2012
****

TOTAL AMOUNT	$ 500.00
TOTAL DUE	**$ 500.00**

MAIL CHECK TO:
THE HUNTINGTON NATIONAL BANK
ATTN: BARRY GRIFFITH – WE3013
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

and Huntington® are federally registered service marks of Huntington Bancshares Incorporated

Huntington

Huntington Wealth Advisors
900 Lee Street - 2nd Floor | WE3013 | Charleston, West Virginia 25301

STATEMENT OF REGISTRAR'S FEES
Invoice Date December 11, 2012

City of Pennsboro
Account Number 6089001809

City of Pennsboro
Sewer Revenue Bonds, Series 2012 B
c/o John C. Stump
Steptoe & Johnson, PLLC
P.O. Box 1588
Charleston, WV 25326-1588

SUMMARY OF ACCOUNT
****
FEE CALCULATION FOR December, 2012
****

TOTAL AMOUNT	$ 500.00
TOTAL DUE	**$ 500.00**

MAIL CHECK TO:
THE HUNTINGTON NATIONAL BANK
ATTN: BARRY GRIFFITH – WE3013
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

and Huntington® are federally registered service marks of Huntington Bancshares Incorporated.

ACORD CERTIFICATE OF LIABILITY INSURANCE

INSURED COPY

DATE (MM/DD/YY) 08/06/12

PRODUCER

Serial # A15440

WV BOARD OF RISK & INSURANCE MGT.
90 MACCORKLE AVE. SW, SUITE 203
SOUTH CHARLESTON, WV 25303

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.

INSURED

City Of Pennsboro
422 Main St
Pennsboro, WV 26415

INSURERS AFFORDING COVERAGE

INSURER A:	NATIONAL UNION FIRE CO OF PITTSBURGH, PA
INSURER B:	
INSURER C:	
INSURER D:	
INSURER E:	

COVERAGES

THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. AGGREGATE LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YY)	POLICY EXPIRATION DATE (MM/DD/YY)	LIMITS	
A	GENERAL LIABILITY X COMMERCIAL GENERAL LIABILITY CLAIMS MADE X OCCUR X WRONGFUL ACT X PROFESSIONAL GEN'L AGGREGATE LIMIT APPLIES PER: POLICY PRO-JECT LOC	L0457	07/01/2012	07/01/2013	EACH OCCURRENCE	$ 1,000,000
					FIRE DAMAGE (Any one fire)	$ 100,000
					MED EXP (Any one person)	$ 0
					PERSONAL & ADV INJURY	$ INCLUDED
					GENERAL AGGREGATE	$ NONE
					PRODUCTS - COMP/OP AGG	$ NONE
A	AUTOMOBILE LIABILITY ANY AUTO X ALL OWNED AUTOS X SCHEDULED AUTOS X HIRED AUTOS X NON-OWNED AUTOS	L0457	07/01/2012	07/01/2013	COMBINED SINGLE LIMIT (Ea accident)	$ 1,000,000
					BODILY INJURY (Per person)	$
					BODILY INJURY (Per accident)	$
					PROPERTY DAMAGE (Per accident)	$
	GARAGE LIABILITY ANY AUTO				AUTO ONLY - EA ACCIDENT	$
					OTHER THAN AUTO ONLY: EA ACC	$
					AGG	$
	EXCESS LIABILITY OCCUR CLAIMS MADE DEDUCTIBLE RETENTION $				EACH OCCURRENCE	$
					AGGREGATE	$
						$
						$
						$
A	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY STOPGAP	L0457	07/01/2012	07/01/2013	WC STATU-TORY LIMITS / OTH-ER	
					E.L. EACH ACCIDENT	$ 1,000,000
					E.L. DISEASE - EA EMPLOYEE	$ 1,000,000
					E.L. DISEASE - POLICY LIMIT	$ 1,000,000
B	OTHER					

DESCRIPTION OF OPERATIONS/LOCATIONS/VEHICLES/EXCLUSIONS ADDED BY ENDORSEMENT/SPECIAL PROVISIONS

SUBJECT TO THE PROVISIONS, CONDITIONS AND EXCLUSIONS OF THE POLICIES LISTED ABOVE, IT IS AGREED THAT THE CERTIFICATE HOLDER IS AN "ADDITIONAL INSURED" WITH RESPECTS TO:

CERTIFICATE HOLDER | ADDITIONAL INSURED; INSURER LETTER: ____

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

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING INSURER WILL ENDEAVOR TO MAIL 30 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BUT FAILURE TO DO SO SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE INSURER, ITS AGENTS OR REPRESENTATIVES.

AUTHORIZED REPRESENTATIVE

Jerry W. Gladwell

© ACORD CORPORATION 1988

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

Phase II-A

CLOSING MEMORANDUM

To: **Financing Team**

From: **John C. Stump, Esquire**

Date: **December 11, 2012**

Re: **The City of Pennsboro Sewer Revenue Bonds, Series 2012 A and Sewer Revenue Bonds, Series 2012 B (West Virginia SRF Program)**

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1. DISBURSEMENTS TO THE CITY OF PENNSBORO

Payor:	West Virginia Department of Environmental Protection
Source:	Series 2012 A Bonds Proceeds
Amount:	$23,517
Form:	Wire Transfer
Payee:	The City of Pennsboro, 422 Main Street, Pennsboro, WV 26415
Bank:	Union Bank, 214 Masonic Avenue, Pennsboro, WV 26415
Routing #:	043404443
Account #:	070000609
Contact:	Tessa Slater, 304.659.2964
Account:	Series 2012 Bonds Construction Trust Fund

Payor:	West Virginia Department of Environmental Protection
Source:	Series 2012 B Bonds Proceeds
Amount:	$-0-
Form:	Wire Transfer
Payee:	The City of Pennsboro, 422 Main Street, Pennsboro, WV 26415
Bank:	Union Bank, 214 Masonic Avenue, Pennsboro, WV 26415
Routing #:	043404443
Account #:	070000609
Contact:	Tessa Slater, 304.659.2964
Account:	Series 2012 Bonds Construction Trust Fund

696750.00003

west virginia department of environmental protection

Division of Water and Waste Management
601 57th Street S.E.
Charleston, WV 25304
Phone: (304) 926-0495
Fax: (304) 926-0496

Earl Ray Tomblin, Governor
Randy C. Huffman, Cabinet Secretary
www.wvdep.gov

November 29, 2012

The Honorable Mary Jane Allen
Mayor, Town of Pennsboro
422 Main Street
Pennsboro, WV 26415

RE: City of Pennsboro
C-544409-02

Dear Mayor Allen:

The first loan reimbursement request in the amount of $23,517 has been approved by this office. The pre closing will be held on December 10, 2012 at 1:30 p.m. at the Water Development Authority's office at 1009 Bullitt Street, Charleston, WV 25301. These funds will be wired to your projects Construction Account at Union Bank, in Pennsboro, West Virginia on December 11, 2012.

Enclosed is the approved RF-91 payment form that was processed by our office.

If you have any questions please contact John Rogers at (304) 926-0499 ext. 1602 or John.R.Rogers@wv.gov.

Sincerely,

Rosalie Brodersen
Management Section Manager
Clean Water SRF Program

RB/jr

Enclosure

cc: Samme Gee, Jackson & Kelley
John Stump, Steptoe & Johnson, PLLC

City of Pennsboro

RESOLUTION OF THE CITY OF PENNSBORO APPROVING INVOICES RELATING TO SEWER PROJECT AND COSTS THEREOF,

WHEREAS, the City of Pennsboro has reviewed the invoices attached hereto and incorporated herein by reference relation to the sewer project funded by the Small Cities Block Grant (SCBG); US Environmental; Protection Agency (EPA) and the Clean Water State Revolving Fund (SRF) program and find as follows:

a) That none of the items for which payment is proposed has been paid by another source.

b) That each item for which the payment is proposed to be paid 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.

d) That the payment for each of the items proposed is due and owing.

NOW, THEREFOR, BE IT RESOLVED the City of Pennsboro by as follows: There is hereby authorized and directed the payment of the attached invoices as follows:

Vendor	Total	SRF	EPA	SCBG
Huntington Bank (Reg)	1,000.00	1,000,00	0	0
Steptoe & Johnson	15,000.00	15,000.00	0	0
Wyatt Hanna, Esquire	5,469.00	5,469.00	0	0
Future Construction *	2,048.00	2,048.00	0	0
Total	23,517.00	23,517.00	0	0

**First Draw must be at least 5% of loan amount*

ADOPTED BY the City of Pennsboro, at the meeting held on the 19th day of November, 2012.

By: Mary Janet Allen

Its: Mayor

Rev 04/07/09

1. LOAN RECIPIENT/VENDOR:

NAME: City of Pennsboro

ADDRESS: ~~433~~ 22 Main Street

Pennsboro, WV 26415

FEIN: 55-6000230 FEIN: 556000230

DUNS: 042353714

2. SRF #: C 544409-02

3. INVOICE NUMBER: 1

4. PERIOD COVERED BY THIS REQUEST (MO/DAY/YR)

FROM: (MO/DAY/YR) 11/13/12 ~~10/16/2012~~

TO: (MO/DAY/YR) 11/19/2012

5. % PHYSICAL CONSTRUCTION COMPLETION 0%

CLASSIFICATION	A) APPROVED BUDGET	B) PREVIOUS APPROVED	C) THIS REQUEST	D) TOTAL COLUMNS B&C	E) AGENCY USE ONLY SRF	E) AGENCY USE ONLY PF/G
1) CONSTRUCTION	$ 340,618		$ 2,048	$ 2,048		2,048
2) EQUIPMENT						
3) ENGINEERING						
a. Planning						
b. Design						
c. Const Basic						
d. Spec Services						
e. Inspection						
4) LEGAL	$ 7,500		$ 5,469	$ 5,469		5,469
5) ACCOUNTING						
6) ADMINISTRATIVE	$ 24,500			$ -		
7) CONTINGENCY	$ 81,725			$ -		
8) LOAN REPAYMENT						
9) RESERVE FUND						
10) CLOSING COSTS	$ 16,000		$ 16,000	$ 16,000		16,000
11) SUBTOTAL	$ 470,343	$ -	$ 23,517	$ 23,517		23,517
12) LESS PREVIOUSLY PAID				$ -		-0-
13) INVOICE AMOUNT				$ 23,517		23,517

14) Mary Jane Allen 11/19/12

AUTHORIZED SIGNATURE DATE

Mary Jane Allen Mayor

TYPED OR PRINTED NAME AND TITLE

15) Fred L Rader 11/19/12

PERSON PREPARING FORM SIGNATURE DATE

FRED L. RADER, Community Dev. Director

TYPED OR PRINTED NAME AND TITLE

AGENCY USE ONLY:

THIS REQUEST APPROVED BY: WV DEPARTMENT OF ENVIRONMENTAL PROTECTION

PROJECT REVIEWER DATE

AUTHORIZED OFFICER DATE

west virginia department of environmental protection

Division of Water and Waste Management
601 57th Street S.E.
Charleston, WV 25304
Phone: (304) 926-0495
Fax: (304) 926-0496

Earl Ray Tomblin, Governor
Randy C. Huffman, Cabinet Secretary
dep.wv.gov

September 27, 2011

The Honorable Jim Vogt
Mayor, Town of Pennsboro
422 Main Street
Pennsboro, WV 26415

RE: Town of Pennsboro
Phase IIa-Wastewater Treatment
Plant Improvements
SRF No. C-544409-02
SAP No. XP-979748-01

Dear Mayor Vogt:

The plans and specifications for the above referenced project are hereby approved.

This approval DOES NOT constitute authority to advertise for bids. You will be advised by separate letter from this agency as to when such an advertisement can be initiated.

Please be advised it will be necessary to issue an addendum to the contract documents prior to opening of bids to include the current State and Federal Labor Wage Determinations. This and all addenda and revisions to the contract documents must be telefaxed to this office for approval and issued to plan holders five (5) days prior to bid opening. Failure to submit addenda in a timely manner will automatically nullify approval to open bids. Any addenda issued inside the five (5) day period prior to the bid opening must include an automatic extension to the bid opening date of a minimum of seven (7) days.

If any questions arise, please contact Jason Billups, P.E., at (304) 926-0499, ext. 1590.

Sincerely,

Katheryn Emery

Katheryn Emery, P. E.
Program Manager
Clean Water SRF Program

KE/sjb

cc: Mike Davis, P.E., Burgess & Niple, Inc.
Walter Higgins, EPA

OWR Permit Details

(1)OWR Permit	
PERMITTEE	PENNSBORO CITY OF
DEP OFFICE	OWR
PERMIT ID	WV0025739
ISSUE/REISSUE DATE	05/27/09
EXPIRATION DATE	05/26/14
FACILITY NAME	PENNSBORO CITY OF
DESCRIPTION	
No. of CUSTOMERS	515
DISTURBED ACRES	
SLUDGE TONNAGE	
DESIGN FLOW(MGD)	0.250000
AVERAGE FLOW(MGD)	
MAJOR FACILITY	N
EXTENSION DATE	

(1) County / Quad	
County: Ritchie	Quad: PENNSBORO

(5) Inspectable Units	
INSPECTABLE UNIT CODE	TYPE
ENTIRE	Entire Default
IU01	Industrial Users(Pretreatment)
IU02	Industrial Users(Pretreatment)
001	Outlet
S01	Sludge

(5) Permit Geography		
INSPECTABLE UNIT CODE:	001	Show Map
MAGISTERIAL DIST:		
NEAREST POST OFFICE:		
LATITUDE:	39° 16'35.0000"	
LONGITUDE:	80° 59'15.0000"	
COUNTY:	Ritchie	
INSPECTABLE UNIT CODE:	ENTIRE	Show Map
MAGISTERIAL DIST:		
NEAREST POST OFFICE:		
LATITUDE:	39° 16'35.0000"	
LONGITUDE:	80° 59'15.0000"	

COUNTY:	Ritchie	
INSPECTABLE UNIT CODE:	IU01	**Show Map**
MAGISTERIAL DIST:		
NEAREST POST OFFICE:		
LATITUDE:	39° 16'35.0000"	
LONGITUDE:	80° 59'15.0000"	
COUNTY:	Ritchie	
INSPECTABLE UNIT CODE:	IU02	**Show Map**
MAGISTERIAL DIST:		
NEAREST POST OFFICE:		
LATITUDE:	39° 16'35.0000"	
LONGITUDE:	80° 59'15.0000"	
COUNTY:	Ritchie	
INSPECTABLE UNIT CODE:	S01	**Show Map**
MAGISTERIAL DIST:		
NEAREST POST OFFICE:		
LATITUDE:	39° 16'35.0000"	
LONGITUDE:	80° 59'15.0000"	
COUNTY:	Ritchie	
USWRC WATERSHED:	Little Kanawha River	
SCS WATERSHED:	Direct Drains to Little Kanawha	
USWRC WATERSHED:	Little Kanawha River	
SCS WATERSHED:	Direct Drains to Little Kanawha	
USWRC WATERSHED:	Little Kanawha River	
SCS WATERSHED:	Direct Drains to Little Kanawha	
USWRC WATERSHED:	Little Kanawha River	
SCS WATERSHED:	Direct Drains to Little Kanawha	
USWRC WATERSHED:	Little Kanawha River	
SCS WATERSHED:	Direct Drains to Little Kanawha	

SWEEP RESOLUTION

WHEREAS, The City of Pennsboro (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 monthly debt service payments on 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, PURSUANT TO Chapter 13, Article 3, Section 5a, the MBC has established fees for its services (the "MBC Fee");

WHEREAS, the Issuer find 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 transfer with the State Treasurer **sweeping** the Issuer's account.

NOW THEREFORE BE IT RESOLVED AS FOLLOWS:

1) The monthly debt service payments on the Bonds, as set forth in Exhibit A, along with the MBC Fee, shall be made to the MBC by electronic transfer by the State Treasurer form the accounts set forth in Exhibit A in such form and at such directions as are provided by the MBC.

2) The Mayor and Clerk 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 19th day of November, 2012.

Mary Jane Allen
Mayor

Rebecca Talkington
Clerk

U. S. ENVIRONMENTAL PROTECTION AGENCY
REGION III
ASSISTANCE AGREEMENT/AMENDMENT NOTICE

RECIPIENT NAME AND ADDRESS: **DATE:** FEB 4 2011

The Honorable Wesley S. Merritt
Mayor
City of Pennsboro
422 Main Street
Pennsboro, WV 26415

Re: Assistance # XP-973748-01-1

Enclosed are three copies of an Assistance Agreement/Amendment from the U.S. Environmental Protection Agency.

To accept this award, please carefully review any terms and conditions, sign[1], and return one original copy to each of the addresses listed below within 21 days after receipt:

Kathleen M. Blinebury
Grants Management Officer
Grants and Audit Management Branch (3PM70)
U.S. Environmental Protection Agency
1650 Arch Street
Philadelphia, PA 19103-2029

Ms. Rosalie Brodersen
Program Manager
State Revolving Fund
WV Department of Environmental Protection
601 57th Street, SE
Charleston, WV 25304

The other original should be retained for your official records and copies distributed within your organization as needed. Please note, funds will not be available for payment until we receive your countersigned affirmation of this award.

To assist you with your post award management responsibilities and for instructions on how to receive payments, visit the Grants Office website at:

http://www.epa.gov/region3/grants/funding.htm

Please reference the EPA Assistance Number on all future correspondence regarding this Assistance Agreement. Questions on technical matters should be directed to the Project Officer and questions on administrative matters should be directed to the Grants Specialist identified in the Assistance Agreement/Amendment.

[1] Failure to countersign and return within 21 days after receipt may result in termination of this award.

cc: Rosalie Brodersen, WVDEP

Rec 2/7/11

U.S. ENVIRONMENTAL PROTECTION AGENCY

Assistance Amendment

ASSISTANCE ID NO.			DATE OF AWARD
PRG	DOC ID	AMEND#	02/04/2011
XP -	97374801	- 1	
TYPE OF ACTION: No Cost Amendment			MAILING DATE: 02/04/2011
PAYMENT METHOD: Reimbursement			ACH# 30210

RECIPIENT TYPE:
Municipal

Send Payment Request to:
West Virginia Dept of Environmental Protection

RECIPIENT:
City of Pennsboro
422 Main Street
Pennsboro, WV 26415
EIN:

PAYEE:
City of Pennsboro
422 Main Street
Pennsboro, WV 26415

PROJECT MANAGER	EPA PROJECT OFFICER	EPA GRANT SPECIALIST
Wesley S. Merritt 422 Main Street Pennsboro, WV 26415 **E-Mail:** pennsboro@citynet.net **Phone:** 304-659-2377	BruceA Smith 1650 Arch Street, 3WP50 Philadelphia, PA 19103-2029 **E-Mail:** Smith.Brucea@epa.gov **Phone:** 215-814-5770	Baseemah El-Amin Grants and Audit Management Branch **E-Mail:** El-Amin.Baseemah@epa.gov **Phone:** 215-814-5371

PROJECT TITLE AND EXPLANATION OF CHANGES
City of Pennsboro WV
This amendment extends the budget and project periods to May 30, 2013, updates the award conditions and changes the project descriptions to the Design and Construction of improvements at the existing wastewater treatment plant to include modifications to the existing treatment unit, a new solids handling building, a new control building, and a new emergency generator.

BUDGET PERIOD	PROJECT PERIOD	TOTAL BUDGET PERIOD COST	TOTAL PROJECT PERIOD COST
07/01/2009 - 05/30/2013	07/01/2009 - 05/30/2013	$985,818.00	$985,818.00

NOTICE OF AWARD

Based on your application dated 08/18/2008, including all modifications and amendments, the United States acting by and through the US Environmental Protection Agency (EPA), hereby awards $0. EPA agrees to cost-share 55.00% of all approved budget period costs incurred, up to and not exceeding total federal funding of $542,200. Such award may be terminated by EPA without further cause if the recipient fails to provide timely affirmation of the award by signing under the Affirmation of Award section and returning all pages of this agreement to the Grants Management Office listed below within 21 days after receipt, or any extension of time, as may be granted by EPA. This agreement is subject to applicable EPA statutory provisions. The applicable regulatory provisions are 40 CFR Chapter 1, Subchapter B, and all terms and conditions of this agreement and any attachments.

ISSUING OFFICE (GRANTS MANAGEMENT OFFICE)	AWARD APPROVAL OFFICE
ORGANIZATION / ADDRESS	**ORGANIZATION / ADDRESS**
US EPA Region 3, 3PM70 1650 Arch Street Philadelphia, PA 19103-2029	U.S. EPA, Region 3 Water Protection Division 3WP00 1650 Arch Street Philadelphia, PA 19103-2029

THE UNITED STATES OF AMERICA BY THE U.S. ENVIRONMENTAL PROTECTION AGENCY

SIGNATURE OF AWARD OFFICIAL	TYPED NAME AND TITLE	DATE
Digital signature applied by EPA Award Official	Wendy Bartel, Chief, Grants and Audit Management Branch	02/04/2011

AFFIRMATION OF AWARD

BY AND ON BEHALF OF THE DESIGNATED RECIPIENT ORGANIZATION

SIGNATURE	TYPED NAME AND TITLE	DATE
	James E. Vogt, Mayor	2/7/11

EPA Funding Information

FUNDS	FORMER AWARD	THIS ACTION	AMENDED TOTAL
EPA Amount This Action	$ 542,200	$ 0	$ 542,200
EPA In-Kind Amount	$ 0	$	$ 0
Unexpended Prior Year Balance	$ 0	$	$ 0
Other Federal Funds	$ 0	$	$ 0
Recipient Contribution	$ 0	$	$ 0
State Contribution	$ 0	$	$ 0
Local Contribution	$ 443,618	$	$ 443,618
Other Contribution	$ 0	$	$ 0
Allowable Project Cost	$ 985,818	$ 0	$ 985,818

Assistance Program (CFDA)	Statutory Authority	Regulatory Authority
66.202 - Congressionally Mandated Projects	Consolidated Appropriations Act of 2008 P.L. 110-161	40 CFR PART 31

Fiscal

Site Name	Req No	FY	Approp. Code	Budget Organization	PRC	Object Class	Site/Project	Cost Organization	Obligation / Deobligation

Approved Budget	
Program Element Classification (Construction)	Approved Allowable Budget Period Cost
1. Administration Expense	$0
2. Preliminary Expense	$0
3. Land Structure, Right Of Way	$0
4. Architectural Engineering Basic Fees	$0
5. Other Architectural Engineering Fees	$0
6. Project Inspection Fees	$0
7. Land Development	$0
8. Relocation Expenses	$0
9. Relocation Payments to Individuals & Bus.	$0
10. Demolition and Removal	$0
11. Construction and Project Improvement	$985,818
12. Equipment	$0
13. Miscellaneous	$0
14. Total (Lines 1 thru 13)	$985,818
15. Estimate Income	$0
16. Net Project Amount (Line 14 minus 15)	$985,818
17. Less: Ineligible Exclusions	$0
18. Add: Contingencies	$0
19. Total (Share: Recip 45.00% Fed 55.00%)	$985,818
20. TOTAL APPROVED ASSISTANCE AMOUNT	$542,200

Administrative Conditions

The following conditions have been updated:

7. **Payment to Consultants**

EPA participation in the salary rate (excluding overhead) paid to individual consultants retained by recipients or by a recipient's contractors or subcontractors shall be limited to the maximum daily rate for a Level IV of the Executive Schedule (formerly GS-18), to be adjusted annually. This limit applies to consultation services of designated individuals with specialized skills who are paid at a daily or hourly rate. As of January 1, 2011, the limit is $596.00 per day and $74.50 per hour. This rate does not include transportation and subsistence costs for travel performed (the recipient will pay these in accordance with their normal travel reimbursement practices).

Subagreements with firms for services which are awarded using the procurement requirements in 40 CFR 30 or 31, as applicable, are not affected by this limitation unless the terms of the contract provide the recipient with responsibility for the selection, direction, and control of the individuals who will be providing services under the contract at an hourly or daily rate of compensation. See 40 CFR 31.36(j) or 30.27(b).

15. **Disadvantaged Business Enterprise**

GENERAL COMPLIANCE, 40 CFR, Part 33

The recipient agrees to comply with the requirements of EPA's Program for Utilization of Small, Minority and Women's Business Enterprises (MBE/WBE) in procurement under assistance agreements, contained in 40 CFR, Part 33.

FAIR SHARE OBJECTIVES, 40 CFR, Part 33, Subpart D

A recipient must negotiate with the appropriate EPA award official, or his/her designee, fair share objectives for MBE and WBE participation in procurement under the financial assistance agreements.

Accepting the Fair Share Objectives/Goals of Another Recipient

The dollar amount of this assistance agreement is $250,000, or more; or the total dollar amount of all of the recipient's non-TAG assistance agreements from EPA in the current fiscal year is $250,000, or more. The recipient accepts the applicable MBE/WBE fair share objectives/goals negotiated with EPA by the **West Virginia Department of Environmental Protection** as follows:

MBE%: CONSTRUCTION .16; EQUIPMENT 0.6; SERVICES 2.6; SUPPLIES 0.8
WBE%: CONSTRUCTION .64; EQUIPMENT 5.95; SERVICES 17.76; SUPPLIES 5.27

By signing this financial assistance agreement, the recipient is accepting the fair share objectives/goals stated above and attests to the fact that it is purchasing the same or similar construction, supplies, services and equipment, in the same or similar relevant geographic buying market as **West Virginia Department of Environmental Protection.**

Negotiating Fair Share Objectives/Goals, 40 CFR, Section 33.404

The recipient has the option to negotiate its own MBE/WBE fair share objectives/goals. If the recipient wishes to negotiate its own MBE/WBE fair share objectives/goals, the recipient agrees to submit proposed MBE/WBE objectives/goals based on an availability analysis, or disparity study, of qualified MBEs and WBEs in their relevant geographic buying market for construction, equipment, services and supplies.

The submission of proposed fair share goals with the supporting analysis or disparity study means that the recipient is **not** accepting the fair share objectives/goals of another recipient. The recipient agrees to submit proposed fair share objectives/goals, together with the supporting

availability analysis or disparity study, to the Regional MBE/WBE Coordinator within 120 days of its acceptance of the financial assistance award. EPA will respond to the proposed fair share objective/goals within 30 days of receiving the submission. If proposed fair share objective/goals are not received within the 120 day time frame, the recipient may not expend its EPA funds for procurements until the proposed fair share objective/goals are submitted.

SIX GOOD FAITH EFFORTS, 40 CFR, Part 33, Subpart C

Pursuant to 40 CFR, Section 33.301, the recipient agrees to make the following good faith efforts whenever procuring construction, equipment, services and supplies under an EPA financial assistance agreement, and to ensure that sub-recipients, loan recipients, and prime contractors also comply. Records documenting compliance with the six good faith efforts shall be retained:

(a) Ensure Disadvantage Business Enterprises (DBEs) are made aware of contracting opportunities to the fullest extent practicable through outreach and recruitment activities. For Indian Tribal, State and Local Government recipients, this will include placing DBEs on solicitation lists and soliciting them whenever they are potential sources.

(b) Make information on forthcoming opportunities available to DBEs and arrange time frames for contracts and establish delivery schedules, where the requirements permit, in a way that encourages and facilitates participation by DBEs in the competitive process. This includes, whenever possible, posting solicitations for bids or proposals for a minimum of 30 calendar days before the bid or proposal closing date.

(c) Consider in the contracting process whether firms competing for large contracts could subcontract with DBEs. For Indian Tribal, State and Local Government recipients, this will include dividing total requirements when economically feasible into smaller tasks or quantities to permit maximum participation by DBEs in the competitive process.

(d) Encourage contracting with a consortium of DBEs when a contract is too large for one of these firms to handle individually.

(e) Use the services and assistance of the Small Business Administration and the Minority Business Development Agency of the Department of Commerce in finding DBEs.

(f) If the prime contractor awards subcontracts, require the prime contractor to take the steps in paragraphs (a) through (e) of this section.

MBE/WBE REPORTING, 40 CFR, Part 33, Sections 33.502 and 33.503

The recipient agrees to complete and submit EPA Form 5700-52A, "MBE/WBE Utilization Under Federal Grants, Cooperative Agreements and Interagency Agreements" beginning with the Federal fiscal year reporting period the recipient receives the award, and continuing until the project is completed. **Only procurements with certified MBE/WBEs are counted toward a recipient's MBE/WBE accomplishments.** The reports must be submitted **semiannually** for the periods ending March 31st and September 30th for:

Recipients of financial assistance agreements that capitalize revolving loan programs (CWSRF, DWSRF, Brownfields); and

All other recipients not identified as annual reporters (40 CFR Part 30 and 40 CFR Part 35, Subpart A and Subpart B recipients are annual reporters).

The reports are due within 30 days of the end of the semiannual reporting periods (April 30th and October 30th). Reports should be sent to Kinshasa Brown-Perry, Acting Small Business Program Manager (3PM00), U.S. EPA - Region III, 1650 Arch Street, Philadelphia, PA 19103-2029. Final MBE/WBE reports must be submitted within 90 days after the

project period of the grant ends. Your grant cannot be officially closed without all MBE/WBE reports.

EPA Form 5700-52A may be obtained from the EPA Office of Small Business Program's Home Page on the Internet at www.epa.gov/osbp .

CONTRACT ADMINISTRATION PROVISIONS, 40 CFR, Section 33.302

The recipient agrees to comply with the contract administration provisions of 40 CFR, Section 33.302.

BIDDERS LIST, 40 CFR, Section 33.501(b) and (c)

Recipients of a Continuing Environmental Program Grant or other annual reporting grant, agree to create and maintain a bidders list. Recipients of an EPA financial assistance agreement to capitalize a revolving loan fund also agree to require entities receiving identified loans to create and maintain a bidders list if the recipient of the loan is subject to, or chooses to follow, competitive bidding requirements. Please see 40 CFR, Section 33.501 (b) and (c) for specific requirements and exemptions.

Programmatic Conditions

The following condition has been updated:

8. Project Schedule

EPA's policy requires that projects be initiated, constructed, and placed in operation in a timely manner. For that reason, the schedule shown below, which was developed in conjunction with your grant application, is included as a condition.

Advertise for Bids	November 2011
Award Construction Contract	March 2012
Initiate Construction	April 2012
Complete Construction	April 2013
Submit Final Payment Request	May 2013

ALL OTHER TERM AND CONDITIONS REMAIN UNCHANGED

State of West Virginia
Joe Manchin III
Governor

Office of the Governor
State Capitol
1900 Kanawha Boulevard, East
Charleston, WV 25305

Telephone: (304) 558-2000
Toll Free: 1-888-438-2731
FAX: (304) 342-7025
www.wvgov.org

October 26, 2010

The Honorable Jim Vogt
Mayor
City of Pennsboro
422 Main Street
Pennsboro, West Virginia 26415

Dear Mayor Vogt:

Thank you for your application to the Small Cities Block Grant Program to replace the wastewater treatment facility for the City of Pennsboro, which serves 485 households. Your request has been approved in the amount of $1,105,182.

In order to effectively use the limited dollars available, I hereby commit $405,182 from our fiscal year 2010 allocation that will immediately be available to you. The remaining $700,000 necessary to complete the project will be evaluated and committed in a future year's allocation, based on your ability to proceed forward with this project. I encourage you to expedite this project and reach its completion as quickly as possible. The West Virginia Development Office (WVDO) reserves the right to withdraw these funds if your project does not proceed on schedule as outlined in your application. It will be at the discretion of the WVDO whether or not to replace these funds with a letter of intent for consideration from future allocations. Please be advised that a letter of intent is contingent upon the availability of federal funds.

Please contact Ms. Jeanna Bailes of the WVDO, at (304) 558-2234, extension 52051, to complete the necessary contract in order to proceed with your project.

I am pleased to assist with this project for the citizens of the City of Pennsboro.

With warmest regards,

Joe Manchin III
Governor

JM:sm

WEST VIRGINIA
Water Development Authority
Celebrating 38 Years of Service ***1974 - 2012***

Phase II-A

December 11, 2012

The City of Pennsboro
Sewer Revenue Bonds, Series 2012 A; and
Sewer Revenue Bonds, Series 2012 B
(West Virginia SRF Program)

TO WHOM IT MAY CONCERN:

In reliance upon the certificate of Smith, Cochran & Hicks P.L.L.C., a firm of independent certified public accountants 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 Prior Bonds, hereinafter defined and described, hereby consents to the issuance of the Sewer Revenue Bonds, Series 2012 A (West Virginia SRF Program), in the original aggregate principal amount of $443,618 and Sewer Revenue Bonds, Series 2012 B (West Virginia SRF Program), in the original aggregate principal amount of $26,725 (collectively, the "Bonds") by The City of Pennsboro (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 Sewer Revenue Bonds, Series 2009 B (West Virginia SRF Program/ARRA), dated September 25, 2009, issued in the original aggregate principal amount of $2,801,000 (the "Prior Bonds").

Sheila A. Miller
Authorized Representative

1009 Bullitt Street, Charleston, WV 25301
Phone (304) 414-6500 / fax (304) 414-0865
www.wvwda.org

USDA Rural Development
United States Department of Agriculture
Rural Development
West Virginia State Office

December 11, 2012

The City of Pennsboro
Sewer Revenue Bonds, Series 2012 A; and
Sewer Revenue Bonds, Series 2012 B
(West Virginia West Virginia SRF Program)

TO WHOM IT MAY CONCERN:

The undersigned duly authorized representative of the United States of America, acting through the Rural Utilities Service, United States Department of Agriculture, the present holder of the Prior Bonds, hereinafter defined and described, hereby (a) consents to the issuance of the Sewer Revenue Bonds, Series 2012 A (West Virginia SRF Program), in the original aggregate principal amount of $443,618 and Sewer Revenue Bonds, Series 2012 B (West Virginia SRF Program), in the original aggregate principal amount of $26,725 (collectively, the "Bonds"), by The City of Pennsboro (the "Issuer"), under the terms of the bond ordinance authorizing the issuance of the Bonds (the "Ordinance"), on a parity, with respect to liens, pledge and source of and security for payment, with the Issuer's outstanding Sewer Revenue Bonds, Series 1993 (United States Department of Agriculture), dated April 12, 1993, issued in the original aggregate principal amount of $375,000 (the "Prior Bonds").

WITNESSETH my signature on this 11th day of December, 2012.

State Director

1550 Earl Core Road, Suite 101, Morgantown, WV 26505
304.284.4860 • 1.800.295.8228 • 304.284-4893 • TTY/TDD 304.284.4836 • Web: http://www.rurdev.usda.gov

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Series 1993

CITY OF PENNSBORO

Sewer Revenue Bond, Series 1992

BOND ORDINANCE

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CITY OF PENNSBORO

ORDINANCE AUTHORIZING THE ISSUANCE OF $375,000 SEWER REVENUE BOND, SERIES 1992, OF THE CITY OF PENNSBORO, ON A PARITY WITH THE OUTSTANDING 1967 BOND OF THE CITY, TO FINANCE THE ACQUISITION AND CONSTRUCTION OF CERTAIN EXTENSIONS, IMPROVEMENTS AND ADDITIONS TO THE EXISTING PUBLIC SEWERAGE FACILITIES OF THE CITY; DEFINING AND PRESCRIBING THE TERMS AND PROVISIONS OF THE BOND; PROVIDING GENERALLY FOR THE RIGHTS AND REMEDIES AND SECURITIES OF THE HOLDER OF THE BOND; AND PROVIDING WHEN THIS ORDINANCE SHALL TAKE EFFECT

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

ARTICLE I

STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

Section 1.01. Authority for This Ordinance. This Ordinance is adopted and enacted pursuant to the provisions of Chapter 16, Article 13 of the West Virginia Code of 1931, as amended (the "Act"), and other applicable provisions of law. The City of Pennsboro (the "Issuer") is a municipal corporation and political subdivision of the State of West Virginia in Ritchie County of said State.

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

A. The Issuer currently owns and operates a public sewerage system and desires to acquire, construct and operate certain additional public sewerage facilities consisting of certain extensions, improvements and additions to such existing sewerage facilities, with all appurtenant facilities. The Sanitary Board of the Issuer has duly petitioned the Council for passage of this Ordinance, which petition was heretofore filed with the Clerk.

B. It is deemed essential, convenient and desirable for the health, welfare, safety, advantage and convenience of the inhabitants of the Issuer and, accordingly, it is hereby ordered, that there be acquired and constructed certain extensions, improvements and additions to the existing sewerage facilities of the Issuer,

consisting of the insertion of insituform sleeves into a portion of the existing sewer lines and certain improvements, with all necessary appurtenant facilities (the "Project"), particularly described in and according to the plans and specifications prepared by the Consulting Engineer and heretofore filed in the office of the Clerk of the Issuer. The existing sewerage facilities of the Issuer, together with the Project and any further extensions or improvements thereto, are herein called the "System." The acquisition and construction of the Project and the financing hereby authorized and provided for are public purposes of the Issuer and are ordered for the purpose of meeting and serving public convenience and necessity.

C. The estimated revenues to be derived in each year from the operation of the System after the completion of the Project will be sufficient to pay all the costs of the operation and maintenance of the System (hereinafter defined), the principal of and interest on the Bond (as hereinafter defined) and all debt service, reserve fund and other payments provided for herein.

D. The estimated maximum cost of the acquisition and construction of the Project is $375,000, which will be obtained from the proceeds of sale of the Bond herein authorized.

E. It is necessary for the Issuer to issue its revenue bond in the aggregate principal amount of $375,000 (the "Bond"), to finance a portion of the cost of acquisition and construction of the Project. The cost of such acquisition and construction shall be deemed to include, without being limited to, the construction or acquisition of the Project; the acquisition of any property rights, easements and franchises, deemed necessary or convenient therefor; interest on the Bond prior to and during acquisition and construction and for a period not exceeding six months after completion of such acquisition or construction of the Project; engineering and legal expenses; expenses for estimates of costs and revenues; expenses for plans, specifications and surveys; and such other expenses as may be necessary or incidental to the acquisition and construction of the Project and the financing authorized hereby; provided that, reimbursement to the Issuer for any amounts expended by it for allowable costs prior to the issuance of the Bond or the repayment of indebtedness incurred by the Issuer for such purposes shall be deemed Costs of the Project.

F. The period of usefulness of the System, as herein defined, after completion of the Project is not less than 40 years.

G. There is an outstanding obligation of the Issuer which will rank on a parity with the Bond as to liens, pledge and source of and security for payment, being the note dated September 26, 1967 (the

"1967 Bond"), issued in the original aggregate principal amount of $320,000 and payable to the Purchaser (as hereinafter defined). There are no other outstanding bonds or obligations of the Issuer which will rank prior to or on a parity with the Bond as to liens, pledge and source of and security for payment.

The Issuer is not in default under the terms of the 1967 Bond, the 1967 Ordinance (hereinafter defined) or any document in connection therewith, and has complied with all requirements of all the foregoing with respect to the issuance of parity bonds or has obtained a sufficient and valid waiver thereof.

H. It is in the best interest of the Issuer that the Bond be sold to the United States Department of Agriculture, Farmers Home Administration (the "Purchaser"), pursuant to the terms and provisions of a Letter of Conditions dated June 17, 1992, and any other amendments thereto (collectively, the "Letter of Conditions"). The Purchaser is expected by the Issuer to purchase the entire principal amount of the Bond.

I. The Issuer has complied with all requirements of law relating to authorization of the acquisition and construction of the Project, the operation of the System, including, without limitation, the imposition of rates and charges, and the issuance of the Bond, or will have so complied prior to issuance of the Bond, including among other things and without limitation, obtaining a certificate of convenience and necessity for the Project from the Public Service Commission of West Virginia by final order, the time for rehearing and appeal of which have expired.

Section 1.03. Ordinance to Constitute Contract. In consideration of the acceptance of the Bond by those who shall be the registered owner of the same from time to time, this Ordinance (the "Bond Legislation") shall be deemed to be and shall constitute a contract between the Issuer and such Bondholder, and the covenants and agreements set forth herein to be performed by the Issuer shall be for the benefit, protection and security of the registered owner of the Bond.

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

"Act" means Chapter 16, Article 13 of the West Virginia Code of 1931, as amended.

"Bond" means the Sewer Revenue Bond, Series 1992, authorized hereby.

"1967 Bond" means the outstanding note of the Issuer described in Section 1.02G hereof.

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

"Bond Registrar" or "Registrar" means the Issuer, which shall usually so act by its Clerk.

"Bonds" means, collectively, the Bond and the 1967 Bond.

"Clerk" means the Clerk or Recorder of the Issuer.

"Consulting Engineer" means Burgess & Niple, Ltd., Parkersburg, West Virginia, or any qualified engineer or firm of engineers which shall at any time hereafter be retained by the Issuer as Consulting Engineer for the System.

"Depository Bank" means West Union Bank, Pennsboro, West Virginia, a bank or trust company which is a member of FDIC (herein defined), and its successors and assigns.

"Facilities" or "sewerage facilities" means all the tangible properties of the System and also any tangible properties which may hereafter be added to the System by additions, betterments, extensions and improvements thereto and properties, furniture, fixtures or equipment therefor, hereafter at any time constructed or acquired.

"FDIC" means the Federal Deposit Insurance Corporation.

"Fiscal Year" means each year beginning on July 1 and ending on the succeeding June 30.

"Governing Body" or "Council" means the Council of the Issuer.

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

"Herein" or "herein" means in this Bond Legislation.

"Issuer" or "Borrower" means the City of Pennsboro, in Ritchie County, West Virginia, and includes the Governing Body.

"Letter of Conditions" means, collectively, the Letter of Conditions of the Purchaser dated June 17, 1992, and any other amendments thereto.

"Mayor" means the Mayor of the Issuer.

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

"Operating Expenses" means the current expenses, paid or accrued, of operation and maintenance of the Project and the System and its facilities, and includes, without limiting the generality of the foregoing, insurance premiums, materials and supplies, pumping costs, salaries, wages and administrative expenses of the Issuer relating and chargeable solely to the Project and the System, the accumulation of appropriate reserves for charges not annually recurrent but which are such as may reasonably be expected to be incurred, and such other reasonable operating costs as are normally and regularly included under recognized accounting principles and retention of a sum not to exceed one-sixth of the budgeted Operating Expenses stated above for the current year as working capital, and language herein requiring payment of Operating Expenses means also retention of not to exceed such sum as working capital, provided that all monthly amortization payments upon the Bond and into the Reserve Account and the Depreciation Account have been made to the last monthly date prior to the date of such retention.

"1967 Ordinance" means the ordinance of the Issuer enacted July 3, 1967, authorizing the 1967 Bond.

"Ordinances" means, collectively, the 1967 Ordinance and the Bond Legislation.

"Project" shall have the meaning stated in Section 1.02B above.

"Purchaser" or "Government" means United States Department of Agriculture, Farmers Home Administration, and any successor thereof.

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

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

(g) Repurchase agreements, fully secured by investments of the types described in paragraphs (a) through (e) above, with banks or national banking associations which are members of FDIC or with government bond dealers recognized as

primary dealers by the Federal Reserve Bank of New York, provided, that said investments securing said repurchase agreements either must mature as nearly as practicable coincident with the maturity of said repurchase agreements or must be replaced or increased so that the market value thereof is always at least equal to the principal amount of said repurchase agreements, and provided further that the 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 excluded from gross income for federal income tax purposes, and which are rated at least "A" by Moody's Investors Service or Standard & Poor's Corporation.

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

"Revenues" or "Gross Revenues" means all rates, rents, fees, charges or other income received by the Issuer, or accrued to the Issuer, or any department, board, agency or instrumentality thereof in control of the management and operation of the System, from the operation of the System, and all parts thereof, all as calculated in accordance with sound accounting practices.

"Sanitary Board" means the Sanitary Board of the Issuer.

"State" means the State of West Virginia.

"System" means the complete sewerage system of the Issuer and all 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 sewerage system, including the Project, and any and all additions, extensions, improvements,

properties or other facilities at any time acquired or constructed for the sewerage system after 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 Acquisition and Construction of the Project. There is hereby authorized the acquisition and construction of the Project, at an estimated cost of $375,000, 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 Bond hereby authorized shall be applied as provided in Article IV hereof.

ARTICLE III

AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND ISSUE OF BOND

Section 3.01. Authorization of Bond. Subject and pursuant to the provisions of the Bond Legislation, the Bond of the Issuer, to be known as "Sewer Revenue Bond, Series 1992," is hereby authorized to be issued in the aggregate principal amount of not exceeding $375,000 for the purpose of permanently financing a portion of the cost of the acquisition and construction of the Project.

Section 3.02. Description of Bond. The Bond shall be issued in single form, numbered R-1, only as a fully registered Bond, and shall be dated on the date of delivery thereof. The Bond shall bear interest from date of delivery, payable monthly at the rate of 5% per annum, and shall be sold for the par value thereof.

The Bond shall be subject to prepayment of scheduled monthly installments, or any portion thereof, at the option of the Issuer, and shall be payable as provided in the Bond form hereinafter set forth.

Section 3.03. Negotiability, Registration, Transfer and Exchange of Bonds. The Bond shall be and have all the qualities and incidents of a negotiable instrument under the Uniform Commercial Code of the State of West Virginia, but the Bond, and the right to principal of and stated interest on the Bond, may only be transferred by transfer of the registration thereof upon the books required to be kept pursuant to Section 3.04 hereof, by the party in whose name it is registered, in person or by attorney duly authorized in writing, upon surrender of the Bond for cancellation, accompanied by delivery of a written instrument of transfer, duly executed in a form acceptable to the Bond Registrar.

Whenever the Bond shall be surrendered for registration of transfer, the Issuer shall execute and deliver a new Bond or Bonds in authorized denominations, for a like aggregate principal amount. The Bond Registrar shall require the payment by the new owner requesting such transfer of any tax or other governmental charge required to be paid with respect to such transfer, but the Issuer shall pay any other expenses incurred by the Bond Registrar with respect to such transfer.

No registration of transfer of the Bond shall be permitted to be made after the 15th day next preceding any installment payment date on the Bond.

Section 3.04. Bond Registrar. The Issuer shall be the Bond Registrar and will keep or cause to be kept, at its office, sufficient books for the registration and transfer of the Bond, and, upon presentation for such purpose, the Bond Registrar shall, under such reasonable regulations as it may prescribe, register the Bond initially issued pursuant hereto and register the transfer, or cause to be registered, on such books, the transfer of the Bond as hereinbefore provided.

The Bond Registrar shall accept the Bond for registration or transfer only if ownership thereof is to be registered in the name of the Government, an individual (including joint ownership), a corporation, a partnership or a trust, and only upon receipt of the social security number of each individual, the federal employer identification number of each corporation or partnership or the social security numbers of the settlor and beneficiaries of each trust, and the federal employer identification number and date of each trust and the name of the trustee of each trust and/or such other identifying number and information as may be required by law. The Bond shall initially be fully registered as to both principal and interest in the name of the United States of America, Farmers Home Administration. So long as the Bond shall be registered in the name of the United States of America, Farmers Home Administration, the address of the United States of America, Farmers Home Administration, for registration purposes shall be Federal Building, Room 320, 75 High Street, Morgantown, West Virginia 26505-7500, or such other address as shall be stated in writing to the Issuer by the United States of America, Farmers Home Administration.

Section 3.05. Execution of Bond. The Bond shall be executed in the name of the Issuer by the Mayor and the seal of the Issuer shall be affixed thereto and attested by the Clerk. In case any one or more of the officers who shall have signed or sealed the Bond shall cease to be such officer of the Issuer before the Bond so signed and sealed have been actually sold and delivered, such Bond may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bond had not ceased to hold such office. Any Bond may be signed and sealed on behalf of the Issuer by such person as at the actual time of the execution of such Bond shall hold the proper office in the Issuer, although at the date of such Bond such person may not have held such office or may not have been so authorized.

Section 3.06. Bonds Mutilated, Destroyed, Stolen or Lost. In case the Bond shall become mutilated or be destroyed, stolen or lost, the Issuer may in its discretion issue and deliver a new Bond of like tenor as the Bond so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond or in lieu of and

substitution for the Bond destroyed, stolen or lost, and upon the holder's furnishing the Issuer proof of his ownership thereof and complying with such other reasonable regulations and conditions as the Issuer may require. The Bond so surrendered shall be canceled and held for the account of the Issuer. If the Bond shall have matured or be about to mature, instead of issuing a substitute Bond the Issuer may pay the same, and, if such Bond be destroyed, stolen or lost, without surrender thereof.

Section 3.07. Bond Secured by Pledge of Net Revenues. The payment of the debt service of the Bond shall be secured forthwith by a first lien on the Net Revenues derived from the System on a parity with the 1967 Bond, in addition to the statutory mortgage lien on the System hereinafter provided for as to the Bonds. The Net Revenues derived from the System, in an amount sufficient to pay the principal of and interest on the Bond and to make the payments as hereinafter provided, are hereby irrevocably pledged to the payment of the principal of and interest on the Bond as the same become due all on a parity with the 1967 Bond.

Section 3.08. Form of Bond. Subject to the provisions hereof, the text of the Bond and the other details thereof shall be of substantially the following tenor, with such omissions, insertions and variations as may be authorized or permitted hereby or by any ordinance enacted after the date of enactment hereof and prior to the issuance thereof:

(FORM OF BOND)

CITY OF PENNSBORO

SEWER REVENUE BOND, SERIES 1992

$375,000

No. R-1 Date: _____

FOR VALUE RECEIVED, the CITY OF PENNSBORO (herein called "Borrower") promises to pay to the order of the United States of America, Farmers Home Administration (the "Government"), or its registered assigns, at its National Finance Office, St. Louis, Missouri 63103, or at such other place as the Government may hereafter designate in writing, the principal sum of THREE HUNDRED SEVENTY-FIVE THOUSAND DOLLARS ($375,000), plus interest on the unpaid principal balance at the rate of 5% per annum. The said principal and interest shall be paid in the following installments on the following dates: Monthly installments of interest only, commencing 30 days following delivery of the Bond and continuing on the corresponding day of each month for the first twenty-four months after the date hereof, and $1,842, covering principal and interest, thereafter on said corresponding day of each month, except that the final installment shall be paid at the end of 40 years from the date of this Bond, in the sum of the unpaid principal and interest due on the date thereof, and except that prepayments may be made as provided hereinbelow. The consideration herefor shall support any agreement modifying the foregoing schedule of payments.

If the total amount of the loan is not advanced at the time of loan closing, the loan shall be advanced to Borrower as requested by Borrower and approved by the Government and interest shall accrue on the amount of each advance from its actual date as shown on the Record of Advances attached hereto as a part hereof.

Every payment made on any indebtedness evidenced by this Bond shall be applied first to interest computed to the effective date of the payment and then to principal.

Prepayments of scheduled installments, or any portion thereof, may be made at any time at the option of Borrower. Refunds and extra payments, as defined in the regulations of the Farmers Home Administration according to the source of funds involved, shall, after

payment of interest, be applied to the installments last to become due under this Bond and shall not affect the obligation of Borrower to pay the remaining installments as scheduled herein.

If the Government at any time assigns this Bond and insures the payment thereof, Borrower shall continue to make payments to the Government as collection agent for the holder.

While this Bond is held by an insured lender, prepayments as above authorized made by Borrower may, at the option of the Government, be remitted by the Government to the holder promptly or, except for final payment, be retained by the Government and remitted to the holder on either a calendar quarter basis or an annual installment due date basis. The effective date of every payment made by Borrower, except payments retained and remitted by the Government on an annual installment due date basis, shall be the date of the United States Treasury check by which the Government remits the payment to the holder. The effective date of any prepayment retained and remitted by the Government to the holder on an annual installment due date basis shall be the date of the prepayment by Borrower and the Government will pay the interest to which the holder is entitled accruing between the effective date of any such prepayment and the date of the Treasury check to the holder.

Any amount advanced or expended by the Government for the collection hereof or to preserve or protect any security herefor, or otherwise under the terms of any security or other instrument executed in connection with the loan evidenced hereby, at the option of the Government shall become a part of and bear interest at the same rate as the principal of the debt evidenced hereby and be immediately due and payable by Borrower to the Government without demand. Borrower agrees to use the loan evidenced hereby solely for purposes authorized by the Government.

Borrower hereby certifies that it is unable to obtain sufficient credit elsewhere to finance its actual needs at reasonable rates and terms, taking into consideration prevailing private and cooperative rates and terms in or near its community for loans for similar purposes and periods of time.

This Bond, together with any additional bonds ranking on a parity herewith which may be issued and outstanding for the purpose of providing funds for financing costs of acquisition and construction of additions, extensions and improvements to the sewerage system (the "System") of the Borrower, is payable solely from and secured by the revenues to be derived from the operation of the System after there have been first paid from such revenues the reasonable current costs of operation and maintenance of the System. This Bond does not in any

manner constitute an indebtedness of the Borrower within the meaning of any constitutional or statutory provision or limitation, nor shall the Borrower be obligated to pay the same or the interest thereon except from the special fund so provided.

Registration of this Bond is transferable by the registered owner hereof in person or by his, her or its attorney duly authorized in writing, at said office of the Borrower, as Bond Registrar, but only in the manner, subject to the limitations and upon payment of the charges, if any, provided in the herein defined Ordinance, and upon surrender and cancellation of this Bond. Upon such transfer a new Bond or Bonds, of authorized denomination or denominations, for the like principal amount, will be issued to the transferee in exchange herefor.

This Bond, under the provisions of the Act, is and has all the qualities and incidents of a negotiable instrument under the Uniform Commercial Code of the State of West Virginia, but may only be transferred by transfer of registration hereof with the Bond Registrar.

This Bond has been issued under and in full compliance with the Constitution and statutes of the State of West Virginia, including, among others, Chapter 16, Article 13 of the West Virginia Code, as amended (the "Act"), and an Ordinance of the Borrower duly enacted authorizing issuance of this Bond (the "Ordinance").

If at any time it shall appear to the Government that Borrower may be able to obtain a loan from a responsible cooperative or private credit source at reasonable rates and terms for loans for similar purposes and periods of time, Borrower will, at the Government's request, apply for and accept such loan in sufficient amount to repay the Government.

This Bond is given as evidence of a loan to Borrower made or insured by the Government pursuant to the Consolidated Farmers Home Rural Development Act. This Bond shall be subject to the present regulations of the Farmers Home Administration and to its future regulations not inconsistent with the express provisions hereof.

This Bond is on a parity as to liens, pledge and source of and security for payment, and in all other respects, with the 1967 Bond described in the Ordinance.

IN WITNESS WHEREOF, the CITY OF PENNSBORO has caused this Bond to be executed by its Mayor and its corporate seal to be hereunto affixed or imprinted hereon and attested by its Clerk, all as of the date hereinabove written.

CITY OF PENNSBORO
(Name of Borrower)

[CORPORATE SEAL]

(Signature of Executive Official)

Mayor
(Title of Executive Official)

422 Main Street
(P. O. Box No. or Street Address)

Pennsboro, West Virginia 26415
(City, State and Zip Code)

ATTEST:

(Signature of Attesting Official)

Clerk
(Title of Attesting Official)

(Form of)

RECORD OF ADVANCES

	AMOUNT	DATE		AMOUNT	DATE
(1)	$		(6)	$	
(2)	$		(7)	$	
(3)	$		(8)	$	
(4)	$		(9)	$	
(5)	$		(10)	$	

TOTAL $_____

[Form of Assignment]

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:

_____

ARTICLE IV

SYSTEM REVENUES AND APPLICATION THEREOF; DISPOSITION OF BOND PROCEEDS; FUNDS AND ACCOUNTS

Section 4.01. Establishment of Funds and Accounts with Depository Bank. The following special funds or accounts are created and established with (or continued if previously established by the 1967 Ordinance), and shall be held by, the Depository Bank, separate and apart from all other funds or accounts of the Depository Bank and from each other:

(1) Sewer Fund (established by the 1967 Ordinance);

(2) Sewer System Note Reserve Account (established by the 1967 Ordinance and hereinafter called the "Reserve Account");

(3) Sewer System Depreciation Account (established by the 1967 Ordinance and hereinafter called the "Depreciation Account"); and

(4) Project Construction Account.

Section 4.02. Bond Proceeds; Project Construction Account. The proceeds of the sale of the Bond shall be deposited upon receipt by the Issuer in the Project Construction Account. The moneys in the Project Construction Account in excess of the amount insured by FDIC shall be secured at all times by the Depository Bank by securities or in a manner lawful for the securing of deposits of State and municipal funds under West Virginia law. Moneys in the Project Construction Account shall be expended by the Issuer solely for the purposes provided herein.

Until completion of acquisition and construction of the Project, the Issuer will additionally transfer from the Project Construction Account and pay to the Purchaser on or before the due date, such sums as shall be from time to time required to make the monthly installment payments on the Bond if there are not sufficient Net Revenues to make such monthly payment.

Moneys in the Project Construction Account shall be used solely to pay the cost of acquisition and construction of the Project upon vouchers and other documentation approved by the Purchaser.

Pending application as provided in this Section 4.02, money and funds in the Project Construction Account shall be invested and reinvested at the direction of the Issuer, to the extent possible in accordance with applicable law, in Qualified Investments.

When construction of the Project has been completed and all costs thereof have been paid or provision for such payment has been made, any balance remaining in the Project Construction Account shall be disposed of in accordance with the regulations of the Purchaser.

Section 4.03. Covenants of the Issuer as to Revenues and Funds. So long as the Bonds shall be outstanding and unpaid, or until there shall have been set apart in the Reserve Account, a sum sufficient to pay, when due or at the earliest practical prepayment date, the entire principal of the Bonds remaining unpaid, together with interest accrued to the date of such payment, the Issuer further covenants with the holder of the Bonds as follows:

A. SEWER FUND. The entire Gross Revenues derived from the operation of the System, and all parts thereof, and all Tap Fees received, shall be deposited as collected by the Issuer in the Sewer Fund. The Sewer Fund shall constitute a trust fund for the purposes provided in the 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 the Ordinances.

B. DISPOSITION OF REVENUES. All Revenues at any time on deposit in the Sewer Fund shall be disposed of only in the following order and priority, subject to the provisions of Section 8 of the 1967 Ordinance not otherwise modified herein:

(i) The Issuer shall first each month pay from the moneys in the Sewer Fund all current Operating Expenses.

(ii) The Issuer shall next, on or before the due date of payment of each installment on the Bonds, transfer from the Sewer Fund and pay to the National Finance Office designated in the Bonds (or such other place as may be designated pursuant to the Bonds), the amounts required to pay the interest on the Bonds, and to amortize the principal of the Bonds over the respective lives of each Bond issue. All payments with respect to principal of and interest on the Bonds shall be made on an equal pro rata basis in accordance with the respective aggregate principal amounts thereof outstanding and on a parity with each other.

(iii) The Issuer shall next, on each date that payment is made as set forth in (ii) above, transfer from the Sewer Fund and remit to the Depository Bank for deposit in the Reserve Account, 1/12th of 1/10th of the amount, as of the date of calculation, equal to the maximum amount of principal and interest which will become due on the Bonds in

any year, until the amount in the Reserve Account equals such maximum amount (the "Minimum Reserve"). After the Minimum Reserve has been accumulated in the Reserve Account, the Issuer shall monthly deposit into the Reserve Account such part of the moneys remaining in the Sewer Fund, after such provision for payment of monthly installments on the Bonds and for payment of Operating Expenses of the System, as shall be required to maintain the Minimum Reserve in the Reserve Account. Moneys in the Reserve Account shall be used solely to make up any deficiency for monthly payments of the principal of and interest on the Bonds to said National Finance Office (or other place provided) as the same shall become due or for prepayment of installments on the Bonds, or for mandatory prepayment of the Bonds as hereinafter provided, and for no other purpose, on an equal pro rata basis in accordance with the respective aggregate principal amounts thereof outstanding and on a parity with each other; provided, however, that when the Minimum Reserve has been accumulated in the Reserve Account, all earnings of investments of moneys therein shall be at least annually transferred to and deposited in the Sewer Fund and used for prepayment of the principal of the Bonds, all on a pro rata basis.

(iv) The Issuer shall next, on each date that payment is made as set forth in (ii) above, transfer from the Sewer Fund and deposit in the Depreciation Account, the moneys remaining in the Sewer Fund and not permitted to be retained therein, until there has been accumulated in the Depreciation Account the aggregate sum of $18,750, and thereafter such sums as shall be required to maintain such amount therein. Moneys in the Depreciation Account shall be used first to make up any deficiencies for monthly payments of principal of and interest on the Bonds as the same become due, and next to restore to the Reserve Account any sum or sums transferred therefrom, all on a pro rata basis. Thereafter, and provided that payments into the Reserve Account are current and in accordance with the foregoing provisions, moneys in the Depreciation Account may be withdrawn by the Issuer and used for extraordinary repairs and for replacements of equipment and improvements for the System, or any part thereof.

(v) After all the foregoing provisions for use of moneys in the Sewer Fund have been fully complied with, any moneys remaining therein and not permitted to be retained therein may be used to prepay installments of the Bonds, pro rata, or for any lawful purpose.

Whenever the moneys in the Reserve Account shall be sufficient to prepay the Bonds in full, it shall be the mandatory duty of the Issuer, anything to the contrary herein notwithstanding, to prepay the Bonds at the earliest practical date and in accordance with applicable provisions hereof.

The Depository Bank is hereby designated as the Fiscal Agent for the administration of the Reserve Account and the Depreciation Account as herein provided, and all amounts required for the Reserve Account and the Depreciation Account will be deposited therein by the Issuer upon transfers of funds from the Sewer Fund at the times provided herein, together with written directions stating the amount remitted for deposit into each such fund.

All the funds provided for in this Article IV, other than the Project Construction Account, shall constitute trust funds and shall be used only for the purposes and in the order provided herein, and until so used, the Purchaser shall have a lien thereon for further securing payment of the Bonds and the interest thereon, but the Depository Bank shall not be a trustee as to such funds.

If on any payment date the Revenues are insufficient to make the payments and transfers as hereinabove provided, the deficiency shall be made up in the subsequent payments and transfers in addition to those which would otherwise be required to be made on the subsequent payment dates.

Subject to the 1967 Ordinance, the Depository Bank, at the direction of the Issuer, shall keep the moneys in the Reserve Account and the Depreciation Account invested and reinvested to the fullest extent possible in accordance with applicable law, and to the extent practicable, in Qualified Investments having maturities consonant with the required use thereof. Investments in any fund or account under this Bond Legislation shall, unless otherwise provided in the 1967 Ordinance, or unless otherwise required by law, be valued at the lower of cost or the then current market value, or at the redemption price thereof if then redeemable at the option of the holder, including value of accrued interest and giving effect to the amortization of discount, or at par if such investment is held by the "consolidated fund" managed by the West Virginia State Board of Investments. Except as otherwise provided in the 1967 Ordinance, 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 interest accruing thereon and any profit or loss realized from such investment shall be credited or charged to the appropriate fund or account. Earnings on moneys in the Reserve Account, so long as the Minimum Reserve is on deposit and maintained therein, shall be paid annually in January into the Sewer Fund by the Depository Bank.

C. CHANGE OF DEPOSITORY BANK AND FISCAL AGENT. The Issuer may designate another bank or trust company insured by FDIC as Depository Bank and Fiscal Agent 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 Purchaser.

D. USER CONTRACTS. The Issuer shall, prior to delivery of the Bond, provide evidence that there will be at least 585 bona fide users upon the Project, in full compliance with the requirements and conditions of the Purchaser.

E. CHARGES AND FEES. The Issuer shall remit from the Sewer Fund to the Depository Bank such additional sums as shall be necessary to pay the charges and fees of the Depository Bank then due.

F. INVESTMENT OF EXCESS BALANCES. The moneys in excess of the sum insured by FDIC in any of such funds or accounts shall at all times be secured, to the full extent thereof in excess of such insured sum, in a lawful manner for securing deposits of State and municipal funds under the laws of the State.

G. REMITTANCES. All remittances made by the Issuer to the Depository Bank shall clearly identify the fund or account into which each amount is to be deposited.

H. GROSS REVENUES. The Gross Revenues of the System shall only be used for purposes of the System.

ARTICLE V

GENERAL COVENANTS

Section 5.01. General Statement. So long as the Bonds shall be outstanding and unpaid, or until there shall have been set apart in the Reserve Account a sum sufficient to prepay the entire principal of the Bonds remaining unpaid, together with interest accrued and to accrue thereon to the date of prepayment, the covenants and agreements contained herein shall be and constitute valid and legally binding covenants between the Issuer and the Holder of the Bonds.

Section 5.02. Rates. The Issuer will, in the manner provided in the Act, fix and collect such rates, fees or other charges for the services and facilities of the System, and revise the same from time to time whenever necessary, as will always provide Revenues in each Fiscal Year sufficient to produce Net Revenues equal to not less than 110% of the maximum annual debt service on the Bonds and sufficient to make the payments required to be made herein into the Reserve Account and the Depreciation Account and all the necessary expenses of operating and maintaining the System during such Fiscal Year and such rates, fees and other charges shall not be reduced so as to be insufficient to provide adequate Revenues for such purposes.

Section 5.03. Sale of the System. The System will not be sold without the prior written consent of the Purchaser so long as the Bond is outstanding. Such consent will provide for disposition of the proceeds of any such sale.

Section 5.04. Issuance of Additional Parity Bonds or Obligations. No additional parity bonds or obligations payable out of any of the Revenues of the System shall be issued, except with the prior written consent of the Purchaser.

Section 5.05. Insurance and Bonds. The Issuer hereby covenants and agrees that it will, as an expense of construction, operation and maintenance of the System, procure, carry and maintain, so long as the Bond remains outstanding, insurance with a reputable insurance carrier or carriers covering the following risks and in the following amounts:

(a) Fire, Lightning, Vandalism, Malicious Mischief and Extended Coverage Insurance, to be procured upon acceptance of any part of the Project from the contractor, and immediately upon any portion of the System now in use, on all

above-ground structures of the System and mechanical and electrical equipment in place or stored on the site in an amount equal to the actual cost thereof. In the event of any damage to or destruction of any portion of the System, the Issuer will promptly arrange for the application of the insurance proceeds for the repair or reconstruction of such damaged or destroyed portion. The Issuer will itself, or will require each contractor and subcontractor to, obtain and maintain builder's risk insurance to protect the interests of the Issuer during construction of the Project in the full insurable value thereof.

(b) Public Liability Insurance, with limits of not less than $500,000 for one or more persons injured or killed in one accident to protect the Issuer from claims for bodily injury and/or death, and not less than $200,000 to protect the Issuer from claims for damage to property of others which may arise from the operation of the System, such insurance to be procured not later than the date of delivery of the Bond.

(c) Vehicular Public Liability Insurance, in the event the Issuer owns or operates any vehicle in the operation of the System, or in the event that any vehicle not owned by the Issuer is operated at any time or times for the benefit of the Issuer, with limits of not less than $500,000 for one or more persons injured or killed in one accident to protect the Issuer from claims for bodily injury and/or death, and not less than $200,000 to protect the Issuer from claims for damage to property of others which may arise from such operation of vehicles, such insurance to be procured prior to acquisition or commencement of operation of any such vehicle for the Issuer.

(d) Workers' Compensation Coverage for All Employees of the District Eligible Therefor and Performance and Payment Bonds, such bonds to be in the amounts of 100% of the construction contract, will be required of each prime contractor, and such payment bonds will be filed with the Clerk of the County Commission of said County prior to commencement of construction of

the Project in compliance with West Virginia Code Section 38-2-39. Workers' compensation coverage shall be maintained as required by the laws of the State of West Virginia.

(e) Flood Insurance to be procured, to the extent available at reasonable cost to the Issuer.

(f) Fidelity Bonds will be provided as to every member of the Governing Body and as to every officer and employee thereof having custody of the Sewer Fund or of any revenues or other funds of the Issuer in an amount at least equal to the total funds in the custody of any such person at any one time, and initially in the amount of $50,000 upon the treasurer, provided, however, that no bond shall be required insofar as custody of the Project Construction Account is concerned so long as checks thereon require the signature of a representative of the Purchaser.

(g) Provided, however, and in lieu of and notwithstanding the foregoing provisions of this Section, during construction of the Project and so long as the Bond is outstanding, the Issuer will carry insurance and bonds or cause insurance and bonds to be carried for the protection of the Issuer, and during such construction will require each contractor and subcontractor to carry insurance, of such types and in such amounts as the Purchaser may specify, with insurance carriers or bonding companies acceptable to the Purchaser.

Section 5.06. Statutory Mortgage. For the further protection of the Holder of the Bond, a statutory mortgage lien upon the System is granted and created by the Act, which statutory mortgage lien is hereby recognized and declared to be valid and binding and shall take effect immediately upon the delivery of the Bond and shall be for the equal benefit of the Bonds.

Section 5.07. Events of Default. Each of the following events is hereby declared an "Event of Default":

(A) Failure to make payment of any monthly amortization installment on the Bond at the date specified for payment thereof;

(B) Failure duly and punctually to observe or perform any of the covenants, conditions and agreements on the part of the Issuer contained in the Bond or herein, or violation of or failure to observe any provision of any pertinent law.

Section 5.08. Enforcement. Upon the happening of any Event of Default specified above, then, and in every such case, the Purchaser may proceed to protect and enforce its rights by an appropriate action in any court of competent jurisdiction, either for the specific performance of any covenant or agreement, or execution of any power, or for the enforcement of any proper legal or equitable remedy as shall be deemed most effectual to protect and enforce such rights.

Upon application by the Purchaser, such court may, upon proof of such default appoint a receiver for the affairs of the Issuer and the System. The receiver so appointed shall administer the System on behalf of the Issuer, shall exercise all the rights and powers of the Issuer with respect to the System, shall proceed under the direction of the court to obtain authorization to increase rates and charges of the System, and shall have the power to collect and receive all revenues and apply the same in such manner as the court may direct.

Section 5.09. Fiscal Year; Budget. While the Bond is outstanding and unpaid and to the extent not now prohibited by law, the System shall be operated and maintained on a Fiscal Year basis commencing on July 1 of each year and ending on the following June 30, which period shall also constitute the budget year for the operation and maintenance of the System. Not later than thirty days prior to the beginning of each Fiscal Year, the Issuer agrees to adopt the Annual Budget for the ensuing year, and no expenditures for operation and maintenance expenses of the System in excess of the Annual Budget shall be made during such Fiscal Year unless unanimously authorized and directed by the Governing Body. Copies of each Annual Budget shall be delivered to the Purchaser by the beginning of each Fiscal Year.

If for any reason the Issuer shall not have adopted the Annual Budget before the first day of any Fiscal Year, it shall adopt a Budget of Current Expenses from month to month until the adoption of the Annual Budget; provided, however, that no such monthly budget shall exceed the budget for the corresponding month in the year next preceding by more than 10%; and provided further, that adoption of a Budget of Current Expenses shall not constitute compliance with the covenant to adopt an Annual Budget unless failure to adopt an Annual Budget be for a reason beyond the control of the Issuer. Each such

Budget of Current Expenses shall be mailed immediately to the Purchaser.

Section 5.10. Covenant to Proceed and Complete. The Issuer hereby covenants to proceed as promptly as possible with the acquisition and construction of the Project to completion thereof in accordance with the plans and specifications prepared by the Consulting Engineer and on file with the Recorder on the date of adoption hereof, subject to permitted changes.

Section 5.11. Books and Records. The Issuer will keep books and records of the System, which shall be separate and apart from all other books, records and accounts of the Issuer, in which complete and correct entries shall be made of all transactions relating to the System, and the Purchaser shall have the right at all reasonable times to inspect the System and all records, accounts and data of the Issuer relating thereto.

The Issuer shall, at least once a year, cause said books, records and accounts of the System to be properly audited by an independent competent firm of certified public accountants and shall mail a copy of such audit report to the Purchaser. The Issuer shall further comply with the Act with respect to such books, records and accounts.

Section 5.12. Maintenance of System. The Issuer covenants that it will continuously operate, in an economical and efficient manner, and maintain the System as a revenue-producing utility as herein provided so long as the Bond is outstanding.

Section 5.13. No Competition. To the extent legally allowable, the Issuer will not permit competition with the System within its boundaries or within the territory served by it and will not grant or cause, consent to or allow the granting of any franchise, permit or other authorization for any person, firm, corporation, public or private body, agency or instrumentality whatsoever to provide any of the services supplied by the System within the boundaries of the Issuer or within the territory served by the System.

Section 5.14. Mandatory Connections. The mandatory use of the System is essential and necessary for the protection and preservation of the public health, comfort, safety, convenience and welfare of the inhabitants and residents of, and the economy of, the Issuer and in order to assure the rendering harmless of sewage and water-borne waste matter produced or arising within the territory served by the System. Accordingly, every owner, tenant or occupant of any house, dwelling or building located near the System, where sewage will flow by gravity or be transported by such other methods approved

by the State Department of Health from such house, dwelling or building into the System, to the extent permitted by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, shall connect with and use the System and shall cease the use of all other means for the collection, treatment and disposal of sewage and waste matters from such house, dwelling or building where there is such gravity flow or transportation by such other method approved by the State Department of Health and such house, dwelling or building can be adequately served by the System, and every such owner, tenant or occupant shall, after a 30-day notice of the availability of the System, pay the rates and charges established therefor.

Any such house, dwelling or building from which emanates sewage or water-borne waste matter and which is not so connected with the System is hereby declared and found to be a hazard to the health, safety, comfort and welfare of the inhabitants of the Issuer and a public nuisance which shall be abated to the extent permitted by law and as promptly as possible by proceedings in a court of competent jurisdiction.

ARTICLE VI

RATES, ETC.

Section 6.01. Initial Schedule of Rates and Charges; Rules. A. The initial schedule of rates and charges for the services and facilities of the System shall be as set forth in the Rate Ordinance of the Issuer enacted on August 3, 1992.

B. There shall not be any discrimination or differential in rates between customers in similar circumstances.

C. All delinquent fees, rates and charges for services or facilities of the System shall be a lien on the premises served if not paid when due. The Issuer shall have all remedies and powers provided under the Act and other applicable provisions of law with regard to the collection and enforcement of such fees, rates and charges, including, without limitation, any right and power of foreclosure under the Act and/or such other applicable provisions of law.

D. The Issuer will not render or cause to be rendered any free services of any nature by the System nor any of the facilities; and in the event that the Issuer or any department, agency, officer or employee thereof should avail itself or themselves of the services or facilities of the System, the same fees, rates and charges applicable to other customers receiving like services under similar circumstances shall be charged, such charges shall be paid as they accrue, and revenues so received shall be deposited and accounted for in the same manner as other Revenues of the System.

E. The Issuer may require any applicant for any service by the System to deposit a reasonable and equitable amount to insure payment of all charges for the services rendered by the System, which deposit shall be handled and disposed of under the applicable rules and regulations of the Public Service Commission of West Virginia.

F. The Issuer, to the extent permitted by law, will not accept payment of any water bill from a customer served with water and sewer services by the Issuer without payment at the same time of a sewer bill owed by such customer for the same premises.

ARTICLE VII

MISCELLANEOUS

Section 7.01. Payment of Bond. If the Issuer shall pay or there shall otherwise be paid, to the Holder of the Bond, 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 with respect to the Bond, the pledge of Net Revenues and other moneys and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Holder of the Bond shall thereupon cease, terminate and become void and be discharged and satisfied.

Section 7.02. Modification or Amendment. The Bond Legislation may not be materially modified or amended after final passage without the prior written consent of the Purchaser.

Section 7.03. Delivery of Bond No. R-1. The Mayor is hereby authorized and directed to cause Bond No. R-1, hereby awarded to the Purchaser pursuant to prior agreement, to be delivered to the Purchaser as soon as the Purchaser will accept such delivery.

Section 7.04. Severability of Invalid Provisions. If any one or more of the covenants, agreements or provisions hereof should be held contrary to any express provision of law or contrary to the policy of express law, although not expressly prohibited, or against public policy, or shall for any reason whatsoever be held invalid, then such covenants, agreements or provisions shall be null and void and shall be deemed separable from the remaining covenants, agreements or provisions hereof, and shall in no way affect the validity of all the other provisions hereof or the Bond.

Section 7.05. 1967 Ordinance; Conflicting Provisions Repealed. The 1967 Ordinance and all parts thereof not hereby changed shall continue in full force and effect and this Bond Legislation shall be supplemental to the 1967 Ordinance.

All ordinances, resolutions and orders, or parts thereof, in conflict with the provisions hereof are, to the extent of such conflicts, hereby repealed; provided that this Section shall not be applicable to the Loan Resolution (Form FmHA 442-47).

Section 7.06. Table of Contents and Headings. The Table of Contents and headings of the articles, sections and subsections hereof are for convenience only and shall neither control nor affect in any way the meaning or construction of any of the provisions hereof.

Section 7.07. Covenant of Due Procedure, Etc. The Issuer covenants that all acts, conditions, things and procedures required to exist, to happen, to be performed or to be taken precedent to and in the enactment of this Ordinance do exist, have happened, have been performed and have been taken in regular and due time, form and manner as required by and in full compliance with the laws and Constitution of the State of West Virginia applicable thereto; and that the Mayor, Recorder and members of the Governing Body and the Sanitary Board were at all times when any actions in connection with this Ordinance occurred and are duly in office and duly qualified for such office.

Section 7.08. Effective Time. This Bond Legislation shall take effect following public hearing hereon in accordance with the Act.

Section 7.09. Statutory Notice and Public Hearing. Upon adoption hereof, an abstract of this Bond Legislation, determined by the Governing Body to contain sufficient information as to give notice of the contents hereof, shall be published once a week for two successive weeks within a period of fourteen consecutive days, with at least six full days intervening between each publication, in The Pennsboro News, a newspaper of general circulation in the City of Pennsboro, together with a notice stating that this Bond Legislation has been adopted and that the Issuer contemplates the issuance of the Bond, 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 the said abstract and notice, and present protests, and that a certified copy of the Ordinance is on file in the office of the Clerk of the Issuer for review by interested parties during regular office hours. At such hearing, all objections and suggestions shall be heard and the Council shall take such action as it shall deem proper in the premises.

Passed on First Reading November 16, 1992

Passed on Second Reading November 23, 1992

Effective following public hearing and passage on Third Reading held on December 7, 1992.

[SEAL]

Mayor

ATTEST:

By

Clerk

CERTIFICATION

Certified a true copy of an Ordinance duly enacted by the Council of the CITY OF PENNSBORO on the 7th day of December, 1992, which Ordinance has not been repealed, rescinded, modified, amended or revoked, as witness my hand and the seal of the CITY OF PENNSBORO this 12th day of April, 1993.

[SEAL]

Mary Jane Allen
Clerk

03/31/93
PSJ.A3
69675/92001

CITY OF PENNSBORO

Sewer Revenue Bond, Series 1993

SUPPLEMENTAL RESOLUTION

WHEREAS, the Council of the City of Pennsboro (the "City") did on December 7, 1992, enact a Bond Ordinance approving the issuance of a bond by the City designated as "Sewer Revenue Bond, Series 1992;" and

WHEREAS, due to unavoidable circumstances, the Sewer Revenue Bond, Series 1992, was not issued in 1992, but is expected to be issued in 1993, and it is therefore necessary to redesignate the bond as "Sewer Revenue Bond, Series 1993."

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF PENNSBORO that the Bond Ordinance be and hereby is amended to state that the bond shall be known as "Sewer Revenue Bond, Series 1993" and that this Resolution shall take effect immediately upon adoption.

Adopted this 1st day of March, 1993.

[SEAL]

Paul R Vickers
Mayor

ATTEST:

By Mary Jane Allen
Clerk

1B

CERTIFICATION

Certified a true copy of a Supplemental Resolution duly adopted by the Council of the CITY OF PENNSBORO on the 1st day of March, 1993, which Supplemental Resolution has not been repealed, rescinded, modified, amended or revoked, as witness my hand and the seal of the CITY OF PENNSBORO this 12th day of April, 1993.

[SEAL]

Mary Jane Allen
Clerk

03/31/93
PSJ.W2
69675/92001

(SPECIMEN BOND)

CITY OF PENNSBORO

SEWER REVENUE BOND, SERIES 1993

$375,000

No. R-1 Date: April 12, 1993

FOR VALUE RECEIVED, the CITY OF PENNSBORO (herein called "Borrower") promises to pay to the order of the United States of America, Farmers Home Administration (the "Government"), or its registered assigns, at its National Finance Office, St. Louis, Missouri 63103, or at such other place as the Government may hereafter designate in writing, the principal sum of THREE HUNDRED SEVENTY-FIVE THOUSAND DOLLARS ($375,000), plus interest on the unpaid principal balance at the rate of 5% per annum. The said principal and interest shall be paid in the following installments on the following dates: Monthly installments of interest only, commencing 30 days following delivery of the Bond and continuing on the corresponding day of each month for the first twenty-four months after the date hereof, and $1,842, covering principal and interest, thereafter on said corresponding day of each month, except that the final installment shall be paid at the end of 40 years from the date of this Bond, in the sum of the unpaid principal and interest due on the date thereof, and except that prepayments may be made as provided hereinbelow. The consideration herefor shall support any agreement modifying the foregoing schedule of payments.

If the total amount of the loan is not advanced at the time of loan closing, the loan shall be advanced to Borrower as requested by Borrower and approved by the Government and interest shall accrue on the amount of each advance from its actual date as shown on the Record of Advances attached hereto as a part hereof.

Every payment made on any indebtedness evidenced by this Bond shall be applied first to interest computed to the effective date of the payment and then to principal.

Prepayments of scheduled installments, or any portion thereof, may be made at any time at the option of Borrower. Refunds and extra payments, as defined in the regulations of the Farmers Home Administration according to the source of funds involved, shall, after payment of interest, be applied to the installments last to become due

under this Bond and shall not affect the obligation of Borrower to pay the remaining installments as scheduled herein.

If the Government at any time assigns this Bond and insures the payment thereof, Borrower shall continue to make payments to the Government as collection agent for the holder.

While this Bond is held by an insured lender, prepayments as above authorized made by Borrower may, at the option of the Government, be remitted by the Government to the holder promptly or, except for final payment, be retained by the Government and remitted to the holder on either a calendar quarter basis or an annual installment due date basis. The effective date of every payment made by Borrower, except payments retained and remitted by the Government on an annual installment due date basis, shall be the date of the United States Treasury check by which the Government remits the payment to the holder. The effective date of any prepayment retained and remitted by the Government to the holder on an annual installment due date basis shall be the date of the prepayment by Borrower and the Government will pay the interest to which the holder is entitled accruing between the effective date of any such prepayment and the date of the Treasury check to the holder.

Any amount advanced or expended by the Government for the collection hereof or to preserve or protect any security herefor, or otherwise under the terms of any security or other instrument executed in connection with the loan evidenced hereby, at the option of the Government shall become a part of and bear interest at the same rate as the principal of the debt evidenced hereby and be immediately due and payable by Borrower to the Government without demand. Borrower agrees to use the loan evidenced hereby solely for purposes authorized by the Government.

Borrower hereby certifies that it is unable to obtain sufficient credit elsewhere to finance its actual needs at reasonable rates and terms, taking into consideration prevailing private and cooperative rates and terms in or near its community for loans for similar purposes and periods of time.

This Bond, together with any additional bonds ranking on a parity herewith which may be issued and outstanding for the purpose of providing funds for financing costs of acquisition and construction of additions, extensions and improvements to the sewerage system (the "System") of the Borrower, is payable solely from and secured by the revenues to be derived from the operation of the System after there have been first paid from such revenues the reasonable current costs of operation and maintenance of the System. This Bond does not in any manner constitute an indebtedness of the Borrower within the meaning

of any constitutional or statutory provision or limitation, nor shall the Borrower be obligated to pay the same or the interest thereon except from the special fund so provided.

Registration of this Bond is transferable by the registered owner hereof in person or by his, her or its attorney duly authorized in writing, at said office of the Borrower, as Bond Registrar, but only in the manner, subject to the limitations and upon payment of the charges, if any, provided in the herein defined Ordinance, and upon surrender and cancellation of this Bond. Upon such transfer a new Bond or Bonds, of authorized denomination or denominations, for the like principal amount, will be issued to the transferee in exchange herefor.

This Bond, under the provisions of the Act, is and has all the qualities and incidents of a negotiable instrument under the Uniform Commercial Code of the State of West Virginia, but may only be transferred by transfer of registration hereof with the Bond Registrar.

This Bond has been issued under and in full compliance with the Constitution and statutes of the State of West Virginia, including, among others, Chapter 16, Article 13 of the West Virginia Code, as amended (the "Act"), and an Ordinance of the Borrower duly enacted authorizing issuance of this Bond (the "Ordinance").

If at any time it shall appear to the Government that Borrower may be able to obtain a loan from a responsible cooperative or private credit source at reasonable rates and terms for loans for similar purposes and periods of time, Borrower will, at the Government's request, apply for and accept such loan in sufficient amount to repay the Government.

This Bond is given as evidence of a loan to Borrower made or insured by the Government pursuant to the Consolidated Farmers Home Rural Development Act. This Bond shall be subject to the present regulations of the Farmers Home Administration and to its future regulations not inconsistent with the express provisions hereof.

This Bond is on a parity as to liens, pledge and source of and security for payment, and in all other respects, with the 1967 Bond described in the Ordinance.

IN WITNESS WHEREOF, the CITY OF PENNSBORO has caused this Bond to be executed by its Mayor and its corporate seal to be hereunto affixed or imprinted hereon and attested by its Clerk, all as of the date hereinabove written.

CITY OF PENNSBORO

[CORPORATE SEAL]

_____
Mayor

422 Main Street
Pennsboro, West Virginia 26415

ATTEST:

_____
Clerk

RECORD OF ADVANCES

	AMOUNT	DATE		AMOUNT	DATE
(1)	$		(6)	$	
(2)	$		(7)	$	
(3)	$		(8)	$	
(4)	$		(9)	$	
(5)	$		(10)	$	

TOTAL $_____

CITY OF PENNSBORO
SEWER REVENUE BONDS, SERIES 2009 B
(WEST VIRGINIA SRF PROGRAM/ARRA)

BOND ORDINANCE

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CITY OF PENNSBORO

BOND ORDINANCE

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE EXISTING PUBLIC SEWERAGE SYSTEM OF THE CITY OF PENNSBORO AND THE FINANCING OF THE COST THEREOF, NOT OTHERWISE PROVIDED, THROUGH THE ISSUANCE BY THE CITY OF NOT MORE THAN $3,500,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2009 B (WEST VIRGINIA SRF PROGRAM/ARRA); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING AN ARRA ASSISTANCE AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

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

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 16, Article 13 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 Pennsboro (the "Issuer") is a municipal corporation and political subdivision of the State of West Virginia in Ritchie County of said State.

B. The Issuer deems it necessary and desirable for the health and welfare of the inhabitants of the Issuer that there be constructed additions and improvements to its existing public sanitary sewer system, (the "Project") (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 Clerk of the Issuer.

C. It is deemed necessary for the Issuer to issue its Sewer Revenue Bonds, Series 2009 B (West Virginia SRF Program/ARRA), in the total aggregate principal amount of not more than $3,500,000 (the "Series 2009 B Bonds"), initially to be represented by a single bond, to permanently finance a portion of the costs of acquisition and construction of the Project. Said costs shall be deemed to include the cost of all property rights, easements and franchises deemed necessary or convenient therefor and eligible under the SRF Program; amounts which may be deposited in the Series 2009 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 (as hereafter defined), if any; discount; initial fees for the services of registrars, paying agents, depositories or trustees or other costs in connection with the sale of the Series 2009 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 2009 B 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 2009 B Bonds be sold to the West Virginia Water Development Authority (the "Authority") pursuant to the terms and provisions of an ARRA Assistance Agreement by and among the Issuer, the Authority and the West Virginia Department of Environmental Protection (the "DEP"), in form satisfactory to the Issuer, the Authority, and the DEP (the "ARRA Assistance Agreement"), to be approved hereby if not previously approved by resolution of the Issuer.

F. There are outstanding bonds of the Issuer which will rank on a parity with the Series 2009 B Bonds as to liens, pledge, source of and security for payment, being the Issuer's Sewer Revenue Bonds, Series 1993 (United States Department of Agriculture), dated April 12, 1993, issued in the original aggregate principal amount of $375,000 (the "Series 1993 Bonds" or the "Prior Bonds"). Other than the Prior Bonds, there are no outstanding bonds or obligations of the Issuer which will rank on a parity with the Series 2009 B Bonds as to liens, pledge, source of and security for payment.

The Series 2009 B Bonds shall be issued on a parity with the Series 1993 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 2009 B Bonds, the Issuer will obtain (i) the certificate of an Independent Certified Public Accountant stating that the coverage and parity tests, if any, of the Series 1993 Bonds are met; and (ii) the written consent of the Holders of the Series 1993 Bonds to the issuance of the Series 2009 B Bonds on a parity with the Series 1993 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 all covenants of the Prior Bonds and Prior Ordinance.

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 to make all payments into all funds, accounts and other payments provided for herein.

H. The Issuer has complied with all requirements of West Virginia law and the ARRA Assistance Agreement relating to authorization of the acquisition and construction of the Project and the operation of the System and issuance of the Series 2009 B Bonds, or will have so complied prior to issuance of any thereof, including, among other things and without limitation, the approval of the Project and the financing thereof by the West Virginia Infrastructure and Jobs Development Council and the obtaining of a certificate of public convenience and necessity from the Public Service Commission of West Virginia by final order, the time for rehearing and appeal of which will either have expired prior to the issuance of the Series 2009 B Bonds or such final order will not be subject to appeal.

I. Pursuant to the Act, the Issuer has heretofore established a Sanitary Board, and the Sanitary Board has petitioned the Governing Body to issue the Series 2009 B Bonds for the purposes set forth herein.

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

Section 1.03. Bond Legislation Constitutes Contract. In consideration of the acceptance of the Series 2009 B Bonds by those who shall be the Registered Owners of the same from time to time, this Bond Legislation shall be deemed to be and shall constitute a contract between the Issuer and such 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 Registered Owners of any and all of such Series 2009 B Bonds, all which shall be of equal rank and without preference, priority or distinction between any one Bond of a series and any other Bonds of the same series, 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 16, Article 13 and Chapter 22C, Article 2 of the West Virginia Code of 1931, as amended and in effect on the date of enactment hereof.

"ARRA Assistance Agreement" means the ARRA Assistance Agreement heretofore entered into, or to be entered into, by and among the Issuer, the Authority and the DEP, providing for the purchase of the Series 2009 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.

"Authority" means the West Virginia Water Development Authority, which is expected to be the original purchaser and Registered Owner of the Series 2009 B Bonds, or any other agency, board or department of the State of West Virginia that succeeds to the functions of the Authority, acting in its administrative capacity and upon authorization from the DEP under the Act.

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

"Board" means the Sanitary Board of the Issuer.

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

"Series 2009 B Bond Construction Trust Fund" means the Bond Construction Trust Fund established by section 5.01 hereof.

"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 2009 B Bonds, and, where appropriate, any bonds on a parity therewith subsequently authorized to be issued hereunder or by another ordinance of the Issuer and the Prior Bonds.

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

"Clerk" means the Clerk of the Issuer.

"Closing Date" means the date upon which there is an exchange of the Series 2009 B Bonds for all or a portion of the proceeds of the Series 2009 B Bonds from the Authority and the DEP.

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

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

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

"Consulting Engineers" means _Burgess & Niple, Parkersburg, 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 1.02G hereof to be a part of the cost of acquisition and construction of the Project.

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

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

"Depreciation Account" means the Depreciation Account established by Prior Ordinance.

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

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

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

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

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

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

"Mayor" means the Mayor of the Issuer.

"Net Proceeds" means the face amount of the Series 2009 B Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds, if any, deposited in the Series 2009 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 2009 B Bonds, without regard to whether or not such investment is made in tax-exempt obligations.

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

"Operating Expenses" means the reasonable, proper and necessary costs of repair, maintenance and operation of the System and includes, without limiting the generality of the foregoing, administrative, engineering, legal, auditing and insurance expenses, other than those capitalized as part of the costs, if any, 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 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 and Prior Bonds theretofore and thereupon being authenticated and delivered, except (i) any Bond or Prior Bonds cancelled by the Bond Registrar or the Registrar for the 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 in accordance with the ordinance authorizing the issuance thereof; and (v) for purposes of consents or other action by a specified percentage of Bondholders, or holders of any 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 or authority designated as such for the Series 2009 B Bonds in the Supplemental Resolution, with the written consent of the Authority and the DEP.

"Prior Bonds" means the Issuer's Sewer Revenue Bonds, Series 1993 (Untied States Department of Agriculture), dated April 12, 1993, issued in the original aggregate principal amount of $375,000.

"Prior Ordinance" means the ordinance of the Issuer, as supplemented, authorizing the Prior Bonds.

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

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

(a) Government Obligations;

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

(c) Bonds, debentures, notes or other evidences of indebtedness issued by any of the following agencies: Banks for

Cooperatives; Federal Intermediate Credit Banks; Federal Home Loan Bank System; Export-Import Bank of the United States; Federal Land Banks; Government National Mortgage Association; Tennessee Valley Authority; or Washington Metropolitan Area Transit Authority;

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

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

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

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

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

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

"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 2009 B 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 2009 B Bonds, which is to be one year's annual debt service amount.

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

"Series 1993 Bonds" means the Issuer's Sewer Revenue Bonds, Series 1993 (United States Department of Agriculture), dated April 12, 1993, issued in the original aggregate principal amount of $375,000.

"Series 2009 B Bonds" means Sewer Revenue Bonds, Series 2009 B (West Virginia SRF Program/ARRA), of the Issuer, authorized by this Bond Legislation.

"Series 2009 B Bonds Construction Trust Fund" means the Series 2009 B Bonds Construction Trust Fund established by Section 5.01 hereof.

"Series 2009 B Bonds Reserve Account" means the Series 2009 B Bonds Reserve Account established by Section 5.02 hereof.

"Series 2009 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 2009 B Bonds in the then current or any succeeding year.

"Series 2009 B Bonds Sinking Fund" means the Series 2009 B Bonds Sinking Fund established by Section 5.02 hereof.

"SRF Administrative Fee" means any administrative fee, if any, required to be paid pursuant to the ARRA Assistance Agreement.

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

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

"State" means the State of West Virginia.

"Supplemental Resolution" means any resolution, ordinance or order of the Issuer supplementing or amending this Ordinance and, when preceded by the article "the," refers specifically to the supplemental resolution authorizing the sale of the Series 2009 B Bonds; provided, that any matter intended by this Ordinance to be included in the Supplemental Resolution with respect to the Series 2009 B Bonds, and not so included may be included in another Supplemental Resolution.

"Surplus Revenues" means the Net Revenues not required by the Bond Legislation to be set aside and held for the payment of or security for the Bonds or any other obligation of the Issuer, including, without limitation, the Renewal and Replacement Fund and the Reserve Accounts.

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

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

Additional terms and phrases are defined in this Ordinance as they are used. Words importing singular number shall include the plural number in each case and vice versa; words importing persons shall include firms and corporations; and words importing the masculine, feminine or neutral gender shall include any other gender.

ARTICLE II

AUTHORIZATION OF ACQUISITION AND CONSTRUCTION OF THE PROJECT

Section 2.01. Authorization of Acquisition and Construction of the Project. There is hereby authorized and ordered the acquisition and construction of the Project, at an estimated cost of not to exceed $3,500,000, in accordance with the plans and specifications which have been prepared by the Consulting Engineers, heretofore filed in the office of the Governing Body. The proceeds of the Series 2009 B Bonds hereby authorized shall be applied as provided in Article VI hereof. The Issuer has received or will receive bids and will enter into contracts for the acquisition and construction of the Project, compatible with the financing plan submitted to the DEP.

The cost of the Project is estimated not to exceed $5,000,000, of which not more than $3,500,000 will be obtained from the proceeds of the Series 2009 B Bonds, $1,500,000 will be obtained from a Small Cities Block Grant and $249,278 grant will be obtained from the West Virginia Infrastructure Fund.

ARTICLE III

AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND SALE OF BONDS; AUTHORIZATION AND EXECUTION OF ARRA ASSISTANCE AGREEMENT

Section 3.01. Authorization of Bonds. For the purposes of capitalizing interest, if any, on the Series 2009 B Bonds, funding a reserve account for the Series 2009 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 2009 B Bonds of the Issuer. The Series 2009 B Bonds shall be issued as a single bond, designated "Sewer Revenue Bonds, Series 2009 B (West Virginia SRF Program/ARRA)", in the principal amount of not more than $3,500,000, and shall have such terms as set forth hereinafter and in the Supplemental Resolution. The proceeds of the Series 2009 B Bonds remaining after funding of the Series 2009 B Bonds Reserve Account (if funded from Bond proceeds) and capitalizing interest on the Series 2009 B Bonds, if any, shall be deposited in or credited to the Series 2009 B 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 2009 B Bonds shall be issued in such principal amounts; shall bear interest, if any, at such rate or rates, not exceeding the then legal maximum, payable quarterly on such dates; shall mature on such dates and in such amounts; and shall be redeemable, in whole or in part, all as the Issuer shall prescribe in a Supplemental Resolution or as specifically provided in the ARRA Assistance Agreement. The Series 2009 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, if any, on the Series 2009 B 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 2009 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 2009 B Bonds, and shall mature in principal installments, all as provided in the Supplemental Resolution. The Series 2009 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. Such Bonds shall be dated and shall bear interest, if any, as of the date specified in a Supplemental Resolution.

Section 3.03. Execution of Bonds. The Series 2009 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 Clerk. In case any one or more of the officers who shall have signed or sealed the Series 2009 B Bonds shall cease to be such officer of the Issuer before the Series 2009 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 2009 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 the authorization of such Bonds such person may not have held such office or may not have been so authorized.

Section 3.04. Authentication and Registration. No Series 2009 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 2009 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 2009 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 2009 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 2009 B Bonds remain outstanding, the Issuer, through the Bond Registrar as its agent, shall keep and maintain books for the registration and transfer of the Series 2009 B Bonds.

The registered Series 2009 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 2009 B Bonds or transferring the registered Series 2009 B Bonds are exercised, all Series 2009 B Bonds shall be delivered in accordance with the provisions of this Bond Legislation. All Series 2009 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 2009 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 2009 B Bonds during the period commencing on the 15th day of the month next preceding an interest payment date on the Series 2009 B Bonds or, in the case of any proposed redemption of Series 2009 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 2009 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 2009 B 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 Net Revenues derived from the operation of the System as herein provided. No Holder or Holders of the Series 2009 B Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Series 2009 B Bonds or the interest, if any, thereon.

Section 3.08. Bonds Secured by Pledge of Net Revenues; Lien Position with Respect to Prior Bonds. The payment of the debt service of all Series 2009 B Bonds shall be secured forthwith equally and ratably by a first lien on the Net Revenues derived from the operation of the System, on a parity with the lien on the Net Revenues in favor of the Holders of the Prior Bonds. Such Net Revenues in an amount sufficient to pay the principal of and interest, if any, on and other payments for the Series 2009 B Bonds and the Prior Bonds and to make the payments into all funds and accounts and all other payments provided for in the Bond Legislation, are hereby irrevocably pledged to such payments as the same become due.

Section 3.09. Delivery of Bonds. The Issuer shall execute and deliver the Series 2009 B Bonds to the Bond Registrar, and the Bond Registrar shall authenticate, register and deliver the Series 2009 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 2009 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 2009 B Bonds to the original purchasers;

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

D. An executed copy of the ARRA Assistance Agreement; and

E. The unqualified approving opinion of bond counsel on the Series 2009 B Bonds.

Section 3.10. Form of Bonds. The text of the Series 2009 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 BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
CITY OF PENNSBORO
SEWER REVENUE BONDS, SERIES 2009 B
(WEST VIRGINIA SRF PROGRAM/ARRA)

No. BR-1 $_____

KNOW ALL MEN BY THESE PRESENTS: The ____ day of _____, 2009, that the CITY OF PENNSBORO, a municipal corporation and political subdivision of the State of West Virginia in Ritchie 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___, to an including _____ 1, 20___ as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference. This Bond shall not be subject to the SRF Administrative fee (as defined in the hereinafter describe Bond Legislation).

This Bond shall bear no interest. Principal installments of this Bond are 100% forgivable as set forth in the ARRA Assistance Agreement.

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the West Virginia Department of Environmental Protection (the "DEP"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the ARRA Assistance Agreement (the "ARRA Assistance Agreement") by and among the Issuer, the Authority and the DEP, dated _____, 2009.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain additions, betterments and improvements to the public 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 public sewerage system of the Issuer, the Project, and any further 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 16, Article 13 and Chapter 22C, Article 2

of the West Virginia Code of 1931, as amended (collectively, the "Act"), a Bond Ordinance duly enacted by the Issuer on _____, 2009, and a Supplemental Resolution duly adopted by the Issuer on _____, 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 AS TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT WITH THE ISSUER'S SEWER REVENUE BONDS, SERIES 1993 (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED APRIL 12, 1993, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $375,000 (THE "SERIES 1993 BONDS" OR THE "PRIOR BONDS").

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Net 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 B Bonds Reserve Account"), and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest, if any, on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the 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 Net Revenues, the monies in the Series 2009 B Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest, if any, on the Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with or junior to the Bonds, including the Prior Bonds; provided however, that so long as there exists in the Series 2009 B Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest, if any, which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with or junior 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 (as defined in the Bond

Legislation), by the registered owner, or by its attorney duly authorized in writing, upon the surrender of this Bond, together with a written instrument of transfer satisfactory to the Registrar, duly executed by the registered owner or its attorney duly authorized in writing.

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

In accordance with the requirements of the United States Department of Agriculture for the issuance of parity obligations, the Bonds will be in default should any proceeds of the Bonds be used for a purpose that will contribute to excessive erosion of highly erodible land or to the conversion of wetlands to produce an agricultural commodity.

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

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

[Remainder of Page Intentionally Blank]

IN WITNESS WHEREOF, the CITY OF PENNSBORO 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 the day and year first written above.

[SEAL]

_____
Mayor

ATTEST:

_____
Clerk

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2009 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: _____, 2009.

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: _____, 20____.

_____

In the presence of:

_____

Section 3.11. Sale of Bonds; Approval and Ratification of Execution of ARRA Assistance Agreement. The Series 2009 B Bonds shall be sold to the Authority, pursuant to the terms and conditions of the ARRA Assistance Agreement. If not so authorized by previous ordinance or resolution, the Mayor is specifically authorized and directed to execute the ARRA Assistance Agreement in the form attached hereto as "Exhibit A" and made a part hereof, and the Clerk is directed to affix the seal of the Issuer, attest the same and deliver the ARRA Assistance Agreement to the Authority, and any such prior execution and delivery is hereby authorized, approved, ratified and confirmed. The ARRA Assistance Agreement, including all schedules and exhibits attached thereto, are hereby approved and incorporated into this Bond Legislation.

Section 3.12. "Amended Schedule" Filing. Within 60 days following the Completion Date of the Project, the Issuer will file with the Authority and the DEP a schedule, the form of which will be provided by the DEP, setting forth the actual costs of the Project and sources of funds therefor.

ARTICLE IV

[RESERVED]

ARTICLE V

FUNDS AND ACCOUNTS; SYSTEM REVENUES AND APPLICATION THEREOF

Section 5.01. Establishment of Funds and Accounts with Depository Bank. The following special funds or accounts are hereby created (or continued if previously established by the Prior 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 Prior Ordinance as the Sewer Fund and hereby renamed and continued);

(2) Renewal and Replacement Fund (established by the Prior Ordinance as the Depreciation Account and hereby renamed and continued); and

(3) Series 2009 B Bonds Construction Trust Fund.

Section 5.02. Establishment of Funds and Accounts with Commission. The following special funds or accounts are hereby created with 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 2009 B Bonds Sinking Fund; and

(2) Series 2009 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 the Prior Ordinance 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 this Bond Legislation and in the Prior Ordinance. All revenues at any time on deposit in the Revenue Fund shall be disposed of only in the following manner order of priority:

(1) The Issuer shall first, each month, pay from the moneys in the Revenue Fund all Operating Expenses of the System.

(2) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the National Finance Office, the amount required by the Prior Ordinance to pay interest on the Series 1993 Bonds.

(3) The Issuer shall next, on the first day of each month, transfer

from the Revenue Fund and remit (i) to the National Finance Office, the amount required by the Prior Ordinance to pay principal on the Series 1993 Bonds; and (ii) to the Commission, commencing 4 months prior to the first date of payment of principal of the Series 2009 B Bonds, for deposit in the Series 2009 B Bonds Sinking Fund, an amount equal to 1/3rd of the amount of principal, if any, which will mature and become due on the Series 2009 B Bonds on the next ensuing quarterly principal payment date.

(4) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and remit to the Commission, commencing 4 months prior to the first date of payment of principal, if required, of the Series 2009 B Bonds, if not fully funded upon issuance of the Series 2009 B Bonds, for deposit in the Series 2009 B Bonds Reserve Account, an amount equal to 1/120th of the Series 2009 B Bonds Reserve Requirement; provided that, no further payments shall be made into the Series 2009 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 2009 B Bonds Reserve Requirement.

(5) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and remit to the Depository Bank for deposit in the Renewal and Replacement Fund, an amount equal to 2 1/2% of the Gross Revenues each month, 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 accounts have not, as of the date of determination of a deficiency, funded such accounts to the maximum extent required hereof) shall be promptly eliminated with moneys from the Renewal and Replacement Fund.

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

All investment earnings on monies in the Series 2009 B Bonds Sinking Fund and the Series 2009 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 2009 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, if any, due on the Series 2009 B Bonds and then to the next ensuing principal payment due thereon.

Any withdrawals from the Series 2009 B Bonds Reserve Account which result in a reduction in the balance of the Series 2009 B Bonds Reserve Account to below the Series 2009 B Bonds Reserve Requirement shall be subsequently restored from the first Net Revenues available after all required payments have been made in full in the priority as set forth above.

As and when additional Bonds ranking on a parity with the Series 2009 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 respective reserve account in an amount equal to the requirement therefor.

The Issuer shall not be required to make any further payments into the Series 2009 B Bonds Sinking Fund or into the Series 2009 B Bonds Reserve Account therein when the aggregate amount of funds therein are at least equal to the aggregate principal amount of the Series 2009 B 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 Series 1993 Bonds and the Series 2009 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 2009 B Bonds Sinking Fund and the Series 2009 B Bonds Reserve Account created hereunder, and all required amounts shall be remitted to the Commission from the Revenue Fund by the Issuer at the times provided herein. If required by the Authority at anytime, the Issuer shall make the necessary arrangements whereby required payments into the Series 2009 B Bonds Sinking Fund and the Series 2009 B 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 2009 B Bonds Sinking Fund and the Series 2009 B Bonds Reserve Account shall be invested and reinvested by the Commission in accordance with Section 8.01 hereof.

The Series 2009 B Bonds Sinking Fund, including the Series 2009 B Bonds

Reserve Account therein, shall be used solely and only for, and are hereby pledged for, the purpose of servicing the Series 2009 B Bonds under the conditions and restrictions set forth herein.

B. The Issuer shall, on the first day of each month (if the first day is not a business day, then the first business day of each month), deposit with the Commission the required interest, principal and reserve account payments, if any, with respect to the Series 2009 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. The Issuer shall, on the first day of each month (if the first day is not a business day, then the first business day of each month) deposit with the Commission, the SRF Administrative Fee as set forth in the Schedule Y attached to the ARRA Assistance Agreement.

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

D. Whenever all of the required and provided transfers and payments from the Revenue Fund into the several special funds, as 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 the Act, 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 and fees then due. In the case of payments to the Commission under this paragraph, the Issuer shall, if required by the Authority 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 sum insured by the maximum amounts insured by FDIC in all funds and accounts shall at all times be secured, to the full extent thereof in excess of such insured sum, by Qualified Investments as shall be eligible as security for deposits of state and municipal funds under the laws of the State.

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 relevant provisions

of the Prior Ordinance, and the Net 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 and the Depository Bank shall clearly identify the fund or account into which each amount is to be deposited.

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

J. All Tap Fees shall be deposited by the Issuer, as received, in the Series 2009 B 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 2009 B Bonds, the following amounts shall be first deducted and deposited in the order set forth below:

A. From the proceeds of the Series 2009 B Bonds, there shall first be deposited with the Commission in the Series 2009 B Bonds Sinking Fund, the amount, if any, set forth in the Supplemental Resolution as capitalized interest.

B. Next, from the proceeds of the Series 2009 B Bonds, there shall be deposited with the Commission in the Series 2009 B Bonds Reserve Account, the amount, if any, set forth in the Supplemental Resolution for funding of the Series 2009 B Bonds Reserve Account.

C. As the Issuer receives advances of the remaining monies derived from the sale of the Series 2009 B Bonds, such monies shall be deposited with the Depository Bank in the 2009 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, and until expended, are hereby pledged as additional security for the Series 2009 B 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 2009 B Bonds shall be expended as approved by the DEP.

Section 6.02. Disbursements From the Series 2009 B Bonds Construction Trust Fund. On or before the Closing Date, the Issuer shall have delivered to the Authority and the DEP a report listing the specific purposes for which the proceeds of the Series 2009 B Bonds will be expended and the disbursement procedures of such proceeds, including an estimated monthly draw schedule. Payments for Costs of the Project shall be made monthly.

Except as provided in Section 6.01 hereof, disbursements from the Series 2009 B Bonds Construction Trust Fund shall be made only after submission to, and approved from, the Authority and the DEP of the following:

(1) a completed and signed "Payment Requisition Form," a form of which is attached to the ARRA Assistance Agreement, in compliance with the construction schedule; and

(2) a certificate, signed by an Authorized Officer and the Consulting Engineers, stating that:

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

(B) Each item for which the payment is proposed to be made is or was necessary in connection with the Project and constitutes a Cost of the Project;

(C) Each of such costs has been otherwise properly incurred; and

(D) Payment for each of the items proposed is then due and owing.

Pending such application, monies in the Series 2009 B Bonds Construction Trust Fund shall be invested and reinvested in Qualified Investments at the written direction of the Issuer.

ARTICLE VII

ADDITIONAL COVENANTS OF THE ISSUER

Section 7.01. General Covenants of the Issuer. All the covenants, agreements and provisions of this Bond Legislation shall be and constitute valid and legally binding covenants of the Issuer and shall be enforceable in any court of competent jurisdiction by any Holder or Holders of the Series 2009 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 2009 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 2009 B Bonds or the interest, if any, thereon is Outstanding and unpaid.

Section 7.02. Bonds not to be Indebtedness of the Issuer. The Series 2009 B 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 2009 B Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Series 2009 B Bonds or the interest, if any, thereon.

Section 7.03. Bonds Secured by Pledge of Net Revenues; Lien Position with Respect to Prior Bonds. The payment of the debt service of the Series 2009 B Bonds shall be secured forthwith equally and ratably by a first lien on the Net Revenues derived from the System, on a parity with the lien on the Net Revenues in favor of the Holders of the Prior Bonds. The Net Revenues in an amount sufficient to pay the principal of and interest, if any, on the Prior Bonds and the Series 2009 B 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 the issuer shall supply an opinion of counsel to such effect. Such rates and charges shall be sufficient to comply with the requirements of the ARRA Assistance Agreement and the Issuer shall supply a certificate of certified public accountant to such effect. The initial schedule of rates and charges for the services and facilities of the System shall be as set forth and approved and described in the sewer rate ordinance of the Issuer enacted May 19, 2009, which rates are incorporated herein by reference as a part hereof.

So long as the Series 2009 B Bonds are outstanding, the Issuer covenants and agrees to fix and collect rates, fees and other charges for the use of the System and to take all such actions necessary to provide funds sufficient to produce the required sums set forth in the

Bond Legislation and in compliance with the ARRA Assistance Agreement. In the event the schedule of rates and charges initially established for the System in connection with the Series 2009 B Bonds shall prove to be insufficient to produce the required sums set forth in this Bond Legislation and the ARRA Assistance Agreement, the Issuer hereby covenants and agrees that it will, to the extent or in the manner authorized by law, immediately adjust and increase such schedule of rates and charges and take all such actions necessary to provide funds sufficient to produce the required sums set forth in this Bond Legislation and the ARRA Assistance Agreement.

Section 7.05. Sale of the System. So long as the Prior Bonds are outstanding, the Issuer shall not sell, mortgage, lease or otherwise dispose of or encumber the System, or any part thereof, except as provided in the Prior Ordinance. Additionally, so long as the Series 2009 B Bonds are outstanding and except as otherwise required by law or with the written consent of the Authority and the DEP, the System may not be sold, mortgaged, leased or otherwise disposed of, except as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to fully pay all the Bonds Outstanding in accordance with Article X hereof. The proceeds from any such sale, mortgage, lease or other disposition of the System shall, with respect to the Series 2009 B Bonds, immediately be remitted to the Commission for deposit in the Series 2009 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 of and interest, if any, on the Series 2009 B Bonds. Any balance remaining after the payment of the Bonds and the interest, if any, thereon shall be remitted to the Issuer by the Commission unless necessary for the payment of other obligations of the Issuer payable out of the revenues of the System.

The foregoing provision notwithstanding, the Issuer shall have and hereby reserves the right to sell, lease or otherwise dispose of any of the property comprising a part of the System hereinafter determined in the manner provided herein to be no longer necessary, useful or profitable in the operation thereof. Prior to any such sale, lease or other disposition of such property, if the amount to be received therefor, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, is not in excess of $10,000, the Issuer shall, by resolution duly adopted, determine that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then provide for the sale of such property. The proceeds of any such sale shall be deposited in the Renewal and Replacement Fund. If the amount to be received from such sale, lease or other disposition of said property, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, shall be in excess of $10,000 but not in excess of $50,000, the Issuer shall first, 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 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 of any such sale shall be remitted by the Issuer to the Commission for deposit in the Renewal and Replacement Fund. The payment of such proceeds into the Renewal and Replacement Fund shall not reduce the amounts

required to be paid into such 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 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 this Section 7.06 and Section 7.07 hereof, the Issuer shall not issue any 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 2009 B Bonds and the Prior Bonds. All obligations issued by the Issuer after the issuance of the Series 2009 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 and source of and security for payment from such revenues and in all other respects, to the Series 2009 B 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 2009 B Bonds, and the interest thereon, upon any of the income and revenues of the System pledged for payment of the Series 2009 B Bonds and the interest, if any, thereon in this Bond Legislation, or upon the System or any part thereof.

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

Section 7.07. Parity Bonds. So long as the Prior Bonds are outstanding, the limitations on the issuance of parity obligations set forth in the Prior Ordinances shall be applicable. Additionally, no Parity Bonds, payable out of the revenues of the System, shall be issued after the issuance of the Series 2009 B Bonds pursuant to this Bond Legislation, without the prior written consent of the Authority and the DEP under the conditions and in the manner herein provided (unless less restrictive than the provisions of the Prior Ordinance).

All Parity Bonds issued hereunder shall be on a parity in all respects with the Series 2009 B Bonds.

No such Parity Bonds shall be issued except for the purpose of financing the costs of design, acquisition or construction of additions, extensions, betterments or improvements 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 the Independent Certified Public Accountants reciting the conclusion that the Net Revenues actually derived, subject to the adjustments hereinafter provided for, from the System during any 12 consecutive months within the 18 months immediately preceding the date of the actual issuance of such Parity Bonds, plus the estimated average increased annual Net Revenues to be received in each of the 3 succeeding years after the completion of the improvements to be financed by such Parity Bonds, if any, shall 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 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 Clerk prior to the issuance of such Parity Bonds.

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

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 lien of the Series 2009 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 2009 B Bonds.

No Parity Bonds shall be issued at any time, however, unless all of the payments into the respective funds and accounts provided for in this Bond Legislation with respect to the Bonds then Outstanding, and any other payments provided for in this Bond Legislation, 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 DEP or their agents and representatives, to inspect all books, documents, papers and records relating to the Project and the System at all reasonable times for the purpose of audit and examination. The Issuer shall submit to the Authority and the DEP such documents and information as they may reasonably require in connection with the acquisition, construction and installation of the Project, the operation and maintenance of the System and the administration of the loan or any grants or other sources of financing for the Project.

The Issuer shall permit the Authority and the DEP or their agents and representatives, to inspect all records pertaining to the operation and maintenance 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 Governing Body. Subsidiary records as may be required shall be kept in the manner and on the forms, books and other bookkeeping records as prescribed by the Governing Body. The Governing Body shall prescribe and institute the manner by which subsidiary records of the accounting system which may be installed remote from the direct supervision of the Governing Body shall be reported to such agent of the Issuer as the Governing Body shall direct.

The Issuer shall file with the Authority and the DEP, or any other original purchaser of the Series 2009 B Bonds, and shall mail in each year to any Holder or Holders of the Series 2009 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 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, 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 said Independent Certified Public Accountants, or a summary thereof, to any Holder or Holders of the Series 2009 B Bonds and shall submit said report to the Authority and the DEP, or any other original purchaser of the Series 2009 B Bonds. Such audit report submitted to the Authority and the DEP shall include a statement that the Issuer is in compliance with the terms and provisions of the Act, the ARRA Assistance 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 ARRA Assistance Agreement and the Act, the Issuer has acquired, or shall do all things necessary to acquire, the proposed site of the Project and shall do, is doing or has done all things necessary to construct the Project in accordance with the plans, specifications and designs prepared by the Consulting Engineers. All real estate and interests in real estate and all personal property constituting the Project and the Project site heretofore or hereafter acquired shall at all times be and remain the property of the Issuer.

The Issuer shall provide the DEP with all appropriate documentation to comply with any special conditions established by federal and/or state regulations as set forth in EXHIBIT E of the ARRA Assistance Agreement or as promulgated from time to time.

The Issuer shall permit the Authority and the DEP, or their agents and representatives, to enter and inspect the Project site and Project facilities at all reasonable times. Prior to, during and after completion of construction and commencement of operation of the Project, the Issuer shall provide the Authority and the DEP, or their agents and representatives, with access to the System site and System facilities as may be reasonably necessary to accomplish all of the powers and rights of the Authority and the DEP with respect to the System pursuant to the Act.

Section 7.09. Rates. Prior to the issuance of the Series 2009 B Bonds, equitable rates or charges for the use of and service rendered by the System have been established all in the manner and form required by law, and copies of such rates and charges so established will be continuously on file with the Clerk, which copies will be open to inspection by all interested parties. The schedule of rates and charges shall at all times be adequate to produce Gross Revenues from the System sufficient to pay Operating Expenses and to make the prescribed payments into the funds created hereunder. Such schedule of rates and charges shall be changed and readjusted whenever necessary so that the aggregate of the rates and charges will be sufficient for such purposes. In order to assure full and continuous performance of this covenant, with a margin for contingencies and temporary unanticipated reduction in income and revenues, the Issuer hereby covenants and agrees that the schedule of rates or charges from time to time in effect shall be sufficient, together with other revenues of the System (i) to provide for all Operating Expenses of the System and (ii) to leave a balance each year equal to at least 115% of the maximum amount required in any year for payment of principal of and interest, if any, on the Series 2009 B Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with or junior to the Series 2009 B Bonds, including the Prior Bonds; provided that, in the event the amounts equal to or in excess of the reserve requirements are on deposit respectively in the Series 2009 B Bonds Reserve Account and any Reserve Accounts for obligations on a parity with or junior to the Series 2009 B Bonds, including the Prior 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 2009 B Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with or junior to the Series 2009 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 hereof.

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 DEP and 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 within 30 days of adoption to the Authority and the DEP and to any Holder of the Bonds, who shall file his or her address with the Issuer and request in writing that copies of all such budgets and resolutions be furnished him or her and shall make available such budgets and all resolutions authorizing increased expenditures for operation and maintenance of the System at all reasonable times to the DEP, the Authority and 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 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 ARRA Assistance Agreement, and forward a copy of such report to the DEP and 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 ARRA Assistance Agreement, stating, among other things, that the Project has been or will be constructed in accordance with the approved plans, specifications and designs as submitted to the Authority and the DEP, the Project is adequate for the purposes for which it was designed, the funding plan as submitted to the Authority and the DEP is sufficient to pay the costs of acquisition and construction of the Project, and all permits required by federal and state laws for construction of the Project have been obtained.

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

The Issuer shall require the Consulting Engineers to submit Recipient As-Built Plans, as defined in the SRF Regulations, to it within 60 days of the completion of the Project. The Issuer shall notify the DEP in writing of such receipt. The Issuer shall submit a "Performance Certificate," a form of which is attached to the ARRA Assistance Agreement as Exhibit A, to the DEP within 60 days of the end of the first year after the Project is completed.

The Issuer shall require the Consulting Engineers to submit the final Operation and Maintenance Manual, as defined in the SRF Regulations, to the DEP when the Project is 90%

completed. The Issuer shall at all times provide operation and maintenance of the System in compliance with all state and federal standards.

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

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, and any services and facilities of the water system, if so owned by the Issuer, to all users of the services of the System delinquent in payment of charges for the services of the System and will not restore such services of either system until all delinquent charges for the services of the System, plus reasonable interest and penalty charges for the restoration of service, have been fully paid and shall take all further actions to enforce collections to the maximum extent permitted by law. If the water facilities are not owned by the Issuer, the Issuer shall enter into a termination agreement with the water provider of such water, subject to any required approval of such agreement by the Public Service Commission of West Virginia and all rules, regulations and orders of the Public Service Commission of West Virginia.

Section 7.14. No Free Services. The Issuer will not render or cause to be rendered any free services of any nature by the System, nor will any preferential rates be established for users of the same class; and in the event the Issuer, or any department, agency, instrumentality, officer or employee of the Issuer shall avail itself or themselves of the facilities or services provided by the System, or any part thereof, the same rates, fees or charges applicable

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

Section 7.15. Insurance and Construction Bonds. A. The Issuer hereby covenants and agrees that so long as the Series 2009 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 ARRA Assistance Agreement, during construction of the Project on a 100% basis (completed value form) on the insurable portion of the Project, such insurance to be made payable to the order of the Authority, the Issuer, the 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 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 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 verify such bonds prior to commencement of construction.

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

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

disposal of sewage and waste matters from such house, dwelling or building where there is such gravity flow or transportation by such other method approved by the State Department of Health and such house, dwelling or building can be adequately served by the System, and every such owner, tenant or occupant shall, after a 30-day notice of the availability of the System, pay the rates and charges established therefor.

Any such house, dwelling or building from which emanates sewage or water-borne waste matter and which is not so connected with the System is hereby declared and found to be a hazard to the health, safety, comfort and welfare of the inhabitants of the Issuer and a public nuisance which shall be abated to the extent permitted by law and as promptly as possible by proceedings in a court of competent jurisdiction.

Section 7.17. Completion and Operation 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 Public Service Commission of West Virginia 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 has obtained all approvals for the issuance of the Series 2009 B Bonds required by State law, with all appeal periods having expired without successful appeal.

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

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

Section 7.19. [RESERVED]

Section 7.20. Securities Laws Compliance. The Issuer 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 7.21. Contracts; Change Orders. A. The Issuer shall, simultaneously with the delivery of the Series 2009 B Bonds or immediately thereafter, enter into written contracts for the immediate acquisition or construction of the Project.

B. The Issuer shall submit all proposed change orders to the DEP for written approval. The Issuer shall obtain the written approval of the DEP before expending any proceeds of the Series 2009 B Bonds held in "contingency" as set forth in the Schedule attached to the Certificate of the Consulting Engineer. The Issuer shall also obtain the written approval of the DEP before expending any proceeds of the Series 2009 B Bonds made available due to bid or construction or project underruns.

Section 7.22. Statutory Mortgage Lien. For the further protection of the Holders of the Series 2009 B Bonds, a statutory mortgage lien upon the System is granted and created by the Act, which statutory mortgage is hereby recognized and declared to be valid and binding, shall take effect immediately upon delivery of the 2009 B Bonds and shall be on a parity with the statutory mortgage lien in favor of the Holders of the Prior Bonds.

ARTICLE VIII

INVESTMENT OF FUNDS

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

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

The Depository Bank shall keep complete and accurate records of all funds, accounts and investments, and shall distribute to the Issuer, at least once each year, or more often as reasonably requested by the Issuer, a summary of such funds, accounts and investment earnings. The Issuer shall retain all such records and any additional records with respect to such funds, accounts and investment earnings so long as any of the Series 2009 B Bonds are Outstanding and as long thereafter as necessary to assure the exclusion of interest on the Series 2009 B Bonds from gross income for federal income tax purposes.

Section 8.02. Certificate as to Use of Proceeds; Covenants as to Use of Proceeds. The Issuer shall deliver a certificate as to use of proceeds or other similar certificate to be prepared by nationally recognized bond counsel relating to restrictions on the use of proceeds of the Series 2009 B Bonds as a condition to issuance of the Series 2009 B Bonds. In addition, the Issuer covenants (i) to comply with the Code and all Regulations from time to time in effect and applicable to the Series 2009 B Bonds as may be necessary in order to maintain the status of the Series 2009 B Bonds as governmental bonds; (ii) that it shall not take, or permit or suffer to be taken, any action with respect to the Issuer's use of the proceeds of the Series 2009 B Bonds which would cause any bonds, the interest on which is exempt from federal income taxation

under Section 103(a) of the Code, issued by the Authority or the DEP, as the case may be, from which the proceeds of the Series 2009 B Bonds are derived, to lose their status as tax-exempt bonds; and (iii) to take such action, or refrain from taking such action, as shall be deemed necessary by the Issuer, or requested by the Authority or the DEP, to ensure compliance with the covenants and agreements set forth in this Section, regardless of whether such actions may be contrary to any of the provisions of this Bond Legislation.

The Issuer shall annually furnish to the Authority information with respect to the Issuer's use of the proceeds of the Series 2009 B Bonds and any additional information requested by the Authority.

ARTICLE IX

DEFAULT AND REMEDIES

Section 9.01. Events of Default. Each of the following events shall constitute an "Event of Default" with respect to the Series 2009 B Bonds:

(1) If default occurs in the due and punctual payment of the principal of or interest, if any, on the Series 2009 B Bonds; or

(2) If default occurs in the Issuer's observance of any of the covenants, agreements or conditions on its part relating to the Series 2009 B Bonds set forth in this Bond Legislation, any supplemental resolution or in the Series 2009 B Bonds, and such default shall have continued for a period of 30 days after the Issuer shall have been given written notice of such default by the Commission, the Depository Bank, the Registrar, the Paying Agent or any other Paying Agent or a Holder of a Bond; or

(3) If the Issuer 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 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 2009 B Bonds shall be on a parity with the Holders of the Series 1993 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 exercise.

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

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

Any receiver appointed as provided herein shall hold and operate the System in the name of the Issuer and for the joint protection and benefit of the Issuer and Registered Owners of the Bonds. Such receiver shall have no power to sell, assign, mortgage or otherwise dispose of any assets of any kind or character belonging or pertaining to the System, but the authority of such receiver shall be limited to the completion of the Project and the possession, operation and maintenance of the System for the sole purpose of the protection of both the Issuer and Registered Owners of such Bonds and the curing and making good of any Event of Default with respect thereto under the provisions of this Bond Legislation, and the title to and ownership of said System shall remain in the Issuer, and no court shall have any jurisdiction to enter any order or decree permitting or requiring such receiver to sell, assign, mortgage or otherwise

dispose of any assets of the System.

ARTICLE X

PAYMENT OF BONDS

Section 10.01. Payment of Bonds. If the Issuer shall pay or there shall otherwise be paid to the Holders of the Series 2009 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 Net 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 2009 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, if any, on the Series 2009 B Bonds from gross income for federal income tax purposes.

ARTICLE XI

MISCELLANEOUS

Section 11.01. Amendment or Modification of Bond Legislation. Prior to issuance of the Series 2009 B Bonds, this Ordinance may be amended or supplemented in any way by the Supplemental Resolution. Following issuance of the Series 2009 B Bonds, no material modification or amendment of this Ordinance, or of any ordinance, resolution or order amendatory or supplemental hereto, that would materially and adversely affect the rights of Registered Owners of the Series 2009 B Bonds, shall be made without the consent in writing of the Registered Owners of the Series 2009 B Bonds so affected and then Outstanding; provided, that no change shall be made in the maturity of any Bond or Bonds or the rate of interest, 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 respective Registered Owner thereof. No amendment or modification shall be made that would reduce the percentage of the principal amount of the Series 2009 B Bonds required for consent to the above-permitted amendments or modifications. Notwithstanding the foregoing, this Bond Legislation may be amended without the consent of any Bondholder as may be necessary to assure compliance with Section 148(f) of the Code relating to rebate requirements or otherwise as may be necessary to assure the exclusion of interest, if any, on the Series 2009 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 Series 2009 B 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 2009 B Bonds.

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

Section 11.05. Conflicting Provisions Repealed. Except for the Prior Ordinance, all ordinances, orders or resolutions and or parts thereof in conflict with the provisions of this Ordinance are, to the extent of such conflict, hereby repealed; provided that, in the event of any conflict between this Ordinance and the Prior Ordinance, the Prior Ordinance shall control (unless less restrictive), so long as the Prior Bonds 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. Effective Date. This Ordinance shall take effect immediately following the 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 Pennsboro News*, a newspaper published and of general circulation in the City of Pennsboro, together with a notice stating that this Ordinance has been adopted and that the Issuer contemplates the issuance of the Series 2009 B Bonds, and that any person interested may appear before the Governing Body upon a date certain, not less than ten days subsequent to the date of the first publication of such abstract of this Ordinance and notice, and present protests, and that a certified copy of this Ordinance is on file with the Governing Body for review by interested persons during office hours of the Governing Body. At such hearing, all objections and suggestions shall be heard and the Governing Body shall take such action as it shall deem proper in the premises.

Passed on First Reading:	July 20, 2009
Passed on Second Reading:	July 27, 2009
Passed on Final Reading Following Public Hearing:	August 17, 2009

Mayor

CERTIFICATION

Certified a true copy of an Ordinance duly enacted by the Council of the City of Pennsboro on the 17th day of August, 2009.

Dated: September 25, 2009

[SEAL]

Rebecca R. Saltington
Clerk

05.29.09
696750.00002

EXHIBIT A

ARRA Assistance Agreement included in bond transcript as Document 3.

CITY OF PENNSBORO

Sewer Revenue Bonds, Series 2009 B
(West Virginia SRF Program/ARRA)

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 SEWER REVENUE BONDS, SERIES 2009 B (WEST VIRGINIA SRF PROGRAM/ARRA), OF THE CITY OF PENNSBORO; APPROVING A CONFORMED ORDINANCE; APPROVING AND RATIFYING THE ARRA ASSISTANCE AGREEMENT RELATING TO SUCH BONDS AND THE SALE AND DELIVERY OF SUCH BONDS TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

WHEREAS, the council (the "Governing Body") of the City of Pennsboro (the "Issuer") has duly and officially adopted and enacted a bond ordinance, effective August 17, 2009 (the "Bond Ordinance"), entitled:

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE EXISTING PUBLIC SEWERAGE SYSTEM OF THE CITY OF PENNSBORO AND THE FINANCING OF THE COST THEREOF, NOT OTHERWISE PROVIDED, THROUGH THE ISSUANCE BY THE CITY OF NOT MORE THAN $3,500,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2009 B (WEST VIRGINIA SRF PROGRAM/ARRA); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING

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AN ARRA ASSISTANCE AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

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 Sewer Revenue Bonds, Series 2009 B (West Virginia SRF Program/ARRA), of the Issuer, in an aggregate principal amount not to exceed $3,500,000 (the "Bonds" or the "Series 2009 B Bonds");

WHEREAS, the Bond Ordinance has authorized the execution and delivery of the ARRA assistance agreement relating to the Series 2009 B Bonds, including all schedules and exhibits attached thereto, by and among the Issuer, the West Virginia Water Development Authority (the "Authority") and the West Virginia Department of Environmental Protection (the "DEP") (the "ARRA Assistance Agreement"), all in accordance with Chapter 16, Article 13 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 ARRA Assistance 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 ARRA Assistance Agreement has been presented to the Issuer at this meeting;

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

WHEREAS, the Governing Body deems it essential and desirable that this supplemental resolution (the "Supplemental Resolution") be adopted, that the ARRA Assistance Agreement be approved and ratified by the Issuer, that the exact principal 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 PENNSBORO:

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 Sewer Revenue Bonds, Series 2009 B (West Virginia SRF Program/ARRA), of the Issuer, originally represented by a single Bond, numbered BR-1, in the principal amount of $2,801,000. The Series 2009 B Bonds shall be dated the date of delivery thereof and shall bear no interest. The principal of the Series 2009 B Bonds shall be 100% forgiven as set forth in ARRA Assistance Agreement. The Series 2009 B Bonds shall be subject to redemption upon the written consent of the Authority and the DEP, and upon payment of the redemption premium, if any, and otherwise in compliance with the ARRA Assistance Agreement, so long as the Authority shall be the registered owner of the Series 2009 B Bonds. The Series 2009 B Bonds are not subject to the SRF Administrative Fee.

Section 2. All other provisions relating to the Bonds and the text of the Bonds shall be in substantially the form provided in the Bond Ordinance.

Section 3. The Issuer does hereby authorize, approve, ratify and accept the ARRA Assistance Agreement, a copy of which is incorporated herein by reference, and the execution and delivery of the ARRA Assistance Agreement by the Mayor, and the performance of the obligations contained therein, on behalf of the Issuer, are hereby authorized, directed, ratified and approved. The Issuer hereby affirms all covenants and representations made in the ARRA Assistance Agreement and in the applications to the DEP and the Authority. The price of the 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 Union Bank, Pennsboro, West Virginia, to serve as Depository Bank under the Bond Ordinance.

Section 7. Series 2009 B Bonds proceeds in the amount of $-0- shall be deposited in the Series 2009 B Bonds Sinking Fund, as capitalized interest.

Section 8. Series 2009 B Bonds proceeds in the amount of $-0- shall be deposited in the Series 2009 B Bonds Reserve Account.

Section 9. The proceeds of the Series 2009 B Bonds shall be deposited in or

credited to the Series 2009 B Bonds Construction Trust Fund as received from the DEP from time to time for payment of the costs of the Project, including, without limitation, costs of issuance of the Bonds and related costs.

Section 10. The Mayor and the City Clerk are hereby authorized and directed to execute and deliver such other documents and certificates required or desirable in connection with the Bonds hereby and by the Bond Ordinance approved and provided for, to the end that the Bonds may be delivered on or about September 25, 2009, to the Authority pursuant to the ARRA Assistance Agreement.

Section 11. The acquisition and construction of the Project and the financing thereof in part with proceeds of the Bonds are in the public interest, serve a public purpose of the Issuer and will promote the health, welfare and safety of the residents of the Issuer.

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

Section 13. 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 B Bonds Sinking Fund and the Series 2009 B Bonds Reserve Account shall be invested by the West Virginia Municipal Bond Commission in the West Virginia Consolidated Fund.

Section 14. The Special Conditions of the ARRA Assistance Agreement are attached as Exhibit A.

Section 15. This Supplemental Resolution shall be effective immediately following adoption hereof.

[Remainder of Page Intentionally Blank]

Adopted this 21st day of September, 2009.

By: _____
Its: Mayor

CERTIFICATION

Certified a true copy of a Supplemental Resolution duly adopted by the Council of the City of Pennsboro on the 21st day of September, 2009.

Dated: September 25, 2009

[SEAL]

Rebecca R. Talkington
Clerk

05.29.09
696750.00002

EXHIBIT A

ARRA ASSISTANCE AGREEMENT SPECIAL CONDITIONS

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

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

C. BUY AMERICAN CERTIFICATION – The Local Government shall cause the contractor(s) to comply with, and provide certification of, the Buy American provisions of the ARRA in accordance with final guidance from the EPA.

D. ASSET MANAGEMENT – The Local Government shall develop and implement an asset management plan in accordance with guidelines issued by DEP and is approved by DEP.

E. CONTRACTS – The Local Government shall enter into contracts or commence construction by February 17, 2010.

F. LOGO – The Local Government must display the ARRA logo in a manner that informs the public that the project is an ARRA investment.

G. LOBBYING - The Local Government shall comply with Title 40 CFR Part 34, New Restrictions on Lobbying and shall submit certification and disclosure forms as required by DEP.

H. PURCHASING REQUIREMENTS – The Local Government shall comply with Section 6002 of the Resource Conservation and Recovery Act (RCRA) (42 U.S.C. 6962). Regulations issued under RCRA Section 6002 apply to any acquisition of an item where the purchase price exceeds $10,000 or where the quantity of such items acquired in the course of the preceding fiscal year was $10,000 or more. RCRA Section 6002 requires that preference be given in procurement programs to the purchase of specific products containing recycled materials identified in guidelines developed by EPA. These guidelines are listed in 40 CFR 247.

I. SUSPENSION AND DEBARMENT – The Local Government shall comply with Subpart C of 2 CFR Part 180 and 2 CFR Part 1532, entitled "Responsibilities of Participants Regarding Transactions (Doing Business with Other Persons). To the extent required by DEP, the Local Government shall provide certifications as to compliance.

J. REPORTING – The Local Government shall comply with all requests for data related to the use of the funds provided under this agreement, including the information required in section 1512 of ARRA when requested by DEP.

K. INSPECTOR GENERAL REVIEWS – The Local Government shall allow any appropriate representative of the Office of US Inspector General to (1) examine its records relating to the Project and this ARRA Assistance Agreement and (2) interview any officer or employee of the Local Government.

L. FALSE CLAIMS – The Local Government must promptly refer to EPA's Inspector General any credible evidence that a principal, employee, agent, sub-grantee contractor, subcontractor, loan recipient, or other person has submitted a false claim under the False Claims Act or has committed a criminal or civil violation of laws pertaining to fraud, conflict of interest, bribery, gratuity, or similar misconduct involving funds provided under this ARRA Assistance Agreement.

M. LIMIT ON FUNDS – The Local Government shall not use funds for particular activities for any casino or other gambling establishment, aquarium, zoo, golf course, or swimming pool.

N. WAGE RATES – The Local Government shall require that all laborers and mechanics employed by its contractors and subcontractors be paid wages at rates not less than those prevailing on projects of a character similar in the locality as determined by the Secretary of Labor (DOL) in accordance with subchapter IV of chapter 32 of title 40, United States Code. The Local Government must require that contractors and subcontractors obtain wage determinations from DOL and comply with DOL guidance and regulations implementing wage rate requirements applicable to ARRA funds.

O. OFFICE OF MANAGEMENT AND BUDGET (OMB) GUIDANCE – The Local Government acknowledges and agrees that this ARRA Assistance is subject to all applicable provisions of implementing guidance for the American Recovery and Reinvestment Act of 2009 issued by the United States Office of Management and Budget, including the Initial Implementing Guidance for the American Recovery and Reinvestment Act (M-09-10) issued on February 18, 2009 and available on www.recovery.gov, and any subsequent guidance documents issued by OMB.

P. DISADVANTAGED BUSINESS ENTERPRISE – Pursuant to 40 CFR, Section 33.301, the Local Government agrees to make good faith efforts whenever procuring construction, equipment, services and supplies, and to require that prime contractors also comply.

The Local Government shall provide DEP with MBE/WBE participation reports semi-annually.

Q. CIVIL RIGHTS – The Local Government shall comply with Title VI of the Civil Rights Act of 1964, Section 504 of the Rehabilitation Act of 1973, Title IX of the Education Amendments of 1972, the Age Discrimination Act of 1975, and a variety of program-specific statutes with nondiscrimination requirements. The Local Government shall also comply with Title VII of the Civil Rights Act of 1964 (prohibiting race, color, national origin, religion, and sex discrimination in employment), the Americans with Disabilities Act (prohibiting disability discrimination in employment and in services provided by State and local governments, businesses, and non-profit agencies), and the Fair Housing Act (prohibiting race, color, national origin, age, family status, and disability discrimination in housing), as well as any other applicable civil rights laws.

R. BOND DESIGNATION – Each Local Bond funded by ARRA funds shall be designated "Series [2009] B" and shall contain "(WVCWSRF Program/ARRA)" in the bond name.

S. USER RATES – The Local Government shall covenant that it will not reduce its approved or enacted customer rates for at least eighteen months after completion of the Project or until such time as a cost of service study has been completed establishing the actual operation and maintenance expenses.

SPECIMEN

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
CITY OF PENNSBORO
SEWER REVENUE BONDS, SERIES 2009 B
(WEST VIRGINIA SRF PROGRAM/ARRA)

No. BR-1 $2,801,000

KNOW ALL MEN BY THESE PRESENTS: The 25th day of September, 2009, that the CITY OF PENNSBORO, a municipal corporation and political subdivision of the State of West Virginia in Ritchie County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY (the "Authority") or registered assigns the sum of TWO MILLION EIGHT HUNDRED AND ONE THOUSAND DOLLARS ($2,801,000),or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing June 1, 2010, to an including March 1, 2020 as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference. This Bond shall not be subject to the SRF Administrative fee (as defined in the hereinafter describe Bond Legislation).

This Bond shall bear no interest. Principal installments of this Bond are 100% forgivable as set forth in the ARRA Assistance Agreement.

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the West Virginia Department of Environmental Protection (the "DEP"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the ARRA Assistance Agreement (the "ARRA Assistance Agreement") by and among the Issuer, the Authority and the DEP, dated September 25, 2009.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain additions, betterments and improvements to the public 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 public sewerage system of the Issuer, the Project, and any further 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 16, Article 13 and Chapter 22C, Article 2 of the West Virginia Code of 1931, as amended (collectively, the "Act"), a Bond Ordinance duly enacted by the Issuer on August 17, 2009, and a Supplemental Resolution duly adopted by the Issuer on September 21, 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 AS TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT WITH THE ISSUER'S SEWER REVENUE BONDS, SERIES 1993 (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED APRIL 12, 1993, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $375,000 (THE "SERIES 1993 BONDS" OR THE "PRIOR BONDS").

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Net 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 B Bonds Reserve Account"), and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest, if any, on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the 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 Net Revenues, the monies in the Series 2009 B Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest, if any, on the Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with or junior to the Bonds, including the Prior Bonds; provided however, that so long as there exists in the Series 2009 B Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest, if any, which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with or junior 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 (as defined in the Bond Legislation), by the registered owner, or by its attorney duly authorized in writing, upon the surrender of this Bond, together with a written instrument of transfer satisfactory to the Registrar, duly executed by the registered owner or its attorney duly authorized in writing.

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

In accordance with the requirements of the United States Department of Agriculture for the issuance of parity obligations, the Bonds will be in default should any proceeds of the Bonds be used for a purpose that will contribute to excessive erosion of highly erodible land or to the conversion of wetlands to produce an agricultural commodity.

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

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

[Remainder of Page Intentionally Blank]

IN WITNESS WHEREOF, the CITY OF PENNSBORO 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 the day and year first written above.

[SEAL]

SPECIMEN

Mayor

ATTEST:

SPECIMEN

Clerk

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2009 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: September 25, 2009.

THE HUNTINGTON NATIONAL BANK,
as Registrar

SPECIMEN

Authorized Officer

EXHIBIT A

RECORD OF ADVANCES

AMOUNT	DATE	AMOUNT	DATE
(1) $140,050	September 25, 2009	(19)	
(2)		(20)	
(3)		(21)	
(4)		(22)	
(5)		(23)	
(6)		(24)	
(7)		(25)	
(8)		(26)	
(9)		(27)	
(10)		(28)	
(11)		(29)	
(12)		(30)	
(13)		(31)	
(14)		(32)	
(15)		(33)	
(16)		(34)	
(17)		(35)	
(18)		(36)	

TOTAL $_____

EXHIBIT B

DEBT SERVICE SCHEDULE

BOND DEBT SERVICE

City of Pennsboro

10 Years

Dated Date 9/25/2009

Delivery Date 9/25/2009

Period Ending	Debt Service	Series B Principal Forgiveness
9/29/2009		
6/1/2010	-70,025	-70,025
9/1/2010	-70,025	-70,025
12/1/2010	-70,025	-70,025
3/1/2011	-70,025	-70,025
6/1/2011	-70,025	-70,025
9/1/2011	-70,025	-70,025
12/1/2011	-70,025	-70,025
3/1/2012	-70,025	-70,025
6/1/2012	-70,025	-70,025
9/1/2012	-70,025	-70,025
12/1/2012	-70,025	-70,025
3/1/2013	-70,025	-70,025
6/1/2013	-70,025	-70,025
9/1/2013	-70,025	-70,025
12/1/2013	-70,025	-70,025
3/1/2014	-70,025	-70,025
6/1/2014	-70,025	-70,025
9/1/2014	-70,025	-70,025
12/1/2014	-70,025	-70,025
3/1/2015	-70,025	-70,025
6/1/2015	-70,025	-70,025
9/1/2015	-70,025	-70,025
12/1/2015	-70,025	-70,025
3/1/2016	-70,025	-70,025
6/1/2016	-70,025	-70,025
9/1/2016	-70,025	-70,025
12/1/2016	-70,025	-70,025
3/1/2017	-70,025	-70,025
6/1/2017	-70,025	-70,025
9/1/2017	-70,025	-70,025
12/1/2017	-70,025	-70,025
3/1/2018	-70,025	-70,025
6/1/2018	-70,025	-70,025
9/1/2018	-70,025	-70,025
12/1/2018	-70,025	-70,025
3/1/2019	-70,025	-70,025
6/1/2019	-70,025	-70,025
9/1/2019	-70,025	-70,025
12/1/2019	-70,025	-70,025
3/1/2020	-70,025	-70,025
	-2,801,000	**-2,801,000**

(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:

_____