THE CITY OF PHILIPPI

Sewer Revenue Bonds, Series 2002
(West Virginia SRF Program)

Date of Closing: November 12, 2002

BOND TRANSCRIPT

STEPTOE & JOHNSON PLLC

Vincent A. Collins, Esquire
3rd and Main Street
Bank One Center, Sixth Floor
Clarksburg, WV 26302
(304)624-8161
collinva@steptoe-johnson.com

John C. Stump, Esquire
707 Virginia Street, East
Bank One Center, Seventh Floor
Charleston, WV 25326
(304)353-8196
stumpjc@steptoe-johnson.com

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BOND TRANSCRIPT

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THE CITY OF PHILIPPI
SEWER REVENUE BONDS, SERIES 2002
(WEST VIRGINIA SRF PROGRAM)

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THE CITY OF PHILIPPI

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE EXISTING PUBLIC SEWERAGE SYSTEM OF THE CITY OF PHILIPPI AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE CITY OF NOT MORE THAN $1,500,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2002 (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 PHILIPPI:

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 Philippi (the "Issuer") is a municipal corporation and political subdivision of the State of West Virginia in Barbour 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 additions, betterments and

improvements to the existing public sewerage system of the Issuer, consisting of sanitary sewer lines to serve the Philipp Barbour High School, the Vocational Center and approximately 10 residential and commercial customers along US Route 250 in Barbour County, together with all appurtenant facilities (collectively, the "Project"), which constitute properties for the collection, transportation, treatment, purification, or disposal of liquid or solid wastes, residential sewage or industrial waste (the existing public sewerage system of the Issuer, the Project and any further 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 the costs of acquisition and construction of the Project through the issuance of its revenue bonds to the West Virginia Water Development Authority (the "Authority"), in connection with the West Virginia Water Pollution Control Revolving Fund Program (the "SRF Program"), which the Authority administers pursuant to the Act and a grant from the West Virginia Infrastructure and Jobs Development Council.

D. It is deemed necessary for the Issuer to issue its Sewer Revenue Bonds, Series 2002 (West Virginia SRF Program), in the total aggregate principal amount of not more than $1,500,000 (the "Series 2002 Bonds"), initially to be represented by a single bond, to permanently finance the costs of acquisition and construction of the Project. Said costs shall be deemed to include the cost of all property rights, easements and franchises deemed necessary or convenient therefor and eligible under the SRF Program; amounts which may be deposited in the Series 2002 Bonds Reserve Account (as hereinafter defined); engineering and legal expenses; expenses for estimates of costs and revenues; expenses for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the enterprise; administrative expense; commitment fees; fees and expenses of the Authority, including the SRF Administrative Fee (as hereafter 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 2002 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 2002 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 30 years.

F. It is in the best interests of the Issuer that its Series 2002 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 Issuer, the Authority, and the DEP (the "Bond Purchase Agreement"), 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 2002 Bonds as to liens, pledge, source of and security for payment, being the Issuer's Sewer Revenue Bonds, Series 1987 A, dated November 19, 1987, issued in the original aggregate principal amount of $229,193 (the "First Lien Bonds") and senior to the Issuer's Sewer Revenue Bonds, Series 1987 B, dated November 19, 1987, issued in the original aggregate principal amount of $70,800 (the "Second Lien Bonds"). The First Lien Bonds and the Second Lien Bonds are sometimes hereinafter collectively referred to as the "Prior Bonds."

The Series 2002 Bonds shall be issued on a parity with the First Lien Bonds with respect to liens, pledge and source of and security for payment and in all other respects and senior to the Second Lien Bonds. Prior to the issuance of the Series 2002 Bonds, the Issuer will obtain (i) the certificate of an Independent Certified Public Accountant stating that the coverage and parity tests of the First Lien Bonds are met; and (ii) the written consent of the Holders of the Prior Bonds to the issuance of the Series 2002 Bonds on a parity with the First Lien Bonds and senior to the Second Lien 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 Ordinances.

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 Bonds (as hereinafter defined) and to make all payments into all funds, accounts and other payments provided for herein.

I. The Issuer has complied with all requirements of West Virginia law and the Bond Purchase Agreement relating to authorization of the acquisition and construction of the Project and the operation of the System and issuance of the Series 2002 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 2002 Bonds or such final order will not be subject to appeal.

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 2002 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 2002 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 2002 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.

"Authority" means the West Virginia Water Development Authority, which is expected to be the original purchaser and Registered Owner of the Series 2002 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.

"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 into, or to be entered into, by and among the Issuer, the Authority and the DEP, providing for the purchase of the Series 2002 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 2002 Bonds, the First Lien Bonds and, where appropriate, any bonds on a parity therewith subsequently authorized to be issued hereunder or by another ordinance of the Issuer.

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

"City Clerk" means the City Clerk of the Issuer.

"Closing Date" means the date upon which there is an exchange of the Series 2002 Bonds for all or a portion of the proceeds of the Series 2002 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 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.

"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.

"Investment Property" means

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

(B) any obligation,

(C) any annuity contract,

(D) any investment-type property, or

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

Except as provided in the following sentence, the term "Investment Property" does not include any tax-exempt bond. With respect to an issue other than an issue a part of

which is a specified private activity bond (as defined in section 57(a)(5)(C) of the Code), the term "Investment Property" includes a specified private activity bond (as so defined).

"Issuer" means The City of Philippi, a municipal corporation and political subdivision of the State of West Virginia, in Barbour 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 2002 Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds, if any, deposited in the Series 2002 Bonds Reserve Account. For purposes of the Private Business Use limitations set forth herein, the term Net Proceeds shall include any amounts resulting from the investment of proceeds of the Series 2002 Bonds, without regard to whether or not such investment is made in tax-exempt obligations.

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

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

"Operating Expenses" means the reasonable, proper and necessary costs of repair, maintenance and operation of the System and includes, without limiting the generality of the foregoing, administrative, engineering, legal, auditing and insurance expenses, other than those capitalized as part of the costs, the SRF Administrative Fee, fees and expenses of the Authority, fiscal agents, the Depository Bank, the Registrar and 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 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 resolution authorizing the issuance thereof; and (v) for purposes of consents or other action by a specified percentage of Bondholders, or holders of Prior Bonds, any Bonds or Prior Bonds registered to the Issuer.

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

"Paying Agent" means the Commission or other entity or authority designated as such for the Series 2002 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 1987 A, dated November 19, 1987, issued in the original aggregate principal amount of $299,193 and Sewer Revenue Bonds, Series 1987 B, dated November 19, 1987, issued in the original aggregate principal amount of $70,800.

"Prior Ordinances" means the ordinance of the Issuer, including all amendments and supplements thereto, authorizing the issuance of the Prior Bonds.

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

"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 Investment Management Board pursuant to Chapter 12, Article 6 of the West Virginia Code of 1931, as amended; and

(i) Obligations of states or political subdivisions or agencies thereof, the interest on which is 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 created by the Prior Ordinances and continued hereby.

"Reserve Accounts" means, collectively, the respective reserve account established for the Series 2002 Bonds and the Prior Bonds.

"Reserve Requirement" means, collectively, the respective amount required to be on deposit in any Reserve Account for the Prior Bonds and the Series 2002 Bonds.

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

"Series 2002 Bonds" means the Sewer Revenue Bonds, Series 2002 (West Virginia SRF Program), of the Issuer, authorized by this Bond Legislation.

"Series 2002 Bonds Construction Trust Fund" means the Series 2002 Bonds Construction Trust Fund established by Section 5.01 hereof.

"Series 2002 Bonds Reserve Account" means the Series 2002 Bonds Reserve Account established in the Series 2002 Bonds Sinking Fund pursuant to Section 5.02 hereof.

"Series 2002 Bonds Reserve Requirement" means, as of any date of calculation, the maximum amount of principal which will become due on the Series 2002 Bonds in the then current or any succeeding year.

"Series 2002 Bonds Sinking Fund" means the Series 2002 Bonds Sinking Fund established by Section 5.02 hereof.

"Sinking Funds" means, collectively, the respective sinking fund established for the Prior Bonds and the Series 2002 Bonds.

"SRF Administrative Fee" means any administrative fee required to be paid pursuant to the Bond Purchase 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 2002 Bonds; provided, that any matter intended by this Ordinance to be included in the Supplemental Resolution with respect to the Series 2002 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, the Sinking Funds 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 $1,725,800, 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 2002 Bonds hereby authorized shall be applied as provided in Article VI hereof. The Issuer has received bids and will enter into contracts for the acquisition and construction of the Project, compatible with the financing plan submitted to the DEP.

The cost of the Project is estimated not to exceed $1,725,800, of which approximately $1,500,000 will be obtained from proceeds of the Series 2002 Bonds and $225,800 will be obtained from proceeds of the grant from the West Virginia Infrastructure and Jobs Development Council.

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 funding a reserve account for the Series 2002 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 2002 Bonds of the Issuer. The Series 2002 Bonds shall be issued as a single bond, designated "Sewer Revenue Bonds, Series 2002 (West Virginia SRF Program)", in the principal amount of not more than $1,500,000, and shall have such terms as set forth hereinafter and in the Supplemental Resolution. The proceeds of the Series 2002 Bonds remaining after funding of the Series 2002 Bonds Reserve Account (if funded from Bond proceeds) shall be deposited in or credited to the Series 2002 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 2002 Bonds shall be issued in such principal amount; shall be payable quarterly on such dates; shall bear interest, if any, at such rate not exceeding the then legal maximum rate; 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 2002 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.

Unless otherwise provided by the Supplemental Resolution, the Series 2002 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 2002 Bonds, and shall mature in principal installments, all as provided in the Supplemental Resolution. The Series 2002 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 2002 Bonds shall be executed in the name of the Issuer by the Mayor, and the seal of the Issuer shall be affixed thereto or imprinted thereon and attested by the City Clerk. In case any one or more of the officers who shall have signed or sealed the Series 2002 Bonds shall cease to be such officer of the Issuer before the Series 2002 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 2002 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 2002 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 2002 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 2002 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 2002 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 2002 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 2002 Bonds.

The registered Series 2002 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 2002 Bonds or transferring the registered Series 2002 Bonds are exercised, all Series 2002 Bonds shall be delivered in accordance with the provisions of this Bond Legislation. All Series 2002 Bonds surrendered in any such exchanges or transfers shall forthwith be cancelled by the Bond Registrar. For every such exchange or transfer of Series 2002 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 2002 Bonds during the period commencing on the 15th day of the month next preceding an interest payment date on the Series 2002 Bonds or, in the case of any proposed redemption of Series 2002 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 2002 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 2002 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 2002 Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Series 2002 Bonds or the interest, if any, thereon.

Section 3.08. Bonds Secured by Pledge of Net Revenues; Lien Positions with respect to Prior Bonds. The payment of the debt service of all Series 2002 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 First Lien Bonds and senior and prior to the Second Lien Bonds. Such Net Revenues in an amount sufficient to pay the principal of and interest on and other payments for the Series 2002 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 2002 Bonds to the Bond Registrar, and the Bond Registrar shall authenticate, register and deliver the Series 2002 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 2002 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 2002 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 opinion of bond counsel on the Series 2002 Bonds.

Section 3.10. Form of Bonds. The text of the Series 2002 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
THE CITY OF PHILIPPI
SEWER REVENUE BOND, SERIES 2002
(WEST VIRGINIA SRF PROGRAM)

No. R -____ $_____

KNOW ALL MEN BY THESE PRESENTS: That THE CITY OF PHILIPPI, a municipal corporation and political subdivision of the State of West Virginia in Barbour County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the West Virginia Water Development Authority (the "Authority") or registered assigns the sum of _____ DOLLARS ($_____), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing _____ 1,200____, as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference. The SRF Administrative fee (as defined in the hereinafter describe Bond Legislation) on this Bond shall be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing _____ 1, 200__, as set forth on Exhibit B attached hereto.

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 _____, 2002.

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 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 _____, 2002, and a Supplemental Resolution duly adopted by the Issuer on _____, 2002 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S SEWER REVENUE BONDS, SERIES 1987 A, DATED NOVEMBER 19, 1987, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $299,193 (THE "FIRST LIEN BONDS") AND SENIOR AND PRIOR TO THE SEWER REVENUE BONDS, 1987 B, DATED NOVEMBER 19, 1987, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $70,800 (THE "SECOND LIEN BONDS"). THE FIRST LIEN BONDS AND THE SECOND LIEN BONDS ARE COLLECTIVELY CALLED 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 First Lien Bonds, and from monies in the Reserve Account created under the Bond Legislation for the Bonds (the "Series 2002 Bonds Reserve Account"), and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and 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 2002 Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest, if any, on the Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Bonds, including the Prior Bonds; provided however, that so long as there exists in the Series 2002 Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest, if any, which will become due on the Bonds in the then current or any

succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with the Bonds, including the 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 Huntington National Bank, Charleston, West Virginia, as registrar (the "Registrar"), by the registered owner, or by its attorney duly authorized in writing, upon the surrender of this Bond, together with a written instrument of transfer satisfactory to the Registrar, duly executed by the registered owner or its attorney duly authorized in writing.

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

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

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

IN WITNESS WHEREOF, THE CITY OF PHILIPPI has caused this Bond to be signed by its Mayor, and its corporate seal to be hereunto affixed and attested by its City Clerk, and has caused this Bond to be dated _____, 2002.

[SEAL]

_____
Mayor

ATTEST:

_____
City Clerk

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2002 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: _____, 2002.

HUNTINGTON NATIONAL BANK,
as Registrar

By:_____
Its: Authorized Officer

EXHIBIT A

RECORD OF ADVANCES

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

TOTAL $_____

EXHIBIT B

DEBT SERVICE SCHEDULE

(Form of)

ASSIGNMENT

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

Dated: _____, _____.

_____

In the presence of:

_____

Section 3.11. Sale of Bonds; Approval and Ratification of Execution of Bond Purchase Agreement. The Series 2002 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 in the form attached hereto as "Exhibit A" and made a part hereof, and the City Clerk is directed to affix the seal of the Issuer, attest the same and deliver the Bond Purchase Agreement to the Authority, and any such prior execution and delivery is hereby authorized, approved, ratified and confirmed. The Bond Purchase 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 with (or continued if previously established by the Prior Ordinances) and shall be held by the Depository Bank, separate and apart from all other funds or accounts of the Depository Bank and the Issuer and from each other:

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

(2) Operation and Maintenance Fund (established by the Prior Ordinances);

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

(4) Series 2002 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 2002 Bonds Sinking Fund; and

(2) Series 2002 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 Ordinances and this Bond Legislation and shall be kept separate and distinct from all other funds of the Issuer and the Depository Bank and used only for the purposes and in the manner provided in this Bond Legislation and in the Prior Ordinances. All revenues at any time on deposit in the Revenue Fund shall be disposed of only in the following manner order of priority:

(1) The Issuer shall first, each month, pay from the monies in the Revenue Fund into the Operation and Maintenance Fund an amount equal to the Operating Expenses of the System, and said amount and said Fund shall be used and disbursed only for that purpose.

(2) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and remit to the Commission for deposit in the Series 1987 A Bonds Sinking Fund, the amount required by the Prior Ordinances to pay interest on the Series 1987 A Bonds.

(3) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the Commission (i) for deposit in the Series 1987 A Bonds Sinking Fund, the amount required by the Prior Ordinances to pay the principal of the Series 1987 A Bonds; and (ii) commencing 3 months prior to the first date of payment of principal of the Series 2002 Bonds, for deposit in the Series 2002 Bonds Sinking Fund, an amount equal to 1/3rd of the amount of principal which will mature and become due on the Series 2002 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 2002 Bonds Sinking Fund and the next quarterly principal payment date is less than 3 months, then such monthly payments shall be increased proportionately to provide, 1 month prior to the next quarterly principal payment date, the required amount of principal coming due on such date.

(4) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the Commission (i) for deposit in the Series 1987 A Bonds Reserve Account, the amount required by the Prior Ordinances; and (ii) commencing 3 months prior to the first date of payment of principal of the Series 2002 Bonds, if not fully funded upon issuance of the Series 2002 Bonds, for deposit in the Series 2002 Bonds Reserve Account, an amount equal to 1/120th of the Series 2002 Bonds Reserve Requirement; provided that, no further payments shall be made into the Series 2002 Bonds Reserve Account when there shall have been deposited therein, and as long as there shall remain on deposit therein, an amount equal to the Series 2002 Bonds Reserve Requirement.

(5) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and remit to the Depository Bank for deposit in the Renewal and Replacement Fund, an amount equal to 2 1/2% of the Gross Revenues each month (as previously set forth in the Prior Ordinances and not in addition thereto), exclusive of any payments for account of any

Reserve Account. All funds in the Renewal and Replacement Fund shall be kept apart from all other funds of the Issuer or of the Depository Bank and shall be invested and reinvested in accordance with Article VIII hereof. Withdrawals and disbursements may be made from the Renewal and Replacement Fund for replacements, repairs, improvements or extensions to the System; provided, that any deficiencies in any Reserve Account (except to the extent such deficiency exists because the required payments into such 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.

(6) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and remit to the Commission for deposit in the Series 1987 B Bonds Sinking Fund and the Series 1987 B Bonds Reserve Account, the amounts required by the Prior Ordinances.

Monies in the Series 2002 Bonds Sinking Fund shall be used only for the purposes of paying principal of the Series 2002 Bonds as the same shall become due. Monies in the Series 2002 Bonds Reserve Account shall be used only for the purposes of paying principal of the Series 2002 Bonds as the same shall come due, when other monies in the Series 2002 Bonds Sinking Fund are insufficient therefor, and for no other purpose.

All investment earnings on monies in the Series 2002 Bonds Sinking Fund and the Series 2002 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 2002 Bonds Construction Trust Fund, and following completion of construction of the Project, shall be deposited in the Revenue Fund and applied in full to the next ensuing principal payment due on the Series 2002 Bonds.

Any withdrawals from the Series 2002 Bonds Reserve Account which result in a reduction in the balance of the Series 2002 Bonds Reserve Account to below the Series 2002 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 2002 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 2002 Bonds Sinking Fund or into the Series 2002 Bonds Reserve Account when the aggregate amount of funds therein are at least equal to the aggregate principal amount of the Series 2002 Bonds issued pursuant to this Bond Legislation then Outstanding.

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

The Commission is hereby designated as the fiscal agent for the administration of the Series 2002 Bonds Sinking Fund and the Series 2002 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 2002 Bonds Sinking Fund and the Series 2002 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 2002 Bonds Sinking Fund and the Series 2002 Bonds Reserve Account shall be invested and reinvested by the Commission in accordance with Section 8.01 hereof.

The Series 2002 Bonds Sinking Fund, including the Series 2002 Bonds Reserve Account therein, shall be used solely and only for, and are hereby pledged for, the purpose of servicing the Series 2002 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 principal and reserve account payments with respect to the Series 2002 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 Bond Purchase Agreement.

C. 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.

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

The Issuer shall not be required to make any further payments into the Series 2002 Bonds Sinking Fund or into the Series 2002 Bonds Reserve Account when the aggregate amount of funds therein are at least equal to the aggregate principal amount of the Series 2002 Bonds issued pursuant to this Bond Legislation then Outstanding.

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

The Commission is hereby designated as the fiscal agent for the administration of the Series 2002 Bonds Sinking Fund and the Series 2002 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 2002 Bonds Sinking Fund and the Series 2002 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 2002 Bonds Sinking Fund and the Series 2002 Bonds Reserve Account shall be invested and reinvested by the Commission in accordance with Section 8.01 hereof.

The Series 2002 Bonds Sinking Fund, including the Series 2002 Bonds Reserve Account therein, shall be used solely and only for, and are hereby pledged for, the purpose of servicing the Series 2002 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 principal and reserve account payments with respect to the Series 2002 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 Bond Purchase Agreement.

C. 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.

D. Whenever all of the required and provided transfers and payments from the Revenue Fund into the several special funds, as hereinbefore provided, are current and there remains in the Revenue Fund a balance in excess of the estimated amounts required to be so transferred and paid into such funds during the following month or such other period

as required by law, such excess shall be considered Surplus Revenues. Surplus Revenues may be used for any lawful purpose of the System.

E. The Issuer shall remit from the Revenue Fund to the Commission, the Registrar, the Paying Agent or the Depository Bank, on such dates as the Commission, the Registrar, the Paying Agent or the Depository Bank, as the case may be, shall require, such additional sums as shall be necessary to pay their respective charges 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 Ordinances, 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 2002 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 2002 Bonds, the following amounts shall be first deducted and deposited in the order set forth below:

A. From the proceeds of the Series 2002 Bonds, there shall be deposited with the Commission in the Series 2002 Bonds Reserve Account, the amount, if any, set forth in the Supplemental Resolution for funding of the Series 2002 Bonds Reserve Account.

B. As the Issuer receives advances of the remaining monies derived from the sale of the Series 2002 Bonds, such monies shall be deposited with the Depository Bank in the 2002 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 2002 Bonds.

C. 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 2002 Bonds shall be expended as directed by the DEP.

Section 6.02. Disbursements From the Series 2002 Bonds Construction Trust Fund.

A. 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 2002 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 2002 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 Bond Purchase 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.

B. Pending such application, monies in the Series 2002 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 2002 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 2002 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 2002 Bonds or the interest, if any, thereon is Outstanding and unpaid.

Section 7.02. Bonds not to be Indebtedness of the Issuer. The Series 2002 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 2002 Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Series 2002 Bonds.

Section 7.03. Bonds Secured by Pledge of Net Revenues; Lien Positions with respect to Prior Bonds. The payment of the debt service of the Series 2002 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 First Lien Bonds and senior and prior to the Second Lien Bonds. The Net Revenues in an amount sufficient to pay the principal of and interest, if any, on the Prior Bonds and the Series 2002 Bonds and to make the payments into all funds and accounts and all other payments provided for in the Bond Legislation are hereby irrevocably pledged, in the manner provided herein, to such payments as they become due, and for the other purposes provided in the Bond Legislation.

Section 7.04. Rates and Charges. The Issuer has obtained any and all approvals of rates and charges required by State law and has taken any other action required to establish and impose such rates and charges, with all requisite appeal periods having expired without successful appeal. Such rates and charges shall be sufficient to comply with the requirements of the Bond Purchase Agreement. 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 February 2, 1999, which rates are incorporated herein by reference as a part hereof.

So long as the Series 2002 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 2002 Bonds shall prove to be insufficient to produce the required sums set forth in 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 required sums set forth in 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, mortgage, lease or otherwise dispose of or encumber the System, or any part thereof, except as provided in the Prior Ordinances. Additionally, so long as the Series 2002 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 2002 Bonds, immediately be remitted to the Commission for deposit in the Series 2002 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 the Series 2002 Bonds. Any balance remaining after the payment of the Bonds 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 Sinking Funds for prepayment of the Bonds. The payment of such proceeds into the Renewal and Replacement Fund and the Sinking Funds 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 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 2002 Bonds and the Prior Bonds. All obligations issued by the Issuer after the issuance of the Series 2002 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 2002 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 2002 Bonds, and the interest thereon, upon any of the income and revenues of the System pledged for payment of the Series 2002 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 2002 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 Ordinances).

All Parity Bonds issued hereunder shall be on a parity in all respects with the Series 2002 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 the Series 2002 Bonds issued pursuant hereto, or both such purposes.

No Parity Bonds shall be issued at any time, however, unless and until there has been procured and filed with the City Clerk a written statement by the Independent Certified Public Accountants reciting the conclusion that the Net Revenues actually derived, subject to the adjustments hereinafter provided for, from the System during 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 City Clerk prior to the issuance of such Parity Bonds.

The Net Revenues actually derived from the System during the 12-consecutive month period hereinabove referred to may be adjusted by adding to such Net Revenues such additional Net Revenues which would have been received, in the opinion of the Independent Certified Public Accountants, 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 2002 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 2002 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 2002 Bonds, and shall mail in each year to any Holder or Holders of the Series 2002 Bonds, requesting the same, an annual report containing the following:

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

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

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

The Issuer shall also, at least once a year, cause the books, records and accounts of the System to be audited by Independent Certified Public Accountants in compliance with the applicable OMB Circular, or any successor thereto, and the Single Audit Act, or any successor thereto, to the extent legally required, and shall mail upon request, and make available generally, the report of said Independent Certified Public Accountants, or a

summary thereof, to any Holder or Holders of the Series 2002 Bonds and shall submit said report to the Authority and the DEP, or any other original purchaser of the Series 2002 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 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 EXHIBIT E of the Bond Purchase 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 2002 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 City Clerk, which copies will be open to inspection by all interested parties. The schedule of rates and charges shall at all times be adequate to produce Gross Revenues from the System sufficient to pay Operating Expenses and to make the prescribed payments into the funds created hereunder. Such schedule of rates and charges shall be changed and readjusted whenever necessary so that the aggregate of the rates and charges will be sufficient for such purposes. In order to assure full and continuous performance of this covenant, with a margin for contingencies and temporary unanticipated reduction in income and revenues, the Issuer hereby covenants and agrees that the schedule of rates or charges from time to time in effect shall be sufficient, together with other revenues of the System (i) to provide for all Operating Expenses of the System and (ii) to leave a balance each year equal to at least 115% of the maximum amount required in any year for payment of principal of and interest, if any, on the Series 2002 Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the

Series 2002 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 2002 Bonds Reserve Account and any Reserve Accounts for obligations on a parity with the Series 2002 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 2002 Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2002 Bonds, including the Prior Bonds. In any event, the Issuer shall not reduce the rates or charges for services set forth in the rate ordinance described in Section 7.04 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 Bond Purchase 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 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 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 Bond Purchase 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 Bond Purchase 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 2002 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 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) 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 Bond Purchase 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 2002 Bonds required by State law, with all appeal periods having expired without successful appeal.

Section 7.18. Compliance with Bond Purchase Agreement and 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 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. Tax Covenants. The Issuer hereby further covenants and agrees as follows:

A. PRIVATE BUSINESS USE LIMITATION. The Issuer shall assure that (i) not in excess of 10% of the Net Proceeds of the Series 2002 Bonds are used for Private Business Use if, in addition, the payment of more than 10% of the principal or 10% of the interest due on the Series 2002 Bonds during the term thereof is, under the terms of the Series 2002 Bonds or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for a Private Business Use or in payments in respect of property used or to be used for a Private Business Use or is to be derived from payments, whether or not to the Issuer, in respect of property or borrowed money used or to be used for a Private Business Use; and (ii) and that, in the event that both (A) in excess of 5% of the Net Proceeds of the Series 2002 Bonds are used for a Private Business Use, and (B) an amount in excess of 5% of the principal or 5% of the interest due on the Series 2002 Bonds during the term thereof is, under the terms of the Series 2002 Bonds or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for said Private Business Use or in payments in respect of property used or to be used for said Private Business Use or is to be derived from payments, whether or not to the Issuer, in

respect of property or borrowed money used or to be used for said Private Business Use, then said excess over said 5% of Net Proceeds of the Series 2002 Bonds used for a Private Business Use shall be used for a Private Business Use related to the governmental use of the Project, or if the Series 2002 Bonds are for the purpose of financing more than one project, a portion of the Project, and shall not exceed the proceeds used for the governmental use of that portion of the Project to which such Private Business Use is related, all of the foregoing to be determined in accordance with the Code.

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

C. FEDERAL GUARANTEE PROHIBITION. The Issuer shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause the Series 2002 Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Code.

D. INFORMATION RETURN. The Issuer will file all statements, instruments and returns necessary to assure the tax-exempt status of the Series 2002 Bonds and the interest thereon, including, without limitation, the information return required under Section 149(e) of the Code.

E. FURTHER ACTIONS. The Issuer will take any and all actions that may be required of it (including, without limitation, those deemed necessary by the Authority) so that the interest on the Series 2002 Bonds will be and remain excludable from gross income for federal income tax purposes, and will not take any actions, or fail to take any actions (including, without limitation, those deemed necessary by the Authority), the result of which would adversely affect such exclusion.

Section 7.20. 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; Public Releases. A. The Issuer shall, simultaneously with the delivery of the Series 2002 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 2002 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 2002 Bonds made available due to bid or construction or project underruns.

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

ARTICLE VIII

INVESTMENT OF FUNDS

Section 8.01. 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 2002 Bonds are Outstanding and as long thereafter as necessary to assure the exclusion of interest on the Series 2002 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 2002 Bonds as a condition to issuance of the Series 2002 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 2002 Bonds as may be necessary in order to maintain the status of the Series 2002 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 2002 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, the West Virginia Infrastructure and Jobs Development Council or the DEP, as the case may be, from which the proceeds of the Series 2002 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, the West Virginia Infrastructure and Jobs Development Council 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 2002 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 2002 Bonds:

(1) If default occurs in the due and punctual payment of the principal of the Series 2002 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 2002 Bonds set forth in this Bond Legislation, any supplemental resolution or in the Series 2002 Bonds, and such default shall have continued for a period of 30 days after the Issuer shall have been given written notice of such default by the Commission, the Depository Bank, the Registrar, the Paying Agent or any other Paying Agent or a Holder of a Bond; or

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

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

Section 9.02. Remedies. Upon the happening and continuance of any Event of Default, any Registered Owner of a Bond may exercise any available remedy and bring any appropriate action, suit or proceeding to enforce his or her rights and, in particular, (i) bring suit for any unpaid principal or interest 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 2002 Bonds shall be on a parity with the Holders of the Prior Bonds.

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

The receiver so appointed shall forthwith, directly or by his or her or its agents and attorneys, enter into and upon and take possession of all facilities of said System and shall hold, operate and maintain, manage and control such facilities, and each and every part thereof, and in the name of the Issuer exercise all the rights and powers of the Issuer with respect to said facilities as the Issuer itself might 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 2002 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 2002 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 2002 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 2002 Bonds, this Ordinance may be amended or supplemented in any way by the Supplemental Resolution. Following issuance of the Series 2002 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 2002 Bonds, shall be made without the consent in writing of the Registered Owners of the Series 2002 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 Registered Owner thereof. No amendment or modification shall be made that would reduce the percentage of the principal amount of the Series 2002 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 2002 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 2002 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 2002 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 Ordinances, all ordinances, orders or resolutions and or parts thereof in conflict with the provisions of this Ordinance are, to the extent of such conflict, hereby repealed; provided

that, in the event of any conflict between this Ordinance and the Prior Ordinances, the Prior Ordinances shall control (unless less restrictive), so long as the Prior Bonds are Outstanding.

Section 11.06. Covenant of Due Procedure, Etc. The Issuer covenants that all acts, conditions, things and procedures required to exist, to happen, to be performed or to be taken precedent to and in the adoption of this Ordinance do exist, have happened, have been performed and have been taken in regular and due time, form and manner as required by and in full compliance with the laws and Constitution of the State of West Virginia applicable thereto; and that the Mayor, the City 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 Barbour Democrat*, a newspaper published and of general circulation in The City of Philippi, together with a notice stating that this Ordinance has been adopted and that the Issuer contemplates the issuance of the Series 2002 Bonds, and that any person interested may appear before the Governing Body upon a date certain, not less than ten days subsequent to the date of the first publication of such abstract of this Ordinance and notice, and present protests, and that a certified copy of this Ordinance is on file with the Governing Body for review by interested persons during office hours of the Governing Body. At such hearing, all objections and suggestions shall be heard and the Governing Body shall take such action as it shall deem proper in the premises.

Passed on First Reading: - September 17, 2002

Passed on Second Reading: - October 1, 2002

Passed on Final Reading Following Public Hearing: - October 15, 2002

Mayor

CERTIFICATION

Certified a true copy of an Ordinance duly enacted by the Council of THE CITY OF PHILIPPI on the 15th day of October, 2002.

Dated: November 12, 2002

[SEAL]

Tammy Stemple
City Clerk

10/14/02
700470.00002

THE CITY OF PHILIPPI

Sewer Revenue Bonds, Series 2002
(West Virginia SRF Program)

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNT, DATE, MATURITY DATE, REDEMPTION PROVISION, INTEREST RATE, INTEREST AND PRINCIPAL PAYMENT DATES, SALE PRICE AND OTHER TERMS OF THE SEWER REVENUE BONDS, SERIES 2002 (WEST VIRGINIA SRF PROGRAM), OF THE CITY OF PHILIPPI; APPROVING AND RATIFYING THE LOAN AGREEMENT RELATING TO SUCH BONDS AND THE SALE AND DELIVERY OF SUCH BONDS TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

WHEREAS, the council (the "Governing Body") of The City of Philippi (the "Issuer") has duly and officially adopted and enacted a bond ordinance, effective October 15, 2002 (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 PHILIPPI AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE CITY OF NOT MORE THAN $1,500,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2002 (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.

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 2002 (West Virginia SRF Program), of the Issuer (the "Bonds" or the "Series 2002 Bonds"), in an aggregate principal amount not to exceed $1,500,000, and has authorized the execution and delivery of the bond purchase agreement relating to the Series 2002 Bonds, including all schedules and exhibits attached thereto, by and among the Issuer, the West Virginia Water Development Authority (the "Authority") and the West Virginia Department of Environmental Protection (the "DEP") (the "Loan Agreement"), all in accordance with Chapter 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 Loan Agreement and the exact principal amount, date, maturity date, redemption provision, interest rate, interest and principal payment dates, sale price and other terms of the Bonds should be established by a supplemental resolution pertaining to the Bonds; and that other matters relating to the Bonds be herein provided for;

WHEREAS, the Loan Agreement has been presented to the Issuer;

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

WHEREAS, the Governing Body deems it essential and desirable that this supplemental resolution (the "Supplemental Resolution") be adopted, that the Loan Agreement be approved and ratified by the Issuer, that the exact principal amount, 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 PHILIPPI:

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 2002 (West Virginia SRF Program), of the Issuer, originally represented by a single Bond, numbered R-1, in the principal amount of $1,162,700. The Series 2002 Bonds shall be dated the date of delivery thereof, shall finally mature December 1, 2033 and shall bear no interest. The principal of the Series 2002 Bonds shall be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing March 1, 2004, and maturing December 1, 2033, and in the amounts as set forth in the "Schedule Y" attached to the Loan Agreement and incorporated in and made a part of the Series 2002 Bonds. The Series 2002 Bonds shall be subject to redemption upon the written consent of the Authority and the DEP, and upon payment of the redemption premium, if any, and otherwise in compliance with the Loan Agreement, so long as the Authority shall be the registered owner of the Series 2002 Bonds. The Issuer does hereby approve and shall pay the SRF Administrative Fee equal to 0.5% of the principal amount of the Series 2002 Bonds set forth in the "Schedule Y" attached to the Loan Agreement.

Section 2. All other provisions relating to the Bonds and the text of the Bonds shall be in substantially the form provided in the Bond Ordinance.

Section 3. The Issuer does hereby authorize, approve, ratify and accept the Loan Agreement, a copy of which is incorporated herein by reference, and the execution and delivery of the Loan Agreement by the Mayor, and the performance of the obligations contained therein, on behalf of the Issuer, are hereby authorized, directed, ratified and approved. The Issuer hereby affirms all covenants and representations made in the Loan Agreement and in the applications to the 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 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 First Central Bank, Philippi, West Virginia, to serve as Depository Bank under the Bond Ordinance.

Section 7. Series 2002 Bonds proceeds in the amount of $-0- shall be deposited in the Series 2002 Bonds Sinking Fund, as capitalized interest.

Section 8. Series 2002 Bonds proceeds in the amount of $-0- shall be deposited in the Series 2002 Bonds Reserve Account.

Section 9. The balance of the proceeds of the Series 2002 Bonds shall be deposited in or credited to the Series 2002 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 November 12, 2002, to the Authority pursuant to the Loan Agreement.

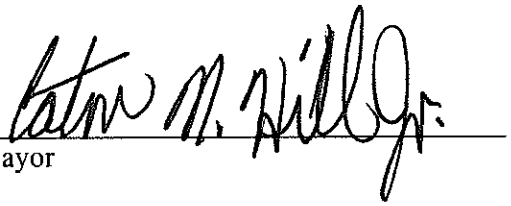
Section 11. The acquisition and construction of the Project and the financing thereof in part with proceeds of the Bonds are in the public interest, serve a public purpose of the Issuer and will promote the health, welfare and safety of the residents of the Issuer.

Section 12. The Issuer does hereby approve and authorize all contracts relating to the financing, acquisition and construction of the Project.

Section 13. The Issuer hereby determines to invest all moneys in the funds and accounts established by the Bond Ordinance held by the Depository Bank until expended, in repurchase agreements or time accounts, secured by a pledge of Government Obligations, and therefore, the Issuer hereby directs the Depository Bank to take such actions as may be necessary to cause such moneys to be invested in such repurchase agreements or time accounts until further directed in writing by the Issuer. Moneys in the Series 2002 Bonds Sinking Fund and the Series 2002 Bonds Reserve Account shall be invested by the West Virginia Municipal Bond Commission in the West Virginia Consolidated Fund.

Section 14. This Supplemental Resolution shall be effective immediately following adoption hereof.

Adopted this 15th day of October, 2002.

By: 
Its: Mayor

CERTIFICATION

Certified a true copy of a Supplemental Resolution duly adopted by the Council of The City of Philippi on the 15th day of October, 2002.

Dated: November 12, 2002

[SEAL]

Tammy Stemple
City Clerk

10/14/02
700470.00002

SRF-BPA-1
(06/06/02)

BOND PURCHASE AGREEMENT

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

CITY OF PHILIPPI
(Local Government)

W I T N E S S E T H:

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

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE I

Definitions

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

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

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

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

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

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

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

1.8 "Project" means the wastewater treatment facility project hereinabove referred to, to be constructed or being constructed by the Local Government in whole or in

part with the net proceeds of the Local Bonds or being or having been constructed by the Local Government in whole or in part with the proceeds of bond anticipation notes or other interim financing, which is to be paid in whole or in part with the net proceeds of the Local Bonds.

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

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

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

ARTICLE II

The Project and the System

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

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

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

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

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

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

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

2.8 The Local Government shall require that each of its contractors and all subcontractors maintain, during the life of the construction contract, workers' compensation coverage, public liability insurance, property damage insurance and vehicle liability insurance in amounts and on terms satisfactory to the Authority and DEP and shall verify or have verified such insurance prior to commencement of construction. Until the Project facilities are completed and accepted by the Local Government, the Local Government or (at the option of the Local Government) the contractor shall maintain builder's risk insurance (fire and extended coverage) on a one hundred percent (100%) basis (completed value form)

on the insurable portion of the Project, such insurance to be made payable to the order of the Authority, the Local Government, the prime contractor and all subcontractors, as their interests may appear. If facilities of the System which are detrimentally affected by flooding are or will be located in designated special flood or mudslide-prone areas and if flood insurance is available at a reasonable cost, a flood insurance policy must be obtained by the Local Government on or before the Date of Closing, as hereinafter defined, and maintained so long as any of the Local Bonds are outstanding. Prior to commencing operation of the Project, the Local Government must also obtain, and maintain so long as any of the Local Bonds are outstanding, business interruption insurance if available at a reasonable cost.

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

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

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

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

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

ARTICLE III

Conditions to Purchase of Local Bonds; Issuance of Local Bonds

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

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

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

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

(d) The Local Government shall either have received bids or entered into contracts for the construction of the Project, which are in an amount and otherwise compatible with the plan of financing described in the Application; provided that, if the proceeds of the Local Bonds will refund an interim construction financing, the Local Government must either be constructing or have constructed its Project for a cost and as

otherwise compatible with the plan of financing described in the Application; and, in either case, the Authority and DEP shall have received a certificate of the Consulting Engineers to such effect, the form of which certificate is attached hereto as Exhibit D;

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

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

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

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

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

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

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

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

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

3.5 The Local Government understands and acknowledges that it is one of several local governments which have applied to the Authority and DEP for financing of wastewater treatment projects and that the obligation of the Authority to purchase the Local

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

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

ARTICLE IV

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

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

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

(i) to pay Operating Expenses of the System;

(ii) to the extent not otherwise limited by any outstanding loan resolution, indenture or other act or document and beginning on the date set forth in Schedule X, to provide debt service on the Local Bonds by depositing in a sinking fund one-third (1/3) of the interest payment next coming due on the Local Bonds and one-third (1/3) of the principal payment next coming due on the Local Bonds and, beginning three (3) months prior to the first date of payment of principal of the Local Bonds, if the reserve account for the Local Bonds (the "Reserve Account") was not funded from proceeds of the Local Bonds or

otherwise concurrently with the issuance thereof in an amount equal to the maximum amount of principal and interest which will come due on the Local Bonds in the then current or any succeeding year (the "Reserve Requirement"), by depositing in the Reserve Account an amount not less than one-twelfth (1/12) of one-tenth (1/10) of the Reserve Requirement or, if the Reserve Account has been so funded (whether by Local Bond proceeds, monthly deposits or otherwise), any amount necessary to maintain the Reserve Account at the Reserve Requirement;

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

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

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

(b) Covenants substantially as follows:

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

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

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

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

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

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

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

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

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

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

(xi) That the Local Government shall annually cause the records of the System to be audited by an independent certified public accountant or independent public accountant and shall submit the report of said audit to the Authority and DEP, which report shall include a statement that the Local Government is in compliance with the terms and provisions of the Local Act and this Bond Purchase Agreement and that the Local Government's revenues are adequate to meet its Operating Expenses and debt service and reserve requirements;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE V

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

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

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

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

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

ARTICLE VI

Other Agreements of the Local Government

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

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

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

6.4 The Local Government hereby covenants that it will rebate any amounts required by Section 148 of the Internal Revenue Code of 1986, as amended, and will take all steps necessary to make any such rebates. In the event the Local Government fails to make any such rebates as required, then the Local Government shall pay any and all penalties,

obtain a waiver from the Internal Revenue Service and take any other actions necessary or desirable to preserve the exclusion from gross income for federal income tax purposes of interest on the Local Bonds.

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

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

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

ARTICLE VII

Miscellaneous

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

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

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

7.4 No waiver by any party of any term or condition of this Bond Purchase Agreement shall be deemed or construed as a waiver of any other terms or conditions, nor shall a waiver of any breach be deemed to constitute a waiver of any subsequent breach,

whether of the same or of a different section, subsection, paragraph, clause, phrase or other provision of this Bond Purchase Agreement.

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

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

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

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

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

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

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

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

CITY OF PHILIPPI
[Name of Local Government]

(SEAL)

By: Calvin M. Hill Jr.
Its: Mayor
Date: 10.11.02

Attest:

Tammy Stemple
Its: Recorder

WEST VIRGINIA DEPARTMENT OF ENVIRONMENTAL PROTECTION, DIVISION OF WATER RESOURCES

By: Allyn L. Turner
Its: Director
Date: 10-29-02

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

(SEAL)

By: Daniel B. Lyonkosky
Its: Director
Date: October 11, 2002

Attest:

Barbara B. Meadows
Its: Secretary-Treasurer

000832/00372
06/06/02

EXHIBIT A

FORM OF PERFORMANCE CERTIFICATE

[To Be Provided By DEP]

EXHIBIT B

MONTHLY FINANCIAL REPORT

Name of Local Government _____
Name of Bond Issue(s)_____
Type of Project _____Water_____Wastewater
Fiscal Year _____Report Month_____

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

_____
Name of Person Completing Form

_____
Address

_____
Telephone

INSTRUCTIONS FOR COMPLETING MONTHLY FINANCIAL REPORT

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

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

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

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

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

EXHIBIT C

PAYMENT REQUISITION FORM

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

EXHIBIT D

FORM OF CERTIFICATE OF CONSULTING ENGINEER

_____
(Issuer)

_____
(Name of Bonds)

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

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

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

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

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

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

_____

By _____

West Virginia License No. __

[SEAL]

---

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

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

EXHIBIT E

SPECIAL CONDITIONS

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

B. AUDIT REQUIREMENT (Supplement to Article IV 4.1 (b) (xi)) - The Local Government that receives $300,000 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. RECEIPT OF Final Title Opinion.

EXHIBIT F

MONTHLY PAYMENT FORM

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

Re: [Name of bond issue]

Ladies and Gentlemen:

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

Sinking Fund:

Interest	$_____
Principal	$_____
Total:	$_____
Reserve Account:	$_____

Witness my signature this ___ day of_____.

[Name of Local Government]

By: _____
Authorized Officer

Enclosure: copy of check(s)

EXHIBIT G

OPINION OF BOND COUNSEL FOR LOCAL GOVERNMENT

[To Be Dated as of Date of Closing]

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

West Virginia Department of Environmental Protection
1560 Kanawha Boulevard, East
Charleston, WV 25311

Ladies and Gentlemen:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Very truly yours,

SCHEDULE X

DESCRIPTION OF LOCAL BONDS

Principal Amount of Local Bonds	$1,162,700
Purchase Price of Local Bonds	$1,162,700

The Local Bonds shall bear no interest. Commencing March 1, 2004, principal of the Local Bonds is payable quarterly, with an administrative fee of ½%. Quarterly payments will be made on March 1, June 1, September 1 and December 1 of each year as set forth on the Schedule Y attached hereto and incorporated herein by reference.

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

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

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

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

Sewer Revenue Bonds, Series 1987 A, dated November 19, 1987, issued in the original principal amount of $229,193.

City of Philippi (West Virginia)

Loan of $1,162,700
30 Years, 0% Interest Rate, 1/2% Administrative Fee
Closing Date: November 12, 2002

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
12/01/2002	-	-	-
3/01/2003	-	-	-
6/01/2003	-	-	-
9/01/2003	-	-	-
12/01/2003	-	-	-
3/01/2004	9,690.00	-	9,690.00
6/01/2004	9,690.00	-	9,690.00
9/01/2004	9,690.00	-	9,690.00
12/01/2004	9,690.00	-	9,690.00
3/01/2005	9,690.00	-	9,690.00
6/01/2005	9,690.00	-	9,690.00
9/01/2005	9,690.00	-	9,690.00
12/01/2005	9,690.00	-	9,690.00
3/01/2006	9,690.00	-	9,690.00
6/01/2006	9,690.00	-	9,690.00
9/01/2006	9,690.00	-	9,690.00
12/01/2006	9,690.00	-	9,690.00
3/01/2007	9,690.00	-	9,690.00
6/01/2007	9,690.00	-	9,690.00
9/01/2007	9,690.00	-	9,690.00
12/01/2007	9,690.00	-	9,690.00
3/01/2008	9,690.00	-	9,690.00
6/01/2008	9,690.00	-	9,690.00
9/01/2008	9,690.00	-	9,690.00
12/01/2008	9,690.00	-	9,690.00
3/01/2009	9,689.00	-	9,689.00
6/01/2009	9,689.00	-	9,689.00
9/01/2009	9,689.00	-	9,689.00
12/01/2009	9,689.00	-	9,689.00
3/01/2010	9,689.00	-	9,689.00
6/01/2010	9,689.00	-	9,689.00
9/01/2010	9,689.00	-	9,689.00
12/01/2010	9,689.00	-	9,689.00
3/01/2011	9,689.00	-	9,689.00
6/01/2011	9,689.00	-	9,689.00
9/01/2011	9,689.00	-	9,689.00
12/01/2011	9,689.00	-	9,689.00
3/01/2012	9,689.00	-	9,689.00
6/01/2012	9,689.00	-	9,689.00
9/01/2012	9,689.00	-	9,689.00
12/01/2012	9,689.00	-	9,689.00
3/01/2013	9,689.00	-	9,689.00
6/01/2013	9,689.00	-	9,689.00
9/01/2013	9,689.00	-	9,689.00
12/01/2013	9,689.00	-	9,689.00
3/01/2014	9,689.00	-	9,689.00
6/01/2014	9,689.00	-	9,689.00

City of Philippi (West Virginia)

Loan of $1,162,700
30 Years, 0% Interest Rate, 1/2% Administrative Fee
Closing Date: November 12, 2002

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
9/01/2014	9,689.00	-	9,689.00
12/01/2014	9,689.00	-	9,689.00
3/01/2015	9,689.00	-	9,689.00
6/01/2015	9,689.00	-	9,689.00
9/01/2015	9,689.00	-	9,689.00
12/01/2015	9,689.00	-	9,689.00
3/01/2016	9,689.00	-	9,689.00
6/01/2016	9,689.00	-	9,689.00
9/01/2016	9,689.00	-	9,689.00
12/01/2016	9,689.00	-	9,689.00
3/01/2017	9,689.00	-	9,689.00
6/01/2017	9,689.00	-	9,689.00
9/01/2017	9,689.00	-	9,689.00
12/01/2017	9,689.00	-	9,689.00
3/01/2018	9,689.00	-	9,689.00
6/01/2018	9,689.00	-	9,689.00
9/01/2018	9,689.00	-	9,689.00
12/01/2018	9,689.00	-	9,689.00
3/01/2019	9,689.00	-	9,689.00
6/01/2019	9,689.00	-	9,689.00
9/01/2019	9,689.00	-	9,689.00
12/01/2019	9,689.00	-	9,689.00
3/01/2020	9,689.00	-	9,689.00
6/01/2020	9,689.00	-	9,689.00
9/01/2020	9,689.00	-	9,689.00
12/01/2020	9,689.00	-	9,689.00
3/01/2021	9,689.00	-	9,689.00
6/01/2021	9,689.00	-	9,689.00
9/01/2021	9,689.00	-	9,689.00
12/01/2021	9,689.00	-	9,689.00
3/01/2022	9,689.00	-	9,689.00
6/01/2022	9,689.00	-	9,689.00
9/01/2022	9,689.00	-	9,689.00
12/01/2022	9,689.00	-	9,689.00
3/01/2023	9,689.00	-	9,689.00
6/01/2023	9,689.00	-	9,689.00
9/01/2023	9,689.00	-	9,689.00
12/01/2023	9,689.00	-	9,689.00
3/01/2024	9,689.00	-	9,689.00
6/01/2024	9,689.00	-	9,689.00
9/01/2024	9,689.00	-	9,689.00
12/01/2024	9,689.00	-	9,689.00
3/01/2025	9,689.00	-	9,689.00
6/01/2025	9,689.00	-	9,689.00
9/01/2025	9,689.00	-	9,689.00
12/01/2025	9,689.00	-	9,689.00
3/01/2026	9,689.00	-	9,689.00

City of Philippi (West Virginia)

Loan of $1,162,700
30 Years, 0% Interest Rate, 1/2% Administrative Fee
Closing Date: November 12, 2002

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
6/01/2026	9,689.00	-	9,689.00
9/01/2026	9,689.00	-	9,689.00
12/01/2026	9,689.00	-	9,689.00
3/01/2027	9,689.00	-	9,689.00
6/01/2027	9,689.00	-	9,689.00
9/01/2027	9,689.00	-	9,689.00
12/01/2027	9,689.00	-	9,689.00
3/01/2028	9,689.00	-	9,689.00
6/01/2028	9,689.00	-	9,689.00
9/01/2028	9,689.00	-	9,689.00
12/01/2028	9,689.00	-	9,689.00
3/01/2029	9,689.00	-	9,689.00
6/01/2029	9,689.00	-	9,689.00
9/01/2029	9,689.00	-	9,689.00
12/01/2029	9,689.00	-	9,689.00
3/01/2030	9,689.00	-	9,689.00
6/01/2030	9,689.00	-	9,689.00
9/01/2030	9,689.00	-	9,689.00
12/01/2030	9,689.00	-	9,689.00
3/01/2031	9,689.00	-	9,689.00
6/01/2031	9,689.00	-	9,689.00
9/01/2031	9,689.00	-	9,689.00
12/01/2031	9,689.00	-	9,689.00
3/01/2032	9,689.00	-	9,689.00
6/01/2032	9,689.00	-	9,689.00
9/01/2032	9,689.00	-	9,689.00
12/01/2032	9,689.00	-	9,689.00
3/01/2033	9,689.00	-	9,689.00
6/01/2033	9,689.00	-	9,689.00
9/01/2033	9,689.00	-	9,689.00
12/01/2033	9,689.00	-	9,689.00
Total	**1,162,700.00**	**-**	**1,162,700.00 ***

*Plus $732.74 one-half percent administrative fee paid quarterly. Total fee paid over life of loan is $87,928.80.

Ferris, Baker Watts
West Virginia Public Finance Office

File = City of Philippi Loans.sf-SRF 10-10-02
10/10/2002 2:24 PM

IC-2
(7/30/01)

GRANT AGREEMENT

This Grant Agreement entered into by and between the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY (the "Authority"), on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council") and THE CITY OF PHILIPPI (the "Governmental Agency").

RECITALS

WHEREAS, the Council has authorized the Authority to make a grant to the Governmental Agency in the amount not to exceed $225,880 (the "Grant") for the purposes of the design, acquisition or construction of a project for which a preliminary application has been submitted and approved by the Council;

WHEREAS, the Governmental Agency wishes to accept the Grant upon such terms and conditions as are hereinafter set forth for the purposes of designing, acquiring or constructing the project described in Exhibit A attached hereto and incorporated herein by reference (the "Project");

WHEREAS, this Grant Agreement sets forth the Council, the Authority and the Governmental Agency's understandings and agreements with regard to the Grant.

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

TERMS

1. Prior to the distribution of the Grant, the Governmental Agency shall provide the Authority with a Project budget and an anticipated monthly draw schedule reflecting the receipt dates and amounts from other funding sources.

2. The Authority shall advance the Council's share of the Project costs from the Grant from time to time upon receipt of a requisition evidencing the costs incurred, which requisition must be satisfactory to the Authority.

3. The monthly requisition will also set forth (i) the amounts requested for that requisition period from all other funding agencies, and (ii) the amounts advanced for the Project to date from all other funding agencies.

4. The Governmental Agency will use the proceeds of the Grant only for the purposes specifically set forth in Exhibit A.

5. The Governmental Agency shall comply with and is bound by the Council's rules set forth as Title 167, Series 1 and more particularly Section 5.9 with respect to the sale of the Project.

6. The Governmental Agency acknowledges that the Grant may be reduced, from time to time, to reflect actual Project costs and availability of other funding.

7. The Governmental Agency shall list the Grant provided by the Authority and the Council in any press release, publication, program bulletin, sign or other public communication that references the Project, including but not limited to any program document distributed in conjunction with any groundbreaking or dedication of the Project.

8. This Grant Agreement shall be governed by the laws of the State of West Virginia.

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

THE CITY OF PHILIPPI

By: _____
Its: Mayor
Date: 11·12·02

(SEAL)

Attest:

_____
Its: City Clerk

WEST VIRGINIA WATER
DEVELOPMENT AUTHORITY

By: _____
Its: Director
Date: 11·12·02

(SEAL)

Attest:

_____
Its: Secretary-Treasurer

000832/00466
10/11/02

Exhibit A

Project Description

The Project consists of construction of sanitary sewer lines to serve the Philip Barbour High School, the Vocational Center and approximately 10 residential and commercial customers along U.S. Route 250 in Barbour County, West Virginia, together with all appurtenant facilities.

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

At a session of the PUBLIC SERVICE COMMISSION OF WEST VIRGINIA in the City of Charleston on the 27th day of June, 2002.

CASE NO. 01-1234-S-CN

CITY OF PHILIPPI, a municipality,
PO Box 460, Philippi, Barbour County.
Application for a certificate of convenience and necessity to construct sanitary sewer lines along U.S. Route 250 south to the Philip Barbour High School Complex in Barbour County.

COMMISSION ORDER

On October 9, 2001, the City of Philippi (City) filed an application, duly verified, for a Certificate of Convenience and Necessity to construct certain additions and improvements to the sanitary sewer system in Barbour County. The system is to serve the Philip Barbour High School, the Vocational Center, and approximately 10 residential and commercial customers along US Route 250.

The City estimated that construction would cost approximately $1,162,700.00. It is proposed that the construction will be financed by the Department of Environmental Protection's Clean Water Revolving fund in the amount of $1,162,700.00.

Commission Staff filed its "Initial Joint Staff Memorandum" on October 29, 2001. Staff noted some initial confusion with the case name designation (as it was originally designated a "PW" case). Staff noted that the Commission had ordered publication of a "Notice of Filing" and that Staff had already conducted a meeting with the City regarding the certificate application. The City has provided Staff with all necessary information and documentation necessary.

Publication was made in this case on October 31, 2001, and no protests or petitions to intervene were filed during the thirty day protest period.

The City published notice of its certificate application on October 31, 2001, and no protests were filed within the thirty (30) day protest period provided by that notice. Accordingly, as authorized by the statute, the Commission shall waive formal hearing on the City's application.

In considering a certificate application, the Commission must assess whether the general public convenience will be served and the public necessity for the project. Sexton v. Public Serv. Comm'n, 423 S.E.2d 914 (W. Va. 1992). This project will allow the City to provide service to new customers and, in particular, will replace a dilapidated package treatment plant that would otherwise not provide service to the soon to be constructed high school. We agree that this project is necessary for the public good and the general public's convenience will be served.

Further, we conclude that the proposed funding – a State Revolving Fund loan for a period of 20 years at 0.5% interest is reasonable and shall be approved herein.

Since the City has established that this project is necessary to the public convenience and necessity and has secured reasonable funding for it, the Commission shall grant the City a certificate of public convenience and necessity for the project. If there are changes in the scope, financing or cost of the project, the City must seek Commission approval of the changes.

The Commission shall also grant approval of the intergovernmental agreement between the City and the Central Barbour Public Service District filed December 20, 2001, without granting a specific approval of the terms and conditions therein. However, the Commission notes that in order to charge the twenty dollar ($20.00) disconnect fee described in the intergovernmental agreement it will be necessary for the City to incorporate such charge in its tariff via a municipal ordinance.

FINDINGS OF FACT

1. On October 9, 2001, the City of Philippi (City) filed an application, duly verified, for a Certificate of Convenience and Necessity to construct certain additions and improvements to the sanitary sewer system in Barbour County. The system is to serve the Philip Barbour High School, the Vocational Center, and approximately 10 residential and commercial customers along US Route 250.

2. On December 20, 2001, the City filed a copy of its executed Intergovernmental Agreement with Central Barbour Public Service District.

3. A rate increase is not required to support the project.

Commission Staff further noted that the estimated project costs are $1,162,700.00 and the City plans to finance the entire cost of the project with a loan from the State Revolving Fund in the amount of $1,162,700.00 for 30 years at 0.5%. Staff stated that the City is not planning on changing its rates to cover any costs of the project. In sum, Staff recommended the following:

1. Pursuant to West Virginia Code § 24-2-11, the City of Philippi be granted a Certificate of Convenience and Necessity to construct the project described herein, for an amount not to exceed $1,162,700.

2. That the loan from the State Revolving fund in the amount of $1,162,700 be approved.

3. If there are any changes in the plans, scope, or terms of financing of the project, the [City of Philippi] should request a reopening of the Certificate Case for adjustments and approval.

Staff filed a "Further Final Joint Staff Memorandum" on June 17, 2002. Therein Staff (1) recommended approval of the intergovernmental agreement between the City and the Central Barbour Public Service District filed December 20, 2001, and (2) noted that in order to charge the twenty dollar ($20.00) disconnect fee described in the intergovernmental agreement it will be necessary for the City to incorporate such charge in its tariff by passing a municipal ordinance reflecting such charge.

DISCUSSION

West Virginia Code § 24-2-11 provides, in pertinent part, as follows:

(a) No public utility . . . shall begin the construction of any plant . . . for furnishing to the public any [utility] service . . . unless and until it shall obtain from the public service commission a certificate of convenience and necessity requiring such construction . . . Upon the filing of any application for such certificate, and after hearing, the commission may, in its discretion, issue or refuse to issue, or issue in part and refuse in part, such certificate of convenience and necessity: Provided, That the commission, after it gives proper notice and if no protest is received within thirty (30) days after the notice is given, may waive formal hearing on the application.

Public Service Commission
of West Virginia
Charleston

The City published notice of its certificate application on October 31, 2001, and no protests were filed within the thirty (30) day protest period provided by that notice. Accordingly, as authorized by the statute, the Commission shall waive formal hearing on the City's application.

In considering a certificate application, the Commission must assess whether the general public convenience will be served and the public necessity for the project. Sexton v. Public Serv. Comm'n, 423 S.E.2d 914 (W. Va. 1992). This project will allow the City to provide service to new customers and, in particular, will replace a dilapidated package treatment plant that would otherwise not provide service to the soon to be constructed high school. We agree that this project is necessary for the public good and the general public's convenience will be served.

Further, we conclude that the proposed funding – a State Revolving Fund loan for a period of 20 years at 0.5% interest is reasonable and shall be approved herein.

Since the City has established that this project is necessary to the public convenience and necessity and has secured reasonable funding for it, the Commission shall grant the City a certificate of public convenience and necessity for the project. If there are changes in the scope, financing or cost of the project, the City must seek Commission approval of the changes.

The Commission shall also grant approval of the intergovernmental agreement between the City and the Central Barbour Public Service District filed December 20, 2001, without granting a specific approval of the terms and conditions therein. However, the Commission notes that in order to charge the twenty dollar ($20.00) disconnect fee described in the intergovernmental agreement it will be necessary for the City to incorporate such charge in its tariff via a municipal ordinance.

FINDINGS OF FACT

1. On October 9, 2001, the City of Philippi (City) filed an application, duly verified, for a Certificate of Convenience and Necessity to construct certain additions and improvements to the sanitary sewer system in Barbour County. The system is to serve the Philip Barbour High School, the Vocational Center, and approximately 10 residential and commercial customers along US Route 250.

2. On December 20, 2001, the City filed a copy of its executed Intergovernmental Agreement with Central Barbour Public Service District.

3. A rate increase is not required to support the project.

Public Service Commission
of West Virginia
Charleston

4. The $1,162,700 project will be funded by a loan from DEP's State Revolving Fund program, at 0.5 percent interest (0.5%) and a term not to exceed thirty (30) years.

5. Notice of the City's certificate application was published on October 31, 2001.

6. No protests to the City's certificate application have been filed.

7. Staff recommended that the certificate be granted and the intergovernmental agreement be approved.

CONCLUSIONS OF LAW

1. Since no protests were filed within thirty (30) days of notice being published of the City's certificate application, the Commission should waive formal hearing on the application, as permitted by West Virginia Code § 24-2-11(a).

2. Since this project will allow the City to provide service to new customers and, in particular, will replace a dilapidated package treatment plant that would otherwise provide service to the soon to be constructed high school, the Commission concludes the project is necessary for the public good and the general public's convenience will be served.

3. The proposed funding for the project – a State Revolving Fund loan with a thirty (30) year term at 0.5 percent (0.5%) – is reasonable.

4. Since the City has established that this project is necessary to the public convenience and necessity and has secured reasonable funding for it, the Commission shall grant the City a certificate of public convenience and necessity for the project.

5. If there are changes in the scope, financing or cost of the project, the City must seek Commission approval of the changes.

6. It is reasonable for the Commission to approve the Intergovernmental Agreement between the City and Central Barbour Public Service District without specifically approving the terms and conditions therein. However, the Commission notes that in order to charge the twenty dollar ($20.00) disconnect fee described in the intergovernmental agreement it will be necessary for the City to incorporate such charge in its tariff by passing a municipal ordinance reflecting such charges.

Public Service Commission
of West Virginia
Charleston

ORDER

IT IS THEREFORE ORDERED that the City of Philippi is granted a certificate of public convenience and necessity, pursuant to West Virginia Code § 24-2-11, for the sewer upgrade project described above.

IT IS FURTHER ORDERED that the following funding for the project is approved – a State Revolving Fund loan for a term of twenty (20) years at 0.5 percent (0.5%) interest.

IT IS FURTHER ORDERED that if there are changes in the scope, financing or cost of the project, the City must seek Commission approval of the changes.

IT IS FURTHER ORDERED that the Intergovernmental Agreement between the City and Central Barbour Public Service District filed December 20, 2001, is hereby approved without specifically approving the terms and conditions therein.

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

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

A True Copy, Teste:

Sandra Squire

Sandra Squire
Executive Secretary

ARC
JJW/lfg
011234c.wpd

Public Service Commission
of West Virginia
Charleston

PUBLIC SERVICE COMMISSION OF WEST VIRGINIA CHARLESTON

At a session of the PUBLIC SERVICE COMMISSION OF WEST VIRGINIA in the City of Charleston on the 2nd day of October, 2002.

CASE NO. 01-1234-S-CN (REOPENED)

CITY OF PHILIPPI, a municipality,
PO Box 460, Philippi, Barbour County.

Application for a certificate of convenience and necessity to construct sanitary sewer lines along U.S. Route 250 south to the Philip Barbour High School Complex in Barbour County.

COMMISSION ORDER

Bids came in higher than expected on a certificate project, and the City of Philippi has secured a grant to cover the increased cost. The Commission shall approve the revised project cost and financing.

BACKGROUND

On June 27, 2002, the Commission granted the City of Philippi a certificate of convenience and necessity for a sewer upgrade project. Comm'n Order p. 6. Funding was approved as a $1,162,700 State Revolving Fund loan for a term of 30[1] years with an annual 0.5 percent administrative fee. Id. p. 3. If there were changes in the scope, financing or cost of the project, Philippi was required to seek Commission approval of the changes. Id.

---

[1] In reviewing this case, the Commission discovered that the ordering paragraph in the previous order inadvertently approved the term of the loan for 20 years, although the case history, Findings of Fact and Conclusions of Law correctly set forth the loan term as 30 years. Further, the order described the loan as carrying interest at 0.5%, instead of an annual administrative fee of 0.5%. The Commission hereby corrects the second ordering paragraph in the June 27, 2002, order to read as follows:

> IT IS FURTHER ORDERED that the following funding for the project is approved – a State Revolving Fund loan for a term of thirty (30) years with an annual 0.5 percent (0.5%) administrative fee.

On September 11, 2002, Philippi petitioned to reopen the case, advising that once bids were received, the total project cost increased to $1,388,580, from the original estimate of $1,162,700. Ltr. p. 1. The shortfall is $225,880, and the West Virginia Infrastructure & Jobs Development Council has awarded Philippi a grant to cover the entire amount. Id. & commitment ltr attached. Since the overrun has been made up with a grant, no change in rates will be necessary. Id.

On September 17, 2002, Philippi filed its bid documents.

On September 18, 2002, Commission Staff recommended that the petition be approved. Initial & Final Joint Staff Memorandum p. 1. Technical Staff advised that Philippi's rates would still provide an adequate cash flow surplus. Initial & Final Internal Memorandum p. 1, attached to Initial & Final Joint Staff Memorandum. Since Philippi has provided commitment letters for all of the project funding and the cash flow statement still shows an adequate surplus, Technical Staff recommended that the filing be approved. Id. p. 2. If there are further changes, Staff recommended that Philippi be required to seek Commission approval of those changes. Id.

DISCUSSION

This case should be reopened to consider Philippi's petition.

Since Philippi's rates still will produce an adequate surplus and since Philippi has secured a grant to cover the shortfall, it is reasonable to approve the revised project cost and funding that Philippi has proposed.

Staff correctly states that if there are further changes in the project, Philippi must seek the Commission's approval of those changes.

FINDINGS OF FACT

1. On June 27, 2002, the Commission granted the City of Philippi a certificate of convenience and necessity for a sewer upgrade project. Comm'n Order p. 6. Funding was approved as a $1,162,700 State Revolving Fund loan for a term of 30 years with an annual 0.5 percent administrative fee. Id. p. 3. If there were changes in the scope, financing or cost of the project, Philippi was required to seek Commission approval of the changes. Id.

2. On September 11, 2002, Philippi petitioned to reopen the case, advising that the total project cost increased to $1,388,580, up $225,880. Ltr. p. 1. The West Virginia Infrastructure & Jobs Development Council has awarded Philippi a grant to cover the entire amount. Id. & commitment ltr attached.

3. On September 18, 2002, Commission Staff recommended that the petition be approved. Initial & Final Joint Staff Memorandum p. 1.

CONCLUSIONS OF LAW

1. Since Philippi's rates still will produce an adequate surplus and since Philippi has secured a grant to cover the shortfall, it is reasonable to approve the revised project cost and funding that Philippi has proposed.

2. If there are further changes in the scope, financing or cost of the project, Philippi must seek Commission approval of the changes.

ORDER

IT IS THEREFORE ORDERED that this case is reopened and Philippi's petition is granted.

IT IS FURTHER ORDERED that the following revised funding is approved:

State Revolving Fund loan, 30 years, 0.5% administrative fee	$1,162,700
West Virginia Infrastructure & Jobs Development Council grant	225,880
Total	$1,388,580

IT IS FURTHER ORDERED that if there are further changes in the scope, financing or cost of the project, Philippi must seek Commission approval of the changes.

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

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

A True Copy, Teste:

Sandra Squire

Sandra Squire
Executive Secretary

CLW/sek
011234ca.wpd

West Virginia Infrastructure & Jobs Development Council

Public Members:
James D. Williams, Chairman
St. Albans
William J. Harman, PE, Vice Chairman
Grafton
Dwight Calhoun
Petersburg
William P. Stafford, II, Esquire
Princeton

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

Katy Mallory, PE
Executive Secretary

KMallory@ezwv.com

April 4, 2001

Ms. Karen Weaver, City Manager
City of Philippi
108 North Main Street
Philippi, West Virginia 26416

Re: City of Philippi
High School Sewer Extension Project 2001S-581

Dear Ms. Weaver:

The West Virginia Infrastructure and Jobs Development Council (the "Infrastructure Council") has reviewed the City of Philippi's (the "City") preliminary application regarding its proposed project to extend sanitary sewer along Route 250 to serve Philip Barbour High School and Vocational Center (the "Project").

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

Upon consideration of the preliminary application, the Infrastructure Council recommends that the City pursue a Clean Water State Revolving Fund loan of $1,162,700 to finance this project. Please contact the Division of Environmental Protection at 558-0641 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 Katy Mallory at 558-4607.

Sincerely,

James D. Williams

Enclosure
JDW/km

cc: Mike Johnson, DEP(w/o enclosure)
Burgess & Niple
Region VII Planning & Development Council

West Virginia Infrastructure & Jobs Development Counci

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

300 Summers Street, Suite 9
Charleston, West Virginia 253
Telephone: (304) 558-46
Facsimile: (304) 558-46

Katy Mallory, P
Executive Secreta

KMallory@ezwv.co

September 4, 2002

The Honorable Caton N. Hill, Jr.
Mayor, City of Philippi
108 North Main Street
Philippi, West Virginia 26416

Re: City of Philippi
Preliminary Application 2001S-581

Dear Mayor Hill:

The West Virginia Infrastructure and Jobs Development Council (the "Infrastructure Council") has reviewed the City of Philippi's (the "City") revised preliminary application regarding its project to extend sewer along Route 250 to serve the Philip Barbour High School and Vocational Center (the "Project").

Upon consideration of the preliminary application, the Infrastructure Council provides this binding offer of a grant of approximately $255,880 (the "Grant") to the City for the Project. The Grant will be subject to the terms set forth on Schedule A attached hereto and incorporated herein by reference. The Grant agreement will be between the District and the West Virginia Water Development Authority (Authority), acting on behalf of the Infrastructure Council.

The Authority will enter into a Grant agreement with the City following receipt of the completed Schedule B, a final, nonappealable order from the Public Service Commission authorizing construction of the Project, evidence of binding commitments for other funding; evidence of all permits; evidence of acceptable bids; and any other documents requested by the Infrastructure Council.

No statements or representations made before or after the issuance of this contingent Grant commitment by any person, member of the Infrastructure Council, or agent or employee of the

Authority shall be construed as approval to alter or amend this Grant commitment, as all such amendments or alterations shall only be made in writing after approval of the Infrastructure Council.

If the City has any questions regarding this Grant commitment, please contact Katy Mallory at the above-referenced telephone number.

Sincerely,

Russell L. Isaacs

RLI/km
Attachment

cc: Karen Weaver, City of Philippi
Mike Johnson, DEP
Craig Richards, Burgess & Niple
John Stump, Steptoe & Johnson

NOTE: This letter is sent in triplicate. Please acknowledge receipt on two copies and immediately return both to the Infrastructure Council.

City of Philippi

By: Karen N. Weaver

Its: 9-6-02

Date: City Manager

WEST VIRGINIA INFRASTRUCTURE & JOBS DEVELOPMENT COUNCIL

City of Philippi
Sewer Project
Project 2001S-581
September 4, 2002

SCHEDULE A

A. Approximate Amount: $225,880 Grant

B. Grant: $225,880

1. Grant Advancement Date(s): Monthly, upon receipt of proper requisition and after all other funding is expended except to the extent that the funds are needed for costs not eligible under the CWSRF program.

2. Special Conditions: None

C. Other Funding Sources:

Clean Water State Revolving Fund $1,162,700

D. Total Project Cost $1,388,580

E. User Rates: $ 22.70 / 4500 gallons

THE CITY OF PHILIPPI

Sewer Revenue Bonds, Series 2002
(West Virginia SRF Program)

CROSS-RECEIPT FOR BONDS AND BOND PROCEEDS

On this 12th day of November, 2002, 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 Philippi (the "Issuer"), for and on behalf of the Issuer, hereby certify as follows:

1. On the date hereof, the Authority received the Sewer Revenue Bonds, Series 2002 (West Virginia SRF Program), of the Issuer, in the principal amount of $1,162,700, numbered R-1, issued as a single, fully registered Bond, and dated November 12, 2002 (the "Series 2002 Bonds").

2. At the time of such receipt, the Series 2002 Bonds had been executed by the Mayor and the City 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 2002 Bonds, of the sum of $159,629, being a portion of the principal amount of the Series 2002 Bonds. The balance of the principal amount of the Series 2002 Bonds will be advanced by the Authority and the West Virginia Department of Environmental Protection to the Issuer as acquisition and construction of the Project progresses.

Dated as of the day and year first written above.

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

Barbara B Meadows

Authorized Representative

THE CITY OF PHILIPPI

Mayor

10/04/02
700470.00002

WARRANT #: 1-0162818
DATE: 11/07/02

AGENCY: ENVIRONMENTAL PROTECTION
TOTAL: $159,629.00

TRANACTION ID	INVOICE NUMBER	&	PAYEE REFERENCE	PURCHASE ORDER	AMOUNT
I005609702 1	101502, C544343				$159,629.00

If you have questions concerning the above, please call 304-759-0507.

REMOVE DOCUMENT ALONG THIS PERFORATION

THIS WARRANT HAS MULTIPLE SECURITY FEATURES TO DETER FRAUD AND COUNTERFEITING
VOID UNLESS PRESENTED FOR PAYMENT WITHIN SIX MONTHS

CTL# 11084436

State of West Virginia

STATE WARRANT # 1-0162818

Important remittance information on top panel
Remitter: ENVIRONMENTAL PROTECTION
Questions? Contact: MARK DOYLE at 304-759-0507

NOVEMBER 07, 2002

PAYEE CITY OF PHILIPPI

**********$159,629.00**

1-0162818

WEST VIRGINIA TREASURY

John D. Perdue
STATE TREASURER

Glen B Gainer III
AUDITOR

⑈0162818⑈ ⑆051902322⑆ 527053782 2⑈

THE CITY OF PHILIPPI

Sewer Revenue Bonds, Series 2002
(West Virginia SRF Program)

DIRECTION TO AUTHENTICATE AND DELIVER BONDS

Huntington National Bank,
as Bond Registrar
Charleston, West Virginia

Ladies and Gentlemen:

On this 12th day of November, there are delivered to you herewith:

(1) Bond No. R-1, constituting the entire original issue of The City of Philippi Sewer Revenue Bonds, Series 2002 (West Virginia SRF Program), in the principal amount of $1,162,700 dated November 12, 2002 (the "Bonds"), executed by the Mayor and the City Clerk of The City of Philippi (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, 2002, and a Supplemental Resolution duly adopted by the Issuer on October 15, 2002(collectively, the "Bond Legislation");

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

(3) Executed counterparts of the bond purchase agreement for the Series 2002 Bonds, dated October 11, 2002, by and among the Issuer, the West Virginia Water Development Authority (the "Authority"), and the West Virginia Department of Environmental Protection (the "Loan Agreement"); and

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

You are hereby requested and authorized to deliver the Bonds to the Authority upon payment to the Issuer of the sum of $159,629, representing a portion of the principal amount of the Bonds. Prior to such delivery of the Bonds, you will please cause the Bonds to be authenticated and registered by an authorized officer, as Bond Registrar, in accordance with the form of Certificate of Authentication and Registration thereon.

Dated as of the day and year first written above.

THE CITY OF PHILIPPI

Mayor

10/14/02
700470.00002

SPECIMEN

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE CITY OF PHILIPPI
SEWER REVENUE BOND, SERIES 2002
(WEST VIRGINIA SRF PROGRAM)

No. R - 1 $1,162,700

KNOW ALL MEN BY THESE PRESENTS: That THE CITY OF PHILIPPI, a municipal corporation and political subdivision of the State of West Virginia in Barbour County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the West Virginia Water Development Authority (the "Authority") or registered assigns the sum of ONE MILLION ONE HUNDRED SIXTY-TWO THOUSAND SEVEN HUNDRED DOLLARS ($1,162,700), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing March 1, 2004, as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference. The SRF Administrative fee (as defined in the hereinafter describe Bond Legislation) on this Bond shall be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing March 1, 2004, 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 October 11, 2002.

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 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, 2002, and a Supplemental Resolution duly adopted by the Issuer on October 15, 2002, (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S SEWER REVENUE BONDS, SERIES 1987 A, DATED NOVEMBER 19, 1987, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $299,193 (THE "FIRST LIEN BONDS") AND SENIOR AND PRIOR TO THE SEWER REVENUE BONDS, 1987 B, DATED NOVEMBER 19, 1987, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $70,800 (THE "SECOND LIEN BONDS"). THE FIRST LIEN BONDS AND THE SECOND LIEN BONDS ARE COLLECTIVELY CALLED 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 First Lien Bonds, and from monies in the Reserve Account created under the Bond Legislation for the Bonds (the "Series 2002 Bonds Reserve Account"), and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and 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 2002 Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest, if any, on the Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the

Bonds, including the Prior Bonds; provided however, that so long as there exists in the Series 2002 Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest, if any, which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with the Bonds, including the 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 Huntington National Bank, Charleston, West Virginia, as registrar (the "Registrar"), by the registered owner, or by its attorney duly authorized in writing, upon the surrender of this Bond, together with a written instrument of transfer satisfactory to the Registrar, duly executed by the registered owner or its attorney duly authorized in writing.

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

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

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

IN WITNESS WHEREOF, THE CITY OF PHILIPPI has caused this Bond to be signed by its Mayor and City Manager, and its corporate seal to be hereunto affixed and attested by its City Clerk, and has caused this Bond to be dated November 12, 2002.

[SEAL]

Mayor

SPECIMEN

City Manager

ATTEST:

SPECIMEN

City Clerk

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2002 Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: November 12, 2002.

HUNTINGTON NATIONAL BANK,
as Registrar

SPECIMEN

By: _____
Its: Authorized Officer

SPECIMEN

EXHIBIT A

RECORD OF ADVANCES

	AMOUNT	DATE		AMOUNT	DATE
(1)	$ 159,629	November 12, 2002	(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

SPECIMEN

DEBT SERVICE SCHEDULE

City of Philippi (West Virginia)
Loan of $1,162,700
30 Years, 0% Interest Rate, 1/2% Administrative Fee
Closing Date: November 12, 2002

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
12/01/2002	-	-	-
3/01/2003	-	-	-
6/01/2003	-	-	-
9/01/2003	-	-	-
12/01/2003	-	-	-
3/01/2004	9,690.00	-	9,690.00
6/01/2004	9,690.00	-	9,690.00
9/01/2004	9,690.00	-	9,690.00
12/01/2004	9,690.00	-	9,690.00
3/01/2005	9,690.00	-	9,690.00
6/01/2005	9,690.00	-	9,690.00
9/01/2005	9,690.00	-	9,690.00
12/01/2005	9,690.00	-	9,690.00
3/01/2006	9,690.00	-	9,690.00
6/01/2006	9,690.00	-	9,690.00
9/01/2006	9,690.00	-	9,690.00
12/01/2006	9,690.00	-	9,690.00
3/01/2007	9,690.00	-	9,690.00
6/01/2007	9,690.00	-	9,690.00
9/01/2007	9,690.00	-	9,690.00
12/01/2007	9,690.00	-	9,690.00
3/01/2008	9,690.00	-	9,690.00
6/01/2008	9,690.00	-	9,690.00
9/01/2008	9,690.00	-	9,690.00
12/01/2008	9,690.00	-	9,690.00
3/01/2009	9,689.00	-	9,689.00
6/01/2009	9,689.00	-	9,689.00
9/01/2009	9,689.00	-	9,689.00
12/01/2009	9,689.00	-	9,689.00
3/01/2010	9,689.00	-	9,689.00
6/01/2010	9,689.00	-	9,689.00
9/01/2010	9,689.00	-	9,689.00
12/01/2010	9,689.00	-	9,689.00
3/01/2011	9,689.00	-	9,689.00
6/01/2011	9,689.00	-	9,689.00
9/01/2011	9,689.00	-	9,689.00
12/01/2011	9,689.00	-	9,689.00
3/01/2012	9,689.00	-	9,689.00
6/01/2012	9,689.00	-	9,689.00
9/01/2012	9,689.00	-	9,689.00
12/01/2012	9,689.00	-	9,689.00
3/01/2013	9,689.00	-	9,689.00
6/01/2013	9,689.00	-	9,689.00
9/01/2013	9,689.00	-	9,689.00
12/01/2013	9,689.00	-	9,689.00
3/01/2014	9,689.00	-	9,689.00
6/01/2014	9,689.00	-	9,689.00

SPECIMEN

City of Philippi (West Virginia)

Loan of $1,162,700
30 Years, 0% Interest Rate, 1/2% Administrative Fee
Closing Date: November 12, 2002

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
9/01/2014	9,689.00	-	9,689.00
12/01/2014	9,689.00	-	9,689.00
3/01/2015	9,689.00	-	9,689.00
6/01/2015	9,689.00	-	9,689.00
9/01/2015	9,689.00	-	9,689.00
12/01/2015	9,689.00	-	9,689.00
3/01/2016	9,689.00	-	9,689.00
6/01/2016	9,689.00	-	9,689.00
9/01/2016	9,689.00	-	9,689.00
12/01/2016	9,689.00	-	9,689.00
3/01/2017	9,689.00	-	9,689.00
6/01/2017	9,689.00	-	9,689.00
9/01/2017	9,689.00	-	9,689.00
12/01/2017	9,689.00	-	9,689.00
3/01/2018	9,689.00	-	9,689.00
6/01/2018	9,689.00	-	9,689.00
9/01/2018	9,689.00	-	9,689.00
12/01/2018	9,689.00	-	9,689.00
3/01/2019	9,689.00	-	9,689.00
6/01/2019	9,689.00	-	9,689.00
9/01/2019	9,689.00	-	9,689.00
12/01/2019	9,689.00	-	9,689.00
3/01/2020	9,689.00	-	9,689.00
6/01/2020	9,689.00	-	9,689.00
9/01/2020	9,689.00	-	9,689.00
12/01/2020	9,689.00	-	9,689.00
3/01/2021	9,689.00	-	9,689.00
6/01/2021	9,689.00	-	9,689.00
9/01/2021	9,689.00	-	9,689.00
12/01/2021	9,689.00	-	9,689.00
3/01/2022	9,689.00	-	9,689.00
6/01/2022	9,689.00	-	9,689.00
9/01/2022	9,689.00	-	9,689.00
12/01/2022	9,689.00	-	9,689.00
3/01/2023	9,689.00	-	9,689.00
6/01/2023	9,689.00	-	9,689.00
9/01/2023	9,689.00	-	9,689.00
12/01/2023	9,689.00	-	9,689.00
3/01/2024	9,689.00	-	9,689.00
6/01/2024	9,689.00	-	9,689.00
9/01/2024	9,689.00	-	9,689.00
12/01/2024	9,689.00	-	9,689.00
3/01/2025	9,689.00	-	9,689.00
6/01/2025	9,689.00	-	9,689.00
9/01/2025	9,689.00	-	9,689.00
12/01/2025	9,689.00	-	9,689.00
3/01/2026	9,689.00	-	9,689.00

SPECIMEN

City of Philippi (West Virginia)

Loan of $1,162,700
30 Years, 0% Interest Rate, 1/2% Administrative Fee
Closing Date: November 12, 2002

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
6/01/2026	9,689.00	-	9,689.00
9/01/2026	9,689.00	-	9,689.00
12/01/2026	9,689.00	-	9,689.00
3/01/2027	9,689.00	-	9,689.00
6/01/2027	9,689.00	-	9,689.00
9/01/2027	9,689.00	-	9,689.00
12/01/2027	9,689.00	-	9,689.00
3/01/2028	9,689.00	-	9,689.00
6/01/2028	9,689.00	-	9,689.00
9/01/2028	9,689.00	-	9,689.00
12/01/2028	9,689.00	-	9,689.00
3/01/2029	9,689.00	-	9,689.00
6/01/2029	9,689.00	-	9,689.00
9/01/2029	9,689.00	-	9,689.00
12/01/2029	9,689.00	-	9,689.00
3/01/2030	9,689.00	-	9,689.00
6/01/2030	9,689.00	-	9,689.00
9/01/2030	9,689.00	-	9,689.00
12/01/2030	9,689.00	-	9,689.00
3/01/2031	9,689.00	-	9,689.00
6/01/2031	9,689.00	-	9,689.00
9/01/2031	9,689.00	-	9,689.00
12/01/2031	9,689.00	-	9,689.00
3/01/2032	9,689.00	-	9,689.00
6/01/2032	9,689.00	-	9,689.00
9/01/2032	9,689.00	-	9,689.00
12/01/2032	9,689.00	-	9,689.00
3/01/2033	9,689.00	-	9,689.00
6/01/2033	9,689.00	-	9,689.00
9/01/2033	9,689.00	-	9,689.00
12/01/2033	9,689.00	-	9,689.00
Total	**1,162,700.00**	**-**	**1,162,700.00 ***

*Plus $732.74 one-half percent administrative fee paid quarterly. Total fee paid over life of loan is $87,928.80.

SPECIMEN

ASSIGNMENT

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

Dated: _____, _____.

_____

In the presence of:

_____

10/14/02
700470.00002

STEPTOE & JOHNSON PLLC
ATTORNEYS AT LAW
Clarksburg Charleston Morgantown Martinsburg Wheeling Parkersburg

Bank One Center, Seventh Floor
P.O. Box 1588
Charleston, WV 25326-1588
(304) 353-8000 (304) 353-8180 Fax
www.steptoelaw.com

Writer's Contact Information

November 12, 2002

The City of Philippi
Sewer Revenue Bonds, Series 2002
(West Virginia SRF Program)

The City of Philippi
Philippi, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

West Virginia Department of
Environmental Protection
Charleston, West Virginia

Ladies and Gentlemen:

We are bond counsel to The City of Philippi (the "Issuer"), a municipal corporation and political subdivision of the State of West Virginia, in connection with the issuance of its Sewer Revenue Bonds, Series 2002 (West Virginia SRF Program), dated the date hereof (the "Bonds").

We have examined a certified copy of proceedings and other papers relating to the authorization of (i) a bond purchase agreement dated October 11, 2002, including all schedules and exhibits attached thereto (the "Loan 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 Loan Agreement. The Bonds are issued in the principal amount of $1,162,700, in the form of one bond, registered as to principal only to the Authority, bearing no interest, with principal payable quarterly on March 1, June 1, September 1, and December 1 of each year, beginning March 1, 2004, and maturing December 1, 2033, all as set forth in "Schedule Y" attached to the Loan Agreement and incorporated in and made a part of the Bonds. The Bonds are subject to the SRF Administrative Fee equal to 0.5% of the principal amount of the Bonds as set forth in the Schedule Y attached to Loan Agreement.

The Bonds are issued for the purposes of (i) paying 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 others costs in connection therewith.

TERRALEX
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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 (the "Act"), and the bond ordinance duly enacted by the Issuer on October 15, 2002, as supplemented by the supplemental resolution duly adopted by the Issuer on October 15, 2002 (collectively, the "Ordinance"), pursuant to and under which Act and Ordinance the Bonds are authorized and issued, and the Loan 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 Ordinance and the Loan Agreement.

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

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

2. The Loan Agreement inures to the benefit of the Authority and the DEP and cannot be amended so as to affect adversely the rights of the Authority or the DEP or diminish the obligations of the Issuer without the 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 Ordinance and to issue and sell the Bonds, all under the Act and other applicable provisions of law.

4. The Ordinance and all other necessary orders 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 Ordinance contains provisions and covenants substantially in the form of those set forth in Section 4.1 of the Loan Agreement.

5. The Bonds have been duly authorized, issued, executed and delivered by the Issuer to the Authority and are valid, legally enforceable and binding special obligations of the Issuer, payable from the Net Revenues of the System and secured by a first lien on and pledge of the Net Revenues of the System, on a parity with respect to liens, pledge and source of and security for payment with the First Lien Bonds and senior and prior to the Second Lien Bonds, all in accordance with the terms of the Bonds and Ordinance.

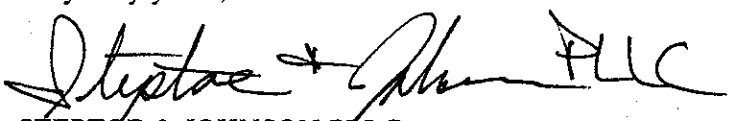
6. The Bonds are, under the Act, exempt from all taxation by the State of West Virginia or any county, municipality, political subdivision or agency thereof.

7. The Bonds have not been issued on the basis that the interest, if any, thereon is or will be excluded from 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 R-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

10/14/02
700470.00002

CH554068.1

HUNTER B. MULLENS
Attorney at Law

Telephone:
(304) 265-9000
Fax:
(304) 265-9020

222 West Main Street
P. O. Box 622
Grafton, WV 26354-0622

November 12, 2002

The City of Philippi
Sewer Revenue Bonds, Series 2002
(West Virginia SRF Program)

The City of Philippi
Philippi, WV 26416

West Virginia Water Development Authority
Charleston, West Virginia

West Virginia Department of
Environmental Protection

Steptoe & Johnson PLLC
Charleston, West Virginia

Ladies and Gentlemen:

I am counsel to The City of Philippi in Barbour County, West Virginia (the "Issuer"). As such counsel, I have examined copies of the approving opinion of Steptoe & Johnson PLLC, as bond counsel, a bond purchase agreement for the Bonds, dated October 11, 2002, including all schedules and exhibits attached thereto, by and among the Issuer, the West Virginia Water Development Authority (the "Authority") and the West Virginia Department of Environmental Protection (the "DEP") (the "Loan Agreement"), a Bond Ordinance duly enacted by the Issuer on October 15, 2002, as supplemented by a Supplemental Resolution duly adopted by the Issuer on October 15, 2002 (collectively, the "Bond Legislation"), a Petition of the Sanitary Board duly adopted on May 21, 2002, and other documents relating to the above-captioned Bonds of the Issuer (the "Bonds"). All capitalized terms used herein and not otherwise defined herein shall have the same meaning set forth in the Bond Legislation and the Loan Agreement when used herein.

I am of the opinion that:

1. The Issuer is a duly organized and presently existing municipal corporation and political subdivision of the State of West Virginia, and the Mayor, City Clerk and members of the Council of the Issuer and the Sanitary Board have been duly and properly elected or appointed, as applicable, have taken the requisite oaths, and are authorized to act on behalf of the Issuer in their respective capacities. The Sanitary Board had been duly created by the Issuer and is validity existing as a sanitary board under the Act.

2. The Loan Agreement had 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 and the Loan Agreement and the consummation of the transactions contemplated by the Bonds, the Loan Agreement and the Bond Legislation and the carrying out of the terms thereof, do not and will not, in any material respect, conflict with or constitute, on the part of the Issuer, a breach of or default under any ordinance, order, resolution, agreement or other instrument to which the Issuer is a party or 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 orders and approvals from the Public Service Commission of West Virginia, including the Commission Orders entered on June 27, 2002 and October 2, 2002, in Case No. 01-1234-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 such Order has expired prior to the date hereof without any appeal.

6. The Issuer has received all permits, licenses, approvals, consents, exemptions, orders, certificates and authorization necessary for the issuance of the Bonds, the acquisition 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 form the West Virginia Department of Environmental Protection, The West Virginia Infrastructure and Jobs Development Council and the Public Service Commission of West Virginia, and has taken any other action required for the imposition of such rates and charges, including, without limitation, the enactment of an ordinance prescribing such rate and charges.

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 Bonds, Loan Agreement, the Bond Legislation, the acquisition and construction of the Project, the operation of the System, the validity of the Bonds or the collection or pledge of the Net Revenues thereof.

8. All successful bidders have made required provisions for all insurance and payment and performance bonds and such insurance policies or binders and such bonds have been verified for accuracy. Based upon my review of the contracts, the surety bonds and the policies or other evidence of insurance coverage in connection with the Project, I am of the opinion that such surety bonds and policies (1) are in compliance with the contracts; (2) are adequate in form, substance and amount to protect the various 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 Loan Agreement; and (5) all such documents constitute valid and legally binding obligations of the parties thereto in accordance with the terms, conditions and provisions thereof.

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

Sincerely,

HUNTER B. MULLENS
Attorney at Law

HBM:sef

HUNTER B. MULLENS
Attorney at Law

Telephone:
(304) 265-9000
Fax:
(304) 265-9020

222 West Main Street
P. O. Box 622
Grafton, WV 26354-0622

November 12, 2002

City of Philippi
108 North Main Street
Philippi, WV 26416

West Virginia Department of Environmental Protection
1560 Kanawha Boulevard, East
Charleston, WV 25301

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

Steptoe & Johnson PLLC
P.O. Box 1588
Charleston, WV 25326

RE: Title Opinion for the City of Philippi
Philip Barbour High School Sanitary Sewer Extension

Ladies and Gentlemen:

I represent the City of Philippi and the Sanitary Board of the City of Philippi (the "Issuer") with regard to a proposed project to construct the City of Philippi Philip Barbour High School Sanitary Sewer Extension (the "Project"), and provide this final title opinion on behalf of the Issuer to satisfy the requirements of the West Virginia Department of Environmental Protection (the "DEP") for the Project. Please be advised of the following:

1. I am of the opinion that the Issuer is a duly created and validly existing municipality possessed with all the powers and authority granted to municipalities under the laws of the State of West Virginia to construct, operate and maintain the Project as approved by the DEP.

2. The Issuer has obtained all necessary permits and approvals for the construction of the Project.

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

4. I have examined or have had examined under my direction the records on file in the Office of the Clerk of the County Commission of Barbour County, West Virginia, the county in which the Project is to be located, and, in my opinion, the Issuer has acquired legal title or such other estate or interest in all of the necessary site components for the Project, including all easements and/or rights of way, with the exception of those listed in paragraph five, sufficient to assure undisturbed use and possession for the purpose of construction, operation and maintenance for the estimated life of the Project. As stated above, a right of entry had to be obtained for some parcels of property as set forth in said paragraph five herein.

5. The following listed properties are to be acquired by eminent domain and the necessary filings have been made in the Office of the Clerk of the Circuit Court of Barbour County, West Virginia, to permit the Issuer a right-of-entry for the purpose of construction, operation and maintenance of the Project on the subject properties. The Issuer's title thereto is defeasible in the event the Issuer does not satisfy any resulting judgement and/or award in the proceedings for acquisition of said properties, and our certification is subject to the following pending litigation:

Name	**Philippi Dist. Tax Map**	**Parcel**
Betty L. Proudfoot	14	123.3
Peggy J. Moss	14	123.6
Patty R. Rickard	14	123.12
William T. Marsh, and Betty J. Marsh	14	123.9
James E. Kines, and	14	154
Linda L. Kines	15	13.3 and 13

6. All deeds, easements and rights of way which have been acquired to date by the Issuer have been duly recorded in the Office of the Clerk of the County Commission of Barbour County to protect the legal title to and interest of the Issuer.

If you have any questions regarding any of the information contained in this title opinion, please do not hesitate to contact me.

Sincerely,

HUNTER B. MULLENS
City Attorney

HBM:sef

THE CITY OF PHILIPPI

Sewer Revenue Bonds, Series 2002
(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. LOAN AGREEMENT
11. RATES
12. SIGNATURES AND DELIVERY
13. BOND PROCEEDS
14. PUBLICATION AND PUBLIC HEARING ON BOND ORDINANCE
15. PUBLIC SERVICE COMMISSION ORDERS
16. SPECIMEN BOND
17. CONFLICT OF INTEREST
18. CLEAN WATER ACT
19. PROCUREMENT OF ENGINEERING SERVICES
20. GRANT
21. EXECUTION OF COUNTERPARTS

We, the undersigned MAYOR, CITY MANAGER and CITY CLERK of The City of Philippi in Barbour County, West Virginia (the "Issuer"), and the undersigned COUNSEL to the ISSUER, hereby certify in connection with the Issuer's Sewer Revenue Bonds, Series 2002 (West Virginia SRF Program), dated the date hereof (the "Bonds" or the "Series 2002 Bonds"), as follows:

1. TERMS: All capitalized words and terms used in this General Certificate and not otherwise defined herein shall have the same meaning as set forth in the Bond Ordinance of the Issuer duly enacted October 15, 2002, and the Supplemental Resolution duly adopted October 15, 2002 (collectively, the "Bond Legislation").

2. NO LITIGATION: No controversy or litigation of any nature is now pending or threatened, restraining, enjoining or affecting in any manner the issuance, sale or delivery of the Bonds, the acquisition and construction of the Project, the operation of the System, the receipt of the Net Revenues or any grants, or in any way contesting or affecting the validity of the Bonds, or any proceedings of the Issuer taken with respect to the issuance or sale of the Bonds, the pledge or application of the Net Revenues or any other moneys or security provided for the payment of the Bonds or the existence or the powers of the Issuer insofar as they relate to the authorization, sale and issuance of the Bonds, the acquisition and construction of the Project, the operation of the System, the collection of the Gross Revenues or the pledge of Net Revenues as security for the 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, the imposition of rates and charges, and the issuance of the Bonds have been duly and timely obtained and remain in full force and effect. Competitive bids for the acquisition and construction of the Project have been solicited in accordance with Chapter 5, Article 22, Section 1 of the West Virginia Code of 1931, as amended, which bids remain in full force and effect.

4. NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS: There has been no adverse change in the financial condition of the Issuer since the approval, execution and delivery by the Issuer of the Loan Agreement, and the Issuer has met all conditions prescribed in the Loan Agreement. The 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 2002 Bonds as to liens, pledge, source of and security for payment, being the Issuer's Sewer Revenue Bonds, Series 1987 A, dated November 19, 1987, issued in the original aggregate principal amount of $229,193 (the "First Lien Bonds") and senior to the Issuer's Sewer Revenue Bonds, Series 1987 B, dated November 19, 1987, issued in the original aggregate principal amount of $70,800 (the "Second Lien Bonds"). The First Lien Bonds and the Second Lien Bonds are sometimes hereinafter collectively referred to as the "Prior Bonds."

The Series 2002 Bonds shall be issued on a parity with the First Lien Bonds with respect to liens, pledge and source of and security for payment and in all other respects and senior to the Second Lien Bonds. The Issuer has obtained (i) the certificate of an Independent

Certified Public Accountant stating that the coverage and parity tests of the First Lien Bonds are met; and (ii) the written consent of the Holders of the Prior Bonds to the issuance of the Series 2002 Bonds on a parity with the First Lien Bonds and senior to the Second Lien 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 Ordinances.

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

SRF Loan Agreement

Infrastructure & Jobs Development Council Grant Agreement

Public Service Commission Orders

Infrastructure and Jobs Development Council Approval

Charter and Rules of Procedure

Oaths of Office of Officers and Councilmembers

Ordinance Creating Sanitary Board, Oaths of Office of Officers and Rules of Procedure

Petition of Sanitary Board

Sewer Rate Ordinance

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

Minutes on Adoption and Enactment of Sewer Rate Ordinance

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

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

NPDES Permit

Agreement with Central Barbour Public Service District

Series 1987 A and 1987 B Bond Ordinance

Consent of West Virginia Water Development Authority

Evidence of Insurance

6. INCUMBENCY AND OFFICIAL NAME: The proper corporate title of the Issuer is the "The City of Philippi." The Issuer is a municipal corporation in Barbour County and is presently existing under the laws of, and a political subdivision of, the State of West Virginia. The governing body of the Issuer is its council, consisting of a Mayor, a City Clerk and 5 councilmembers, all duly elected or appointed, as applicable, qualified and acting, and whose names and dates of commencement and termination of current terms of office are as follows:

Name			Date of Commencement of Office	Date of Termination of Office
Caton N. Hill, Jr.	-	Mayor	07/01/00	06/30/04
Tammy Stemple	-	City Clerk	07/01/00	06/30/04
John Cvechko	-	Council Member	07/01/00	06/30/04
Donald R. Criss	-	Council Member	07/01/00	06/30/04
Robert Wilkins	-	Council Member	07/01/00	06/30/04
Barbara Bryan	-	Council Member	07/01/00	06/30/04
Charles A. Wallace	-	Council Member	02/19/02	06/30/04

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

Chairman	-	Caton N. Hill, Jr.
Member	-	Joseph P. Mattaliano
Member	-	Dennis Fisher, P.E.

The duly appointed and acting City Manager is Karen Weaver. The duly appointed and acting Counsel to the Issuer is Hunter Mullens, Esquire, in Grafton, West Virginia.

7. LAND AND RIGHTS-OF-WAY: All land in fee simple and all rights-of-way and easements necessary for the acquisition and construction of the Project and

the operation and maintenance of the System have been acquired or can and will be acquired by purchase, or, if necessary, by condemnation by the Issuer and are adequate for such purposes and are not or will not be subject to any liens, encumbrances, reservations or exceptions which would adversely affect or interfere in any way with the use thereof for such purposes. The costs thereof, including costs of any properties which may have to be acquired by condemnation, are, in the opinion of all the undersigned, within the ability of the Issuer to pay for the same without jeopardizing the security of or payments on the Bonds.

8. MEETINGS, ETC.: All actions, ordinances, resolutions, orders and agreements taken by and entered into by or on behalf of the Issuer in any way connected with the issuance of the Bonds and the acquisition, construction and financing of the Project or the operation of 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 Worker's Compensation, public liability and property damage insurance, and builder's risk insurance where applicable, in accordance with the Bond Legislation. All insurance for the System required by the Bond Legislation and the Loan Agreement is in full force and effect.

10. LOAN AGREEMENT: As of the date hereof, (i) the representations of the Issuer contained in the Loan Agreement are true and correct in all material respects as if made on the date hereof; (ii) the Loan Agreement does not contain any untrue 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 dates of the Loan Agreement which should be disclosed for the purpose for which it is to be used or which it is necessary to disclose therein in order to make the statements and information in the Loan Agreement not misleading; and (iv) the Issuer is in compliance with the Loan Agreement.

11. RATES: The Issuer has duly enacted a sewer rate ordinance on February 2, 1999, setting rates and charges for the services of the System. The time for appeal of such sewer rate ordinance has expired prior to the date hereof without any appeal, and such rates are currently effective.

12. SIGNATURES AND DELIVERY: On the date hereof, the undersigned Mayor and City Manager did officially sign all of the Bonds of the aforesaid issue, consisting upon original issuance of a single Bond numbered R-1, dated the date

hereof, by his or her manual signature, and the undersigned City Clerk did officially cause the official seal of the Issuer to be affixed upon said Bonds and to be attested by his or her manual signature, and the Registrar did officially authenticate and deliver the Bonds to a representative of the Authority as the original purchaser of the Bonds under the Loan Agreement. Said official seal of the Issuer is also impressed above the signatures appearing on this certificate.

13. BOND PROCEEDS: On the date hereof, the Issuer received the sum of $159,629 from the Authority and the DEP, being a portion of the principal amount of the Bonds. The balance of the principal amount of the Bonds will be advanced to the Issuer as acquisition and construction of the Project progresses.

14. 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 Barbour Democrat*, a qualified newspaper published and of general circulation in The City of Philippi, together with a notice to all persons concerned, stating that the Bond Ordinance had been adopted and that the Issuer contemplated the issuance of the Bonds described in such Bond Ordinance, stating that any person interested may appear before the Governing Body at the public hearing held at a public meeting of Governing Body on the 15th day of October, 2002, at 7:00 p.m., in the Council Chambers at the City Hall, 108 North Main Street, Philippi, West Virginia, and present protests, and stating that a certified copy of the Bond Ordinance was on file at the office of the City 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.

15. PUBLIC SERVICE COMMISSION ORDER: The Issuer has received the Commission Orders of the Public Service Commission of West Virginia entered on June 27, 2002 and October 2, 2002, in Case No. 01-1234-S-CN, granting to the Issuer a certificate of public convenience and necessity for the Project and approving the financing for the Project. The time for appeal of such Orders has expired prior to the date hereof without any appeal.

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

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

relating to the Bonds, the Bond Legislation and/or the Project, including, without limitation, with respect to the Depository Bank. For purposes of this paragraph, a "substantial financial interest" shall include, without limitation, an interest amounting to more than 5% of the particular business enterprise or contract.

18. CLEAN WATER ACT: The Project as described in the Bond Ordinance complies with Sections 208 and 303(e) of the Clean Water Act.

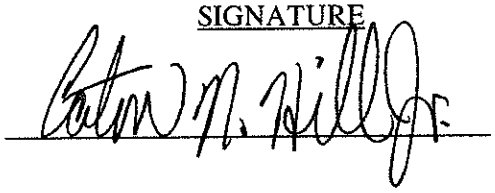
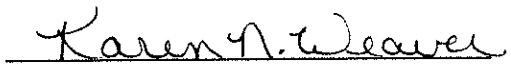
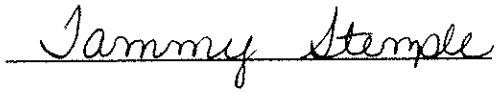
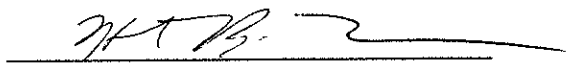
19. PROCUREMENT OF ENGINEERING SERVICES: The Issuer has complied in all respects with the requirements of Chapter 5G, Article 1 of the West Virginia Code of 1931, as amended, in the procurement of engineering services to be paid from proceeds of the Bonds.

20. GRANT: As of the date hereof, the grant from the West Virginia Infrastructure and Jobs Development Council in the amount of $225,880 is in full force and effect.

21. 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.

WITNESS our signatures and the official seal of THE CITY OF PHILIPPI on this 12th day of November, 2002.

[CORPORATE SEAL]

SIGNATURE	OFFICIAL TITLE
	Mayor
	City Manager
	City Clerk
	Counsel to the Issuer

10/14/02
700470.00002

THE CITY OF PHILIPPI

Sewer Revenue Bonds, Series 2002
(West Virginia SRF Program)

CERTIFICATE OF ENGINEER

I, Craig D. Richards, Registered Professional Engineer, West Virginia License No. 10358 of Burgess & Niple, Limited, Parkersburg, West Virginia, hereby certify as follows:

1. My firm is engineer for the acquisition and construction of certain extensions, additions, betterments and improvements (the "Project") to the existing public sewerage system (the "System") of The City of Philippi (the "Issuer") to be constructed primarily in Barbour County, West Virginia, which acquisition and construction are being permanently financed in part by the proceeds of the above-captioned bonds (the "Bonds") of the Issuer. Capitalized terms used herein and not otherwise defined herein shall have the meanings set forth in the Bond Ordinance enacted by the Issuer on October 15, 2002, as supplemented, and the bond purchase agreement, by and among the Issuer, the West Virginia Department of Environmental Protection ("DEP") and the West Virginia Water Development Authority (the "Authority"), dated October 11, 2002 (the "Loan Agreement").

2. The Bonds are being issued for the purposes of (i) paying a portion of the costs of acquisition and construction of the Project and (ii) paying certain costs of issuance of the Bonds and related costs.

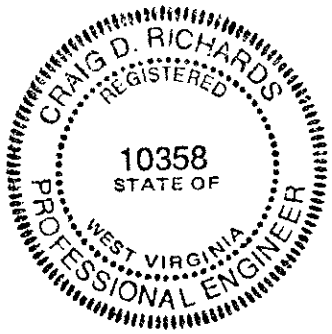
3. To the best of my knowledge, information and belief, (i) within the limits and in accordance with the applicable and governing contractual requirements relating to the Project, the Project will be constructed in general accordance with the approved plans, specifications and designs prepared by my firm and approved by the DEP and any change orders approved by the Issuer, the DEP and all necessary governmental bodies; (ii) the Project, as designed, is adequate for its intended purpose and has a useful life of at least thirty (30) 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 A, attached hereto as Exhibit A and the Issuer's counsel, Hunter Mullens, Esquire, has ascertained that all successful bidders have made required provisions for all insurance and payment and performance bonds and that such insurance policies or binders and such bonds have been verified for accuracy; (iv) the

successful bidders received any and all addenda to the original bid documents; (v) the bid documents relating to the Project reflect the Project as approved by the DEP and the bid forms provided to the bidders contain the critical operational components of the Project; (vi) the successful bids include prices for every item on such bid forms; (vii) the uniform bid procedures were followed; (viii) the Issuer has obtained all applicable permits required by the laws of the State of West Virginia and the United States necessary for the acquisition and construction of the Project and the operation of the System; (ix) in reliance upon the certificate of Issuer's certified public accountant, John Burdette, CPA, as of the effective date thereof, the rates and charges for the System enacted by the Issuer will be sufficient to comply with the provisions of the Loan Agreement; (x) the net proceeds of the Bonds, together with all other moneys on deposit or to be simultaneously deposited and irrevocably pledged thereto and the proceeds of grants, if any, irrevocably committed therefor, are sufficient to pay the costs of acquisition and construction of the Project approved by the DEP; and (xi) attached hereto as Exhibit A is the final amended "Schedule A - Final Total Cost of Project, Sources of Funds and Cost of Financing" for the Project.

WITNESS my signature and seal on this 12th day of November, 2002.

BURGESS & NIPLE, LIMITED

(SEAL)



Craig Richards, P.E.
West Virginia License No. 10358

10/30/02
700470.00002

SCHEDULE A

NAME OF GOVERNMENTAL AGENCY: City of Philippi

Source of Funding: SRF Bond Issue

		A. Cost of Project	
1.	Construction	$ 857,200	
2.	Technical Services	$ 251,500	
3.	Legal and Fiscal	$ 13,586	
4.	Administrative	$ 21,000	
*5.	Site and Other Lands	$ -	
**6.	Fac. Plan/Design or Other Loan Repayment (Specify Type)	$ -	
***7.	Interim Financing Costs	$ 5,714	
8.	Contingency	$ -	
9.	Miscellaneous (WVDOH Inspection fees)		
10.	Total of Lines 1 - 9		$ 1,149,000
		B. Sources of Funds	
11.	Federal Grants (Specify Sources)	$ -	
		$ -	
12.	State Grants (Specify Sources)	$ -	
		$ -	
13.	Other Grants (Specify Sources)	$ -	
		$ -	
14.	Any Other Sources (Specify)	$ -	
15.	Total of Lines 11 -14		$ -
16.	Net Proceeds Required from Bond Issue (Line 10 minus Line 15)		$ 1,149,000
		C. Cost of Financing	
17.	Bond Council	$ 13,700	
18.	Funded Reserve Account	$ -	
19.	Total Cost of Financing (Line 17 + Line 18)		$ 13,700
20.	**Size of Bond Issue (Line 16 + Line 19)**		$ 1,162,700

* Not allowable for State Revolving Fund Assistance.

** WDA Loans associated with EPA Grants are not allowable.

*** Interest accrued on invoices for engineering services (based on receipt of payment by 12/1/2002)

Signature of Applicant

Date: 10/31/02

Signature of Consulting Engineer

Date: 11-6-02

JOHN BURDETTE & ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS
P.O. BOX 418 • BUCKHANNON, WV 26201 • (304) 472-3600 • FAX (304) 472-3601

November 12, 2002

The City of Philippi
Sewer Revenue Bonds, Series 2002
(West Virginia SRF Program)

The City of Philippi
Philippi, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

West Virginia Department of Environmental Protection
Charleston, West Virginia

Steptoe & Johnson PLLC
Charleston, West Virginia

Ladies and Gentlemen:

Based upon the rates and charges as set forth in the Sewer Rate Ordinance enacted by The City of Philippi (the "Issuer") on February 2, 1999, and projected operation and maintenance expenses and anticipated customer usage as furnished to us by Burgess & Niple, Limited, consulting engineers, it is our opinion that the Net Revenues actually derived from the System of the Issuer during any 12 consecutive months, within 18 months immediately preceding the date of issuance of the Sewer Revenue Bonds, Series 2002 (West Virginia SRF Program) (the "Series 2002 Bonds"), plus the estimated average increased annual Net Revenues to be received in each of the three succeeding years after the completion of the improvements to be financed by the Series 2002 Bonds will not be 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 2002 Bonds and all other obligations secured by or payable from the revenues of the System, including the Prior Bonds (as defined in the Bond Ordinance, enacted by the Issuer on October 15, 2002).

It is our further opinion that such rates of the Issuer are, as of the date hereof, sufficient (i) to provide for all reasonable expenses of operation, repair and maintenance of the System, and (ii) to leave a balance each year equal to at least 115% of the maximum amount required in any year for payment of principal of and interest on the Series 2002 Bonds and all other obligations secured by or payable from such revenues prior to or on a parity with the Series 2002 Bonds, including the Issuer's Prior Bonds.

Very truly yours,

John Burdette & Associates

THE CITY OF PHILIPPI

Sewer Revenue Bonds, Series 2002
(West Virginia SRF Program)

CERTIFICATE AS TO USE OF PROCEEDS

The undersigned Mayor of The City of Philippi in Barbour County, West Virginia (the "Issuer"), being the official of the Issuer duly charged with the responsibility for the issuance of $1,162,700 Sewer Revenue Bonds, Series 2002 (West Virginia SRF Program), of the Issuer, dated November 12, 2002 (the "Bonds" or the "Series 2002 Bonds"), hereby certifies 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, 2002, as supplemented (the "Bond Ordinance"), authorizing the Bonds.

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

3. This certificate is based upon facts, circumstances, estimates and expectations of the Issuer in existence on November 12, 2002, the date on which the Bonds are being physically delivered in exchange for an initial advance of $159,629, being a portion of the principal amount of the Series 2002 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"), the West Virginia Department of Environmental Protection (the "DEP") or the West Virginia Infrastructure and Jobs Development Council (the "Council"), as the case may be, from which the proceeds of the Bonds are derived, to lose their status as tax-exempt bonds. The Issuer hereby covenants to take all actions necessary to comply with such covenant.

5. The Series 2002 Bonds were sold on November 12, 2002, to the Authority, pursuant to a bond purchase agreement dated October 11, 2002, by and among the Issuer, the Authority and the DEP, for an aggregate purchase price of $1,162,700 (100% of par) (the "Loan Agreement"), at which time, the Issuer received $159,629 from the Authority and the DEP, being the first advance of the principal amount of the Series 2002 Bonds. No accrued interest has been or will be paid on the Series 2002 Bonds. The balance of the principal amount of the Series 2002 Bonds will be advanced to the Issuer as acquisition and construction of the Project progresses.

6. The Series 2002 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 public sewerage system of the Issuer (the "Project"); and (ii) paying certain costs of issuance of the Bonds and related costs.

7. 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 2002 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 October 12, 2003. The acquisition and construction of the Project is expected to be completed by August 12, 2003.

8. The total cost of the Project financed from the proceeds of the Bonds (including all costs of issuance of the Bonds) is estimated at 1,388,580. Sources and uses of funds for the Project are as follows:

SOURCES	
Proceeds of the Series 2002 Bonds	1,162,700
WVI&JDC Grant	225,880
Total Sources	1,388,580

USES	
Costs of Acquisition and Construction of the Project	1,374,880
Costs of Issuance	13,700
Total Uses	1,388,580

9. Pursuant to Article V of the Bond Ordinance, the following special funds or accounts have been created or continued relative to the Series 2002 Bonds:

(1) Revenue Fund;

(2) Operation and Maintenance Fund;

(3) Renewal and Replacement Fund;

(4) Series 2002 Bonds Construction Trust Fund.

(5) Series 2002 Bonds Sinking Fund; and

(6) Series 2002 Bonds Reserve Account.

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

As the Issuer receives advances of the monies derived from the sale of the Series 2002 Bonds, such monies shall be deposited with the Depository Bank in the Series 2002 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 2002 Bonds.

11. Monies held in the Series 2002 Bonds Sinking Fund will be used solely to pay principal of and interest on the Series 2002 Bonds and will not be available to meet costs of acquisition and construction of the Project. All investment earnings on monies in the Series 2002 Bonds Sinking Fund and Series 2002 Bonds Reserve Account, if any, will be withdrawn therefrom and deposited into the Series 2002 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.

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

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

14. With the exception of the amount deposited in the Series 2002 Bonds Reserve Account, if any, all of the proceeds of the Bonds will be expended on the Project within 10 months from the date of issuance thereof.

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

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

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

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

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

20. The Issuer shall use the 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.

21. The Bonds are not federally guaranteed.

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

23. The Issuer has either (a) funded the Series 2002 Bonds Reserve Account at the maximum amount of principal and interest which will mature and become due on the Bonds in the then current or any succeeding year with the proceeds of the Bonds, or (b) created the Series 2002 Bonds Reserve Account which will be funded with equal payments made on a monthly basis over a 10-year period until such Series 2002 Bonds Reserve Account hold an amount equal to the maximum amount of principal and interest which will mature and become due on the Bonds in the then current or any succeeding year. Monies in the Series 2002 Bonds Reserve Account and the Series 2002 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.

24. There are no other obligations of the Issuer which (a) are to be issued at substantially the same time as the Bonds, (b) are to be sold pursuant to a common plan of financing together with the Bonds and (c) will be paid out of substantially the same sources of funds of funds or will have substantially the same claim to be paid out of substantially the same sources of funds as the Bonds.

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

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

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

WITNESS my signature on this 12th day of November, 2002.

THE CITY OF PHILIPPI

By: _____
Its: Mayor

10/14/02
700470.00002

THE CHARTER
OF THE
CITY OF PHILIPPI, WEST VIRGINIA

EDITOR'S NOTE: This Part contains the Charter of the City of Philippi as same is set out in Acts 1923, Ch. 71, as amended, passed April 17, 1923, and in effect from passage. Dates appearing in parentheses following section headings indicate those sections were subsequently amended, added or repealed on the date given.

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THE CHARTER
OF THE
CITY OF PHILIPPI, WEST VIRGINIA

Be it enacted by the Legislature of West Virginia:
An Act to amend and re-enact Chapter Thirteen of the Acts of the legislature of one thousand nine hundred and five, as amended by Chapter Seven of the Acts of the legislature of one thousand nine hundred and seven, and as amended by Chapter Seven of the Acts of the legislature of one thousand nine hundred fifteen, concerning the Charter of the City of Philippi.

SECTION 1. CORPORATE NAME, RIGHTS AND POWERS.

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

SECTION 2. CORPORATE LIMITS.

The corporate limits of said City shall be hereafter as follows:

Beginning at a sugar tree on the east bank of the Tygarts Valley River above the present brick and tile factory; thence south sixty-four degrees fifteen minutes east, one thousand three hundred and seven feet to a stake in the County road; thence north seventy-four degrees forty minutes east, one thousand one hundred and eighty-four feet to a stake; thence north forty-eight degrees twenty-two minutes east, one thousand six hundred and sixty-one feet to a chestnut in the W.G. Key's property; thence north nine degrees nine minutes east, one thousand five hundred and five feet to a stake in the divide of the farm of J. Hop. Woods; thence north twenty-five degrees forty-two minutes west, six hundred and twenty-nine feet to a stake; thence north thirty-four degrees fifty-one minutes west, four thousand five hundred and seventy feet to an apple tree in David Smith's farm; thence north seventy-eight degrees twenty-seven minutes west, six hundred and twenty-seven feet to a stake on the said farm; thence south twenty-seven degrees forty-six minutes west, seven hundred and fifty-seven feet to a pear tree; thence south twenty-one degrees twenty-one minutes west, one thousand six hundred and seventy feet to a stake in the Talbott farm; thence south twenty-six degrees thirteen minutes east, one thousand four hundred and sixty feet to a stone in the pike; thence north nine degrees fifty-five minutes east, four hundred and forty-four feet to the east bank of Tygarts Valley River; thence with the low water marking following the meanders of the east bank of said river to the beginning.

SECTION 3. COUNCIL TO DIVIDE CITY INTO WARDS.

The Council of said City, shall divide the territory of said City into wards, of not less than four, and may increase the number of wards from time to time, due regard being had to the increase of population, and shall, by ordinance, bound each ward with reasonable certainty, and give to each ward equal representation in the Council.

SECTION 4. MUNICIPAL OFFICERS; HOW ELECTED, QUALIFICATIONS; COMPENSATION.

The municipal authorities of said City shall consist of a Mayor, City Clerk and five (5) coucilmen to be elected by the voters of the whole City, (2 councilmen from the South District and 3 from the North District) with residency requirements to insure equal distribution of representation. The number of councilmen from each district can be increased and diminshed by ordinance with increase or loss of population. The Common Council shall receive such compensation as the Council shall from time to time determine, and which shall not be increased or diminished during their term of office. (Amended 4-20-84)

SECTION 5. MUNICIPAL AUTHORITIES, POWERS VESTED IN.

The Municipal authorities of said City shall consist of the Mayor and councilmen, who together shall form a Common Council, and all the corporate powers of said Coporation shall be exercised by said Council, or under its authority, except where otherwise provided.

SECTION 6. ELECTIONS; QUALIFICATIONS OF VOTERS; CONTESTED ELECTIONS; REGISTRATION OF VOTERS; RETURNS OF ELECTIONS; TIE DECIDED BY LOT.

The first election hereunder shall be held on the second Tuesday in March, one thousand nine hundred and twenty-four, and annually thereafter. Every person who has been a bona fide resident of the City for six months next preceding any election, and otherwise a qualified voter under the Constitution and laws of the State, shall be entitled to vote at such election in the ward in which he resides. The elections shall be held, conducted and the result thereof ascertained, certified, returned and determined under such rules and regulations as may be prescribed by the Council, which shall not be inconsistent with the general laws of the State governing municipal elections, and shall conform as nearly as practicable to such laws. Contested elections shall conform as nearly as may be to similar proceedings in the case of County and district officers. Not more than five days before such election, or any annual election thereafter in such City, the Clerk shall ascertain who are legal voters in such City or any ward thereof and shall make a list of the qualified voters for each ward and deliver same to the officers appointed to hold such election in the respective wards; but any qualified voter whose name is omitted from such list may cast his vote by making oath before the election officers that he is a qualified voter in such ward. The Council shall be the judge of the election, returns and qualifications of its own members. In case two or more persons receive an equal number of votes for the same office, if such number be the highest cast for such office, the Council shall determine by lot which of them shall be returned elected, and shall make their return accordingly.

SECTION 7. ELECTION DATE; TERMS OF OFFICE.

Beginning with the calendar year of 1984, the election shall be held on the third Tuesday of May and every four years thereafter, on the third Tuesday of May. There shall be elected by the qualified voters of said City, a Mayor and such other officers as may be prescribed by ordinance as provided for in Section 4. The officers shall hold their office for the term of four years, commencing on the first day of July after his election until their successor shall be elected and qualified. (Amended 4-20-84)

SECTION 7a. ELECTIONS; MODE OF VOTING; LAW GOVERNING.

The mode of voting shall be by ballot, but the voter shall be left free to vote an open, sealed or secret ballot, as he may elect. The elections in said City shall be held and conducted and the result thereof certified, returned and finally determined under the laws in force in this State, relating to general elections, as they exist at the time any such election is being held, except that the persons conducting said elections shall, on the day after the election is held, deliver the ballots, tally sheets and poll books to the City Clerk, and thereafter the Common Council of said City shall meet on the sixth day succeeding said election and canvass the returns of said election, and declare the result thereof, and in all respects comply with the requirements of the statutes relating to general elections as they are in force at the time of holding said election. The corporate authorities of said City shall perform all the duties in relation to such election required by general law of county courts (county commissions) and officers in the general election laws of this State, and the provisions of Chapter 3 of the Code of West Virginia, in effect at the date of such election, concerning elections by the people, shall govern such elections and be applicable thereto, and the penalties therein prescribed for offenses relating to elections shall be enforced against the offenders at such corporate election; and the said general election laws shall have the same force and effect as if they were specially enacted for corporate elections and were by this Charter specially reenacted in extenso, except as modified in this amended Charter of the City of Philippi. (Added 4-20-84)

SECTION 8. OATH OF OFFICE.

Every person elected or appointed to any office in said City shall, within twenty days after his election or appointment and before entering upon the discharge of the duties thereof, take and subscribe an oath that he will support the Constitution of the United States, and the Constitution of this State, and that he will well and truly perform the duties of his office, to the best of his skill and ability, which may be done before the Mayor, or Clerk of said City, or before any person authorized to administer oaths; and the same together with a certificate of the officer administering the oath shall be filed with the Clerk of said City.

SECTION 9. POWERS AND DUTIES OF OFFICERS; BOND OF CHIEF OF POLICE.

The Council shall by ordinance, consistent with this Act and general law, prescribe the powers, and define the duties of the Chief of Police, and other policemen, and of all other officers and appointees of the Council; and the Council shall require from the Chief of Police a bond, with good security to be approved by it, in the penalty of not less than one thousand dollars conditioned for the faithful performance of his duties as such Chief of Police

and to account for and turn over all moneys or property coming into his hands as such officer, and the Council may require and take from appointive officers, respectively, bonds payable to the City, in its corporate name, with such security and in such penalties as may be deemed proper, conditioned for the faithful performance of their duties.

SECTION 10. BONDS OF OTHER OFFICERS.

The Council shall require and take from all officers elected or appointed as aforesaid, whose duty it shall be to receive funds, assets or properties belonging to said City, or having charge of the same, such bond, obligations or other writings as may be deemed necessary and proper, to secure the faithful performance of their several duties. All bonds, obligations or other writings taken in pursuance of any of the provisions of this Act shall be made payable to the City of Philippi, with such securities and in such penalties as may be deemed proper, conditioned for the faithful performance of their duties and for the accounting for any paying over as required by law, all moneys coming into their hands by virtue of their offices, and the respective persons and their heirs, executors and assigns bound thereby shall be subject to the same proceedings on said bond, obligations and other writings for enforcing the conditions of the terms thereof by motion or otherwise, before any court of competent jurisdiction held in and for the County of Barbour that collectors of County levies and other sureties are or shall be subject to on their bond for enforcing the payment of the County levies.

SECTION 11. REMOVAL FROM OFFICE; HOW VACANCY FILLED.

The Council shall have authority to remove from office, any officer of the City, whether elected or appointed, or any appointee, for misconduct or neglect of duty, intoxication, or for any wilful violation of the laws of this State, or of the City ordinances, by an affirmative vote of three-fourths of the members of the Council; but only after reasonable notice to such officer or appointee, and a hearing of the charges preferred; and any vacancy in office, however occasioned, may be filled by the Council for the unexpired term.

SECTION 12. MEETINGS OF COUNCIL; MAYOR TO PRESIDE OVER; TIE VOTE; QUORUM, ETC.

The Council shall fix the place and time of holding its regular meetings; may provide for special and adjourned meetings; prescribe rules and regulations not inconsistent herewith for the transaction of business for its own guidance and government. The Council shall be presided over at its meetings by the Mayor, or in his absence, by one of the councilmen selected by a majority of the Council present, who may vote on any question as member of the Council. The Mayor shall have a vote in case of a tie, and in no case shall the presiding officer have more than one vote. A majority of the Council shall be necessary to constitute a quorum for the transaction of business. No member of the Council shall vote upon or take part in the consideration of any proposition in which he is or may be interested otherwise than as a resident of said City.

SECTION 13. RECORDS AND ARCHIVES; COPIES BY CLERK PRIMA FACIE EVIDENCE.

The Council shall cause to be kept by the Clerk in a well-bound book, to be called the "minute book", an accurate record of all of its proceedings, ordinances, acts, orders and resolutions, and in another to be called "ordinance book", accurate copies of all general ordinances adopted by the Council, both of which shall be fully indexed and open to the inspection of anyone required to pay taxes to the City or who may be otherwise interested. All oaths and bonds of officers of the City and all papers of the Council, shall be endorsed, filed and securely kept by the Clerk. All printed copies of such ordinances purporting to be published under authority of the Council, and transcripts of such ordinances, acts, orders and resolutions certified by the Clerk, under the seal of the City, shall be deemed prima facie correct, when sought to be used as evidence in any court, or before any justice.

SECTION 14. READING AND CORRECTION OF FORMER PROCEEDINGS; WHEN YEAS AND NAYS TO BE ENTERED.

At each meeting of the Council, the proceedings of the last meeting shall be read, and if erroneous, corrected and signed by the presiding officer for the time being. Upon the call of any members the yeas and nays on any question shall be taken and recorded in the minute book.

SECTION 15. READING OF ORDINANCES.

No ordinance or bylaw, and no resolution or measure for the expenditure of money, other than to defray the current and incidental expenses of the City, shall be deemed passed or adopted unless it shall have been fully read at two consecutive meetings of the Council, and shall have received a majority of the votes of the members present, when it shall stand and be declared adopted, and not otherwise.

SECTION 16. POWERS OF COUNCIL.

The Council of said City shall have the following general powers enumerated in the subdivisions of this section as follows:

(1) To lay off, open, close, vacate or maintain public grounds, parks, public places, name and rename the same, to have control and supervision thereover, to protect the same from damage or other injury by persons or property, to fix fines and punishments for any injury thereto in violation of any of the orders of said Council, and to maintain good order and prevent violations of the ordinances of said City therein or thereon.

(2) To establish, maintain and regulate free public libraries and reading rooms and to purchase books, papers, maps, manuscripts and other proper things therefor, to receive donations and bequests of money or property for the same, in trust or otherwise, and to pay the necessary expenses for establishing, maintaining and regulating the same out of the funds for general purposes; provided, such expenditure shall not exceed one hundred dollars ($100.00) per annum unless by unanimous vote of all the members of the Council.

(3) To protect divine worship within the limits of said City, and to fix fines and punishment for disturbance of any assemblage of people, then and there, met for the worship of God, to prohibit any interference with or disturbance of divine worship or an assemblage of people met together for the worship of God by any person or persons loitering about the premises or places where such worship is being had or such assemblage is met, or from loitering in the public streets or public places adjacent thereto in such manner as to interrupt such worship.

(4) To acquire either by purchase, condemnation or any other modes provided by general law, ground within said City for such streets and alleys as the Council may deem proper; to locate, lay off, vacate, close, open, alter, grade, straighten, widen or narrow, pave or repave, construct and keep in good repair, the roads, streets, alleys, pavements, sidewalks, crosswalks, drains, viaducts and gutters therein, and such bridges as may be owned or built by the said City, for the use of the public or of any of the citizens thereof, and to improve and light the same and to keep the same clean and free from obstruction of every kind; provided, the Municipality shall not be liable for, or responsible in damages for injuries to persons or property caused by or from any defect or obstruction in or on any street or alley within said City, that has been or may be taken over by the State Road Commission, under and by virtue of the laws of this State; nor shall said Municipality be liable in damages for injuries to persons or property caused by or from a defect or obstruction in or on the plat of ground between the gutter or curb of any street and the paved or plank sidewalks extending there along or between any such sidewalks and the property lying next adjacent thereto, unless the Municipality had actual notice of such defect or obstruction prior to the time of the injury complained of; and, provided, further, that where said City shall be required to respond in damages by reason of injury to persons or property occasioned by the failure of any abutting owner to so provide or keep in repair any sidewalk along such property, after being notified by the Council so to do, that such property owner shall be liable to the City for any sum of money, costs and counsel fees which it has been required to pay by reason thereof.

(5) To regulate the width of sidewalks and the streets and the width and the care of public grounds or grass plots abutting thereon, and to order the sidewalks, footways, crossways, drains and gutters to be curbed, paved, or repaved and kept in good order, free and clean, and to provide for the removal of snow and ice therefrom, and for sprinkling the same by the owners or occupants of the real property next adjacent thereto, and to provide and enforce punishments for obstructing, injuring or preventing the free and proper use thereof, and to provide and enforce fines and penalties for throwing therein or thereupon any paper, glass, rubbish, decaying substances or other things that would make said streets, sidewalks, grass plots, crosswalks, drains, or gutters unsightly or unhealthy.

(6) To regulate the use of the walks, highways, bridges, streets, alleys and gutters and the rate of speed of travel thereon, and to prevent and punish for fast riding or driving thereon of any horse, bicycle, wheeled vehicle, wagon, steam or electric or traction engine, motor car or automobile and to prevent injury to such streets, alleys, roads and highways from overloaded or improperly loaded vehicles, and from dragging logs or other matter therein, and to regulate the speed of engines or trains or streetcars upon or across any such streets, alleys, highways, bridges, public places or any other place where the Council deems the public safety requires such regulation.

(7) To regulate the planting, trimming and preservation of shade trees, by persons and by corporations, in streets, alleys, roads, public grounds and places, and shall require the owner of adjacent property to trim or remove any shade tree or ornamental shrubbery or other tree that in the opinion of the Council is an obstruction to the streets, alleys, or sidewalks, or a menace to public safety.

(8) The Council shall have the right to require the owner or occupier of any property in the City to keep his premises clean and free from all matters that would endanger the health of the City, and may require the removal of any wastepaper or waste material of any kind or character upon the private property of any citizen or property owner that would cause the spread of fire or when the Council deems the same should be removed; and may require the removal or straightening of any fence, wire, railings, or other material enclosing any lot, when, in the opinion of the Council, the same is dangerous or obstructs or encroaches upon the streets, alleys or sidewalks; provided, that in all such cases, if the owner or occupier of such property fails to do any of the things enumerated in this section required by the Council, after notice by the Council, the Council may take such action as may be necessary to perform such acts and the expense thereof shall be charged to the property owner and collected as taxes are collected.

(9) To regulate the making of division fences of an unsightly nature and property walls by the owners of adjoining and adjacent premises and lots, insofar as the same shall not be in conflict with the general law.

(10) To regulate or require drainage by the owner or occupier of any lot or other real estate, by proper drains, ditches, and sewers, and to require the owner or occupier of any lot to fill the same, at his own expense, so that water will not collect in a body thereon, or so the same will not become a menace to public health.

(11) To regulate or prohibit street carnivals, or street fairs, or street parades, advertising exhibitions thereon, or the exhibition of goods, wares, merchandise, material or artificial curiosities upon any street, sidewalk, alley or public place of the said Town.

(12) To regulate or prohibit the ringing of bells, blowing of steam whistles, or use of hand organs, or other instruments of any annoying character, or other music of itinerant performers in the streets, or public speaking and preaching in the streets, roads, parks, or public places of the Municipality.

(13) To license, regulate or prohibit auctioneering.

(14) To license, regulate or prohibit the sale of goods, wares, merchandise, drugs or medicine on the streets or other public places.

(15) To prevent the illegal sale, offering or exposing for sale, or advertising of spiritous liquors, wine, porter, ale, beer, or drinks of a like nature.

(16) To prevent the illegal sale of tobacco, cigars, snuff, or cigarettes, within said Municipality, and to prevent the smoking, by any person under twenty-one years of age of any cigarette, in any public building or upon any public grounds, street, alley, sidewalk or public place within said City, and to fix fines and punishments for violations thereof.

(17) To regulate, control or prohibit runners for hotels, boardinghouses and eating houses, and to regulate draymen or persons hauling or transporting for hire at and about the railroad depots and stations and other public places and in an assemblage of people within the said City.

(18) To regulate, assess and collect a license fee for the said City for the doing of anything or business on which a State license is required, subject to the exceptions provided by general law.

(19) To provide, assess and collect a license tax from residents in said City who own and operate or run an automobile therein, or from any person, whether a resident of said City or not, who shall run or operate an automobile for hire, or keep the same for hire within said City; provided, that any person, not a resident of said City, who shall run or operate an automobile in said City, not for hire, for a longer period than one month at any time, shall pay the license tax assessed against resident automobile owners.

(20) To establish, when the Council may deem proper, locate and keep in repair, market places, market houses, and regulate markets, prescribe the time for holding the same, to authorize the seizure there at and destruction of any and all such food and drink products, as shall be found unwholesome, dangerous or offensive, and without recourse against the Municipality for its cost or value.

(21) To regulate the sale of food and drink products, milk, fresh meats, fish and vegetables, and to provide penalties for the sale of any such that are unwholesome and unfit for use.

(22) To regulate and provide for the weighing of hay, coal and other articles for sale in the markets, or to residents of said City.

(23) To require the merchants and other persons selling goods, foods or materials that must be weighed, to keep correct scales, to seize and destroy such as are found to be incorrect, and not corrected after due and proper notice to the owner or person using the same, without damage or expense to the Municipality for the value thereof.

(24) To prevent injury or annoyance to the public or individuals from anything dangerous, offensive or unwholesome.

(25) To regulate the keeping, handling and transportation of explosives and dangerous combustibles within the Municipality; and to regulate or prohibit the use of firecrackers, skyrockets, toy pistols, air rifles or guns, within said Municipality.

(26) To regulate or prohibit the erection or operation, or maintenance in what the Council deems an improper locality within said City, any blacksmith shop, livery stable, barn, stable, cattle pen, poultry house, pigpen, privy, billboard, signboard, gas or other engine, coal mine, coal plant, or coal bin, or any other thing that may in the opinion of the Council be a menace to persons or property or public safety, or that would injure private property or annoy citizens of said City.

(27) To regulate or prohibit the use of walls or walks for signs; to regulate or prevent the distribution or posting of any sign, bill or other paper that, in the opinion of the Council or Mayor, is indecent or immoral.

(28) To define by ordinance what shall constitute a nuisance, and to abate all nuisances whether defined or not, and to require the removal or abatement of any building, obnoxious business, signboard, billboard signs, or other thing, which in the opinion of Council is a nuisance.

(29) To regulate or prohibit the distribution of handbills, circulars and other advertisements of like kind, on the streets, roads, alleys and public places, or the placing the same in private yards, buildings or other structures, without having first procured the consent of the owner or occupier of such property.

(30) To regulate or prohibit within the Municipality or within one mile of its corporate limits, the erection or maintenance of any slaughterhouse, soap factory, glue factory, lampblack factory, tannery, or other house, shop or factory of like kind or character.

(31) To establish within said Municipality public drinking fountains and water troughs; and to regulate the time and place and manner of bathing in pools, streams and public waters within the police jurisdiction of said Municipal corporation.

(32) To prevent hogs, cattle, sheep, horses, and other animals and fowl of all kinds, from going at large in the Municipality and to establish and maintain places for their detention, make regulations respecting the same, appoint a pound master and define his duties and provide for the sale of such property impounded.

(33) To arrest, convict and punish any person for committing adultery or fornication, or for any lewd or lascivious cohabitation within said City, and for keeping an assignation house, house of ill fame, or for leasing or letting to another person any house or other building to be kept or used as such, or for knowingly permitting any house, under the control or owned by any person, to be used as an assignation house or house of ill fame; and to convict and punish for frequenting, entering or loitering in any assignation house or house of ill fame within said Municipality.

(34) To arrest, convict and punish any person for importing, printing, publishing, selling, giving away, exhibiting, or distributing any book, picture or device, or other thing containing any obscene picture or language, or making any indecent representation.

(35) To restrain, convict and punish vagrants, mendicants, beggars, tramps, common prostitutes, and their associates, and drunken or disorderly persons within the Municipality, and to provide for their arrest and manner of punishment.

(36) To prevent and prohibit the use of indecent or profane language within the corporate limits, and to provide and fix punishment therefor.

(37) To prevent and prohibit any tumult, riot, quarrel, angry contention, abusive language, and to prevent the use of insulting epithets, assaults, assault and battery, and fix fines and punishments therefor.

(38) To prevent and prohibit trespass upon private property or the doing of anything which would annoy the occupier of any premises, and to fix and provide fines and punishments therefor.

(39) To provide against danger or damages by fire, and to that end, to require, when the Council may think necessary, an inspection of all the properties within the said City, and to require the owner or occupier of any property in which a defective or dangerous chimney or flue is found, to immediately repair the same, and to prevent the use thereof until repaired as required.

(40) To prohibit and prevent intoxication or drunkenness, and the drinking of intoxicants in any public place, store, street, or alley, and to fix fines and penalties therefor.

(41) To prohibit and punish for larceny where the amount stolen is less than twenty dollars.

(42) To prohibit, prevent and punish for anything that is against the good morals and common decency, or that would tend to corrupt, vice or crime.

(43) To protect the public schools in said City, and to prohibit and prevent any disturbance thereof in and about the buildings or upon the grounds, and to prevent injury, destruction or defacement of any school property or building.

(44) To establish a board of health and vest it with the necessary power to maintain its object, and to fix fines and penalties for any violation of its lawful orders.

(45) To establish quarantine, and to erect and maintain pest houses and places of detention, and to make and enforce necessary orders for controlling or preventing the spread of infectious and contagious diseases and for abating pestilences.

(46) To prohibit the bringing into the corporate limits by railroads, carrier, persons, or in any manner, persons, who are paupers or persons who are afflicted with contagious diseases; to punish by fine or imprisonment, or both, any person who shall bring into the corporate limits any such pauper or person afflicted with contagious disease, knowing or having reason to believe, at the time that such person is a pauper or afflicted with such contagious disease, and to collect and recover from any such railroad company, carrier, or other person, the expense of keeping and maintaining such pauper or diseased person, until such person can be lawfully removed from the corporate limits.

(47) To provide for the poor of the Municipality, and to that end, the Municipality may contract with County Court of Barbour County, for keeping of such poor person, or any number of them, at the County poorhouse, at a price and on such terms as may be agreed upon between the County Court and the proper Municipal authorities.

(48) To authorize the taking up and providing for the maintenance and safekeeping, and educating of (for such period as may be deemed expedient) all children within said City who are destitute of proper parental and other care.

(49) To arrest, convict and punish any person for cruelty, unnecessary or needlessly beating, torturing, mutilating, killing or overloading, overdriving, or wilfully depriving necessary substance, any horse or other domestic animal.

(50) To regulate the hitching of horses within the corporate limits, and the driving of cows and cattle through, upon and along the streets and alleys of the said City.

(51) To prohibit, prevent and punish for the pollution of any stream of water running into or through the said Municipality; and to prohibit and prevent the throwing into any such stream of any trash, dirt, filth, offal, decayed substances or matters, or anything that would make said water unhealthy or unfit for domestic use.

(52) To prohibit, prevent and punish for any desecration of the Sabbath day; prohibit the playing of any game, exhibiting any show, theater picture show, and the keeping open of business places, except hotels, eating houses, boardinghouses, restaurants, drugstores and places where ice cream or soft drinks are furnished.

(53) To restrain, prevent and punish fraudlent practices of any kind or character within the Municipality.

(54) To arrest, convict and punish any person for gambling or keeping any gaming table, commonly called "faro bank", or table and chips used in playing such game; crap table, chips or dice used in playing such game; or roulette or the wheel, chips, or other equipment used in playing such game; or keno table or table of like kind or device used in playing the same; or table of like kind under any denomination, whether the game or games be played with cards, dice or otherwise on which anything is bet or wagered, whether the same be playing in any public or private room or residence; and may convict and punish any person who shall be a partner or concerned or interested in the keeping of such gambling devices theretofore enumerated, or in any game played, such as is prohibited hereby, or in keeping or maintaining any gambling house or place of gambling for money or anything of value; and shall have the right to destroy such gambling paraphernalia as may be found in use on any such premises; and any officer armed with a warrant for the arrest of any person engaged in any such unlawful game or for the search of any room in which gambling is suspected, or for the seizure of any gambling paraphernalia, shall have the right to break into any building, other than a private dwelling house, without notice or demand, and into a private dwelling or room, after demand and refusal to open same, to execute any such warrant.

(55) To restrain all felons and persons guilty of offenses against this State or the United States, and deliver them over to the authorities or court having jurisdiction of the offense whereof such persons are accused.

(56) To apprehend and punish any person who, without a State license therefor, is guilty of carrying about his person, within the Municipality, any revolver or ther pistol, dirk, bowie knife, slingshot, razor, billy, metallic or false knuckle, or any other dangerous or deadly weapon of like kind and character, as provided by chapter fifty-one of the Acts of the legislature of one thousand nine hundred and nine, or any amendment thereof, and the punishment therefor, whether for the first or other offenses, shall be that prescribed by said chapter for any such person guilty under the

misdemeanor clause provided therein; provided, that the Mayor acting as ex-officio justice of the peace, may, after enforcing this ordinance, hold such offender to answer to an indictment in the Circuit Court of Barbour County for such offense, under the State law.

(57) To regulate the erection, construction, alteration and repair of dwelling houses, buildings and other structures, within the Municipality, to issue permits therefor, and to compel the numbering of such houses and buildings by the owners and occupiers thereof; and to prescribe by ordinance the distance which dwelling houses, and other structures in resident districts shall be set back from the sidewalk.

(58) To regulate the hanging of doors, the construction of stairways and elevators, and require fire escapes in theaters, churches, school buildings, factories and other places deemed necessary by the Council.

(59) To establish fire limits and to regulate the construction of buildings, and designate materials to be used in the construction of buildings within such limits.

(60) To regulate the building of fire walls, fireplaces, chimneys, boilers, smokestacks, stovepipes, and the burning of wastepaper, trash or other waste matter, in the corporate limits.

(61) To regulate the height, construction and inspection of all new buildings hereafter erected, the alteration and repair of all buildings now and hereafter erected, to require permits to be obtained of the Council therefor, and the submission of plans and specifications to the Council for its approval; to regulate the limits within which it shall be lawful to erect any steps, porticos, bay windows, awnings, signs, columns, piers, or other projection of structural ornaments of any kind for the houses or buildings on any street or alley.

(62) To provide for the prevention and extinguishing of fires, and for this purpose, the Council may equip and govern fire companies, prescribe the powers and duties of such companies and departments, and the several officers thereof, and may authorize the organization of volunteer fire companies under such rules and regulations as the Council may prescribe, and impose on those who fail to obey any lawful command of the officer in charge of said fire company or volunteer company, any penalty which the Council is authorized to impose for violation of an ordinance, and to give authority to the chief fire officer to direct the pulling down or destruction of any building, fence, wall or other thing, if such officer deems it necessary to prevent the spreading of any fire which is being extinguished under the direction of such officer, and without any liability on the Municipality for damages therefor, and to regulate the flow of traffic going to the scene of or returning from any fire.

(63) To protect the persons and property within the corporate limits and preserve the peace and good order therein, and for this purpose, to appoint, when necessary, a police force and such other officers as may be deemed necessary; and to provide a lockup, jail or other

suitable place to confine persons sentenced to imprisonment for violation of the ordinances of said City; provided, however, that the jail of Barbour County may be used for that purpose, if authorized by the County Court of said County.

(64) To require any person violating any of the ordinances of said City, or any order for which a fine, imprisonment or both is imposed, to work upon the streets of said City in case of nonpayment of said fine, until the same is paid by such labor, or in case imprisonment is imposed, to work upon the streets of said City during the term of such imprisonment in addition to the payment of such fine, under such regulations as the Council may prescribe.

(65) To prescribe the powers, define the duties of the officers appointed under the corporate authority, fix their terms of service and compensation, if not otherwise prescribed by this Charter, and to require and take from them bonds, when deemed necessry, payable to the State of West Virginia or the City of Philippi, with sureties, and in such penalties as may be prescribed, conditioned for the faithful discharge of their respective duties; provided, that the compensation of any officer, elected or appointed, shall not be increased nor diminished during the time for which he is elected or appointed, unless due notice of such intention is first served on the officer interested.

(66) To make regulations with respect to, and have supervision and control over the erection, removal and relocation of all telephone, telegraph, electric light or other poles within said City, and the extension of wires, lines or poles by any individuals or corporations.

(67) To require the extension of any electric light wire, telephone lines, gas line, water system, or other public service within said corporate limits, to meet the needs of the inhabitants, when, in the opinion of the Council, such extension is necessary and justifiable.

(68) To grant and regulate all franchises in, upon, over and under the streets, alleys and public ways of said City, under such restrictions as shall be provided by ordinances and general law; but no exclusive franchise shall be granted by said City Council to any individual or corporation; nor shall any franchise be granted for a longer period than twenty years.

(69) To acquire, erect or authorize or prohibit the erection of gas works, electric light works or waterworks within the City limits; to prevent injury to such works or the pollution of any gas or water used or intended to be used by the public or by individuals; and to do all things necessary to adequately supply said City and the inhabitants thereof with pure, healthful and wholesome water; and to require any company furnishing gas or electricity for sale or distribution in said City, to furnish an adequate supply thereof; to require gas fixtures, electric light wires, telephone wires and all apparatuses used in connection with any of these, to be kept in repair and suitable for use, and free from danger, so far as practicable; to use, generate, distribute, sell and control electricity and gas heat, light and power, and to furnish light for the streets, highways, buildings, stores and other places in an about said City.

(70) To require any gas company or person furnishing gas for said City or the inhabitants thereof, to put in standard meters for the measurement thereof, and may appoint a competent person to inspect the meters and remove the same if not standard and in good order; to prevent injury to any gas works, electric light works, water system or any gas meter or meter within said Municipality.

(71) The Council shall have the right to require of any water company or person furnishing water for the use of the inhabitants of said City, for hire, compensation or regard, to obey any order of the Council with respect to keeping the reservoir or other source from which said water is furnished, free from filth and in a good, clean condition, and may require said water company to put in such lines as may be necessary to pump the said water into the reservoir or other receptacle therefor, without pumping the same into the main distributing lines, or in any other way or manner effecting them; and may fix fines and penalties for any failure on the part of any corporation, company or other person distributing water, to obey and order of the Council or any authorized officer of the Town, respecting the same, or any ordinance that may be enacted by the Council relative thereto.

(72) The Council shall have the right to own, maintain, operate and control any electric light plant within said City, or to provide for, or purchase electric power and to use, generate, distribute, sell and control electricity and gas for heat, light and power, and to furnish light for the streets, houses, buildings, stores and other places in and about said City, and for such electricity other than that furnished for the Municipality in lighting its streets and public places, it may charge reasonable rates, but such rates in all cases shall be uniform; and such electric light plant shall be under the supervision and control of the Council, and its wires, poles, distributing system and machinery shall be kept in such repair so that as little danger as possible shall arise therefrom and so the same will furnish an adequate supply of electricity to all persons in said City desiring to use same.

(73) The Council shall have the right to provide a sewerage system for said City, and may require the owner of any property abutting upon any street or alley in which a sewer had been laid or placed, to connect a sewer leading from his or her property or lot into any public sewer which is located in such street or alley adjoining the same, and if the owner or occupier of said lot or property fails or refuses so to do, after having been given a reasonable notice, the Council may enter upon such lot and construct such sewers, and may levy the actual cost thereof against the lot upon which the same is built and collect such costs from the owner of such lot in the same manner as City or State taxes are collected; in addition thereto, the Council may punish by fine, or fine and imprisonment, any person who permits any drainage from his residence or lot to enter upon any street or upon any property after a sewer has been placed in a street or alley adjacent to his property to which he should connect, after notice has been given to him by the Council to make such connection.

(74) The Council shall have the right to impose fines and penalties for any interference with or destruction of the sewer system or any part thereof in said City, or for the destruction of or damage to any street, alley or sidewalk in said City, or any improper use thereof; it shall have the right to regulate or prevent the use of the sidewalk for bicycles, pushcarts, sleds, tricycles, roller skates and other things of like character, and to fix fines and penalties for violaton of the ordinances respecting same.

(75) To grant by ordinance or resolution permits for the temporary use of such parts of its streets, roads, alleys and public places as the Council may deem proper and right to be used in the construction, alteration or repair of buildings located thereon, or for such other purposes as the Council may deem proper and right, and under such regulations and for such time as the Council may prescribe.

(76) The Council may buy, lease and operate either within or without the Municipality, stone quarries, crusher and land for said purposes or for the purpose of furnishing a supply of stone or other matter suitable for macadamizing or paving the streets, sidewalks and alleys, and improving public property.

(77) Whenever in the opinion of the Council it is necessary that any sidewalk be built or repaired, it shall first have a competent engineer fix a grade line for such sidewalk and shall then, by order of Council, name the character of material out of which same is to be built, and fix the width thereof, and put in such curbing as the Council may deem necessary, and shall then give notice, in writing, to the owner or occupier of said lot, if he be found, and if he be not found, posting a notice thereof upon the said lot and at the front door of the Courthouse of Barbour County for at least ten days, requiring the construction of said sidewalk in accordance with the requirements of the Council and upon the grade fixed by the said engineer, and if such sidewalk be not built, altered or repaired within twenty days afer such notice is first given or posted, the Council shall proceed to put in the same under its supervision and control, and shall charge the expense thereof against the property along which the same is being placed, altered or repaired, and shall cause an itemized account of the same to be made up and delivered to such property owner or occupier of such premises, if found, and if he be not found, have the same recorded in the County Clerk's office of Barbour County, and the same shall constitute a lien upon the same lot or property and shall be collected as other taxes are collected; provided, nothing herein contained shall prevent the Council from requiring immediate repair of such sidewalks now or hereafter constructed that may become dangerous, and after notice to the property owner along which the same run, the Council may make such immediate repairs, if the property owner fails to make some after such notice, and the expense thereof shall be a lien in the manner aforesaid.

(78) The Council shall have the right, when, in its opinion, it is necessary or proper to do so, to pave any street or alley of said City, and to prescribe the material to be used in such paving and

to charge one-third of the total costs of preparing and paving the said street, to the adjacent property owners on each side of the said street or alley, and to pay one-third thereof out of such funds as the Council may provide, but such paving shall be done and such assessments and charges made against the property owner as provided by chapter eight of the Acts of the legislature of one thousand nine hundred and eight, and any amendments thereto, and hereafter made.

(79) To operate by ordinance such committees or boards, and delegate such authority thereto as may be deemed necessary or advisable by the Council; and to employ such legal counsel on behalf of the City, from time to time, as the City may deem necessary to protect the interests of the City.

(80) To provide for the annual assessment of the taxable property in said City, including dogs kept in said City, and to provide a revenue for the City for Municipal purposes and appropriate such revenue to its expenses; provided, nothing herein contained shall require the Council to keep in repair and maintain any bridge or bridges within said corporation, now or hereafter owned by the County of Barbour, but the officers of said corporation in the preservation of law and order shall have jurisdiction over any such bridges within such corporation; and provided, further, that the police regulations as may be ordained by said City, and the right and power to enforce the same shall extend one mile into the State of West Virginia beyond the corporate limits of said City.

(81) The Council may, within any prescribed area, prohibit the erection on any street or in any square, of any building, or of any addition to any building more than ten feet high, unless the outer walls thereof be made of brick and mortar or other fireproof material, and may require the removal of any building or addition which shall be hereafter erected contrary to this prohibition, at the expense of the owner or owners thereof.

(82) The Council shall keep all roads, streets and alleys within its limits passable and in good repair, and may provide the expenses therefor by a direct taxation, as provided under this Charter, or in any other manner authorized by law; and the residents of said City who are taxed herein for the purpose of maintaining such streets and alleys shall be exempt from the payment of any County road tax.

(83) In the enforcement of the ordinances, orders, rules, regulations and bylaws of the said City, no fine shall be imposed exceeding five hundred dollars ($500.00), and no person shall be imprisoned or compelled to labor on the streets of said City, as aforesaid, exceeding six months; provided, that any violation of the prohibition or liquor laws of this State shall be punished by the fines and penalties herein prescribed; and violations of the road law or automobile laws, may be punished by the fines and penalties prescribed by general law, unless different fines and penalties are expressly prescribed by the ordinances of said City, and in all cases where a fine is imposed for an amount exceeding ten dollars or a person be imprisoned or compelled to labor as aforesaid, an

appeal may be taken from such decision upon the same terms and conditions that appeals are taken from the judgment of a justice of this state; and in no case shall a fine of les than ten dollars be imposed where the ordinance prescribed a fine, if the defendant requests that such fine be made at least ten dollars for the purpose of appeal.

(84) The Council shall have the right to enforce the attendance of its members at all regular meetings and at all special meetings of which such members have notice, and may cause the arrest and punishment, by fine or fine and imprisonment, of any such member who refuses to attend and take part in its proceedings.

(85) It shall be the express duty of the Council to present charges against any of its members, or any officer of the City, who fails to perform, or who does not promptly and diligently perform any duty prescribed by this Act, or by any ordinance or resolution of the Council, and upon hearing thereof before the Council, after notice to such officer, he shall be removed from office by the Council, if the charges be found correct. (Amended 11-22-85.)

SECTION 17. AUTHORITY TO MAKE AND ENFORCE ORDINANCES, ETC.

To call into effect these enumerated powers and all others by this Act or by general law conferred, or which may hereafter be conferred upon the said City, or its Council, or any of its officers, the said Council shall have and possess full authority to make, pass and adopt all needful ordinances, bylaws, orders and resolutions, not repugnant to the Constitution of the United States, the Constitution of West Virginia and laws of this State; and to enforce any and all of such ordinances, bylaws, orders or resolutions, by prescribing for a violation thereof fines and penalties, and imprisonment in either the County jail of Barbour County, or the City prison, if there be one; but no fine shall exceed five hundred dollars ($500.00) and no person shall be imprisoned or compelled to labor on the streets of said City for a longer period than six months; provided, that any violation of the prohibition or liquor laws of this State shall be punished by the fines and penalties prescribed by general law, unless, different fines and penalties are prescribed by the ordinances of said City. Said fines and penalties shall be imposed and recovered, and such imprisonment inflicted and enforced by the judgment of the Mayor of said City, or in case of his absence or inability to act then by the Clerk of said City or in the case of the absence or inability to act of both of such officers then one of the councilmen appointed for that purpose shall act.

SECTION 18. CONTRACT INTEREST.

No officer, agent or employee of said City shall be pecuniarily interested, either directly or indirectly, in any contract, sale or purchase for or on behalf of the City, or in the proceeds of any improvements made by or on behalf of the City, nor shall he receive, directly or indirectly, any compensation for his services rendered on behalf of the City, other than herein specified. (Amended 4-20-84.)

SECTION 19. DUTIES AND POWERS OF MAYOR.

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

SECTION 20. PROCEDURE TO ENFORCE ORDINANCES.

In proceedings to enforce any ordinance which prescribes a fine or imprisonment, or both, for the violation thereof, there shall be issued a warrant by the Mayor of the City of Philippi, based upon a written complaint duly signed and sworn to, directed to the Chief of Police or any police officer or any constable of any district within the County, requiring such officer to apprehend and bring before the Mayor for trial the person accused therein of such violation and which person shall thereafter be dealt with according to law. The complaint and warrant shall contain such a statement of the facts alleged as will inform such person of the general nature of the offense against the City with which he stands charged. Such warrant shall be issued only upon complaint on the oath of some credible person. The mayor of the City, or in the absence of the Mayor, the City Clerk shall have authority to receive such complaint in writing of the violation of any ordinance and sign and issue a proper warrant based on such complaint. The Mayor shall have, possess and may exercise the power and authority belonging to a Justice of the Peace under West Virginia Code Chapter 50 in issuing subpoenas and enforcing the attendance and examination of witnesses in punishing for contempt, in granting continuance, and in securing and enforcing the further attendance of the accused for a trial or hearing. If any recognizance or bond is taken for such further attendance and is forfeited the Mayor may record the default and an action may be maintained in the name of the City, before the Mayor or any justice having jurisdiction against the accused and his sureties, if any, to recover the penalty thereof. (Amended 11-22-55)

SECTION 21. EXECUTIONS FOR FINES AND COSTS.

The Mayor shall have power to issue an execution for any fine and costs assessed or imposed by him, for the violation of any ordinance, or he may at the time of rendering judgment therefor or at any time thereafter, and before satisfaction of such judgment, by his order in writing, require the immediate

payment thereof, and in default of such payment he may commit the person so in default to the jail of Barbour County, or, in his discretion, to the prison of said City, if one shall have been provided by the Council, until the fine and costs are fully paid; but such imprisonment shall not exceed ninety days.

SECTION 22. JAILER OF BARBOUR COUNTY TO RECEIVE PRISONERS.

The Jailer of Barbour County shall take and receive into his custody any person sentenced to imprisonment in the jail of said County, or committed for the nonpayment of a fine and costs, or for the failure to enter into a recognizance by the judgment or order of the Mayor, in proceedings for the violation of an ordinance; and the expense of maintaining such persons while so in confinement shall be paid by the City.

SECTION 23. POLICE DOCKET; CONTENTS THEREOF.

A book well-bound and indexed, to be denominated the "docket", shall be kept in the office of the Mayor, in which shall be noted each case brought or tried by him, together with the proceedings therein, including a statement of complaint, the summons, the return, the face of appearance or nonappearance, the defense, the hearing, the judgment, the cost and, in case the judgment be one of conviction, the action taken to enforce the same. The record of such cases shall be signed by the Mayor or other person acting in his stead; and the original papers thereof, if no appeal be taken, shall be kept together and preserved in his office.

SECTION 24. APPEAL FROM JUDGMENT OF MAYOR TO CIRCUIT COURT.

In any case for the violation of an ordinance of said City, in which there is a judgment of the Mayor of imprisonment or for a fine of ten dollars ($10.00) or more (and in all cases the fine shall not be less than ten dollars ($10.00) when the accused requests it) an appeal shall lie at the instance of the person against whom such judgment is rendered to the Circuit Court of Barbour County; such appeal shall not be granted by the Mayor unless within ten days from the date of judgment, such person shall enter into a recognizance or bond with security approved by the Mayor, to appear before said Court on the seventh day of the next term, to answer for the offense against him and not thence depart without leave of Court and which bond shall be a continuing bond from time to time until the case shall be determined. The provisions of general law, relating to a recognizance or bond in criminal cases shall be applicable to the recognizance or bond contemplated by this section; but any money recovered thereon by virtue thereof shall inure to said City. (Amended 11-22-55.)

SECTION 25. APPEALS; TRANSCRIPT TO BE FURNISHED.

If such appeal be taken the Mayor shall forthwith deliver to the clerk of said Court the complaint in writing, if any, the summons, a transcript of the record, including the judgment, the recognizance and any other papers belonging to the case; and such clerk shall receive and file the same, and place the case upon the trial docket of the next succeeding term of said court; and said court shall proceed to try the same in its order.

SECTION 26. APPEALS; JUDGMENT UPON.

If the appellant be found guilty of violation of the ordinance in question, whether upon the verdict of a jury or otherwise, the Court shall ascertain by its judgment the fine or imprisonment, or the fine and

imprisonment, to be paid or suffered by such defendant, having regard to the punishment prescribed by such ordinance, and shall include in any such judgment the costs incurred by said City, as well in the proceedings before the Mayor, as those in Court, and the fee, if any, of the jailer or the keeper of the City prison; and the proceedings to enforce the collection of any such fines and costs, may be the same as provided in sections ten, eleven and twelve of chapter thirty-six of the Code of West Virginia, except that the writ mentioned in the tenth section may be issued by the Clerk upon the order of the Mayor of the City and the notice contemplated by the eleventh section shall be given to such officer. If the judgment be for the defendant he shall recover his costs from the City.

SECTION 27. APPEALS; IN CASES OTHER THAN FOR VIOLATION OF ORDINANCES.

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

SECTION 28. CLERK; DUTIES OF.

It shall be the duty of the City Clerk to keep a journal of the proceedings of the Council and have charge of and preserve the records, bonds, papers, and other documents belonging to the City. It shall be his duty to attend the sessions of the Police Court and keep accurate records of its proceedings, and all judgments shall be entered by him within twenty-four hours after the same are rendered. He shall, in case of sickness or disability of the Mayor act, or in case of his absence from the City, or during any vacancy in the office of the Mayor, perform the duties of the Mayor and shall be vested with all powers necessary for the performance of such duties. He shall also perform such other duties pertaining to the fiscal affairs of the City or otherwise, as may be required of him by this Act or by the Council.

SECTION 29. CLERK; DUTIES AND POWERS AS TO ASSESSMENTS. (Repealed)

(EDITOR'S NOTE: Former Section 29 was repealed on November 22, 1955.)

SECTION 30. ESTIMATES AND LEVY.

The Council shall hold a session on the first Tuesday of August of each year for the general transaction of business, at which time it shall ascertain the condition of the fiscal affairs of the City and make up or cause to be made up an itemized statement of the same which shall set forth in detail the following:

A. The amount due and the amount that will become due and collectible from every source during the current fiscal year except from levy of taxes to be made for the year.

B. The interest, sinking fund and amortization requirements for the fiscal year of bonded indebtedness.

C. Other contractual indebtedness, not bonded.

D. All other expenditures to be paid out of receipts of the Municipality for the current fiscal year with proper allowance for delinquent taxes, exonerations and contingencies.

E. The total amount necessary to be raised by the levy of taxes for the current fiscal year.

F. The proposed rate of levy in cents on each one hundred dollars ($100.00) assessed valuation of each class of property.

G. The separate and aggregate assessed valuation of real, personal and public utility property in each class in the Municipality.

The Clerk of the Municipality shall forward immediately a certified copy of the statement to the Tax Commissioner and shall publish the statement forthwith. The session shall then stand adjourned until the third Tuesday in August, at which time it shall reconvene, hear and consider any objections made orally or in writing by the City Attorney, by the Tax Commissioner or his representative or by any taxpayer of the City to the estimate and proposed levy or to any item thereof. The Council shall enter of record any objections so made and the reasons therefor. After hearing objections, the Council shall reconsider the proposed original estimate and proposed rates of levy and if the objections are well taken shall correct the estimate and levy. No such estimate and levy, however, shall be entered until the same shall have been first approved, in writing, by the Tax Commissioner of the State. When same shall have been approved by the Tax Commissioner the Clerk shall then enter the estimate and levy, together with the order of the Council approving them, and the written approval of the Tax Commissioner in the property record book. The Council shall then levy as many cents per hundred dollars ($100.00) assessed valuation on each class of property in the City as will produce the amounts, according to the last assessments shown on the levy estimate. (Amended 11-22-55)

SECTION 31. CLERK; BOND; TO BE CUSTODIAN OF MONEYS; OTHER DUTIES.

The Clerk of said City shall execute a bond conditioned for the faithful performance of the duties of his office before entering upon the discharge of same and to account and pay over as required by law all money which may come into his hands by virtue of his office, with sureties satisfactory to Council, payable to the City in the penalty of not less than three thousand dollars ($3,000), and as much more as the Council may deem necessary for its protection. He shall be custodian of all money, bonds, notes, certificates and other evidences of indebtedness of the City and all valuable papers which may be placed in his possession by the Council. He shall be charged with and its shall be his duty to receive the City taxes, levies and assessments, to collect licenses and fees and to collect any and all money that may be due to the City for regular City purposes or which may be due upon any proprietary function of the City. (Amended 11-22-55)

SECTION 32. CLERK TO EXTEND LEVIES AND COLLECT TAXES; DISCOUNT AND INTEREST ON TAXES. (Repealed)

(EDITOR'S NOTE: Former Section 32 was repealed on November 22, 1955.)

SECTION 33. CLERK TO RETURN LIST OF DELINQUENT TAXES; ACCOUNTS; ETC.

It shall be the duty of the Clerk, at least once in six months during his continuance in office, and oftener when required by the Council to render an account of the taxes, levies, assessments and other claims in his hands for collection, and return a list of such as he shall not have been able to collect by reason of insolvency, removal or other cause, to which list he shall attach an affidavit that he has used due diligence to collect the claims therein mentioned, but has been unable to do so, and if the Council shall be

satisfied with the correctness of said list, it shall allow him a credit for said claim, but may thereafter take such lawful measures to collect the same as may be prescribed. He shall keep regular books of account to be examined and approved by the Council, of all moneys received and disbursed by him, and of other matters pertaining to his office, which books shall at all times be open to the inspection of the Council, or any committee appointed by it for such purpose. All moneys belonging to the City shall be paid over to the Clerk, and no moneys shall be paid out by him except upon the order of the Council, countersigned by the Mayor. If the Clerk shall fail to collect, amount for and pay over all or any of the moneys with which he may be chargeable, belonging to the City, according to the conditions of his bond and the orders of the Council, the same may be recovered by action or motion, upon ten days' notice in the corporate name of the City, in the Circuit Court of Barbour County, against him and his sureties or any or either of them or his or their executors or administrators. If the sum claimed does not exceed three hundred dollars, such recovery may be had before the Mayor or any justice of said County.

SECTION 34. LIEN FOR CITY TAXES; MANNER OF ENFORCEMENT.

There shall be a lien on real estate, within said City, for the City taxes assessed thereon, and for all fines and penalties assessed to, or imposed upon the owners thereof by the authorities of such City from the time the same are so assessed or imposed, which shall have priority over all other liens, except the lien for taxes due the State, County and district; and which may be enforced by the Council in the same manner provided by law for the enforcement of the lien for County taxes. And there shall also be a lien on the real estate of adjoining property owners, for the amount due from such owner or owners for building or repairing sidewalks and paving streets or alleys, under subsections seventy-eight and seventy-nine of section sixteen of this Act, which lien may enforced in a court of equity. If any real estate within said City be returned delinquent for the nonpayment of the delinquent taxes thereon a copy of such delinquent list may be certified by the Council to the auditors, and the same may be sold for the City taxes, interest and Commission thereon, in the same manner, at the same time and by the same officer as real estate is sold for the nonpayment of State taxes.

SECTION 35. CHIEF OF POLICE, DUTIES AND BOND.

It shall be the duty of the Chief of Police to preserve order and quiet in said City, and to see that all subordinate police officers faithfully perform their official duties. He shall be present in the Police Court, whenever the same shall be in session, and see that all its orders and requirements are properly executed. He shall, before entering upon the discharge of his duties, execute a bond conditioned for the faithful performance by him of his duties of his office, and for the accounting for and paying over, as required by law, all money which may come into his hands by virtue of his office, with securities satisfactory to the Council in a penalty of not less than one thousand dollars ($1,000) nor more than three thousand dollars ($3,000) as the Council may prescribe.

SECTION 36. ARRESTS FOR VIOLATION OF ORDINANCES IN SIGHT OF POLICE OFFICERS: CHIEF OF POLICE TO EXECUTE PROCESS; OTHER POWERS AND DUTIES AND COMPENSATION THEREFOR, SURETY LIABLE FOR DERELICTION OF DUTY.

In case a violation of any ordinance of said City is committed in the presence or within view of the Chief of Police or other police officer, the offender may be forthwith apprehended and taken before the Mayor, and a complaint under oath, stating such violation there lodged and filed; and thereupon such offender may be tried and dealt with according to law, without summons. The Chief of Police shall execute within the County of Barbour, any proper process issued by the Mayor in proceedings for the enforcement of ordinances; and shall collect by a levy of execution or otherwise, and duly account for all fines assessed and costs imposed in such proceedings. He shall also have the rights and powers, within said City, in regard to the arrest of persons, the collection of claims and the execution and return of process, that are or may be lawfully exercised by a constable of the district within the same, and shall be entitled to the compensation therefor; and he and his sureties shall be liable for all fines, penalties and forfeitures for which a constable is liable, and for dereliction of duty in office, to be removed in the same manner and in the same courts, that such fines, penalties and forfeitures for which a constable is liable, and for dereliction of duty in office, to be removed in the same manner and in the same courts, that such fines, penalties and forfeitures are recovered against constables.

SECTION 37. CITY TO HAVE RIGHT OF EMINENT DOMAIN.

The Council shall have the right to institute proceedings the name of the City, for the condemnation of real estate for streets, alleys, drains, market grounds, parks, playgrounds, landings, wharves, City prison, or other work of public utility. Such proceedings shall conform to the general laws of the State of West Virginia; and the costs thereof shall be borne by the City, except that in contests involving a hearing in the Circuit Court, costs shall be recovered by the prevailing party.

SECTION 38. COUNCIL MAY ISSUE BONDS, ETC.

The Council of said City shall have power to issue general obligation bonds in behalf of said City for the payment of debts or for improvements and establish a sinking fund for the payment thereof provided the same shall be in accordance with Section 8, Article 8 of the Constitution and general laws of the State. The Council shall have power to issue revenue bonds in behalf of said City for any and all purposes for which the general law will permit the issuance of revenue bonds, and to make, provide and establish a sinking fund to make provision for, and establish a sinking fund for, the payment thereof. (Amended 11-22-55.)

SECTION 39. OFFICERS SUBJECT TO THIS ACT.

All officers elected under the present Charter of the City of Philippi shall be subject to the provisions of this amended charter on and after the effective date of same, as hereafter shown, and shall continue in office until the first Monday in April, 1956, or until their successors are elected or appointed and qualified and shall exercise all the powers conferred on them by the orginal charter of the City or by this amendment after the effective date thereof. (Amended 11-22-55.)

SECTION 40. GENERAL POWERS; RESPONSIBILITY; AND LIABILITY

The City of Philippi shall have all power and authority conferred upon any City within its classification by the general laws of the State of West Virginia and shall be subject to and accept all responsibilities and liability imposed upon it by the general law of West Virginia, all as contained in Chapter 8 of the official West Virginia Code. (Added 11-22-55.)

SECTION 41. SEVERABILITY.

These amendments to the Charter of the City of Philippi and each paragraph, section, sentence, clause or phrase is hereby declared to be severable and if any part, portion, paragraph, section, clause or phrase shall hereafter be declared unconstitutional or improper the remainder, nevertheless, shall be valid and enforceable. (Added 11-22-55.)

ARTICLE 149
Sanitary Board

149.01 Established; members; term; vacancies.
149.02 Eligibility.
149.03 Officers; by-laws.
149.04 Salary; expenses.
149.05 Powers and duties.

CROSS REFERENCES
Composition - see W. Va. Code 16-13-18
Publication of financial statement - see W. Va. Code 16-13-18(a)

149.01 ESTABLISHED; MEMBERS; TERM; VACANCIES.

There is hereby created "The Sanitary Board of the City of Philippi", which shall be composed of the Mayor and two persons appointed by Council, one of whom, during the construction period, shall be a Registered Professional Engineer. The Registered Professional Engineer member of the Board need not be a resident of the Municipality, but after construction of the plant has been completed the Engineer member of the Board may be succeeded by a resident of the City, who is not an engineer. The appointees shall originally be appointed for terms of two and three years, respectively, and upon the expiration of the initial terms an appointment of a successor shall be made in like manner for a term of three years. Vacancies shall be filled for an unexpired term in the same manner as the original appointment, to run for the duration of the term that is being filled. (Passed 5-5-59)

149.02 ELIGIBILITY.

No officer or employee of the City whether holding a paid, or unpaid office, shall be eligible to appointment on the Sanitary Board while holding such office, or employment, nor shall he be eligible until at least one year after the expiration of the term of his public office or employment. (Passed 5-5-59)

149.03 OFFICERS; BY-LAWS.

The Mayor shall act as chairman of the Sanitary Board, which shall elect a vice-chairman from its members, and shall designate a secretary and treasurer, but the secretary and treasurer may be one and the same who need not be a member or members of the Sanitary Board. The vice-chairman, secretary and treasurer shall hold such offices at the will and pleasure of the Sanitary Board. The Sanitary Board shall have power to establish by-laws, rules and regulations for its own government, not inconsistent with general law, the City Charter, City ordinances or this Article. (Passed 5-5-59)

149.04 SALARY; EXPENSES.

Each member of the Sanitary Board shall receive temporary salary of seventy-five dollars ($75.00) per month for his services, and shall be entitled to payment for his reasonable expenses incurred in the performance of his duties; however, the provision above made for salary is upon a temporary basis, and Council reserves the right, by ordinance, to increase or decrease the monthly salary payment, after thirty days due notice to the members of the Sanitary Board in order to make the salary commensurate with the services actually performed by the members of such Board. The secretary and treasurer shall be paid such reasonable compensation for services as Council shall fix from time to time, and the treasurer shall give a bond in such sum as Council may fix from time to time, as may be necessary to cover any moneys which shall come into the hands of such treasurer.

(b) All compensation and expenses incurred by the Board, its officers and employees, shall be paid solely from funds provided under authority of State law. (Passed 5-5-59)

149.05 POWERS AND DUTIES.

(a) The construction, acquisition, improvement, equipment, custody, operation and maintenance of all works for the collection, treatment, or disposal of sewage, either within or without the corporate limits of the City, the collection of revenues therefrom for all services rendered thereby, and the employment of all attorneys, engineers, architects, inspectors, superintendents, managers, and other employees, as in the judgment of the Board may be necessary in the execution of its powers, duties and responsibilities, shall be under the supervision and control of the Sanitary Board.

(b) The Sanitary Board created by this article, in addition to the powers enumerated herein, shall have all other powers provided for such Boards under State law. (Passed 5-5-59)

THE CITY OF PHILIPPI

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 Philippi does hereby adopt the following rules to make available, in advance, the date, time, place and agenda of all regularly scheduled meetings of the Council, and the date, time, place and purpose of all special meetings of the Council to the public and news media (except in the case of an emergency requiring immediate action) as follows:

1. Regular Meetings. A notice shall be posted and maintained by the City Clerk at the front door or bulletin board of the Philippi 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 City Clerk not less than 72 hours before such regular meeting is to be held. If a particular regularly scheduled meeting is canceled or postponed, a notice of such cancellation or postponement shall be posted at the same location as soon as feasible after such cancellation or postponement has been determined.

2. Special Meetings. A notice shall be posted by the City Clerk at the front door or bulletin board of the Philippi City Hall not less than 72 hours before a specially scheduled meeting is to be held, stating the date, time, place and purpose for which such special meeting shall be held. If the special meeting is canceled, a notice of such cancellation shall be posted at the same location as soon as feasible after such cancellation has been determined.

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

Adopted this 15th day of October, 2002.

Mayor

ATTEST:

City Clerk

700470.00002
10/10/02

CERTIFICATION

I, Tammy Stemple, duly appointed City Clerk of The City of Philippi do hereby certify that the foregoing is a true and accurate copy of a Resolution adopted by the City Council of The City of Philippi at a regular meeting of City Council held October 15, 2002, pursuant to proper notice, at which meeting a quorum was present and acting throughout.

Dated this 15th day of October, 2002.

[SEAL]

Tammy Stemple
City Clerk

OFFICER'S OATH

STATE OF WEST VIRGINIA

COUNTY OF BARBOUR, to wit:

I, Carton N. Hill, Jr, do solemnly swear that I will support the Constitution of the United States, the Constitution of West Virginia, and that I will faithfully discharge the duties of the office Mayor City of Philippi to which I have been elected to the best of my skill and judgement. So help me God.

Carton N. Hill Jr.

Subscribed and sworn before the undersigned authority, this, the 28th day of June, 2000.

Dawn L. Mundy
City Clerk

OFFICER'S OATH

STATE OF WEST VIRGINIA

COUNTY OF BARBOUR, to wit:

I, Bob Wilkins, do solemnly swear that I will support the Constitution of the United States, the Constitution of West Virginia, and that I will faithfully discharge the duties of the office COUNCIL MEMBER CITY OF PHILIPPI to which I have been ELECTED to the best of my skill and judgement. So help me God.

Bob Wilkins

Subscribed and sworn before the undersigned authority, this, the 28th day of June, 2000.

Doris J. Mundy
City Clerk

OFFICER'S OATH

STATE OF WEST VIRGINIA

COUNTY OF BARBOUR, to wit:

I, Donald R Criss, do solemnly swear that I will support the Constitution of the United States, the Constitution of West Virginia, and that I will faithfully discharge the duties of the office Council man City of Philippi to which I have been elected to the best of my skill and judgement. So help me God.

Donald R Criss

Subscribed and sworn before the undersigned authority, this, the 28th day of June, 2000

David J. Mundy
City Clerk

OFFICER'S OATH

STATE OF WEST VIRGINIA

COUNTY OF BARBOUR, to wit:

I, John M. Cvechko, do solemnly swear that I will support the Constitution of the United States, the Constitution of West Virginia, and that I will faithfully discharge the duties of the office Councilman City of Philippi to which I have been elected to the best of my skill and judgement. So help me God.

John M Cvechko

Subscribed and sworn before the undersigned authority, this, the 28th day of June, 2000.

David J. Mundy
City Clerk

OFFICER'S OATH

STATE OF WEST VIRGINIA

COUNTY OF BARBOUR, to wit:

I, Barbara S. Bryan, do solemnly swear that I will support the Constitution of the United States, the Constitution of West Virginia, and that I will faithfully discharge the duties of the office Council person City of Philippi to which I have been elected to the best of my skill and judgement. So help me God.

Barbara S. Bryan

Subscribed and sworn before the undersigned authority, this, the 28th day of June, 2000.

Doris J. Mundy
City Clerk

OFFICER'S OATH

STATE OF WEST VIRGINIA

COUNTY OF BARBOUR, to wit:

I, Charles A. Williams, do solemnly swear that I will support the Constitution of the United States, the Constitution of West Virginia, and that I will faithfully discharge the duties of the office of Council Member to which I have been appointed to the best of my skill and judgement. So help me God.

Charles A. Williams

Subscribed and sworn before the undersigned authority, this, the 19th day of February, 2002.

Tammy Stemple

Tammy Stemple, City Clerk

ARTICLE 149
Sanitary Board

149.01 Established; members; term; vacancies.
149.02 Eligibility.
149.03 Officers; by-laws.
149.04 Salary; expenses.
149.05 Powers and duties.

CROSS REFERENCES
Composition - see W. Va. Code 16-13-18
Publication of financial statement - see W. Va. Code 16-13-18(a)

149.01 ESTABLISHED; MEMBERS; TERM; VACANCIES.

There is hereby created "The Sanitary Board of the City of Philippi", which shall be composed of the Mayor and two persons appointed by Council, one of whom, during the construction period, shall be a Registered Professional Engineer. The Registered Professional Engineer member of the Board need not be a resident of the Municipality, but after construction of the plant has been completed the Engineer member of the Board may be succeeded by a resident of the City, who is not an engineer. The appointees shall originally be appointed for terms of two and three years, respectively, and upon the expiration of the initial terms an appointment of a successor shall be made in like manner for a term of three years. Vacancies shall be filled for an unexpired term in the same manner as the original appointment, to run for the duration of the term that is being filled. (Passed 5-5-59)

149.02 ELIGIBILITY.

No officer or employee of the City whether holding a paid, or unpaid office, shall be eligible to appointment on the Sanitary Board while holding such office, or employment, nor shall he be eligible until at least one year after the expiration of the term of his public office or employment. (Passed 5-5-59)

149.03 OFFICERS; BY-LAWS.

The Mayor shall act as chairman of the Sanitary Board, which shall elect a vice-chairman from its members, and shall designate a secretary and treasurer, but the secretary and treasurer may be one and the same who need not be a member or members of the Sanitary Board. The vice-chairman, secretary and treasurer shall hold such offices at the will and pleasure of the Sanitary Board. The Sanitary Board shall have power to establish by-laws, rules and regulations for its own government, not inconsistent with general law, the City Charter, City ordinances or this Article. (Passed 5-5-59)

149.04 SALARY; EXPENSES.

Each member of the Sanitary Board shall receive temporary salary of seventy-five dollars ($75.00) per month for his services, and shall be entitled to payment for his reasonable expenses incurred in the performance of his duties; however, the provision above made for salary is upon a temporary basis, and Council reserves the right, by ordinance, to increase or decrease the monthly salary payment, after thirty days due notice to the members of the Sanitary Board in order to make the salary commensurate with the services actually performed by the members of such Board. The secretary and treasurer shall be paid such reasonable compensation for services as Council shall fix from time to time, and the treasurer shall give a bond in such sum as Council may fix from time to time, as may be necessary to cover any moneys which shall come into the hands of such treasurer.

(b) All compensation and expenses incurred by the Board, its officers and employees, shall be paid solely from funds provided under authority of State law. (Passed 5-5-59)

149.05 POWERS AND DUTIES.

(a) The construction, acquisition, improvement, equipment, custody, operation and maintenance of all works for the collection, treatment, or disposal of sewage, either within or without the corporate limits of the City, the collection of revenues therefrom for all services rendered thereby, and the employment of all attorneys, engineers, architects, inspectors, superintendents, managers, and other employees, as in the judgment of the Board may be necessary in the execution of its powers, duties and responsibilities, shall be under the supervision and control of the Sanitary Board.

(b) The Sanitary Board created by this article, in addition to the powers enumerated herein, shall have all other powers provided for such Boards under State law. (Passed 5-5-59)

OFFICER'S OATH

STATE OF WEST VIRGINIA

COUNTY OF BARBOUR, to wit:

I, Dennis L. Fisher, ~~swear~~ affirm, do solemnly that I will support the Constitution of the United States, the Constitution of West Virginia, and that I will faithfully discharge the duties of the office Sanitation Board Member for the City of Philippi to which I have been appointed to the best of my skill and judgement. So help me God.

Dennis L. Fisher

Dennis L. Fisher

Subscribed and sworn before the undersigned authority, this, the 6th day of November, 19 2002.

Tammy Stemple

City Clerk

OFFICER'S OATH

STATE OF WEST VIRGINIA

COUNTY OF BARBOUR, to wit:

I, Caton N. Hill, Jr., do solemnly swear that I will support the Constitution of the United States, the Constitution of West Virginia, and that I will faithfully discharge the duties of the office Sanitation Board Chairman to which I have been appointed as Mayor to the best of my skill and judgement. So help me God. of the City of Philippi

Caton N. Hill, Jr.

Caton N. Hill, Jr.

Subscribed and sworn before the undersigned authority, this, the 6th day of November, ~~19~~ 2002.

Tammy Stemple

City Clerk

OFFICER'S OATH

STATE OF WEST VIRGINIA

COUNTY OF BARBOUR, to wit:

I, Joseph Mattaliano, do solemnly swear that I will support the Constitution of the United States, the Constitution of West Virginia, and that I will faithfully discharge the duties of the office Sanitation Board Member for the City of Philippi to which I have been appointed to the best of my skill and judgement. So help me God.

Joseph Mattaliano

Subscribed and sworn before the undersigned authority, this, the 6th day of November, ~~19~~ 2002.

Tammy Stemple
City Clerk

CITY OF PHILLIPI

Sewer Revenue Bonds, Series 2002 A
(West Virginia SRF Program)

PETITION OF SANITARY BOARD

The Sanitary Board of the City of Phillipi (the "City") hereby petitions the Council of the City to enact an ordinance directing that sewer 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 $2,000,000, for the purpose of financing a portion of the costs of certain additions, betterments and 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 21st day May, 2002.

SANITARY BOARD OF THE
CITY OF PHILLIPI

By: _____
Its: Chairman

03/22/02
700470.00002

CH512951.1

Ordinance No. _____ Introduced 1-19-99

AN ORDINANCE ESTABLISHING AND FIXING RATES, FEES, CHARGES AND DELAYED PAYMENT PENALTY FOR SERVICE TO CUSTOMERS OF THE SEWER SYSTEM OF THE CITY OF PHILIPPI, WEST VIRGINIA

WHEREAS, the City of Philippi has a duty to provide quality sewer service to the residents of the City and surrounding areas; and

WHEREAS, the rates and charges for such service are required by law to be just, reasonable, nondiscriminatory, nonpreferential and based primarily on the costs of service to the residents of the City and surrounding areas; and

WHEREAS, the Council of the City of Philippi finds that the sewer utility rates as they are presently structured are not reflective of the current cost of providing the service.

NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE CITY OF PHILIPPI:

Section 1. The sewer rates, fees and charges approved by the Council of the City of Philippi on May 16 ___, 1995 are hereby repealed.

Section 2. The rates, fees and charges, as shown on Schedule 1 attached hereto and to be read as a part hereof and incorporated herein, are hereby fixed and determined to be the rates, fees and charges to be charged to customers of the sewer facilities of the City throughout the territory served.

Section 3. The provisions of this Ordinance are separable, and if any clause, provision or section hereof be held void or unenforceable by any court of competent jurisdiction, such holding shall not affect the remainder of the Ordinance. All resolutions, orders or parts thereof in conflict with the provisions of this Ordinance are, to the extent of such conflicts, hereby repealed; and to the extent that the provisions of this Ordinance do not touch upon the provisions of prior resolutions, orders or parts thereof, the same shall remain in full force and effect.

Section 4. The rates, fees, charges and delayed payment penalty adopted by this Ordinance shall be effective not sooner than forty-five (45) days after its passage. The rates shall become effective April 1, 1999.

Section 5. Upon introduction and first reading hereof, the Recorder shall publish a copy of this Ordinance once a week for two (2) successive weeks, in the Barbour Democrat, being a newspaper published and of general circulation in the City of Philippi, and said notice shall state that this Ordinance has been introduced and that the second reading will be February 2, 1999, which date is not less than 10 days subsequent to the date of first publication of Notice of the Ordinance and not less than five (5) days subsequent to the second publication.

Section 6. At the meeting to be held on February 2, 1999, the Council shall consider such ordinance and vote upon its passage. Interested parties may appear at the meeting and be heard.

THE FOREGOING RATE ORDINANCE HAS BEEN INTRODUCED AT A MEETING OF COUNCIL HELD January 19, 1999. THE SECOND READING WILL BE February 2, 1999, AT 7:00 P.M.

DATED: January 19, 1999

_____
RECORDER

CITY COUNCIL

_____

_____

_____

_____

_____

_____

PASSED ON FIRST READING: January 19, 1999

PASSED ON SECOND READING: _____

_____
RECORDER

[ATTACH SCHEDULE OF RATES]

Public Service Commission
of W. Va. Tariff Office

MAR 23 1999

Special Studies Section

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

RECEIVED

MAR 23 1999

Public Service Commission of W.Va.
Utilities Division
Special Studies Section

CITY OF PHILIPPI

OF

PHILIPPI, BARBOUR COUNTY, WEST VIRGINIA

RATES, RULES AND REGULATIONS FOR FURNISHING

SEWERAGE AND SEWAGE DISPOSAL SERVICE

at Philippi, Barbour County, West Virginia

Filed with THE PUBLIC SERVICE COMMISSION
of
WEST VIRGINIA

Issued March 9, 1999

Effective April 1, 1999
or as otherwise provided herein

Passed by City Council

Issued by CITY OF PHILIPPI

By Peter M. Hill Jr.

Mayor
Title

APPLICABILITY

Applicable inside and outside the corporate limits of the City of Philippi

AVAILABILITY OF SERVICE

Available for general domestic, commercial and industrial service including sales of sewer service to other sewer utilities.

(C,A) RATE (Monthly: Based on Water Usage)

First	2,000 gallons	@	$5.10 per 1,000 gallons
Next	4,000 gallons	@	$5.00 per 1,000 gallons
Next	6,000 gallons	@	$4.90 per 1,000 gallons
Over	12,000 gallons	@	$4.75 per 1,000 gallons

(A) MINIMUM CHARGE

The minimum bill will be $ 10.20 per month.

DELAYED PAYMENT PENALTY

The above tariff is net. On all accounts not paid in full within 20 days of the bill, 10% will be added to the net amount. This delayed payment penalty is not interest and is only to be collected once for each bill where it is appropriate.

DELINQUENT BILLS

The City will pursue collection of delinquent accounts, to the full extent of and subject to the applicable provisions of law. If any bill for sewerage service is not paid in full within 60 days if billing date, the customers water service shall be subject to and in accordance with Public Service Commission rules and regulations. Service shall not be restored until all delinquent bills and penalties plus a reconnection charge of $ 25.00 have been paid.

CONNECTION CHARGE

For each separate connection to the sewer system of the City of Philippi, a connection fee of one hundred fifty dollars ($ 150.00) shall be charged.

(N) SEPTIC TANK CLEANING SERVICE REGISTRATION PERMIT FEE

For each septic tank cleaning business which uses the City of Philippi's Sanitation System there will be an annual registration/permit fee of one hundred twenty five dollars ($ 125.00). In addition, the dumping fee will equal $ 25 per 1,000 gallons due to the concentrated nature of the haulings.

(C) Indicates change in text
(A) Indicates increase
(N) Indicates new

CITY OF PHILIPPI

P.S.C. W.Va. Tariff No. 7
Original Sheet No. 1

RULES AND REGULATIONS

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

OFFICE OF THE BARBOUR DEMOCRAT

I, ROBERT A. BYRNE, Editor of the BARBOUR DEMOCRAT, a weekly newspaper published in the City of Philippi, County of Barbour, and State of West Virginia, do certify that the annexed:

LEGAL NOTICE

was duly printed in said paper two successive weeks commencing on Wednesday, the 20th day of January, 1999.

Given under my hand at Philippi, West Virginia, this 27th day of January, 1999.

Robert A. Byrne, Editor

Printer's Fee $42.80

STATE OF WEST VIRGINIA, COUNTY OF BARBOUR:
Sworn to and subscribed before me this 27th day of January, 1999

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
JEFFREY A. BYRNE
Barbour Publishing Co., Inc.
P. O. Box 459
Philippi, West Virginia 26416
My Commission Expires July 29, 2008

Jeffrey A. Byrne
NOTARY PUBLIC
My Commission Expires July 29, 2008

PUBLIC NOTICE OF PROPOSED CHANGE IN RATES

Notice is hereby given, pursuant to West Virginia Code 24-2-4B, that the City Council of Philippi has caused to be read a proposed ordinance establishing rates and charges for sewer service to customers in the City of Philippi and is proposing the adoption of the same. The proposed ordinance is titled:

AN ORDINANCE ESTABLISHING AND FIXING RATES, FEES, CHARGES AND DELAYED PAYMENT PENALTY FOR SERVICE TO CUSTOMERS OF THE SEWER SYSTEM OF THE CITY OF PHILIPPI, WEST VIRGINIA

Said rate ordinance is necessitated by increased operating costs.

The proposed increased rates and charges will become effective 45 days after adoption of the rate ordinance unless otherwise ordered by the Public Service Commission and will produce approximately $114,430 annually in additional revenue, an increase of 36.2%. The average monthly bill for the various classes of customers will be changed as follows:

	($) INCREASE	INCREASE (%)
Residential	$74,617	39.99%
Commercial	$20,521	24.80%
Industrial	$19,292	41.09%

The City Council of Philippi will have its final reading and vote on the ordinance on February 2, 1999, at 7:00 p.m. The meeting for the vote on said adoption will be open to the public and will be held in the City Council's chambers, in the City of Philippi in the State of West Virginia. Interested parties may appear at the meeting and be heard with respect to the proposed ordinance.

A copy of the proposed ordinance is available for public inspection at the City Clerk's Office, Philippi, West Virginia.

CITY COUNCIL OF
CITY OF PHILIPPI
By Caton Hill
Mayor

Dated 1-19-99
30-2x

COUNCIL MINUTES

The Philippi City Council met in regular session on Tuesday, January 19, 1999, 7:00 p.m., in the Council Chambers of City Hall.

In attendance: Mayor Caton N. Hill, Jr., City Clerk Doris J. Mundy, Councilmen: Burton Criss, Gary Cunningham, & Bob Wilkins.

Also attending: City Manager Joseph P. Mattaliano, Karen Weaver, Whitni Kines, Dennis Fisher, Buddy Shreve, Carl Radcliff, Tom Ross, Taunja Miller, Bernard McBee, Peggy Sjoberg, Mr. & Mrs. Andrew Trader, Mr. & Mrs. Jerry Burner, Mr. & Mrs. Bucky Poling & Shannon Shreve.

Minutes from the January 5, 1999, meeting were approved as written.

Tom R. Ross, attorney for the Davis Health System, and Taunja Miller addressed council requesting council to approve a Resolution endorsing the sale of tax-exempt bonds for the Broaddus Hospital Project and setting the date for a public hearing.

THE RESOLUTION TAKING OFFICIAL ACTION WITH RESPECT TO THE PROPOSED ISSUANCE OF HEALTH SYSTEM REVENUE BONDS ON BEHALF OF DAVIS HEALTH SYSTEM, INC., BY THE CITY OF PHILIPPI, WEST VIRGINIA, AND SETTING A HEARING WITH RESPECT THERETO

Councilman Criss made a motion to adopt the Resolution. Councilman Wilkins seconded the motion. By roll-call all members voted to approve the Resolution, with the Public Hearing to be held on Tuesday, February 16, 1999.

Two ordinances were presented to Council and read by titles as follows:

AN ORDINANCE AMENDING THE CHARTER OF THE CITY OF PHILIPPI, WEST VIRGINIA, TO PROVIDE FOR THE APPOINTMENT OF CITY MANAGER IN CONFORMITY WITH ARTICLE 133 OF THE CODIFIED ORDINANCES OF THE CITY OF PHILIPPI, WEST VIRGINIA.

AN ORDINANCE AMENDING THE CHARTER OF THE CITY OF PHILIPPI, WEST VIRGINIA, TO PROVIDE FOR THE APPOINTMENT OF THE CITY CLERK IN CONFORMITY WITH ARTICLE 135 OF THE CODIFIED ORDINANCES OF THE CITY OF PHILIPPI, WEST VIRGINIA.

Councilman Cunningham made a motion to amend the Charter. Councilman Wilkins seconded the motion. By roll call, Cunningham and Wilkins voted to amend the Charter. Councilman Criss abstained from voting. Motion passed.

A motion to divide the Ordinance conveying property on Chestnut Street and the Industrial Park parcels to the Philippi Municipal Building Commission was made by Councilman Cunningham and seconded by Councilman Criss. By roll-call all members voted to separate the Ordinance.

An ordinance concerning the Reidbord Property was presented by title for second reading as follows:

AN ORDINANCE APPROVING THE TRANSFER OF REAL ESTATE TO THE PHILIPPI MUNICIPAL BUILDING COMMISSION; PRESCRIBING THE FORMS AND AUTHORIZING THE EXECUTION AND DELIVERY OF DEEDS GRANTING, CONVEYING, ASSIGNING AND TRANSFERRING CERTAIN REAL PROPERTY, INTERESTS IN REAL PROPERTY, FIXTURES AND PERSONAL PROPERTY TO THE PHILIPPI MUNICIPAL BUILDING COMMISSION DESCRIBED AS THE REIDBORD BUILDING LOCATED ON CHESTNUT STREET IN THE CITY OF PHILIPPI, BARBOUR COUNTY, WEST VIRGINIA

The motion to approve the second reading and adoption of Ordinance conveying the Reidbord property on Chestnut Street to the Philippi Municipal Building Commission was made by Councilman Criss. Councilman Cunningham seconded the motion. By roll-call all members voted to approved the Ordinance conveying the Reidbord property to the Municipal Building Commission.

An ordinance concerning two parcels at the Philippi Industrial Park was presented by title for first reading as follows:

AN ORDINANCE APPROVING THE TRANSFER OF REAL ESTATE TO THE PHILIPPI MUNICIPAL BUILDING COMMISSION; PRESCRIBING THE FORMS AND AUTHORIZING THE EXECUTION AND DELIVERY OF DEEDS GRANTING, CONVEYING, ASSIGNING, TRANSFERRING CERTAIN REAL PROPERTY, INTERESTS IN REAL PROPERTY, FIXTURES AND PERSONAL PROPERTY TO THE PHILIPPI MUNICIPAL BUILDING COMMISSION DESCRIBED AS 4.02 ACRES AND 9.03 ACRES LOCATED IN THE PHILIPPI INDUSTRIAL PARK, LOCATED IN THE CITY OF PHILIPPI, BARBOUR COUNTY, WEST VIRGINIA.

Councilman Cunningham made a motion to approve first reading of the Ordinance conveying 4.02 acre and 9.03 acre parcels at the Philippi Industrial Park to the Philippi Municipal Building Commission. Councilman Wilkins seconded the motion. By roll-call all members voted to approve the first reading of the Ordinance conveying parcels at the Industrial Park to the Municipal Building Commission.

AN ORDINANCE ESTABLISHING AND FIXING RATES, FEES, CHARGES AND DELAYED PAYMENT PENALTY FOR SERVICE TO CUSTOMERS OF THE SEWER SYSTEM OF THE CITY OF PHILIPPI, WEST VIRGINIA was presented to council for first reading.

Councilman Wilkins made a motion to approve the Ordinance. Councilman Criss seconded the motion. By roll-call all members voted to approve the first reading of the sewer rate ordinance.

AN ORDINANCE AMENDING ADMINISTRATIVE CODE 139.05 DUTIES OF CHIEF OF POLICE, paragraph (f)... "The two year term is removed". Councilman Wilkins made a motion to amend Administrative Code 139.05. Councilman Cunningham seconded the motion. By roll-call all members voted to amend Administrative Code 139.05.

City Manager Report:

Received report by America Energy Audit addressing three businesses surveyed in Philippi and recommending ways to implement energy savings.

A meeting was held today with representatives from the Army Corp of Engineers, Congressman Mollohan's office, Canaan Valley Institute, Joe Mattaliano, Karen Weaver, Whitni Kines and Dennis Fisher. The purpose of the meeting was to discuss projects with the Corp and the City of Philippi concerning flood control. A team from Pittsburgh will be returning to work with City representatives the first week of February.

Recommended the reappointment of Lonnie Crane to the Municipal Building Commission for a six year term. Mayor Hill reappointed Mr. Crane to the Commission.

City office received a request from a private firm to locate a private prison at Newman Bottoms. Council to review the request to be discussed during a future meeting.

Public Works Director: The gas line at the Industrial Park is being laid and the gas company will place the meter at the property line.. Telephone equipment at city hall is being moved from the basement to the third flood. The construction of the compost building received damages during recent heavy winds. Electric department running electric line underground to new hospital. Trustees from the Barbour County Jail have helped with snow removal in the downtown area.

City Engineer: Reported on the progress of installing railroad siding for Snyder Industries in the Industrial Park. Reported a permit from the U.S. Army Corps of Engineers is required for mitigation at Corder's Crossing by 84 Lumber Co. Councilman Criss inquired of the construction at Meadow Heights and Mr. Fisher informed him no work was being done. He inquired of the damages to the fence at the site and if the brush had been removed. Councilman Cunningham inquired time limit a property owner had to tear down a building. Mr. Fisher informed him the owner had fifteen (15) days to comply and if they do not respond the city will remove the building at the property owners expense.

Assistant City Manager Karen Weaver reported the status of the two Small Cities Block grants in the amount of $500,000 for each grant. The city received the monies which were used to implement projects throughout the county. A grant received from Legislative Digest in the amount of $7,500 for Adaland Mansion has been used for improvements. The City received a grant in the amount of $4,990 from the WV Division of Forestry which will be used to purchase trees for the Chestnut Street Park and the arboretum at Adaland Mansion. An additional Legislative Digest grant in the amount of $5,000 will be used to purchase additional playground equipment for the parks. The city has received an additional $11,092 from the Cops Fast Grant Program to be used to fund the salary of one police officer. The City will be submitting two applications to AMP/OHIO for their yearly scholarship contest. Applicants must be seniors in high school with at least a 3.0 GPA. One applicant must be the child of an employee of the City of Philippi and the other must be the child of a City of Philippi electric customer.

Councilman Wilkins reported on the winter conference of the W. Va. Municipal League which he, Councilman Lewis, and Mayor Hill attended. As a member of the Philippi Planning Commission he reported the progress on house numbering in Mansfield. The Philip Barbour Key Club will assist in getting the information to the Mansfield residents.

A lease agreement with BC Net was presented to council for approval. Councilman Wilkins made a motion to enter into a lease agreement with BC Net to house the equipment on the third floor of City Hall. Councilman Cunningham seconded the motion. By roll call vote all members voted to approve the lease.

Other items discussed with no decisions or votes being taken were the telephone system, lights for gym, lights around the court house, and transformers for inventory. Councilman Criss was scheduled to report on the city insurance, but recommend the policy be given to city attorney for recommendations.

There being no further business to come before council, the meeting adjourned at 8:30 p.m. The February meetings schedule for February 2nd and February 16th.

Calvin M. Hill Jr.
Mayor

David J. Mundy, CMC
Clerk

COUNCIL MINUTES

The Philippi City Council met in regular session, Tuesday, February 2, 1999, 7:00 p.m., in the Council Chamber at City Hall.

In attendance: Mayor Caton N. Hill, Jr., City Clerk Doris J. Mundy, Councilmen: Dave Lewis, Bob Wilkins, Tom Poling, Burton Criss, and Gary Cunningham.

Also attending: City Manager Joseph P. Mattaliano, Karen Weaver, Whitni Kines, Dennis Fisher, Mitch Payne, John Cutright, Carl Radcliff, Dianna Wright, Bretzel Allen, Jeanne Poling, Charles Phillips, William Hawker, Dorinda Hawker, Taunja Miller, Larry Miller, Shannon Shreve, Sue Lambert, Paul Bulka, John Pyles, Leroy Stanley, Joyce Kerr, Jerry Burner, Andrew Trader, Edith Trader, Mary Murphy, Juanita Purkey, Barbara Wilson, William Mozley, Jeannie Mozley, Velma Allen, Peggy Sjoberg, Harold Essig, Jack Murphy, Yilana Bowers, Carl Nestor, William Poling, Mary Poling, Pat Shaffer, & Tom Wolfe.

Minutes from the January 19, 1999 meeting were approved as written.

The mayor called a public hearing for...AN ORDINANCE ESTABLISHING AND FIXING RATES, FEES, CHARGES, AND DELAYED PAYMENT PENALTY FOR SERVICE TO CUSTOMERS OF THE SEWER SYSTEM OF THE CITY OF PHILIPPI, WEST VIRGINIA. The hearing opened for comments and/or questions. Mattaliano stated the proposed rates would take the city to the year 2004. Ms. Kines stated a sewer bill of $20 would increase to $25.10 with the new rate. Mayor Hill closed the Public Hearing.

The second reading of the sewer rate ordinance was presented to council for adoption. Councilman Cunningham made a motion to adopt the ordinance. Councilman Wilkins seconded the motion. Council voted by roll-call vote as follows: Poling, no; Lewis, no; Wilkins, yes; Cunningham, yes; Criss, yes. The majority voting to adopt the ordinance, the mayor declared the ordinance adopted.

The second reading of ordinance conveying acreage to the Municipal Building Commission was presented to council for adoption. A signed protest (with 21 signatures) opposed the conveyance of acreage at the Industrial Park and " requested the issue be put to vote by the people (in an election) special or regular election...request to vote to sale or rent our industrial park", was presented to Council. *Protest attached to official minutes. Mayor Hill read a letter from William Hawker opposed to conveying the property to the Municipal Building Commission. Councilman Wilkins made a motion to adopt the ordinance. Councilman Lewis seconded the motion. Council voted by roll-call votes as follows: Wilkins, yes; Lewis, yes; Criss, no; Cunningham, no; Poling, yes. The majority voting to adopt the ordinance, the mayor declared the ordinance adopted.

"A RESOLUTION authorizing distribution of a preliminary official statement with respect to Health System Revenue Bonds (Davis Health System-Broaddus Hospital Project), Series 1999; and taking other actions in connection therewith", was presented to council for adoption. Councilman Criss made a motion to adopt the resolution. Councilman Poling seconded the motion. By roll-call vote all members voted to adopt the Resolution.

Bids were received for transformers from Jerry's Electric, WESCO, and Solomon Corporation. Mattaliano recommend that council accept the bids from Jerry's Electric and WESCO. Councilman Criss made a motion to accept bids as outlined by City Manager. Councilman Poling seconded the motion. By roll-call vote all members voted to accept the transformer bids.

Bids were received for wire with Tolley Electric submittinf the low bid. Councilman Cunningham made a motion to accept the bid from Tolley Electric. Councilman Lewis seconded the motion. By roll-call vote all members voted to accept the bid.

The public works director's report was presented as follows: working on gas line for industrial park; city telephone system; demolition of FEMA houses; services for new hospital; water and sewer department sizing meters; cable department designing system for new hospital; compost building damages; fire house painting.

City engineer Fisher's report as follows: railroad siding plans completed; construction permit for storm water management; asbestos permits for FEMA buyouts; Jenkins house on Rt. 250 have 30 days to respond; will be working with Corps of Engineers; sent a letter to Frank Day regarding the property at Meadow Heights, informing him to install a silt fence, repair the board fence, and remove brush from property at the Meadow Heights construction site. Failure to respond subject to a fine of $50 to $500 per day.

Assistant City Manager Weaver's report as follows: state mandate to purchase a computer program for police department would cost $15,000; recommended city enter into a contract, for one year, with Clarksburg firm who would do the report for a monthly fee of $30 to $60, depending on number of tickets submitted. Councilman Wilkins made a motion to enter into a contract for one year. Councilman Lewis seconded the motion. By roll-call vote all members voted to enter into a one year contract.

City Manager Mattaliano's report as follows: regional jail commission has selected two sites in Barbour County, two in Randolph County and one site in Tucker County and will pick a site soon; a private firm is interested in the Newman Bottoms site for a private federal prison; city electric bill for January $134,000; received a PEIA Insurance statement for $8908; committee met to review applications for police chief; senior center has completed buy out of part of Williams building; by-pass bridge is on schedule; SanDiego Plastics interviewing applicant; W. Va. Hardwood Component Group interested in the Reidbord Building.

Old Business: Economic Development request for $1200 tabled until next meeting; submitting quotes for court house lights; submitting quotes for gym lights; plan to purchase playground equipment for Dayton Park.

New Business: Department of Energy funding available for non-profit organization for mine drainage. Wes-Mon-Ty RC&D will sponsor grant for city. International City Managers Association will give a $500 grant to city to monitor radon. Bill Pinnell, State Radon person, will coordinate the grant.

Councilman Wilkins requested the person working on the Y2K problems for the city, make a report to council on his progress.

There being no further action to come before Council, the meeting adjourned at 8:25 p.m., by motion from Councilman Cunningham and seconded by Councilman Poling. Council went into executive session to meet with Mr. Wolfe.

Caton N. Hill Jr.
Mayor Caton N. Hill, Jr.

Doris J. Mundy, CMC
City Clerk Doris J. Mundy

OFFICE OF THE BARBOUR DEMOCRAT

I, **ROBERT A. BYRNE**, Editor of the **BARBOUR DEMOCRAT**, a weekly newspaper published in the City of Philippi, County of Barbour, and State of West Virginia, do certify that the annexed:

LEGAL NOTICE

was duly printed in said paper two successive weeks commencing on Wednesday, the 02nd day of October, 2002.

Given under my hand at Philippi, West Virginia, this 09th day of October, 2002.

Robert A Byrne, Editor

Printer's Fee $68.15

STATE OF WEST VIRGINIA, COUNTY OF BARBOUR:

Sworn to and subscribed before me this 09th day of October, 2002

Roseann P. Wilson
NOTARY PUBLIC

My Commission Expires January 10, 2011

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
ROSEANN P. WILSON
The Barbour Democrat
P. O. Box 459 - 113 Church Street
Philippi, West Virginia 26416
My Commission Expires Jan. 10, 2011

NOTICE OF PUBLIC HEARING ON BOND ORDINANCE

A public hearing will be held on the following-entitled Ordinance at a regular meeting of the Council of The City of Philippi (the "City") to be held on Tuesday, October 15, 2002, at 7:00 p.m., in the Council Chambers at the City Hall, 108 North Main Street, Philippi, West Virginia, and at such hearing any person interested may appear before the Council and present protests, and all protests and suggestions shall be heard by the Council and it shall then take such actions as it shall deem proper in the premises upon an Ordinance entitled:

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE EXISTING PUBLIC SEWERAGE SYSTEM OF THE CITY OF PHILIPPI AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE CITY OF NOT MORE THAN $1,500,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2002 (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.

The above-entitled Ordinance was approved by the Council on October 1, 2002.

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 provide permanent financing of the costs of acquisition and construction of betterments, additions and improvements to the sewerage system of the City and 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 sewerage system of the City. No taxes may at any time be levied for the payment of the Bonds or the interest thereon.

A certified copy of the above-entitled Ordinance is on file with the Council at the office of the Clerk for review by interested parties during regular office hours.

Following the public hearing, the Council intends to enact the Ordinance upon final reading.

Dated: October 1, 2002.

/s/Tammy Stemple
City Clerk

14-2x

THE CITY OF PHILIPPI

Sewer Revenue Bonds, Series 2002
(West Virginia SRF Program)

EXCERPT OF MINUTES ON ENACTMENT OF BOND ORDINANCE
AND ADOPTION OF
SUPPLEMENTAL RESOLUTION

The undersigned City Clerk of The City of Philippi (the "City") hereby certifies that the following is a true and correct excerpt of the minutes of a regular meeting of the said City:

*** *** ***

The Council of The City of Philippi met in regular session, pursuant to notice duly posted, on the 15th day of October, 2002, in Philippi, West Virginia, at the hour of 7:00 p.m.

PRESENT:	Tammy Stemple	-	City Clerk
	John Cvechko	-	Council Member
	Don Criss	-	Council Member
	Robert Wilkins	-	Council Member
	Barbara Bryan	-	Council Member
	Charles Williams	-	Council Member
ABSENT:	Mayor - Canton N. Hill, Jr.		

Tammy Stemple, presided in the absence of the Mayor. Ms. Stemple announced that a quorum of members was present and that the meeting was open for any business properly before it.

Thereupon, Ms. Stemple stated that the proposed Bond Ordinance heretofore passed on first and second readings would be subject to protests and suggestions from any interested person at this time in accordance with the publication of an abstract of said Bond Ordinance and a Notice of Hearing, which publication has been duly made, and the Mayor called for protests and suggestions as to said Bond Ordinance and all persons desiring to protest the said Bond Ordinance or to make any suggestions with reference thereto were heard.

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

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE EXISTING PUBLIC SEWERAGE SYSTEM OF THE CITY OF PHILIPPI AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE CITY OF NOT MORE THAN $1,500,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2002 (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.

Thereupon, on motion duly made and seconded, it was unanimously ordered that the said Bond Ordinance be finally enacted and put into effect immediately.

The Mayor presented a proposed Supplemental Resolution in writing entitled:

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 2002 (WEST VIRGINIA SRF PROGRAM), OF THE CITY OF PHILIPPI; APPROVING AND RATIFYING THE LOAN AGREEMENT RELATING TO SUCH BONDS AND THE SALE AND DELIVERY OF SUCH BONDS TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

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

** ** **

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

CERTIFICATION

I hereby certify that the foregoing is a true copy of the minutes of The City of Philippi 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 12th day of November, 2002.

Tammy Stemple
City Clerk

10/14/02
700470.00002

CH554121.1

WV MUNICIPAL BOND COMMISSION
#8 Capitol Street
Terminal Building, Suite 500
Charleston, WV 25301
(304) 558-3971

NEW ISSUE REPORT FORM

Date of Report: November 12, 2002

(See Reverse for Instructions)

ISSUE: The City of Philippi, Sewer Revenue Bonds, Series 2002 (West Virginia SRF Program)

ADDRESS: 108 N. Main Street, Post Office Box 460, Philippi, West Virginia 26416 COUNTY: Barbour

PURPOSE OF ISSUE: New Money: X
Refunding: _____

REFUNDS ISSUE(S) DATED: N/A

ISSUE DATE: November 12, 2002

CLOSING DATE: November 12, 2002

ISSUE AMOUNT: $1,162,700

RATE: 0% - Administrative Fee .5%

1ST DEBT SERVICE DUE: March 1, 2004

1ST PRINCIPAL DUE: March 1, 2004

1ST DEBT SERVICE AMOUNT: $ 9,690

PAYING AGENT: Municipal Bond Commission

BOND COUNSEL: Steptoe & Johnson PLLC
Contact Person: Vincent A. Collins, Esquire
Phone: 304.624.8161

UNDERWRITERS COUNSEL: Jackson Kelly PLLC
Contact Person: Samme L. Gee, Esquire
Phone: 304.340.318

CLOSING BANK: First Central Bank
Contact Person: Libby Nestor
Phone: 304.457.3737

ESCROW TRUSTEE: _____
Contact Person: _____
Phone: _____

KNOWLEDGEABLE ISSUER CONTACT
Contact Person: Karen Weaver
Position: City Manager
Phone: 304.457.3700

OTHER:
West Virginia Department of Environmental Protection
Contact Person: Rosalie Brodersen
Function: Branch Leader
Phone: 304.558. 0637

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. Fund $_____
____ To Other: _____ $_____

NOTES: _____

FOR MUNICIPAL BOND COMMISSION USE ONLY:
DOCUMENTS REQUIRED: _____
TRANSFERS REQUIRED: _____

The purpose of the NEW ISSUE REPORT FORM is to provide the WV Municipal Bond Commission with an early warning of three basic facts no later than the day of closing on any issue for which the Commission is to act as fiscal agent. These are:

1. Formal notification that a new issue is outstanding.
2. Date of first action or debt service.
3. Contact people should we lack documents, information, or funds needed to administer the issue by the date of the first action or debt service.

The commission recognizes that as bond transcripts become increasingly long and complex, it has become more difficult to assemble and submit them to the Commission within the 30 days specified by the West Virginia Code 13-3-8. This notice is not intended to provide all the information needed to administer an issue, but to alert the Commission and ensure that no debt service payments are missed due to delays in assembling bond transcripts. If, at the time of closing, documents such as the ordinance and all supplements, debt service schedules, and a specimen bond or photostat are available and submitted with this form, it will greatly aid the Commission in the performance of its duties. These documents are needed to set up the proper accounts and to advise the issuer of monthly deposit requirements as far in advance of the first debt service as possible.

It is not necessary to complete all items if they are not pertinent to your issue. Indicate the County of the issuer. With PSDs that overlap more than one county, indicate the county of their business office. Complete "Rate" only if the issue has only one rate. Please complete a separate form for each series of an issue. Other important information can be recorded under "Notes."

Again, please submit this form on each new issue on the day of closing. If fund transfers into or out of the Commission at closing are required, please submit this form before closing. If no significant facts change by closing, no resubmission at closing is required. If, however, there are changes, please submit an updated form, with changes noted, at closing.

If you should have any questions concerning this form, please call the Commission.

THE CITY OF PHILIPPI

Sewer Revenue Bonds, Series 2002
(West Virginia SRF Program)

ACCEPTANCE OF APPOINTMENT AS DEPOSITORY BANK

First Central Bank, Philippi, West Virginia, hereby accepts appointment as Depository Bank in connection with a Bond Ordinance of The City of Philippi (the "Issuer") enacted by the Issuer on October 15, 2002, and a Supplemental Resolution adopted by the Issuer on October 15, 2002 (collectively, the "Bond Legislation"), authorizing issuance of the Issuer's Sewer Revenue Bonds, Series 2002 (West Virginia SRF Program), dated November 12, 2002, issued in the original aggregate principal amount of $1,162,700 (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 12th day of November, 2002.

FIRST CENTRAL BANK

By: _____
Its: Authorized Officer

10/04/02
700470.00002

THE CITY OF PHILIPPI

Sewer Revenue Bonds, Series 2002
(West Virginia SRF Program)

ACCEPTANCE OF DUTIES AS REGISTRAR

Huntington National Bank, Charleston, West Virginia, hereby accepts appointment as Registrar in connection with The City of Philippi Sewer Revenue Bonds, Series 2002 (West Virginia SRF Program), dated November 12, 2002, issued in the original aggregate principal amount of $1,162,700 (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 12th day of November, 2002.

HUNTINGTON NATIONAL BANK

By: _____
Its: Authorized Officer

10/04/02
700470.00002

THE CITY OF PHILIPPI

Sewer Revenue Bonds, Series 2002
(West Virginia SRF Program)

CERTIFICATE OF REGISTRATION OF BONDS

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 Philippi (the "Issuer"), hereby certifies that on the date hereof, the single, fully registered Sewer Revenue Bonds, Series 2002 (West Virginia SRF Program), of the Issuer, dated November 12, 2002, in the principal amount of $1,162,700, numbered R-1, was registered as to principal only in the name of "West Virginia Water Development Authority" in the books of the Issuer kept for that purpose at our office, by a duly authorized officer on behalf of November 12, 2002, as Registrar.

WITNESS my signature on this 12th day of November, 2002.

HUNTINGTON NATIONAL BANK

By: _____
Its: Authorized Officer

10/04/02
700470.00002

THE CITY OF PHILIPPI

Sewer Revenue Bonds, Series 2002
(West Virginia SRF Program)

REGISTRAR'S AGREEMENT

THIS REGISTRAR'S AGREEMENT, dated as of the 12th day of November, 2002, by and between THE CITY OF PHILIPPI, a municipal corporation and political subdivision of the State of West Virginia (the "Issuer"), and HUNTINGTON NATIONAL BANK, Charleston, West Virginia (the "Registrar").

WHEREAS, the Issuer has, contemporaneously with the execution hereof, issued and sold its $1,162,700 Sewer Revenue Bonds, Series 2002 (West Virginia SRF Program), in fully registered form (the "Bonds"), pursuant to a Bond Ordinance of the Issuer duly enacted October 15, 2002, and a Supplemental Resolution of the Issuer duly adopted October 15, 2002 (collectively, the "Bond Legislation");

WHEREAS, capitalized words and terms used in this Registrar's Agreement and not otherwise defined herein shall have the respective meanings given them in the Bond Legislation, a copy of which is attached as EXHIBIT A hereto and incorporated herein by reference;

WHEREAS, the Bond Legislation provides for an appointment by the Issuer of a Registrar for the Bonds; and

WHEREAS, the Issuer desires to appoint, and by the Bond Legislation and this Registrar's Agreement does appoint, the Registrar to act as Registrar under the Bond Legislation and to take certain other actions hereinafter set forth;

NOW, THEREFORE, it is agreed by and between the parties hereto as follows:

1. Upon the execution of this Registrar's Agreement by the Issuer and the Registrar and during the term hereof, the Registrar does accept and shall have and carry out the powers and duties of Registrar for the Bonds, all as set forth in the Bond Legislation, such duties including, among other things, the duties to authenticate, register and deliver Bonds upon original issuance and when properly presented for exchange or transfer, and shall do so with the intention of maintaining the exemption of interest, if any, on the Bonds from

federal income taxation, in accordance with any rules and regulations promulgated by the United States Treasury Department or by the Municipal Securities Rulemaking Board or similar regulatory bodies as the Issuer advises it of and with generally accepted industry standards.

2. The Registrar agrees to furnish the Issuer with appropriate records of all transactions carried out by it as Registrar and to furnish the Issuer with the names and specimen signatures of the Registrar's authorized officers for the purposes of acting as the Registrar and with such other information and reports as the Issuer may from time to time reasonably require.

3. The Registrar shall have no responsibility or liability for any action taken by it at the specific direction of the Issuer.

4. As compensation for acting as Registrar pursuant to this Registrar's Agreement, the Issuer hereby agrees to pay to the Registrar the compensation for services rendered as provided in the annexed schedule.

5. It is intended that this Registrar's Agreement shall carry out and implement provisions of the Bond Legislation with respect to the Registrar. In the event of any conflict between the terms of this Registrar's Agreement and the Bond Legislation, the terms of the Bond Legislation shall govern.

6. The Issuer and the Registrar each warrants and represents that it is duly authorized and empowered to execute and enter into this Registrar's Agreement and that neither such execution nor the performance of its duties hereunder or under the Bond Legislation will violate any order, decree or agreement to which it is a party or by which it is bound.

7. This Registrar's Agreement may be terminated by either party upon 60 days' written notice sent by registered or certified mail to the other party, at the following respective addresses:

ISSUER: The City of Philippi
Post Office Box 460
Philippi, West Virginia 26416
Attention: Mayor

REGISTRAR: Huntington National Bank
One Huntington Square
Charleston, West Virginia 25301
Attention: Corporate Trust Department

8. The Registrar is hereby requested and authorized to authenticate and deliver the Bonds in accordance with the Bond Legislation.

9. This document may be executed in one or more counterparts each of which shall be deemed an original and all of which shall constitute but one and the same document.

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 PHILIPPI

Mayor

HUNTINGTON NATIONAL BANK

Authorized Officer

10/14/02
700470.00002

EXHIBIT A

Bond Legislation included in bond transcript as Documents No. 1 and No. 2

SCHEDULE OF COMPENSATION

(See attached)

Private Financial Group
900 Lee Street, 11th Floor
P. O. Box 3985
Charleston, West Virginia 25339-3985

Huntington

STATEMENT OF TRUSTEE'S FEES
Invoice Date November 13, 2002

The City of Phillippi Sewer Revenue Bond, Series 2002

The City of Phillippi
Sewer Revenue Bond, Series 2002
(West Virginia SRF Program)
c/o John C. Stump
Steptoe & Johnson, PLLC
P.O. Box 1588
Charleston, WV 25326-1588

SUMMARY OF ACCOUNT

FEE CALCULATION FOR 11/13/2002

TOTAL AMOUNT DUE FOR CURRENT PERIOD (See attached sheet for details)	$	
PREVIOUS BALANCE		500.00
TOTAL DUE	$	500.00

FEE INVOICES ARE PAYABLE WITHIN 30 DAYS. IF PAYMENT IS NOT RECEIVED, FEES WILL BE DEDUCTED FROM THE ACCOUNT
MAIL CHECK TO: HUNTINGTON NATIONAL BANK, ATTN: DEBRA BOWDEN, PO BOX 3985, CHARLESTON, WV 25339-3985

IF YOU HAVE ANY QUESTIONS, PLEASE CONTACT
Barry M. Griffith AT 304/348-5035.

NPDES Permit Modification

Division of Water Resources
1201 Greenbrier Street
Charleston, WV 25311-1088
Telephone: (304) 558-4086 or (304) 558-8855
Fax: (304) 558-5903

West Virginia Department of Environmental Protection

Bob Wise
Governor

Michael O. Callaghan
Secretary

December 7, 2001

Karen Weaver, City Manager
City of Philippi
P.O. Box 460
Philippi, WV 26416

CERTIFIED RETURN RECEIPT REQUESTED

Re: WV/NPDES Permit No. WV0021857
Modification No. 3

Dear Ms. Weaver:

This letter serves as Modification No. 3 of your existing WV/NPDES Water Pollution Control Permit No. WV0021857 issued the 13th day of July 1998.

After reviewing your permit and your application for Modification No. WV0021857-C dated the 4th day of October 2001, the above referenced permit is hereby modified as follows:

To acquire, construct, install, operate, and maintain a sewage collection system extension consisting of approximately 4,150 linear feet of eight (8) inch diameter gravity sewer line, two (2) lift stations, 3,750 linear feet of six (6) inch diameter force main, 1,115 linear feet of four (4) inch diameter force main, 222 linear feet of two (2) inch diameter force main, 32 manholes, all other necessary appurtenances, and also the replacement of an existing grinder lift station (Philippi Inn).

The new sewage collection system extension will serve the Philip Barbour High School, the Vocational Center, and approximately 10 residential and commercial customers along US Route 250.

The information submitted on and with Permit Modification Application No. WV0021857-C dated the 4th day of October 2001, along with the approvable plans and specifications reviewed by the Construction Assistance Branch, is all hereby made terms and conditions of this Permit with like effect as if all such permit modification application information was set forth herein.

CLOSING MEMORANDUM

To: **Financing Team**

From: **John C. Stump, Esquire**

Date: **November 12, 2002**

Re: **The City of Philippi Sewer Revenue Bonds, Series 2002 (West Virginia SRF Program)**

1. DISBURSEMENTS TO THE CITY OF PHILIPPI

A.
Payor:	West Virginia Department of Environmental Protection
Amount:	$159,629.00
Form:	Check
Payee:	The City of Philippi
Contact:	Rosalie Brodersen - 304.558.0637
Account:	Series 2002 Bonds Construction Trust Fund

B.
Payor:	West Virginia Infrastructure and Jobs Development Council
Amount:	$17,823
Form:	Wire Transfer
Payee:	The City of Philippi
Bank:	Bankers Bank of Kentucky
ABA #:	083901896
	For credit to: First Central Bank
	ABA #051504568
	Account #625544010

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

BOND CLOSING ATTENDANCE LIST

Date November 12, 2002 Time 10:00 a.m LGA City of Philippi Program CWSRF/IF Grant

NAME	COMPANY, AGENCY, OR ORGANIZATION	TELEPHONE	FAX	E-MAIL
Sammie L. Gee	Jackson Kelly PLLC	340-1319	340-1080	sgee@jacksonkelly.com
Gale Burdette	DEP	558-0637	558-3778	
Bernie Yonkosky	WV WDA	558-3612	558-0299	dyonkosky@wvwda.org
John Stump	Steptoe + Johnson	353-8196	353-8181	jstump@steptoe-johnson.com
Barbara B Meadows	WV Water Development Authority	558-3612	558-0299	bmeadows@wvwda.org
Douglas A. Olds	WV Water Development Authority	558-3612	558-0299	dolds@wvwda.org

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

Name Karen Weaver, City Manager Telephone 457-3700 E-Mail

Address 108 N. Main Street, P.O. Box 460 Philippi West Virginia 26416

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.

AGREEMENT

This agreement, made as of the 18th day of December, 2001, by and between the **CITY OF PHILIPPI**, a municipal corporation, and **CENTRAL BARBOUR PUBLIC SERVICE DISTRICT** (hereinafter referred to as "Central Barbour PSD"), a West Virginia public corporation.

WITNESSETH: THAT WHEREAS, the City of Philippi, a municipal corporation in accordance with the recommendation of the Sanitary Board of the City of Philippi, is currently acquiring, constructing, and establishing a sanitary sewer system extension known as the Philip Barbour High School Sanitary Sewer Extension (hereinafter referred to as "Extension"), in and through part of Barbour County, West Virginia, and will be engaged in supplying sanitary sewer service to the citizens and residents within its service area to include some residents of the Central Barbour Public Service District; and,

WHEREAS, the Central Barbour PSD, a public corporation, is the owner and operator of a water distribution system servicing central Barbour County, under the applicable Rules and Regulations of the Public Service Commission of West Virginia (hereinafter referred to as "P.S.C."); and,

WHEREAS, the City of Philippi has requested the Central Barbour PSD to provide it with certain information regarding water usage by providing, in writing, water reading information, and by allowing it to read Central Barbour PSD's meters, when necessary, so that the City of Philippi may bill its customers, and the City of Philippi further desires to obtain the assistance of the Central Barbour PSD in the collection of delinquent sewer fees; and,

WHEREAS, the Central Barbour PSD is required by law, at the request and direction of the City of Philippi and with the approval of the P.S.C., to terminate the supply of water from its

system to any customer or premises with regard to which the fees and charges for sewer service supplied thereto by the City of Philippi are delinquent; and,

WHEREAS, the Central Barbour PSD has and maintains water meters and is willing to cooperate and assist the City of Philippi in obtaining information necessary regarding sewage usage of its customers and in cooperating and assisting the City of Philippi in the collection of delinquent accounts, all upon the terms hereinafter set forth.

NOW, THEREFORE, in consideration of the sum of One Dollar ($1.00) and other good and valuable consideration, the receipt of which are hereby acknowledged, and the covenants and agreements hereinafter set forth, the parties hereto do hereby mutually covenant and agree as follows:

1. The Central Barbour PSD expressly agrees that the City of Philippi shall have the right and authority to supply any and all customers on or near the Extension route with sanitary sewer service, in accordance with the provisions of this Agreement as expressed herein. It is also understood and agreed that said sanitary sewer service may be expanded to include other customers along or near the Extension route between the City of Philippi and the Philip Barbour High School.

2. The Central Barbour PSD shall utilize its personnel and equipment to install and maintain meters and shall on a monthly basis provide the City of Philippi, in writing, a printout of water usage of each and every customer within the district of the Central Barbour PSD who utilizes sanitary sewer services from the City of Philippi by and through the Extension. Furthermore, the City of Philippi may read such meters to determine sewage usage amounts and information regarding the customers of the City of Philippi which are customers of the Central Barbour PSD, to enable the City of Philippi to render prompt bills to its customers for sewer

service fees and charges. The City of Philippi shall be responsible for rendering bills to its customers and for the collection of the bills for sewer fees and charges, except as hereinafter provided. Unless otherwise mutually agreed upon by the parties, any reading of Central Barbour PSD's meters by the City of Philippi shall be accomplished by an employee or representative of the Central Barbour PSD accompanying an employee or representative of the City of Philippi to read the necessary meters.

3. The Central Barbour PSD agrees that before water service is turned on to customers who have sanitary sewer service provided by City of Philippi, they will require written authorization from City of Philippi that customers have signed up for sewer service. Central Barbour PSD agrees to advise City of Philippi of meter changes, leak adjustments, final and initial bills and meter tests in this area.

4. Upon receipt by the Central Barbour PSD of a written request by the City of Philippi for termination of water service to a specified customer or premises with regard to which the fees and charges for sewer service provided by the City of Philippi have not been paid for a period of not less than forty (40) days from the due date thereof, the Central Barbour PSD will, within three (3) regular working days following receipt of said written request, and except as otherwise provided below, discontinue the supply of water from its system to such customer or premises until it is advised in writing by the City of Philippi either that (i) all delinquent fees (for which the customer's water service may be terminated under this Agreement), together with any interest thereon or other permissible fees or charges pertaining thereto, have been paid, or (ii) a satisfactory payment plan has been initiated pursuant to Rule 4.08 of the P.S.C.'s Rules and Regulations for the Government of Water Utilities, or (iii) until the City of Philippi otherwise directs. It is expressly understood and agreed that the three (3) day termination response period

set forth above may be extended at the sole discretion of the Central Barbour PSD to maximum of six (6) days when and if necessary due to a large number of termination requests or for other scheduling problems. The Central Barbour PSD shall not terminate water service to any customer or premises pursuant to this Agreement (i) prior to the expiration of the notice period required by the terms of Rule 4.08 (1) of the P.S.C.. Rules and Regulations for the Government of Water Utilities, or (ii) on a Friday, Saturday, Sunday, or day prior to legal holiday or if an emergency exists. All disconnections of water service shall be performed between the hours 8:00 a.m. and 4:00 p.m. Any disconnection of water service must comply with all rules, regulations, and orders of the P.S.C.;

5. The City of Philippi shall pay to the Central Barbour PSD, within thirty (30) days after delivery of the aforesaid written request for discontinuance of water service, a disconnection fee for each water service terminated, said fee to be in the amount of Twenty Dollars ($20.00). The Central Barbour PSD will upon request by the City of Philippi reconnect the customer as soon as possible and no later than the next working day following the receipt of the request. It is understood and agreed that the aforesaid fees for termination and restoration of water services shall automatically increase without any further notice or action by the Central Barbour PSD, upon an increase in such corresponding fees as may now or hereafter be approved by the P.S. C. and set forth in the Central Barbour PSD's tariffs. The customer shall reimburse the City of Philippi for any reconnecting fees, or other costs previously paid by the City of Philippi with regard to such customer, provided said customer is notified in writing pursuant to P.S.C. rules that in the event water service is terminated, the customer will be responsible for such fees charged to the City of Philippi by the Central Barbour PSD and that these fees and charges be specifically expressed in the termination notice.

6. The aforesaid written request from the City of Philippi to the Central Barbour PSD for termination of water service shall contain the following information:

(a) That the delinquent sewer fees upon which the City of Philippi's request for termination of water service is based were incurred by the present occupant of the premises or a member of the same household or that someone other than the occupant of the premises is liable for the payment of the delinquent sewer fees, such as an owner of real property or a landlord, pursuant to West Virginia Code 8-18-23; and,

(b) That the City of Philippi has given written notice to one or more persons liable for the payment of the delinquent sewer fees and charges, pursuant to the P.S.C.'s Rules and Regulations, of the City of Philippi's intention to request termination of water service, a copy of which notice shall be attached to the written request for termination of water service.

7. The Central Barbour PSD shall not be liable for any loss, damage, or other claim asserted by the owner or occupant of the premises, the City of Philippi's customer, the Central Barbour PSD's customer, or any other person or corporation, including the City of Philippi, based on or arising out of the termination of such supply of water, and the City of Philippi does hereby indemnify and hold harmless the Central Barbour PSD, its agents, officers, servants, and employees, from any such loss, damage, or claim, except to the extent that any such loss, damage, or claim, or any portion thereof, is the result of the negligence, omissions, or willful acts of the Central Barbour PSD, its agents, officers, servants, and employees. In this regard, the City of Philippi and the Central Barbour PSD further agree as follows:

(a) The City of Philippi shall provide the Central Barbour PSD the number of a working telephone to which customer inquiries resulting from termination of water service at the request of the City of Philippi for delinquent sewer bills may be referred.

The City of Philippi shall be responsible for promptly answering all complaints, either verbal or written, lodged with the P.S.C., or received by or directed to the Central Barbour PSD, due to termination of water service at the request of the City of Philippi for delinquent sewer bills. The Central Barbour PSD shall promptly forward any such complaints received by it to the City of Philippi.

8. This agreement shall become effective upon execution hereof by both parties and shall continue thereafter for a period of one (1) year and shall automatically be renewed for like successive periods unless and until terminated as hereinafter provided. This Agreement may be terminated at any time by order of the P.S.C. or by either party hereto upon written notice in the event of legislative enactments, court rulings, or administrative rulings which render all or any of the terms hereof null, void, or unenforceable. It is also understood and agreed by and between the parties hereto that this Agreement shall be submitted to the P.S.C. for approval, as required by law.

9. It is understood and agreed by and between the parties hereto that the Central Barbour PSD may be required to comply with any existing or future regulations of the P.S.C. relating to notice of termination of service, in addition to any other notice that might be required under this contract or any applicable statute or ordinance. It is further understood and agreed by the parties hereto that the Central Barbour PSD is under no obligation to the City of Philippi to investigate,

verify, or make any inquiry regarding any notice submitted to the Central Barbour PSD by the City of Philippi.

10. The City of Philippi shall compensate the Central Barbour PSD fifty dollars ($50.00) per month to cover costs incurred by the Central Barbour PSD concerning the Extension. Said compensation shall be accepted and considered by both parties as payment in full of all costs incurred by Central Barbour PSD concerning the Extension as long as the number of customers utilizing the Extension does not exceed fifteen (15). If the number of customers utilizing the Extension exceeds fifteen (15), then in that event, the parties may renegotiate the amount of the monthly compensation to the Central Barbour PSD.

11. The City of Philippi shall deliver all written request, statements, fees, notices, and other documents or payments called for or permitted by the terms of this Agreement to the Central Barbour PSD at the following address: Central Barbour PSD, Rt. 4, Box 246, Philippi, WV 26416.

12. The Central Barbour PSD shall deliver all statements, notices, written request, billing information, and other documents called for or permitted by the terms of this Agreement to the City of Philippi at the following address: City of Philippi, P.O. Box 460, Philippi, WV 26416.

13. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Upon execution by both parties hereto, one counterpart of this Agreement shall be filed with the P.S.C. by the City of Philippi.

IN WITNESS WHEREOF, the parties have executed or caused to be executed by their duly authorized officials, this Agreement in duplicate, as of the day and year first above written.

THE CITY OF PHILIPPI, a municipal corporation

By: Caton N. Hill Jr.
HONORABLE CATON N. HILL, JR.

Its: Mayor

ATTEST:

Tammy R Stemple

Title: City Clerk

CENTRAL BARBOUR PUBLIC SERVICE DISTRICT, a Public corporation

By: Stewart Jones

Its: Chairman

ATTEST:

Becky Bucner

Title: Secretary

THE CITY OF PHILIPPI

SEWER REVENUE BONDS, SERIES 1987 A AND SERIES 1987 B
and
SEWERAGE SYSTEM
INTERIM CONSTRUCTION FINANCING

BOND AND NOTES ORDINANCE

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11/11/87
PHISB2-B

THE CITY OF PHILIPPI

ORDINANCE

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF PUBLIC SEWERAGE FACILITIES OF THE CITY OF PHILIPPI AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE CITY OF NOT MORE THAN $360,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 1987 A, NOT MORE THAN $90,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 1987 B, AND NOT MORE THAN $1,800,000 INTERIM CONSTRUCTION FINANCING, CONSISTING OF GRANT ANTICIPATION NOTES OR A LINE OF CREDIT EVIDENCED BY NOTES OR BOTH; PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS AND NOTES; AUTHORIZING EXECUTION AND DELIVERY OF A TRUST INDENTURE SECURING THE NOTES; APPROVING AND RATIFYING A LOAN AGREEMENT AND SUPPLEMENTAL LOAN AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND NOTES AND ADOPTING OTHER PROVISIONS RELATING THERETO.

BE IT ORDAINED AND ENACTED BY THE COMMON COUNCIL OF THE CITY OF PHILIPPI:

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 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.

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

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

B. The Issuer now owns and operates a public sewage treatment, collection and transportation system. It is deemed, however, necessary and desirable for the health and welfare of the inhabitants of the Issuer that there be acquired and constructed certain improvements for such existing sewerage facilities of the Issuer (the "Project") (existing public sewage treatment, collection and transportation system, the Project and any further additions thereto or extensions thereof is herein called the "System") at an estimated cost of $3,366,219, in accordance with the plans and specifications prepared by the Consulting Engineers, which plans and specifications have heretofore been filed with the Issuer.

C. The estimated revenues to be derived in each year after completion of the Project from the operation of the System will be sufficient to pay all the costs of the operation and maintenance of said System, the principal of and interest on the Bonds (as hereinafter defined) and the 1962 Bonds (as hereinafter defined), all Sinking Fund, Reserve Account and other payments provided for herein and in the 1962 Ordinance (hereinafter defined).

D. It is deemed necessary for the Issuer to issue its Sewer Revenue Bonds in the total aggregate principal amount of not more than $450,000 in two series, being the Series 1987 A Bonds in the aggregate principal amount of not more than $360,000, and the Series 1987 B Bonds in the aggregate principal amount of not more than $90,000 (collectively, the "Bonds"), and (at the option of the Issuer) to issue contemporaneously therewith, or as soon thereafter as deemed practicable by the Issuer, its sewerage system grant anticipation notes, or a note or notes evidencing a line of credit, or both (collectively, the "Notes") in the aggregate principal amount of not more than $1,800,000 to temporarily finance costs of construction and acquisition of the Project. Said costs shall be deemed to include the cost of all property rights, easements and franchises deemed necessary or convenient therefor; interest upon the Notes during the term thereof and upon the Bonds prior to and during construction or acquisition and for 6 months after completion of construction of the Project; amounts which may be deposited in the Reserve Accounts; 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 expenses, commitment fees, fees and expenses of the Authority (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 Bonds and Notes; and such other

expenses as may be necessary or incidental to the financing herein authorized, the construction or acquisition of the Project and the placing of same in operation, and the performance of the things herein required or permitted, in connection with any thereof, including, without limitation, with respect to the Notes, any fees for the providing of a letter of credit, as hereinafter described, and any costs of obtaining insurance thereon; provided, that reimbursement to the Issuer for any amounts expended by it for allowable costs prior to the issuance of the Bonds or Notes 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 Original Bonds (as hereinafter defined) be sold to the Authority (as hereinafter defined) pursuant to the terms and provisions of a loan agreement and a supplemental loan agreement (collectively, the "Loan Agreement") both dated September 23, 1987, entered into between the Issuer and the Authority, in form satisfactory to the Issuer and the Authority, and attached hereto as "Exhibit A," and made a part hereof.

G. There are outstanding obligations of the Issuer which will rank on a parity with the Series 1987 A Bonds and senior and prior to the Series 1987 B Bonds as to lien, pledge and source of and security for payment, being the Issuer's Sewer Revenue Refunding and Improvement Bonds dated April 1, 1962, issued in the original aggregate principal amount of $370,000 (the "1962 Bonds"). The Series 1987 B Bonds shall be junior and subordinate to both the 1962 Bonds and the Series 1987 A Bonds as set forth herein. The Notes, if issued, will not be payable from the Net Revenues, but shall be payable from Grant Receipts, Surplus Revenues and proceeds of a letter of credit, if any, all as shall be set forth in the Indenture or the Supplemental Resolution authorizing the Notes. Other than the 1962 Bonds, there are no outstanding obligations which will rank prior to or on a parity with the Bonds as to lien, pledge and/or source of and security for payment. The Issuer is not in default under the terms of the 1962 Bonds or the 1962 Ordinance and has complied with the terms thereof with respect to the issuance of the Bonds, or will have so complied prior to issuance of the Bonds, including, without limitation, the requirement that there be procured and filed with the City Clerk a statement by an independent certified accountant not in the regular employ of the Issuer on a monthly salary basis reciting the opinion based upon the necessary investigation that the net operating income and revenues of the System for 12 consecutive months out of the preceding 18 months was equal to at least 1.30 times the maximum amount of principal and

interest that will become due in any calendar year on account of the 1962 Bonds outstanding and the Series 1987 A Bonds proposed to be issued, determined in accordance with the 1962 Ordinance.

H. 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 and the issuance of the Bonds and the Notes, or will have so complied prior to issuance of any thereof, including, among other things, the obtaining of a Certificate of Convenience and Necessity from the Public Service Commission of West Virginia by final order, the time for rehearing and appeal of which have expired.

I. The Issuer is a governmental unit which has general taxing powers to finance operations of or facilities of the nature of the System, and the Issuer, all subordinate entities, all entities which issue obligations on behalf of the Issuer, and all entities formed or, to the extent provided under Section 148 of the Code, herein defined, availed of, to avoid the purposes of Section 148(f)(4)(C) of the Code and all other entities benefiting thereby, reasonably expect to issue less than $5,000,000 aggregate principal amount of tax-exempt obligations during the calendar year in which the Bonds are to be issued.

J. The Sanitary Board of the Issuer has presented a petition to the Issuer for enactment of the Bond Legislation.

Section 1.03. Bond Legislation Constitutes Contract. In consideration of the acceptance of the Bonds and the Notes 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 such Noteholders, 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 Bonds and Notes, respectively, 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 between any one Note and any other Note, by reason of priority of issuance or otherwise, except as expressly provided therein and herein.

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

"Act" means Chapter 16, Article 13 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 of the Original Bonds, or any other agency of the State of West Virginia that succeeds to the functions of the Authority.

"Authorized Officer" means the Mayor of the Issuer or any acting Mayor duly appointed by the Governing Body.

"Bond Construction Trust Fund" means the Bond Construction Trust Fund established by Section 5.01 hereof.

"Bondholder," "Holder of the Bonds," "Holder" 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 and Notes Ordinance" or "Local Act" means this Bond and Notes Ordinance and all ordinances, orders and resolutions supplemental hereto or amendatory hereof.

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

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

"Bonds" means the Original Bonds, and any bonds on a parity therewith authorized to be issued hereunder.

"1962 Bonds" means the Issuer's Sewer Revenue Refunding and Improvement Bonds dated April 1, 1962, issued in the aggregate principal amount of $370,000.

"City Clerk" or "Recorder" means the City Clerk of the Issuer.

"Closing Date" means the date upon which there is an exchange of the Bonds for the proceeds representing the purchase of the Bonds by the Authority as the first purchaser of the Bonds from the Issuer.

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

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

"Consulting Engineers" means Kelley, Gidley, Blair & Wolfe, Inc., Charleston, West Virginia, or any engineer or firm of engineers that shall at any time hereafter be retained by the Issuer as Consulting Engineers for the System.

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

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

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

"Eligible Costs" means Costs of the Project which are reimbursable in full on a dollar-for-dollar basis from EPA Grant Receipts, the total of which are equal in amount to the EPA Grant.

"EPA" means the United States Environmental Protection Agency and any successor to the functions of the EPA.

"EPA Grant" means the grant from the EPA pursuant to the commitment therefor.

"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 common council of the Issuer, as may hereafter be constituted.

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

"Grant Agreement" means a written commitment for the payment of the EPA Grant or any of the Other Grants, specifying the amount of such Grant, the terms and conditions upon which such Grant is made and the date or dates or event or events upon which Grant is

to be paid to the Issuer; provided that, "EPA Grant Agreement" means only the Grant Agreement relating to the EPA Grant and "Other Grant Agreements" means only those Grant Agreements relating to the Other Grants.

"Grant Receipts" means all moneys received by the Issuer on account of any Grant after the date of issuance of the Notes; provided that "EPA Grant Receipts" means only Grant Receipts on account of the EPA Grant, and "Other Grant Receipts" means only Grant Receipts on account of any or all of the Other Grants.

"Grants" means, collectively, the EPA Grant and the Other Grants, as hereinafter defined.

"Gross Proceeds" means the sum of the following amounts:

(i) Original proceeds, namely, net amounts received by or for the Issuer as a result of the sale of the Bonds, excluding original proceeds which become transferred proceeds (determined in accordance with applicable Regulations) of obligations issued to refund in whole or in part the Bonds;

(ii) Investment proceeds, namely, amounts received at any time by or for the Issuer, such as interest and dividends, resulting from the investment of any original proceeds (as referenced in clause (i) above) or investment proceeds (as referenced in this clause (ii)) in Nonpurpose Investments, increased by any profits and decreased (if necessary, below zero) by any losses on such investments, excluding investment proceeds which become transferred proceeds (determined in accordance with applicable Regulations) of obligations issued to refund in whole or in part the Bonds;

(iii) Transferred proceeds, namely, original proceeds of any prior obligations, and interest earnings and profits less losses resulting from investment of such original proceeds in Nonpurpose Investments, which are deemed to become proceeds of the Bonds ratably as original proceeds of the Bonds, and interest earnings and profits resulting from investment of such original proceeds in Nonpurpose Investments, discharge the outstanding principal of such

prior obligations, all on the date of such ratable discharge;

(iv) Sinking fund proceeds, namely, amounts, other than original proceeds, investment proceeds or transferred proceeds (as referenced in clauses (i) through (iii) above) of the Bonds, which are held in any fund to the extent that the Issuer reasonably expects to use such other fund to pay Debt Service;

(v) Amounts in the Reserve Accounts and in any other fund established as a reasonably required reserve or replacement fund;

(vi) Investment Property pledged as security for payment of Debt Service on the Bonds by the Issuer;

(vii) Amounts, other than as specified in this definition, used to pay Debt Service on the Bonds; and

(viii) Amounts received as a result of investing amounts described in this definition.

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

"Indenture" or "Trust Indenture" means the Trust Indenture which may be entered into between the Issuer and the Trustee relating to the Notes and all supplements or amendments thereto.

"Independent Certified Public Accountants" shall mean any certified public accountant or firm of certified public accountants that shall at any time hereafter be retained by the Issuer to prepare an independent annual or special audit of the accounts of

the System or for any other purpose except keeping the accounts of the System in the normal operation of its business and affairs.

"Investment Property" means any security (as said term is defined in Section 165(g)(2)(A) or (B) of the Code), obligation, annuity contract or investment-type property, excluding, however, obligations the interest on which is excluded from gross income, under Section 103 of the Code, for federal income tax purposes.

"Issuer" means The City of Philippi, in Barbour County, West Virginia, and, unless the context clearly indicates otherwise, includes the Governing Body of the Issuer.

"Loan Agreement" shall mean, collectively, the Loan Agreement and the Supplemental Loan Agreement, both dated September 23, 1987, heretofore entered into between the Authority and the Issuer providing for the purchase of the Original Bonds from the Issuer by the Authority, the forms of which have been, and are hereby, approved, ratified and confirmed, and the execution and delivery by the Issuer have been, and are hereby, approved, ratified and confirmed, by this Ordinance or a resolution adopted by the Issuer prior to the adoption of this Ordinance.

"Mayor" means the Mayor of the Issuer.

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

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

"Nonpurpose Investment" means any Investment Property which is acquired with the Gross Proceeds of the Bonds and is not acquired in order to carry out the governmental purpose of the Bonds.

"Noteholder," "Holder of the Notes" or any similar term means the person, whenever used herein with respect to an outstanding Note or Notes, in whose name such Note is registered.

"Notes" or "GAN" means collectively, the not more than $1,800,000 in aggregate principal amount of Sewerage System Grant Anticipation Notes, originally authorized hereby, or the not more

than $1,800,000 in aggregate principal amount of a note or notes evidencing a line of credit originally authorized hereby, and unless the context clearly indicates otherwise, the terms "Notes" or "GAN" includes any refunding Notes or GAN of the Issuer.

"Notes Construction Trust Fund" means the Notes Construction Trust Fund which may be established by the Indenture.

"Notes Debt Service Fund" means the Notes Debt Service Fund which may be established by the Indenture.

"Notes Registrar" means the bank to be designated as such in the Indenture or the Supplemental Resolution and its successors and assigns.

"Operating Expenses" means the reasonable, proper and necessary costs and expenses of repair, maintenance and operation of the System and includes, without limiting the generality of the foregoing, administrative, engineering, legal, auditing and insurance expenses, other than those capitalized as part of the Costs, fees and expenses of the Authority, fiscal agents, the Depository Bank, Registrar, Paying Agent and the Trustee (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 or Notes, charges for depreciation, losses from the sale or other disposition of, or from any decrease in the value of, capital assets, amortization of debt discount or such miscellaneous deductions as are applicable to prior accounting periods.

"Operation and Maintenance Fund" shall mean the Operation and Maintenance Fund continued pursuant to Section 5.01 hereof.

"1962 Ordinance" means the Ordinance of the Issuer finally enacted March 13, 1962, pursuant to which the 1962 Bonds were issued.

"Original Bonds," "Bonds originally authorized hereby" or similar phrases mean, collectively, the not more than $360,000 in aggregate principal amount of Series 1987 A Bonds and the not more than $90,000 in aggregate principal amount of Series 1987 B Bonds, issued for the purpose of paying a portion of the Costs of the Project and for such other purposes permitted and authorized by this Bond Legislation.

"Original Notes Purchaser" means, in the event grant anticipation notes are issued, the original purchaser of the Notes as shall be named in a resolution supplemental hereto, and, in the event a note or notes evidencing a line of credit are issued, such bank or banks as shall be named in a resolution supplemental hereto.

"Other Grants" means, collectively, the grant from the Department of Housing and Urban Development (Small Cities Block Grant through the State of West Virginia) and the grant from the Federal Emergency Management Agency, together with any other grant hereafter received by the Issuer to aid in financing any Costs.

"Outstanding," when used with reference to Bonds or Notes and as of any particular date, describes all Bonds theretofore and thereupon being authenticated and delivered or all Notes theretofore and thereupon being authenticated and delivered except (i) any Bond or Note cancelled by the Bond Registrar, or Notes Registrar, at or prior to said date; (ii) any Bond or Note for the payment of which moneys, equal to its principal amount, with interest to the date of maturity, shall be held in trust hereunder or under the Indenture, as applicable, and set aside for such payment (whether upon or prior to maturity); (iii) any Bond or Note deemed to have been paid as provided in Article X hereof or the Indenture, as applicable; and (iv) for purposes of consents or other action by a specified percentage of Bondholders or Noteholders, any Bonds or Notes 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 bank or banks or other entity designated as such for the Bonds and/or the Notes in the Indenture and/or in the Supplemental Resolution or such entity or authority as may be designated by the Issuer.

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

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

"Project" means the acquisition and construction of a new wastewater treatment plant, an interceptor and 2,660 linear feet of 15-inch line, 1,030 linear feet of 10-inch line, 2,000 linear feet of 8-inch line, 28 manholes and all necessary appurtenances.

"Purchase Price," for the purpose of computation of the Yield of the Bonds, has the same meaning as the term "issue price" in Sections 1273(b) and 1274 of the Code, and, in general, means the initial offering price of the Bonds to the public (not including bond houses and brokers, or similar persons or organizations acting in the capacity of underwriters or wholesalers) at which price a substantial amount of the Bonds of each maturity is sold or, if the Bonds are privately placed, the price paid by the first buyer of the Bonds or the acquisition cost of the first buyer.

"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 Investment Agreement which, in the event Notes are issued, may be entered into by and between the Trustee and the bank designated as "Investment Bank" in the Supplemental Resolution;

(i) 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

(j) Obligations of States or political subdivisions or agencies thereof, the interest on which is exempt from federal income taxation, and which are rated at least "A" by Moody's Investors Service or Standard & Poor's Corporation.

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

"Registrar" means, as appropriate, either the Bond Registrar or the Notes Registrar or both.

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

"Renewal and Replacement Fund" means the Renewal and Replacement Fund established by Section 5.01 hereof.

"Reserve Fund" means the Reserve Fund continued pursuant to Section 5.01 hereof.

"Restricted Yield Series 1987 A Bonds Reserve Account" means the Restricted Yield Series 1987 A Bonds Reserve Account established as a subaccount within the Series 1987 A Bonds Reserve Account in the Series 1987 A Bonds Sinking Fund established pursuant to Section 5.02 hereof.

"Revenue Fund" means the Sewer Revenue Fund continued pursuant to Section 5.01 hereof.

"Sanitary Board" means the Sanitary Board of the Issuer heretofore established by ordinance duly enacted by the Issuer and any successors to the function thereof.

"Series 1987 A Bonds" or "Series A Bonds" means the not more than $360,000 in aggregate principal amount of Sewer Revenue Bonds, Series 1987 A, of the Issuer.

"Series 1987 A Bonds Reserve Account" means the Series 1987 A Bonds Reserve Account established as a subaccount

within the Series 1987 A Bonds Sinking Fund pursuant to Section 5.02 hereof.

"Series 1987 A Bonds Reserve Requirement" means, as of any date of calculation, two times the maximum amount of principal and interest which will become due on the Series 1987 A Bonds in any year so long as the 1962 Bonds are outstanding and thereafter means, as of any date of calculation, the maximum amount of principal and interest which will become due on the Series 1987 A Bonds in any year.

"Series 1987 A Bonds Sinking Fund" means the Series 1987 A Sinking Fund established as an account within the Sewer Revenue Bond Interest and Sinking Fund by Section 5.02 hereof.

"Series 1987 B Bonds" or "Series B Bonds" means the not more than $90,000 in aggregate principal amount of Sewer Revenue Bonds, Series 1987 B, of the Issuer.

"Series 1987 B Bonds Reserve Account" means the Series 1987 B Bonds Reserve Account established in the Series 1987 B Bonds Sinking Fund pursuant to Section 5.02 hereof.

"Series 1987 B Bonds Reserve Requirement" means, as of the date of calculation, the maximum amount of principal which will become due on the Series 1987 B Bonds in any year.

"Series 1987 B Bonds Sinking Fund" means the Series 1987 B Bonds Sinking Fund established by Section 5.02 hereof.

"Sewer Revenue Bond Interest and Sinking Fund" means the Sewer Revenue Bond Interest and Sinking Fund continued pursuant to Section 5.02 hereof.

"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 either or both of the supplemental resolutions authorizing the sale of the Notes or the Original Bonds, as appropriate; provided, that any matter intended by this Ordinance to be included in the Supplemental Resolution with respect to the Notes or the Original Bonds, as the case may be, and not so included may be included in another Supplemental Resolution.

"Surplus Revenues" means the Net Revenues not required by the 1962 Ordinance so long as the 1962 Bonds shall be outstanding and this Bond Legislation to be set aside and held for the payment

of or security for the 1962 Bonds, the Bonds or any other obligations of the Issuer, including the Renewal and Replacement Fund, the Reserve Accounts and all other sinking funds, reserve accounts, depreciation funds or any similar funds or accounts relating to the 1962 Bonds, the proceeds of which Bonds or other obligations are to be used to pay Costs of the Project.

"System" means the works for the collection, treatment, purification and disposal of liquid or solid wastes, sewage or industrial wastes, owned by the Issuer and under the supervision and control of the Sanitary Board of the Issuer, and any improvements, additions or extensions thereto hereafter constructed or acquired from any sources whatsoever, and includes the Project.

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

"Trustee" means the banking institution designated as trustee for the Noteholders under the Indenture, if any, its successors and assigns.

"Unrestricted Yield Series 1987 A Bonds Reserve Account" means the Unrestricted Yield Series 1987 A Bonds Reserve Account established as a subaccount within the Series 1987 A Bonds Reserve Account in the Series 1987 A Bonds Sinking Fund established pursuant to Section 5.02 hereof.

"Yield" means that yield which, when used in computing the present worth of all payments of principal and interest on the Bonds, produces an amount equal to the Purchase Price of the Bonds, all computed as prescribed in applicable Regulations.

Words importing singular number shall include the plural number in each case and vice versa; words importing persons shall include firms and corporations; words importing the masculine, feminine or neutral gender shall include any other gender; and any reference to funds or accounts hereunder shall include the subaccounts established hereby, unless the context otherwise requires.

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 $3,366,219, 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 Notes and the Bonds hereby authorized shall be applied as provided in the Indenture, if any, and Article VI hereof, respectively.

ARTICLE III

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

Section 3.01. Authorization of Bonds. For the purposes of capitalizing interest on the Series 1987 A Bonds, funding a reserve account (as herein set forth) for each series of Original Bonds, paying Costs of the Project not otherwise provided for and paying certain costs of issuance and related costs, or any one or more of such purposes, there shall be issued negotiable Original Bonds of the Issuer, in an aggregate principal amount of not more than $450,000. Said Bonds shall be issued in two series, to be designated respectively, "Sewer Revenue Bonds, Series 1987 A," in the aggregate principal amount of not more than $360,000, and "Sewer Revenue Bonds, Series 1987 B," in the aggregate principal amount of not more than $90,000, and shall have such terms as set forth hereinafter and in the Supplemental Resolution. Such Bonds shall be issued contemporaneously with or prior to issuance of the Notes, if any. The proceeds of the Bonds remaining after funding of the Reserve Accounts (if funded from Bond proceeds) and capitalization of interest, if any, shall be deposited in the Bond Construction Trust Fund established by Section 5.01 hereof.

Section 3.02. Terms of Bonds. The Bonds shall bear interest at such rate or rates, not exceeding the then legal maximum, payable semiannually on such dates; shall mature on such dates and in such amounts; and shall be redeemable, in whole or in part, all as the Issuer shall prescribe in a Supplemental Resolution. The Bonds shall be payable as to principal at the office of the Paying Agent, in any coin or currency which, on the dates of payment of principal is legal tender for the payment of public or private debts under the laws of the United States of America. Interest on the Bonds shall be paid by check or draft of the Paying Agent 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 Original Bonds shall be issued in the form of a single bond for each series, fully registered to the Authority, with a debt service schedule attached, representing the aggregate principal amount of each series, and shall mature in principal installments, all as provided in the Supplemental Resolution. The Bonds of each series shall be exchangeable at the option and expense of the Holder for other fully registered Bonds of the same series in aggregate principal amount equal to the amount of said Bonds then Outstanding

and being exchanged, with principal installments or maturities, as applicable, corresponding to the dates of payment of principal installments of said Bonds; provided, that the Authority shall not be obligated to pay any expenses of such exchange.

Subsequent series of Bonds, if any, shall be issued in fully registered form and in denominations as determined by a Supplemental Resolution. The Bonds shall be dated as of the date specified in a Supplemental Resolution and shall bear interest from such date.

Section 3.03. Execution of Bonds. The Bonds shall be executed in the name of the Issuer by the Mayor, and the seal of the Issuer shall be affixed thereto or imprinted thereon and attested by the City Clerk. In case any one or more of the officers who shall have signed or sealed any of the Bonds shall cease to be such officer of the Issuer before the Bonds so signed and sealed have been actually sold and delivered, such Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bonds had not ceased to hold such office. Any Bonds may be signed and sealed on behalf of the Issuer by such person as at the actual time of the execution of such Bonds shall hold the proper office in the Issuer, although at the date of such Bonds such person may not have held such office or may not have been so authorized.

Section 3.04. Authentication and Registration. No 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 forms set forth in Section 3.09, shall have been manually executed by the Bond Registrar. Any such executed Certificate of Authentication and Registration upon any such Bond shall be conclusive evidence that such Bond has been authenticated, registered and delivered under this Bond Legislation. The Certificate of Authentication and Registration on any Bond shall be deemed to have been executed by the Bond Registrar if manually signed by an authorized officer of the Bond Registrar, but it shall not be necessary that the same officer sign the Certificate of Authentication and Registration on all of the Bonds issued hereunder.

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

incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder shall further be conclusively deemed to have agreed that said Bonds shall be incontestable in the hands of a bona fide holder for value.

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

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

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

Section 3.06. Bonds Mutilated, Destroyed, Stolen or Lost. In case any Bond shall become mutilated or be destroyed, stolen or lost, the Issuer may, in its discretion, issue, and the Bond Registrar shall, if so advised by the Issuer, authenticate and deliver, a new Bond of the same series and of like tenor as the Bonds so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond, upon surrender and cancellation of such mutilated Bond, or in lieu of and substitution for the Bond destroyed, stolen or lost, and upon the Holder's furnishing satisfactory indemnity and complying with such other reasonable regulations and conditions as the Issuer may prescribe and paying such expenses as the Issuer and the Bond Registrar may incur. All Bonds so surrendered shall be cancelled by the Bond Registrar and held for the account of the Issuer. If any such Bond

shall have matured or be about to mature, instead of issuing a substitute Bond, the Issuer may pay the same, upon being indemnified as aforesaid, and if such Bond be lost, stolen or destroyed, without surrender thereof.

Section 3.07. Bonds not to be Indebtedness of the Issuer. The Bonds shall not, in any event, be or constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provision or limitation, but shall be payable solely from the Net Revenues derived from the operation of the System as herein provided, amounts, if any, in the respective Reserve Accounts and other sources therefor as hereinafter set forth. No holder or holders of any of the Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Bonds or the interest thereon.

Section 3.08. Bonds Secured by Pledge of Net Revenues; Series 1987 B Bonds to be Junior and Subordinate to 1962 Bonds and Series 1987 A Bonds. The payment of the debt service of all the Series 1987 A Bonds shall be secured forthwith equally and ratably with each other, by a lien on the Net Revenues derived from the System on a parity with the lien thereon in favor of the holders of the 1962 Bonds. The payment of the debt service of all the Series 1987 B Bonds shall also be secured forthwith equally and ratably with each other by a lien on the Net Revenues derived from the System, but junior and subordinate to the lien on such Net Revenues in favor of both the holders of the 1962 Bonds and the Holders of the Series 1987 A Bonds. Such Net Revenues in an amount sufficient to pay the principal of and interest on and other payments for the Bonds and to make the payments into the Sinking Funds, the Reserve Accounts therein and the Renewal and Replacement Fund hereinafter established, are hereby irrevocably pledged to the payment of the principal of and interest on the Bonds as the same become due, on a parity with the pledge in favor of the holders of the 1962 Bonds with respect to the Series 1987 A Bonds and junior and subordinate to the pledge in favor of the holders of the 1962 Bonds with respect to the Series 1987 B Bonds.

Section 3.09. Form of Original Bonds. The text of the 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:

[Form of Series 1987 A Bond]

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE CITY OF PHILIPPI
SEWER REVENUE BOND, SERIES 1987 A

No. AR-____ $_____

KNOW ALL MEN BY THESE PRESENTS: That THE CITY OF PHILIPPI, a municipal corporation and political subdivision of the State of West Virginia in Barbour 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 _____ ($_____), in installments on April 1 of each year as set forth on the "Schedule of Annual Debt Service" attached as Exhibit A hereto and incorporated herein by reference with interest on each installment at the rate per annum set forth on said Exhibit A.

The interest rate on each installment shall run from the original date of delivery of this Bond to the Authority and payment therefor, and until payment of such installment, and such interest shall be payable on April 1 and October 1 in each year, beginning _____ 1, 19____. Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent"). The interest on this Bond is payable by check or draft of the Paying Agent mailed to the registered owner hereof at the address as it appears on the books of One Valley Bank, National Association, Charleston, West Virginia, as registrar (the "Registrar") on the 15th day of the month next preceding an interest payment date, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner hereof.

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority, and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement between the Issuer and the Authority, dated _____, 198__.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain improvements to the existing sewage [treatment, collection and transportation] facilities of the Issuer (the "Project"); (ii) [to pay interest on the Bonds of this series] (the "Bonds") during the construction of the Project and for approximately _____ months thereafter; (iii) [to fund a reserve account for the Bonds]; and (iv) to pay certain costs of issuance hereof and related costs. This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13 of the West Virginia Code of 1931, as amended (the "Act"), and an Ordinance and Supplemental Resolution, duly enacted and adopted, respectively, by the Issuer on _____, 1987 (collectively called the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

This Bond is issued contemporaneously with the Sewer Revenue Bonds, Series 1987 B, of the Issuer (the "Series 1987 B Bonds"), issued in the aggregate principal amount of $_____, which Series 1987 B Bonds are junior and subordinate with respect to liens and sources of and security for payment to the Bonds.

THIS BOND IS ON A PARITY WITH RESPECT TO LIENS, PLEDGES AND SOURCE OF AND SECURITY FOR PAYMENT WITH THE ISSUER'S OUTSTANDING SEWER REVENUE REFUNDING AND IMPROVEMENT BONDS DATED APRIL 1, 1962 (THE "1962 BONDS"), ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $370,000 AND OUTSTANDING ON THE DATE HEREOF IN THE AGGREGATE PRINCIPAL AMOUNT OF $_____.

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, moneys in the Reserve Account created under the Bond Legislation for the Bonds of this series (the "Bonds") (the "Series 1987 A Bonds Reserve Account"), unexpended proceeds of the Bonds and the Series 1987 B Bonds and other sources provided therefor in the Bond Legislation. Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or

the interest hereon except from said special fund provided from the Net Revenues, the moneys in the Series 1987 A Bonds Reserve Account, unexpended proceeds of the Bonds and the Series 1987 B Bonds and other sources provided therefor in the Bond Legislation. 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 expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to 130% of the amount required each year to pay the 1962 Bonds, the Bonds, the Series 1987 B Bonds and any other obligations payable from the revenues of the System and the interest thereon becoming due in each year so long as the 1962 Bonds are outstanding and thereafter and in any event equal to at least 115% of the amount required to pay the maximum amount due in any year of principal of and interest on the Bonds, the Series 1987 B Bonds, and all other obligations secured by or payable from such revenues prior to or on a parity with the Bonds or the Series 1987 B Bonds, provided however, that so long as there exists in the Series 1987 A Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest which will become due on the Bonds in any year, and in the respective reserve accounts established for the Series 1987 B Bonds and any other obligations outstanding prior to or on a parity with the Bonds or the Series 1987 B Bonds, an amount at least equal to the requirement therefor, such percentage of 115% may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

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

of the Costs of the Project described in the Bond Legislation, and there shall be and hereby is created and granted a lien upon such moneys, until so applied, in favor of the owner of this Bond.

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

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

IN WITNESS WHEREOF, THE CITY OF PHILIPPI has caused this Bond to be signed by its Mayor and its corporate seal to be hereunto affixed hereon and attested by its City Clerk, and has caused this Bond to be dated _____, 1987.

[SEAL]

_____
Mayor

ATTEST:

_____
City Clerk

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 1987 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: _____, 1987.

ONE VALLEY BANK, NATIONAL ASSOCIATION,
as Registrar

By _____
Its Authorized Officer

EXHIBIT A

SCHEDULE OF ANNUAL DEBT SERVICE

(Form of)

ASSIGNMENT

FOR VALUE RECEIVED the undersigned sells, assigns, and transfers unto

the within Bond and does hereby irrevocably constitute and appoint _____, Attorney to transfer the said Bond on the books kept for registration of the within Bond of the said Issuer with full power of substitution in the premises.

Dated: _____, _____.

_____

In the presence of:

_____

[Form of Series 1987 B Bond]

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE CITY OF PHILIPPI
SEWER REVENUE BOND, SERIES 1987 B

No. BR-____ $_____

KNOW ALL MEN BY THESE PRESENTS: That THE CITY OF PHILIPPI, a municipal corporation and political subdivision of the State of West Virginia in Barbour 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 _____ ($_____), in annual installments on April 1 of each year as set forth on the "Schedule of Annual Debt Service" attached as Exhibit A hereto and incorporated herein by reference, without interest.

Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent").

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority, and upon the terms and conditions prescribed by, and otherwise in compliance with, the Supplemental Loan Agreement between the Issuer and the Authority, dated _____, 198__.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain improvements to the existing sewage [treatment, collection and transportation] facilities of the Issuer (the "Project"); (ii) [to fund a reserve account for the Bonds]; and (iii) to pay certain costs of issuance hereof and related costs. This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13 of the West Virginia Code of 1931, as amended (the "Act"), and an Ordinance and Supplemental Resolution, duly enacted and adopted, respectively, by the Issuer on _____, 1987 (collectively called the

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

THIS BOND IS JUNIOR AND SUBORDINATE WITH RESPECT TO LIENS, PLEDGES AND SOURCES OF AND SECURITY FOR PAYMENT TO THE OUTSTANDING SEWER REVENUE REFUNDING AND IMPROVEMENT BONDS DATED APRIL 1, 1962, OF THE ISSUER (THE "1962 BONDS"), ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $370,000 AND OUTSTANDING ON THE DATE HEREOF IN THE AGGREGATE PRINCIPAL AMOUNT OF $_____, AND TO THE SEWER REVENUE BONDS, SERIES 1987 A, OF THE ISSUER (THE "SERIES 1987 A BONDS"), ISSUED CONCURRENTLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $_____, BOTH DESCRIBED IN THE BOND LEGISLATION.

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 after there has first been paid from said Net Revenues all payments then due and owing on account of the 1962 Bonds and the Series 1987 A Bonds, from all moneys in the Reserve Account created under the Bond Legislation for the Bonds of this series (the "Bonds"), and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same, except from said special fund provided from the Net Revenues, the moneys in the Series 1987 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 expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to 130% of the amount required each year to pay the 1962 Bonds, the Series 1987 A Bonds, the Bonds and any other obligations payable from the revenues of the System and the interest thereon becoming due in each year so long as the 1962 Bonds are outstanding and thereafter and in any event equal to at least 115% of the amount required to pay the maximum amount due in any year of principal of and interest, if any, on the Bonds, the Series 1987 A Bonds and all other obligations secured by or payable from such

revenues prior to or on a parity with the Series 1987 A Bonds or the Bonds, provided however, that so long as there exists in the Series 1987 B Bonds Reserve Account and the reserve account established for the Series 1987 A Bonds, respectively, amounts at least equal to the maximum amount of principal and interest which will become due on the Bonds and the Series 1987 A Bonds in any year, and any reserve account for any such prior or parity obligations is funded at least at the requirement therefor, such percentage of 115% may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

All money received from the sale of this Bond, after reimbursement and repayment of all amounts advanced for preliminary expenses as provided by law, shall be applied solely to the payment of the Costs of the Project described in the Bond Legislation, and there shall be and hereby is created and granted a lien upon such moneys, until so applied, in favor of the registered owners of the Bonds, which lien is subordinate to the lien in favor of the registered owners of the Series 1987 A Bonds.

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

fund by the Issuer for the prompt payment of the principal of this Bond.

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

IN WITNESS WHEREOF, THE CITY OF PHILIPPI has caused this Bond to be signed by its Mayor and its corporate seal to be hereunto affixed hereon and attested by its City Clerk, and has caused this Bond to be dated _____, 1987.

[SEAL]

_____
Mayor

ATTEST:

_____
City Clerk

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 1987 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: _____, 1987.

ONE VALLEY BANK, NATIONAL ASSOCIATION,
as Registrar

By _____
Its Authorized Officer

EXHIBIT A

SCHEDULE OF ANNUAL DEBT SERVICE

(Form of)

ASSIGNMENT

FOR VALUE RECEIVED the undersigned sells, assigns, and transfers unto

the within Bond and does hereby irrevocably constitute and appoint _____, Attorney to transfer the said Bond on the books kept for registration of the within Bond of the said Issuer with full power of substitution in the premises.

Dated: _____, _____.

_____

In the presence of:

_____

Section 3.10. Sale of Original Bonds; Ratification of Execution of Loan Agreement with Authority. The Original Bonds shall be sold to the Authority, pursuant to the terms and conditions of the Loan Agreement. If not so authorized by previous ordinance or resolution, the Mayor is specifically authorized and directed to execute the Loan Agreement in the form attached hereto as "Exhibit A" and made a part hereof, and the City Clerk is directed to affix the seal of the Issuer, attest the same and deliver the Loan Agreement to the Authority, and any such prior execution and delivery is hereby authorized, ratified, confirmed and approved.

ARTICLE IV

INTERIM CONSTRUCTION FINANCING

Section 4.01. Authorization and General Terms. In order to pay certain Costs of the Project pending receipt of the Grant Receipts, the Issuer may issue and sell its Notes in an aggregate principal amount not to exceed $1,800,000. The Notes may be in the form of grant anticipation notes or as evidence of a line of credit from a commercial bank or other lender, at the discretion of the Issuer, and as shall be set forth in a resolution supplemental hereto. The Notes shall bear interest from the date or dates, at such rate or rates, payable on such dates and shall mature on such date or dates and be subject to such prepayment or redemption, all as provided in the Indenture or the Supplemental Resolution, as applicable.

Section 4.02. Terms of and Security for Notes; Trust Indenture. The Notes, if issued, shall be issued in fully registered form, in the denomination of $5,000 or any integral multiple thereof, with such terms and secured in the manner set forth in the Indenture, if applicable (which Indenture in the form to be executed and delivered by the Issuer shall be approved by a supplemental resolution), or the Supplemental Resolution, if no Indenture is used.

Section 4.03. Notes are Special Obligations. The Notes shall be special obligations of the Issuer payable as to principal and interest solely from the Grant Receipts, Surplus Revenues, letter of credit proceeds and other sources described in the Indenture or the Supplemental Resolution. The Notes do not and shall not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provisions. The general funds of the Issuer are not liable, and neither the full faith and credit nor the taxing power of the Issuer is pledged for the payment of the Notes. The Holders of the Notes shall never have the right to compel the forfeiture of any property of the Issuer. The Notes shall not be a debt of the Issuer, nor a legal or equitable pledge, charge, lien or encumbrance upon any property of the Issuer or upon any of its income, receipts or revenues except as set forth in the Indenture and the Supplemental Resolution.

Section 4.04. Letters of Credit. As additional security for the Notes, the Issuer may obtain a letter or letters of credit from a bank or banks, pursuant to which such bank or banks would agree to pay to the Trustee, upon presentation by the Trustee of certain certificates, the sum or sums set forth therein but not to exceed $400,000 in the aggregate. In the event of a draw under any

such letter of credit, the Issuer shall issue its refunding notes to the bank issuing such letter of credit. Any such letter of letter of credit shall be authorized and shall have such terms as shall be set forth in a resolution supplemental hereto.

ARTICLE V

SYSTEM REVENUES AND APPLICATION THEREOF

Section 5.01. Establishment and Continuation of Funds and Accounts with Depository Bank. The following special funds or accounts are created (or continued if previously established by the 1962 Ordinance) with and shall be held by, the Depository Bank, separate and apart from all other funds or accounts of the Depository Bank and from each other:

(1) Sewer Revenue Fund (established by the 1962 Ordinance);

(2) Operation and Maintenance Fund (established by the 1962 Ordinance);

(3) Depreciation Fund (established by the 1962 Ordinance);

(4) Reserve Fund (established by the 1962 Ordinance);

(5) Renewal and Replacement Fund; and

(6) Bond Construction Trust Fund.

Section 5.02. Establishment and Continuation of Funds, Accounts and Subaccounts with Commission. The following special funds, accounts or subaccounts are hereby established with the Commission (or continued if previously established by the 1962 Ordinance):

(1) Sewer Revenue Bond Interest and Sinking Fund (established by the 1962 Ordinance);

(a) Within the Sewer Revenue Bond Interest and Sinking Fund, an account designated as the Series 1987 A Bonds Sinking Fund;

(b) Within the account designated as the Series 1987 A Bonds Sinking Fund, a subaccount designated as the Series 1987 A Bonds Reserve Account, which shall be further divided into subaccounts thereof designated as the Unrestricted Yield Series 1987 A Bonds Reserve Account and the Restricted Yield Series 1987 A Bonds Reserve Account.

(2) Series 1987 B Bonds Sinking Fund;

(a) Within the Series 1987 B Bonds Sinking Fund, the Series 1987 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 1962 Ordinance 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 1962 Ordinance and herein provided.

(1) The Issuer shall first, each month, pay from the Revenue Fund into the Operation and Maintenance Fund an amount equal to the Operating Expenses of the System, and said amount and said fund shall be used and disbursed only for that purpose.

(2) Thereafter, from the moneys remaining in the Revenue Fund, the Issuer shall next pay the amounts required to be paid into the Sewer Revenue Bond Interest and Sinking Fund with respect to the principal and interest on the 1962 Bonds under the 1962 Ordinance and shall, on or before the 15th day of each month, commencing 7 months prior to the first date of payment of interest on the Series 1987 A Bonds for which interest has not been capitalized, apportion and set apart out of the Revenue Fund and remit to the Commission, for deposit in the Series 1987 A Bonds Sinking Fund, a sum equal to 1/6th of the amount of interest which will become due on said Series 1987 A Bonds on the next ensuing semiannual interest payment date; provided, that, in the event the period to elapse between the date of such initial deposit in the Series 1987 A Bonds Sinking Fund and the next semiannual interest payment date is less than 7 months, then such monthly payments shall be increased proportionately to provide, not less than 1 month prior to the next semiannual interest payment date, the required amount of interest coming due on such date.

(3) The Issuer shall also, on or before the 15th day of each month, commencing 13 months prior to the first date of payment of principal on the Series 1987 A Bonds, apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in the Series 1987 A Bonds Sinking Fund, a sum equal to 1/12th of the amount of principal which will mature and become due on said

Series 1987 A Bonds on the next ensuing principal payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 1987 A Bonds Sinking Fund and the next annual principal payment date is less than 13 months then such monthly payments shall be increased proportionately to provide, not less than 1 month prior to the next annual principal payment date, the required amount of principal coming due on such date.

(4) The Issuer shall pay the amounts required to be paid into the Sewer Revenue Bond Interest and Sinking Fund as a reserve for contingencies with respect to the 1962 Bonds under the 1962 Ordinance and shall also, on or before the 15th day of each month, apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in the Series 1987 A Bonds Reserve Account, an amount equal to 1/120 of the Series 1987 A Bonds Reserve Requirement; provided, however, that 1/2 of each such payment shall be deposited in the Unrestricted Yield Series 1987 A Bonds Reserve Account and 1/2 of each such payment shall be deposited in the Restricted Yield Series 1987 A Bonds Reserve Account; provided, further, however, that no further payments shall be made into the Series 1987 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 1987 A Bonds Reserve Requirement.

(5) Next, from the moneys remaining in the Revenue Fund, the Issuer shall pay the amounts required to be paid into the Depreciation Fund with respect to the 1962 Bonds under the 1962 Ordinance and shall, on or before the 15th day of each month, commencing with the month succeeding the first full calendar month after commencement of operation of the Project, transfer to the Renewal and Replacement Fund a sum equal to 2 1/2% of the Gross Revenues each month, exclusive of any payments for account of the Series 1987 A Bonds Reserve Account. All funds in the Renewal and Replacement Fund shall be kept apart from all other funds of the Issuer or of the Depository Bank and shall be invested and reinvested in accordance with Article VIII hereof. Withdrawals and disbursements may be made from the Renewal and Replacement Fund for replacements, emergency repairs, improvements or extensions to the System; provided, that any deficiencies in the reserve for contingencies in the Sewer Revenue Bond Interest and Sinking Fund with respect to the 1962 Bonds and the Series 1987 A Bonds Reserve Account [except to the

extent such deficiency exists because the required payments into such account have not, as of the date of determination of a deficiency, funded such account to the maximum extent required by Subsection 5.03(A)(4)] shall be promptly eliminated with moneys from the Renewal and Replacement Fund on a parity basis.

(6) The Issuer shall next, after payment into the Reserve Fund of the amounts required with respect to the 1962 Bonds under the 1962 Ordinance, on or before the 15th day of each month, commencing 13 months prior to the first date of payment of principal on the Series 1987 B Bonds, apportion and set apart out of the Revenue Fund (and from the Reserve Fund to the extent funds are not available therefor in the Revenue Fund and to the extent allowed under the 1962 Ordinance) and remit to the Commission for deposit in the Series 1987 B Bonds Sinking Fund, a sum equal to 1/12th of the amount of principal which will mature and become due on said Series 1987 B Bonds on the next ensuing principal payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 1987 B Bonds Sinking Fund and the next annual principal payment date is less than 13 months then such monthly payments shall be increased proportionately to provide, not less than 1 month prior to the next annual principal payment date, the required amount of principal coming due on such date.

(7) The Issuer shall next, on or before the 15th day of each month, commencing 13 months prior to the first date of payment of principal of the Series 1987 B Bonds, if not fully funded upon issuance of the Series 1987 B Bonds, apportion and set apart out of the Revenue Fund (and from the Reserve Fund to the extent funds are not available therefor in the Revenue Fund and to the extent allowed under the 1962 Ordinance) and remit to the Commission for deposit in the Series 1987 B Bonds Reserve Account, an amount equal to 1/120 of the Series 1987 B Bonds Reserve Requirement; provided, that no further payments shall be made into the Series 1987 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 1987 B Bonds Reserve Requirement.

No payments required to be made on behalf of the 1962 Bonds into the Sewer Revenue Bond Interest and Sinking Fund under the 1962 Ordinance or the Series 1987 A Bonds pursuant to paragraphs (2), (3) and (4) of this

Section 5.03A shall have any preference or priority over the other. All payments required to be made on behalf of the 1962 Bonds into the Sewer Revenue Bond Interest and Sinking Fund under the 1962 Ordinance and the Series 1987 A Bonds pursuant to paragraphs (2), (3) and (4) of this Section 5.03A shall be made pro rata in accordance with the then outstanding principal amounts thereof, in the event that moneys are not available to make all such payments in full.

Moneys in the Series 1987 A Bonds Sinking Fund and the Series 1987 B Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest, if any, on the respective series of Bonds as the same shall become due, on a parity with the 1962 Bonds with respect to the Series 1987 A Bonds Sinking Fund. Moneys in the Series 1987 A Bonds Reserve Account and the Series 1987 B Bonds Reserve Account shall be used only for the purpose of paying principal of and interest, if any, on the respective series of Bonds, on a parity with the 1962 Bonds with respect to the Series 1987 A Bonds Reserve Account, as the same shall come due, when other moneys in the attendant Sinking Fund, including the Sewer Revenue Bond Interest and Sinking Fund with respect to the Series 1987 A Bonds, but on a parity with the 1962 Bonds, are insufficient therefor, and for no other purpose.

All investment earnings on moneys in the several Sinking Funds and Reserve Accounts, together with all other amounts in the Restricted Yield Series 1987 A Bonds Reserve Account in the Series 1987 A Bonds Reserve Account in excess of the Series 1987 A Bonds Reserve Requirement at any given time, shall be returned, not less than once each year, by the Commission to the Issuer, and such amounts representing investment earnings in the several Sinking Funds and Reserve Accounts shall, during construction of the Project, be deposited in the Bond Construction Trust Fund, and following completion of construction of the Project, and in all events with respect to amounts in the Restricted Yield Series 1987 A Bonds Reserve Account in excess of the Series 1987 A Bonds Reserve Requirement, shall be deposited in the Revenue Fund and applied in full, first to the next ensuing interest payments, if any, due on the respective Series of Bonds, and then to the next ensuing principal payments due thereon.

Any withdrawals from the Series 1987 A Bonds Reserve Account which result in a reduction in the balance of the

Series 1987 A Bonds Reserve Account to below the Series 1987 A Bonds Reserve Requirement shall be subsequently restored from the first Net Revenues available after all required payments to the Sewer Revenue Bond Interest and Sinking Fund and the Series 1987 A Bonds Sinking Fund for payment of debt service on the 1962 Bonds and the Bonds have been made in full, on a parity with the 1962 Bonds with respect to the reserve for contingencies established therefor in the Sewer Revenue Bond Interest and Sinking Fund.

Any withdrawals from the Series 1987 B Bonds Reserve Account which result in a reduction in the balance of the Series 1987 B Bonds Reserve Account to below the Series 1987 B Bonds Reserve Requirement shall be subsequently restored from the first Net Revenues available after all required payments to the Sewer Revenue Bond Interest Sinking Fund with respect to the 1962 Bonds, the Series 1987 A Bonds Sinking Fund, the Series 1987 A Bonds Reserve Account, the Depreciation Fund, the Renewal and Replacement Fund, the Reserve Fund and the Series 1987 B Bonds Sinking Fund have been made in full.

As and when additional Bonds ranking on a parity with the Bonds are issued, provision shall be made for additional payments into the respective Sinking Fund sufficient to pay the interest on such additional parity Bonds and accomplish retirement thereof at maturity and to accumulate a balance in the appropriate Reserve Account in an amount equal to the maximum provided and required to be paid into the concomitant Sinking Fund in any year for account of the Bonds of such series, except to the extent otherwise required under the 1962 Ordinance, including such additional Bonds which by their terms are payable from such Sinking Fund.

The Issuer shall not be required to make any further payments into the Series 1987 A Bonds Sinking Fund, or the Series 1987 B Bonds Sinking Fund or into the Reserve Accounts therein when the aggregate amount of funds in said respective Sinking Funds and Reserve Accounts are at least equal to the aggregate principal amount of the respective Bonds issued pursuant to this Bond Legislation then Outstanding and all interest to accrue until the respective maturities thereof.

The Commission is hereby designated as the fiscal agent for the administration of the Sinking Funds created hereunder, and all amounts required for said Sinking Funds

shall be remitted to the Commission from the Revenue Fund (and the Reserve Fund to the extent funds are not available in the Revenue Fund as hereinbefore provided) by the Issuer at the times provided herein.

The payments into the Sinking Funds shall be made on or before the 15th day of each month, except that when the 15th day of any month shall be a Sunday or legal holiday then such payments shall be made on the next succeeding business day, and all such payments shall be remitted to the Commission with appropriate instructions as to the custody, use and application thereof consistent with the provisions of this Bond Legislation.

Moneys in the Reserve Accounts shall be invested and reinvested by the Commission only in accordance with Section 8.01 hereof.

The Sinking Funds, including the Reserve Accounts therein, shall be used solely and only for, and are hereby pledged for, the purpose of servicing the respective Bonds, the 1962 Bonds with respect to the Series 1987 A Bonds Sinking Fund and Series 1987 A Bonds Reserve Account on a parity basis, and any additional Bonds ranking on a parity therewith that may be issued and Outstanding under the conditions and restrictions hereinafter set forth, in the priority set forth herein.

B. Whenever all of the required and provided transfers and payments from the Revenue Fund into the several special funds, accounts and subaccounts as provided in the 1962 Ordinance and as hereinbefore provided are current and there remains in said Revenue Fund a balance in excess of the estimated amounts required to be paid or applied pursuant to the 1962 Ordinance and to be so transferred and paid into the Sinking Funds, including the Reserve Accounts therein, and the Renewal and Replacement Fund 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, including, but not limited to, payment to the Trustee for deposit in the Notes Debt Service Fund, as set forth in the Indenture.

C. The Issuer shall remit from the Revenue Fund to the Commission, the Registrar, the Paying Agent or the Depository Bank, on such dates as the Commission, the Registrar, the Paying Agent or the Depository Bank, as the case may be, shall require, such additional sums as shall be necessary to pay the Depository Bank's charges and the Paying Agent fees then due (for deposit into the

Sewer Revenue Bond Interest and Sinking Fund with respect to the Series 1987 A Bonds to the extent required in the 1962 Ordinance until the 1962 Bonds are no longer outstanding).

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

E. If on any monthly payment date the revenues are insufficient to place the required amount in any of the funds, accounts and subaccounts 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, accounts and subaccounts on the subsequent payment dates.

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

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

H. Unless otherwise required under the 1962 Ordinance, all Tap Fees shall be deposited by the Issuer, as received, in the Bond 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, provided that, in the event Notes are issued, Tap Fees may, with the written consent of the Authority, be deposited otherwise, subject to the requirements of the 1962 Ordinance, as aforesaid.

ARTICLE VI

BOND PROCEEDS; FUNDS AND ACCOUNTS

Section 6.01. Application of Bond Proceeds; Pledge of Unexpended Bond Proceeds. From the moneys received from the sale of any or all of the Original Bonds, the following amounts shall be first deducted and deposited in the order set forth below:

A. From the proceeds of the Series 1987 A Bonds there shall first be paid any and all borrowings by the Issuer made for the purpose of temporarily financing a portion of the Costs of the Project, including interest accrued thereon to the date of such payment.

B. From the proceeds of the Series 1987 A Bonds, there shall next be deposited with the Commission in the Series 1987 A Bonds Sinking Fund, the amount, if any, specified in the Supplemental Resolution as capitalized interest; provided, that such amount may not exceed the amount necessary to pay interest on the Series 1987 A Bonds for the period commencing on the date of issuance of the Bonds and ending 6 months after the estimated date of completion of construction of the Project.

C. Next, from the proceeds of the Series 1987 A Bonds, there shall be deposited with the Commission in the Series 1987 A Bonds Reserve Account, and from the proceeds of the Series 1987 B Bonds, there shall be deposited with the Commission in the Series 1987 B Reserve Account, the respective sums, if any, set forth in the Supplemental Resolution for funding of the Reserve Accounts, after first crediting such sums to the Bond Construction Trust Fund.

D. The remaining moneys derived from the sale of the Bonds shall be deposited with the Depository Bank in the Bond Construction Trust Fund and applied solely to payment of Costs of the Project in the manner set forth in Section 6.02.

E. The Depository Bank shall act as a trustee and fiduciary for the Bondholder with respect to the Bond Construction Trust Fund and shall comply with all requirements with respect to the disposition of the Bond Construction Trust Fund set forth in the Bond Legislation and Indenture (if any). Moneys in the Bond Construction Trust Fund shall be used solely to pay Costs of the Project and until so expended, are hereby pledged as additional security for the Series 1987 A Bonds, and thereafter for the Series 1987 B Bonds. In the event that Notes are issued, the disposition of funds in the Bonds Construction Trust Fund may be

modified from that set forth herein, with the written consent of the Authority.

Section 6.02. Disbursements From the Bond Construction Trust Fund. Payments for Costs of the Project shall be made monthly.

Disbursements from the Bond Construction Trust Fund, except for the costs of issuance of the Original Bonds which shall be made upon request of the Issuer, shall be made only after submission to the Depository Bank of a certificate, signed by an Authorized Officer and the Consulting Engineers, stating:

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

(B) That each item for which the payment is proposed to be made is or was necessary in connection with the Project and constitutes a Cost of the Project;

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

(D) That payment for each of the items proposed is then due and owing.

In case any contract provides for the retention of a portion of the contract price, the Depository Bank shall disburse from the Bond Construction Trust Fund only the net amount remaining after deduction of any such portion. All payments made from the Bond Construction Trust Fund shall be presumed by the Depository Bank to be made for the purposes set forth in said certificate, and the Depository Bank shall not be required to monitor the application of disbursements from the Bond Construction Trust Fund. The Consulting Engineers shall from time to time file with the Depository Bank written statements advising the Depository Bank of its then authorized representative.

Pending such application, moneys in the Bond Construction Trust Fund, including any accounts therein, shall be invested and reinvested in Qualified Investments at the direction of the Issuer.

After completion of the Project, as certified by the Consulting Engineers, any moneys remaining in the Bond Construction Trust Fund shall not be invested at a Yield in excess of the Yield on the Bonds, and the Depository Bank shall transfer such moneys to the Series 1987 A Bonds Reserve Account (1/2 to be deposited in the Restricted Yield Series 1987 A Bonds Reserve Account and 1/2 to be

deposited in the Unrestricted Yield Series 1987 A Bonds Reserve Account), and when fully funded to the Series 1987 B Bonds Reserve Account, and when both Reserve Accounts are fully funded, shall return such remaining moneys to the Issuer for deposit in the Revenue Fund. The Issuer shall thereafter, apply such moneys in full, first to the next ensuing interest payments, if any, due on the respective Series of Bonds and thereafter to the next ensuing principal payments due thereon.

ARTICLE VII

ADDITIONAL COVENANTS OF THE ISSUER

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

Until the payment in full of the principal of and interest on the Notes when due, and to the extent they do not materially adversely affect Bondholders, the covenants, agreements and provisions contained in this Bond Legislation shall, where applicable, also inure to the benefit of the Holders of the Notes and the Trustee therefor and constitute valid and legally binding covenants of the Issuer, enforceable in any court of competent jurisdiction by the Trustee or any Holder or Holders of said Notes as prescribed in the Indenture; provided, that Section 7.04 and Section 7.09 shall not be applied to the Notes.

Section 7.02. Bonds and Notes not to be Indebtedness of the Issuer. Neither the Bonds nor the Notes shall be or constitute an indebtedness of the Issuer within the meaning of any constitutional, statutory or charter limitation of indebtedness, but shall be payable solely from the funds pledged for such payment by this Bond Legislation. No Holder or Holders of any Bonds or Notes, shall ever have the right to compel the exercise of the taxing power of the Issuer to pay said Bonds or Notes or the interest thereon.

Section 7.03. Series 1987 A Bonds Secured by Parity Pledge of Net Revenues; Series 1987 B Bonds Secured by Subordinate Pledge of Net Revenues. The payment of the debt service of the Series 1987 A Bonds issued hereunder shall be secured forthwith equally and ratably by a first lien on the Net Revenues derived from the operation of the System on a parity with the lien in favor of the holders of the 1962 Bonds and payment of the debt service of the Series 1987 B Bonds issued hereunder shall be secured forthwith equally and ratably by a lien on said Net Revenues, but such lien shall be junior and subordinate to the lien on said Net Revenues in favor of both the holders of the 1962 Bonds and the Holders of the Series 1987 A Bonds. The revenues derived from the System, in an

amount sufficient to pay the principal of and interest on the Bonds and to make the payments required into the Sinking Funds, including the Reserve Accounts therein, and all other payments provided for in the Bond Legislation are hereby irrevocably pledged, in the manner provided herein, to the payment of the principal of and interest on the Bonds as the same become due, and for the other purposes provided in the Bond Legislation, on a parity with the pledge in favor of the holders of the 1962 Bonds with respect to the Series 1987 A Bonds and junior and subordinate to the pledge in favor of the holders of the 1962 Bonds with respect to the Series 1987 B Bonds.

Section 7.04. Initial Schedule of Rates and Charges. The initial schedule of rates and charges for the services and facilities of the System shall be as set forth in the ordinance of the Issuer enacted on September 22, 1987.

Section 7.05. Sale of the System. The System may not be sold, mortgaged, leased or otherwise disposed of except as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to pay fully all the Bonds and Notes, if any, Outstanding, or to effectively defease this Ordinance in accordance with Section 10.01 hereof and, if entered into and not previously defeased, the Indenture in accordance with the terms thereof, and also only if the 1962 Bonds shall have been paid in full, both principal and interest, or legal and sufficient provision for such payment shall have been made. The proceeds from any such sale, mortgage, lease or other disposition of the System shall, with respect to the Bonds, immediately be remitted to the Commission for deposit in the Sinking Funds, and, with the written permission of the Authority, or in the event the Authority is no longer a Bondholder, the Issuer shall direct the Commission to apply such proceeds to the payment of principal at maturity of and interest on the Bonds. Any balance remaining after the payment of the Bonds and the 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. With respect to the Notes, such proceeds in an amount sufficient to pay the Notes in full shall be applied to the payment of the Notes, either at maturity or, if allowable under the Supplemental Resolution or Indenture, prior thereto.

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. It is to be understood that, not withstanding anything to the contrary herein, so as the 1962 Bonds are outstanding, no integral part of

the System shall be sold, leased, mortgaged or in any manner disposed of. Prior to any such sale, lease or other disposition of such property, if the amount to be received therefor, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, is not in excess of $10,000, the Issuer shall, by resolution, determine that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then provide for the sale of such property. The proceeds of any such sale shall be deposited in the Renewal and Replacement Fund. If the amount to be received from such sale, lease or other disposition of said property, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, shall be in excess of $10,000 but not in excess of $50,000, the Issuer shall first, determine upon consultation with the Consulting Engineers that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then, if it be so advised, by resolution duly adopted, authorize such sale, lease or other disposition of such property upon public bidding. The proceeds derived from any such sale, lease or other disposition of such property, aggregating during such Fiscal Year in excess of $10,000 and not in excess of $50,000, shall with the written consent of the Authority, be remitted by the Issuer to the Commission for deposit in the Sewer Revenue Bond Interest and Sinking Funds and the respective Sinking Funds and shall be applied only to the pro rata purchase of the outstanding 1962 Bonds and the Bonds of the last maturities then Outstanding at prices not greater than the par value thereof plus 3% of such par value or otherwise. Such payment of such proceeds into the Sewer Revenue Bond Interest and Sinking Fund, the Sinking Funds or the Renewal and Replacement Fund shall not reduce the amounts required to be paid into said funds, accounts or subaccounts by other provisions of this Bond Legislation. No sale, lease or other disposition of such 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 outstanding 1962 Bonds and Bonds then Outstanding without the prior approval and consent in writing of the respective holders or Holders, or their duly authorized representatives, of over 50% in amount of the Bonds then Outstanding and the Consulting Engineers. 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 in this Section 7.06 and in Section 7.07B, the Issuer shall

not issue any obligations whatsoever with a lien on or otherwise payable from any source of payment pledged originally to the Notes issued under the Indenture or supplemental resolution prior to or on a parity with the lien on behalf of such Notes until such Notes have been defeased in accordance with the provisions of the Indenture and the Bond Legislation; and, so long as any of the Bonds are Outstanding, the Issuer shall not issue or incur any other obligations whatsoever payable from the revenues of the System which rank prior to, or equally, as to lien on and source of and security for payment from such revenues with the Bonds; provided, however, that additional Bonds on a parity with the Series 1987 B Bonds only may be issued as provided for in Section 7.07 hereof. All obligations issued by the Issuer after the issuance of the Bonds and payable from the revenues of the System, except such additional parity Bonds, shall contain an express statement that such obligations are junior and subordinate, as to lien on and source of and security for payment from such revenues and in all other respects, to the Series 1987 A Bonds and the Series 1987 B Bonds; provided, that no such subordinate obligations shall be issued unless all payments required to be made into the Reserve Accounts and the Renewal and Replacement Fund at the time of the issuance of such subordinate obligations have been made and are current.

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

Section 7.07. Parity Bonds. A. No Parity Bonds, payable out of the revenues of the System, shall be issued after the issuance of any Bonds pursuant to this Bond Legislation, except under the conditions and in the manner herein provided.

All Parity Bonds issued hereunder shall be on a parity in all respects with the Series 1987 B Bonds. No Parity Bonds shall be issued which shall be payable out of the revenues of the System on a parity with the Series 1987 A Bonds, unless the Series 1987 B Bonds are no longer outstanding.

No such Parity Bonds shall be issued except for the purpose of financing the costs of the construction or acquisition of extensions, improvements or betterments to the System or refunding one or more series of Bonds issued pursuant hereto, or both such purposes.

No Parity Bonds shall be issued at any time, however, unless the requirements therefor under the 1962 Ordinance shall have been met so long as the 1962 Bonds are outstanding, if such parity Bonds are to be issued on a parity with the 1962 Bonds and the Series 1987 A Bonds, and thereafter and in any event unless there has been procured and filed with the City Clerk a written statement by the Independent Certified Public Accountants, based upon the necessary investigation and certification by the Consulting Engineers, reciting the conclusion that the Net Revenues actually derived, subject to the adjustments hereinafter provided for, from the System during any 12 consecutive months, within the 18 months immediately preceding the date of the actual issuance of such Parity Bonds, plus the estimated average increased annual Net Revenues to be received in each of the 3 succeeding years after the completion of the improvements to be financed by such Parity Bonds, shall not be less than 115% of the largest aggregate amount that will mature and become due in any succeeding Fiscal Year for principal of and interest on the following:

(1) The 1962 Bonds and any other outstanding obligations secured by a lien on any of the Gross Revenues prior to or on a parity with that of the Bonds;

(2) The Bonds then Outstanding;

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

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

The "estimated average increased annual Net Revenues to be received in each of the 3 succeeding years," as that term is used in the computation provided in the above paragraph, shall refer only to the increased Net Revenues estimated to be derived from (a) the improvements to be financed by such Parity Bonds and (b) any increase in rates adopted by the Issuer and approved by the Public Service Commission of West Virginia, if necessary, the period for appeal of which has expired prior to the date of delivery of such Parity Bonds, and shall not exceed the amount to be stated in a certificate of the Consulting Engineers, which shall be filed in the office of the City Clerk prior to the issuance of such Parity Bonds.

The Net Revenues actually derived from the System during the 12-consecutive-month period hereinabove referred to may be adjusted by adding to such Net Revenues such additional Net Revenues which would have been received, in the opinion of the Consulting Engineers and the said Independent Certified Public Accountants, as stated in a certificate jointly made and signed by the Consulting

Engineers and said Independent Certified Public Accountants, on account of increased rates, rentals, fees and charges for the System adopted by the Issuer, the period for appeal of which has expired prior to issuance of such Parity Bonds.

Not later than simultaneously with the delivery of such Parity Bonds, the Issuer shall have entered into written contracts for the immediate construction or acquisition of such additions, betterments or improvements, if any, to the System that are to be financed by such Parity Bonds.

All covenants and other provisions of this Bond Legislation (except as to details of such Parity Bonds inconsistent herewith) shall be for the equal benefit, protection and security of the Holders of the Bonds and the Holders of any Parity Bonds subsequently issued from time to time within the limitations of and in compliance with this section. Bonds issued on a parity, regardless of the time or times of their issuance, shall rank equally with respect to their lien on the revenues of the System and their source of and security for payment from said revenues, without preference of any Bond of one series over any other Bond of the same series. The Issuer shall comply fully with all the increased payments into the various funds, accounts and subaccounts 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.

All Parity Bonds shall mature on the day of the years of maturities, and the semiannual interest thereon shall be payable on the days of each year, specified in a Supplemental Resolution.

Parity Bonds shall not be deemed to include bonds, notes, certificates or other obligations subsequently issued, the lien of which on the revenues of the System is subject to the prior and superior liens of the Series 1987 A Bonds and the Series 1987 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 1987 A Bonds or the Series 1987 B Bonds.

No Parity Bonds shall be issued any time, however, unless all the payments into the respective funds, accounts and subaccounts provided for in this Bond Legislation with respect to the Bonds then Outstanding, and any other payments provided for in this Bond Legislation, shall have been made in full as required to the date of delivery of such Parity Bonds, and the Issuer shall then be in full

compliance with all the covenants, agreements and terms of this Bond Legislation.

B. Notwithstanding the foregoing, or any provision of Section 7.06 to the contrary, but subject to the requirements therefor in the 1962 Ordinance with respect to Bonds on a parity with the 1962 Bonds so long as the 1962 Bonds are outstanding, additional Bonds may be issued solely for the purpose of completing the Project as described in the application to the Authority submitted as of the date of the Loan Agreement without regard to the restrictions set forth in this Section 7.07, if there is first obtained by the Issuer the written consent of the Authority to the issuance of bonds on a parity with the Bonds.

Section 7.08. Books and Records. The Issuer will keep books and records of the System, which shall be separate and apart from all other books, records and accounts of the Issuer, in which complete and correct entries shall be made of all transactions relating to the System, and any Holder of a Bond or Bonds or of a Note or Notes issued pursuant to this Bond Legislation or the Trustee shall have the right at all reasonable times to inspect the System and all parts thereof and all records, accounts and data of the Issuer relating thereto.

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

The Issuer shall file with the Consulting Engineers, the Trustee and the Authority, or any other original purchaser of the Bonds, and shall mail in each year to any Holder or Holders of Bonds or Notes, as the case may be, 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 Indenture with respect to said Bonds or Notes, as the case may be, 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 shall mail upon request, and make available generally, the report of said Independent Certified Public Accountants, or a summary thereof so long as the 1962 Bonds are not outstanding, to any Holder or Holders of Bonds or Notes, as the case may be, and shall file said report with the Trustee and the Authority, or any other original purchaser of the Bonds.

Section 7.09. Rates. Equitable rates or charges for the use of and service rendered by the System have been established all in the manner and form required by law, and copies of such rates and charges so established will be continuously on file with the City Clerk, which copies will be open to inspection by all interested parties. The schedule of rates and charges shall at all times be adequate to produce Gross Revenues from said System sufficient to pay Operating Expenses and to make the prescribed payments into the funds, accounts and subaccounts created and continued 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, to comply with the requirements of the 1962 Ordinance so long as the 1962 Bonds are outstanding and thereafter and in any event sufficient (i) to provide for all reasonable expenses of operation, repair and maintenance of the System and (ii) to leave a balance each year equal to at least 115% of the maximum amount required in any year for payment of principal of and interest on the Bonds and all other obligations secured by or payable from such revenues prior to or on a parity with the Bonds; provided that, in the event that amounts equal to or in excess of the Reserve Requirements are on deposit respectively in the Reserve Accounts and reserve accounts for obligations prior to or on a parity with the Bonds are funded at least at the requirement therefor, such balance each year need only equal at least 110% of the maximum amount required in any year for payment of principal of and interest on the Bonds and all other

obligations secured by or payable from such revenues prior to or on a parity with the Bonds.

Section 7.10. Operating Budget and Audit. 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 expenditures for operation and maintenance of the System during the succeeding Fiscal Year. No expenditures for the operation and maintenance of the System shall be made in any Fiscal Year in excess of the amounts provided therefor in such budget without a written finding and recommendation by the Consulting Engineers, which finding and recommendation shall state in detail the purpose of and necessity for such increased expenditures for the operation and maintenance of the System, and no such increased expenditures shall be made until the 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 the Consulting Engineers that such increased expenditures are necessary for the continued operation of the System. The Issuer shall mail copies of such annual budget and all resolutions authorizing increased expenditures for operation and maintenance to the Trustee and the Authority and to any Holder of any Bonds or Notes, as the case may be, 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 Trustee and to any Holder of any Bonds or Notes, as the case may be, or anyone acting for and in behalf of such Holder of any Bonds or Notes, as the case may be.

In addition, the Issuer shall annually cause the records of the System to be audited by an independent certified public accountant, the report of which audit shall be submitted to the Authority and which audit report shall include a statement that the Issuer is in compliance with the terms and provisions of this Bond Legislation and the Loan Agreement.

Section 7.11. 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 7.12. 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 of the Issuer, 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 and facilities 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.

Section 7.13. 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 7.14. Insurance and Construction Bonds. A. The Issuer hereby covenants and agrees that so long as any of the Bonds or the Notes remain Outstanding, the Issuer will, as an Operating Expense, procure, carry and maintain insurance with a reputable insurance carrier or carriers as is customarily carried 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 said Renewal and Replacement Fund. The Issuer will itself, or will require each contractor and subcontractor to, obtain and maintain builder's risk insurance (fire and extended coverage) to protect the interests of the Issuer, the Authority, the prime contractor and all subcontractors as their respective interests may appear, in accordance with the Loan Agreement, during construction of the Project in the full insurable value thereof, 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 $100,000 per occurrence from claims for damage to property of others which may arise from the operation of the System, and insurance with the same limits to protect the Issuer from claims arising out of operation or ownership of motor vehicles of or for the System.

(3) WORKER'S COMPENSATION COVERAGE FOR ALL EMPLOYEES OF OR FOR THE SYSTEM ELIGIBLE THEREFOR; AND PERFORMANCE AND PAYMENT BONDS, such bonds to be in the amounts of 100% of the construction contract and to be required of each contractor contracting directly with the 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, to the extent available at reasonable cost to the Issuer.

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

B. The Issuer shall also require all contractors and subcontractors engaged in the construction of the Project to carry such worker's compensation coverage for all employees working on the Project and public liability insurance, vehicular liability insurance and property damage insurance in amounts adequate for such purposes and as is customarily carried with respect to works and properties similar to the Project. In the event the Issuer requires such insurance pursuant to the Loan Agreement, 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 7.15. 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 7.16. Completion of Project. The Issuer will complete the Project and continuously operate and maintain the System in good condition.

Section 7.17. Tax Covenants. The Issuer hereby further covenants and agrees as follows:

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

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

C. FEDERAL GUARANTEE PROHIBITION. The Issuer shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause the Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Code.

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

E. FURTHER ACTIONS. The Issuer will take all actions that may be required of it so that the interest on the Bonds will be and remain excludable from gross income for federal income tax

purposes, and will not take any actions or fail to take any actions which would adversely affect such exclusion.

ARTICLE VIII

INVESTMENT OF FUNDS; NON ARBITRAGE

Section 8.01. Investments. Any moneys held as a part of the funds, accounts and subaccounts created by this Bond Legislation or the Indenture, other than the Revenue Fund, shall be invested and reinvested by the Commission, the Trustee, if any, the Depository Bank, or such other bank or national banking association holding such fund, account or subaccount, as the case may be, at the direction of the Issuer in any Qualified Investments to the fullest extent possible under applicable laws, this Bond Legislation, and the Indenture, if any, the need for such moneys for the purposes set forth herein and in the Indenture, if any, and the specific restrictions and provisions set forth in Sections 8.01 and 8.02 hereof and in the Indenture; provided, however, that unless the Issuer shall first have received an opinion of nationally recognized bond counsel to the effect that such investment will not cause any of the Bonds to be an "arbitrage bond" within the meaning of Section 148 of the Code, moneys in the Restricted Yield Series 1987 A Bonds Reserve Account shall only be invested and reinvested in Qualified Investments described in paragraphs (a) and (j) of the definition of Qualified Investments at a yield not in excess of the yield on the Bonds, all determined in accordance with the Code.

Except as provided in the Indenture or otherwise provided herein, if any, any investment shall be held in and at all times deemed a part of the fund, account or subaccount in which such moneys were originally held, and the interest accruing thereon and any profit or loss realized from such investment shall be credited or charged to the appropriate fund or account. The investments held for any fund or account shall be valued at the lower of cost or then current market value, or at the redemption price thereof if then redeemable at the option of the holder, including the value of accrued interest and giving effect to the amortization of discount, or at par if such investment is held in the "Consolidated Fund." The Commission, the Trustee, if any, 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, account or subaccount is insufficient to make the payments required from such fund, account or subaccount, regardless of the loss on such liquidation. The Trustee, if any, the Depository Bank, or such other bank or national banking association, as the case may be, may make any and all investments permitted by this section through its own bond department and shall not be responsible for any losses from

such investments, other than for its own negligence or willful misconduct.

Section 8.02. Arbitrage. The Issuer shall not take, or permit or suffer to be taken, any action with respect to the proceeds of the Bonds which would cause the Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code.

Section 8.03. Rebate. A. In accordance with Section 148(f)(4)(C) of the Code, the Issuer covenants that it is a governmental unit with general taxing powers; that the Bonds are not private activity bonds as defined in Section 141 of the Code; that 95% or more of the Net Proceeds of the Bonds are to be used for local governmental activities of the Issuer (or of a governmental unit the jurisdiction of which is entirely within the jurisdiction of the Issuer); and that the aggregate face amount of all the tax-exempt obligations (other than private activity bonds as defined in Section 141 of the Code) issued by the Issuer during the calendar year in which the Bonds are issued will not exceed $5,000,000, determined in accordance with Section 148(f)(4)(C) of the Code. For purposes of this Section 8.03A and for purposes of applying Section 148(f)(4)(C) of the Code, the Issuer and all entities which issue obligations on behalf of the Issuer shall be treated as one issuer; all obligations issued by a subordinate entity shall, for purposes of applying this Section 8.03A and Section 148(f)(4)(C) of the Code to any other entity to which such entity is subordinate, be treated as issued by such other entity; and an entity formed (or, to the extent provided by the Secretary, as set forth in the Code, availed of) to avoid the purposes of such Section 148(f)(4)(C) of the Code and all other entities benefiting thereby shall be treated as one issuer.

B. Notwithstanding the foregoing, if in fact the Issuer is subject to the rebate requirements of Section 148(f) of the Code, the Issuer covenants to make all rebate calculations and payments in the time, manner and as required in Section 148(f) of the Code and covenants to otherwise comply with the provisions thereof. In the event of a failure to pay any such amount, the Issuer will pay to the United States a penalty in an amount equal to the sum of 50% of the amount not paid, plus interest at the required rate on the portion of the amount which was not paid on the required date, beginning on such date, unless waived.

ARTICLE IX

DEFAULT AND REMEDIES

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

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

(2) If default occurs in the Issuer's observance of any of the covenants, agreements or conditions on its part relating to the Notes set forth in this Bond Legislation, any supplemental resolution, the Indenture or in the Notes, 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 Trustee, any other bank or banking association holding any fund or account hereunder or a Holder of a Note; 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.

B. Each of the following events shall constitute an "Event of Default" with respect to the Bonds:

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

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

Section 9.02. Remedies. Upon the happening and continuance of any Event of Default, any Registered Owner of a Note

or Bond, as the case may be, 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 Notes or Bonds, as the case may be, (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 Notes or Bonds, as the case may be, and (v) by action or bill in equity enjoin any acts in violation of the Bond Legislation with respect to the Notes or Bonds, or the rights of such Registered Owners, provided however, that no remedy herein stated may be exercised by a Noteholder in a manner which adversely affects any remedy available to the Bondholders, and provided further, that all rights and remedies of the Holders of the Series 1987 A Bonds shall be for the equal benefit of the Holders of the Series 1987 A Bonds and the holders of the outstanding 1962 Bonds and the rights and remedies of the Holders of the Series 1987 B Bonds shall be subject to those of the holders of the outstanding 1962 Bonds and the Holders of the Series 1987 A Bonds.

Section 9.03. Appointment of Receiver. Any Registered Owner of a Bond may, by proper legal action, compel the performance of the duties of the Issuer under the Bond Legislation and the Act, including, 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 income and 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 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 1962 Bonds, the Bonds and interest and the deposits into the funds, accounts and subaccounts hereby established and continued, and to apply such rates, rentals, fees, charges, income or other revenues in conformity with the provisions of the 1962 Ordinance so long as the 1962 Bonds are outstanding, this Bond Legislation and the Act.

The receiver so appointed shall forthwith, directly or by his or her or its agents and attorneys, enter into and upon and take possession of all facilities of said System and shall hold, operate and maintain, manage and control such facilities, and each and every

part thereof, and in the name of the Issuer exercise all the rights and powers of the Issuer with respect to said facilities as the Issuer itself might do.

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

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

Any receiver appointed as provided herein shall hold and operate the System in the name of the Issuer and for the joint protection and benefit of the Issuer and Registered Owners of the Bonds; provided, however, that such receiver shall hold and operate the System for the equal benefit of the Holders of the Series 1987 A Bonds and the holders of the outstanding 1962 Bonds and the rights of the Holders of the Series 1987 B Bonds with respect thereto shall be subject to those of the Holders of the Series 1987 A Bonds and the holders of the outstanding 1962 Bonds. Such receiver shall have no power to sell, assign, mortgage or otherwise dispose of any assets of any kind or character belonging or pertaining to the System, but the authority of such receiver shall be limited to the possession, operation and maintenance of the System for the sole purpose of the protection of both the Issuer and Registered Owners of such Bonds and the curing and making good of any Event of Default with respect thereto under the provisions of this Bond Legislation, and the title to and ownership of said System shall remain in the Issuer, and no court shall have any jurisdiction to enter any order or decree permitting or requiring such receiver to sell, assign, mortgage or otherwise dispose of any assets of the System.

ARTICLE X

DEFEASANCE

Section 10.01. Defeasance of Series 1987 A Bonds. If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the respective Holders of all Series 1987 A Bonds, the principal of and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Bond Legislation, then with respect to the Series 1987 A Bonds only, the pledge of Net Revenues and other moneys and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Registered Owners of the Series 1987 A Bonds shall thereupon cease, terminate and become void and be discharged and satisfied.

Series 1987 A Bonds for the payment of which either moneys in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide moneys which, together with the moneys, if any, deposited with the Paying Agents at the same or earlier time, shall be sufficient, to pay as and when due either at maturity or at the next redemption date, the principal installments of and interest on such Series 1987 A Bonds shall be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section. All Series 1987 A Bonds shall, prior to the maturity thereof, be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section if there shall have been deposited with the Commission or its agent, either moneys in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide moneys which, together with other moneys, if any, deposited with the Commission at the same time, shall be sufficient to pay when due the principal installments of and interest due and to become due on said Series 1987 A Bonds on and prior to the next redemption date or the maturity dates thereof. Neither securities nor moneys deposited with the Commission or its agent pursuant to this section nor principal or interest payments on any such securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal installments of and interest on said Series 1987 A Bonds; provided, that any cash received from such principal or interest payments on such securities deposited with the Commission or its agent, if not then needed for such purpose, shall, to the extent practicable, be reinvested in securities maturing at times and in amounts sufficient to pay when due the principal installments of and interest to become due on said Bonds on and prior to the next redemption date or the maturity dates thereof, and interest earned from such reinvestments shall be paid over to the Issuer as received by the Commission or

its agent, free and clear of any trust, lien or pledge. For the purpose of this section, securities shall mean and include only Government Obligations.

Section 10.02. Defeasance of Series 1987 B Bonds. If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the respective Holders of all Series 1987 B Bonds, the principal 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 Series 1987 B Bonds only, the pledge of Net Revenues and other moneys and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Registered Owners of the Series 1987 B Bonds shall thereupon cease, terminate and become void and be discharged and satisfied.

Series 1987 B Bonds for the payment of which either moneys in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide moneys which, together with the moneys, if any, deposited with the Paying Agents at the same or earlier time, shall be sufficient, to pay as and when due either at maturity or at the next redemption date the principal installments of and interest on such Series 1987 B Bonds shall be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section. All Series 1987 B Bonds shall, prior to the maturity thereof, be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section if there shall have been deposited with the Commission or its agent, either moneys in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide moneys which, together with other moneys, if any, deposited with the Commission at the same time, shall be sufficient to pay when due the principal installments of and interest due and to become due on said Series 1987 B Bonds on and prior to the next redemption date or the maturity dates thereof. Neither securities nor moneys deposited with the Commission or its agent pursuant to this section nor principal or interest payments on any such securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal installments of and interest on said Series 1987 B Bonds; provided, that any cash received from such principal or interest payments on such securities deposited with the Commission or its agent, if not then needed for such purpose, shall, to the extent practicable, be reinvested in securities maturing at times and in amounts sufficient to pay when due the principal installments of and interest to become due on said Bonds on and prior to the next redemption date or the maturity dates thereof, and interest earned from such reinvestments shall be paid over to the Issuer as received by the Commission or its agent, free and clear of any trust, lien or pledge. For the

purpose of this section, securities shall mean and include only Government Obligations.

Section 10.03. Defeasance of Notes. If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the respective Holders of all Notes, the principal of and interest due or to become due thereon, at the times and in the manner set forth in the Indenture, then with respect to the Notes only, this Bond Legislation, the Indenture, if any, and the pledges of Grant Receipts and other moneys and securities pledged thereby, and all covenants, agreements and other obligations of the Issuer to the Holders of the Notes shall thereupon cease, terminate and become void and be discharged and satisfied.

ARTICLE XI

MISCELLANEOUS

Section 11.01. Amendment or Modification of Bond Legislation. No material modification or amendment of this Bond Legislation, or of any resolution amendatory or supplemental hereto, that would materially and adversely affect the respective rights of Registered Owners of the Notes or Bonds shall be made without the consent in writing of the Registered Owners of 66-2/3% or more in principal amount of the Notes or both the Series 1987 A Bonds and the Series 1987 B Bonds so affected and then Outstanding; provided, that no change shall be made in the maturity of any Bond or Bonds or any Note or Notes or the rate of interest thereon, or in the principal amount thereof, or affecting the unconditional promise of the Issuer to pay such principal and interest out of the funds herein respectively pledged therefor without the consent of the respective Registered Owner thereof. No amendment or modification shall be made that would reduce the percentage of the principal amount of Bonds or Notes, respectively, 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 or Noteholder as may be necessary to assure compliance with Section 148(f) of the Code relating to rebate of excess investment earnings to the United States or otherwise as may be necessary to assure exemption from federal income taxation of interest on the Bonds and/or the Notes.

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 Notes, 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, the Indenture, if any, the Bonds or the Notes, if any.

Section 11.04. Headings, Etc. The headings and catchlines of the articles, sections and subsections hereof are for convenience of reference only, and shall not affect in any way the meaning or interpretation of any provision hereof.

Section 11.05. Conflicting Provisions Repealed. All ordinances, orders or resolutions or parts thereof in conflict with the provisions of this Ordinance are, to the extent of such conflict, hereby repealed; provided, however, that this section shall not be applicable to the 1962 Ordinance.

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

Section 11.07. Effective Date. This Ordinance shall take effect immediately following public hearing hereon.

Section 11.08. Statutory Notice and Public Hearing. Upon adoption hereof, an abstract of this 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 2 successive weeks within a period of fourteen consecutive days, with at least 6 full days intervening between each publication, in the Barbour Democrat, a qualified newspaper published in the City of Philippi, 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 Governing Body upon a date certain, not less than ten days subsequent to the date of the first publication of this Bond Legislation and notice, and present protests, and that a certified copy of the 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 - October 27, 1987

Passed on Second Reading - November 3, 1987

Passed on Final Reading Following Public Hearing - November 16, 1987

Donald B. Boughman
Mayor

Joseph P. Mattaliano
City Clerk

CERTIFICATION

Certified a true copy of an Ordinance duly enacted by the Common Council of THE CITY OF PHILIPPI on this 16th day of November, 1987.

[SEAL]

Joseph P. Mattaliano
City Clerk

11/17/87
PHISB2/3-A/A

"EXHIBIT A"

[Included as Document Nos. 4 and 5 of Bond Transcript]

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

November 12, 2002

The City of Philippi
Sewer Revenue Bonds, Series 2002
(West Virginia SRF Program)

TO WHOM IT MAY CONCERN:

The undersigned duly authorized representative of the West Virginia Water Development Authority, the registered owner of the entire outstanding aggregate principal amount of the Series 1987 A Bonds and Series 1987 B Bonds, hereinafter defined and described, hereby consents to the issuance of the Sewer Revenue Bonds, Series 2002 (West Virginia SRF Program) (the "Series 2002 Bonds"), in the original aggregate principal amount of $1,162,700, by The City of Philippi (the "Issuer"), under the terms of the ordinance authorizing the Series 2002 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 1987 A (the "Series 1987 A Bonds") and senior to the Issuer's outstanding Sewer Revenue Bonds, Series 1987 B (the "Series 1987 B Bonds"). This consent has been granted in reliance upon the certification of John Burdette, CPA, an independent certified public accountant, that the Issuer has met the coverage and parity tests set forth in the Ordinance authorizing the Series 1987 A Bonds and Series 1987 B Bonds.

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

Authorized Representative

APR 12-00193
Renewal of Number

CLARENDON
NATIONAL INSURANCE COMPANY

The Lutine House, 224 West State Street, Trenton, NJ 08608

Policy Number
APR 12-00193-01

COMMON POLICY DECLARATIONS

Named Insured and Mailing Address
City of Philippi
P.O. Box 460
Philippi, WV 26416

Agent Name and Address
Commercial Insurance Services
340 MacCorkle Avenue, Suite 200
Charleston, WV 25314

Policy Period From: 12/3/01 **To: 12/3/02**

12:01 A.M. Standard Time at your mailing address.

BUSINESS DESCRIPTION: **Public Entity**

IN RETURN FOR THE PAYMENT OF THE PREMIUM, AND SUBJECT TO ALL THE TERMS OF THIS POLICY, WE AGREE WITH YOU TO PROVIDE THE INSURANCE AS STATED IN THIS POLICY.

Liability Coverage Part

Policy Premium $18,414

WV Surcharge $184.14

***IMPORTANT: PUBLIC OFFICIALS LIABILITY COVERAGE AND EMPLOYMENT PRACTICES LIABILITY COVERAGE ARE CLAIMS-MADE COVERAGES. PLEASE READ YOUR POLICY CAREFULLY.**

Form(s) and Endorsement(s) made a part of the policy at time of issue: MUNIPACK-3(5/00) STAM-111d-WV(6/00), GL-211-WV(7/01), GL-214(5/00), GL-215(5/00), GL-216(5/00), GL-218(5/00), GL-234(7/01), GL-235(7/01), LE-401(5/00), LE-402(5/00), PO-502(5/00), EP-602(5/00), EP-608(5/00)

THIS COMMON POLICY DECLARATIONS AND THE SUPPLEMENTAL DECLARATION(S), TOGETHER WITH THE COMMON POLICY CONDITIONS, COVERAGE PART(S), COVERAGE FORM(S) AND ENDORSEMENTS, IF ANY, COMPLETE THE ABOVE NUMBERED POLICY.

COUNTERSIGNED: _____ BY: _____

DATE AUTHORIZED REPRESENTATIVE

The Clarendon National Insurance Company
Liability Coverage Part
Supplemental Declaration Page

These supplemental declarations form a part of policy number: APR 12-00193-01

This policy consists of the following coverage forms for which a limit of liability is shown; if no limit is shown, there is no coverage.

COVERAGE	LIMITS OF INSURANCE
Item 6. General Liability Coverage Form (Occurrence coverage)	
Bodily Injury and Property Damage Limit	$ 1,000,000
Personal Injury and Advertising Injury Limit	$ 1,000,000
Employee Benefits Injury Limit	$ 1,000,000
Fire, Lightning or Explosion Limit	$ 500,000
Medical Payments	$ 5,000
Products & Completed Operations Aggregate	$ 2,000,000
General Aggregate Limit	$ 2,000,000

Item 7. Deductible $ N/A Each Occurrence or Offense

Item 8. Law Enforcement Liability Coverage Form (Occurrence Coverage)
$1,000,000 Each Person
$1,000,000 Each Law Enforcement Wrongful Act
$2,000,000 Annual Aggregate

Item 9. $ 1,000 Deductible For Each Law Enforcement Wrongful Act

Item 10. Law Enforcement Department or Agency City of Philippi, WV P.D.

Item 11. Public Officials Liability Coverage Form (This is a Claims-Made Coverage.)
$1,000,000 Each Public Officials Wrongful Act
$2,000,000 Annual Aggregate

Item 12. $ 1,500 Deductible For Each Public Officials Wrongful Act

Item 13. Employment Practices Liability Coverage Form (This is a Claims-Made Coverage.)
$1,000,000 Each Employment Practices Wrongful Act
$2,000,000 Annual Aggregate

Item 14. $ 1,500 Deductible for Each Employment Practices Wrongful Act

The following items apply to Public Officials Liability and Employment Practices Liability Coverage Forms:

Item 15. Designee of Named Insured to report claims and receive notices: **Alana Maddox**

Item 16. Notice of Claim shall be given to: **Pete Flynn, Arrowhead Claims Management, Milam Bldg., 115 E. Travis, Suite 1024, San Antonio, TX 78205**

This supplemental declarations, together with the Common Policy Declarations, Common Policy Conditions, Coverage Part(s), Coverage Form(s) and endorsements, if any, complete the above numbered policy.

The Clarendon National Insurance Company
Property Coverage Part
Supplemental Declaration Page

These supplemental declarations form a part of policy number: APR 13-00193-01

COVERAGE	LIMITS OF INSURANCE
Building Limit	$ 13,662,483
Business Personal Property Limit	$ Included
Earthquake Limit	$ Not Covered

Optional Limits for Additional Coverage or Coverage Extensions. **Limits shown below for an Additional coverage or for a Coverage Extension are in lieu of the limit provided in the Property Coverage Part.**

Business Income/Extra Expense		$
Demolition and Increased Cost of Construction		$
Employee Dishonesty		$
Money & Securities		$
Newly Acquired Premises	Building	$
	Contents	$
Valuable Papers		$
Accounts Receivable		$

Location(s) of Covered Property:
All locations provided in the Statement of Values on file with the Company.

Deductible: $1,000 Per Occurrence
% Wind and Hail
(If no % is shown, then the former amount shown applies to all perils including wind and hail.)

This supplemental declaration together with the Common Policy Declaration, common Policy Conditions, coverage Part(s), Coverage Form(s) and endorsements, if any, complete the above numbered policy.

CLARENDON NATIONAL INSURANCE COMPANY

ENDORSEMENT NO. _____

ATTACHED TO AND FORMING A PART OF POLICY NUMBER	ENDORSEMENT EFFECTIVE DATE (12:01 A.M. STANDARD TIME)	NAMED INSURED	AGENT NO.
APR 13-00193-01	12/3/01	City of Philippi	CIS

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

AMENDATORY ENDORSEMENT—WEST VIRGINIA

Condition 2. Cancellation and Condition 3. When We Do Not Renew of the **COMMON POLICY CONDITIONS** are deleted in their entirety.

The following Conditions are added to SECTION VI—PROPERTY GENERAL CONDITIONS of the **PROPERTY COVERAGE PART** and supersede any provisions to the contrary:

Cancellation.

a. The first Named Insured shown in the Declarations may cancel this Coverage Part by mailing or delivering to us advance written notice of cancellation.

b. We may cancel this Coverage Part by mailing or delivering to the first Named Insured written notice of cancellation at least:

(1) Ten (10) days before the effective date of cancellation, if we cancel for nonpayment of any premium when due; or

(2) Sixty (60) days before the effective date of cancellation, if we cancel for any other reason.

c. We will mail or deliver our notice to the first Named Insured's last mailing address known to us.

d. Notice of cancellation by us will state the effective date of the cancellation. The "policy period" will end on that date.

e. If this Coverage Part is canceled, we will send the first Named Insured any premium refund due. If we cancel, the refund will be pro-rata. If the first Named Insured cancels, the refund may be less than pro-rata. The cancellation will be effective even if we have not made or offered a refund.

When We Do Not Renew.

a. If we decide not to renew this Coverage Part, we will mail or deliver written notice of non-renewal to the first Named Insured at least sixty (60) days before the end of the "policy period."

b. If notice is mailed, we will mail it to the last mailing address known to us of the first Named Insured. Proof of mailing will be sufficient proof of notice.

The following is added to Condition 6. Loss Payment of SECTION V—PROPERTY LOSS CONDITIONS of the **PROPERTY COVERAGE PART** and supersedes any provisions to the contrary:

1. In settlement of all or part of any claim, we will pay the amount agreed upon within fifteen (15) working days after:

a. Our receipt of the agreement; or

b. The date of the performance by the claimant of any condition set by the agreement;

whichever is later.

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APR 16-00193
Renewal of Number

CLARENDON
NATIONAL INSURANCE COMPANY

The Lutine House, 224 West State Street, Trenton, NJ 08608

Policy Number
APR 16-00193-01

COMMERCIAL UMBRELLA COVERAGE PART DECLARATIONS

Item 1. Named Insured and Mailing Address	Agent Name and Address
City of Philippi P.O. Box 460 Philippi, WV 26416	Commercial Insurance Services 340 MacCorkle Avenue, Suite 200 Charleston, WV 25314

Item 2: Policy Period From: 12/3/01 To: 12/3/02

12:01 A.M. Standard Time at your mailing address.

BUSINESS DESCRIPTION: **Public Entity**

IN RETURN FOR THE PAYMENT OF THE PREMIUM, AND SUBJECT TO ALL THE TERMS OF THIS POLICY, WE AGREE WITH YOU TO PROVIDE THE INSURANCE AS STATED IN THIS POLICY.

Item 3. PREMIUM SCHEDULE

Total Estimated Premium For This Coverage Part	$	9,321
State Surcharge or Fee	$	93.21

Item 4. LIMITS OF INSURANCE

4.a. Each Occurrence Limit	$	3,000,000
4.b.Products—Completed Operations Aggregate Limit	$	3,000,000
4.c. General Aggregate Limit (Other Than Products—Completed Operations)	$	3,000,000
4.d. Retained Limit (1) Underlying Insurance (See Schedule) or, (2) If no Underlying Insurance.....	$	0

Item 5. SCHEDULE OF UNDERLYING INSURANCE

See Supplemental Schedule

Item 6. RETROACTIVE DATE: _____

Item 7. FORMS AND ENDORSEMENTS

Form(s) and Endorsement(s) made a part of this policy at time of issue*: **UMB002(12/98), UMB016(12/98) UMB012(12/98)**

#Entry optional if shown in Common Policy Declarations.
*Forms and Endorsements applicable to this Coverage Part omitted if shown elsewhere in the policy.

Countersigned:# By _____
Authorized Representative

THESE DECLARATIONS AND THE COMMON POLICY DECLARATIONS, IF APPLICABLE, TOGETHER WITH THE COMMON POLICY CONDITIONS, SUPPLEMENTAL SCHEDULE OF UNDERLYING INSURANCE, COVERAGE FORM(S) AND FORMS AND ENDORSEMENTS, IF ANY, ISSUED TO FORM A PART THEREOF, COMPLETE THE ABOVE NUMBERED POLICY.

CLARENDON NATIONAL INSURANCE COMPANY

SCHEDULE OF UNDERLYING INSURANCE-UMBRELLA LIABILITY

Policy No. APR 16-00193-01 **Effective Date:** 12/3/01

Named Insured: City of Philippi **Agent:** Commercial Insurance Services

TYPE OF COVERAGE, INSURER, POLICY NUMBER AND POLICY PERIOD	APPLICABLE LIMITS
Commercial General Liability Insurer's Name Clarendon National Insurance Company Policy Number APR 12-00193-01 Policy Period 12/3/01 – 12/3/02	$1,000,000 Each Occurrence $1,000,000 Personal and Advertising Injury $2,000,000 General Aggregate (other than products/ Completed operations) Applies per Policy. $2,000,000 Products/Competed Operations Aggregate
Automobile Liability Insurer's Name Clarendon National Insurance Company Policy Number APR 11-00193-01 Policy Period 12/3/01 – 12/3/02	$1,000,000 Bodily Injury and Property Damage Limit
[ ] Employer's Liability [X] Stop Gap Liability Insurer's Name Clarendon National Insurance Company Policy Number APR 12-00193-01 Policy Period 12/3/01 – 12/3/02	Bodily Injury Limit $1,000,000 Each Accident (by accident) $1,000,000 Policy Limit (by disease) $1,000,000 Each Employee (by disease)

*NOTE: If Stop Gap Liability is selected then Bodily Injury Limits are included in the General Liability Limits.

CLARENDON NATIONAL INSURANCE COMPANY

SCHEDULE OF UNDERLYING INSURANCE-UMBRELLA LIABILITY

Policy No. APR 16-00193-01 **Effective Date:** 12/3/01

Named Insured: City of Philippi **Agent:** Commercial Insurance Services

TYPE OF COVERAGE, INSURER, POLICY NUMBER AND POLICY PERIOD	APPLICABLE LIMITS
Law Enforcement Liability **Insurer's Name** Clarendon National Insurance Company **Policy Number** APR 12-00193-01 **Policy Period** 12/3/01 – 12/3/02	$1,000,000 Each Person $1,000,000 Each Occurrence $2,000,000 Annual Aggregate
Public Officials Liability **Insurer's Name** Clarendon National Insurance Company **Policy Number** APR 12-00193-01 **Policy Period** 12/3/01 – 12/3/02	$1,000,000 Each Loss $2,000,000 Annual Aggregate
Employment Practices Liability **Insurer's Name** Clarendon National Insurance Company **Policy Number** APR 12-00193-01 **Policy Period** 12/3/01 – 12/3/02	$1,000,000 Each Loss $2,000,000 Annual Aggregate