THE CITY OF PHILIPPI

Water Revenue Bonds, Series 2011 A (United States Department of Agriculture); Water Revenue Bonds, Series 2011 B (West Virginia Infrastructure Fund); and Water Revenue Bonds, Series 2011 C (West Virginia Infrastructure Fund)

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Closing Date: June 9, 2011

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City of Philippi (IC/ROS)

Pre-Closing Date: June 8, 2011

Pre-Closing Attendance List

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THE CITY OF PHILIPPI

WATER REVENUE BONDS, SERIES 2011 A (UNITED STATES DEPARTMENT OF AGRICULTURE); WATER REVENUE BONDS, SERIES 2011 B (WEST VIRGINIA INFRASTRUCTURE FUND); AND WATER REVENUE BONDS, SERIES 2011 C (WEST VIRGINIA INFRASTRUCTURE FUND)

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THE CITY OF PHILIPPI

ORDINANCE AUTHORIZING THE PAYMENT OF THE SERIES 2009 A BONDS, THE ACQUISITION AND CONSTRUCTION OF THE PUBLIC WATERWORKS 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 $8,400,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2011 A (UNITED STATES DEPARTMENT OF AGRICULTURE), NOT MORE THAN $4,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2011 B (WEST VIRGINIA INFRASTRUCTURE FUND), AND NOT MORE THAN $4,100,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2011 C (WEST VIRIGINIA INFRASTRUCTURE FUND); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING A LOAN AGREEMENT RELATING TO THE SERIES 2011 B BONDS AND SERIES 2011 C 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 8, Article 19 and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"), and other applicable provisions of law.

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

A. The City of 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 waterworks system. However, it is deemed necessary and desirable for the health, safety, advantage, convenience, and welfare of the inhabitants of the Issuer that there be acquired and constructed certain extensions, additions, betterments

and improvements to the existing public waterworks facilities of the Issuer, consisting of expansion of the existing water treatment plant to a 3.0 MGD conventional water treatment plant and all necessary appurtenances (collectively, the "Project"), (the Project and any further extensions or 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 has heretofore temporarily financed the design and other preliminary costs of the Project by the issuance of the Waterworks System Design Revenue Bonds, Series 2009 A, dated February 24, 2009, issued in the original aggregate principal amount of $491,200 (the "Series 2009 A Bonds").

D. The Series 2009 A Bonds were issued pursuant to an Ordinance of the Issuer previously enacted for such purpose (such resolution, as amended and supplemented is herein called the "Series 2009 A Bonds Ordinance").

E. It is deemed necessary and desirable for the Issuer to pay the Series 2009 A Bonds.

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

G. It is deemed necessary for the Issuer to issue its Water Revenue Bonds in the total aggregate principal amount of not more than $16,500,000 in three or more series, being the Water Revenue Bonds, Series 2011 A (United States Department of Agriculture), in the aggregate principal amount of not more than $8,400,000 (the "Series 2011 A Bonds"), the Water Revenue Bonds, Series 2011 B (West Virginia Infrastructure Fund), in the aggregate principal amount of not more than $4,000,000 (the "Series 2011 B Bonds"), and the Water Revenue Bonds, Series 2011 C (West Virginia Infrastructure Fund), in the aggregate principal amount of not more than $4,100,000 (the "Series 2011 C Bonds"), to pay the Series 2009 A Bonds, to permanently finance a portion of the costs of acquisition and construction of the Project and to pay certain costs of issuance (collectively, the "Series 2011 Bonds"). The remaining costs of the Project shall be funded from the sources set forth in Section 2.01 hereof. Such costs shall be deemed to include the cost of all property rights, easements and franchises deemed necessary or convenient therefor; interest, if any, upon the Series 2011 Bonds prior to and during acquisition and construction of the Project and for a period not exceeding 6 months after completion of acquisition and construction of the Project; amounts which may be deposited in any Reserve Account (as hereinafter defined); engineering and legal expenses; expenses for estimates of costs and revenues, expenses for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the enterprise, administrative expense, commitment fees, fees and expenses of the Authority (as hereinafter defined), discount, initial fees for the services of registrars, paying agents, depositories or trustees or other costs in connection with the sale of the Series 2011 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 2011 Bonds or the repayment of indebtedness incurred by the Issuer for such purposes shall be deemed Costs of the Project, as hereinafter defined.

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

I. It is in the best interests of the Issuer that its Series 2011 A Bonds be sold to the Purchaser (as hereinafter defined) pursuant to the terms and provisions of the Letter of Conditions (as hereinafter defined) and both its Series 2011 B Bonds and Series 2011 C Bonds be sold to the Authority (as hereinafter defined) pursuant to the terms and provisions of a loan agreement (the "Loan Agreement") by and between the Issuer and the Authority, on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), in form satisfactory to the Issuer, the Authority and the Council, approved hereby if not previously approved by resolution of the Issuer.

J. On the Closing Date, after payment of the Series 2009 A Bonds, the Issuer has outstanding its Water Revenue Bonds, Series 2009 B (United States Department of Agriculture), dated April 16, 2009, issued in the original aggregate principal amount of $1,651,000 (the Series 2009 B Bonds" or the "Prior Bonds") which will rank on parity with the Series 2011 Bonds as to liens, pledge, source of and security for payment or are secured by revenues or assets of the System.

Prior to the issuance of the Series 2011 Bonds, the Issuer will obtain (i) the certificate of an Independent Certified Public Accountant stating that the coverage and parity tests of the Prior Bonds are met; and (ii) the written consents of the Holders of the Prior Bonds to the issuance of the Series 2011 Bonds on a parity with the Prior Bonds. Other than the Prior Bonds, there are no other outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System.

K. The Issuer has complied with all requirements of West Virginia law, the Letter of Conditions and the Loan Agreement relating to authorization of the acquisition, construction and operation of the Project and the System, including, without limitation, the imposition of rates and charges and the issuance of the Series 2011 Bonds, or will have so complied prior to issuance of any thereof, including, the approval of the Project and the financing thereof by the Council and the obtaining of a certificate of convenience and necessity and approval of this financing and necessary user rates and charges described herein 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 2011 Bonds or such final order will not be subject to appeal or rehearing.

L. The Project has been approved by the Council as required under Chapter 31, Article 15A of the West Virginia Code of 1931, as amended.

Section 1.03. Bond Legislation Constitutes Contract. In consideration of the acceptance of the Series 2011 Bonds by the Registered Owners of the same from time to time, this Bond Legislation shall be deemed to be and shall constitute a contract between the Issuer and such Bondholders, and the covenants and agreements herein set forth to be performed by the Issuer shall be for the equal benefit, protection and security of the Bondholders of any and all of such Bonds, all which shall be of equal rank and without preference, priority or distinction between any one Bond and any other Bonds and by reason of priority of issuance or otherwise, except as expressly provided therein and herein.

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

"Act" means, collectively, Chapter 8, Article 19 and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended and in effect on the date of adoption hereof.

"Authority" means the West Virginia Water Development Authority, which is expected to be the original purchaser and Registered Owner of the Series 2011 B Bonds, or any other agency, board or department of the State of West Virginia that succeeds to the functions of the Authority, acting in its administrative capacity and upon authorization from the Council under the Act.

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

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

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

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

"Bonds" means, collectively, the Series 2011 A Bonds, the Series 2011 B Bonds, the Series 2011 C Bonds, the Prior Bonds and, where appropriate, any bonds on a parity therewith subsequently authorized to be issued hereunder or by another ordinance of the Issuer.

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

"Clerk" means the Clerk of the Issuer.

"Closing Date" means the date upon which there is an exchange of the Series 2011 Bonds for all or a portion of the proceeds of the Series 2011 A Bonds from the Purchaser and for all or a portion of the proceeds of the Series 2011 B Bonds and the Series 2011 C Bonds from the Authority and the Council.

"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 Burgess & Niple, Inc., 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 1.02H hereof to be a part of the cost of acquisition and construction of the Project.

"Council" means the West Virginia Infrastructure and Jobs Development Council or any other agency of the State of West Virginia that succeeds to the functions of the Council.

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

"Facilities" or "waterworks facilities" means all the tangible properties of the System and also any tangible properties which may hereafter be added to the System by additions, betterments, extensions and improvements thereto and properties, furniture, fixtures or equipment therefore, hereafter at any time constructed or acquired.

"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 City Council of the Issuer, as it may now or hereafter be constituted.

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

"Grant" means, collectively, all grant monies received by the Issuer for the Project.

"Gross Revenues" means the aggregate gross operating and non-operating revenues of the System, as hereinafter defined, determined in accordance with generally accepted accounting principles, after deduction of prompt payment discounts, if any, and reasonable provision for uncollectible accounts; provided, that "Gross Revenues" does not include any gains from the sale or other disposition of, or from any increase in the value of, capital assets (including Qualified Investments, as hereinafter defined, purchased pursuant to Article 8.01 hereof) or any Tap Fees, as hereinafter defined.

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

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

"Issuer" means The City of 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.

"Letter of Conditions" means, collectively, the Letter of Conditions of the Purchaser dated April 10, 2009, and all additional amendments thereto, if any, providing for the purchase of the

Series 2011 A from the Issuer by the Purchaser.

"Loan Agreement" means the Loan Agreement heretofore entered, or to be entered, into between the Issuer and the Authority, on behalf of the Council, providing for the purchase of the Series 2011 B Bonds and the Series 2011 C Bonds from the Issuer by the Authority, the form of which shall be approved, and the execution and delivery by the Issuer authorized and directed or ratified by the Supplemental Resolution.

"Mayor" means the Mayor of the Issuer.

"Net Proceeds" means the face amount of the Series 2011 Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds, if any, deposited in any 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 2011 Bonds, without regard to whether or not such investment is made in tax-exempt obligations.

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

"Operating Expenses" means the reasonable, proper and necessary costs of repair, maintenance and operation of the System and includes, without limiting the generality of the foregoing, administrative, engineering, legal, auditing and insurance expenses, other than those capitalized as part of the costs, 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 Expresses" does not include payments on account of the principal of or redemption premium, if any, or interest on the Bonds, charges for depreciation, losses from the sale or other disposition of, or from any decrease in the value of, capital assets, amortization of debt discount or such miscellaneous deductions as are applicable to prior accounting periods.

"Outstanding," when used with reference to Bonds or Prior Bonds and as of any particular date, describes all Bonds or Prior Bonds theretofore and thereupon being authenticated and delivered except (i) any Bond or Prior Bonds canceled by the Bond Registrar or Registrar for the Prior Bonds, at or prior to said date; (ii) any Bond or Prior Bonds for the payment of which monies, equal to its principal amount and redemption premium, if applicable, with interest to the date of maturity or redemption shall be in trust hereunder, and set aside for such payment (whether upon or prior to maturity); (iii) any Bond or Prior Bonds deemed to have been paid as provided in Article X hereof; and (iv) for purposes of consents or other action by a specified percentage of Bondholders or holders of the 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 such other entity or authority as may be designated as a Paying Agent for the Series 2011 B Bonds and the Series 2011 C Bonds by the Issuer in the Supplemental Resolution.

"Prior Bonds" means the Series 2009 B Bonds.

"Prior Resolutions" means the resolutions of the Issuer authorizing the Prior Bonds.

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

"Purchaser" or "Government" means the United States Department of Agriculture and any successor thereof acting for and on behalf of the United States of America, which is expected to be the original purchaser and Registered Owner of the Series 2011 A Bonds.

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

(a) Government Obligations;

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

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

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

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

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

(g) Repurchase agreements, fully secured by investments of the types described in paragraphs (a) through (e) above, with banks or national banking associations which are members of FDIC or with

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

(h) The West Virginia "consolidated fund" managed by the West Virginia Board of Treasury Investments pursuant to Chapter 12, Article 6C of the West Virginia Code of 1931, as amended; and

(i) Obligations of States or political subdivisions or agencies thereof, the interest on which is exempt from federal income taxation, and which are rated at least "A" by Moody's Investors Service, Inc. or Standard & Poor's Corporation.

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

"Registrar" means the Bond Registrar.

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

"Renewal and Replacement Fund" means the Renewal and Replacement Fund established by Section 5.01 hereof for the Series 2011 Bonds.

"Reserve Accounts" means, collectively, the respective reserve accounts established for the Series 2011 Bonds and the Prior Bonds.

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

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

"Series 2009 A Bonds" means the Waterworks System Design Revenue Bonds, Series 2009 A Bonds (West Virginia Water Development Authority), dated February 24, 2009, issued in the original aggregate principal amount of $491,200.

"Series 2009 A Bonds Ordinance" means the ordinance of the Issuer, as supplemented, authorizing the Series 2009 A Bonds.

"Series 2009 B Bonds" means the Water Revenue Bonds, Series 2009 B Bonds (United States Department of Agriculture), dated April 16, 2009, issued in the original aggregate principal amount

of $1,651,000.

"Series 2011 Bonds" means, collectively, the Series 2011 A Bonds, the Series 2011 B Bonds and the Series 2011 C Bonds.

"Series 2011 Bonds Construction Trust Fund" means the Series 2011 Bonds Construction Trust Fund established by Section 5.01 hereof.

"Series 2011 A Bonds" means the Water Revenue Bonds, Series 2011 A (United States Department of Agriculture), of the Issuer, authorized by this Resolution.

"Series 2011 A Bonds Reserve Account" means the Series 2011 A Bonds Reserve Account established by Section 5.02 hereof.

"Series 2011 A Bonds Reserve Requirement" means, as of any date of calculation, the maximum amount of principal and interest which will become due on the Series 2011 A Bonds in the then current or any succeeding year.

"Series 2011 B Bonds" means the Water Revenue Bonds, Series 2011 B (West Virginia Infrastructure Fund), of the Issuer authorized by this Resolution.

"Series 2011 B Bonds Reserve Account" means the Series 2011 B Bonds Reserve Account established by Section 5.02 hereof.

"Series 2011 B Bonds Reserve Requirement" means, as of any date of calculation, the maximum amount of principal and interest which will become due on the Series 2011 B Bonds in the then current or any succeeding year.

"Series 2011 B Bonds Sinking Fund" means the Series 2011 B Bonds Sinking Fund established by Section 5.02 hereof.

"Series 2011 C Bonds" means the Water Revenue Bonds, Series 2011 C (West Virginia Infrastructure Fund), of the Issuer authorized by this Resolution.

"Series 2011 C Bonds Reserve Account" means the Series 2011 C Bonds Reserve Account established by Section 5.02 hereof.

"Series 2011 C Bonds Reserve Requirement" means, as of any date of calculation, the maximum amount of principal and interest which will become due on the Series 2011 C Bonds in the then current or any succeeding year.

"Series 2011 C Bonds Sinking Fund" means the Series 2011 C Bonds Sinking Fund established by 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

the supplemental resolution authorizing the sale of the Series 2011 Bonds; provided, that any matter intended by this Ordinance to be included in the Supplemental Resolution with respect to the Series 2011 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, including, without limitation, the Sinking Funds, the Reserve Accounts and the Renewal and Replacement Fund.

"System" means the waterworks system of the Issuer and all waterworks facilities owned by the Issuer and all facilities and other property of every nature, real or personal, now or hereafter owned, held or used in connection with the waterworks system; and shall include the Project and any and all extensions, additions, betterments and improvements thereto hereafter acquired or constructed for the waterworks system from any sources whatsoever, both within and without the Issuer.

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

"West Virginia Infrastructure Fund" means the West Virginia Infrastructure Fund established in accordance with Chapter 31, Article 15A, Section 9 of the West Virginia Code of 1931, as amended and in effect on the date of enactment hereof.

Additional terms and phrases are defined in this Resolution 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 AND PAYMENT OF THE SERIES 2009 A BONDS

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 $20,719,000, in accordance with the plans and specifications which have been prepared by the Consulting Engineers, heretofore filed in the office of the Governing Body. The proceeds of the Bonds hereby authorized shall be applied as provided in Article VI hereof. The Issuer has received bids and will enter into contracts for the acquisition and construction of the Project, in an amount and otherwise compatible with the financing plan submitted to the Purchaser, the Authority and the Council.

The cost of the Project is estimated not to exceed $20,719,000, of which $8,400,000 will be obtained from proceeds of the Series 2011 A Bonds, $4,000,000 will be obtained from proceeds of the Series 2011 B Bonds, $4,100,000 will be obtained from proceeds of the Series 2011 C Bonds, $3,424,400 will be obtained from a grant from the Purchaser, and $794,600 will be obtained from a grant from the United States Environmental Protection Agency.

Section 2.02. Authorization of Payment of the Series 2009 A Bonds. There is herby authorized and ordered the payment in full of the entire outstanding principal of and the interest on the

Series 2009 A Bonds on the Closing Date. The cost of which will be paid from the proceeds of the Series 2011 B Bonds. Upon the payment in full of the Series 2009 A Bonds, any funds pledged in favor of the holders of the Series 2009 A Bonds imposed by the Series 2009 A Bonds Ordinance are hereby ordered terminated, discharged and released.

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 2011 Bonds, if any, funding reserve accounts for the Series 2011 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 2011 A Bonds, the Series 2011 B Bonds and the Series 2011 C Bonds of the Issuer. The Series 2011 A Bonds shall be issued as a single bond, designated "Water Revenue Bonds, Series 2011 A (United States Department of Agriculture)," in the principal amount of not more than $8,400,000, the Series 2011 B Bonds shall be issued as a single bond, designated "Water Revenue Bonds, Series 2011 B (West Virginia Infrastructure Fund)," in the principal amount of not more than $4,000,000, and the Series 2011 C Bonds shall be issued as a single bond, designated "Water Revenue Bonds, Series 2011 C (West Virginia Infrastructure Fund)," in the principal amount of not more than $4,100,000, and each shall have such terms as set forth hereinafter and in the Supplemental Resolution. The proceeds of the Series 2011 Bonds remaining after funding of the Reserve Accounts (if funded from Bond proceeds) and capitalizing interest on the Series 2011 Bonds, if any, shall be deposited in or credited to the Series 2011 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.

A. The Series 2011 A Bonds shall be issued in such principal amounts; shall bear interest at such rate or rates, not to exceed 2.75%, payable monthly on such dates; shall mature on such dates and in such amounts; and shall be redeemable, in whole or in part, all as the Issuer shall prescribe in the Supplemental Resolution or as specifically provided in the Series 2011 A Bond.

B. The Series 2011 B Bonds shall be issued in such principal amounts; shall bear interest, if any, at such rate or rates, not exceeding the then legal maximum rate, payable quarterly on such dates; shall mature on such dates and in such amounts; and shall be redeemable, in whole or in part, all as the Issuer shall prescribe in the Supplemental Resolution or as specifically provided in the Loan Agreement. The Series 2011 B Bonds shall be payable as to principal at the office of the Paying Agent, in any coin or currency which, on the dates of payment of principal is legal tender for the payment of public or private debts under the laws of the United States of America. Interest, if any, on the Series 2011 B Bonds shall be paid by check or draft of the Paying Agent or its agent, mailed to the Registered Owner thereof at the address as it appears on the books of the Bond Registrar, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner thereof.

C. The Series 2011 C Bonds shall be issued in such principal amounts; shall bear interest, if any, at such rate or rates, not exceeding the then legal maximum rate, payable quarterly on

such dates; shall mature on such dates and in such amounts; and shall be redeemable, in whole or in part, all as the Issuer shall prescribe in the Supplemental Resolution or as specifically provided in the Loan Agreement. The Series 2011 C Bonds shall be payable as to principal at the office of the Paying Agent, in any coin or currency which, on the dates of payment of principal is legal tender for the payment of public or private debts under the laws of the United States of America. Interest, if any, on the Series 2011 C Bonds shall be paid by check or draft of the Paying Agent or its agent, mailed to the Registered Owner thereof at the address as it appears on the books of the Bond Registrar, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner thereof.

Unless otherwise provided by the Supplemental Resolution, the Series 2011 A Bonds shall initially be issued in the form of a single bond, fully registered to the Purchaser, with a record of advances attached, representing the aggregate principal amount of the Series 2011 A Bonds. The Series 2011 B Bonds shall initially be issued in the form of a single bond, fully registered to the Authority, with a record of advances and a debt service schedule attached, representing the aggregate principal amount of the Series 2011 B Bonds, all as provided in the Supplemental Resolution. The Series 2011 C 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 2011 C Bonds, all as provided in the Supplemental Resolution. The Series 2011 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 neither the Purchaser nor the Authority shall be obligated to pay any expenses of such exchange.

Subsequent series of Bonds, if any, shall be issued in fully registered form, in such denominations, dated such dates and bear interest at such rates as determined by a Supplemental Resolution.

Section 3.03. Execution of Bonds. The Series 2011 Bonds shall be executed in the name of the Issuer by the Mayor, and the seal of the Issuer shall be affixed thereto or imprinted thereon and attested by the Clerk. In case any one or more of the officers who shall have signed or sealed the Series 2011 Bonds shall cease to be such officer of the Issuer before the Series 2011 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. Bond Registrar; Authentication and Registration.

A. The Issuer shall be the Bond Registrar with respect to the Series 2011 A Bonds and will keep or cause to be kept at its office by its agent, sufficient books for the registration and transfer of the Series 2011 A Bonds, and, upon presentation for such purpose, the Bond Registrar shall, under such reasonable regulations as it may prescribe, register the Series 2011 A Bonds initially issued pursuant hereto and register the transfer, or cause to be registered by its agent, on such books, the transfer of the Series 2011 A Bonds as hereinbefore provided.

The Bond Registrar shall accept the Series 2011 A Bonds for registration or transfer only

if ownership thereof is to be registered in the name of the Purchaser, an individual (including joint ownership), a corporation, a partnership or a trust, and only upon receipt of the social security number of each individual, the federal employer identification number of each corporation or partnership or the social security numbers of the settlor and beneficiaries of each trust and the federal employer identification number and date of each trust and the name of the trustee of each trust, and/or such other identifying number and information as may be required by law. The Series 2011 A Bonds shall initially be fully registered as to both principal and interest in the name of the United States of America. So long as the Series 2011 A Bonds shall be registered in the name of the United States of America, the address of the United States of America for registration purposes shall be National Finance Office, St. Louis, Missouri 63103, or such other address as shall be stated in writing to the Issuer by the United States of America.

B. The Bond Registrar with respect to the Series 2011 B Bonds and the Series C Bonds shall be the bank or other entity to be designated as such in the Supplemental Resolution and its successors and assigns. No Series 2011 B Bonds or Series C Bonds shall be valid or obligatory for any purpose or entitled to any security or benefit under this Bond Legislation unless and until the Certificate of Authentication and Registration on such Bonds, 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 Series 2011 B Bonds or Series 2011 C Bonds shall be conclusive evidence that such Series 2011 B Bonds or Series 2011 C Bonds has been authenticated, registered and delivered under this Bond Legislation. The Certificate of Authentication and Registration on any Series 2011 B Bonds or Series 2011 C Bonds shall be deemed to have been executed by the Bond Registrar if manually signed by an authorized officer of the Bond Registrar, but it shall not be necessary that the same officer sign the Certificate of Authentication and Registration on all of the Series 2011 B Bonds and Series 2011 C Bonds issued hereunder. The provisions of this Section 3.04 relating to authentication shall not apply to the Series 2011 A Bonds, notwithstanding anything herein to the contrary.

Section 3.05. Negotiability, Transfer and Registration. Subject to the provisions for transfer of registration set forth below, the Series 2011 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 2011 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 2011 Bonds remain outstanding, the Bond Registrar for the Series 2011 Bonds shall keep and maintain books for the registration and transfer of such 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, all Bonds shall be delivered in accordance with the provisions of this Bond Legislation. All Bonds surrendered in any such exchanges or transfers shall forthwith be cancelled by the

Bond Registrar. For every such exchange or transfer of Bonds, the Bond Registrar may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer and the cost of preparing each new Bond upon each exchange or transfer, and any other expenses of the Bond Registrar incurred in connection therewith, which sum or sums shall be paid by the Issuer. The Bond Registrar shall not be obliged to make any such exchange or transfer of Bonds during the period commencing on the 15th day of the month next preceding an interest payment date on the Bonds or, in the case of any proposed redemption of Bonds, next preceding the date of the selection of Bonds to be redeemed, and ending on such interest payment date or redemption date.

Section 3.06. Bonds Mutilated, Destroyed, Stolen or Lost. In case any Series 2011 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 2011 Bonds shall not, in any event, be or constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provision or limitation, but shall be payable solely from the Net Revenues derived from the operation of the System as herein provided. No holder or holders of the Series 2011 Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer, if any, to pay the Series 2011 Bonds or the interest, if any, thereon.

Section 3.08. Bonds Secured by Pledge of Net Revenues; Lien Position with Respect to Prior Bonds. The payment of the debt service of all Series 2011 Bonds shall be secured forthwith equally and ratably with each other by a first lien on the Gross Revenues derived from the System, on a parity with the lien on Gross Revenues in favor of the holders of the Prior Bonds. Such Gross Revenues in an amount sufficient to pay the principal of and interest, if any, on and other payments for the Series 2011 Bonds and the Prior Bonds and to make all other payments provided for in the Bond Legislation, are hereby irrevocably pledged to such payments as they become due.

Section 3.09. Delivery of Bonds.

A. With respect to the Series 2011 A Bonds, the Mayor is hereby authorized and directed to cause such Bonds, hereby awarded to the Purchaser pursuant to the Letter of Conditions, to be delivered to the Purchaser on the date of delivery.

B. The Issuer shall execute and deliver the Series 2011 B Bonds and the Series 2011 C Bonds to the Bond Registrar, and the Bond Registrar shall authenticate, register and deliver the Series 2011 B Bonds and the Series 2011 C Bonds to the original purchasers upon receipt of the documents set forth below:

(1) If other than the Authority, a list of the names in which the Series 2011 B Bonds and the Series 2011 C Bonds are to be registered upon original issuance, together with such taxpayer identification and other information as the Bond Registrar may reasonably require;

(2) A request and authorization to the Bond Registrar on behalf of the Issuer, signed by an Authorized Officer, to authenticate and deliver the Series 2011 B Bonds and the Series 2011 C Bonds to the original purchasers;

(3) An executed and certified copy of the Bond Legislation;

(4) An executed copy of the Loan Agreement; and

(5) The unqualified approving opinions of bond counsel on the Series 2011 B Bonds and the Series 2011 C Bonds.

Section 3.10. Form of Bonds. The text of the Series 2011 A Bonds, the Series 2011 B Bonds and the Series 2011 C Bonds shall be in substantially the following respective forms, with such omissions, insertions and variations as may be necessary and desirable and authorized or permitted hereby, or by any Supplemental Resolution adopted prior to the issuance thereof:

[Remainder of Page Intentionally Blank]

(FORM OF SERIES 2011 A BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE CITY OF PHILIPPI
WATER REVENUE BONDS, SERIES 2011 A
(UNITED STATES DEPARTMENT OF AGRICULTURE)

$_____

No. AR-1 Date: _____, 2011

FOR VALUE RECEIVED, THE CITY OF PHILIPPI (the "Borrower") promises to pay to the order of the UNITED STATES OF AMERICA (the "Government"), or its registered assigns, at its National Finance Office, St. Louis, Missouri 63103, or at such other place as the Government may hereafter designate in writing, the principal sum of _____DOLLARS ($_____), plus interest on the unpaid principal balance at the rate of _____% per annum. The said principal and interest shall be paid in the following installments on the following dates: Monthly installments of interest only, commencing 30 days following delivery of this Bond and continuing on the corresponding day of each month for the first 24 months after the date hereof, and $_____, covering principal and interest, thereafter on said corresponding day of each month, except that the final installment shall be paid at the end of 40 years from the date of this Bond in the sum of the unpaid principal and interest due on the date thereof, and except that prepayments may be made as provided hereinbelow. The consideration herefor shall support any agreement modifying the foregoing schedule of payments.

If the total amount of the loan is not advanced at the time of loan closing, the loan shall be advanced to Borrower as requested by Borrower and approved by the Government and interest shall accrue on the amount of each advance from its actual date as shown on the Record of Advances attached hereto as a part hereof.

Every payment made on any indebtedness evidenced by this Bond shall be applied first to interest computed to the effective date of the payment and then to principal.

Prepayments of scheduled installments, or any portion thereof, may be made at any time at the option of Borrower. Refunds and extra payments, as defined in the regulations of the Government according to the source of funds involved, shall, after payment of interest, be applied to the installments last to become due under this Bond and shall not affect the obligation of Borrower to pay the remaining installments as scheduled herein.

If the Government at any time assigns this Bond and insures the payment thereof, Borrower shall continue to make payments to the Government as collection agent for the holder.

While this Bond is held by an insured lender, prepayments as above authorized made by Borrower may, at the option of the Government, be remitted by the Government to the holder promptly or, except for final payment, be retained by the Government and remitted to the holder on either a calendar quarter basis or an annual installment due date basis. The effective date of every payment made by Borrower, except payments retained and remitted by the Government on an annual installment due

date basis, shall be the date of the United States Treasury check by which the Government remits the payment to the holder. The effective date of any prepayment retained and remitted by the Government to the holder on an annual installment due date basis shall be the date of the prepayment by Borrower and the Government will pay the interest to which the holder is entitled accruing between the effective date of any such prepayment and the date of the Treasury check to the holder.

Any amount advanced or expended by the Government for the collection hereof or to preserve or protect any security herefor, or otherwise under the terms of any security or other instrument executed in connection with the loan evidenced hereby, at the option of the Government shall become a part of and bear interest at the same rate as the principal of the debt evidenced hereby and be immediately due and payable by Borrower to the Government without demand. Borrower agrees to use the loan evidenced hereby solely for purposes authorized by the Government.

Borrower hereby certifies that it is unable to obtain sufficient credit elsewhere to finance its actual needs at reasonable rates and terms, taking into consideration prevailing private and cooperative rates and terms in or near its community for loans for similar purposes and periods of time.

This Bond, together with any additional bonds ranking on a parity herewith which may be issued and outstanding for the purpose of providing funds for financing costs of acquisition and construction of improvements and extensions to the existing public waterworks system (the "System") of the Borrower, is payable solely from the net revenues to be derived from the operation of the System in the manner provided in the hereinafter defined Resolution. This Bond does not in any manner constitute an indebtedness of Borrower within the meaning of any constitutional or statutory provision or limitation.

Registration of this Bond is transferable by the registered owner hereof in person or by his, her or its attorney duly authorized in writing, at the office of Borrower, as Bond Registrar, but only in the manner, subject to the limitations and upon payment of the charges, if any, provided in the Resolution and upon surrender and cancellation of this Bond. Upon such transfer a new Bond or Bonds, of authorized denomination or denominations, for the like principal amount, will be issued to the transferee in exchange herefor.

This Bond, under the provisions of the Act, is and has all the qualities and incidents of a negotiable instrument under the Uniform Commercial Code of the State of West Virginia, but may only be transferred by transfer of registration hereof with the Bond Registrar.

This Bond has been issued under and in full compliance with the Constitution and statutes of the State of West Virginia, including, among others, Chapter 8, Article 19 of the West Virginia Code, as amended (the "Act"), and an Ordinance of the Borrower duly adopted on _____, 2011, and a Supplemental Resolution of the Borrower duly adopted on _____, 2011, authorizing issuance of this Bond (collectively, the "Ordinance").

If at any time it shall appear to the Government that Borrower may be able to obtain a loan from a responsible cooperative or private credit source at reasonable rates and terms for loans for similar purposes and periods of time, Borrower will, at the Government's request, apply for and accept such loan in sufficient amount to repay the Government.

This Bond is given as evidence of a loan to Borrower made or insured by the Government pursuant to the Consolidated Farmer and Rural Development Act of 1965. This Bond shall be subject to

the present regulations of the Government and to its future regulations not inconsistent with the express provisions hereof.

THIS BOND IS ISSUED ON A PARITY, AS TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, WITH THE BORROWER'S: (I) WATER REVENUE BONDS, SERIES 2009 B (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED APRIL 16, 2009, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,651,000 (THE "SERIES 2009 B BONDS") (THE "PRIOR BONDS"); (II) WATER REVENUE BONDS, SERIES 2011 B (WEST VIRGINIA INFRASTRUCTURE FUND), DATED _____, 2011, ISSUED CONCURRENTLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $_____ (THE "SERIES 2011 B BONDS"); AND (III) WATER REVENUE BONDS, SERIES 2011 C (WEST VIRGINIA INFRASTRUCTURE FUND), DATED _____, 2011, ISSUED CONCURRENTLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $_____ (THE "SERIES 2011 C BONDS").

In accordance with the requirements of the United States Department of Agriculture, the Bonds will be in default should any proceeds of the Bonds be used for a purpose that will contribute to excessive erosion of highly erodible land or to the conversion of wetlands to produce an agricultural commodity.

[Remainder of Page Intentionally Blank]

IN WITNESS WHEREOF, THE CITY OF PHILIPPI has caused this Bond to be executed by its Mayor and its corporate seal to be hereunto affixed or imprinted hereon and attested by its Clerk, all as of the date hereinabove written.

THE CITY OF PHILIPPI
(Name of Borrower)

[CORPORATE SEAL]

_____
(Signature of Executive Official)

Mayor
(Title of Executive Official)

Post Office Box 460
(P.O. Box No. or Street Address)

Philippi, West Virginia 26416
(City, State and Zip Code)

ATTEST:

_____
(Signature of Attesting Official)

Clerk
(Title of Attesting Official)

EXHIBIT A

RECORD OF ADVANCES

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

TOTAL $_____

(Form of Assignment)

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned sells, assigns and transfers to 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 Borrower with full power of substitution in the premises.

Dated: _____, 20____.

_____

In presence of:

_____

(FORM OF SERIES 2011 B BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE CITY OF PHILIPPI
WATER REVENUE BONDS, SERIES 2011 B
(WEST VIRGINIA INFRASTRUCTURE FUND)

No. BR-1 $_____

KNOW ALL MEN BY THESE PRESENTS: That on the ____ day of _____, 2011, 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 _____DOLLARS ($_____), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing _____ 1, 20_____ to and including _____ 1, 20____, as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference.

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

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the West Virginia Infrastructure and Jobs Development Council (the "Council"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement by and between the Issuer and the Authority, on behalf of the Council, dated _____, 2011.

This Bond is issued (i) to pay the Issuers Waterworks System Design Revenue Bonds, Series 2009 A (the "Series 2009 A Bonds"); (ii) to pay a portion of the costs of acquisition and construction of the public waterworks system of the Issuer (the "Project"); and (iii) to pay certain costs of issuance of the Bonds of this Series (the "Bonds") and related costs. The public waterworks 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 8, Article 19 and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"), a Bond Ordinance duly adopted by the Issuer on _____, 2011, and a Supplemental Resolution duly adopted by the Issuer on _____, 2011 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the

funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY, AS TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, WITH THE BORROWER'S (I) WATER REVENUE BONDS, SERIES 2009 B (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED APRIL 16, 2009, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,651,000 (THE "SERIES 2009 B BONDS") (THE "PRIOR BONDS"); (II) WATER REVENUE BONDS, SERIES 2011 A (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED _____, 2011, ISSUED CONCURRENTLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $_____ (THE "SERIES 2011 A BONDS"); AND (III) WATER REVENUE BONDS, SERIES 2011 C (WEST VIRGINIA INFRASTRUCTURE FUND), DATED _____, 2011, ISSUED CONCURRENTLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $_____ (THE "SERIES 2011 C BONDS").

This Bond is payable only from and secured by a pledge of the Gross Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Gross Revenues in favor of the Holders of the Series 2011 A Bonds, the Series 2011 C Bonds and the Prior Bonds, and from monies in the reserve account created under the Bond Legislation for the Bonds (the "Series 2011 B Bonds Reserve Account"), and unexpended proceeds of the Bonds. Such Gross Revenues shall be sufficient to pay the principal of and interest, if any, on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest, if any, hereon, except from said special fund provided from the Gross Revenues, the monies in the Series 2011 B Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest, if any, on the Bonds, and all other obligations secured by a lien on or payable from such revenues on a parity with the Bonds, including the Series 2011 A Bonds, the Series 2011 C Bonds, and the Prior Bonds; provided however, that so long as there exists in the Series 2011 B Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest, if any, which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with the Bonds, including the Series 2011 A Bonds, the Series 2011 C Bonds, and the Prior Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

Subject to the registration requirements set forth herein, this Bond is transferable, as provided in the Bond Legislation, only upon the books of The 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.

In accordance with the requirements of the United States Department of Agriculture for the issuance of parity obligations, the Bonds will be in default should any proceeds of the Bonds be used for a purpose that will contribute to excessive erosion of highly erodible land or to the conversion of wetlands to produce an agricultural commodity.

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.

[Remainder of Page Intentionally Blank]

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 Clerk, and has caused this Bond to be dated the date first written above.

[SEAL]

_____
Mayor

ATTEST:

_____
Clerk

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2011 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: _____, 2011

THE HUNTINGTON NATIONAL BANK,
as Registrar

_____
Authorized Officer

EXHIBIT A

RECORD OF ADVANCES

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

TOTAL $_____

EXHIBIT B

DEBT SERVICE SCHEDULE

(Form of)

ASSIGNMENT

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

Dated: _____, 20____.

_____

In the presence of:

_____

(FORM OF SERIES 2011 C BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE CITY OF PHILIPPI
WATER REVENUE BONDS, SERIES 2011 C
(WEST VIRGINIA INFRASTRUCTURE FUND)

No. CR-1 $_____

KNOW ALL MEN BY THESE PRESENTS: That on the ____ day of _____, 2011, 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 _____DOLLARS ($_____), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing _____ 1, 20____ to and including _____ 1, 20____, as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference.

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

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the West Virginia Infrastructure and Jobs Development Council (the "Council"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement by and between the Issuer and the Authority, on behalf of the Council, dated _____, 2011.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of the public waterworks system of the Issuer (the "Project"); and (ii) to pay certain costs of issuance of the Bonds of this Series (the "Bonds") and related costs. The public waterworks 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 8, Article 19 and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"), a Bond Ordinance duly adopted by the Issuer on _____, 2011, and a Supplemental Resolution duly adopted by the Issuer on _____, 2011 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY, AS TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, WITH THE BORROWER'S (I) WATER REVENUE BONDS, SERIES 2009 B (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED APRIL 16, 2009, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,651,000 (THE "SERIES 2009 B BONDS") (THE "PRIOR BONDS"); (II) WATER REVENUE BONDS, SERIES 2011 A (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED _____, 2011, ISSUED CONCURRENTLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $_____ (THE "SERIES 2011 A BONDS"); AND (III) WATER REVENUE BONDS, SERIES 2011 B (WEST VIRGINIA INFRASTRUCTURE FUND), DATED _____, 2011, ISSUED CONCURRENTLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $_____ (THE "SERIES 2011 B BONDS").

This Bond is payable only from and secured by a pledge of the Gross Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Gross Revenues in favor of the Holders of the Series 2011 A Bonds, the Series 2011 B Bonds and the Prior Bonds, and from monies in the reserve account created under the Bond Legislation for the Bonds (the "Series 2011 C Bonds Reserve Account"), and unexpended proceeds of the Bonds. Such Gross Revenues shall be sufficient to pay the principal of and interest, if any, on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest, if any, hereon, except from said special fund provided from the Gross Revenues, the monies in the Series 2011 C 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 Series 2011 A Bonds, the Series 2011 B Bonds, and the Prior Bonds; provided however, that so long as there exists in the Series 2011 C 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 Series 2011 A Bonds, the Series 2011 B Bonds, and the Prior Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

Subject to the registration requirements set forth herein, this Bond is transferable, as provided in the Bond Legislation, only upon the books of The 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.

In accordance with the requirements of the United States Department of Agriculture for the issuance of parity obligations, the Bonds will be in default should any proceeds of the Bonds be used for a purpose that will contribute to excessive erosion of highly erodible land or to the conversion of wetlands to produce an agricultural commodity.

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.

[Remainder of Page Intentionally Blank]

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 Clerk, and has caused this Bond to be dated the date first written above.

[SEAL]

_____
Mayor

ATTEST:

_____
Clerk

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2011 C 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: _____, 2011

THE HUNTINGTON NATIONAL BANK,
as Registrar

_____
Authorized Officer

EXHIBIT A

RECORD OF ADVANCES

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

TOTAL $_____

EXHIBIT B

DEBT SERVICE SCHEDULE

(Form of)

ASSIGNMENT

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

Dated: _____, 20____.

_____

In the presence of:

_____

Section 3.11. Sale of Bonds; Approval and Ratification of Execution of Loan Agreement.

A. The Series 2011 A Bonds shall be sold to the Purchaser, pursuant to the terms and conditions of the Letter of Conditions. The Letter of Conditions, including all attachments, are hereby approved and incorporated into this Bond Legislation.

B. The Series 2011 B Bonds and the Series 2011 C Bonds shall be sold to the Authority, pursuant to the terms and conditions of the Loan Agreement. If not so authorized by previous ordinance or resolution, the Mayor is specifically authorized and directed to execute the Loan Agreement in the form attached hereto as "Exhibit A" and made a part hereof, and the Clerk is directed to affix the seal of the Issuer, attest the same and deliver the Loan Agreement to the Authority, and any such prior execution and delivery is hereby authorized, approved, ratified and confirmed. The Loan Agreement, including all schedules and exhibits attached thereto, are hereby approved and incorporated into this Bond Legislation.

Section 3.12. "Amended Schedule B" Filing. Upon completion of the acquisition and construction of the Project, the Issuer will file with the Purchaser, the Authority and the Council a schedule, the forms of which will be provided by the Purchaser, the Authority and the Council, setting forth the actual costs of the Project and sources of funds therefor.

ARTICLE IV

[RESERVED]

ARTICLE V

FUNDS AND ACCOUNTS; SYSTEM REVENUES AND APPLICATION THEREOF

Section 5.01. Establishment of Funds and Accounts with Depository Bank. The following special funds or accounts are hereby with and shall be held by the Depository Bank, separate and apart from all other funds or accounts of the Depository Bank and the Issuer and from each other:

(1) Revenue Fund (established by Prior Ordinance and continued hereby);

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

(3) Series 2011 Bonds Construction Trust Fund.

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

(1) Series 2009 B Bonds Reserve Account (established by Prior Ordinance and continued hereby);

(2) Series 2011 A Bonds Reserve Account;

(3) Series 2011 B Bonds Sinking Fund;

(4) Series 2011 B Bonds Reserve Account;

(5) Series 2011 C Bonds Sinking Fund; and

(6) Series 2011 C Bonds Reserve Account.

Section 5.03. System Revenues; Flow of Funds.

A. The entire Gross Revenues derived from the operation of the System shall be deposited upon receipt in the Revenue Fund. The Revenue Fund shall constitute a trust fund for the purposes provided in this Bond Legislation and 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. All revenues at any time on deposit in the Revenue Fund shall be disposed of only in the following order and priority:

(1) The Issuer shall next, each month, on or before the due date thereof, transfer from the Revenue Fund and remit to the National Finance Office (i) the amounts required by Prior Ordinances to pay the interest on Series 2009 B Bonds; and (ii) commencing 24 months following the date of delivery of the Series 2011 A Bonds, the amount required to pay the interest of the Series 2011 A Bonds. Beginning on the 24th monthly anniversary of the Closing Date and continuing on each monthly anniversary of the Closing Date thereafter, the Issuer shall transfer from the Revenue Fund and remit to the National Finance Office the amounts required to amortize the interest on the Series 2011 A Bonds over the life of the Bond issue.

(2) The Issuer shall next, each month, transfer from the Revenue Fund and simultaneously remit to (i) the National Finance Office the amount required by Prior Ordinances to the pay the principal on Prior Bonds; (ii) the National Finance Office, commencing 24 months following the date of delivery of the Series 2011 A Bonds, the amount required to amortize the principal of the Series 2011 A Bonds over the life of the bond issue; (iii) to the Commission, commencing 4 months prior to the first date of payment of principal of the Series 2011 B Bonds, for deposit in the Series 2011 B Bonds Sinking Fund, an amount equal to 1/3rd of the amount of principal which will mature and become due on the Series 2011 B Bonds on the next ensuing quarterly principal payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 2011 B Bonds Sinking Fund and the next quarterly principal payment date is less than 3 months, then such monthly payment shall be increased proportionately to provide, 1 month prior to the next quarterly principal payment date, the required amount of

principal coming due on such date; and (iv) to the Commission, commencing 4 months prior to the first date of payment of principal of the Series 2011 C Bonds, for deposit in the Series 2011 C Bonds Sinking Fund, an amount equal to 1/3rd of the amount of principal which will mature and become due on the Series 2011 C 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 2011 C Bonds Sinking Fund and the next quarterly principal payment date is less than 3 months, then such monthly payment shall be increased proportionately to provide, 1 month prior to the next quarterly principal payment date, the required amount of principal coming due on such date.

(3) The Issuer shall next, on the first day of each month simultaneously transfer from the Revenue Fund and remit (i) remit to the Commission, commencing 4 months prior to the first date of payment of principal of the Series 2011 A Bonds, if not fully funded upon issuance of the Series 2011 A Bonds, for deposit in the Series 2011 A Bonds Reserve Account, an amount equal to 10% of the monthly payment amount each month, until the amount in the Series 2011 A Bonds Reserve Account equals the Series 2011 A Bonds Reserve Requirement; provided that, no further payments shall be made into the Series 2011 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 2011 A Bonds Reserve Requirement; (ii) remit to the Commission, commencing 4 months prior to the first date of payment of principal of the Series 2011 B Bonds, if not fully funded upon issuance of the Series 2011 B Bonds, for deposit in the Series 2011 B Bonds Reserve Account, an amount equal to 1/120th of the Series 2011 B Bonds Reserve Requirement, until the amount in the Series 2011 B Bonds Reserve Account equals the Series 2011 B Bonds Reserve Requirement; provided that, no further payments shall be made into the Series 2011 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 2011 B Bonds Reserve Requirement; and (iii) remit to the Commission, commencing 4 months prior to the first date of payment of principal of the Series 2011 C Bonds, if not fully funded upon issuance of the Series 2011 C Bonds, for deposit in the Series 2011 C Bonds Reserve Account, an amount equal to 1/120th of the Series 2011 C Bonds Reserve Requirement, until the amount in the Series 2011 C Bonds Reserve Account equals the Series 2011 C Bonds Reserve Requirement; provided that, no further payments shall be made into the Series 2011 C 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 2011 C Bonds Reserve Requirement.

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

(5) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and remit to the Depository Bank for deposit in the Renewal and Replacement Fund, an amount equal to 2 1/2% of the Gross Revenues each month, exclusive of any payments for account of any Reserve Account. All funds in the Renewal and Replacement Fund shall be kept apart from all other funds of the Issuer or of the Depository Bank and shall be invested and reinvested in accordance with Article VIII hereof. Withdrawals and disbursements may be made from the Renewal and Replacement Fund for replacements, repairs, improvements or extensions to the System; provided that, any deficiencies in any Reserve Accounts (except to the extent such deficiency exists because the required payments into such account have not, as of the date of determination of a deficiency, funded such account to the maximum extent required hereof) shall be promptly eliminated with monies from the Renewal and Replacement Fund.

(6) After all the foregoing provisions for use of monies in the Revenue Fund have been fully complied with, any monies remaining therein and not permitted to be retained therein may be used to prepay installments of the Bonds, pro rata, or for any lawful purpose of the System.

Monies in the Series 2011 A Bonds Reserve Account shall be used only for the purpose of paying principal of and interest on the Series 2011 A Bonds as the same shall come due, when other monies are insufficient therefor, and for no other purpose. Whenever the monies in the Series 2011 A Bonds Reserve Account shall be sufficient to prepay the Series 2011 A Bonds in full, it shall be the mandatory duty of the Issuer, anything to the contrary herein notwithstanding, to prepay, at the earliest practical date and in accordance with applicable provisions hereof, the Series 2011 A Bonds, together with accrued interest thereon to such prepayment date.

Monies in the Series 2011 B Bonds Sinking Fund shall be used only for the purpose of paying principal of and interest, if any, on the Series 2011 B Bonds as the same shall become due. Monies in the Series 2011 B Bonds Reserve Account shall be used only for the purpose of paying principal of and interest, if any, on the Series 2011 B Bonds as the same shall come due, when other monies in the Series 2011 B Bonds Sinking Fund are insufficient therefor, and for no other purpose. Whenever the monies in the Series 2011 B Bonds Reserve Account shall be sufficient to prepay the Series 2011 B Bonds in full, it shall be the mandatory duty of the Issuer, anything to the contrary herein notwithstanding, to prepay, at the earliest practical date and in accordance with applicable provisions hereof, the Series 2011 B Bonds and accrued interest, if any, thereon to such prepayment date.

Monies in the Series 2011 C Bonds Sinking Fund shall be used only for the purpose of paying principal of and interest, if any, on the Series 2011 C Bonds as the same shall become due. Monies in the Series 2011 C Bonds Reserve Account shall be used only for the purpose of paying principal of and interest, if any, on the Series 2011 C Bonds as the same shall come due, when other monies in the Series 2011 C Bonds Sinking Fund are insufficient therefor, and for no other purpose. Whenever the monies in the Series 2011 C Bonds Reserve Account shall be sufficient to prepay the Series 2011 C Bonds in full, it shall be the mandatory duty of the Issuer, anything to the contrary herein notwithstanding, to prepay, at the earliest practical date and in accordance with applicable provisions

hereof, the Series 2011 C Bonds and accrued interest, if any, thereon to such prepayment date.

All investment earnings on monies in the Series 2011 A Bonds Reserve Account (if fully funded), the Series 2011 B Bonds Sinking Fund, the Series 2011 B Bonds Reserve Account (if fully funded), the Series 2011 C Bonds Sinking Fund, and the Series 2011 C Bonds Reserve Account (if fully funded) shall be returned, not less than once each year, by the Commission to the Issuer, and such amounts shall, during construction of the Project, be deposited in the Series 2011 Bonds Construction Trust Fund, and following completion of construction of the Project, shall be deposited in the Revenue Fund and applied in full, first to the next ensuing interest payment, if any, due on the Series 2011 A Bonds, the Series 2011 B Bonds, and the Series 2011 C Bonds, respectively, and then to the next ensuing principal payment due thereon, all on a pro rata basis.

Any withdrawals from the Series 2011 A Bonds Reserve Account, the Series 2011 B Bonds Reserve Account or the Series 2011 C Bonds Reserve Account which result in a reduction in the balance of such accounts to below the Series 2011 A Bonds Reserve Requirement, the Series 2011 B Bonds Reserve Requirement or the Series 2011 C Bonds Reserve Requirement, respectively, shall be subsequently restored from the first Net Revenues available after all required payments have been made in full in the order set forth above.

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

The Issuer shall not be required to make any further payments into the Series 2011 A Bonds Reserve Account, the Series 2011 B Bonds Reserve Account or the Series 2011 C Bonds Reserve Account when the aggregate amount of funds therein are at least equal to the aggregate principal amount of the respective Bonds issued pursuant to this Bond Legislation then Outstanding and all interest, if any, to accrue until the maturity thereof.

Principal, interest or reserve payments, whether for a deficiency or otherwise, shall be made on a parity and pro rata, with respect to the Series 2011 A Bonds, the Series 2011 B Bonds, the Series 2011 C Bonds and the Prior Bonds in accordance with the respective principal amounts then Outstanding.

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

The Commission is hereby designated as the fiscal agent for the administration of the Series 2011 A Bonds Reserve Account, the Series 2011 B Bonds Sinking Fund, the Series 2011 B Bonds Reserve Account, the Series 2011 C Bonds Sinking Fund, and the Series 2011 C Bonds Reserve Account created hereunder, and all amounts required for such funds shall be remitted to the Commission from the Revenue Fund by the Issuer at the times provided herein. The Issuer shall make the necessary arrangements whereby required payments into the said accounts shall be automatically debited from the Revenue Fund and electronically transferred to the Commission on the dates required hereunder.

Monies in the Series 2011 A Bonds Reserve Account, the Series 2011 B Bonds Sinking Fund, the Series 2011 B Bonds Reserve Account, the Series 2011 C Bonds Sinking Fund and the Series 2011 C Bonds Reserve Account shall be invested and reinvested by the Commission in accordance with Section 8.01 hereof.

The Series 2011 A Bonds Reserve Account, the Series 2011 B Bonds Sinking Fund, the Series 2011 B Bonds Reserve Account, the Series 2011 C Bonds Sinking Fund and the Series 2011 C Bonds Reserve Account, shall be used solely and only for, and are hereby pledged for, the purpose of servicing the Series 2011 A Bonds, the Series 2011 B Bonds and the Series 2011 C Bonds, respectively, 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) remit to the Commission the required principal, interest and reserve account payments and all such payments shall be remitted to the Commission with appropriate instructions as to the custody, use and application thereof consistent with the provisions of this Bond Legislation.

C. The Issuer shall complete the "Monthly Payment Form," a form of which is attached to the Loan Agreement, and submit a copy of said form, together 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, fees and expenses then due. In the case of payments to the Commission under this paragraph, the Issuer shall, if required by either the Authority or the Council at any time, make the necessary arrangements whereby such required payments shall be automatically debited from the Revenue Fund and electronically transferred to the Commission on the dates required.

F. The monies in excess of the maximum amounts insured by FDIC in any fund or account 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 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 or 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 2011 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 2011 Bonds, the following amounts shall be first deducted and deposited in the order set forth below:

A. From the proceeds of the Series 2011 A Bonds, there shall be deposited with the Commission in the Series 2011 A Bonds Reserve Account, the amount, if any, set forth in the Supplemental Resolution for funding the Series 2011 A Bonds Reserve Account.

B. From the proceeds of the Series 2011 B Bonds, there shall be deposited with the Commission in the Series 2011 B Bonds Reserve Account, the amount, if any, set forth in the Supplemental Resolution for funding of the Series 2011 B Bonds Reserve Account.

C. From the proceeds of the Series 2011 B Bonds, there shall be deposited with the Commission an amount set forth in the Supplemental Resolution to pay the Series 2009 A Bonds.

D. From the proceeds of the Series 2011 C Bonds, there shall be deposited with the Commission in the Series 2011 C Bonds Reserve Account, the amount, if any, set forth in the Supplemental Resolution for funding of the Series 2011 C Bonds Reserve Account.

E. As the Issuer receives advances of the remaining monies derived from the sale of the Series 2011 A Bonds, such monies shall be deposited with the Depository Bank in the Series 2011 Bonds Construction Trust Fund and applied solely to payment of costs of the Project in the manner set forth in Section 6.02 hereof and until so expended, are hereby pledged as additional security for the Series 2011 A Bonds.

F. As the Issuer receives advances of the remaining monies derived from the sale of the Series 2011 B Bonds, such monies shall be deposited with the Depository Bank in the Series 2011 Bonds Construction Trust

Fund and applied solely to payment of costs of the Project in the manner set forth in Section 6.02 hereof and until so expended, are hereby pledged as additional security for the Series 2011 B Bonds.

G. As the Issuer receives advances of the monies derived from the sale of the Series 2011 C Bonds, such monies shall be deposited with the Depository Bank in the Series 2011 Bonds Construction Trust Fund and applied solely to payment of costs of the Project in the manner set forth in Section 6.02 hereof and until so expended, are hereby pledged as additional security for the Series 2011 C Bonds.

H. 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 2011 A Bonds shall be expended as directed by the Purchaser and any remaining proceeds of the Series 2011 B Bonds and the Series 2011 C Bonds shall be expended as directed by the Council.

Section 6.02. Disbursements From the Bond Construction Trust Fund.

A. The proceeds of the Series 2011 A Bonds in the Series 2011 Bonds Construction Trust Fund shall be used solely to pay the cost of acquisition and construction of the Project upon vouchers and other documentation approved by the Purchaser.

B. The Issuer shall each month provide the Council with a requisition for the costs incurred for the Project, together with such documentation as the Council shall require. Payments of all Costs of the Project from the Series 2011 B Bonds and Series 2011 C Bonds shall be made monthly.

Except as provided in Section 6.01 hereof, disbursements of proceeds of the Series 2011 B Bonds and Series 2011 C Bonds from the Series 2011 Bonds Construction Trust Fund shall be made only after submission to the Council of a certificate, signed by an Authorized Officer stating that:

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

(2) Each item for which the payment is proposed to be made is or was necessary in connection with the Project and constitutes a Cost of the Project;

(3) Each of such costs has been otherwise properly incurred; and

(4) Payment for each of the items proposed is then due and owing.

Pending such application, monies in the Series 2011 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 2011 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 2011 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 2011 Bonds or the interest, if any, thereon is Outstanding and unpaid.

Section 7.02. Bonds not to be Indebtedness of the Issuer. The Series 2011 Bonds shall not be nor constitute an indebtedness of the Issuer within the meaning of any constitutional, statutory or charter limitation, but shall be payable solely from the funds pledged for such payment by this Bond Legislation. No Holder or Holders of any Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer, if any, to pay the Series 2011 Bonds or the interest, if any, thereon.

Section 7.03. Bonds Secured by Pledge of Gross Revenues; Lien Position with Respect to Prior Bonds. The payment of the debt service of all the Series 2011 Bonds shall be secured forthwith equally and ratably with each other by a first lien on the Gross Revenues derived from the System, on a parity with the lien on the Gross Revenues in favor of the holders of the Prior Bonds. The Gross Revenues in an amount sufficient to pay the principal of and interest, if any, on the Series 2011 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, in the manner provided herein, to such payments as they become due, and for the other purposes provided in the Bond Legislation.

Section 7.04. Rates and Charges. The Issuer has obtained any and all approvals of rates and charges required by State law and has taken any other action required to establish and impose such rates and charges, with all requisite appeal periods having expired without successful appeal and the Issuer shall supply an opinion of counsel to such effect. Such rates and charges shall be sufficient to comply with the requirements of the Loan Agreement and the Issuer shall supply a certificate of certified public accountant to such effect. The initial schedule of rates and charges for the services and facilities of the System shall be as set forth in the water rate ordinance of the Issuer enacted June 8, 2010, which rates are incorporated herein by reference as a part hereof.

So long as the Prior Bonds and the Series 2011 Bonds are outstanding, the Issuer covenants and agrees to fix and collect rates, fees and other charges for the use of the System and to take all such actions necessary to provide funds sufficient to produce the required sums set forth in the Bond Legislation and in compliance with the Loan Agreement. In the event the schedule of rates and charges initially established for the System in connection with the Series 2011 Bonds shall prove to be insufficient to produce the required sums set forth in this Bond Legislation and the Loan Agreement, the Issuer hereby covenants and agrees that it will, to the extent or in the manner authorized by law, immediately adjust and increase such schedule of rates, fees and charges and take all such actions necessary to provide funds sufficient to produce the required sums set forth in this Bond Legislation and the Loan Agreement.

Section 7.05. Sale of the System. So long as the Prior Bonds are outstanding, the

provisions governing the sale of the System, or any part thereof, shall be as set forth and described in the Prior Resolutions and the System may not be sold, mortgaged, leased or otherwise disposed of unless the Issuer has obtained the written consent of the Purchaser, the Authority and the Council, as applicable bondholders. Further, so long as the Series 2011 Bonds are outstanding and except as otherwise required by law, and with the written consent of the Purchaser, the Authority and the Council, 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 2011 A Bonds, immediately be remitted to the National Finance Office, and with respect to the Series 2011 B Bonds and the Series 2011 C Bonds, immediately be remitted to the Commission for deposit in the Series 2011 B Bonds Sinking Fund, and, with the written consent of the Purchaser, the Authority and the Council, the Issuer shall direct the National Finance Office and the Commission to apply such proceeds to the payment of principal of and interest, if any, on the Series 2011 Bonds. Any balance remaining after the payment of all the Series 2011 Bonds and interest, if any, thereon shall be remitted to the Issuer 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 a professional engineer 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 deposited in the Renewal and Replacement Fund. Payment of such proceeds into the Renewal and Replacement Fund shall not reduce the amounts required to be paid into such fund 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 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. 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 Bonds; provided, that no such subordinate obligations shall be issued unless all payments required to be made into all funds and accounts set forth herein have been made and are current at the time of the issuance of such subordinate obligations.

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

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

Section 7.07. Parity Bonds. So long as the Prior Bonds are outstanding, the limitations on the issuance of parity obligations set forth in the Prior Resolutions shall be applicable. In addition, no Parity Bonds, payable out of the revenues of the System, shall be issued after the issuance of the Series 2011 Bonds pursuant to this Bond Legislation, without the prior written consent of the Authority, the Council and the Purchaser and without complying with the conditions and requirements herein provided.

All Parity Bonds issued hereunder shall be on a parity in all respects with the Series 2011 Bonds.

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

So long as the Series 2009 B Bonds or Series 2011 A Bonds are Outstanding, no Parity Bonds shall be issued at any time, however, unless there has been procured and filed with the Clerk a written statement by the Independent Certified Public Accountants, reciting the conclusion that the Net Revenues for the Fiscal Year following the year in which such Parity Bonds are to be issued shall be at least 120% of the average annual debt service requirements on the following:

(1) The Bonds Outstanding;

(2) Any Parity Bonds theretofore issued pursuant to the provisions contained in this Resolution then Outstanding; and

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

The foregoing limitation may be waived or modified by the written consent of the Holders of the Series 2009 B Bonds and the Series 2011 A Bonds, representing 75% of the then-outstanding principal indebtedness.

So long as the Series 2011 B Bonds and the Series 2011 C Bonds are outstanding, no Parity Bonds shall be issued at any time, unless there has been procured and filed with the Clerk a written statement by the Independent Certified Public Accountants, reciting the conclusion that the Net Revenues actually derived, subject to the adjustments hereinafter provided for, from the System during any 12 consecutive months, within the 18 months immediately preceding the date of the actual issuance of such Parity Bonds, plus the estimated average increased annual Net Revenues expected to be received in each of the 3 succeeding years after the completion of the improvements to be financed by such Parity Bonds, if any, shall not be less than 115% of the largest aggregate amount that will mature and become due in any succeeding Fiscal Year for principal of and interest, if any, on the following:

(1) The Bonds then Outstanding;

(2) Any Parity Bonds theretofore issued pursuant to the provisions contained in this Resolution then Outstanding; and

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

The "estimated average increased annual Net Revenues expected to be received in each of the 3 succeeding years," as that term is used in the computation provided in the above paragraph, shall refer only to the increased Net Revenues estimated to be derived from the improvements to be financed by such Parity Bonds and any increase in rates adopted by the Issuer, the time for appeal of which shall have expired prior to the issuance of such Parity Bonds, and shall not exceed the amount to be stated in a certificate of the Independent Certified Public Accountants, which shall be filed in the office of the Clerk prior to the issuance of such Parity Bonds.

The Net Revenues actually derived from the System during the 12-consecutive-month period herein above referred to may be adjusted by adding to such Net Revenues such additional Net Revenues which would have been received, in the opinion of the Independent Certified Public Accountants, on account of increased rates, rentals, fees and charges for the System adopted by the Issuer, the time for appeal of which shall have expired 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. All Bonds, 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 over any other. The Issuer shall comply fully with all the increased payments into the various funds and accounts created in this Bond Legislation required for and on account of such Parity Bonds, in addition to the payments required for Bonds theretofore issued pursuant to this Bond Legislation.

Parity Bonds shall not be deemed to include bonds, notes, certificates or other obligations subsequently issued, the lien of which on the revenues of the System is subject to the prior and superior liens of the Series 2011 Bonds on such revenues. The Issuer shall not issue any obligations whatsoever

payable from revenues of the System, or any part thereof, which rank prior to or, except in the manner and under the conditions provided in this section, equally, as to lien on and source of and security for payment from such revenues, with the Series 2011 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 Purchaser, the Authority and the Council or their agents and representatives, to inspect all books, documents, papers and records relating to the Project and the System at all reasonable times for the purpose of audit and examination. The Issuer shall submit to the Purchaser, the Authority and the Council such documents and information as they may reasonably require in connection with the acquisition, construction and installation of the Project, the operation and maintenance of the System and the administration of the loan or any grants or other sources of financing for the Project.

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

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

The accounting system for the System shall follow current generally accepted accounting principles and safeguards to the extent allowed and as prescribed by the Public Service Commission of West Virginia. Separate control accounting records shall be maintained by the Issuer. Subsidiary records as may be required shall be kept in the manner and on the forms, books and other bookkeeping records as prescribed by the 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 Purchaser, the Council and the Authority, or any other original purchaser of the Bonds, and shall mail in each year to any Holder or Holders of the Bonds, requesting the same, an annual report containing the following:

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

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

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

The Issuer shall also, at least once a year, cause the books, records and accounts of the System to be audited by Independent Certified Public Accountants (and to the extent legally required, in compliance with the applicable OMB Circular, or any successor thereto and the Single Audit Act, or any successor thereto), and shall mail upon request, and make available generally, the report of said Independent Certified Public Accountants, or a summary thereof, to any Holder or Holders of the Series 2011 Bonds and shall submit said report to the Purchaser, the Authority and the Council, or any other original purchaser of the Series 2011 Bonds. Such audit report submitted to the Purchaser, the Authority and the Council shall include a statement that notes whether the results of tests disclosed instances of noncompliance that are required to be reported under government auditing standards and, if they are, describes the instances of noncompliance and the audited financial statements shall include a statement that notes whether the results of tests disclosed instances of noncompliance that are required to be reported under government auditing standards and, if they are, describes the instances of noncompliance and the audited financial statements shall include a statement that notes whether the revenues of the System are adequate to meet the Issuer's Operating Expenses and debt service and reserve requirements.

Subject to the terms, conditions and provisions of the Loan Agreement and the Act, the Issuer has acquired, or shall do all things necessary to acquire, the proposed site of the Project and shall do, is doing or has done all things necessary to construct the Project in accordance with the plans, specifications and designs prepared by the Consulting Engineers. All real estate and interests in real estate and all personal property constituting the Project and the Project site heretofore or hereafter acquired shall at all times be and remain the property of the Issuer.

The Issuer shall permit the Purchaser, the Authority and the Council, or their agents and representatives, to enter and inspect the Project site and Project facilities at all reasonable times. Prior to, during and after completion of construction and commencement of operation of the Project, the Issuer shall also provide the Purchaser, the Authority and the Council, or their agents and representatives, with access to the System site and System facilities as may be reasonably necessary to accomplish all of the powers and rights of the Authority, the Council and the Purchaser with respect to the System pursuant to the Act.

Section 7.09. Rates. Prior to the issuance of the Series 2011 Bonds, equitable rates or charges for the use of and service rendered by the System shall be established all in the manner and form required by law, and copies of such rates and charges so established will be continuously on file with the 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 2011 Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2011 Bonds, including the Prior Bonds; provided that, in the event that an amount equal to or in excess of the reserve requirement is on deposit respectively in the Reserve Accounts and any reserve accounts for obligations on a parity with the Series 2011 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 2011 Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2011 Bonds, including the Prior Bonds. In any event, subject to any requirements of law, the Issuer shall not reduce the rates or charges for services 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 Purchaser, the Authority and the Council within 30 days of adoption thereof. No expenditures for the operation and maintenance of the System shall be made in any Fiscal Year in excess of the amounts provided therefor in such budget without a written finding and recommendation by a registered professional engineer, which finding and recommendation shall state in detail the purpose of and necessity for such increased expenditures for the operation and maintenance of the System, and no such increased expenditures shall be made until the Issuer shall have approved such finding and recommendation by a resolution duly adopted. No increased expenditures in excess of 10% of the amount of such budget shall be made except upon the further certificate of a registered professional engineer that such increased expenditures are necessary for the continued operation of the System. The Issuer shall mail copies of such annual budget and all resolutions authorizing increased expenditures for operation and maintenance within 30 days of adoption to the Purchaser, the Authority and the Council, or 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 Purchaser, the Council, the Authority and any Holder of any Bonds or anyone acting for and on behalf of such Holder of any Bonds.

Commencing on the date contracts are executed for the acquisition and construction of the Project and for 2 years following the completion of the Project, the Issuer shall each month complete a "Monthly Financial Report," a form of which is attached to the Loan Agreement, and forward a copy of such report to the Authority and the Council by the 10th day of each month.

Section 7.11. Engineering Services and Operating Personnel. The Issuer will obtain a certificate of the Consulting Engineers in the form attached to the Loan Agreement, stating, among other things, that the Project has been or will be constructed in accordance with the approved plans, specifications and designs as submitted to the Purchaser, the Authority and the Council, the Project is adequate for the purposes for which it was designed, the funding plan as submitted to the Purchaser, the Authority and the Council is sufficient to pay the costs of acquisition and construction of the Project, and all permits required by federal and state laws for construction of the Project have been obtained.

The Issuer shall provide and maintain competent and adequate engineering services

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

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

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

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

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

Whenever any fees, rates, rentals or other charges for the services and facilities of the System shall remain unpaid for a period of 20 days after the same shall become due and payable, the user of the services and facilities shall be delinquent until such time as all such rates and charges are fully paid. To the extent authorized by the laws of the State and the rules and regulations of the 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 sewerage 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 sewerage facilities are not owned by the Issuer, the Issuer will, to the extent allowed by law, use diligent efforts to enter into a similar termination agreement with the provider of such sewerage service, 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 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 Bonds remain Outstanding, the Issuer will, as an Operating Expense, procure, carry and maintain insurance with a reputable insurance carrier or carriers as is customarily covered with respect to works and properties similar to the System. Such insurance shall initially cover the following risks and be in the following amounts:

(1) FIRE, LIGHTNING, VANDALISM, MALICIOUS MISCHIEF AND EXTENDED COVERAGE INSURANCE, on all above-ground insurable portions of the System in an amount equal to the actual cost thereof. In time of war the Issuer will also carry and maintain insurance to the extent available against the risks and hazards of war. The proceeds of all such insurance policies shall be placed in the Renewal and Replacement Fund and used only for the repairs and restoration of the damaged or destroyed properties or for the other purposes provided herein for the Renewal and Replacement Fund. The Issuer will itself, or will require each contractor and subcontractor to, obtain and maintain builder's risk insurance (fire and extended coverage) to protect the interests of the Issuer, the Authority, the prime contractor and all subcontractors as their respective interests may appear, in accordance with the Loan Agreement, during construction of the Project on a 100% basis (completed value form) on the insurable portion of the Project, such insurance to be made payable to the order of the Purchaser, 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 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 unless an increased amount is requested by the Purchaser from time to 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 Council and the Issuer shall verify such insurance prior to commencement of construction. In the event the Loan Agreement so requires, such insurance shall be made payable to the order of the Authority, the Issuer, the prime contractor and all subcontractors, as their interests may appear.

Section 7.16. Connections. To the extent permitted by the laws of the State and rules and regulations of the Public Service Commission of West Virginia, the Issuer shall require every owner, tenant or occupant of any house, dwelling, or building intended to be served by the System to connect thereto.

Section 7.17. Completion of Project; Permits and Orders. The Issuer shall complete the Project as promptly as possible and operate and maintain the System as a revenue-producing utility in good condition and in compliance with all federal and state requirements and standards.

The Issuer has obtained all permits required by State and federal laws for the acquisition and construction of the Project, all orders and approvals from the Public Service Commission of West Virginia and the Council necessary for the acquisition and construction of the Project and the operation of the System and all approvals for issuance of the Bonds required by State law, with all requisite appeal periods having expired without successful appeal and the Issuer shall supply an opinion of counsel to such effect.

Section 7.18. Compliance with Letter of Conditions, Loan Agreement and Law. The Issuer shall perform, satisfy and comply with all the terms and conditions of the Letter of Conditions, the Loan Agreement, the Act and this Bond Legislation. The Issuer shall also comply with all applicable laws, rules and regulations issued by the Purchaser, the Authority and the Council, or other state, federal or local bodies in regard to the acquisition and construction of the Project and the operation, maintenance and use of the System. The Issuer shall provide the Council with copies of all documents submitted to the Purchaser and the Authority.

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

Section 7.19. Reserved.

Section 7.20. Securities 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. Statutory Mortgage Lien. For the further protection of the Holders of the Series 2011 Bonds, a statutory mortgage lien upon the System is granted and created by the Act, which statutory mortgage lien is hereby recognized and declared to be valid and binding, shall take effect immediately upon delivery of the Series 2011 Bonds and shall be on a parity with the statutory mortgage lien in favor of the Holders of the Prior Bonds.

Section 7.22. Contracts; Change Orders, Public Releases.

A. The Issuer shall, simultaneously with the delivery of the Series 2011 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 Purchaser and the Council for written approval. The Issuer shall obtain the written approval of the Purchaser and the Council before expending any proceeds of the Series 2011 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 Purchaser and the Council before expending any proceeds of the Series 2011 Bonds made available due to bid or construction or project underruns.

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

ARTICLE VIII

INVESTMENT OF FUNDS; USE OF PROCEEDS

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

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

Section 8.02. 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 2011 B Bonds and the Series 2011 C Bonds as a condition to issuance of the Series 2011 B Bonds and the Series 2011 C 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 2011 B Bonds and the Series 2011 C Bonds as may be necessary in order to maintain the status of the Series 2011 B Bonds and the Series 2011 C 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 2011 B Bonds and the Series 2011 C Bonds which would cause any bonds, the interest on which is exempt from federal income taxation under Section 103(a) of the Code, issued by the Authority or the Council, as the case may be, from which the proceeds of the Series 2011 B Bonds and the Series 2011 C Bonds are derived, to lose their status as tax-exempt bonds; and (iii) to take such action, or refrain from taking such action, as shall be deemed necessary by the Issuer, or requested by the Authority or the Council, to ensure compliance with the covenants and agreements set forth in this Section, regardless of whether such actions may be contrary to any of the provisions of this Resolution.

The Issuer shall annually furnish to the Authority information with respect to the Issuer's use of the proceeds of the Series 2011 B Bonds and the Series 2011 C 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 2011 Bonds:

(1) If default occurs in the due and punctual payment of the principal of or interest, if any, on any series of the Series 2011 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 2011 Bonds set forth in this Bond Legislation, any supplemental resolution or in the Series 2011 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 Resolutions.

Notwithstanding anything herein to the contrary, if default occurs in the due and punctual payment of the principal of or interest on any series of the Series 2011 Bonds or the Prior Bonds, it shall constitute an "Event of Default" with respect to the other series of the Series 2011 Bonds.

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 2011 A Bonds, the Series 2011 B Bonds and the Series 2011 C Bonds shall be on a parity with each other and the Prior Bonds.

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

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

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

Such receiver, in the performance of the powers hereinabove conferred upon him or her or it, shall be under the direction and supervision of the court making such appointment, shall at all times be subject to the orders and decrees of such court and may be removed thereby, and a successor receiver may be appointed in the discretion of such court. Nothing herein contained shall limit or restrict the jurisdiction of such court to enter such other and further orders and decrees as such court may deem necessary or appropriate for the exercise by the receiver of any function not specifically set forth herein.

Any receiver appointed as provided herein shall hold and operate the System in the name of the Issuer and for the joint protection and benefit of the Issuer and Registered Owners of the Bonds. Such receiver shall have no power to sell, assign, mortgage or otherwise dispose of any assets of any kind or character belonging or pertaining to the System, but the authority of such receiver shall be limited to the completion of the Project and the possession, operation and maintenance of the System for the sole purpose of the protection of both the Issuer and Registered Owners of such Bonds and the curing and making good of any Event of Default with respect thereto under the provisions of this Bond Legislation, and the title to and ownership of the System shall remain in the Issuer, and no court shall have any jurisdiction to enter any order or decree permitting or requiring such receiver to sell, assign, mortgage or otherwise dispose of any assets of the System.

ARTICLE X

PAYMENT OF BONDS

Section 10.01. Payment of Bonds. If the Issuer shall pay or there shall otherwise be paid to the Holders of the Series 2011 Bonds, the principal of and interest, if any, due or to become due thereon, at the times and in the manner stipulated therein and in this Bond Legislation, then the pledge of Net Revenues and other monies and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Registered Owner of the Series 2011 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 2011 Bonds from gross income for federal income tax purposes.

Except through such direct payment to the Holder of the Series 2011 A Bonds, the Issuer may not defease the Series 2011 A Bonds or otherwise provide for payment thereof by escrow or like manner.

ARTICLE XI

MISCELLANEOUS

Section 11.01. Amendment or Modification of Bond Legislation. Prior to issuance of the Series 2011 Bonds, this Resolution may be amended or supplemented in any way by the Supplemental Resolution. Following issuance of the Series 2011 Bonds, no material modification or amendment of this Resolution, or of any resolution or order amendatory or supplemental hereto, that would materially and adversely affect the rights of Registered Owners of the Series 2011 Bonds, shall be made without the consent in writing of the Registered Owners of the Series 2011 Bonds so affected and then Outstanding; provided, that no change shall be made in the maturity of the Bonds or the rate of interest thereon, or in the principal amount thereof, or affecting the unconditional promise of the Issuer to pay such principal and interest, if any, out of the funds herein pledged therefor without the consent of the Registered Owner thereof. No amendment or modification shall be made that would reduce the percentage of the principal amount of the Bonds required for consent to the above-permitted amendments or modifications. Notwithstanding the foregoing, this Bond Legislation may be amended without the consent of any Bondholder as may be necessary to assure compliance with Section 148(f) of the Code relating to rebate requirements or otherwise as may be necessary to assure the excludability of interest, if any, on the Series 2011 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 2011 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 Resolution 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 Resolution, the Supplemental Resolution or the Series 2011 Bonds.

Section 11.04. Headings, Etc. The headings and catchlines of the articles, sections and subsections hereof are for convenience of reference only, and shall not affect in any way the meaning or interpretation of any provision hereof.

Section 11.05. Conflicting Provisions Repealed; Prior Resolutions. All orders or resolutions and or parts thereof in conflict with the provisions of this Resolution are, to the extent of such conflict, hereby repealed; provided that, this Section shall not be applicable to the Loan Agreement or the Loan Resolution (Form FmHA 442-47); and provided that in the event of any conflict between this Resolution and the Prior Resolutions, the Prior Resolutions shall control (unless less restrictive), so long as the Prior Bonds or any portion thereof 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 Resolution do exist, have happened, have been performed and have been taken in regular and due time, form and manner as required by and in full compliance with the laws and Constitution of the State of West Virginia applicable thereto; and that the Mayor, the Clerk and members of the Governing Body were at all times when any actions in connection with this Resolution occurred and are duly in office and duly qualified for such office.

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 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 2011 Bonds, and that any person interested may appear before the Governing Body upon a date certain, not less than ten days subsequent to the date of the first publication of such abstract of this Ordinance and notice, and present protests, and that a certified copy of this Ordinance is on file with the Governing Body for review by interested persons during office hours of the Governing Body. At such hearing, all objections and suggestions shall be heard and the Governing Body shall take such action as it shall deem proper in the premises.

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

Passed on First Reading:	-	March 1, 2011
Passed on Second Reading:	-	March 15, 2011
Passed on Final Reading Following Public Hearing:	-	April 19, 2011

David C. Mulhern
Mayor

CERTIFICATION

Certified a true copy of an Ordinance duly adopted by the Council of THE CITY OF PHILIPPI on April 19, 2011.

Dated: June 9, 2011.

[SEAL]

Tammy R. Stemple
Clerk

10.18.10
700470.00009

THE CITY OF PHILIPPI

Water Revenue Bonds, Series 2011 A
(United States Department of Agriculture);
Water Revenue Bonds, Series 2011 B
(West Virginia Infrastructure Fund); and
Water Revenue Bonds, Series 2011 C
(West Virginia Infrastructure Fund)

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNTS, DATES, MATURITY DATES, REDEMPTION PROVISIONS, INTEREST RATES, INTEREST AND PRINCIPAL PAYMENT DATES, SALE PRICES AND OTHER TERMS OF THE WATER REVENUE BONDS, SERIES 2011 A (UNITED STATES DEPARTMENT OF AGRICULTURE), WATER REVENUE BONDS, SERIES 2011 B (WEST VIRGINIA INFRASTRUCTURE FUND) AND WATER REVENUE BONDS, SERIES 2011 C (WEST VIRGINIA INFRASTRUCTURE FUND) OF THE CITY OF PHILIPPI; APPROVING AND RATIFYING THE LOAN AGREEMENT RELATING TO THE SERIES 2011 B BONDS AND SERIES 2011 C BONDS; AUTHORIZING AND APPROVING THE SALE OF THE SERIES 2011 A BONDS TO THE UNITED STATES DEPARTMENT OF AGRICULTURE AND THE SERIES 2011 B BONDS AND SERIES 2011 C 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 a bond ordinance on April 19, 2011 (the "Bond Ordinance" or the "Resolution"), entitled:

ORDINANCE AUTHORIZING THE PAYMENT OF THE SERIES 2009 A BONDS, THE ACQUISITION AND CONSTRUCTION OF THE PUBLIC WATERWORKS 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 $8,400,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2011 A (UNITED STATES DEPARTMENT OF AGRICULTURE), NOT MORE THAN $4,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS,

SERIES 2011 B (WEST VIRGINIA INFRASTRUCTURE FUND), AND NOT MORE THAN $4,100,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2011 C (WEST VIRIGINIA INFRASTRUCTURE FUND); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING A LOAN AGREEMENT RELATING TO THE SERIES 2011 B BONDS AND SERIES 2011 C 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 Water Revenue Bonds, Series 2011 A (United States Department of Agriculture), Water Revenue Bonds, Series 2011 B (West Virginia Infrastructure Fund), and Water Revenue Bonds, Series 2011 C (West Virginia Infrastructure Fund), of the Issuer (collectively, the "Bonds" and individually, the "Series 2011 A Bonds", the "Series 2011 B Bonds" and the "Series 2011 C Bonds"), in the respective aggregate principal amounts not to exceed $8,400,000, $4,000,000 and $4,100,000, and has authorized the execution and delivery of the loan agreement relating to the Series 2011 B Bonds and Series 2011 C Bonds, including all schedules and exhibits attached thereto, by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council") (the "Loan Agreement"), all in accordance with Chapter 8, Article 19, and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"); and in the Bond Ordinance it is provided that the form of the Loan Agreement and the exact principal amounts, dates, maturity dates, redemption provisions, interest rates, interest and principal payment dates, sale prices and other terms of the Bonds should be established by a supplemental resolution pertaining to the Bonds; and that other matters relating to the Bonds be herein provided for;

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

WHEREAS, the Series 2011 A Bonds are proposed to be purchased by the United States Department of Agriculture, acting for and on behalf of the United States of America (the "Purchaser") pursuant to a Letter of Conditions, and all amendments, and the Series 2011 B Bonds and Series 2011 C 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 amounts, the dates, the maturity dates, the redemption provisions, the interest rates, the interest and principal payment dates, the sale prices and other terms of the Bonds be fixed hereby in the manner stated herein, and that other matters relating to the Bonds be herein provided for;

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF THE CITY OF 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 following bonds of the Issuer:

A. Water Revenue Bonds, Series 2011 A (United States Department of Agriculture), of the Issuer, originally represented by a single Bond, numbered AR-1 in the principal amount of $6,425,000. The Series 2011 A Bonds shall be dated the date of delivery thereof, shall bear interest at the rate of 2.75% per annum, interest only payable in monthly installments for the first 24 months commencing 30 days following delivery of the Series 2011 A Bonds and continuing on the corresponding day of each month and, thereafter, principal and interest are payable in monthly installments of $22,745 on the corresponding day of each month, except that the final installment shall be paid at the end of forty (40) years from the date of the Series 2011 A Bonds, in the sum of the unpaid principal and interest due on the date thereof, except that prepayments may be made as hereinafter provided and as provided in the Series 2011 A Bonds, all such payments to be made at the National Finance Office, St. Louis, Missouri 63103, or at such other place as the Purchaser may designate after issuance of the Series 2011 A Bonds. Prepayments of scheduled installments, or any portion thereof, may be made at any time at the option of the Issuer.

B. Water Revenue Bonds, Series 2011 B (West Virginia Infrastructure Fund), of the Issuer, originally represented by a single Bond, numbered BR-1, in the principal amount of $2,074,000. The Series 2011 B Bonds shall be dated the date of delivery thereof, shall finally mature June 1, 2043, and shall bear no interest. The principal of the Series 2011 B Bonds shall be payable quarterly, on March 1, June 1, September 1 and December 1 of each year, commencing September 1, 2013, to and including June 1, 2043, 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 2011 B Bonds.

C. Water Revenue Bonds, Series 2011 C (West Virginia Infrastructure Fund), of the Issuer, originally represented by a single Bond, numbered CR-1, in the principal amount of $1,946,000. The Series 2011 C Bonds shall be dated the date of delivery thereof, shall finally mature June 1, 2051, and shall bear no interest. The principal of the Series 2011 C Bonds shall be payable quarterly, on March 1, June 1, September 1 and December 1 of each year, commencing September 1, 2013, to and including June 1, 2051, 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 2011 C Bonds.

The Series 2011 B Bonds and Series 2011 C Bonds shall be subject to redemption upon the written consent of the Authority and the Council, and upon payment of the redemption premium, if any, and otherwise in compliance with the Loan Agreement, so long as the Authority shall be the registered owner of the Series 2011 B Bonds and Series 2011 C Bonds.

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

Section 3. The Issuer does hereby authorize, approve, 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 Council and the Authority. The Issuer does hereby authorize, approve and accept the Letter of Conditions, and all amendments thereto, and the performance of the obligations contained therein, on behalf of the Issuer, are hereby authorized, directed and approved. The price of the Bonds shall be 100% of par value, there being no interest accrued thereon, provided that the proceeds of the Series 2011 A Bonds, the Series 2011 B Bonds and the Series 2011 C Bonds shall be advanced from time to time as requisitioned by the Issuer.

Section 4. The Issuer does hereby appoint and designate The Huntington National Bank, Charleston, West Virginia, to serve as Registrar (the "Registrar") for the Series 2011 B Bonds and the Series 2011 C 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 Series 2011 B Bonds and Series 2011 C Bonds under the Bond Ordinance.

Section 6. The Issuer does hereby appoint and designate Premier Bank, Philippi, West Virginia, to serve as Depository Bank under the Bond Ordinance.

Section 7. All proceeds of the Series 2011 A Bonds shall be deposited in or credited to the Series 2011 Bonds Construction Trust Fund as received from the Purchaser from time to time for payment of costs of the Project, including, without limitation, costs of issuance of the Series 2011 A Bonds.

Section 8. Series 2011 A Bonds proceeds in the amount of $-0- shall be deposited in the Series 2011 A Bonds Reserve Account.

Section 9. Series 2011 B Bonds proceeds in the amount of $-0- shall be deposited in the Series 2011 B Bonds Reserve Account.

Section 10. Series 2011 C Bonds proceeds in the amount of $-0- shall be deposited in the Series 2011 C Bonds Reserve Account.

Section 11. Series 2011 B Bonds proceeds in the amount of $332,173.57 shall be deposited with the Municipal Bond Commission, Charleston, West Virginia to pay the outstanding principal balance of and all accrued interest on the Issuer's Waterworks System Design Revenue Bonds, Series 2009 A (the "Series 2009 A Bonds") at Closing.

Section 12. The balance of the proceeds of the Series 2011 B Bonds shall be deposited in or credited to the Series 2011 Bonds Construction Trust Fund for payment of the costs of the Project, including, without limitation, costs of issuance of the Bonds and related costs.

Section 13. The proceeds of the Series 2011 C Bonds shall be deposited in or credited to the Series 2011 Bonds Construction Trust Fund for payment of the costs of the Project, including, without limitation, costs of issuance of the Bonds and related costs.

Section 14. The Mayor and Clerk are hereby authorized and directed to execute and deliver such other documents, agreements, instruments and certificates required or desirable in connection with the Bonds to be issued hereby and by the Bond Ordinance approved and provided for, to the end that the Series 2011 A Bonds may be delivered on or about June 9, 2011 to the Purchaser pursuant to the Letter of Conditions, and the Series 2011 B Bonds and Series 2011 C Bonds may be delivered on or about June 9, 2011 to the Authority pursuant to the Loan Agreement.

Section 15. The payment of the Series 2009 A Bonds and 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 16. The Issuer hereby determines that it is in the best interest of the Issuer to invest all monies in the funds and accounts established by the Bond Ordinance held by the Depository Bank until expended, subject to any limitation of the Purchaser with respect of the proceeds of the Bonds, in repurchase agreements or time accounts, secured by a pledge of Government Obligations, and therefore, the Issuer hereby directs the Depository Bank to take such actions as may be necessary to cause such monies to be invested in such repurchase agreements or time accounts, until further directed in writing by the Issuer. Monies in the Series 2011 A Bonds Reserve Account, the Series 2011 B Bonds Sinking Fund, the Series 2011 B Bonds Reserve Account, the Series 2011 C Bonds Sinking Fund and the Series 2011 C Bonds Reserve Account shall be invested by the West Virginia Municipal Bond Commission in the West Virginia Consolidated Fund.

Section 17. The Issuer hereby approves and accepts all contracts relating to the financing, acquisition and construction of the Project.

Section 18. This Supplemental Resolution shall be effective immediately following adoption hereof.

[Remainder of Page Intentionally Blank]

Adopted this 17th day of May, 2011.

THE CITY OF PHILIPPI

By: David C. Mulvey
Its: Mayor

CERTIFICATION

Certified a true copy of a Supplemental Resolution duly adopted by THE CITY OF PHILIPPI on this 17th day of May, 2011.

Dated: June 9, 2011.

[SEAL]

Tammy R. Temple
Clerk

United States Department of Agriculture
Rural Development
Elkins Area Office

May 16, 2011

City of Philippi
The Honorable David C. Mulneix, Mayor
108 N. Main Street
P.O. Box 460
Philippi, WV 26416

COPY

Dear Mayor Mulneix:

This letter is to confirm that the pre-closing meeting for the USDA Rural Development Rural Utilities Service (RUS) loan and grants on the City of Philippi Water Treatment Plant Project is scheduled for June 7, 2011, at 10:00 a.m. in the Philippi City Hall Council Chambers located at 108 North Main Street in Philippi. A pre-construction conference will follow at 11:00 a.m. The official loan and grant closing date will be June 9, 2011. The project attorney should attend the pre-closing meeting, and the project accountant should be available for consultation if needed.

Reference is made to the RUS Letter of Conditions dated April 10, 2009, and Amendment No. 1 to the Letter of Conditions dated March 4, 2010. All of the requirements set forth in these letters must be met and the loan must be closed in accordance with RUS Instruction 1780. Many of the aforementioned items from the Letter of Conditions and Amendment No. 1 to the Letter of Conditions have already been addressed. Those items remaining to be satisfied prior to loan closing include:

1. The certification on the RUS Loan Resolution (RUS Bulletin 1780-27) must be completed at the pre-closing meeting.
2. The certification on the RUS Grant Agreement (RUS Bulletin 1780-12) must be completed at the pre-closing meeting.
3. The City's attorney will need to provide Form RD 442-22, "Opinion of Counsel Relative to Rights-of-Way", showing no exceptions. This form should be dated June 9, 2011. A list of the rights-of-way that were needed for this project indicating which ones have been signed and recorded should be attached to the form. If no rights-of-way were needed for this project, that should be indicated under Item C on the form.
4. The City's attorney must furnish a Form RD 1927-10, "Final Title Opinion", on all land(s) being acquired for this project. In addition, the attorney must provide a separate final title opinion(s) covering all existing property owned by the City and used in

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To file a complaint of discrimination write USDA, Director, Office of Civil Rights, 1400 Independence Avenue, S.W., Washington, DC 20250-9410 or call (800)795-3272(voice) or (202) 720-6382 (TDD).

association with the water system. The opinion(s) should be dated June 9, 2011, and they should include legal descriptions (and plats if they are available).

5. In accordance with Item 10(c) of the original letter of conditions, the City's attorney must furnish a narrative opinion addressing all permits, certifications, and other items necessary to show that all legal requirements can be met and stating how they will be met. The narrative should also identify any condemnation proceedings that are anticipated and state how they will be handled. If the City was unable to obtain the necessary property rights for any tract or right-of-way, a "right of entry" must be obtained for all properties before the pre-closing.

6. In accordance with the Legal Services Agreement, the project attorney should be on hand during the pre-construction conference to review construction contracts, and contracting procedure, as well as surety and contractual bonds in connection with the project.

7. The construction contract books will include a certification for the City's attorney to sign in connection with the payment and performance bonds. The City's attorney will be responsible for recordation of the payment bond, and also the performance bond if it is deemed prudent to record it as well.

8. No later than the date of the pre-closing meeting, the City must provide written evidence that all required insurance coverage and fidelity bond coverage has been obtained in accordance with Item 13 of the original Letter of Conditions.

9. If a permit is required from the West Virginia Department of Highways a copy of it should be provided to RUS no later than pre-closing meeting.

10. No later than the date of the pre-closing meeting, the City must provide copies of all applicable Public Service Commission certificates and/or approvals. A copy of the certificate of convenience and necessity order that became final on January 12, 2011, is already in the RUS case file.

11. The City must provide RUS with a current copy of their Workers' Compensation Certificate or other proof of good standing with the State Workers' Compensation system.

12. The contractor involved in the construction of the project will need to complete Form AD 1048, "Certification Regarding Debarment – Lower Tier Covered Transactions". The City will be given a notice of the debarment requirements pertaining to contractors that work on the project and the Mayor will sign an acknowledgement that the City received the debarment notification.

13. The first requisition for Rural Development funds has been created and submitted for review. Questions relating to the engineering fees and design loan payoff have been raised that should be addressed as soon as possible.

14. If all transactions requiring City Council approval are not completed prior to the pre-closing meeting, the City should be prepared to have a properly called meeting of the City Council during the pre-closing process. Also, please bring any official seal that the City uses for authenticating documents.

15. Nancy Taylor, Rural Development Technician in the Elkins Area Office, is planning to complete a Civil Rights Compliance Review with the City at the pre-closing meeting. Completion of this review will require an informal interview to obtain information about the water system customers, employees and governing body.

Thank you for doing business with USDA Rural Development. If you have any questions regarding these or any other matters pertaining to your loan and grants, please contact our office at your earliest convenience.

Sincerely,

Joseph D. Crickenberger
Rural Development Specialist

cc: State Director
USDA- Rural Development

Griffith and Associates
Attention: Michael D. Griffith, CPA
950 Little Coal River Road
Alum Creek, WV 25003

Robert R. Rodecker, Esquire
P.O. Box 3713
Charleston, WV 25337

Caton N. Hill, Jr., Esquire
P.O. Box 10
Philippi, WV 26416

Steptoe & Johnson, PLLC
Attention: John C. Stump, Esquire
P.O. Box 1588
Charleston, WV 25326-1588

Burgess & Niple, Inc.
Engineers and Architects
Attention: Craig Richards, P.E.
4424 Emerson Avenue
Parkersburg, WV 26104

Region VII Planning & Development Council
Attention: Shane Whitehair
One Edmiston Way, Suite 225
Buckhannon, WV 26201

Jackson Kelly, PLLC
Attention: Samme L. Gee, Esquire
500 Lee Street, E., Suite 1600
Charleston, WV 25301-3202

WV Bureau for Public Health
Office of Environmental Health Srvcs.
Capacity Development Program
Attention: Robert W. DeCrease, P.E.
350 Capitol Street, Room 313
Charleston, WV 25301-3713

U.S. Environmental Protection Agency, Region III
Attention: Bruce Smith, EPA Project Officer
1650 Arch Street
Philadelphia, PA 19103-2029

West Virginia Infrastructure and Jobs Development Council
Attention: James Ellars, P.E., Executive Director
180 Association Drive
Charleston, WV 25311

Bond Counsel

USDA Rural Development

United States Department of Agriculture
Rural Development
West Virginia State Office

May 4, 2010

COPY

The Honorable David C. Mulneix
Mayor, City of Philippi
P.O. Box 460
Philippi, WV 26416

RE: Amendment No. 1 to
Letter of Conditions

Dear Mayor Mulneix:

This letter, with Attachment No. 1, amends the Letter of Conditions dated April 10, 2009, and further establishes conditions that must be understood and agreed to by you before further consideration may be given to your application. The subsequent grant will be administered by the State and Area staff of USDA, Rural Development. Any changes in project cost, source of funds, scope of services, or any other significant changes in the project or applicant must be reported to and approved by USDA, Rural Development by written amendment to this letter. Any changes not approved by Rural Development shall be cause for discontinuing processing of the application.

The docket may be completed on the basis of an RD loan in the amount of $6,425,000, an initial RD grant in the amount of $1,287,000, a subsequent RD grant in the amount of $2,137,400, and other funding in the amount of $4,814,600, for a total project cost of $14,664,000. The other funding is planned in the form of an initial loan from the West Virginia Infrastructure and Jobs Development Council (WVIJDC) of $2,074,000, a subsequent loan from the WVIJDC of $1,946,000, and a grant from the U.S. Environmental Protection Agency of $794,600.

The subsequent grant will be considered approved on the date a signed copy of Form RD 1940-1, "Request for Obligation of Funds," is mailed to you. Subject to the requirements noted herein, all of the conditions of the April 10, 2009 letter of conditions remain in effect, and must be satisfied prior to closing the subsequent grant.

Extra copies of this letter are being provided for use by your engineer, attorney, bond counsel and accountant. The enclosures and attachments listed below are attached to the copies as noted.

"USDA is an equal opportunity provider, employer and lender."
To file a complaint of discrimination write USDA, Director, Office of Civil Rights, 1400 Independence Avenue, S.W., Washington, DC 20250-9410 or call (800) 795-3272 (voice) or (202) 720-6382 (TDD).

Enclosed are the following:

Attachment No. 1 – (All Copies) Includes the following items:

- Proposed Construction Budget
- Proposed Tariff
- Operating Budget – Proposed Rates
- Use and Income Analysis with Proposed Rates for Residential, Commercial, and Resale customers

The conditions referred to above are as follows:

1. Public Service Commission Approval – You must obtain PSC approval of the project's proposed financing and user rates as may result from this amendment to the letter of conditions.

2. At a properly called meeting, you must adopt and properly execute the following forms, and minutes showing the adoption must be provided (you must also provide us with a copy of the minutes showing the adoption of the forms associated with the original letter of conditions):

   RUS Bulletin 1780-12, "Water or Waste System Grant Agreement"
   Form 1940-1, "Request for Obligation of Funds"
   Form RD 1942-46, "Letter of Intent to Meet Conditions"

If the conditions set forth in this letter are not met within six (6) months from the date hereof, RD reserves the right to discontinue processing of the application. In the event the project has not advanced to the point of closing within the six-month period and it is determined the City still wishes to proceed, it will be necessary that the proposed budget be reviewed again in detail. If, during that review, it is determined the budget is no longer current and/or adequate, RD reserves the right to require that it be revised or replaced.

We believe the information herein clearly sets forth the actions which must be taken; however, if you have any questions, please do not hesitate to contact me.

Sincerely,

Susan L Newcomer

for BOBBY LEWIS
State Director

Enclosures

cc: Area Director, Elkins, WV
ATTN: RUS Specialist

Griffith and Associates
Attention: Michael D. Griffith, CPA
950 Little Coal River Road
Alum Creek, WV 25003

Robert R. Rodecker, Esquire
P.O. Box 3713
Charleston, WV 25337

Caton N. Hill, Jr., Esquire
P.O. Box 10
Philippi, WV 26416

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Burgess and Niple, Inc.
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Attention: Craig Richards, P.E.
4424 Emerson Avenue
Parkersburg, WV 26104

U.S. Environmental Protection Agency, Region III
Attention: Bruce Smith, EPA Project Officer
1650 Arch Street
Philadelphia, PA 19103-2029

West Virginia Infrastructure and Jobs Development Council
Attention: Angela Chestnut, P.E., Executive Director
1320 One Valley Square
Charleston, WV 25301

Region VII Planning and Development Council
Attention: Shane Whitehair
One Edmiston Way, Suite 225
Buckhannon, WV 26201

Attachment No.1 to Amendment No. 1 to the Letter of Conditions
For: City of Philippi Water Treatment Plant Project
Date: May 4, 2010

Project Construction Budget
City of Philippi
Water Treatment Plant Project

PROJECT COST	RUS LOAN	RUS GRANT	SUBSEQUENT RUS GRANT	EPA SAP GRANT	WVIJDC LOAN	SUBSEQUENT WVIJDC LOAN	TOTAL
CONSTRUCTION	$ 4,670,500	$ 1,150,000	$ 1,725,900	$ 494,850.00	$ 1,757,250	$ 1,741,500	$ 11,540,000
CONSTRUCTION CONTINGENCY	$ 867,100	$ 36,400	$ 250,500	$ -	$ -	$ -	$ 1,154,000
LAND & RIGHTS	$ -	$ -	$ -	$ -	$ -	$ -	$ -
LOCAL LEGAL FEES	$ -	$ -	$ -	$ -	$ 10,000	$ -	$ 10,000
PSC ATTORNEY	$ -	$ -	$ -	$ -	$ 10,000	$ -	$ 10,000
BOND COUNSEL	$ 24,600	$ -	$ -	$ -	$ 15,400	$ -	$ 40,000
ACCOUNTING	$ -	$ -	$ -	$ -	$ 25,000	$ -	$ 25,000
ENGINEERING FEES Preliminary - $102,000 (B&N Already Paid) Basic - $870,000 ($461,840 Already Paid) Insp. - $216,000 Special - $56,400 ($3,130.50 Already Paid)	$ 365,000	$ 83,400	$ 120,000	$ 264,000.00	$ 208,000	$ 204,000	$ 1,244,400
RUS INTEREST (2 Years @ 2.75%)	$ 350,000	$ -	$ -	$ -	$ -	$ -	$ 350,000
DESIGN LOAN INTEREST	$ 50,000	$ -	$ -	$ -	$ -	$ -	$ 50,000
ADMINISTRATION	$ -	$ -	$ -	$ 35,750.00	$ 29,250	$ -	$ 65,000
REGISTRAR FEE	$ -	$ -	$ -	$ -	$ 500	$ 500	$ 1,000
PROJECT CONTINGENCY	$ 97,800	$ 17,200	$ 41,000	$ -	$ 18,600	$ -	$ 174,600
TOTAL	**$ 6,425,000**	**$ 1,287,000**	**$ 2,137,400**	**$ 794,600**	**$ 2,074,000**	**$ 1,946,000**	**$ 14,664,000**

Attachment No. 1 to Amendment No. 1 to the Letter of Conditions
For: City of Philippi Water Treatment Plant Project
Date: May 4, 2010

CITY OF PHILIPPI MUNICIPAL WATER DEPARTMENT
WATER TREATMENT PLANT PROJECT
PROPOSED TARIFF

SCHEDULE 1

APPLICABILITY

Applicable within the entire territory served.

AVAILABLILTY

Available for residential, commercial, non-contract industrial and non-contract resale water service.

(I) RATES (Customers with metered water supply)

First 2,000 gallons used per month	$ 9.26	per 1,000 gallons
Next 3,000 gallons used per month	9.26	per 1,000 gallons
Next 20,000 gallons used per month	5.17	per 1,000 gallons
All Over 25,000 gallons used per month	4.25	per 1,000 gallons

(I) MINIMUM BILL

Each customer shall pay a minimum charge of (Equivalent to 2,000 gallons of water usage)	$ 18.52	per month
5/8 Inch Meter	$ 18.52	per month
3/4 Inch Meter	27.78	per month
1 Inch Meter	46.30	per month
1 1/4 Inch Meter	67.60	per month
1 1/2 Inch Meter	92.60	per month
2 Inch Meter	148.16	per month
3 Inch Meter	277.80	per month
4 Inch Meter	463.00	per month
6 Inch Meter	926.00	per month
8 Inch Meter	1,481.60	per month

FLAT-RATE CHARGE (Customers with non-metered water supply)

Each customer shall pay a minimum charge of (Equivalent to 4,500 gallons of water usage)	$ 41.67	per month

DELAYED PAYMENT PENALTY

The above schedule is net. On all current usage billings not paid in full when due, ten percent (10%) will be added to the net current amount unpaid. This delayed payment penalty is not interest and is to be collected once for each bill where it is appropriate.

(I) RESALE RATES

Customer Charge	$ 50.00	per month
Usage Charge	$ 3.56	per 1,000 gallons

CUSTOMER DEPOSITS

As provided for by West Virginia Code and Public Service Commission Rules and Regulations.

WATER SERVICE CONNECTION CHARGE $ 350.00

The following charges are to be made whenever the utility installs a new tap to serve an applicant:

A tap fee of **$100.00** will be charged to customers applying for service before construction is completed adjacent to the customer's premises in connection with a certificate proceeding before the Commission. This pre-construction tap fee will be invalid after the completion of construction adjacent to an applicant's premises that is associated with a certificate proceeding.

A tap fee of **$350.00,** or the actual cost of the connection (solely determined by the City), whichever is greater, will be charged to all customers who apply for service outside of a certificate proceeding before the Commission for each new tap to the system.

PROPOSED TARIFF (CONTINUED)

RETURNED CHECK CHARGE $ 25.00

A service charge of **$25.00** will be imposed upon any customer whose check for payment of charges is returned by the bank for any reason.

DISCONNECT CHARGE/RECONNECTION CHARGE/ADMINISTRATIVE FEE $ 30.00

Water service will not be restored until all past due water bills have been paid in full and all accrued penalties plus a disconnection charge of **$30.00** have been paid.

There shall be a **$30.00** reconnection charge paid prior to restoration of water service which had been previously disconnected for any reason.

In the event that City staff or agents collect money at the customer's residence or otherwise give the customer the opportunity to pay the bill at the office in order to stop disconnection, an administrative fee of **$30.00** shall be paid in addition to other charges to prevent disconnection.

INCREMENTAL COSTS $ 4.00 per 1,000 gallons

An amount not to exceed **$4.00** per 1,000 gallons is to be used when a bill reflects unusual consumption which can be attributed to eligible leakage on the customer's side of the meter. This rate shall be applied to all such consumption above the customer's historical usage. The City of Philippi shall establish a non-discriminatory policy regarding this provision for leak adjustments.

EFT, CREDIT CARD AND DROP BOX PAYMENTS

A service charge will be imposed on EFT, Credit Card or Drop Box payments. The amount shall be equal to the actual charges to the utility from the financial institution for processing payment.

I - Indicates Advance C-Indicates Change N-Indicates New

(I) FIRE PROTECTION SCHEDULE

APPLICABILITY

Applicable in all areas served by the City of Philippi, West Virginia.

AVAILABILITY OF SERVICE

Available for public and private fire protection service.

PRIVATE RATES

Where connections, hydrants, sprinklers, etc., on property are maintained by customer:

	Per Year
2 inch service line with hydrants, sprinklers, and/or connections	**$72.00**
3 inch service line with hydrants, sprinklers, and/or connections	**$144.00**
4 inch service line with hydrants, sprinklers, and/or connections	**$288.00**
6 inch service line with hydrants, sprinklers, and/or connections	**$720.00**
8 inch service line with hydrants, sprinklers, and/or connections	**$1,200.00**
10 inch service line with hydrants, sprinklers, and/or connections	**$2,400.00**
12 inch service line with hydrants, sprinklers, and/or connections	**$3,000.00**

PERIODIC BILLING

The schedule of rates and charges above may be applied on a monthly, bi-monthly, quarterly, semi-annual or annual basis, provided no lower charges apply.

(I) PUBLIC RATES

Six Thousand Dollars **($6,000.00)** per annum, payable in twelve monthly installments. The City of Philippi is to be entitled to as many fire hydrants as it may deem necessary; the said city to furnish said hydrants and to pay for the installation thereof, and the water department to maintain said hydrants.

Attachment No. 1 to Amendment No. 1 to the Letter of Conditions
For: City of Philippi - Water Treatment Plant Project
Date: May 4, 2010

CITY OF PHILIPPI WATER TREATMENT PLANT PROJECT
OPERATING BUDGET - PROPOSED RATES

OPERATING INCOME				
Water Sales to Retail Customers	$	808,930		
Water Sales For Resale	$	601,160		
Forfeited Discounts	$	4,465		
Private & Public Fire Protection	$	616		
Other & Misc. Revenues	$	4,276		
TOTAL OPERATING INCOME			$	1,419,447
NON OPERATING INCOME				
Interest income	$	8,391		
TOTAL NON OPERATING INCOME			$	8,391
TOTAL INCOME			$	1,427,838
EXPENSES				
O & M	$	775,166		
Taxes	$	15,087		
Capital Additions (from project accountant)	$	40,000		
TOTAL EXPENSES			$	830,253
INCOME AVAILABLE FOR D/S (A)			$	597,585
DEBT SERVICE				
Existing Bond P & I (B)	$	-		
RUS Cherry Hill Loan P & I	$	125,412	$1,651,000, 4.50%, 20 yrs.	
Proposed RUS Water Plant Loan P & I	$	272,940	$6,425,000, 2.750%, 38 yrs.	
Proposed Initial IJDC Loan P& I	$	54,588	$2,074,000, 0%, 38 yrs.	
Proposed Subsequent IJDC Loan P&I	$	51,216	$1,946,000, 0%, 38 yrs.	
TOTAL DEBT SERVICE			$	504,156
DEBT SERVICE RESERVE				
Existing Debt Service Reserve	$	-		
Cherry Hill Debt Srvc. Reserve	$	12,541		
Proposed RUS WTP Debt Srvc. Reserve	$	27,294		
Proposed IJDC Debt Srvc Reserve, 2 loans	$	10,580		
R & R Reserve 2.5% of Revenue	$	35,486		
TOTAL DEBT SERVICE RESERVE			$	85,901
SURPLUS (DEFICIT)			$	7,528
DEBT COVERAGE (A/B)			$	1.19

(1) Based on an RUS loan of $6,425,000 @ 2.750% for 38 years, an RUS Grant of $1,287,000, an Initial WVIJDC Loan of $2,074,000 @ 0% interest for 38 years, a Subsequent WVIJDC Loan of $1,946,000 @ 0% for 38 years, an EPA SAP Grant of $794,600, and a Subsequent RUS Grant of $2,137,400 for a total revised project cost of $14,664,000

Attachment No. 1 to Amendment No. 1 to the Letter of Conditions
For: City of Philippi Water Treatment Plant Project
Date: May 4, 2010

City of Philippi Water Treatment Plant Project
USE AND INCOME ANALYSIS
EXISTING RESIDENTIAL SALES - PROPOSED RATES

Customer Type	Annual No. of Bills	Annual M Gallons	MINIMUM BILLS Rates	MINIMUM BILLS Charges	First 2,000	Next 3,000	Next 20,000	Over 25,000	TOTAL REVENUE
Minimum Bills									
5/8 inch meter	4,846	4,405.7	$ 18.52	$ 89,748					
3/4 inch meter	278	358.1	$ 27.78	$ 7,723					
1 inch meter	0	0.0	$ 46.30	$ -					
1 1/4 inch meter	0	0.0	$ 67.60	$ -					
1 1/2 inch meter	0	0.0	$ 92.60	$ -					
2 inch meter	0	0.0	$ 148.16	$ -					
3 inch meter	0	0.0	$ 277.80	$ -					
4 inch meter	0	0.0	$ 463.00	$ -					
6 inch meter	0	0.0	$ 926.00	$ -					
8 inch meter	0	0.0	$ 1,481.60	$ -					
Over The Minimums									
2,001-5,000	7,198	24,798.0			14,396.0	10,402.0			
5,001-25,000	3,465	26,657.5			6,930.0	10,395.0	9,332.5		
Over 25,000	54	2,908.6			108.0	162.0	1,080.0	1,558.6	
Annual Total	15,841	59,127.9		97,471.00	21,434.0	20,959.0	10,412.5	1,558.6	
Monthly Average	**1,321**	4,927.33		8,122.58	1,786.2	1,746.6	867.7	129.9	
Proposed Rates					$ 9.26	$ 9.26	$ 5.17	$ 4.25	
Annual Revenue				$ 97,471.00	$ 198,478.84	$ 194,080.34	$ 53,832.63	$ 6,624.05	**$ 550,486.86**
Monthly Revenue				$ 8,122.58	$ 16,539.90	$ 16,173.36	$ 4,486.05	$ 552.00	**$ 45,873.89**

Annual Revenue (Rounded) = $ 550,487.00
Adjustment Factor Per Draft Rule 42 = 0.980000
Adjusted Projected Annual Revenue (Rounded) = $ 539,477.00

Attachment No. 1 to Amendment No. 1 to the Letter of Conditions
For: City of Philippi Water Treatment Plant Project
Date: May 4, 2010

City of Philippi Water Treatment Plant Project
USE AND INCOME ANALYSIS
EXISTING COMMERCIAL SALES - PROPOSED RATES

Customer Type	Annual No. of Bills	Annual M Gallons	MINIMUM BILLS Rates	MINIMUM BILLS Charges	First 2,000	Next 3,000	Next 20,000	Over 25,000	TOTAL REVENUE
Minimum Bills									
5/8 inch meter	918	605.5	$ 18.52	$ 17,001.36					
3/4 inch meter	145	130.7	$ 27.78	$ 4,028.10					
1 inch meter	84	155.3	$ 46.30	$ 3,889.20					
1 1/4 inch meter	0	0.0	$ 67.60	$ -					
1 1/2 inch meter	12	6.0	$ 92.60	$ 1,111.20					
2 inch meter	264	2,156.3	$ 148.16	$ 39,114.24					
3 inch meter	8	230.9	$ 277.80	$ 2,222.40					
4 inch meter	36	557.5	$ 463.00	$ 16,668.00					
6 inch meter	0	0.0	$ 926.00	$ -					
8 inch meter	0	0.0	$ 1,481.60						
Over The Minimums									
2,001-5,000	354	1,177.2			708.0	469.2			
5,001-25,000	488	5,377.6			976.0	1,464.0	2,937.6		
Over 25,000	336	30,031.8			672.0	1,008.0	6,720.0	21,631.8	
Annual Total	2645	40,428.8		$ 84,034.50	2,356.0	2,941.2	9,657.6	21,631.8	
Monthly Average	**220**	3,369.1		$ 7,002.88	196.3	245.1	804.8	1,802.7	
Proposed Rates					$ 9.26	$ 9.26	$ 5.17	$ 4.25	
Annual Revenue				$ 84,034.50	$ 21,816.56	$ 27,235.51	$ 49,929.79	$ 91,935.15	**$ 274,951.51**
Monthly Revenue				$ 7,002.88	$ 1,818.05	$ 2,269.63	$ 4,160.82	$ 7,661.26	**$ 22,912.64**

Annual Revenue (Rounded) = $ 274,952.00
Adjustment Factor Per Draft Rule 42 = 0.980000
Adjusted Projected Annual Revenue (Rounded) = $ 269,453.00

Attachment No. 1 to Amendment No. 1 to the Letter of Conditions
For: City of Philippi Water Treatment Plant Project
Date: May 4, 2010

City of Philippi Water Treatment Plant Project
USE AND INCOME ANALYSIS
EXISTING RESALE CUSTOMERS - PROPOSED RATES

Customer Type	Annual No. of Bills	Annual M Gallons	MINIMUM BILLS Rates	MINIMUM BILLS Charges	First 2,000	Next 3,000	Next 20,000	Over 25,000	TOTAL REVENUE
Minimum Bills									
5/8 inch meter	0.0	0.0	$ 18.52	$ -					
3/4 inch meter	0.0	0.0	$ 27.78	$ -					
1 inch meter	0.0	0.0	$ 46.30	$ -					
1 1/4 inch meter	0.0	0.0	$ 67.60	$ -					
1 1/2 inch meter	0.0	0.0	$ 92.60	$ -					
2 inch meter	0.0	0.0	$ 148.16	$ -					
3 inch meter	0.0	0.0	$ 277.80	$ -					
4 inch meter	0.0	0.0	$ 463.00	$ -					
6 inch meter	0.0	0.0	$ 926.00	$ -					
8 inch meter	0.0	0.0	$ 1,481.60	$ -					
Usage Charge	**72**	**168,359.5**	**3.56**	**$ 599,360**					
Customer Charge	**36**		**50.00**	**$ 1,800**					
Over The Minimums									
2,001-5,000	0	0.0			0.0	0.0			
5,001-25,000	0	0.0			0.0	0.0	0.0		
Over 25,000	0	0.0			0.0	0.0	0.0	0.0	
Annual Total	108	168,359.5		**$ 601,160**	0.0	0.0	0.0	0.0	
Monthly Average	**9**	14,030.0		**$ 50,097**	0.0	0.0	0.0	0.0	
Proposed Rates					$ 9.26	$ 9.26	$ 5.17	$ 4.25	
Annual Revenue				$ 601,160.00	$ -	$ -	$ -	$ -	**$ 601,160.00**
Monthly Revenue				$ 50,097.00	$ -	$ -	$ -	$ -	**$ 50,097.00**

Projected Annual Revenue (Rounded) = $ 601,160.00
Adjustment Factor Per Draft Rule 42 = $ 0.980000
Adjusted Projected Annual Revenue (Rounded) = $ 589,137.00

Resale Customers	Annual M Gallons	Monthly M Gallons	# 2" Meters	# 4" Meters
Century Volga PSD	56,509.9	4,709	-	1
Central Barbour PSD	43,140.6	3,595	1	1
Chestnut Ridge PSD	68,709.0	5,726	4	1
Totals =	168,359.5	14,030	5	3

Bond Counsel

United States Department of Agriculture
Rural Development
West Virginia State Office

April 10, 2009

COPY

The Honorable David C. Mulneix
Mayor, City of Philippi
P.O. Box 460
Philippi, WV 26416

Dear Mayor Mulneix:

This letter, with Attachments 1 through 10 and enclosures, establishes conditions which must be understood and agreed to by you before further consideration may be given to your application. The loan and grant will be administered on behalf of the Rural Utilities Service (RUS) by the State and Area staff of USDA, Rural Development. Any changes in project cost, source of funds, scope of services, or any other significant changes in the project or applicant must be reported to and approved by USDA, Rural Development, by written amendment to this letter. Any changes not approved by Rural Development shall be cause for discontinuing processing of the application.

The docket may be completed on the basis of an RUS loan in the amount of $6,425,000, an RUS grant in the amount of $1,287,000, and other funding in the amount of $2,868,600, for a total project cost of $10,580,600. The other funding is planned in the form of a $794,600 Special Appropriation grant that will be administered through the Environmental Protection Agency and a $2,074,000 loan from the West Virginia Infrastructure and Jobs Development Council.

The loan will be considered approved on the date a signed copy of Form RD 1940-1, "Request for Obligation of Funds," is mailed to you. The interest rate will be the lower of the rate in effect at the time of loan approval or the time of loan closing.

Extra copies of this letter are being provided for use by your engineer, attorney, bond counsel and accountant. All parties may access our web-site located at www.usda.gov/rus/water/ for the following:

a. RUS Instruction 1780
b. RUS Bulletin 1780-26, "Guidance for the Use of EJCDC Standard Documents on Water and Waste Projects with RUS Financial Assistance"

"USDA is an equal opportunity provider, employer and lender."
To file a complaint of discrimination write USDA, Director, Office of Civil Rights, 1400 Independence Avenue, S.W., Washington, DC 20250-9410 or call (800)795-3272 (voice) or (202)720-6382 (TDD).

c. RUS Bulletin 1780-30, "Water Programs Audit Guide and Compliance Supplement"
d. RUS Bulletin 1780-31, "Water Programs Compliance Supplement For OMB Circular A-133 Audits"

The enclosures and attachments listed below are attached to the copies as noted. Enclosed are the following:

Attachment No. 1 – Project Construction Budget (All Copies)
Attachment No. 2 – Water and Waste Processing Checklist (All Copies)
Attachment No. 3 – RUS Supplemental General Conditions (Engineer Copy)
Attachment No. 4 - "Government Auditing Standards" (Revised July 2007) (Accountant Copy) – This may be accessed at www.gao.gov/govaud/ybk01.htm.
Attachment No. 5 – Form RD 1927-9, "Preliminary Title Opinion" (Attorney Copy)
Attachment No. 6 – Form RD 442-22, "Opinion of Counsel Relative to Rights-of-Way" (Attorney Copy)
Attachment No. 7 – Form RD 1927-10, "Final Title Opinion" (Attorney Copy)
Attachment No. 8 – Sample Credit Agreement (Applicant Copy)
Attachment No. 9 – Labor Standards Provisions (Engineer Copy) (ARC Projects)
Attachment No. 10 – Various other RD forms as identified on Attachment No. 2

The conditions referred to above are as follows:

1. American Recovery and Reinvestment Act of 2009 ("Recovery Act").

Recovery Act requirements apply to this financing. In addition to the other conditions contained in this Letter of Conditions, you must understand and agree to these following conditions specific to the Recovery Act:

a. Certifications. With respect to Recovery Act funds made available to State or local governments for infrastructure investments, Section 1511 of the Recovery Act requires the Governor, mayor or other chief executive, as appropriate, to certify that the infrastructure investment has been properly approved as required by law and that the chief executive accepts responsibility that the infrastructure investment is an appropriate use of taxpayer dollars. RD Water and Waste personnel will provide specific guidance on the information required in the certification.

b. Reports on Use of Funds. Section 1512 of the Recovery Act requires each recipient receiving Recovery Act funding to provide specific information to the government on a periodic basis for inclusion in various internal and publicly-available reports. RD Water and Waste Program personnel will provide

specific guidance on the type and frequency of information required to assist Recovery Act recipients in complying with this condition.

c. Buy American. Section 1605 of the Recovery Act requires that all projects financed with Recovery Act funds be bid and constructed using only iron, steel and manufactured goods produced in the United States in accordance with Section 1605 of the Recovery Act. Specific guidance, including contract provisions to be included in any construction contracts, is being formulated and drafted as of the date of this Letter of Conditions. RD Water and Waste Program personnel will provide specific guidance related to this condition as soon as it is available.

d. Wage Rate Requirements. Section 1606 of the Recovery Act requires that all laborers and mechanics employed by contractors and subcontractors for the project will be paid wages at rates not less than those prevailing on projects of a character similar in the locality where this project will occur. Specific guidance, including contract provisions to be included in any construction or otherwise related contracts, is being formulated and drafted as of the date of this Letter of Conditions. RD Water and Waste Program personnel will provide specific guidance related to this condition as soon as it is available.

Compliance with the conditions in this section is required for financing under the Recovery Act. However, these conditions are not substitutes for, or in lieu of, the remaining conditions contained in this Letter of Conditions. Each of the conditions in this Letter of Conditions must also be understood and complied with to receive financing for your project.

2. Fund Usage – Funds obligated under the terms of this letter of conditions are committed on the basis that your project will proceed to the construction stage in an expedient manner. In accordance with RUS Staff Instruction 1782-1, Section 1782.20(u)(5), any funds not disbursed within 60 months from the date of obligation will be de-obligated and returned to the Department of Treasury for further disposition to other RUS project applicants. In the event that USDA determines that your project has not progressed within the five (5) year timeline and that funds will be recaptured, you will be given appeal rights and due process to document reasons why you believe the decision to de-obligate your project funds is not justified.

3. Loan Repayment – The loan will be scheduled for repayment over a period of 40 years. The payments due the first 24 months will consist of interest only. Payments for the remaining 456 months will be equal amortized monthly installments. For planning purposes use a 2.75% interest rate and a monthly amortization factor of .00354, which provides for a monthly payment of $22,745.00. You have the option of participating in the PREAUTHORIZED

DEBIT (PAD) payment process. It will allow for your payment to be electronically debited from your account on the day your payment is due. Your authority must establish and fund monthly a debt service reserve account, which equals 10% of your monthly payment each month until you accumulate the equivalent of one annual installment on your loan. You will be required to establish this debt service reserve account with the West Virginia Municipal Bond Commission. We also recommend that, as a part of this financing, you move any existing debt service reserve accounts to the Municipal Bond Commission as well. Your bond counsel will be able to assist you with this.

You are reminded that your authority may be required to refinance (graduate) the unpaid balance of its RUS loan, in whole or in part, upon the request of RUS if at any time it shall be determined the authority is able to obtain a loan for such purposes from responsible cooperative or private sources at reasonable rates and terms for loans for similar purposes and periods or time.

4. Security – The loan must be secured by a statutory lien of shared first priority, a pledge of the system's revenues and other agreements between you and RUS as set forth in the bond resolution which must be properly adopted and executed by the appropriate officials of your organization. Additional security requirements are contained in RUS Bulletin 1780-12 and RUS Bulletin 1780-27 which are mentioned later.

5. Users – This conditional commitment is based upon you providing evidence that there will be at least 1,515 bona fide users on the proposed system when it has been completed and is placed in operation. This evidence will consist of a certification from you that identifies and attests to the number of users that are actually connected to the City's existing water system which is to be partially replaced by the new system, at the time you request authorization to advertise the project for construction bids.

   Before RUS can agree to the project being advertised for construction bids, you must provide evidence that the total required number of bona fide users has been acquired and currently using the system.

   The RUS loan and grant commitment is based on the City providing service to three large volume users. Evidence must be provided to show those users will actually be connected to the system when it is completed and that the monthly water usage projected for each by the engineer is reasonable. In the event any of those users refuse the offered service, the City must obtain enough additional revenue (i.e., increase in user rates, sign up of an adequate number of other users, reduction in project scope to reduce debt service and O&M, etc.) to make up the projected income that would be lost by not having those users on the system.

6. Bond Counsel Services – The services of a recognized bond counsel are required. The bond counsel will prepare the form of ordinance to be used, in accordance with Subpart D of RUS Instruction 1780. You should immediately provide your bond counsel with a copy of this letter of conditions, its attachments and enclosures.

7. Engineering Services – It will be necessary for you to obtain the services of an engineer. EJCDC No. 510-FA, "Standard Form of Agreement between Owner and Engineer for Professional Services" (2002 Funding Agency Edition) should be used to obtain the services of an engineer. The EJCDC document is issued under copyright and cannot be provided by RUS.

8. Legal Services – It will be necessary for you to obtain the services of a local attorney. For your convenience "RUS Legal Services Agreement" is enclosed for your use.

9. Accounting Services – It will be necessary for you to obtain the services of a qualified accountant. The accountant must agree to develop and provide the following:

    a. All necessary accounting material required by the Public Service Commission of West Virginia (Rule 42 Exhibit).

    b. Prior to loan/grant closing, your accountant must certify that the accounts and records as required by your bond ordinance have been established and are operational.

    The Accountant's Agreement should be submitted to RUS for review. Compensation in the contract should include only those services identified above and not include payment for construction management services from the accountant unless RUS concurrence is obtained.

    Rural Development regulations (RD Instruction 1780) outline requirements for the submission of management reports and audits. Appropriate state statutes place certain audit requirements on your City. "Government Auditing Standards" (Revised July 2007), and RUS Bulletins 1780-30 and 1780-31 outline audit requirements. This information is available on the websites referenced on Pages 1 and 2 of this letter.

    You are reminded that certain provisions of the Office of Management and Budget Circular A-133 are applicable to any public body or nonprofit association that expends $500,000 or more in federal funds in any one fiscal year. You must enter into an agreement annually with an accountant (or the State Tax Department) to perform the audit. The agreement must be in accordance with the

requirements of the State Tax Commissioner of West Virginia. Compensation for preparation of the A-133 audit or your annual audit are not included in project funds and should be paid from the operational revenues generated from your system operation.

10. Facility Control – Prior to advertisement for construction bids, you must furnish satisfactory evidence that you have or can obtain adequate continuous and valid control over the lands and rights needed for the project. Such evidence must be in the following form:

    a. A right-of-way map showing clearly the location of all lands and rights needed for the project. The map must designate public and private lands and rights and the appropriate legal ownership thereof.

    b. A copy of deeds, contracts or options for any lands needed other than rights-of-way, along with a preliminary title opinion covering such lands. Form RD 1927-9, "Preliminary Title Opinion" may be used. In the case of your existing system or where the City already acquired real property (land or facilities), a preliminary title opinion(s) concerning all such property(s) will be provided.

    c. A narrative opinion from your attorney concerning all permits, certifications and other items necessary to show that all legal requirements can be met and stating how they will be met. This narrative should also identify any condemnation proceedings that are anticipated and state how they will be handled.

    d. A certification and legal opinion relative to title to rights-of-way and easements. Form RD 442-22, "Opinion of Counsel Relative to Rights-of-Way," may be used. This form may contain a few exceptions such as properties that must be condemned; however, prior to the start of construction or loan closing, whichever occurs first, a new Form RD 442-22, must be provided which does not provide for any exceptions. The attorney's legal opinion should include a certification that all requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 and West Virginia State Code Chapter 54 have been met in the acquisition of both real property and rights-of-way. Such requirements may include, but are not limited to, distributing informational material to all affected property owners, and completing appraisals of the affected properties.

    e. On the day of loan closing, the City's attorney must furnish final title opinions on all land(s) being acquired. Form RD 1927-10, "Final Title Opinion" may be used. In the case of your existing system or where the

City has already acquired real property(s) (land or facilities), the City's attorney will provide a separate final title opinion(s) covering such property(s) on the day of loan closing.

11. Permits – Copies of all permits needed for the project must be provided for review prior to advertisement for construction bids. Such permits will include but are not limited to the following:

-West Virginia Department of Highways
-Railroads
-State Department of Health
-Department of Environmental Protection
-Corps of Engineers
-Public Land Corporation

12. Public Service Commission Approvals – You must obtain the following from the West Virginia Public Service Commission:

    a. A Certificate of Convenience and Necessity.

    b. Approval of user charges that are acceptable to you and the Rural Utilities Service.

    c. Approval of financing for the project's proposed financing arrangements.

    The "Rule 42" Exhibit to be attached to the Public Service Commission application must contain at least the information shown in Attachment No. 1. A copy of the Public Service Commission application and its "Rule 42" Exhibit must be provided for review.

13. Insurance and Bonding Requirements – Prior to loan closing or start of construction, whichever occurs first, you must acquire the types of insurance and bond coverage shown below. The use of deductibles may be allowed providing you have the financial resources to cover potential claims requiring payment of the deductible. RD strongly recommends that you have your engineer, attorney, and insurance provider(s) review proposed types and amounts of coverage, including any exclusions and deductible provisions. It is your responsibility and not that of RD to assure that adequate insurance and fidelity or employee dishonesty bond coverage is maintained.

    a. General Liability Insurance – This should include vehicular coverage.

    b. Workers' Compensation – In accordance with appropriate State laws.

c. Position Fidelity Bond(s) – All positions occupied by persons entrusted with the receipt and/or disbursement of funds must be bonded. As a good business practice you will probably wish to have each position bonded in an amount equal to the maximum amount of funds to be under the control of that position at any one time. During the construction phase of your project, this maximum amount will be much greater than normal; therefore, it is our recommendation that you temporarily increase your coverage to $300,000, or the estimated highest monthly construction drawdown. Once construction is complete, you may decrease the amount of your coverage. Please note that the cost of the temporary increase in coverage is an eligible project cost.

The minimum coverage acceptable to RUS once your project is in operation will be for each position to be bonded for an amount at least equal to one annual installment on your loan(s).

d. National Flood Insurance – In addition to meeting the requirements for the type of assistance requested, the following requirements must be met for financial assistance for acquisition and/or construction in designated special flood or mudslide prone areas:

i. If flood insurance is available, you must purchase a flood insurance policy at the time of loan closing.
ii. Applicants whose buildings, machinery or equipment are to be located in a community which has been notified as having special flood or mudslide prone areas will not receive financial assistance where flood insurance is not available.

e. Real Property Insurance – Prior to the acceptance of the facility from the contractor(s), you must obtain real property insurance (fire and extended coverage) on all above-ground structures, to include machinery and equipment housed therein. This does not apply to water reservoirs, standpipes, elevated tanks or noncombustible materials used in treatment plants, clearwells, filters and the like.

14. Environmental Requirements –

a. Mitigation – At the conclusion of the proposal's environmental review process, specific actions were negotiated with environmental regulatory officials to avoid or minimize adverse environmental impacts. Those action(s) are required for successful completion of the project and must be adhered to during project design and construction:

b. Project Modifications – The project as proposed has been evaluated to be consistent with all applicable environmental requirements. If the project or any project element deviates from or is modified from the original approved project, additional environmental review may be required.

15. Vulnerability Assessments (VA) and Emergency Response Plans (ERP) –

Congress enacted the Public Health Security and Bioterrorism Preparedness Response Act of 2002, Public Law 107-188 (Bioterrorism Act). The Bioterrorism Act amended the Safe Drinking Water (SDWA) to require all medium and large sized community water systems (serving populations greater than 3,300) to assess vulnerability to terrorist attack and develop emergency plans for response to such an attack. Medium and large community water systems are being monitored by the U.S. EPA for completion of VA's and ERP's.

Rural Development requires all financed water and wastewater systems to have a vulnerability assessment (VA) and an emergency response plan (ERP) in place. New water or wastewater systems must provide a certification that an ERP is complete prior to the start of operations. A certification that a VA is complete must be submitted within one year of the start of operations. All other borrowers must provide a certification that a VA and ERP are complete prior to bid authorization.

RD does not need or want a copy of the VA or ERP. The requested certification will be sufficient to meet our needs. Technical assistance providers are available to provide you with on site assistance if desired.

16. Civil Rights & Equal Opportunity – You should be aware of and will be required to comply with other federal statute requirements including but not limited to:

Section 504 of the Rehabilitation Act of 1973 – Under section 504 of the Rehabilitation Act of 1973, as amended (29 U.S.C. 794), no handicapped individual in the United States shall, solely by reason of their handicap, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving RD financial assistance.

Civil Rights Act of 1964 – All borrowers are subject to, and facilities must be operated in accordance with, title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d et seq.) and subpart E of part 1901 of this title, particularly as it relates to conducting and reporting of compliance reviews. Instruments of conveyance for loans and/or grants subject to the Act must contain the covenant required by paragraph 1901.202(e) of this title.

The Americans with Disabilities Act (ADA) of 1990 – This Act (42 U.S.C. 12101 et seq.) prohibits discrimination on the basis of disability in employment, State and local government services, public transportation, public accommodations, facilities, and telecommunications. Title II of the Act applies to facilities operated by State and local public entities which provides services, programs and activities. Title III of the Act applies to facilities owned, leased, or operated by private entities which accommodate the public.

Age Discrimination Act of 1975 – This Act (42 U.S.C. 6101 et seq.) provides that no person in the United States shall on the basis of age, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving federal financial assistance.

RD financial programs must be extended without regard to race, color, religion, sex, national origin, marital status, age, or physical or mental handicap.

17. Contract Documents, Final Plans and Specifications –

    a. The contract documents should consist of the following:

        (1) EJCDC Document No. C-521, 2002 Edition, "Suggested Form of Agreement between Owner and Contractor on the Basis of Stipulated Price" and EJCDC Document No. C-710, 2002 Edition, "Standard General Conditions of the Construction Contract – Funding Agency Edition" and Attachments. The EJCDC document is issued under copyright and cannot be provided by RUS.

        (2) "RUS Supplemental General Conditions."

        (3) "Labor Standards Provisions" – Title 29, Subtitle A, Part 5, Section 5.5, Contract Provisions and Related Matters. One copy of this item is attached hereto (Attachment No. 10). Additional copies must be reproduced by the engineer.

    RUS Bulletin 1780-26, "Guidance for the Use of EJCDC Standard Documents on Water and Waste Projects with RUS Financial Assistance (September 10, 2003 Version)," is available on the website reference on Page 1 of this letter or can be provided by the RUS Area Office upon request.

    b. The contract documents must provide, as a minimum, the following insurance:

(1) Liability Insurance – Personal Liability - $500,000; Property Damage - $200,000 - $200,000. This coverage must include indemnification of the City and its engineer. EJCDC Document C-710, "Standard General Conditions of the Construction Contract" (Funding Agency Edition) and Exhibit G to RUS Bulletin 1780-26, "Supplementary Conditions" both suggest certain limits of liability for insurance coverage. Those limits should be considered as minimum requirements only. It is recommended you consider increasing the given limits of liability after analyzing your specific needs.

(2) Builder's Risk Insurance – On all structures and mechanical and electrical equipment in place or stored on the site to the full insurable value thereof.

(3) Workers' Compensation – In accordance with applicable State laws.

c. The contract documents and final plans and specifications must be submitted to RUS for approval.

d. The project must be designed in compliance with Section 504 of the Rehabilitation Act of 1973.

18. Interim Financing – Interim financing will be used for the RUS loan if it is available at reasonable rates and terms. You must provide RUS with a copy of the tentative agreement reached in connection with interim financing. A copy of the proposed agreement should be provided for RUS review. A Sample Credit Agreement is attached for your use in meeting this requirement (Attachment No. 8).

19. Disbursement of Funds – The RUS funds will be advanced as they are needed in the amount(s) necessary to cover the RUS proportionate share of any disbursements required of your City, over 30 day periods. Funds will be disbursed by electronic transfer of funds.

Any RD grant funds not disbursed immediately upon receipt must be deposited in an interest bearing account except as follows:

a. Federal grant awards (includes all federal funding sources) are less than $120,000 per year.

b. The best available interest bearing account would not be expected to earn in excess of the following:

Public Bodies
Interest earned on grant funds in excess of $100 per year will be submitted to RUS at least quarterly as required in 7 CFR 3016.

c. The depository would require a minimum balance so high that it would not be feasible.

The City will establish a separate fund, to be known and hereafter referred to as the Construction Account, with a lending institution insured by the Federal Deposit Corporation. The account shall be used solely for the purpose of paying the costs of the project as outlined in the construction budget. All funds in the account will be secured by a collateral pledge equaling at least 100% of the highest amount of funds expected to be deposited in the Construction Account. All deposits in excess of $250,000 will be secured by a collateral pledge in accordance with Treasury Circular Number 176.

The City must assure that all project funds are expended only for the eligible items included in the final project budget or as may be later approved by RUS.

20. Other Project Funds – Prior to advertisement for construction bids, you must provide evidence showing the approval of any other project funds. This evidence should include a copy of the funding award. Prior to award of the contract(s) to the contractor(s), you must provide evidence that the other project funds are available for expenditure. This evidence should consist of at least a letter from the funding agency stating the funds are available for expenditure.

21. At a properly called meeting, you must adopt and properly execute the following forms, and minutes showing the adoption must be provided:

Form RD 1940-1 – "Request for Obligation of Funds"
RUS Bulletin 1780-12 – "Water or Waste System Grant Agreement"
RUS Bulletin 1780-27 – "Loan Resolution (Public Bodies)"
Form RD 400-1 – "Equal Opportunity Agreement"
Form RD 400-4 – "Assurance Agreement"
Form AD 1047 – "Certification Regarding Debarment – Primary"
Form AD 1049 – "Certification Regarding Drug-Free Workplace"
Form RD 1910-11 – "Applicant Certification, Federal Collection Policies"
RD Instruction 1940-Q, Exhibit A-1, "Certification for Contracts, Grants and Loans"
Standard Form LLL – "Disclosure of Lobbying Activities" (If Applicable)
Certification of Compliance
Form RD 1942-46, "Letter of Intent to Meet Conditions"

22. The enclosed Water and Waste Processing Checklist (Attachment No. 2) outlines the items needed to complete the loan and grant docket. All the items listed must be included in the loan and grant docket when it is forwarded to the USDA – Rural Development State Office with a request for loan closing instructions to be issued.

23. Upon receipt of the loan and grant docket, which contains all the items required above, RUS may authorize you to advertise the project for construction bids. Such advertisement must be in accordance with appropriate State statutes. Immediately after bid opening you must provide RUS with (a) a bid tabulation, (b) recommendations from you and your engineer as to the acceptability of the bids received, and (c) your recommendations for contract awards. If all parties then agree the construction bids received are acceptable, it is determined that adequate funds are available to cover the total facility costs, and that all the administrative conditions of loan approval have been satisfied, loan closing instructions will be issued. The closing instructions, a copy of which will be forwarded to you, will set forth any further requirements that must be met before the loan can be closed. When all parties agree that the closing requirements can be met, a mutually acceptable date for the loan closing will be scheduled.

Any applicant contribution shall be considered as the first funds expended. After providing for all authorized costs, any remaining RUS project funds will be considered to be RUS grant funds and refunded to RUS. If the amount of unused RUS project funds exceeds the RUS grant, that part would be RUS loan funds and would be applied as an extra payment toward the loan balance.

If the conditions set forth in this letter are not met within twelve (12) months from the date hereof, RUS reserves the right to discontinue processing of the application. In the event the project has not advanced to the point of loan closing within the twelve-month period and it is determined the authority still wishes to proceed, it will be necessary that the proposed budget be reviewed again in detail. If during that review, it is determined the budget is no longer current and/or adequate, RUS reserves the right to require that it be revised or replaced.

We believe the information herein clearly sets forth the actions which must be taken; however, if you have any questions, please do not hesitate to contact me.

Sincerely yours,

Dianne Goff Crysler 4/10/09
DIANNE GOFF CRYSLER
Acting State Director

Enclosures

cc: Rural Development Specialist
Elkins, WV

Griffith and Associates
ATTN: Michael D. Griffith, CPA
950 Little Coal River Road
Alum Creek, WV 25003

Robert R. Rodecker, Esquire
P.O. Box 3713
Charleston, WV 25337

Bond Counsel

Burgess and Niple, Inc.
Engineers and Architects
4424 Emerson Avenue
Parkersburg, WV 26104

U.S. Environmental Protection Agency, Region III
ATTN: Bruce Smith, EPA Project Officer
1650 Arch Street
Philadelphia, PA 19103-2029

West Virginia Infrastructure and Jobs Development Council
ATTN: Angela Chestnut, Executive Secretary
1320 One Valley Square
Charleston, WV 25301

Attachment No.1 to Letter of Conditions
For: The City of Philippi Water Treatment Plant Project
Date: April 10, 2009

Project Construction Budget
City of Philippi
Water Treatment Plant Project

PROJECT COST	RUS LOAN	RUS GRANT	EPA SAP	WVIJDC LOAN	TOTAL
CONSTRUCTION	$ 4,670,500	$ 1,150,000	$ 794,600.00	$ 1,406,900	$ 8,022,000
CONSTRUCTION CONTINGENCY	$ 487,000	$ 97,000	$ -	$ 218,000	$ 802,000
LAND & RIGHTS	$ 10,000	$ -	$ -	$ -	$ 10,000
LOCAL LEGAL FEES	$ 24,000	$ 6,000	$ -	$ -	$ 30,000
PSC ATTORNEY	$ 10,000	$ -	$ -	$ -	$ 10,000
BOND COUNSEL	$ 25,500	$ -	$ -	$ 15,000	$ 40,500
ACCOUNTING	$ 25,000	$ -	$ -	$ -	$ 25,000
ENGINEERING FEES	$ 695,000	$ -	$ -	$ 416,100	$ 1,111,100
Preliminary - $51,100					
Basic - $805,000					
Insp. - $209,000					
Special - $46,000					
INTEREST - (2 Years @ 2.75%)	$ 350,000	$ -	$ -	$ -	$ 350,000
REGISTRAR FEE	$ -	$ -	$ -	$ 500	$ 500
PROJECT CONTINGENCY	$ 128,000	$ 34,000	$ -	$ 17,500	$ 179,500
TOTAL	**$ 6,425,000**	**$ 1,287,000**	**$ 794,600**	**$ 2,074,000**	**$ 10,580,600**

Attachment No. 1 to Letter of Conditions
For: City of Philippi - Water Treatment Plant Project
Date: April 10, 2009

CITY OF PHILIPPI WATER TREATMENT PLANT PROJECT
OPERATING BUDGET - PROPOSED RATES

OPERATING INCOME				
Water Sales to Retail Customers	$	723,645		
Water Sales For Resale	$	520,164		
Forfeited Discounts	$	2,639		
Private & Public Fire Protection	$	519		
Other & Misc. Revenues	$	4,007		
TOTAL OPERATING INCOME			$	1,250,974
NON OPERATING INCOME				
Interest income	$	9,630		
TOTAL NON OPERATING INCOME			$	9,630
TOTAL INCOME			$	1,260,604
EXPENSES				
O & M	$	695,293		
Taxes	$	16,983		
Capital Additions (based on 3 yr. ave.)	$	9,013		
TOTAL EXPENSES			$	721,289
INCOME AVAILABLE FOR D/S (A)			$	539,315
DEBT SERVICE				
Existing Bond P & I (B)	$	-		
Proposed RUS Cherry Hill Loan P & I	$	125,412	$1,651,000, 4.50%, 20 yrs.	
Proposed RUS Water Plant Loan P & I	$	272,940	$6,425,000, 2.750%, 38 yrs.	
Proposed WVIJDC Loan P & I	$	54,588	$2,074,000, 0%, 38 yrs.	
TOTAL DEBT SERVICE			$	452,940
DEBT SERVICE RESERVE				
Existing Debt Service Reserve	$	-		
Proposed Cherry Hill Debt Srvc. Reserve	$	12,541		
Proposed Water Plant Debt Srvc. Reserve	$	27,294		
Proposed IJDC Debt Service Reserve	$	5,459		
R & R Reserve 2.5% of Revenue	$	31,274		
TOTAL DEBT SERVICE RESERVE			$	76,568
SURPLUS (DEFICIT)			$	9,807
DEBT COVERAGE (A/B)			$	1.19

(1) Based on an RUS loan of $6,425,000 @ 2.750% for 38 years, an RUS Grant of $1,287,000, a WVIJDC Loan of $2,074,000 @ 0% interest for 38 years and an EPA SAP grant of $794,600.

Attachment No. 1 to Letter of Conditions
For: City of Philippi Water Treatment Plant Project
Date: April 10, 2009

City of Philippi Water Treatment Plant Project
USE AND INCOME ANALYSIS
EXISTING RESIDENTIAL SALES - PROPOSED RATES

Customer Type	Annual No. of Bills	Annual M Gallons	MINIMUM BILLS Rates	MINIMUM BILLS Charges	First 2,000	Next 3,000	Next 20,000	Over 25,000	TOTAL REVENUE
Minimum Bills									
5/8 inch meter	4,659	4,398.3	$ 17.04	$ 79,389					
3/4 inch meter	242	273.6	$ 25.56	$ 6,186					
1 inch meter	0	0.0	$ 42.60	$ -					
1 1/4 inch meter	0	0.0	$ 62.20						
1 1/2 inch meter	0	0.0	$ 85.20	$ -					
2 inch meter	0	0.0	$ 136.32	$ -					
3 inch meter	0	0.0	$ 255.60	$ -					
4 inch meter	0	0.0	$ 426.00	$ -					
6 inch meter	0	0.0	$ 852.00	$ -					
Over The Minimums									
2,001-5,000	7,016	24,235.50			14,032.0	10,203.5			
5,001-25,000	3,611	27,912.00			7,222.0	10,833.0	9,857.0		
Over 25,000	47	2,637.60			94.0	141.0	940.0	1,462.6	
Annual Total	15,575	59,457.0		85,575.00	21,348.0	21,177.5	10,797.0	1,462.6	
Monthly Average	**1,298**	4,954.75		7,131.25	1,779.0	1,764.8	899.8	121.9	
Proposed Rates					$ 8.52	$ 8.52	$ 4.75	$ 3.91	
Annual Revenue				$ 85,575.00	$ 181,884.96	$ 180,432.30	$ 51,285.75	$ 5,718.77	**$ 504,896.78**
Monthly Revenue				$ 7,131.25	$ 15,157.08	$ 15,036.03	$ 4,273.81	$ 476.56	**$ 42,074.73**

Annual Revenue (Rounded) = $ 504,897.00
Adjustment Factor Per Draft Rule 42 = 0.969310
Adjusted Projected Annual Revenue (Rounded) = $ 489,402.00

Attachment No. 1 to Letter of Conditions
For: City of Philippi Water Treatment Plant Project
Date: April 10, 2009

City of Philippi Water Treatment Plant Project

USE AND INCOME ANALYSIS

EXISTING COMMERCIAL SALES - PROPOSED RATES

Customer Type	Annual No. of Bills	Annual M Gallons	MINIMUM BILLS Rates	MINIMUM BILLS Charges	First 2,000	Next 3,000	Next 20,000	Over 25,000	TOTAL REVENUE
Minimum Bills									
5/8 inch meter	912	537.1	$ 17.04	$ 15,540.48					
3/4 inch meter	106	80.1	$ 25.56	$ 2,709.36					
1 inch meter	53	105.4	$ 42.60	$ 2,257.80					
1 1/4 inch meter	0	0.0	$ 62.20	$ -					
1 1/2 inch meter	12	1.5	$ 85.20	$ 1,022.40					
2 inch meter	208	2,186.5	$ 136.32	$ 28,354.56					
3 inch meter	0	0.0	$ 255.60	$ -					
4 inch meter	24	331.3	$ 426.00	$ 10,224.00					
6 inch meter	0	0.0	$ 852.00	$ -					
Over The Minimums									
2,001-5,000	421	1,415.8			842.0	573.8			
5,001-25,000	477	5,149.5			954.0	1,431.0	2,764.5		
Over 25,000	239	14,966.2			478.0	717.0	4,780.0	8,991.2	
Annual Total	2452	24,773.4		$ 60,108.60	2,274.0	2,721.8	7,544.5	8,991.2	
Monthly Average	**204**	2,064.5		$ 5,009.05	189.5	226.8	628.7	749.3	
Proposed Rates					$ 8.52	$ 8.52	$ 4.75	$ 3.91	
Annual Revenue				$ 60,108.60	$ 19,374.48	$ 23,189.74	$ 35,836.38	$ 35,155.59	**$ 173,664.79**
Monthly Revenue				$ 5,009.05	$ 1,614.54	$ 1,932.48	$ 2,986.37	$ 2,929.63	**$ 14,472.07**

Annual Revenue (Rounded) = $ 173,665.00
Adjustment Factor Per Draft Rule 42 = 0.969310
Adjusted Projected Annual Revenue (Rounded) = $ 168,335.00

Attachment No. 1 to Letter of Conditions
For: City of Philippi Water Treatment Plant Project
Date: April 10, 2009

City of Philippi Water Treatment Plant Project

USE AND INCOME ANALYSIS

EXISTING INDUSTRIAL SALES - PROPOSED RATES

Customer Type	Annual No. of Bills	Annual M Gallons	MINIMUM BILLS Rates	MINIMUM BILLS Charges	First 2,000	Next 3,000	Next 20,000	Over 25,000	TOTAL REVENUE
Minimum Bills									
5/8 inch meter	1.0	0.0	$ 17.04	$ 17.04					
3/4 inch meter	0.0	0.0	$ 25.56	$ -					
1 inch meter	1.0	0.0	$ 42.60	$ 42.60					
1 1/4 inch meter	0.0	0.0	$ 62.20	$ -					
1 1/2 inch meter	0.0	0.0	$ 85.20	$ -					
2 inch meter	36.0	417.6	$ 136.32	$ 4,907.52					
3 inch meter	0.0	0.0	$ 255.60	$ -					
4 inch meter	12.0	274.0	$ 426.00	$ 5,112.00					
6 inch meter	0.0	0.0	$ 852.00	$ -					
Over The Minimums									
2,001-5,000	3	11.3			6.0	5.3			
5,001-25,000	14	245.7			28.0	42.0	175.7		
Over 25,000	89	13,514.5			178.0	267.0	1,780.0	11,289.5	
Annual Total	156	14,463.1		$ 10,079.16	212.0	314.3	1,955.7	11,289.5	
Monthly Average	13	1,205.3		$ 839.93	17.7	26.2	163.0	940.8	
Proposed Rates					$ 8.52	$ 8.52	$ 4.75	$ 3.91	
Annual Revenue				$ 10,079.16	$ 1,806.24	$ 2,677.84	$ 9,289.58	$ 44,141.95	**$ 67,994.77**
Monthly Revenue				$ 839.93	$ 150.52	$ 223.15	$ 774.13	$ 3,678.50	**$ 5,666.23**

Annual Revenue (Rounded) = $ 67,995.00
Adjustment Factor Per Draft Rule 42 = 0.969310
Adjusted Projected Annual Revenue (Rounded) = $ 65,908.00

Attachment No. 1 to Letter of Conditions
For: City of Philippi Water Treatment Plant Project
Date: April 10, 2009

City of Philippi Water Treatment Plant Project
USE AND INCOME ANALYSIS
EXISTING RESALE CUSTOMERS - PROPOSED RATES

Customer Type	Annual No. of Bills	Annual M Gallons	MINIMUM BILLS Rates	MINIMUM BILLS Charges	First 2,000	Next 3,000	Next 20,000	Over 25,000	TOTAL REVENUE
Minimum Bills									
5/8 inch meter	0.0	0.0	$ 17.04	$ -					
3/4 inch meter	0.0	0.0	$ 25.56	$ -					
1 inch meter	0.0	0.0	$ 42.60	$ -					
1 1/4 inch meter	0.0	0.0	$ 62.20	$ -					
1 1/2 inch meter	0.0	0.0	$ 85.20	$ -					
2 inch meter	0.0	0.0	$ 136.32	$ -					
3 inch meter	0.0	0.0	$ 255.60	$ -					
4 inch meter	0.0	0.0	$ 426.00	$ -					
6 inch meter	0.0	0.0	$ 852.00	$ -					
Usage Charge	**96**	**159,033.3**	**3.28**	**$ 521,629**					
Customer Charge	**36**		**50.00**	**$ 1,800**					
Over The Minimums									
2,001-5,000	0	0.0			0.0	0.0			
5,001-25,000	0	0.0			0.0	0.0	0.0		
Over 25,000	0	0.0			0.0	0.0	0.0	0.0	
Annual Total	132	159,033.3		**$ 523,429**	0.0	0.0	0.0	0.0	
Monthly Average	11	13,252.8		**$ 43,619**	0.0	0.0	0.0	0.0	
Proposed Rates					$ 8.52	$ 8.52	$ 4.75	$ 3.91	
Annual Revenue				$ 523,429.00	$ -	$ -	$ -	$ -	**$ 523,429.00**
Monthly Revenue				$ 43,619.00	$ -	$ -	$ -	$ -	**$ 43,619.00**

Projected Annual Revenue (Rounded) = $ 523,429.00
Adjustment Factor Per Draft Rule 42= $ 0.993762
Adjusted Projected Annual Revenue (Rounded) = $ 520,164.00

Attachment No. 2 to Letter of Conditions
For: City of Philippi (Water Treatment Plant)
Date: April 10, 2009

UNITED STATES DEPARTMENT OF AGRICULTURE
RURAL UTILITIES SERVICE
Water and Waste Processing Checklist

Form Number	Document or Action	Number Needed	Procedure Reference	Provided By	Target Date	Date Received	File Position
SF 424.2	Application for Federal Assistance	3	1780.31(b)	Applicant		Have	3
	DUNS Number	1		Applicant		Have	3
	CAIVRS Number	1		RUS		Have	CPAP Form
	Public Notice of Intent to File App./ Env. Notice	3	1780.19(a) 1794	Applicant		Have	3
Bulletin 1780-22	Applicant Eligibility Certification/ Other Credit Certification	1	1780.33(d)	Applicant		Have	3
	Bond Ordn. or Resol. On Outstanding Debts	1	1780.33(e)	Applicant/ Attorney		Have	5
	Bonds or Notes Outstanding Debt	1	1780.33(e)	Applicant/ Attorney		Have	2
	Audit for last year of operation	1	1780.33(e)	Applicant/ Accountant		Have	1
	Staff Review Financial Statements	1	S.I. 1780.2	RUS		Have	1
EJCDC No. E-510-FA	Agreement between Owner & Engineer	3	1780.39(b)	Applicant/ Engineer		Have	6

Form Number	Document or Action	Number Needed	Procedure Reference	Provided By	Target Date	Date Received	File Position
RUS Legal Services Agreement	Legal Services Agreement with Local Attorney	3	1780.39 (b)(2)	Applicant/ Attorney			5
	Site Visit		S.I. 1780-2	RUS		Have	3
	Processing Conference	1	1780.39(a)	RUS		Have	3
	Environmental Report	2	1794	Applicant		Have	3
Exhibit H S.I. 1794-1	Categorical Exclusion	2	1794	RUS		Have	3
	Adoption of Environ. Review by other Fed. Agency	2	1794 Case Record	RUS		Have	3
Bulletins 1780-2 1780-3	Preliminary Engineering Report	2	1780.33(c)	Engineer		Have	6
	Staff Engineer PER Review	1	1780.33(c)	RUS		Have	3
	Bill Analysis for existing system(s)	2	1780.33(c)	Applicant/ Engineer		Have	8
	Rate Tariff	2	1780.33	Applicant		Have	8
	Applicant's IRS Tax Number(TIN)	1	1780.33(g)	Applicant		Have	3
	Agency Determination on the Availability of "Other Credit" with Documentation	1	1780.7(d)	RUS		Have	3
	Documentation on Service Area	1	1780.11	RUS		Have	3
Bulletin 1780-1	Project Selection Criteria	2	1780.17	RUS		Have	1

Form Number	Document or Action	Number Needed	Procedure Reference	Provided By	Target Date	Date Received	File Position
	Letter of Conditions	7	1780.41 (a)(5)	RUS		Have	3
AD 1049	Certification Regarding Drug-Free Workplace	1	1780.33(h)	Applicant			5
	Minutes Adopting Drug-Free Workplace Program	1	LOC	Applicant			5
Exhibit A / A-1	Certifications Regarding Lobbying	2	1780.33(h)	Applicant			2
CPAP Form	Project Information	2	1780.41(a)	RUS			1
CPAP Form	Underwriting Information	2	1780.33(h)	RUS			3
RD 1940-1	Request for Obligation of Funds	2	1780.41(a)	RUS/ Applicant			2
Bulletin 1780-12	Association Water or Sewer System Grant Agreement	2	1780.45(c)	RUS/ Applicant			2
RD 1942-46	Letter of Intent to Meet Conditions	2	1780.41 (a)(6)	Applicant			3
AD 1047	Certification Regarding Debarment (Primary)	1	1780.33(h)	Applicant			5
	Relationships/ Associations with Agency Employees	1	1780.1(f)	RUS			3
RD 1910-11	Applicant Certification, Federal Collect-ion Policies	1	1780.33(h)	Applicant			3

Form Number	Document or Action	Number Needed	Procedure Reference	Provided By	Target Date	Date Received	File Position
Bulletin 1780-27	Loan Resolution	1	1780.45 (a)(2)	Applicant			5
RD 400-1	Equal Opportunity Agreement	1	1901-E	Applicant			6
RD 400-4	Assurance Agreement	1	1901-E	Applicant			3
	Legal Services Agreement with Bond Counsel	1	1780.39 (b)(3)	Applicant/ Bond Counsel			5
	Agreement for Accounting Services	1	1780.39 (b)(2)	Applicant/ Accountant			5
	Certification Relative to Existing Users	1	LOC	Applicant			5
	Verification of Users	1	1780.44(b)	RUS			3
	Accountant's Certification	1	LOC	Applicant/ Accountant			3
	RUS Review of Accounting Records	1	S.I. 1780-4 (1)(ii)	RUS			3
	Copy of PSC Rule 42 Exhibit	1	State	Attorney/ Accountant			3
Lender Agreement/ Bulletin 1780-10/ 1780-10a	Interim Financing Documenta-tion	1	1780.39(d)	Applicant/ RUS			1
	DOH Permit	1	1780.15(d)	Applicant			6
	Railroad Permit	1	1780.15(d)	Applicant			6
	Public Land Corp. Permit	1	1780.15(d)	Applicant			6

Form Number	Document or Action	Number Needed	Procedure Reference	Provided By	Target Date	Date Received	File Position
	Corps of Engineers Permit	1	1780.15(d)	Applicant			6
	Dept. of Health Approval	1	1780.15(d)	Engineer			6
	Dept. of Environmental Protection Permit	1	1780.15(d)	Engineer			6
	Contract Documents, Plans & Specifications	2	1780.61(a)	Engineer			Separate File
	Agency Determination on Procurement	1	1780.70(d)	RUS			6
	Preliminary Bond Transcript Documents w/o Defeasance Provisions	2	1780.83	Bond Counsel			5
	Right-of-Way Map	1	1780.44(g)	Engineer			Separate File
	Deeds and/or Options		1780.44.(g)	Applicant/ Attorney			5
RD 1927-9	Preliminary Title Opinion	1	1780.44 (g)(2)	Applicant/ Attorney			5
	Narrative Opinion from Attorney	1	1780.44(g)	Attorney			5
	Waiver of Title Defects Letter	1	1780.44(g)	RUS			5
RD 442-22	Opinion of Counsel Relative to R/Ways		1780.44 (g)(1)	Attorney			5
	Review of Outstanding Judgment	1	1780.7(g)	RUS/ Attorney			3

Form Number	Document or Action	Number Needed	Procedure Reference	Provided By	Target Date	Date Received	File Position
	Evidence of "Other Funds"	1	1780.44(f)	Applicant			2
SF 3881	Electronic Funds Transfer Payment Enrollment Form	1	31 CFR 208	Applicant/ Financial Institution			2
RD 442-10	Appraisal Report	1	1780.44(g)	RUS			8
	Documentation Relative to Health or Sanitary Hazards	1	1780.1 (c)(1) 1780.13 (b)(1)	RUS/State Health Department			2
	PSC Approval	1	1780.15(b)	Applicant/ Attorney			6
(Existing borrowers)	Certifications on VA and ERP	1		Applicant			5
	Bid Tabulation	1	1780.61(b)	Engineer			6
	OGC Closing Instructions	1	1780.44(h)	RUS			5
	S/O Closing Instructions	1	1780.44(h)	RUS			5
RD 1927-10	Final Title Opinion	1	1780.44 (g)(2)	Applicant/ Attorney			5
	Bond Transcript Documents w/o Defeasance Provisions	3	1780.83	Bond Counsel			Separate File
RD 400-8	Compliance Review	1	1780.44(c)	RUS			5
	Liability Insurance	1	1780.39(g)	Applicant			7

Form Number	Document or Action	Number Needed	Procedure Reference	Provided By	Target Date	Date Received	File Position
	Workers' Compensation Certificate	1	1780.39(g)	Applicant			7
	Flood Insurance Policy	1	1780.39(g)	Applicant			7
440-24	Fidelity Bond	1	1780.39(g)	Applicant			7
1924-16	Record of Pre-Construction Conference	1	1780.76(a)	RUS/ Engineer			6
AD 1048	Certification Regarding Debarment (Contractor)	1 each	1780.33(h)	All Appropriate Vendors			5
	OGC Final Opinion	1	1780.45(g)	RUS			5

IC-1
(08/09)

LOAN AGREEMENT

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

THE CITY OF PHILIPPI
(2008W-1070)*

(Governmental Agency)

W I T N E S S E T H:

WHEREAS, pursuant to the provisions of Chapter 31, Article 15A of the Code of West Virginia, 1931, as amended (the "Act"), the Authority is empowered upon request of the Council to make loans to governmental agencies for the acquisition or construction of projects by such governmental agencies, subject to such provisions and limitations as are contained in the Act;

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

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

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

* Formerly 2000W-516

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

WHEREAS, having reviewed the Application and made all findings required by the Act and having available sufficient funds therefor, the Council has authorized the Authority to lend the Governmental Agency the amount set forth on Schedule X attached hereto and incorporated herein by reference, through the purchase of revenue bonds of the Governmental Agency with money in the Infrastructure Fund, subject to the Governmental Agency's satisfaction of certain legal and other requirements of the Council's loan program (the "Program") as hereinafter set forth.

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

ARTICLE I

Definitions

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

1.2 "Authority" means the West Virginia Water Development Authority, which is expected to be the original purchaser of the Bonds, acting in its administrative capacity pursuant to Section 10 of the Act and upon authorization from the Council.

1.3 "Consulting Engineers" means the professional engineer, licensed by the State, designated in the Application and any qualified successor thereto; provided, however, when a Loan is made for a Project financed, in part, by the Office of Abandoned Mine Lands, "Consulting Engineers" shall mean the West Virginia Department of Environmental Protection, or any successor thereto.

1.4 "Infrastructure Fund" means the West Virginia Infrastructure Fund established in accordance with Section 9 of the Act.

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

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

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

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

1.9 "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.

1.10 "Project" means the project hereinabove referred to, to be constructed or being constructed by the Governmental Agency in whole or in part with the net proceeds of the Local Bonds.

1.11 "System" means the project owned by the Governmental Agency, of which the Project constitutes all or to which the Project constitutes an improvement, and any improvements thereto hereafter constructed or acquired from any sources whatsoever.

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

ARTICLE II

The Project and the System

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

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

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

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

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

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

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

2.8 The Governmental Agency shall require that each of its contractors and all subcontractors maintain, during the life of the construction contract, workers' compensation coverage, public liability insurance, property damage insurance and vehicle liability insurance in amounts and on terms satisfactory to the Council and the Authority and shall verify or have verified such insurance prior to commencement of construction. Until

the Project facilities are completed and accepted by the Governmental Agency, the Governmental Agency or (at the option of the Governmental Agency) the contractor shall maintain builder's risk insurance (fire and extended coverage) on a one hundred percent (100%) basis (completed value form) on the insurable portion of the Project, such insurance to be made payable to the order of the Authority, the Governmental Agency, the prime contractor and all subcontractors, as their interests may appear. If facilities of the System which are detrimentally affected by flooding are or will be located in designated special flood or mudslide-prone areas and if flood insurance is available at a reasonable cost, a flood insurance policy must be obtained by the Governmental Agency on or before the Date of Loan Closing, as hereinafter defined, and maintained so long as any of the Local Bonds is outstanding. Prior to commencing operation of the Project, the Governmental Agency must also obtain, and maintain so long as any of the Local Bonds are outstanding, business interruption insurance if available at a reasonable cost.

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

2.10 The Governmental Agency shall at all times provide operation and maintenance of the System in compliance with any and all State and federal standards. The Governmental Agency shall employ qualified operating personnel properly certified by the State to operate the System during the entire term of this Loan Agreement.

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

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

2.13 The Governmental Agency shall serve the additional customers at the location(s) as set forth in Schedule X. The Governmental Agency shall not reduce the amount of additional customers served by the project without the prior written approval of

the WDA Board. Following completion of the Project the Governmental Agency shall certify to the Authority the number of customers added to the System.

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

ARTICLE III

Conditions to Loan; Issuance of Local Bonds

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

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

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

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

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

(e) The Governmental Agency shall have obtained all requisite orders of and approvals from the Public Service Commission of West Virginia (the "PSC") and the 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 the Council shall have received an opinion of counsel to the Governmental Agency,

which may be local counsel to the Governmental Agency, bond counsel or special PSC counsel but must be satisfactory to the Authority and the Council, to such effect;

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

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

(h) 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 the Council shall have received a certificate of the accountant for the Governmental Agency, or such other person or firm experienced in the finances of governmental agencies and satisfactory to the Authority and the Council, to such effect; and

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

3.2 Subject to the terms and provisions of this Loan Agreement, the rules and regulations promulgated by the Authority, the Council or any other appropriate State agency and any applicable rules, regulations and procedures promulgated from time to time by the federal government, it is hereby agreed that the Authority shall make the Loan to the Governmental Agency and the Governmental Agency shall accept the Loan from the Authority, and in furtherance thereof it is agreed that the Governmental Agency shall sell to the Authority and the Authority shall make the Loan by purchasing the Local Bonds in the principal amount and at the price set forth in Schedule X hereto. The Local Bonds shall have such further terms and provisions as described in Article IV hereof.

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

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

3.5 The Governmental Agency understands and acknowledges that it is one of several governmental agencies which have applied to the Council for loans from the Infrastructure Fund to finance projects and that the obligation of the Authority to make any such loan is subject to the Council's authorization and the Governmental Agency's fulfilling all of the terms and conditions of this Loan Agreement on or prior to the Date of Loan Closing. The Governmental Agency specifically recognizes that the Authority will not purchase the Local Bonds unless and until sufficient funds are available in the Infrastructure Fund to purchase all the Local Bonds and that, prior to execution of this Loan Agreement, the Authority may commit to and purchase the revenue bonds of other governmental agencies for which it has sufficient funds available.

ARTICLE IV

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

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

(a) That the gross revenues of the System shall always be used for purposes of the System. Such gross revenues shall 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 (which, with an approving opinion of bond counsel to the Governmental Agency, may be with a letter of credit or surety) 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 Governmental Agency has existing outstanding indebtedness which has greater coverage or renewal and replacement fund requirements, then the greater requirements will prevail until said existing indebtedness is paid in full.

(b) Covenants substantially as follows:

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

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

of the maximum amount required in any year for debt service on the Local Bonds and any such prior or parity obligations;

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

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

(v) That the Governmental Agency shall not issue any other obligations payable from the revenues of the System which rank prior to, or equally, as to lien and security with the Local Bonds, except parity bonds which shall only be issued if net revenues of the System prior to issuance of such parity bonds, plus reasonably projected revenues from rate increases and the improvements to be financed by such parity bonds, shall not be less than one hundred fifteen percent (115%) of the maximum debt service in any succeeding year on all Local Bonds and parity bonds theretofore and then being issued and on any obligations secured by a lien on or payable from the revenues of the System prior to the Local Bonds and with the prior written consent of the Authority and the Council; 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 Governmental Agency will carry such insurance as is customarily carried with respect to works and properties similar to the System, including those specified by Section 2.8 hereof;

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

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

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

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

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

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

(xv) That, as long as the Authority is the owner of any of the Local Bonds, the Governmental Agency may not redeem any Local Bonds by it without the written consent of the Authority and the Council and otherwise in compliance with this Loan Agreement;

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

(xvii) That the Governmental Agency shall on the first day of each month (if the first day is not a business day, then the first business day of each month)

deposit with the Commission the required interest, principal and reserve account payment. The Governmental Agency shall complete the Monthly Payment Form, attached hereto as Exhibit D and incorporated herein by reference, and submit a copy of said form along with a copy of the check or electronic transfer to the Authority by the 5th day of such calendar month. When required by the Authority, the Local Entity shall make monthly payments to the Commission by electronic transfer;

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

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

(xxi) That the Governmental Agency 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 Governmental Agency, then the Governmental Agency shall enter into a termination agreement with the water provider;

(xxii) That the Governmental Agency shall furnish to the Authority such information with respect to earnings on all funds constituting "gross proceeds" of the Local Bonds (as that term is defined in the Internal Revenue Code of 1986, as amended) from time to time as the Authority may request;

(xxiii) That the Governmental Agency shall submit all proposed change orders to the Council for written approval. The Governmental Agency shall obtain the written approval of the Council before expending any proceeds of the Local Bonds held

in "contingency" as set forth in the final Schedule B attached to the certificate of the Consulting Engineer. The Governmental Agency shall obtain the written approval of the Council before making any changes to the final Schedule B and also before expending any proceeds of the Local Bonds available due to bid/construction/project underruns;

(xxiv) That the Governmental Agency shall list the funding 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; and

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

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

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

4.3 The principal of the Loan shall be repaid by the Governmental Agency on the days and in the years provided in Schedule X hereto. Interest payments on the Loan shall be made by the Governmental Agency on a quarterly basis as provided in said Schedule X.

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

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

4.6 The Governmental Agency agrees to expend the net proceeds of the Local Bonds for the Project within 3 years of the issuance of the bonds which are the source of money used to purchase the Local Bonds, unless otherwise agreed to by the Council.

ARTICLE V

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

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

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

5.3 In the event the Governmental Agency defaults in the payment due to the Authority pursuant to this Loan Agreement, the amount of such default shall bear interest at the interest rate of the installment of the Loan next due, from the date of the default until the date of the payment thereof.

5.4 The Governmental Agency hereby irrevocably covenants and agrees with the Authority that, in the event of any default hereunder by the Governmental Agency, the Authority may exercise any or all of the rights and powers granted under the Act and State law, including, without limitation, the right to an appointment of a receiver.

ARTICLE VI

Other Agreements of the Governmental Agency

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

6.2 The Governmental Agency 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 Governmental Agency fails to make any such rebates as required, then the Governmental Agency 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.

6.3 Notwithstanding Section 6.2, the Authority may at any time, in its sole discretion, cause the rebate calculations prepared by or on behalf of the Governmental Agency to be monitored or cause the rebate calculations for the Governmental Agency to be prepared, in either case at the expense of the Governmental Agency.

6.4 The Governmental Agency hereby agrees to give the Authority and the Council 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.

6.5 The Governmental Agency hereby agrees to file with the Authority and the Council upon completion of acquisition and construction of the Project a schedule in

substantially the form of Amended Schedule B to the Application, setting forth the actual costs of the Project and sources of funds therefor.

ARTICLE VII

Miscellaneous

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

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

7.3 The Authority shall take all actions required by the Council in making and enforcing this Loan Agreement.

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

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

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

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

7.8 The Authority acknowledges that certain terms and requirements in this Loan Agreement may not be applicable when the Project is financed in part by the West

Virginia Department of Environmental Protection, Office of Abandoned Mine Lands and under that circumstance those terms and requirements are specifically waived or modified as agreed to by the Authority and set forth in the Local Act.

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

7.10 This Loan Agreement shall terminate upon the earlier of:

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

(ii) termination by the Authority and the Council pursuant to Section 6.1 hereof; or

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

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

THE CITY OF PHILIPPI

(SEAL)

By: _____
Its: Mayor
Date: June 9, 2011

Attest:

_____
Its: Recorder

WEST VIRGINIA WATER
DEVELOPMENT AUTHORITY

(SEAL)

By: _____
Its: Executive Director
Date: June 9, 2011

Attest:

_____
Its: Authorized Officer

{C2046929.1}

EXHIBIT A

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 meanings set forth in the bond _____ adopted or enacted by the Issuer on _____, and the Loan Agreement by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), dated _____.

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

3. To the best of my knowledge, information and belief, (i) within the limits and in accordance with the applicable and governing contractual requirements relating to the Project, the Project will be constructed in general accordance with the approved plans, specifications and designs prepared by my firm and approved by [DEP/BPH/PSC] and any change orders approved by the Issuer, the Council and all necessary governmental bodies; (ii) the Project, as designed, is adequate for its intended purpose and has a useful life of at least ___years if properly operated and maintained, excepting anticipated replacements due to normal wear and tear; (iii) the Issuer has received bids for the acquisition and construction of the Project which are in an amount and otherwise compatible with the plan of financing set forth in the Schedule B attached hereto as Exhibit A and my firm[1] has ascertained that all

[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 _____,

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

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

[SEAL]

_____

By: _____
West Virginia License No. _____

Esq.] and delete "my firm has ascertained that".

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

EXHIBIT B

OPINION OF BOND COUNSEL FOR GOVERNMENTAL AGENCY

[To Be Dated as of Date of Loan Closing]

West Virginia Infrastructure and
Jobs Development Council
300 Summers Street, Suite 980
Charleston, West Virginia 25301

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

Ladies and Gentlemen:

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

We have examined a certified copy of proceedings and other papers relating to the authorization of (i) a loan agreement dated _____, _____, including all schedules and exhibits attached thereto (the "Loan Agreement"), between the Governmental Agency and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), and (ii) the issue of a series of revenue bonds of the Governmental Agency, dated _____, (the "Local Bonds"), to be purchased by the Authority in accordance with the provisions of the Loan Agreement. The Local Bonds are issued in the principal amount of $_____, in the form of one bond, registered as to principal and interest to the Authority, with interest and principal payable quarterly on March 1, June 1, September 1 and December 1 of each year, beginning _____, 1, _____, and ending _____, 1, _____, as set forth in the "Schedule Y" attached to the Loan Agreement and incorporated in and made a part of the Local Bonds.

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

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

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

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

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

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

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

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

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

6. 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,

EXHIBIT C

MONTHLY FINANCIAL REPORT

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

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

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

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

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

EXHIBIT D

MONTHLY PAYMENT FORM

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

Re: [Name of bond issue]

Ladies and Gentlemen:

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

Sinking Fund:	
Interest	$
Principal	$
Total:	$
Reserve Account:	$

Witness my signature this ___ day of_____.

[Name of Governmental Agency]

By: _____
Authorized Officer

Enclosure: copy of check(s)

SCHEDULE X

DESCRIPTION OF LOCAL BONDS

Principal Amount of Local Bonds $2,074,000
Purchase Price of Local Bonds $2,074,000

The Local Bonds shall bear no interest. Commencing September 1, 2013, principal on the Local Bonds is payable quarterly. 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 Governmental Agency shall authorize the Commission to electronically debit its monthly payments. The Commission will make quarterly payments to the Authority at such address as is given to the Commission in writing by the Authority.

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

The Governmental Agency may prepay the Local Bonds in full at any time at the price of par but only with the Council's written consent. The Governmental Agency shall request approval from the Authority and Council in writing of any proposed debt which will be issued by the Governmental Agency 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 Governmental Agency:

(1) The City of Philippi Water Revenue Bonds, Series 2009 B (United States Department of Agriculture), dated April 16, 2009, issued in the original aggregate principal amount of $1,651,000;

(2) The City of Philippi Water Revenue Bonds, Series 2011 A (United States Department of Agriculture), dated June 9, 2011, issued concurrently herewith in the original aggregate principal amount of $6,425,000; and

(3) The City of Philippi Water Revenue Bonds, Series 2011 C (West Virginia Infrastructure Fund), dated June 9, 2011, issued concurrently herewith in the original aggregate principal amount of $1,946,000.

Number of New Customers to Be Served: 0
Location: N/A

SCHEDULE Y
DEBT SERVICE SCHEDULE

BOND DEBT SERVICE

The City of Philippi

IF

$2,074,000

30 Years

0% Interest Rate

Dated Date	6/9/11
Delivery Date	6/9/11

Period Ending	Principal	Interest	Debt Service
9/1/13	17,284		17,284
12/1/13	17,284		17,284
3/1/14	17,284		17,284
6/1/14	17,284		17,284
9/1/14	17,284		17,284
12/1/14	17,284		17,284
3/1/15	17,284		17,284
6/1/15	17,284		17,284
9/1/15	17,284		17,284
12/1/15	17,284		17,284
3/1/16	17,284		17,284
6/1/16	17,284		17,284
9/1/16	17,284		17,284
12/1/16	17,284		17,284
3/1/17	17,284		17,284
6/1/17	17,284		17,284
9/1/17	17,284		17,284
12/1/17	17,284		17,284
3/1/18	17,284		17,284
6/1/18	17,284		17,284
9/1/18	17,284		17,284
12/1/18	17,284		17,284
3/1/19	17,284		17,284
6/1/19	17,284		17,284
9/1/19	17,284		17,284
12/1/19	17,284		17,284
3/1/20	17,284		17,284
6/1/20	17,284		17,284
9/1/20	17,284		17,284
12/1/20	17,284		17,284
3/1/21	17,284		17,284
6/1/21	17,284		17,284
9/1/21	17,284		17,284
12/1/21	17,284		17,284
3/1/22	17,284		17,284
6/1/22	17,284		17,284
9/1/22	17,284		17,284
12/1/22	17,284		17,284
3/1/23	17,284		17,284
6/1/23	17,283		17,283
9/1/23	17,283		17,283
12/1/23	17,283		17,283
3/1/24	17,283		17,283

BOND DEBT SERVICE

The City of Philippi

IF

$2,074,000

30 Years

0% Interest Rate

Period Ending	Principal	Interest	Debt Service
6/1/24	17,283		17,283
9/1/24	17,283		17,283
12/1/24	17,283		17,283
3/1/25	17,283		17,283
6/1/25	17,283		17,283
9/1/25	17,283		17,283
12/1/25	17,283		17,283
3/1/26	17,283		17,283
6/1/26	17,283		17,283
9/1/26	17,283		17,283
12/1/26	17,283		17,283
3/1/27	17,283		17,283
6/1/27	17,283		17,283
9/1/27	17,283		17,283
12/1/27	17,283		17,283
3/1/28	17,283		17,283
6/1/28	17,283		17,283
9/1/28	17,283		17,283
12/1/28	17,283		17,283
3/1/29	17,283		17,283
6/1/29	17,283		17,283
9/1/29	17,283		17,283
12/1/29	17,283		17,283
3/1/30	17,283		17,283
6/1/30	17,283		17,283
9/1/30	17,283		17,283
12/1/30	17,283		17,283
3/1/31	17,283		17,283
6/1/31	17,283		17,283
9/1/31	17,283		17,283
12/1/31	17,283		17,283
3/1/32	17,283		17,283
6/1/32	17,283		17,283
9/1/32	17,283		17,283
12/1/32	17,283		17,283
3/1/33	17,283		17,283
6/1/33	17,283		17,283
9/1/33	17,283		17,283
12/1/33	17,283		17,283
3/1/34	17,283		17,283
6/1/34	17,283		17,283
9/1/34	17,283		17,283
12/1/34	17,283		17,283
3/1/35	17,283		17,283
6/1/35	17,283		17,283
9/1/35	17,283		17,283
12/1/35	17,283		17,283

BOND DEBT SERVICE

The City of Philippi

IF

$2,074,000

30 Years

0% Interest Rate

Period Ending	Principal	Interest	Debt Service
3/1/36	17,283		17,283
6/1/36	17,283		17,283
9/1/36	17,283		17,283
12/1/36	17,283		17,283
3/1/37	17,283		17,283
6/1/37	17,283		17,283
9/1/37	17,283		17,283
12/1/37	17,283		17,283
3/1/38	17,283		17,283
6/1/38	17,283		17,283
9/1/38	17,283		17,283
12/1/38	17,283		17,283
3/1/39	17,283		17,283
6/1/39	17,283		17,283
9/1/39	17,283		17,283
12/1/39	17,283		17,283
3/1/40	17,283		17,283
6/1/40	17,283		17,283
9/1/40	17,283		17,283
12/1/40	17,283		17,283
3/1/41	17,283		17,283
6/1/41	17,283		17,283
9/1/41	17,283		17,283
12/1/41	17,283		17,283
3/1/42	17,283		17,283
6/1/42	17,283		17,283
9/1/42	17,283		17,283
12/1/42	17,283		17,283
3/1/43	17,283		17,283
6/1/43	17,284		17,284
	2,074,000		**2,074,000**

SCHEDULE Z

None.

IC-1
(08/09)

LOAN AGREEMENT

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

THE CITY OF PHILIPPI
(2008W-1070)*

(Governmental Agency)

W I T N E S S E T H:

WHEREAS, pursuant to the provisions of Chapter 31, Article 15A of the Code of West Virginia, 1931, as amended (the "Act"), the Authority is empowered upon request of the Council to make loans to governmental agencies for the acquisition or construction of projects by such governmental agencies, subject to such provisions and limitations as are contained in the Act;

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

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

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

---

* Formerly 2000W-516

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

WHEREAS, having reviewed the Application and made all findings required by the Act and having available sufficient funds therefor, the Council has authorized the Authority to lend the Governmental Agency the amount set forth on Schedule X attached hereto and incorporated herein by reference, through the purchase of revenue bonds of the Governmental Agency with money in the Infrastructure Fund, subject to the Governmental Agency's satisfaction of certain legal and other requirements of the Council's loan program (the "Program") as hereinafter set forth.

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

ARTICLE I

Definitions

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

1.2 "Authority" means the West Virginia Water Development Authority, which is expected to be the original purchaser of the Bonds, acting in its administrative capacity pursuant to Section 10 of the Act and upon authorization from the Council.

1.3 "Consulting Engineers" means the professional engineer, licensed by the State, designated in the Application and any qualified successor thereto; provided, however, when a Loan is made for a Project financed, in part, by the Office of Abandoned Mine Lands, "Consulting Engineers" shall mean the West Virginia Department of Environmental Protection, or any successor thereto.

1.4 "Infrastructure Fund" means the West Virginia Infrastructure Fund established in accordance with Section 9 of the Act.

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

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

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

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

1.9 "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.

1.10 "Project" means the project hereinabove referred to, to be constructed or being constructed by the Governmental Agency in whole or in part with the net proceeds of the Local Bonds.

1.11 "System" means the project owned by the Governmental Agency, of which the Project constitutes all or to which the Project constitutes an improvement, and any improvements thereto hereafter constructed or acquired from any sources whatsoever.

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

ARTICLE II

The Project and the System

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

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

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

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

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

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

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

2.8 The Governmental Agency shall require that each of its contractors and all subcontractors maintain, during the life of the construction contract, workers' compensation coverage, public liability insurance, property damage insurance and vehicle liability insurance in amounts and on terms satisfactory to the Council and the Authority and shall verify or have verified such insurance prior to commencement of construction. Until

the Project facilities are completed and accepted by the Governmental Agency, the Governmental Agency or (at the option of the Governmental Agency) the contractor shall maintain builder's risk insurance (fire and extended coverage) on a one hundred percent (100%) basis (completed value form) on the insurable portion of the Project, such insurance to be made payable to the order of the Authority, the Governmental Agency, the prime contractor and all subcontractors, as their interests may appear. If facilities of the System which are detrimentally affected by flooding are or will be located in designated special flood or mudslide-prone areas and if flood insurance is available at a reasonable cost, a flood insurance policy must be obtained by the Governmental Agency on or before the Date of Loan Closing, as hereinafter defined, and maintained so long as any of the Local Bonds is outstanding. Prior to commencing operation of the Project, the Governmental Agency must also obtain, and maintain so long as any of the Local Bonds are outstanding, business interruption insurance if available at a reasonable cost.

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

2.10 The Governmental Agency shall at all times provide operation and maintenance of the System in compliance with any and all State and federal standards. The Governmental Agency shall employ qualified operating personnel properly certified by the State to operate the System during the entire term of this Loan Agreement.

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

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

2.13 The Governmental Agency shall serve the additional customers at the location(s) as set forth in Schedule X. The Governmental Agency shall not reduce the amount of additional customers served by the project without the prior written approval of

the WDA Board. Following completion of the Project the Governmental Agency shall certify to the Authority the number of customers added to the System.

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

ARTICLE III

Conditions to Loan; Issuance of Local Bonds

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

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

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

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

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

(e) The Governmental Agency shall have obtained all requisite orders of and approvals from the Public Service Commission of West Virginia (the "PSC") and the 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 the Council shall have received an opinion of counsel to the Governmental Agency,

which may be local counsel to the Governmental Agency, bond counsel or special PSC counsel but must be satisfactory to the Authority and the Council, to such effect;

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

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

(h) 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 the Council shall have received a certificate of the accountant for the Governmental Agency, or such other person or firm experienced in the finances of governmental agencies and satisfactory to the Authority and the Council, to such effect; and

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

3.2 Subject to the terms and provisions of this Loan Agreement, the rules and regulations promulgated by the Authority, the Council or any other appropriate State agency and any applicable rules, regulations and procedures promulgated from time to time by the federal government, it is hereby agreed that the Authority shall make the Loan to the Governmental Agency and the Governmental Agency shall accept the Loan from the Authority, and in furtherance thereof it is agreed that the Governmental Agency shall sell to the Authority and the Authority shall make the Loan by purchasing the Local Bonds in the principal amount and at the price set forth in Schedule X hereto. The Local Bonds shall have such further terms and provisions as described in Article IV hereof.

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

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

3.5 The Governmental Agency understands and acknowledges that it is one of several governmental agencies which have applied to the Council for loans from the Infrastructure Fund to finance projects and that the obligation of the Authority to make any such loan is subject to the Council's authorization and the Governmental Agency's fulfilling all of the terms and conditions of this Loan Agreement on or prior to the Date of Loan Closing. The Governmental Agency specifically recognizes that the Authority will not purchase the Local Bonds unless and until sufficient funds are available in the Infrastructure Fund to purchase all the Local Bonds and that, prior to execution of this Loan Agreement, the Authority may commit to and purchase the revenue bonds of other governmental agencies for which it has sufficient funds available.

ARTICLE IV

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

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

(a) That the gross revenues of the System shall always be used for purposes of the System. Such gross revenues shall 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 (which, with an approving opinion of bond counsel to the Governmental Agency, may be with a letter of credit or surety) 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 Governmental Agency has existing outstanding indebtedness which has greater coverage or renewal and replacement fund requirements, then the greater requirements will prevail until said existing indebtedness is paid in full.

(b) Covenants substantially as follows:

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

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

of the maximum amount required in any year for debt service on the Local Bonds and any such prior or parity obligations;

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

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

(v) That the Governmental Agency shall not issue any other obligations payable from the revenues of the System which rank prior to, or equally, as to lien and security with the Local Bonds, except parity bonds which shall only be issued if net revenues of the System prior to issuance of such parity bonds, plus reasonably projected revenues from rate increases and the improvements to be financed by such parity bonds, shall not be less than one hundred fifteen percent (115%) of the maximum debt service in any succeeding year on all Local Bonds and parity bonds theretofore and then being issued and on any obligations secured by a lien on or payable from the revenues of the System prior to the Local Bonds and with the prior written consent of the Authority and the Council; 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 Governmental Agency will carry such insurance as is customarily carried with respect to works and properties similar to the System, including those specified by Section 2.8 hereof;

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

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

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

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

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

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

(xv) That, as long as the Authority is the owner of any of the Local Bonds, the Governmental Agency may not redeem any Local Bonds by it without the written consent of the Authority and the Council and otherwise in compliance with this Loan Agreement;

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

(xvii) That the Governmental Agency shall on the first day of each month (if the first day is not a business day, then the first business day of each month)

deposit with the Commission the required interest, principal and reserve account payment. The Governmental Agency shall complete the Monthly Payment Form, attached hereto as Exhibit D and incorporated herein by reference, and submit a copy of said form along with a copy of the check or electronic transfer to the Authority by the 5th day of such calendar month. When required by the Authority, the Local Entity shall make monthly payments to the Commission by electronic transfer;

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

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

(xxi) That the Governmental Agency 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 Governmental Agency, then the Governmental Agency shall enter into a termination agreement with the water provider;

(xxii) That the Governmental Agency shall furnish to the Authority such information with respect to earnings on all funds constituting "gross proceeds" of the Local Bonds (as that term is defined in the Internal Revenue Code of 1986, as amended) from time to time as the Authority may request;

(xxiii) That the Governmental Agency shall submit all proposed change orders to the Council for written approval. The Governmental Agency shall obtain the written approval of the Council before expending any proceeds of the Local Bonds held

in "contingency" as set forth in the final Schedule B attached to the certificate of the Consulting Engineer. The Governmental Agency shall obtain the written approval of the Council before making any changes to the final Schedule B and also before expending any proceeds of the Local Bonds available due to bid/construction/project underruns;

(xxiv) That the Governmental Agency shall list the funding 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; and

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

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

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

4.3 The principal of the Loan shall be repaid by the Governmental Agency on the days and in the years provided in Schedule X hereto. Interest payments on the Loan shall be made by the Governmental Agency on a quarterly basis as provided in said Schedule X.

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

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

4.6 The Governmental Agency agrees to expend the net proceeds of the Local Bonds for the Project within 3 years of the issuance of the bonds which are the source of money used to purchase the Local Bonds, unless otherwise agreed to by the Council.

ARTICLE V

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

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

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

5.3 In the event the Governmental Agency defaults in the payment due to the Authority pursuant to this Loan Agreement, the amount of such default shall bear interest at the interest rate of the installment of the Loan next due, from the date of the default until the date of the payment thereof.

5.4 The Governmental Agency hereby irrevocably covenants and agrees with the Authority that, in the event of any default hereunder by the Governmental Agency, the Authority may exercise any or all of the rights and powers granted under the Act and State law, including, without limitation, the right to an appointment of a receiver.

ARTICLE VI

Other Agreements of the Governmental Agency

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

6.2 The Governmental Agency 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 Governmental Agency fails to make any such rebates as required, then the Governmental Agency 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.

6.3 Notwithstanding Section 6.2, the Authority may at any time, in its sole discretion, cause the rebate calculations prepared by or on behalf of the Governmental Agency to be monitored or cause the rebate calculations for the Governmental Agency to be prepared, in either case at the expense of the Governmental Agency.

6.4 The Governmental Agency hereby agrees to give the Authority and the Council 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.

6.5 The Governmental Agency hereby agrees to file with the Authority and the Council upon completion of acquisition and construction of the Project a schedule in

substantially the form of Amended Schedule B to the Application, setting forth the actual costs of the Project and sources of funds therefor.

ARTICLE VII

Miscellaneous

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

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

7.3 The Authority shall take all actions required by the Council in making and enforcing this Loan Agreement.

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

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

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

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

7.8 The Authority acknowledges that certain terms and requirements in this Loan Agreement may not be applicable when the Project is financed in part by the West

Virginia Department of Environmental Protection, Office of Abandoned Mine Lands and under that circumstance those terms and requirements are specifically waived or modified as agreed to by the Authority and set forth in the Local Act.

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

7.10 This Loan Agreement shall terminate upon the earlier of:

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

(ii) termination by the Authority and the Council pursuant to Section 6.1 hereof; or

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

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

THE CITY OF PHILIPPI

(SEAL)

By: David C. Mullen
Its: Mayor
Date: June 9, 2011

Attest:

Tammy R. Temple
Its: Recorder

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

(SEAL)

By:
Its: Executive Director
Date: June 9, 2011

Attest:

David A. Cummings
Its: Authorized Officer

{C2046978.1}

EXHIBIT A

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 meanings set forth in the bond _____ adopted or enacted by the Issuer on _____, and the Loan Agreement by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), dated _____.

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

3. To the best of my knowledge, information and belief, (i) within the limits and in accordance with the applicable and governing contractual requirements relating to the Project, the Project will be constructed in general accordance with the approved plans, specifications and designs prepared by my firm and approved by [DEP/BPH/PSC] and any change orders approved by the Issuer, the Council and all necessary governmental bodies; (ii) the Project, as designed, is adequate for its intended purpose and has a useful life of at least ___years if properly operated and maintained, excepting anticipated replacements due to normal wear and tear; (iii) the Issuer has received bids for the acquisition and construction of the Project which are in an amount and otherwise compatible with the plan of financing set forth in the Schedule B attached hereto as Exhibit A and my firm[1] has ascertained that all

[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 _____,

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

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

[SEAL]

_____

By: _____
West Virginia License No. _____

Esq.] and delete "my firm has ascertained that".

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

EXHIBIT B

OPINION OF BOND COUNSEL FOR GOVERNMENTAL AGENCY

[To Be Dated as of Date of Loan Closing]

West Virginia Infrastructure and
Jobs Development Council
300 Summers Street, Suite 980
Charleston, West Virginia 25301

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

Ladies and Gentlemen:

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

We have examined a certified copy of proceedings and other papers relating to the authorization of (i) a loan agreement dated _____, _____, including all schedules and exhibits attached thereto (the "Loan Agreement"), between the Governmental Agency and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), and (ii) the issue of a series of revenue bonds of the Governmental Agency, dated _____, (the "Local Bonds"), to be purchased by the Authority in accordance with the provisions of the Loan Agreement. The Local Bonds are issued in the principal amount of $_____, in the form of one bond, registered as to principal and interest to the Authority, with interest and principal payable quarterly on March 1, June 1, September 1 and December 1 of each year, beginning _____, 1, _____, and ending _____, 1, _____, as set forth in the "Schedule Y" attached to the Loan Agreement and incorporated in and made a part of the Local Bonds.

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

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

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

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

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

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

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

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

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

6. 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,

EXHIBIT C

MONTHLY FINANCIAL REPORT

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

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

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

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

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

EXHIBIT D

MONTHLY PAYMENT FORM

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

Re: [Name of bond issue]

Ladies and Gentlemen:

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

Sinking Fund:	
Interest	$
Principal	$
Total:	$
Reserve Account:	$

Witness my signature this ___ day of_____.

[Name of Governmental Agency]

By: _____
Authorized Officer

Enclosure: copy of check(s)

SCHEDULE X

DESCRIPTION OF LOCAL BONDS

Principal Amount of Local Bonds $1,946,000
Purchase Price of Local Bonds $1,946,000

The Local Bonds shall bear no interest. Commencing September 1, 2013, principal on the Local Bonds is payable quarterly. 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 Governmental Agency shall authorize the Commission to electronically debit its monthly payments. The Commission will make quarterly payments to the Authority at such address as is given to the Commission in writing by the Authority.

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

The Governmental Agency may prepay the Local Bonds in full at any time at the price of par but only with the Council's written consent. The Governmental Agency shall request approval from the Authority and Council in writing of any proposed debt which will be issued by the Governmental Agency 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 Governmental Agency:

(1) The City of Philippi Water Revenue Bonds, Series 2009 B (United States Department of Agriculture), dated April 16, 2009, issued in the original aggregate principal amount of $1,651,000;

(2) The City of Philippi Water Revenue Bonds, Series 2011 A (United States Department of Agriculture), dated June 9, 2011, issued concurrently herewith in the original aggregate principal amount of $6,425,000; and

(3) The City of Philippi Water Revenue Bonds, Series 2011 B (West Virginia Infrastructure Fund), dated June 9, 2011, issued concurrently herewith in the original aggregate principal amount of $2,074,000.

Number of New Customers to Be Served: 0
Location: N/A

SCHEDULE Y
DEBT SERVICE SCHEDULE

BOND DEBT SERVICE

The City of Philippi

IF

$1,946,000

40 Years

0% Interest Rate

Dated Date	6/9/11
Delivery Date	6/9/11

Period Ending	Principal	Interest	Debt Service
9/1/13	12,803		12,803
12/1/13	12,803		12,803
3/1/14	12,803		12,803
6/1/14	12,803		12,803
9/1/14	12,803		12,803
12/1/14	12,803		12,803
3/1/15	12,803		12,803
6/1/15	12,803		12,803
9/1/15	12,803		12,803
12/1/15	12,803		12,803
3/1/16	12,803		12,803
6/1/16	12,803		12,803
9/1/16	12,803		12,803
12/1/16	12,803		12,803
3/1/17	12,803		12,803
6/1/17	12,803		12,803
9/1/17	12,803		12,803
12/1/17	12,803		12,803
3/1/18	12,803		12,803
6/1/18	12,803		12,803
9/1/18	12,803		12,803
12/1/18	12,803		12,803
3/1/19	12,803		12,803
6/1/19	12,803		12,803
9/1/19	12,803		12,803
12/1/19	12,803		12,803
3/1/20	12,803		12,803
6/1/20	12,803		12,803
9/1/20	12,803		12,803
12/1/20	12,803		12,803
3/1/21	12,803		12,803
6/1/21	12,803		12,803
9/1/21	12,803		12,803
12/1/21	12,803		12,803
3/1/22	12,803		12,803
6/1/22	12,803		12,803
9/1/22	12,803		12,803
12/1/22	12,803		12,803
3/1/23	12,803		12,803
6/1/23	12,803		12,803
9/1/23	12,803		12,803
12/1/23	12,803		12,803
3/1/24	12,803		12,803

BOND DEBT SERVICE

The City of Philippi

IF

$1,946,000

40 Years

0% Interest Rate

Period Ending	Principal	Interest	Debt Service
6/1/24	12,803		12,803
9/1/24	12,803		12,803
12/1/24	12,803		12,803
3/1/25	12,803		12,803
6/1/25	12,803		12,803
9/1/25	12,803		12,803
12/1/25	12,803		12,803
3/1/26	12,803		12,803
6/1/26	12,803		12,803
9/1/26	12,803		12,803
12/1/26	12,803		12,803
3/1/27	12,803		12,803
6/1/27	12,803		12,803
9/1/27	12,803		12,803
12/1/27	12,803		12,803
3/1/28	12,803		12,803
6/1/28	12,803		12,803
9/1/28	12,803		12,803
12/1/28	12,803		12,803
3/1/29	12,803		12,803
6/1/29	12,803		12,803
9/1/29	12,803		12,803
12/1/29	12,803		12,803
3/1/30	12,803		12,803
6/1/30	12,803		12,803
9/1/30	12,803		12,803
12/1/30	12,803		12,803
3/1/31	12,803		12,803
6/1/31	12,803		12,803
9/1/31	12,803		12,803
12/1/31	12,803		12,803
3/1/32	12,803		12,803
6/1/32	12,803		12,803
9/1/32	12,803		12,803
12/1/32	12,803		12,803
3/1/33	12,803		12,803
6/1/33	12,803		12,803
9/1/33	12,803		12,803
12/1/33	12,803		12,803
3/1/34	12,803		12,803
6/1/34	12,803		12,803
9/1/34	12,803		12,803
12/1/34	12,803		12,803
3/1/35	12,803		12,803
6/1/35	12,803		12,803
9/1/35	12,803		12,803
12/1/35	12,803		12,803

BOND DEBT SERVICE

The City of Philippi

IF

$1,946,000

40 Years

0% Interest Rate

Period Ending	Principal	Interest	Debt Service
3/1/36	12,803		12,803
6/1/36	12,803		12,803
9/1/36	12,803		12,803
12/1/36	12,803		12,803
3/1/37	12,803		12,803
6/1/37	12,802		12,802
9/1/37	12,802		12,802
12/1/37	12,802		12,802
3/1/38	12,802		12,802
6/1/38	12,802		12,802
9/1/38	12,802		12,802
12/1/38	12,802		12,802
3/1/39	12,802		12,802
6/1/39	12,802		12,802
9/1/39	12,802		12,802
12/1/39	12,802		12,802
3/1/40	12,802		12,802
6/1/40	12,802		12,802
9/1/40	12,802		12,802
12/1/40	12,802		12,802
3/1/41	12,802		12,802
6/1/41	12,802		12,802
9/1/41	12,802		12,802
12/1/41	12,802		12,802
3/1/42	12,802		12,802
6/1/42	12,802		12,802
9/1/42	12,802		12,802
12/1/42	12,802		12,802
3/1/43	12,802		12,802
6/1/43	12,802		12,802
9/1/43	12,802		12,802
12/1/43	12,802		12,802
3/1/44	12,802		12,802
6/1/44	12,802		12,802
9/1/44	12,802		12,802
12/1/44	12,802		12,802
3/1/45	12,802		12,802
6/1/45	12,802		12,802
9/1/45	12,802		12,802
12/1/45	12,802		12,802
3/1/46	12,802		12,802
6/1/46	12,802		12,802
9/1/46	12,802		12,802
12/1/46	12,802		12,802
3/1/47	12,802		12,802
6/1/47	12,802		12,802
9/1/47	12,802		12,802

BOND DEBT SERVICE

The City of Philippi

IF

$1,946,000

40 Years

0% Interest Rate

Period Ending	Principal	Interest	Debt Service
12/1/47	12,802		12,802
3/1/48	12,802		12,802
6/1/48	12,802		12,802
9/1/48	12,802		12,802
12/1/48	12,802		12,802
3/1/49	12,802		12,802
6/1/49	12,802		12,802
9/1/49	12,802		12,802
12/1/49	12,802		12,802
3/1/50	12,802		12,802
6/1/50	12,802		12,802
9/1/50	12,802		12,802
12/1/50	12,802		12,802
3/1/51	12,802		12,802
6/1/51	12,803		12,803
	1,946,000		**1,946,000**

SCHEDULE Z

None.

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

Entered: December 23, 2010

CASE NO. 10-1362-W-CN

FINAL

1/12/2011

CITY OF PHILIPPI
a municipal utility, Philippi, Barbour County.
Application for a certificate of convenience and necessity for the construction, operation and maintenance of a water treatment plant and appurtenances and for approval of related financing.

RECOMMENDED DECISION

On August 26, 2010, the City of Philippi (Utility) filed an application for a certificate of convenience and necessity to make certain improvements to its water treatment system, including the construction of a new water treatment plant.

On August 27, 2010, the Commission ordered the Utility to publish notice of its filing. The Utility filed an affidavit of publication indicating proper publication of the Notice of Filing on September 20, 2010. There have been no protests filed pursuant to the Notice.

On September 7, 2010, the Commission referred the matter, requiring a decision on or before January 7, 2011.

On November 22, 2010, Staff recommended that the Utility be granted a certificate.

On November 29, 2010, the Utility filed a letter indicating that it was in agreement with the Staff recommendation.

FINDINGS OF FACT

1. The project will involve the construction of a dual 200,100-gallon-per-minute conventional water treatment facility and includes a new building to house a laboratory and other facilities. (See Staff filing of November 22, 2010).

2. The project is estimated to cost $14,664,000 of which $4,219,000 is grant funding. (Id.).

3. The debt service portion of the project equates to $6,739 per customer in the City of Philippi, or $2,321 per customer when factoring in the customers of the Utility's resale customers (Chestnut Ridge Public

Service District, Central Barbour Public Service District, and Century Volga Public Service District). (See Staff filing of November 22, 2010).

4. The Utility properly considered alternatives to the project, including an alternative of purchasing water from the City of Belington and building a membrane filtration plant. The Utility properly selected the construction of the conventional plant as the superior option. (Id.).

5. The new water treatment facility will provide increased capacity in order to facilitate growth in Barbour County and provide a safe, reliable water supply to the current and future customers in Barbour County. (Id.).

6. The new treatment plant will improve the disinfection system to help protect the employees and the community from dangerous gas leaks, provide for achieving compliance with future modifications to the Safe Drinking Water Act regarding disinfection by-products, reduce health risks through improvements to the filters and the backwash system, improve the overall quality of the finished water and enhance operations through new system telemetry. (Id.).

7. The West Virginia Office of Environmental Health Services has issued a permit for the project. (See Permit No. 18,404).

8. The plans and specifications for the project do not conflict with the Commission's Water Rules. (See Staff filing of November 22, 2010).

9. The project will increase the Utility's operation and maintenance expenses by $163,882. The actual pro forma O&M increase for the project is calculated at $79,282. (Id.).

10. The proposed financing is a West Virginia Infrastructure and Jobs Development Council (IJDC) loan of $2,074,000 at zero percent for 30 years, a second IJDC loan in the amount of $1,946,000 at zero percent for 40 years, a Rural Utility Service (RUS) loan in the amount of $6,425,000 at 2.75% interest for 40 years, a RUS grant in the amount of $1,287,000, a second RUS grant in the amount of $2,137,400 and an Environmental Protection Agency Special Appropriations grant in the amount of $794,600. All funding has been committed. (Id.).

11. The Utility has already adopted a municipal ordinance increasing its rates in three steps. The Step 1 rate increase has already occurred effective July 23, 2010. The second step will go into effect in January 2011 and the third step increase will go into effect July 23, 2011. (Id.).

12. At the time the project is finished, the Utility's rates should provide $154,750 in surplus, including the renewal and replacement reserve and debt service coverage of 139.83%. (Id.).

13. Staff recommended granting the certificate and approving the proposed financing. (Id.).

CONCLUSIONS OF LAW

1. The public convenience and necessity require the proposed project.

2. The proposed financing for the project is reasonable and should be approved.

3. The application for a certificate of convenience and necessity should be granted without hearing.

ORDER

IT IS, THEREFORE, ORDERED that the City of Philippi be, and hereby is, granted a certificate of convenience and necessity to construct improvements to its water system, including the construction of a treatment plant, as described in its application of August 26, 2010. The cost of the project shall not exceed $14,664,000. Approval is contingent upon the Utility obtaining all necessary state and federal permits before construction. Upon receipt, the Utility shall file with the Commission all permits not yet obtained.

IT IS FURTHER ORDERED that the proposed financing consisting of a West Virginia Infrastructure and Jobs Development Council loan in the amount of $2,074,000 for 30 years at zero percent interest; a second IJDC loan in the amount of $1,946,000 for 40 years at zero percent interest; a Rural Utility Service loan in the amount of $6,425,000 for 40 years at 2.75% interest; a RUS grant in the amount of $1,287,000; a second RUS grant in the amount of $2,137,400; and an EPA SAP grant in the amount of $794,600, be, and hereby is, approved.

IT IS FURTHER ORDERED that, if the scope or plans for the project change, or project cost or financing changes require a further rate increase beyond any reviewed and approved by this Order, the Utility must obtain prior Commission approval before commencing construction. Changes in project cost or financing do not require separate approval if those changes do not affect rates and the Utility submits an affidavit from a certified public accountant to this effect.

IT IS FURTHER ORDERED that the Utility provide the Commission with a copy of an engineer's certified bid tabulation for all contracts awarded on this project as soon as they are available, but no later than ten days after the bid opening date.

IT IS FURTHER ORDERED that the Utility submit to the Commission a copy of the certificate of substantial completion issued for each construction contract associated with the project as soon as they are available, but no later than ten days after the issuance of such documents.

IT IS FURTHER ORDERED that the Utility comply with all rules and regulations of the Division of Highways regarding the use of Division of Highways' rights-of-way.

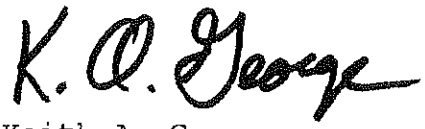
IT IS FURTHER ORDERED that the matter be removed from the open docket.

The Executive Secretary is hereby ordered to serve a copy of this order upon the Commission by hand delivery, and by electronic service upon all parties of record who have filed an e-service agreement with the Commission and by United States Certified Mail, return receipt requested, upon all parties of record who have not filed an e-service agreement with the Commission.

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

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

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



Keith A. George
Administrative Law Judge

KAG:cdk
101362a.wpd

LAW OFFICES

ROBERT R. RODECKER

BB&T SQUARE

300 SUMMERS STREET, SUITE 1230

POST OFFICE BOX 3713

CHARLESTON, WEST VIRGINIA 25337

ROBERT R. RODECKER
rodecker@wvdsl.net

JAMES V. KELSH
OF COUNSEL
kelshlaw@yahoo.com

AREA CODE 304
343-1654

FACSIMILE
343-1657

RECEIVED
10 SEP 20 PM 1:32
W VA PUBLIC SERVICE COMMISSION
SECRETARY'S OFFICE

September 20, 2010

Ms. Sandra Squire
Executive Secretary
Public Service Commission
201 Brooks Street
Charleston, West Virginia 25301

RE: CASE NO. 10-1362-W-CN
CITY OF PHILIPPI
Application for a certificate of convenience and necessity for the construction, operation and maintenance of a water treatment plant and appurtenances and for approval of financing related thereto

Dear Ms. Squire:

Pursuant to the Commission's August 27, 2010 Order entered in the above-referenced proceeding, enclosed herein please find the original and twelve (12) copies of an Affidavit evidencing publication of the Notice of Filing in *The Barbour Democrat* newspaper on September 1, 2010.

Also enclosed are return receipts for certified mailings of the Notice of Filing Order to the City's three resale customers. The green receipt card for the certified mailing to Century Volga Public Service District was not returned by the postal service; however, a receipt verifying delivery of the certified mailing has been printed from the USPS website and is included herewith.

Should you have any questions regarding this filing, please do not hesitate to contact me.

Sincerely,

Robert R. Rodecker
WV State Bar No. 3145

enclosures
cc: Karen Weaver
Philippi\10-1362-W-CN Water Treatment Plant\
Squire Letter 2 With NOF Affidavit

OFFICE OF THE BARBOUR DEMOCRAT

I, **LARS O. 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 one week commencing on Wednesday, the 1st day of **September, 2010.**

Given under my hand at Philippi, West Virginia, this 1st day of **September, 2010.**

Lars O. Byrne, Editor

Printer's Fee.....$ 87.68

STATE OF WEST VIRGINIA
COUNTY OF BARBOUR; to wit

Sworn to and subscribed before me this 1st day of **September, 2010.**

Kelli L. Shomo
NOTARY PUBLIC

My Commission Expires February 5, 2017.

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
KELLI L. SHOMO
The Barbour Democrat
113 Church Street, P.O. Box 459
Philippi, West Virginia 26416
My Commission Expires Feb. 5, 2017

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

CASE NO. 10-1382-W-CN

CITY OF PHILIPPI
Application for a certificate of convenience and necessity for the construction, operation and maintenance of a water treatment plant and appurtenances and for approval of financing related thereto

NOTICE OF FILING

On August 26, 2010, the City of Philippi filed an application, duly verified, for a certificate of convenience and necessity for the construction, operation and maintenance of a water treatment plant and appurtenances and for approval of financing related thereto.

The proposed project consists of the City's construction of a new water treatment plant to enable it to meet current standards of the United States Environmental Protection Agency Regulations. The Project will include a raw water intake system, chemical feed and rapid mix system, flocculation basins, sedimentation basins, deep bed filtration basins, finished water storage (clear well), high service pumps, chemical storage area, controls and electrical power system.

The project involves the construction of a new water treatment plant with the majority of the components being integral to a single structure, which are necessary to attain compliance with the requirements of the West Virginia Bureau of Public Health. Some of the non-integral components (located outside of the single structure) include conversion of existing plant components for use in the new treatment process, a new raw water pump station and a new intake screen. None of these non-integral components can be eliminated from the project due to the need to replace existing components of inadequate design. Therefore, no deductive alternates are proposed for this project. The construction contract documents neither include nor identify any add alternates.

The application is on file with and available for public inspection at the Public Service Commission, 201 Brooks Street, in Charleston, West Virginia.

The City of Philippi estimates that construction will cost approximately $14,684,000.00, to be financed through a 30-year West Virginia Infrastructure and Jobs Development Council (IJDC) loan of $2,074,000.00 at 0% interest; a 40-year IJDC loan of $1,968,000.00 at 0% interest; a Rural Utilities Service (RUS) loan of $6,426,000.00 for a 40 year period at an interest rate of 2.75%; two RUS grants of $1,287,000.00 and $2,137,400.00; and, an EPA SAP Grant in the amount of $794,600.00

No increase in the water rates contained in the City's Water Tariff No. 5 currently on file with the Commission will result from this application filing.

The District has three resale customers, Central Barbour Public Service District, Century-Volga Public Service District, and Chestnut Ridge Public Service District.

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

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

City of Philippi

9-1

WEST VIRGINIA
Infrastructure & Jobs Development Council

Gov. Joe Manchin, III
Chairman

Kenneth Lowe, Jr.
Public Member

Dwight Calhoun
Public Member

David "Bones" McComas
Public Member

Ron Justice
Public Member

Angela K. Chestnut, P.E.
Executive Director

Barbara J. Pauley
Administrative Secretary

June 7, 2010

Karen Weaver, City Manager
City of Philippi
108 North Main Street
Philippi, WV 26416

Re: City of Philippi
Water Project 2008W-1070 (formerly 2000W-516)
Binding Commitment
(Action Required by June 30, 2010)

Dear Ms. Weaver:

On June 2, 2010 the West Virginia Infrastructure and Jobs Development Council (Infrastructure Council) voted to provide this binding offer of an Infrastructure Fund loan of approximately $1,946,000 (Loan), in addition to the previously committed $2,074,000, to the City of Philippi (City) for the above referenced water project (Project). The final Loan amount will be established after the City has received acceptable bids for the Project. The Infrastructure Council will set aside a portion of the Infrastructure Fund to make the Loan and Grant upon the City's compliance with the program requirements.

The Infrastructure Council will authorize the West Virginia Water Development Authority (Authority) to enter into the Loan 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 commitment by any person or member of the Infrastructure Council, or agent or employee of the Authority shall be construed as approval to alter or amend this 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 commitment, please contact Angela K. Chestnut at 304-558-4607 (X201).

Sincerely,

Kenneth Lowe, Jr.

Enclosure

cc: Bob Decrease, P.E., BPH (w/o enclosure) *(via e-mail)*
Craig Richards, P.E., Burgess & Niple, Inc.
Shane Whitehair, Region VII Planning & Development Council
Samme Gee, Esq., Jackson Kelly (w/o enclosure) *(via e-mail)*

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

CITY OF PHILIPPI

By: David C. Mehaffey

Its: Mayor

Date: June 15, 2010

WEST VIRGINIA INFRASTRUCTURE & JOBS DEVELOPMENT COUNCIL

City of Philippi
Water Project 2008W-1070
June 7, 2010

SCHEDULE A

A. Approximate Amount: $1,946,000 Loan

B. Loan: $1,946,000

1. Maturity Date: 40 years from date of closing.

2. Interest Rate: 0%

3. Loan Advancement Date(s): Monthly, upon receipt of proper requisition.

4. Debt Service Commencement: The first quarter following completion of construction, which date must be identified prior to closing.

NOTICE: The terms set forth above are subject to change following the receipt of construction bids.

C.	Other Funding:	SAP grant	$ 794,600
		RUS grant	1,287,000
		RUS grant	2,137,400
		RUS loan	6,425,000
		IJDC loan	2,074,000
D.	Total Project Cost:		$14,664,000

E. Proposed User Rates: Approximately $38.36 / 4000 gallons

CITY OF PHILIPPI

COUNCIL MINUTES

June 15, 2010

The Philippi City Council met in regular session on June 15, 2010, in the Council Chambers of Philippi City Hall. Those in attendance were Councilpersons: Terrence Boyd, Christie Allen, John Enz, Barbara Bryan, Ed Larry, Karen Weaver, Mayor Chris Mulneix and City Clerk, Tammy Stemple. Also in attendance were: City manager, Karen Weaver, Haley Fullerton, Alison Fullerton, John Stump, Marsha Denniston and Carl Radcliff.

CONTRACTS, RESOLUTIONS AND ORDINANCES

1.) **Second Reading and Approval of Revision to Building Commission Ordinance-Get from Karen**-Ms. Weaver discussed the second reading of the Building Commission Ordinance. It is referenced in Article 160-Building Commission of the City Code and states that, "The City Clerk shall serve as Secretary-Treasurer for the Building Commission. The Revision would be that the line item referencing the city clerk as the secretary/treasurer would be deleted to correspond with the by-laws of Municipal Building Commission where the commission can choose their secretary/treasurer. Motion was made by Councilman Larry for approval of the revision to the Building Commission Ordinance for Seconded Reading and it was seconded by Councilwoman Bryan. All members of council voting in the affirmative; motion passed.

2.) **To consider for adoption a Resolution which would authorize: (i) the issuance by The Philippi Municipal Building Commission of its College Facilities Revenue Bonds; Series 2010 A (Alderson- Broaddus College, Inc.), in the Aggregate principal amount of not to exceed $5,500,000 (the "Bonds"), an (ii) the execution and delivery by the Mayor of the City of Philippi of an Applicable Elected Representative Approval in connection with the issuance of the Bonds by the Building Commission.**-Ms. Weaver introduced John Stump from Steptoe and Johnson. He discussed the resolution with respect to the bonds being issued through the Municipal Building Commission for Alderson Broaddus College. He declared that there is no financial obligation for the Municipal Building Commission or the City of Philippi. This is a process in order for the college to be able to get tax exempt bonds. Motion was made by Councilman Larry to approve the Resolution to authorize the bonds and it was seconded by Councilman Enz. All members of council voting in the affirmative; motion passed.

3.) **Approval to accept the binding Commitment for Infrastructure and Jobs Development Council Loans for Water Treatment Plant Project**-Ms. Weaver reported attending the Infrastructure Council meeting in Charleston and receiving

a letter of binding commitment of an $1,946,000 loan. This is in conjunction with a previous commitment of $2,074,000 dollars to the City of Philippi for Water Project 2008W-1070. Ms. Weaver presented to council for the acceptance of the Binding Commitment and to give authority to the Mayor to sign the appropriate paperwork for this loan. Motion was made by Councilman Larry to approve the Binding Commitment for the Infrastructure and Jobs Development Council Loans and to sign the appropriate documents. It was seconded by Councilman Enz. All members of council voting in the affirmative; motion passed.

NEW BUSINESS

1.) **Approval of items for FY 2010-2011 Budgets**-Ms. Weaver discussed items on budgets but additional information is needed and will be provided to council at next meeting.

2.) **Consol Energy Correspondence regarding Newman Bottom Property**-Ms. Weaver discussed receiving a phone call from the representative from Consol Energy and he would like to attend a council meeting to discuss documents regarding Newman Bottom.

Councilman Larry asked council to look at the information he presented regarding attendance requirements at committee meetings and discuss the issue at a later meeting.

Motion to adjourn was made by Councilwoman Bryan and it was seconded by Councilman Larry. All approved and council adjourned at 7:20 p.m.

West Virginia Infrastructure & Jobs Development Council

Public Members:
Mark Prince
Hurricane
Dwight Calhoun
Petersburg
Tim Stranko
Morgantown
Dave McComas
Prichard

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

Jefferson E. Brady, PE

Executive Director
Jefferson.Brady@verizon.net

August 21, 2006

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

Re: Binding Commitment Letter - Revised
City of Philippi Water Project
Project 2000W-516

Dear Ms. Weaver:

The West Virginia Infrastructure and Jobs Development Council (the "Infrastructure Council") has reviewed the City of Philippi's (the "City") request for revision to the Infrastructure Council's binding commitment offer of April 16, 2006 to the City for financing its water project. At its July 12, 2006 meeting, the Infrastructure Council voted to revise the binding commitment as shown on the attached Schedule A. The changes reflect an increase in the Infrastructure Fund Loan from $1,333,000 to $2,074,000. All other conditions of the April 16, 2006 commitment remain in effect.

If the City has any questions regarding this commitment, please contact Jeff Brady at the above-referenced telephone number.

Sincerely,

Mark Prince

MP/jb
Attachments
cc: Samme Gee, Esq., Jackson & Kelly
Katy Mallory, P.E., Steptoe & Johnson
Debbie Legg, WVDO
Burgess & Niple, Inc.

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

City of Philippi

By:_____

Its: _____

Date:_____

WEST VIRGINIA INFRASTRUCTURE & JOBS DEVELOPMENT COUNCIL

City of Philippi
Water Project 2000W-516
August 21, 2006 - Revised

SCHEDULE A

A.	Approximate Amount:	$2,074,000	Loan
B.	Loan:	$2,074,000	
	1. Maturity Date:		30 years from date of closing.
	2. Interest Rate:		0%
	3. Loan Advancement Date(s)		Monthly, upon receipt of proper requisition
	4. Debt Service Commencement:		The first quarter following completion of construction, which date must be identified prior to closing.
	5. Special Conditions:		None

NOTICE: The terms set forth above are subject to change following the receipt of construction bids.

C.	Other Funding	
	SAP grant	$ 824,000
D.	Total Project Cost:	$2,898,000
E.	Proposed User Rates:	$25.23 / 4500 gallons

West Virginia Infrastructure & Jobs Development Council

Public Members:
Mark Prince
Hurricane
Dwight Calhoun
Petersburg
Tim Stranko
Morgantown
Dave McComas
Prichard

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

Jefferson E. Brady, PE
Executive Director

Jefferson.Brady@verizon.net

May 8, 2006

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

Re: City of Philippi
Water Project 2000W-516

Dear Ms. Weaver:

The West Virginia Infrastructure and Jobs Development Council (the "Council") has reviewed the City of Philippi's (the "City") revised preliminary application regarding its proposed project to upgrade the water treatment plant with a new raw water intake, chemical feed system, chlorination system and improvements to the flocculation/sedimentation basins and filters to meet upcoming Federal Regulations and improve operations (the "Project").

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

Upon consideration of the revised preliminary application, the Council recommends that the City utilize a $824,000 Special Appropriations Grant and a $1,333,000 Infrastructure Fund loan to fund this $2,898,000 project.

The Council also determined that the City may be eligible for an additional $741,000 Infrastructure Fund loan (0%, 30 yrs) pending the City's readiness to proceed and availability of funds. **This letter is not a commitment letter of Infrastructure Funds.** The Project will be placed on the Council's pending list of projects.

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

Sincerely,

Mark Prince

Enclosure
cc: Pat Taylor, P.E., BPH (w/o enclosure)
Debbie Legg, WVDO (w/o enclosure)
Region VII Planning & Development Council
Craig Richards, P.E., Burgess & Niple, Inc.

West Virginia Infrastructure & Jobs Development Council

Public Members:
Mark Prince
Hurricane
Dwight Calhoun
Petersburg
Tim Stranko
Morgantown
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Charleston, West Virginia 25301
Telephone: (304) 558-4607
Facsimile: (304) 558-4609

Jefferson E. Brady, P.E.
Executive Director

Jefferson.Brady@verizon.net

April 17, 2006

Karen Weaver, City Manager
City of Philippi
P.O. Box 460
Philippi, West Virginia 26416

Re: Binding Commitment Letter
City of Philippi Water Project
Project 2000W-516

Dear Ms. Weaver:

The West Virginia Infrastructure and Jobs Development Council (the "Infrastructure Council") provides this binding offer of an Infrastructure Fund loan of approximately $1,333,000 (the "Loan") to the City of Philippi (the "City") for above referenced water project. (Project). The Infrastructure Council has determined the Project to be technically feasible within the guidelines of the Infrastructure and Jobs Development Act. The Loan will be subject to the terms set forth on Schedule A attached hereto and incorporated herein by reference. The final Loan amount will be established after the City has received acceptable bids for the Project. The Infrastructure Council will set aside a portion of the Infrastructure Fund to make the Loan upon the City's compliance with the program requirements. The Loan agreement will be between the City and the West Virginia Water Development Authority (Authority), acting on behalf of the Infrastructure Council.

This commitment is contingent upon the Project meeting the following schedule:

a. Submit Plans and Specifications to the Bureau for Public Health by January 1, 2007;
b. File Certificate Case with the Public Service Commission no later than May 1, 2007;
c. Advertise for bids no later than December 1, 2007
(The City must receive authority from the Infrastructure Council before bidding the project.)

The Infrastructure Council reserves the right to withdraw this Loan commitment if any of the above schedule dates are not met. The Infrastructure Council may, when justifiable circumstances occur, offer to modify the schedule. Any decision to modify the schedule is at the sole discretion of the Infrastructure Council.

C/m 700470.00009

If the City becomes aware that it will not meet one or more of the above schedule dates, the City should immediately notify the Infrastructure Council of this fact and the circumstances which have caused or will cause the City to be unable to meet the schedule. In addition, please immediately notify the Infrastructure Council if any of the other dates on the attached schedule have or will not be met.

The Authority will enter into Loan 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 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 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 commitment, please contact Jeff Brady at the above-referenced telephone number.

Sincerely,

Mark Prince

MP/jb
Attachments
cc: Samme Gee, Esq., Jackson & Kelly
Katy Mallory, P.E., Steptoe & Johnson
Debbie Legg, WVDO
Burgess & Niple, Inc.

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

City of Philippi

By:_____

Its: _____

Date:_____

WEST VIRGINIA INFRASTRUCTURE & JOBS DEVELOPMENT COUNCIL

City of Philippi
Water Project 2000W-516
April 17, 2006

SCHEDULE A

A. Approximate Amount: $1,333,000 Loan

B. Loan: $1,333,000

1.	Maturity Date:	30 years from date of closing.
2.	Interest Rate:	3%
3.	Loan Advancement Date(s)	Monthly, upon receipt of proper requisition
4.	Debt Service Commencement:	The first quarter following completion of construction, which date must be identified prior to closing.
5.	Special Conditions:	None

NOTICE: The terms set forth above are subject to change following the receipt of construction bids.

C. Other Funding:

SAP grant	$ 824,000

D. Total Project Cost: $2,157,000

E. Proposed User Rates: $25.23 / 4500 gallons

West Virginia Infrastructure & Jobs Development Council

Public Members:
Mark Prince
Hurricane
Dwight Calhoun
Petersburg
Tim Stranko
Morgantown
Dave McComas
Prichard

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

Katy Mallory, PE
Executive Secretary

Katy.Mallory@verizon.net

October 24, 2005

CERTIFIED MAIL
Karen Weaver
City of Philippi
108 North Main Street
Philippi, West Virginia 26416

Re: City of Philippi
Water Project 2000W-516

Dear: Ms. Weaver:

The West Virginia Infrastructure and Jobs Development Council (the "Infrastructure Council") at its July 6, 2005 meeting voted to offer the City of Philippi (the "City") a binding commitment for an Infrastructure Fund loan of $1,333,000 (3%, 30 yrs) to finance this $2,157,000 water treatment plant upgrades project (the "Project"). On July 7, 2005 the Infrastructure Council mailed the City a letter officially extending this offer and requested the City contact the Infrastructure Council to set up a scheduling meeting for the project so the Infrastructure Council could finalize the binding commitment letter. (Copy of letter is attached) To date, this binding commitment letter has not been finalized. As the Infrastructure Council is required to expend its bond proceeds within three years from the date of issuance, this raises great concern for the Infrastructure Council. Please respond in writing to the Infrastructure Council by **November 23, 2005** as to the City's intent to accept or reject this offer; otherwise, the Infrastructure Council will consider the offer rejected.

Sincerely,

Katy Mallory

cc: Pat Taylor, BPH
Region VII Planning & Development Council
Burgess & Niple

West Virginia Infrastructure & Jobs Development Council

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

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

Katy Mallory, PE
Executive Secretary

Katy.Mallory@verizon.net

July 7, 2005

Karen Weaver, City Manager
City of Philippi
P.O. Box 460
Philippi, West Virginia 26416

Re: City of Philippi
Water Project 2000W-516

Dear Ms. Weaver:

The West Virginia Infrastructure and Jobs Development Council, at its July 6, 2005 meeting, determined that the City of Philippi (the "City") should utilize a $824,000 Special Appropriations grant and voted to offer a binding commitment for an Infrastructure Fund loan of $1,333,000 (3%, 30 yrs) to finance this $2,157,000 project. This project consists of water treatment plant upgrades including a new raw water intake, chemical feed system, chlorination system and improvements to the floculation/sedimentation basins and filters to meet upcoming Federal Regulations and improve operations.

In order to receive the proposed binding commitment the City must adhere to a certain project schedule. Please contact Katy Mallory at 558-4607 by **August 29, 2005** to establish the necessary schedule and finalize the proposed binding commitment.

Sincerely,

Mark Prince

cc: Pat Taylor, BPH
Debbie Legg, WVDO
Region VII Planning & Development Council
Burgess & Niple, Inc.

THE CITY OF PHILIPPI

Water Revenue Bonds, Series 2011 A
(United States Department of Agriculture)

RECEIPT FOR SERIES 2011 A BONDS

The undersigned, authorized representative of the United States Department of Agriculture, Rural Utilities Service, for and on behalf of the United States of America (the "Purchaser"), hereby certifies this 9th day of June, 2011 as follows:

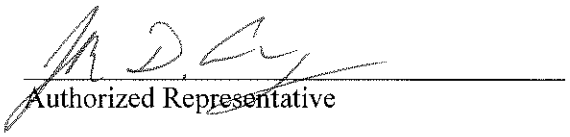
1. On the 9th day of June, 2011, at Philippi, West Virginia, the undersigned received for the Purchaser The City of Philippi, Water Revenue Bonds, Series 2011 A (United States Department of Agriculture), No. AR-1 (the "Series 2011 A Bonds"), issued as a single, fully registered Bond, in the principal amount of $6,425,000, dated the date hereof, bearing interest at the rate of 2.75% per annum, payable in monthly installments as stated in the Bond. The Series 2011 A Bonds represent the entire above captioned Bond issue.

2. At the time of such receipt, the Series 2011 A Bonds had been executed and sealed by the designated officials of The City of Philippi (the "Issuer").

3. At the time of such receipt, there was paid to the Issuer the sum of $24,900, being a portion of the principal amount of the Series 2011 A Bonds. The balance of the principal amount of the Series 2011 A Bonds will be advanced by the Purchaser to the Issuer as acquisition and construction of the Project progresses.

[Remainder of Page Intentionally Blank]

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



Authorized Representative

05.10.11
700470.00009

THE CITY OF PHILIPPI

Water Revenue Bonds, Series 2011 B
(West Virginia Infrastructure Fund); and
Water Revenue Bonds, Series 2011 C
(West Virginia Infrastructure Fund)

CROSS-RECEIPT FOR BONDS AND BOND PROCEEDS

On this 9th day of June, 2011, 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 City of Philippi Water Revenue Bonds, Series 2011 B (West Virginia Infrastructure Fund), issued in the principal amount of $2,074,000, numbered BR-1 (the "Series 2011 B Bonds") and the Water Revenue Bonds, Series 2011 C (West Virginia Infrastructure Fund), issued in the principal amount of $1,946,000, numbered CR-1(the "Series 2011 C Bonds"), each issued as a single, fully registered Bond, and dated June 9, 2011.

2. At the time of such receipt, all the Series 2011 B Bonds and Series 2011 C Bonds had been executed by the Mayor and Clerk of the Issuer, by their respective manual signatures, and the official seal of the Issuer had been affixed upon the Series 2011 B Bonds and Series 2011 C Bonds.

3. The Issuer has received and hereby acknowledges receipt from the Authority, as the original purchaser of the Series 2011 B Bonds, of $352,684.44, being a portion of the principal amount of the Series 2011 B Bonds. The balance of the principal amount of the Series 2011 B Bonds will be advanced by the Authority and the West Virginia Infrastructure and Jobs Development Council to the Issuer as acquisition and construction of the Project progresses.

4. The Issuer has received and hereby acknowledges receipt from the Authority, as the original purchaser of the Series 2011 C Bonds, of $16,400, being a portion of the principal amount of the Series 2011 C Bonds. The balance of the principal amount of the Series 2011 C Bonds will be advanced by the Authority and the West Virginia Infrastructure and Jobs Development Council to the Issuer as acquisition and construction of the Project progresses.

[Remainder of Page Intentionally Blank]

Dated as of the day and year first written above.

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

Authorized Representative

THE CITY OF PHILIPPI

Mayor

05.09.11
700470.00009

THE CITY OF PHILIPPI

Water Revenue Bonds, Series 2011 B
(West Virginia Infrastructure Fund); and
Water Revenue Bonds, Series 2011 C
(West Virginia Infrastructure Fund)

DIRECTION TO AUTHENTICATE AND DELIVER BONDS

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

Ladies and Gentlemen:

There are delivered to you herewith on this 9th day of June, 2011.

(1) Bond No. BR-1, constituting the entire original issue of The City of Philippi Water Revenue Bonds, Series 2011 B (West Virginia Infrastructure Fund), in the principal amount of $2,074,000 dated June 9, 2011 (the "Series 2011 B Bonds") and Bond No. CR-1, constituting the entire original issue Water Revenue Bonds, Series 2011 C (West Virginia Infrastructure Fund), in the principal amount of $1,946,000 dated June 9, 2011 (the "Series 2011 C Bonds") (collectively, the "Series 2011 Bonds") executed by the Mayor and the 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 April 19, 2011, and a Supplemental Resolution duly adopted by the Issuer on May 17, 2011 (collectively, the "Bond Legislation");

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

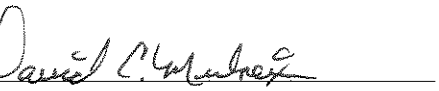
(3) Executed counterparts of the loan agreement dated June 9, 2011 (the "Loan Agreement"), by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"); and

(4) An executed opinion of nationally recognized bond counsel regarding the validity of the Loan Agreement and the Series 2011 Bonds.

You are hereby requested and authorized to deliver the Series 2011 B Bonds to the Authority upon payment to the Issuer of the sum of $352,684.44, representing a portion of the principal amount of the Series 2011 B Bonds. You are further requested and authorized to deliver the Series 2011 C Bonds to the Authority upon payment to the Issuer of the sum of $16,400, representing a portion of the principal amount of the Series 2011 C Bonds. Prior to such delivery of the Series 2011 Bonds, you will please cause the Series 2011 Bonds to be authenticated and registered by an authorized officer, as Bond Registrar for the Series 2011 Bonds, 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

05.09.11
700470.00009

SPECIMEN

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE CITY OF PHILIPPI
WATER REVENUE BONDS, SERIES 2011 A
(UNITED STATES DEPARTMENT OF AGRICULTURE)

$6,425,000

No. AR-1 Date: June 9, 2011

FOR VALUE RECEIVED, THE CITY OF PHILIPPI (the "Borrower") promises to pay to the order of the UNITED STATES OF AMERICA (the "Government"), or its registered assigns, at its National Finance Office, St. Louis, Missouri 63103, or at such other place as the Government may hereafter designate in writing, the principal sum of SIX MILLION FOUR HUNDRED TWENTY-FIVE THOUSAND DOLLARS ($6,425,000), plus interest on the unpaid principal balance at the rate of 2.75% per annum. The said principal and interest shall be paid in the following installments on the following dates: Monthly installments of interest only, commencing 30 days following delivery of this Bond and continuing on the corresponding day of each month for the first 24 months after the date hereof, and $22,745, covering principal and interest, thereafter on said corresponding day of each month, except that the final installment shall be paid at the end of 40 years from the date of this Bond in the sum of the unpaid principal and interest due on the date thereof, and except that prepayments may be made as provided hereinbelow. The consideration herefor shall support any agreement modifying the foregoing schedule of payments.

If the total amount of the loan is not advanced at the time of loan closing, the loan shall be advanced to Borrower as requested by Borrower and approved by the Government and interest shall accrue on the amount of each advance from its actual date as shown on the Record of Advances attached hereto as a part hereof.

Every payment made on any indebtedness evidenced by this Bond shall be applied first to interest computed to the effective date of the payment and then to principal.

Prepayments of scheduled installments, or any portion thereof, may be made at any time at the option of Borrower. Refunds and extra payments, as defined in the regulations of the Government according to the source of funds involved, shall, after payment of interest, be applied to the installments last to become due under this Bond and shall not affect the obligation of Borrower to pay the remaining installments as scheduled herein.

If the Government at any time assigns this Bond and insures the payment thereof, Borrower shall continue to make payments to the Government as collection agent for the holder.

While this Bond is held by an insured lender, prepayments as above authorized made by Borrower may, at the option of the Government, be remitted by the Government to the holder promptly or, except for final payment, be retained by the Government and remitted to the holder on either a

calendar quarter basis or an annual installment due date basis. The effective date of every payment made by Borrower, except payments retained and remitted by the Government on an annual installment due date basis, shall be the date of the United States Treasury check by which the Government remits the payment to the holder. The effective date of any prepayment retained and remitted by the Government to the holder on an annual installment due date basis shall be the date of the prepayment by Borrower and the Government will pay the interest to which the holder is entitled accruing between the effective date of any such prepayment and the date of the Treasury check to the holder.

Any amount advanced or expended by the Government for the collection hereof or to preserve or protect any security herefor, or otherwise under the terms of any security or other instrument executed in connection with the loan evidenced hereby, at the option of the Government shall become a part of and bear interest at the same rate as the principal of the debt evidenced hereby and be immediately due and payable by Borrower to the Government without demand. Borrower agrees to use the loan evidenced hereby solely for purposes authorized by the Government.

Borrower hereby certifies that it is unable to obtain sufficient credit elsewhere to finance its actual needs at reasonable rates and terms, taking into consideration prevailing private and cooperative rates and terms in or near its community for loans for similar purposes and periods of time.

This Bond, together with any additional bonds ranking on a parity herewith which may be issued and outstanding for the purpose of providing funds for financing costs of acquisition and construction of improvements and extensions to the existing public waterworks system (the "System") of the Borrower, is payable solely from the net revenues to be derived from the operation of the System in the manner provided in the hereinafter defined Resolution. This Bond does not in any manner constitute an indebtedness of Borrower within the meaning of any constitutional or statutory provision or limitation.

Registration of this Bond is transferable by the registered owner hereof in person or by his, her or its attorney duly authorized in writing, at the office of Borrower, as Bond Registrar, but only in the manner, subject to the limitations and upon payment of the charges, if any, provided in the Resolution and upon surrender and cancellation of this Bond. Upon such transfer a new Bond or Bonds, of authorized denomination or denominations, for the like principal amount, will be issued to the transferee in exchange herefor.

This Bond, under the provisions of the Act, is and has all the qualities and incidents of a negotiable instrument under the Uniform Commercial Code of the State of West Virginia, but may only be transferred by transfer of registration hereof with the Bond Registrar.

This Bond has been issued under and in full compliance with the Constitution and statutes of the State of West Virginia, including, among others, Chapter 8, Article 19 of the West Virginia Code, as amended (the "Act"), and an Ordinance of the Borrower duly adopted on April 19, 2011, and a Supplemental Resolution of the Borrower duly adopted on May 17, 2011, authorizing issuance of this Bond (collectively, the "Ordinance").

If at any time it shall appear to the Government that Borrower may be able to obtain a loan from a responsible cooperative or private credit source at reasonable rates and terms for loans for

similar purposes and periods of time, Borrower will, at the Government's request, apply for and accept such loan in sufficient amount to repay the Government.

This Bond is given as evidence of a loan to Borrower made or insured by the Government pursuant to the Consolidated Farmer and Rural Development Act of 1965. This Bond shall be subject to the present regulations of the Government and to its future regulations not inconsistent with the express provisions hereof.

THIS BOND IS ISSUED ON A PARITY, AS TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, WITH THE BORROWER'S: (I) WATER REVENUE BONDS, SERIES 2009 B (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED APRIL 16, 2009, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,651,000 (THE "SERIES 2009 B BONDS") (THE "PRIOR BONDS"); (II) WATER REVENUE BONDS, SERIES 2011 B (WEST VIRGINIA INFRASTRUCTURE FUND), DATED JUNE 9, 2011, ISSUED CONCURRENTLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,074,000 (THE "SERIES 2011 B BONDS"); AND (III) WATER REVENUE BONDS, SERIES 2011 C (WEST VIRGINIA INFRASTRUCTURE FUND), DATED JUNE 9, 2011, ISSUED CONCURRENTLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,946,000 (THE "SERIES 2011 C BONDS").

In accordance with the requirements of the United States Department of Agriculture, the Bonds will be in default should any proceeds of the Bonds be used for a purpose that will contribute to excessive erosion of highly erodible land or to the conversion of wetlands to produce an agricultural commodity.

[Remainder of Page Intentionally Blank]

IN WITNESS WHEREOF, THE CITY OF PHILIPPI has caused this Bond to be executed by its Mayor and its corporate seal to be hereunto affixed or imprinted hereon and attested by its Clerk, all as of the date hereinabove written.

[CORPORATE SEAL]

THE CITY OF PHILIPPI
(Name of Borrower)

SPECIMEN

(Signature of Executive Official)

Mayor
(Title of Executive Official)

Post Office Box 460
(P.O. Box No. or Street Address)

Philippi, West Virginia 26416
(City, State and Zip Code)

ATTEST:

(Signature of Attesting Official)

Clerk
(Title of Attesting Official)

EXHIBIT A

RECORD OF ADVANCES

AMOUNT	DATE	AMOUNT	DATE
(1) $24,900	June 9, 2011	(19)	
(2)		(20)	
(3)		(21)	
(4)		(22)	
(5)		(23)	
(6)		(24)	
(7)		(25)	
(8)		(26)	
(9)		(27)	
(10)		(28)	
(11)		(29)	
(12)		(30)	
(13)		(31)	
(14)		(32)	
(15)		(33)	
(16)		(34)	
(17)		(35)	
(18)		(36)	

TOTAL $_____

(Form of Assignment)

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned sells, assigns and transfers to 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 Borrower with full power of substitution in the premises.

Dated: _____, 20____.

_____

In presence of:

_____

SPECIMEN

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE CITY OF PHILIPPI
WATER REVENUE BONDS, SERIES 2011 B
(WEST VIRGINIA INFRASTRUCTURE FUND)

No. BR-1 $2,074,000

KNOW ALL MEN BY THESE PRESENTS: That on the 9th day of June, 2011, 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 TWO MILLION SEVENTY-FOUR THOUSAND DOLLARS ($2,074,000), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing September 1, 2013 to and including June 1, 2043, as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference.

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

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the West Virginia Infrastructure and Jobs Development Council (the "Council"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement by and between the Issuer and the Authority, on behalf of the Council, dated June 9, 2011.

This Bond is issued (i) to pay the Issuers Waterworks System Design Revenue Bonds, Series 2009 A (the "Series 2009 A Bonds"); (ii) to pay a portion of the costs of acquisition and construction of the public waterworks system of the Issuer (the "Project"); and (iii) to pay certain costs of issuance of the Bonds of this Series (the "Bonds") and related costs. The public waterworks 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 8, Article 19 and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"), a Bond Ordinance duly adopted by the Issuer on April 19, 2011, and a Supplemental Resolution duly adopted by the Issuer on May 17, 2011 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and

revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY, AS TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, WITH THE BORROWER'S (I) WATER REVENUE BONDS, SERIES 2009 B (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED APRIL 16, 2009, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,651,000 (THE "SERIES 2009 B BONDS") (THE "PRIOR BONDS"); (II) WATER REVENUE BONDS, SERIES 2011 A (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED JUNE 9, 2011, ISSUED CONCURRENTLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $6,425,000 (THE "SERIES 2011 A BONDS"); AND (III) WATER REVENUE BONDS, SERIES 2011 C (WEST VIRGINIA INFRASTRUCTURE FUND), DATED JUNE 9, 2011, ISSUED CONCURRENTLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,946,000 (THE "SERIES 2011 C BONDS").

This Bond is payable only from and secured by a pledge of the Gross Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Gross Revenues in favor of the Holders of the Series 2011 A Bonds, the Series 2011 C Bonds and the Prior Bonds, and from monies in the reserve account created under the Bond Legislation for the Bonds (the "Series 2011 B Bonds Reserve Account"), and unexpended proceeds of the Bonds. Such Gross Revenues shall be sufficient to pay the principal of and interest, if any, on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest, if any, hereon, except from said special fund provided from the Gross Revenues, the monies in the Series 2011 B Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest, if any, on the Bonds, and all other obligations secured by a lien on or payable from such revenues on a parity with the Bonds, including the Series 2011 A Bonds, the Series 2011 C Bonds, and the Prior Bonds; provided however, that so long as there exists in the Series 2011 B Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest, if any, which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with the Bonds, including the Series 2011 A Bonds, the Series 2011 C Bonds, and the Prior Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

Subject to the registration requirements set forth herein, this Bond is transferable, as provided in the Bond Legislation, only upon the books of The 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.

In accordance with the requirements of the United States Department of Agriculture for the issuance of parity obligations, the Bonds will be in default should any proceeds of the Bonds be used for a purpose that will contribute to excessive erosion of highly erodible land or to the conversion of wetlands to produce an agricultural commodity.

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.

[Remainder of Page Intentionally Blank]

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 Clerk, and has caused this Bond to be dated the date first written above.

[SEAL]

SPECIMEN

Mayor

ATTEST:

SPECIMEN

Clerk

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2011 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: June 9, 2011

THE HUNTINGTON NATIONAL BANK,
as Registrar

SPECIMEN

Authorized Officer

EXHIBIT A

RECORD OF ADVANCES

	AMOUNT	DATE		AMOUNT	DATE
(1)	$352,684.44	June 9, 2011	(19)		
(2)			(20)		
(3)			(21)		
(4)			(22)		
(5)			(23)		
(6)			(24)		
(7)			(25)		
(8)			(26)		
(9)			(27)		
(10)			(28)		
(11)			(29)		
(12)			(30)		
(13)			(31)		
(14)			(32)		
(15)			(33)		
(16)			(34)		
(17)			(35)		
(18)			(36)		

TOTAL $_____

EXHIBIT B

DEBT SERVICE SCHEDULE

BOND DEBT SERVICE

The City of Philippi

IF

$2,074,000

30 Years

0% Interest Rate

Dated Date	6/9/2011
Delivery Date	6/9/2011

Period Ending	Principal	Interest	Debt Service
9/1/2013	17,284		17,284
12/1/2013	17,284		17,284
3/1/2014	17,284		17,284
6/1/2014	17,284		17,284
9/1/2014	17,284		17,284
12/1/2014	17,284		17,284
3/1/2015	17,284		17,284
6/1/2015	17,284		17,284
9/1/2015	17,284		17,284
12/1/2015	17,284		17,284
3/1/2016	17,284		17,284
6/1/2016	17,284		17,284
9/1/2016	17,284		17,284
12/1/2016	17,284		17,284
3/1/2017	17,284		17,284
6/1/2017	17,284		17,284
9/1/2017	17,284		17,284
12/1/2017	17,284		17,284
3/1/2018	17,284		17,284
6/1/2018	17,284		17,284
9/1/2018	17,284		17,284
12/1/2018	17,284		17,284
3/1/2019	17,284		17,284
6/1/2019	17,284		17,284
9/1/2019	17,284		17,284
12/1/2019	17,284		17,284
3/1/2020	17,284		17,284
6/1/2020	17,284		17,284
9/1/2020	17,284		17,284
12/1/2020	17,284		17,284
3/1/2021	17,284		17,284
6/1/2021	17,284		17,284
9/1/2021	17,284		17,284
12/1/2021	17,284		17,284
3/1/2022	17,284		17,284
6/1/2022	17,284		17,284
9/1/2022	17,284		17,284
12/1/2022	17,284		17,284
3/1/2023	17,284		17,284
6/1/2023	17,283		17,283
9/1/2023	17,283		17,283
12/1/2023	17,283		17,283
3/1/2024	17,283		17,283

BOND DEBT SERVICE
The City of Philippi
IF
$2,074,000
30 Years
0% Interest Rate

Period Ending	Principal	Interest	Debt Service
6/1/2024	17,283		17,283
9/1/2024	17,283		17,283
12/1/2024	17,283		17,283
3/1/2025	17,283		17,283
6/1/2025	17,283		17,283
9/1/2025	17,283		17,283
12/1/2025	17,283		17,283
3/1/2026	17,283		17,283
6/1/2026	17,283		17,283
9/1/2026	17,283		17,283
12/1/2026	17,283		17,283
3/1/2027	17,283		17,283
6/1/2027	17,283		17,283
9/1/2027	17,283		17,283
12/1/2027	17,283		17,283
3/1/2028	17,283		17,283
6/1/2028	17,283		17,283
9/1/2028	17,283		17,283
12/1/2028	17,283		17,283
3/1/2029	17,283		17,283
6/1/2029	17,283		17,283
9/1/2029	17,283		17,283
12/1/2029	17,283		17,283
3/1/2030	17,283		17,283
6/1/2030	17,283		17,283
9/1/2030	17,283		17,283
12/1/2030	17,283		17,283
3/1/2031	17,283		17,283
6/1/2031	17,283		17,283
9/1/2031	17,283		17,283
12/1/2031	17,283		17,283
3/1/2032	17,283		17,283
6/1/2032	17,283		17,283
9/1/2032	17,283		17,283
12/1/2032	17,283		17,283
3/1/2033	17,283		17,283
6/1/2033	17,283		17,283
9/1/2033	17,283		17,283
12/1/2033	17,283		17,283
3/1/2034	17,283		17,283
6/1/2034	17,283		17,283
9/1/2034	17,283		17,283
12/1/2034	17,283		17,283
3/1/2035	17,283		17,283
6/1/2035	17,283		17,283
9/1/2035	17,283		17,283
12/1/2035	17,283		17,283

BOND DEBT SERVICE
The City of Philippi
IF
$2,074,000
30 Years
0% Interest Rate

Period Ending	Principal	Interest	Debt Service
3/1/2036	17,283		17,283
6/1/2036	17,283		17,283
9/1/2036	17,283		17,283
12/1/2036	17,283		17,283
3/1/2037	17,283		17,283
6/1/2037	17,283		17,283
9/1/2037	17,283		17,283
12/1/2037	17,283		17,283
3/1/2038	17,283		17,283
6/1/2038	17,283		17,283
9/1/2038	17,283		17,283
12/1/2038	17,283		17,283
3/1/2039	17,283		17,283
6/1/2039	17,283		17,283
9/1/2039	17,283		17,283
12/1/2039	17,283		17,283
3/1/2040	17,283		17,283
6/1/2040	17,283		17,283
9/1/2040	17,283		17,283
12/1/2040	17,283		17,283
3/1/2041	17,283		17,283
6/1/2041	17,283		17,283
9/1/2041	17,283		17,283
12/1/2041	17,283		17,283
3/1/2042	17,283		17,283
6/1/2042	17,283		17,283
9/1/2042	17,283		17,283
12/1/2042	17,283		17,283
3/1/2043	17,283		17,283
6/1/2043	17,284		17,284
	2,074,000		2,074,000

(Form of)

ASSIGNMENT

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

Dated: _____, 20____.

_____

In the presence of:

_____

SPECIMEN

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE CITY OF PHILIPPI
WATER REVENUE BONDS, SERIES 2011 C
(WEST VIRGINIA INFRASTRUCTURE FUND)

No. CR-1 $1,946,000

KNOW ALL MEN BY THESE PRESENTS: That on the 9th day of June, 2011, 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 ONE MILLION NINE HUNDRED FORTY-SIX THOUSAND DOLLARS ($1,946,000), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing September 1, 2013 to and including June 1, 2051, as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference.

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

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the West Virginia Infrastructure and Jobs Development Council (the "Council"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement by and between the Issuer and the Authority, on behalf of the Council, dated June 9, 2011.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of the public waterworks system of the Issuer (the "Project"); and (ii) to pay certain costs of issuance of the Bonds of this Series (the "Bonds") and related costs. The public waterworks 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 8, Article 19 and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"), a Bond Ordinance duly adopted by the Issuer on April 19, 2011, and a Supplemental Resolution duly adopted by the Issuer on May 17, 2011 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY, AS TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, WITH THE BORROWER'S (I) WATER REVENUE BONDS, SERIES 2009 B (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED APRIL 16, 2009, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,651,000 (THE "SERIES 2009 B BONDS") (THE "PRIOR BONDS"); (II) WATER REVENUE BONDS, SERIES 2011 A (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED JUNE 9, 2011, ISSUED CONCURRENTLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $6,425,000 (THE "SERIES 2011 A BONDS"); AND (III) WATER REVENUE BONDS, SERIES 2011 B (WEST VIRGINIA INFRASTRUCTURE FUND), DATED JUNE 9, 2011, ISSUED CONCURRENTLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,074,000 (THE "SERIES 2011 B BONDS").

This Bond is payable only from and secured by a pledge of the Gross Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Gross Revenues in favor of the Holders of the Series 2011 A Bonds, the Series 2011 B Bonds and the Prior Bonds, and from monies in the reserve account created under the Bond Legislation for the Bonds (the "Series 2011 C Bonds Reserve Account"), and unexpended proceeds of the Bonds. Such Gross Revenues shall be sufficient to pay the principal of and interest, if any, on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest, if any, hereon, except from said special fund provided from the Gross Revenues, the monies in the Series 2011 C 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 Series 2011 A Bonds, the Series 2011 B Bonds, and the Prior Bonds; provided however, that so long as there exists in the Series 2011 C 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 Series 2011 A Bonds, the Series 2011 B Bonds, and the Prior Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

Subject to the registration requirements set forth herein, this Bond is transferable, as provided in the Bond Legislation, only upon the books of The 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.

In accordance with the requirements of the United States Department of Agriculture for the issuance of parity obligations, the Bonds will be in default should any proceeds of the Bonds be used for a purpose that will contribute to excessive erosion of highly erodible land or to the conversion of wetlands to produce an agricultural commodity.

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.

[Remainder of Page Intentionally Blank]

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 Clerk, and has caused this Bond to be dated the date first written above.

[SEAL]

David C. Kabrey
Mayor

SPECIMEN

ATTEST:

Tammy R. Stemple
Clerk

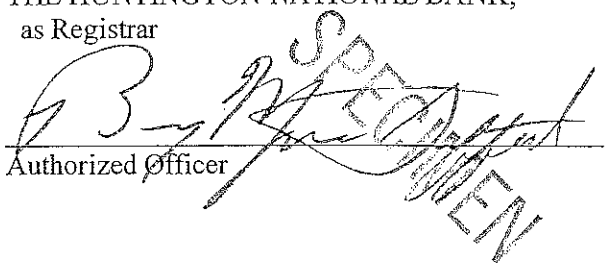
SPECIMEN

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2011 C Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: June 9, 2011

THE HUNTINGTON NATIONAL BANK,
as Registrar



Authorized Officer

EXHIBIT A

RECORD OF ADVANCES

AMOUNT	DATE	AMOUNT	DATE
(1) $16,400	June 9, 2011	(19)	
(2)		(20)	
(3)		(21)	
(4)		(22)	
(5)		(23)	
(6)		(24)	
(7)		(25)	
(8)		(26)	
(9)		(27)	
(10)		(28)	
(11)		(29)	
(12)		(30)	
(13)		(31)	
(14)		(32)	
(15)		(33)	
(16)		(34)	
(17)		(35)	
(18)		(36)	

TOTAL $_____

EXHIBIT B

DEBT SERVICE SCHEDULE

BOND DEBT SERVICE
The City of Philippi
IF
$1,946,000
40 Years
0% Interest Rate

Dated Date	6/9/2011
Delivery Date	6/9/2011

Period Ending	Principal	Interest	Debt Service
9/1/2013	12,803		12,803
12/1/2013	12,803		12,803
3/1/2014	12,803		12,803
6/1/2014	12,803		12,803
9/1/2014	12,803		12,803
12/1/2014	12,803		12,803
3/1/2015	12,803		12,803
6/1/2015	12,803		12,803
9/1/2015	12,803		12,803
12/1/2015	12,803		12,803
3/1/2016	12,803		12,803
6/1/2016	12,803		12,803
9/1/2016	12,803		12,803
12/1/2016	12,803		12,803
3/1/2017	12,803		12,803
6/1/2017	12,803		12,803
9/1/2017	12,803		12,803
12/1/2017	12,803		12,803
3/1/2018	12,803		12,803
6/1/2018	12,803		12,803
9/1/2018	12,803		12,803
12/1/2018	12,803		12,803
3/1/2019	12,803		12,803
6/1/2019	12,803		12,803
9/1/2019	12,803		12,803
12/1/2019	12,803		12,803
3/1/2020	12,803		12,803
6/1/2020	12,803		12,803
9/1/2020	12,803		12,803
12/1/2020	12,803		12,803
3/1/2021	12,803		12,803
6/1/2021	12,803		12,803
9/1/2021	12,803		12,803
12/1/2021	12,803		12,803
3/1/2022	12,803		12,803
6/1/2022	12,803		12,803
9/1/2022	12,803		12,803
12/1/2022	12,803		12,803
3/1/2023	12,803		12,803
6/1/2023	12,803		12,803
9/1/2023	12,803		12,803
12/1/2023	12,803		12,803
3/1/2024	12,803		12,803

BOND DEBT SERVICE

The City of Philippi

IF

$1,946,000

40 Years

0% Interest Rate

Period Ending	Principal	Interest	Debt Service
6/1/2024	12,803		12,803
9/1/2024	12,803		12,803
12/1/2024	12,803		12,803
3/1/2025	12,803		12,803
6/1/2025	12,803		12,803
9/1/2025	12,803		12,803
12/1/2025	12,803		12,803
3/1/2026	12,803		12,803
6/1/2026	12,803		12,803
9/1/2026	12,803		12,803
12/1/2026	12,803		12,803
3/1/2027	12,803		12,803
6/1/2027	12,803		12,803
9/1/2027	12,803		12,803
12/1/2027	12,803		12,803
3/1/2028	12,803		12,803
6/1/2028	12,803		12,803
9/1/2028	12,803		12,803
12/1/2028	12,803		12,803
3/1/2029	12,803		12,803
6/1/2029	12,803		12,803
9/1/2029	12,803		12,803
12/1/2029	12,803		12,803
3/1/2030	12,803		12,803
6/1/2030	12,803		12,803
9/1/2030	12,803		12,803
12/1/2030	12,803		12,803
3/1/2031	12,803		12,803
6/1/2031	12,803		12,803
9/1/2031	12,803		12,803
12/1/2031	12,803		12,803
3/1/2032	12,803		12,803
6/1/2032	12,803		12,803
9/1/2032	12,803		12,803
12/1/2032	12,803		12,803
3/1/2033	12,803		12,803
6/1/2033	12,803		12,803
9/1/2033	12,803		12,803
12/1/2033	12,803		12,803
3/1/2034	12,803		12,803
6/1/2034	12,803		12,803
9/1/2034	12,803		12,803
12/1/2034	12,803		12,803
3/1/2035	12,803		12,803
6/1/2035	12,803		12,803
9/1/2035	12,803		12,803
12/1/2035	12,803		12,803

BOND DEBT SERVICE

The City of Philippi

IF

$1,946,000

40 Years

0% Interest Rate

Period Ending	Principal	Interest	Debt Service
3/1/2036	12,803		12,803
6/1/2036	12,803		12,803
9/1/2036	12,803		12,803
12/1/2036	12,803		12,803
3/1/2037	12,803		12,803
6/1/2037	12,802		12,802
9/1/2037	12,802		12,802
12/1/2037	12,802		12,802
3/1/2038	12,802		12,802
6/1/2038	12,802		12,802
9/1/2038	12,802		12,802
12/1/2038	12,802		12,802
3/1/2039	12,802		12,802
6/1/2039	12,802		12,802
9/1/2039	12,802		12,802
12/1/2039	12,802		12,802
3/1/2040	12,802		12,802
6/1/2040	12,802		12,802
9/1/2040	12,802		12,802
12/1/2040	12,802		12,802
3/1/2041	12,802		12,802
6/1/2041	12,802		12,802
9/1/2041	12,802		12,802
12/1/2041	12,802		12,802
3/1/2042	12,802		12,802
6/1/2042	12,802		12,802
9/1/2042	12,802		12,802
12/1/2042	12,802		12,802
3/1/2043	12,802		12,802
6/1/2043	12,802		12,802
9/1/2043	12,802		12,802
12/1/2043	12,802		12,802
3/1/2044	12,802		12,802
6/1/2044	12,802		12,802
9/1/2044	12,802		12,802
12/1/2044	12,802		12,802
3/1/2045	12,802		12,802
6/1/2045	12,802		12,802
9/1/2045	12,802		12,802
12/1/2045	12,802		12,802
3/1/2046	12,802		12,802
6/1/2046	12,802		12,802
9/1/2046	12,802		12,802
12/1/2046	12,802		12,802
3/1/2047	12,802		12,802
6/1/2047	12,802		12,802
9/1/2047	12,802		12,802

The City of Philippi
IF
$1,946,000
40 Years
0% Interest Rate

Period Ending	Principal	Interest	Debt Service
12/1/2047	12,802		12,802
3/1/2048	12,802		12,802
6/1/2048	12,802		12,802
9/1/2048	12,802		12,802
12/1/2048	12,802		12,802
3/1/2049	12,802		12,802
6/1/2049	12,802		12,802
9/1/2049	12,802		12,802
12/1/2049	12,802		12,802
3/1/2050	12,802		12,802
6/1/2050	12,802		12,802
9/1/2050	12,802		12,802
12/1/2050	12,802		12,802
3/1/2051	12,802		12,802
6/1/2051	12,803		12,803
	1,946,000		1,946,000

(Form of)

ASSIGNMENT

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

Dated: _____, 20____.

_____

In the presence of:

_____

THE CITY OF PHILIPPI

WATER REVENUE BONDS, SERIES 2011 A
(UNITED STATES DEPARTMENT OF AGRICULTURE)

$6,425,000

REGISTRATION BOOKS

(No writing on these Books except by the Issuer as Registrar)

Bond No.	Date of Registration	In Whose Name Registered	Signature of Secretary of Registrar
AR-1	June 9, 2011	United States Department of Agriculture	Jeanne R. Stemple

05.10.11
700470.00009

STEPTOE & JOHNSON PLLC
ATTORNEYS AT LAW

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

Writer's Contact Information

June 9, 2011

The City of Philippi
Water Revenue Bonds, Series 2011 A
(United States Department of Agriculture)

The City of Philippi
Philippi, West Virginia

United States Department of Agriculture
Elkins, West Virginia

Ladies and Gentlemen:

We have served as bond counsel in connection with the issuance by The City of Philippi in Barbour County, West Virginia (the "Issuer"), of its $6,425,00 Water Revenue Bonds, Series 2011 A (United States Department of Agriculture) dated the date hereof (the "Bonds"), pursuant to Chapter 8, Article 19 of the West Virginia Code of 1931, as amended (the "Act"), a Bond Ordinance duly enacted by the Issuer on April 19, 2011, and a Supplemental Resolution duly adopted by the Issuer on May 17, 2011 (collectively, the "Bond Legislation"). We have examined the law and such certified copies of proceedings and other papers as we deem necessary to render this opinion.

As to questions of fact material to our opinion, we have relied upon the representations of the Issuer contained in the Bond Legislation and in the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

Based upon the foregoing, we are of the opinion, under existing law, as follows:

1. The Issuer is duly created and validly existing municipal corporation and political subdivision of the State of West Virginia, with full power to adopt and enact the Bond Legislation, perform the agreements on its part contained therein and issue and sell the Bonds, all under the Act and other applicable provisions of law.

2. The Bond Legislation has been duly and effectively adopted and enacted by the Issuer and constitutes a valid and binding obligation of the Issuer enforceable upon the Issuer.

3. Pursuant to the Act, the Bond Legislation creates a valid lien on the funds pledged by the Bond Legislation for the security of the Bonds, on a parity with the Issuer's: (i) Water Revenue Bonds, Series 2009 B (United States Department of Agriculture), dated April 16, 2009, issued in the original aggregate principal amount of $1,651,000 (the "Series 2009 B Bonds"); (ii) Water Revenue Bonds, Series 2011 B (West Virginia Infrastructure Fund), dated June 9, 2011, issued concurrently herewith in the original aggregate principal amount of $2,074,000; and (iii) Water Revenue Bonds, Series 2011 C (West Virginia Infrastructure Fund), dated June 9, 2011, issued concurrently herewith in the

original aggregate principal amount of $1,946,000, all in accordance with the terms of the Bonds and the Bond Legislation.

4. The Bonds have been duly authorized, executed and delivered by the Issuer and are valid and binding special obligations of the Issuer, payable solely from the sources provided therefor in the Bond Legislation.

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

6. The Bonds are, under the Act, exempt from taxation by the State of West Virginia, and the other taxing bodies of the State, and interest on the Bonds is exempt from personal income taxes and corporate net income taxes imposed directly thereon by the State of West Virginia.

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

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

Very truly yours,

STEPTOE & JOHNSON PLLC

05.10.11
700470.00009

STEPTOE & JOHNSON PLLC
ATTORNEYS AT LAW

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

Writer's Contact Information

June 9, 2011

The City of Philippi
Water Revenue Bonds, Series 2011 B
(West Virginia Infrastructure Fund)

The City of Philippi
Philippi, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

West Virginia Infrastructure and Jobs
Development Council
Charleston, West Virginia

Ladies and Gentlemen:

We have served as bond counsel in connection with the issuance by The City of Philippi (the "Issuer"), a municipal corporation and political subdivision organized and existing under the laws of the State of West Virginia, of its $2,074,000 Water Revenue Bonds, Series 2011 B (West Virginia Infrastructure Fund), dated the date hereof (the "Bonds").

We have examined the law and certified copies of proceedings and other papers relating to the authorization of a loan agreement, dated June 9, 2011, including all schedules and exhibits attached thereto (the "Loan Agreement"), by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), and the Bonds, which are to be purchased by the Authority in accordance with the provisions of the Loan Agreement. The Bonds are originally issued 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, commencing September 1, 2013, to and including June 1, 2043, all as set forth in the "Schedule Y" attached to the Loan Agreement and incorporated in and made a part of the Bonds.

The Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 8, Article 19 and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"), for the purpose of (i) paying the Issuer's Waterworks System Design Revenue Bonds, Series 2009 A (the "Series 2009 A Bonds"); (ii) paying a portion of the costs of acquisition and construction of the public waterworks system of the Issuer (the "Project"); and (iii) paying certain costs of issuance and related costs.

We have also examined the applicable provisions of the Act, the Bond Ordinance duly enacted by the Issuer on April 19, 2011, as supplemented by a Supplemental Resolution duly adopted by the Issuer on May 17, 2011 (collectively, the "Bond Legislation"), pursuant to and under which Act and Bond Legislation the Bonds are authorized and issued, and the Loan Agreement has been entered into. The Bonds are subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Bond Legislation and the Loan Agreement. All capitalized terms used herein and not otherwise defined herein shall have the same meanings set forth in the Bond Legislation and the Loan Agreement when used herein.

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

1. The Issuer is a duly created and validly existing public service district, public 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 the Bond Legislation and to issue and sell the Bonds, all under the Act and other applicable provisions of law.

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

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

4. The Bonds have been duly authorized, issued, executed and delivered by the Issuer to the Authority and are valid, legally enforceable and binding special obligations of the Issuer, payable from the Gross Revenues of the System, on a parity with the Issuer's Water Revenue Bond, Series 2009 B (United States Department of Agriculture), dated April 16, 2009, issued in the original aggregate principal amount of $1,651,000; Water Revenue Bonds, Series 2011 A (United States Department of Agriculture), dated June 9, 2011, issued concurrently herewith in the original aggregate principal amount of $6,425,000; and Water Revenue Bonds, Series 2011 C (West Virginia Infrastructure Fund), dated June 9, 2011, issued concurrently herewith in the original aggregate principal amount of $1,946,000, all in accordance with the terms of the Bonds and the Bond Legislation.

5. The Bonds are, under the Act, exempt from all taxation by the State of West Virginia and the other taxing bodies of the State, and the interest on the Bonds, if any, is exempt from personal and corporate net income taxes imposed directly thereon by the State of West Virginia.

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

7. With proceeds from the Series 2011 B Bonds, the Series 2009 A Bonds have been paid in full, and the covenants, agreements and other obligations of the Issuer to the owners of the Series 2009 A Bonds have been satisfied and discharged. In rendering the opinion set forth in this paragraph, we have relied upon the receipt of payment from the paying agent of the Series 2009 A Bonds that they have received payment for the entire outstanding principal of the Series 2009 A Bonds and all interest accrued thereon on the date hereof and that the Series 2009 A Bonds have been paid in full.

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

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

Very truly yours,

STEPTOE & JOHNSON PLLC

05.10.11
700470.00009

STEPTOE & JOHNSON PLLC
ATTORNEYS AT LAW

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Charleston, WV 25326-1588
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www.steptoe-johnson.com

Writer's Contact Information

June 9, 2011

The City of Philippi
Water Revenue Bonds, Series 2011 C
(West Virginia Infrastructure Fund)

The City of Philippi
Philippi, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

West Virginia Infrastructure and Jobs
Development Council
Charleston, West Virginia

Ladies and Gentlemen:

We have served as bond counsel in connection with the issuance by The City of Philippi (the "Issuer"), a municipal corporation and political subdivision organized and existing under the laws of the State of West Virginia, of its $1,946,000 Water Revenue Bonds, Series 2011 C (West Virginia Infrastructure Fund), dated the date hereof (the "Bonds").

We have examined the law and certified copies of proceedings and other papers relating to the authorization of a loan agreement, dated June 9, 2011, including all schedules and exhibits attached thereto (the "Loan Agreement"), by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), and the Bonds, which are to be purchased by the Authority in accordance with the provisions of the Loan Agreement. The Bonds are originally issued 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, commencing September 1, 2013, to and including June 1, 2051, all as set forth in the "Schedule Y" attached to the Loan Agreement and incorporated in and made a part of the Bonds.

The Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 8, Article 19 and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"), for the purpose of (i) paying a portion of the costs of acquisition and construction of the public waterworks system of the Issuer (the "Project"); and (ii) paying certain costs of issuance and related costs.

We have also examined the applicable provisions of the Act, the Bond Ordinance duly enacted by the Issuer on April 19, 2011, as supplemented by a Supplemental Resolution duly adopted by the Issuer on May 17, 2011 (collectively, the "Bond Legislation"), pursuant to and under which Act and Bond Legislation the Bonds are authorized and issued, and the Loan Agreement has been entered into. The Bonds are subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Bond Legislation and the Loan Agreement. All capitalized terms used herein and not otherwise defined herein shall have the same meanings set forth in the Bond Legislation and the Loan Agreement when used herein.

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

1. The Issuer is a duly created and validly existing public service district, public 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 the Bond Legislation and to issue and sell the Bonds, all under the Act and other applicable provisions of law.

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

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

4. The Bonds have been duly authorized, issued, executed and delivered by the Issuer to the Authority and are valid, legally enforceable and binding special obligations of the Issuer, payable from the Gross Revenues of the System, on a parity with the Issuer's Water Revenue Bond, Series 2009 B (United States Department of Agriculture), dated April 16, 2009, issued in the original aggregate principal amount of $1,651,000; Water Revenue Bonds, Series 2011 A (United States Department of Agriculture), dated June 9, 2011, issued concurrently herewith in the original aggregate principal amount of $6,425,000; and Water Revenue Bonds, Series 2011 B (West Virginia Infrastructure Fund), dated June 9, 2011, issued concurrently herewith in the original aggregate principal amount of $2,074,000, all in accordance with the terms of the Bonds and the Bond Legislation.

5. The Bonds are, under the Act, exempt from all taxation by the State of West Virginia and the other taxing bodies of the State, and the interest on the Bonds, if any, is exempt from personal and corporate net income taxes imposed directly thereon by the State of West Virginia.

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

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

We have examined the executed and authenticated Bond numbered CR-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

05.10.11
700470.00009

Caton N. Hill, Jr.
Attorney at Law
P. O. Box 10
Philippi, West Virginia 26416

Telephone 304-457-3580 State Bar ID #1723 Fax 304-457-3581

June 9, 2011

The City of Philippi
Water Revenue Bonds, Series 2011 A
(United States Department of Agriculture);
Water Revenue Bonds, Series 2011 B
(West Virginia Infrastructure Fund); and
Water Revenue Bonds, Series 2011 C
(West Virginia Infrastructure Fund)

The City of Philippi
Philippi, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

West Virginia Infrastructure and Jobs
Development Council
Charleston, West Virginia

United States Department of Agriculture
Elkins, West Virginia

Steptoe & Johnson PLLC
Charleston, West Virginia

Ladies and Gentlemen:

I am counsel to The City of Philippi, a municipal corporation and political subdivision of the State of West Virginia in Barbour County of said State (the "Issuer"). As such counsel, I have examined copies of the approving opinions of Steptoe & Johnson PLLC, as bond counsel, a loan agreement for the Series 2011 B Bonds and Series 2011 C Bonds dated June 9, 2011, including all schedules and exhibits attached thereto (the "Loan Agreement"), by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), the Bond Ordinance duly enacted by the Issuer on April 19, 2011, as supplemented by the Supplemental Resolution duly adopted by the Issuer on May 17, 2011 (collectively, the "Bond Legislation"), and other documents, papers, agreements, instruments and certificates relating to the above-captioned Bonds of the Issuer (collectively, 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 has been duly created and is validly existing as a municipal corporation and a political subdivision of the State of West Virginia.

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

3. The Mayor, Clerk and members of the Council of the Issuer have been duly, lawfully and properly elected or appointed, have taken the requisite oaths, and are authorized to act in their respective capacities on behalf of the Issuer.

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

5. The execution and delivery of the Bonds and the Loan Agreement and the consummation of the transactions contemplated by the Bonds, the Loan Agreement and the 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 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.

6. The Issuer has received all permits, licenses, approvals, consents, exemptions, orders, certificates and authorizations necessary for the creation and existence of the Issuer, the issuance of the Bonds, the acquisition and construction of the Project, the operation of the System and the imposition of rates and charges for use of the System, including, without limitation, the receipt of all requisite orders, certificates and approvals from the West Virginia Bureau for Public Health, 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 adoption of a ordinance prescribing such rates and charges.

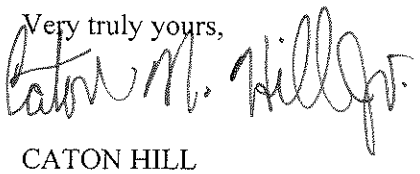
7. To the best of my knowledge, there is no litigation, action, proceeding or investigation at law or in equity before or by any court, public board or body, pending or threatened, wherein an unfavorable decision, ruling or finding would adversely affect the transactions contemplated by the Loan Agreement, the Bond Legislation, the acquisition and construction of the Project, the operation of the System, the validity of the Bonds or the collection or pledge of the Net Revenues therefor.

8. I have ascertained that all successful bidders have provided the drug-free workplace affidavit, submitted their drug free workplace plan, and the contracts contain language that complies with the Drug Free Workplace Act, Article 1D, Chapter 21 of the West Virginia Code. I have also verified that all successful bidders have made required provisions for all insurance and payment and performance bonds and I have reviewed such insurance policies or binders and such bonds for accuracy. I have reviewed the contracts, the surety bonds and the policies or other evidence of insurance coverage in connection with the Project and verified 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.

Very truly yours,



CATON HILL

05.10.11
700470.00009

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kelshlaw@yahoo.com

AREA CODE 304
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June 9, 2011

The City of Philippi
Water Revenue Bonds, Series 2011 A
(United States Department of Agriculture);
Water Revenue Bonds, Series 2011 B
(West Virginia Infrastructure Fund); and
Water Revenue Bonds, Series 2011 C
(West Virginia Infrastructure Fund)

The City of Philippi
Philippi, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

West Virginia Infrastructure and Jobs Development Council
Charleston, West Virginia

United States Department of Agriculture
Elkins, West Virginia

Steptoe & Johnson PLLC
Charleston, West Virginia

Ladies and Gentlemen:

I am special counsel to The City of Philippi, a municipality in Barbour County, West Virginia (the "Issuer"). As such counsel, I have represented the Issuer before the Public Service Commission of West Virginia in connection with the issuance of the above-referenced bonds, and the acquisition and construction of the Project. 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 the Issuer has received all orders and approvals from the Public Service Commission of West Virginia, including the Recommended Decision entered December 23, 2010, which became a Final Order on January 12, 2011, in Case No.10-1362-W-CN, among other things, granting to the Issuer a certificate of convenience and necessity for the Project and approving the financing for the Project. The time for appeal of the Order has expired prior to the date hereof and is in full force and effect.

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

Sincerely,

Robert R. Rodecker

RRR/bg

Caton N. Hill, Jr.
Attorney at Law
P. O. Box 10
Philippi, West Virginia 26416

Telephone 304-457-3580 State Bar ID #1723 Fax 304-457-3581

June 9, 2011

West Virginia Infrastructure and Jobs Development Council
Charleston, West Virginia

West Virginia Bureau for Public Health
Charleston, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

Re: City of Philippi

Dear Ladies & Gentlemen:

I represent the City of Philippi with regard to a proposed project to construct improvements to the water system (the "Project"), and provides this final title opinion on behalf of the City of Philippi to satisfy the requirements of the West Virginia Infrastructure and Jobs Development Council (the "Council") with regard to the financing proposed for the Project. Please be advised of the following:

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

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

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

4. That I have examined the records on file in the Office of the Clerk of the County Commission of Barbour County, West Virginia, the county in which the Project is to be located, and, in my opinion, the City of Philippi has acquired legal title or such other estate or interest in the necessary site components for the Project sufficient to assure undisturbed use and possession for the purpose of construction, operation and maintenance for the estimated life of the facilities to be constructed.

5. That all deeds or other documents which have been acquired to date by the City of Philippi have been duly recorded in the aforesaid Clerk's Office in order to protect the legal title to and interest of the City of Philippi..

Sincerely,

Caton N. Hill, Jr.

THE CITY OF PHILIPPI

Water Revenue Bonds, Series 2011 A
(United States Department of Agriculture)

COMBINED CERTIFICATE OF ISSUER AND ATTORNEY ON:

1. AUTHORIZATION AND AWARD OF BONDS
2. NO LITIGATION
3. GOVERNMENTAL APPROVALS
4. NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS
5. SIGNATURES, ETC.
6. CERTIFICATION OF COPIES OF DOCUMENTS
7. INCUMBENCY AND OFFICIAL NAME, ETC.
8. DELIVERY AND PAYMENT AND USE OF PROCEEDS
9. LAND AND RIGHTS-OF-WAY
10. MEETINGS; PUBLICATION AND POSTING OF NOTICES, ETC.
11. CONTRACTORS' INSURANCE, ETC.
12. CONNECTIONS, ETC.
13. MANAGEMENT
14. GRANT
15. CONFLICT OF INTEREST
16. PROCUREMENT OF ENGINEERING SERVICES
17. EXECUTION OF COUNTERPARTS

We, the undersigned MAYOR and CLERK of The City of Philippi, in Barbour County, West Virginia (the "Issuer"), and the undersigned COUNSEL for the Issuer, acting for the Issuer and in its name, hereby state and certify on this the 9th day of June, 2011, in connection with The City of Philippi Water Revenue Bonds, Series 2011 A (United States Department of Agriculture), No. AR-1, dated the date hereof, fully registered, in the principal amount of $6,425,000 (the "Series 2011 A Bonds") as follows:

1. AUTHORIZATION AND AWARD OF BONDS: The undersigned are authorized to execute this certificate on behalf of the Issuer and are knowledgeable with respect to the matters set forth herein. The entire issue of the Series 2011 A Bonds have been duly awarded to the United States of America, acting by the United States Department of Agriculture, Rural Utilities Service (the "Purchaser"), pursuant to a Letter of Conditions from the Purchaser, dated April 10, 2009, and all amendments thereto, and as appears in Section 7.03 of the Ordinance of the Issuer duly enacted on April 19, 2011, and the Supplemental Resolution duly adopted on May 17, 2011, authorizing issuance of the Series 2011 A Bonds (collectively, the "Ordinance" or "Bond Legislation"). All capitalized terms used herein and not otherwise defined herein shall have the same meaning as defined in the Bond Legislation when used herein. The Series 2011 A Bonds are being issued on this date to finance a portion of the cost of the acquisition and construction of the Project, herein defined and described, located within the boundaries of the Issuer.

2. NO LITIGATION: No controversy or litigation of any nature is now pending, or, to the knowledge of any of the undersigned, threatened, restraining, enjoining or affecting in any manner the issuance and delivery of the Series 2011 A Bonds or receipt of any grant monies, if any, committed for the System, hereinafter defined; nor questioning the proceedings and authority by which the Issuer authorized the issuance and sale of the Series 2011 A Bonds; nor in any way questioning or affecting the validity of the grants, if any, committed for the System or the validity of the Series 2011 A Bonds or any provisions made or authorized for the payment thereof, including, without limitation, the pledge or application of any monies or security therefor; nor questioning the existence, powers or proceedings of the Issuer or the Council of the Issuer (the "Governing Body") or the title of the members and officers thereof to their respective offices; nor questioning the operation of the System or the acquisition and construction of the Project, a portion of the cost of which is being financed out of the proceeds of sale of the Series 2011 A Bonds; nor questioning the rates and charges provided for services of the System.

3. GOVERNMENTAL APPROVALS: All applicable and necessary approvals, permits, authorizations, registrations, exemptions, consents and certificates required by law for the acquisition and construction of the Project, the operation of the System, including, without limitation, the imposition of rates and charges, and the issuance of the Series 2011 A Bonds have been duly and timely obtained and remain in full force and effect. Competitive bids for the acquisition and construction of the Project were solicited in accordance with Chapter 5, Article 22, Section 1 of the Official West Virginia Code of 1931, as amended, which bids remain in full force and effect.

The Issuer has received the Recommended Decision of the Public Service Commission of West Virginia entered on December 23, 2010 in Case No.10-1362-W-CN, which became a final order on January 12, 2011, granting to the Issuer a certificate of public convenience and necessity for the Project and approving the financing for the Project. The time for appeal of the Commission Order has expired prior to the date hereof. Such Order is 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 by the Purchaser of a loan to assist in the acquisition and construction of the Project.

Upon payment of the Series 2009 A Bonds, there are outstanding obligations of the Issuer which will rank on a parity with the Series 2011 A Bonds as to liens, pledge and source of and security for payment, and in all respects, being the Issuer's: (i) Water Revenue Bonds, Series 2009 B (United States Department of Agriculture), dated April 16, 2009, issued in the original aggregate principal amount of $1,651,000; (ii) Water Revenue Bonds, Series 2011 B (West Virginia Infrastructure Fund), dated June 9, 2011, issued concurrently herewith in the original aggregate principal amount of $2,074,000; and (iii) Water Revenue Bonds, Series 2011 C (West Virginia Infrastructure Fund), dated June 9, 2011, issued concurrently herewith in the original aggregate principal amount of $1,946,000 (collectively, the "Prior Bonds"). Other than the Series 2009 B Bonds, Series 2011 B Bonds and Series 2011 C Bonds, there are no other outstanding bonds or obligations of the Issuer which rank prior to or on a parity with the Series 2011 A Bonds as to liens, pledge and/or service of and security for payment.

The Series 2011 A Bonds shall be issued on a parity with the Prior Bonds with respect to liens, pledge and source of and security for payment and in all other respects. Prior to the issuance of the Series 2011 A Bonds, the Issuer has obtained (i) the certificate of an Independent Certified Public Accountant stating that the coverage and parity tests of the Prior Bonds are met; and (ii) the written

consent of the Holders of Prior Bonds to the issuance of the Series 2011 A Bonds on a parity with the Prior Bonds. Other than the Prior Bonds, there are no outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System. The Issuer is in compliance with all covenants of the Prior Bonds and Prior Ordinance.

5. SIGNATURES, ETC.: The undersigned Mayor and Clerk did, for the Issuer on the date hereof, officially execute and seal the Series 2011 A Bonds with the official corporate seal of the Issuer, an impression of which seal is on this certificate above our signatures and said officers are the duly elected or appointed (as applicable), qualified and serving officers as indicated by the official titles opposite their signatures below, and are duly authorized to execute and seal the Series 2011 A Bonds for the Issuer.

6. 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

USDA Letter of Conditions, with all amendments

Infrastructure Council Loan Agreement

Public Service Commission Orders

Infrastructure and Jobs Development Council Approval

City Charter

Oaths of Officers and Council members

Rules of Procedure

Minutes of Current Year Organizational Meeting

Affidavit of Publication of Notice of Filing

Minutes on Adoption of Bond Ordinance and Supplemental Resolution

Bureau for Public Health Permit

United States Department of Agriculture Loan Agreement

United States Department of Agriculture Grant Agreement

Evidence of US EDA Special Appropriations Grant

Evidence of Insurance

Receipt and Release of Series 2009 A Bonds

7. INCUMBENCY AND OFFICIAL NAME, ETC.: The proper corporate title of the Issuer is "The City of Philippi" and it is a municipal corporation and political subdivision of the State of West Virginia in Barbour County of said State. The governing body of the Issuer is its Council presently consisting of 5 council members and a Mayor and Clerk, all duly elected, qualified and serving, 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
David Mulneix, Mayor	04/2008	05/2012
Ed Larry, Councilmember	04/2008	05/2012
Barbara Bryan, Councilmember	04/2008	05/2012
Terrence Boyd, Councilmember	04/2008	05/2012
Christie Allen, Councilmember	04/2008	05/2012
John Enz, Councilmember	04/2008	05/2012

The duly appointed Clerk is Tammy Stemple, the duly appointed acting Attorney for the Issuer is Caton Hill, Philippi, West Virginia and the duly appointed Special PSC Council is Robert Rodecker, Charleston, West Virginia.

8. DELIVERY AND PAYMENT AND USE OF PROCEEDS: On the date hereof, the Series 2011 A Bonds were delivered to the Purchaser at Philippi, West Virginia, by the undersigned Mayor for the purposes set forth herein, and at the time of such delivery, the Series 2011 A Bonds have been duly and fully executed and sealed on behalf of the Issuer in accordance with the Ordinance.

At the time of delivery of the Series 2011 A Bonds, the undersigned Mayor received $24,900, being a portion of the principal amount of the Series 2011 A Bonds. Further advances of the balance of the principal amount of the Series 2011 A Bonds will be paid to the Issuer as acquisition and construction of the Project progresses.

The Series 2011 A Bonds are dated the date hereof, and interest on advances of the principal thereof at the rate of 2.75% per annum is payable from the date of each respective advance.

The Series 2011 A Bonds and the entire proceeds thereof will be used for the purposes herein set forth and for no other purposes.

9. LAND AND RIGHTS-OF-WAY: All land in fee simple and all rights-of-way and easements necessary for the acquisition, construction, operation and maintenance of the Project and 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 Series 2011 A Bonds.

10. MEETINGS; PUBLICATION AND POSTING OF NOTICES, ETC.: All actions, resolutions, orders and agreements taken by and entered into by or on behalf of the Issuer in any way connected with the acquisition, construction, operation and financing of the Project and the System were authorized or adopted at 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 official 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.

11. CONTRACTORS' INSURANCE, ETC.: All contractors will be required to maintain Workers' Compensation, public liability and property damage insurance, and builder's risk insurance where applicable, in accordance with the Letter of Conditions and Commitment of the Purchaser, as amended, and the Ordinance.

12. CONNECTIONS, ETC.: The Issuer will serve at least 1,515 bona fide users with the System upon the completion of the Project, in full compliance with the requirements and conditions of the Purchaser.

13. MANAGEMENT: The Issuer has heretofore delivered to the Purchaser a plan concerning operation and management of the System, which plan was found to be acceptable by the Purchaser.

14. GRANTS: As of the date hereof the grant from the Purchaser in the amount of $3,424,400 and the U.S. EPA Special Appropriations Grant in the amount of $794,600 are committed and in full force and effect.

15. CONFLICT OF INTEREST: No member, officer or employee of the Issuer has a substantial financial interest, direct, indirect or by reason of ownership of stock in any corporation, in any contract with the Issuer or in the sale of any land, materials, supplies or services to the Issuer or to any contractor supplying the Issuer, relating to the Series 2011 A Bonds, the Bond Legislation and/or the Project, including, without limitation, with respect to the Depository Bank, as defined in the Bond Legislation. 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.

16. 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.

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

[Remainder of Page Intentionally Left Blank]

WITNESS our signatures and the official corporate seal of THE CITY OF PHILIPPI on the day and year first written above.

[CORPORATE SEAL]

SIGNATURE	OFFICIAL TITLE
_____	Mayor
_____	Clerk
_____	Attorney for Issuer

05.09.11
700470.00009

THE CITY OF PHILIPPI

Water Revenue Bonds, Series 2011 B
(West Virginia Infrastructure Fund); and
Water Revenue Bonds, Series 2011 C
(West Virginia Infrastructure Fund)

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; ETC.
7. LAND AND RIGHTS-OF-WAY
8. MEETINGS, ETC.
9. CONTRACTORS' INSURANCE, ETC.
10. LOAN AGREEMENT
11. INSURANCE
12. VERIFICATION OF SCHEDULE
13. RATES
14. PUBLIC SERVICE COMMISSION ORDER
15. SIGNATURES AND DELIVERY
16. BOND PROCEEDS
17. PUBLICATION OF NOTICE OF FILING
18. SPECIMEN BONDS
19. CONFLICT OF INTEREST
20. GRANTS
21. PROCUREMENT OF ENGINEERING SERVICES
22. EXECUTION OF COUNTERPARTS

We, the undersigned MAYOR and CLERK of The City of Philippi in Barbour County, West Virginia (the "Issuer"), and the undersigned COUNSEL to the ISSUER, hereby certify, on this the 9th day of June, 2011, in connection with the Issuer's Water Revenue Bonds, Series 2011 B (West Virginia Infrastructure Fund) (the "Series 2011 B Bonds") and Water Revenue Bonds, Series 2011 C (West Virginia Infrastructure Fund) (the "Series 2011 C Bonds"), dated the date hereof (collectively, the "Bonds" or the "Series 2011 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 April 19, 2011, and the Supplemental Resolution duly adopted May 17, 2011 (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 Grant proceeds or the Gross Revenues, or in any way contesting or affecting the validity of the Bonds or the Grants, or any proceedings of the Issuer taken with respect to the issuance or sale of the Bonds, the pledge or application of the Gross Revenues or any other 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 Gross 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.

Upon payment of the Series 2009 A Bonds, there are outstanding bonds of the Issuer which will rank on a parity with the Series 2011 Bonds as to liens, pledge and source of and security for payment, and in all respects, being the Issuer's: (i) Water Revenue Bonds, Series 2009 B (United States Department of Agriculture), dated April 16, 2009, issued in the original aggregate principal amount of $1,651,000 (the "Series 2009 B Bonds) (the "Prior Bonds"); and (ii) Water Revenue Bonds, Series 2011 A (United States Department of Agriculture), dated June 9, 2011, issued concurrently herewith in the original aggregate principal amount of $6,425,000 (the "Series 2011 A Bonds"). Other than the Prior Bonds and the Series 2011 A Bonds, there are no other outstanding bonds or obligations of the Issuer which rank prior to or on a parity with the Series 2011 Bonds as to liens, pledges and/or source of and security for payment.

The Series 2011 Bonds shall be issued on a parity with the Prior Bonds with respect to liens, pledge and source of and security for payment and in all other respects. Prior to the issuance of the Series 2011 Bonds, the Issuer has obtained (i) the certificate of an Independent Certified Public Accountant stating that the coverage and parity tests of the Prior Bonds are met; and (ii) the written consent of the Holders of Prior Bonds to the issuance of the Series 2011 Bonds on a parity with the Prior Bonds. Other than the Prior Bonds, there are no outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System. The Issuer is in compliance with all covenants of the Prior Bonds and Prior Ordinance.

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

USDA Letter of Conditions, with all amendments

Infrastructure Council Loan Agreement

Public Service Commission Orders

Infrastructure and Jobs Development Council Approval

City Charter

Oaths of Office of Officers and Council members

Rules of Procedure

Water Rate Ordinance

Minutes on Adoption and Enactment of Water Rate Ordinance

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

Affidavit of Publication of Notice of Filing

Minutes of Current Year Organizational Meeting

Minutes on Adoption of Bond Ordinance, Supplemental Resolution, First Draw Resolution and Sweep Resolution

Bureau for Public Health Permit

United States Department of Agriculture Loan Agreement

United States Department of Agriculture Grant Agreement

Evidence of US EPA Special Appropriations Grant

Evidence of Insurance

Receipt and Release of Series 2009 A Bonds

6. INCUMBENCY AND OFFICIAL NAME, ETC.: The proper corporate title of the Issuer is "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 council members, all duly elected or appointed, as applicable, qualified and acting, and whose names and dates of commencement and termination of current terms of office are as follows:

Name	Date of Commencement of Office	Date of Termination of Office
David Mulneix, Mayor	04/2008	05/2012
Ed Larry, Councilmember	04/2008	05/2012
Barbara Bryan, Councilmember	04/2008	05/2012
Terrence Boyd, Councilmember	04/2008	05/2012
Christie Allen, Councilmember	04/2008	05/2012
John Enz, Councilmember	04/2008	05/2012

The duly appointed Clerk is Tammy Stemple, the duly acting Attorney for the Issuer is Caton Hill, Philippi, West Virginia and the duly appointed Special PSC Counsel is Robert Rodecker, Charleston, West Virginia.

7. LAND AND RIGHTS-OF-WAY: All land in fee simple and all rights-of-way and easements necessary for the acquisition and construction of the Project and the operation and maintenance of the System have been acquired or 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. The successful bidders have provided the Drug-Free Workplace Affidavit as evidence of compliance with the provisions of Article

1D, Chapter 21 of the West Virginia Code. All insurance for the System required by the Bond Legislation and Loan Agreements is in full force and effect.

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

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

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

12. VERIFICATION OF SCHEDULE: The final Schedule B attached to the Certificate of Consulting Engineer, accurately represents the estimated costs of the Project, the sources of funds available to pay the costs of the Project and the costs of financing of the Bonds.

13. RATES: The Issuer has duly enacted a water rate ordinance on June 8, 2010, setting rates and charges of the System. The time for appeal of such rate ordinance has expired prior to the date hereof without any appeal and such rates are currently in full force and effect.

14. PUBLIC SERVICE COMMISSION ORDERS: The Issuer has received the Recommended Decision of the Public Service Commission of West Virginia entered on December 23, 2010 in Case No.10-1362-W-CN, which became a final order on January 12, 2011, granting to the Issuer a certificate of public convenience and necessity for the Project and approving the financing for the Project. The time for appeal of the Commission Order has expired prior to the date hereof. Such Order is in full force and effect.

15. SIGNATURES AND DELIVERY: On the date hereof, the undersigned Mayor did officially sign all of the Bonds of the aforesaid issue, consisting upon original issuance of a single Bond, dated the date hereof, by his or her manual signature, and the undersigned 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.

16. BOND PROCEEDS: On the date hereof, the Issuer received $352,684.44 from

the Authority and the Council, being a portion of the principal amount of the Series 2011 B Bonds. The balance of the principal amount of the Series 2011 B Bonds will be advanced to the Issuer as acquisition and construction of the Project progresses.

On the date hereof, the Issuer received $16,400 from the Authority and the Council, being a portion of the principal amount of the Series 2011 C Bonds. The balance of the principal amount of the Series 2011 C Bonds will be advanced to the Issuer as acquisition and construction of the Project progresses.

17. PUBLICATION OF NOTICE OF FILING: The Issuer has published the required notice with respect to, among other things, the acquisition and construction of the Project, anticipated user rates and charges, and filing of a formal application for a certificate of public convenience and necessity with the Public Service Commission of West Virginia.

18. SPECIMEN BONDS: Delivered concurrently herewith is a true and accurate specimen of the Bonds.

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

20. GRANTS: As of the date hereof the grant from the United States Department of Agriculture in the amount of $3,424,400, and the U.S. EPA Special Appropriations Grant in the amount of $794,600 are committed and in full force and effect.

21. 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.

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

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WITNESS our signatures and the official seal of THE CITY OF PHILIPPI on the day and year first written above.

[CORPORATE SEAL]

SIGNATURE	OFFICIAL TITLE
_____	Mayor
_____	Clerk
_____	Counsel to the Issuer
_____	Special PSC Counsel (paragraphs 13 & 14)

05.09.11
700470.00009

5547650

THE CITY OF PHILIPPI

Water Revenue Bonds, Series 2011 A
(United States Department of Agriculture);
Water Revenue Bonds, Series 2011 B
(West Virginia Infrastructure Fund); and
Water Revenue Bonds, Series 2011 C
(West Virginia Infrastructure Fund)

CERTIFICATE OF ENGINEER

I, Craig Richards, Registered Professional Engineer, West Virginia License No. 10358, of Burgess & Niple, Inc., Parkersburg, West Virginia, hereby certify this 9th day of June, 2011 as follows:

1. My firm is engineer for the acquisition and construction (the "Project") of the waterworks 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 financed in part by the proceeds of the above-captioned bonds (collectively, the "Bonds") of the Issuer. Capitalized terms used herein and not defined herein shall have the same meaning set forth in the Bond Ordinance enacted by the Issuer on April 19, 2011, as supplemented by the Supplemental Resolution adopted by the Issuer on May 17, 2011, the Letter of Conditions of the Rural Utilities Service (the "RUS") for the Series 2011 A Bonds dated April 10, 2009, as amended (the "Letter of Conditions'), and the Loan Agreement for the Series 2011 B Bonds and Series 2011 C Bonds, by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), dated June 9, 2011 (the "Loan Agreement").

2. The Bonds are being issued for the purposes of (i) paying the Issuer's Waterworks System Design Revenue Bonds, Series 2009 A (the "Series 2009 A Bonds"); (ii) paying a portion of the costs of acquisition and construction of the public waterworks system of the Issuer (the "Project"); and (iii) paying costs of issuance and related costs.

3. To the best of my knowledge, information and belief, (i) within the limits and in accordance with the applicable and governing contractual requirements relating to the Project, the Project will be constructed in general accordance with the approved plans, specifications and designs prepared by my firm and approved by RUS, the Authority and the Council, and any change orders approved by the Issuer, RUS, the Council, the Authority, and all necessary governmental bodies; (ii) the Project, as designed, is adequate for its intended purpose and has a useful life of at least forty years, if properly constructed, operated and maintained, excepting anticipated replacements due to normal wear and tear; (iii) the Issuer has received bids for the acquisition and construction of the Project which are in an amount and otherwise compatible with the plan of financing set forth in the Schedule B attached hereto as Exhibit A and the Issuer's counsel, Caton Hill, 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 successful bidders have provided the Drug-Free

Workplace Affidavit as evidence of the Vendor's compliance with the provisions of Article 1D, Chapter 21 of the West Virginia Code; (vi) the bid documents relating to the Project reflect the Project as approved by the Council and the bid forms provided to the bidders contain all critical operational components of the Project; (vii) the successful bids include prices for every item on such bid forms; (viii) the uniform bid procedures were followed; (ix) the Issuer has obtained all permits required by the laws of the State of West Virginia and the United States necessary for the acquisition and construction of the Project and the operation of the System; (x) in reliance upon the certificate of the Issuer's certified public accountant, Griffith & Associates, CPA, as of the effective date thereof, the rates and charges for the System as adopted by the Issuer will be sufficient to comply with the provisions of the Letter of Conditions and the Loan Agreement; (xi) the net proceeds of the Bonds, together with all other moneys on deposit or to be simultaneously deposited and irrevocably pledged thereto and the proceeds of grants, if any, irrevocably committed therefor, are sufficient to pay the costs of acquisition and construction of the Project approved by RUS, the Authority and the Council; and (xii) attached hereto as Exhibit A is the final amended "Schedule B - Final Total Cost of Project, Sources of Funds and Cost of Financing" for the Project.

4. The Project will not serve any new customers.

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

BURGESS & NIPLE, INC.

(SEAL)

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

700470.00009

City of Philippi
Water Treatment Plant Project
Schedule B
IJDC Project #2008W-1070 (formerly 2000W-516)

A. COST OF PROJECT	A TOTAL	B WDA Design Loan	Total (A-B)	IJDC LOAN #1 (Series 2011 B)	IJDC LOAN #2 (Series 2011 C)	USDA-RUS (Series 2011 A)	USDA grant	EPA SAP Grant
1 Construction (Shook)	11,527,000.00	0.00	11,527,000.00	1,226,440.00	1,929,600.00	4,970,140.00	2,905,970.00	494,850.00
Construction Contingency (10%) [IJDC 30% of project]	1,192,438.94	0.00	1,192,438.94	385,548.94	0.00	386,460.00	418,430.00	0.00
2 Technical Services (Burgess & Niple)								
a. Planning Phase	102,000.00	39,070.00	62,930.00	18,105.00	0.00	0.00	0.00	44,825.00
b. Design Phase	502,000.00	279,526.78	222,473.22	5,020.00	0.00	0.00	0.00	217,453.22
c. Bidding Phase	26,000.00	1,820.00	24,180.00	24,180.00	0.00	0.00	0.00	0.00
d. Additional Services (Geotechnical Report and O&M Manual)	56,400.00	20,505.63	35,894.37	23,772.59	0.00	10,400.00	0.00	1,721.78
e. Construction Phase (not including resident project representative)	330,000.00	0.00	330,000.00	0.00	0.00	330,000.00	0.00	0.00
f. Resident Project Representative	216,000.00	0.00	216,000.00	0.00	0.00	216,000.00	0.00	0.00
g. Post Construction Phase	12,000.00	0.00	12,000.00	0.00	0.00	12,000.00	0.00	0.00
3 Legal & Fiscal								
a. Legal (Caton Hill)	10,000.00	0.00	10,000.00	10,000.00	0.00	0.00	0.00	0.00
b. Legal (Robert Rodecker)	10,000.00	0.00	10,000.00	10,000.00	0.00	0.00	0.00	0.00
c. Accounting (Griffith & Associates)	25,000.00	6,490.10	18,509.90	18,509.90	0.00	0.00	0.00	0.00
4 Administrative								
a. Project Coordinator (Region VII P&DC)	65,000.00	9,000.00	56,000.00	20,250.00	0.00	0.00		35,750.00
5 Sites & Other Lands	0.00	0.00	0.00	0.00	0.00	0.00		0.00
6 Project Contingency	223,400.00	0.00	223,400.00	0.00	0.00	123,400.00	100,000.00	0.00
Closing Costs - Design Loan	5,500.00	5,500.00	0.00	0.00	0.00	0.00	0.00	0.00
7 WDA Design Loan								
WDA - Amount Paid on Principal	(5,967.78)	(5,967.78)	0.00	0.00	0.00	0.00	0.00	0.00
WDA Design Loan (Interest + MBC Fees)	4,295.90	4,295.90	0.00	0.00	0.00	0.00	0.00	0.00
WDA Design Loan (amount at MBC)	(28,067.06)	(28,067.06)	0.00	0.00	0.00	0.00	0.00	0.00
Net Payoff - WDA Design Loan		332,173.57	332,173.57	332,173.57	0.00	0.00	0.00	0.00
8 Total of Lines 1 through 7	14,273,000.00		14,273,000.00	2,074,000.00	1,929,600.00	6,050,400.00	3,424,400.00	794,600.00
B. COST OF FINANCING								
9 Funded Reserve	0.00		0.00	0.00	0.00	0.00	0.00	0.00
10 RUS Capitalized Interest	350,000.00		350,000.00	0.00	0.00	350,000.00	0.00	0.00
11 Registrar fees	1,000.00		1,000.00	0.00	1,000.00	0.00	0.00	0.00
13 Bond Counsel (Steptoe & Johnson)	40,000.00		40,000.00	0.00	15,400.00	24,600.00	0.00	0.00
14 Cost of Financing (lines 9 thru 13)	391,000.00		391,000.00	0.00	16,400.00	374,600.00	0.00	0.00
15 TOTAL COST OF PROJECT (Line 8 + Line 14)	14,664,000.00		14,664,000.00	2,074,000.00	1,946,000.00	6,425,000.00	3,424,400.00	794,600.00
C. SOURCES OF FUNDS								
16 Federal Grants (USDA RUS Grant)	3,424,400.00		3,424,400.00	0.00	0.00	0.00	3,424,400.00	0.00
17 Federal Grant (US EPA SAP Grant)	794,600.00		794,600.00	0.00	0.00	0.00	0.00	794,600.00
18 State Grants	0.00		0.00	0.00	0.00	0.00	0.00	0.00
19 Other Grants	0.00		0.00	0.00	0.00	0.00	0.00	0.00
20 Total Grants (Lines 16 thru 19)	4,219,000.00		4,219,000.00	0.00	0.00	0.00	3,424,400.00	794,600.00
21 Net Proceeds from Bond Issuance (Line 15 minus Line 20)	10,445,000.00		10,445,000.00	2,074,000.00	1,946,000.00	6,425,000.00	0.00	0.00

City of Philippi — June 7, 2011 Date

Burgess & Niple — June 7, 2011 Date

June 9, 2011

The City of Philippi
Water Revenue Bonds, Series 2011 A
(United States Department of Agriculture);
Water Revenue Bonds, Series 2011 B
(West Virginia Infrastructure Fund); and
Water Revenue Bonds, Series 2011 C
(West Virginia Infrastructure Fund)

The City of Philippi
Philippi, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

West Virginia Infrastructure and Jobs Development Council
Charleston, West Virginia

United States Department of Agriculture
Elkins, West Virginia

Steptoe & Johnson PLLC
Charleston, West Virginia

Ladies and Gentlemen:

Based upon the rates and charges set forth in the water rate ordinance of The City of Philippi (the "Issuer"), enacted June 8, 2010, and projected operation and maintenance expenses and anticipated customer usage as furnished to us by Burgess & Niple, Limited, the Consulting Engineer to the Issuer, it is our opinion that such rates and charges will be sufficient to provide revenues which together with other revenues of the waterworks system ("the System") of the Issuer, will pay all repair, operation and maintenance expenses of the System and leave a balance each year equal to at least 115% of the maximum amount required in any year for debt service on the Issuer's: (i) Water Revenue Bonds, Series 2011 A (United States Department of Agriculture), issued in the original aggregate principal amount of $6,425,000; (ii) Water Revenue Bonds, Series 2011 B (West Virginia Infrastructure Fund), issued in the original aggregate principal amount of $2,074,000; and (iii) Water Revenue Bonds, Series 2011 C (West Virginia Infrastructure Fund), issued in the original aggregate principal amount of $1,946,000, and all other obligations secured by a lien on or payable from such revenues including the Issuer's: (i)

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

Water Revenue Bonds, Series 2009 B (United States Department of Agriculture), dated April 16, 2009, issued in the original aggregate principal amount of $1,651,000 (the "Series 2009 B Bonds") (the "Prior Bonds").

It is further our opinion that (i) the Net Revenues for the Fiscal Year following the year in which the Series 2011 Bonds are issued will be at least 120% of the average annual debt service on the Prior Bonds and the Series 2011 Bonds and that (ii) the Net Revenues actually derived from the System during any 12 consecutive months, within the 18 months immediately preceding the date of the actual issuance of the Series 2011 Bonds, plus the estimated average increased annual Net Revenues to be received in each of the 3 succeeding years after the completion of the improvements to be financed by the Series 2011 Bonds, are not less than 115% of the largest aggregate amount that will mature and become due in any succeeding fiscal year for the principal of and interest on the Prior Bonds and the Series 2011 Bonds.

Sincerely,

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

MDG/dk

THE CITY OF PHILIPPI

Water Revenue Bonds, Series 2011 B
(West Virginia Infrastructure Fund); and
Water Revenue Bonds, Series 2011 C
(West Virginia Infrastructure Fund)

CERTIFICATE AS TO USE OF PROCEEDS

On this 9th day of June, 2011, 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 its $2,074,000 Water Revenue Bonds, Series 2011 B (West Virginia Infrastructure Fund), dated June 9, 2011 (the "Series 2011 B Bonds") and $1,946,000 Water Revenue Bonds, Series 2011 C (West Virginia Infrastructure Fund), dated June 9, 2011 (the "Series 2011 C Bonds") (collectively, the "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 April 19, 2011 as supplemented by Supplemental Resolution duly adopted on May 17, 2011 (collectively, 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 June 9, 2011, the date on which the Bonds are being physically delivered in exchange for an initial advance of $352,684.44, being a portion of the principal mount of the Series 2011 B Bonds, and $16,400 being a portion of the principal amount of the Series 2011 C Bonds, and to the best of my knowledge and belief, the expectations of the Issuer set forth herein are reasonable.

4. In the Bond Ordinance pursuant to which the Bonds are issued, the Issuer has covenanted that it shall not take, or permit or suffer to be taken, any action with respect to Issuer's use of the proceeds of the Bonds which would cause any bonds, the interest on which is exempt from federal income taxation under Section 103(a) of the Internal Revenue Code of 1986, as amended, and the temporary and permanent regulations promulgated thereunder or under any predecessor thereto (collectively, the "Code"), issued by the West Virginia Water Development Authority (the "Authority") or the West Virginia 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 2011 B Bonds were sold on June 9, 2011, to the Authority, pursuant to a loan agreement dated June 9, 2011, by and between the Issuer and the Authority, on behalf of the Council, for an aggregate purchase price of $2,074,000 (100% of par), at which time, the Issuer received $352,684.44 from the Authority and the Council, being the first advance of the principal amount of the

Series 2011 B Bonds. No accrued interest has been or will be paid on the Series 2011 B Bonds. The balance of the principal amount of the Series 2011 B Bonds will be advanced to the Issuer as acquisition and construction of the Project progresses.

6. The Series 2011 C Bonds were sold on June 9, 2011, to the Authority, pursuant to a loan agreement dated June 9, 2011, by and between the Issuer and the Authority, on behalf of the Council, for an aggregate purchase price of $1,946,000 (100% of par), at which time, the Issuer received $16,400 from the Authority and the Council, being the first advance of the principal amount of the Series 2011 C Bonds. No accrued interest has been or will be paid on the Series 2011 C Bonds. The balance of the principal amount of the Series 2011 C Bonds will be advanced to the Issuer as acquisition and construction of the Project progresses.

7. The Series 2011 B Bonds are being delivered simultaneously with the delivery of this certificate and are issued for the purposes of (i) paying the Issuer's Waterworks System Design Revenue Bonds, Series 2009 A (the "Series 2009 A Bonds"); and (ii) paying a portion of the costs of acquisition and construction of the public waterworks facilities of the Issuer (the "Project").

8. The Series 2011 C 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 the public waterworks facilities of the Issuer (the "Project"); and (ii) paying certain costs of issuance of the Bonds and related costs.

On the date hereof, the Issuer has simultaneously issued its Water Revenue Bonds, Series 2011 A (United States Department of Agriculture) in the aggregate principal amount of $6,425,000 (the "Series 2011 A Bonds") to pay a portion of the costs of the Project.

9. 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 Series 2011 B Bonds and the Series 2011 C Bonds on the Project, constituting a substantial binding commitment. The acquisition and construction of the Project shall commence immediately and shall proceed with due diligence to completion, and with the exception of proceeds deposited in the Reserve Account for the Bonds, if any, all of the proceeds from the sale of the Bonds, together with any investment earnings thereon, will be expended for payment of costs of the Project on or before May 1, 2013. The acquisition and construction of the Project is expected to be completed by November 1, 2012.

10. The total cost of the Project is estimated at $14,664,000. Sources and uses of funds for the Project are as follows:

SOURCES

Proceeds of the Series 2011 A Bonds	$6,425,000.00
Proceeds of the Series 2011 B Bonds	$2,074,000.00
Proceeds of the Series 2011 C Bonds	$1,946,000.00
USDA Grant	$3,424,400.00
US EPA Grant	$794,600.00
Total Sources	$14,664,000.00

USES

Costs of Acquisition and Construction of the Project	$14,290,826.43
Payment of Series 2009 A Bonds	$332,173.57
Costs of Issuance	$41,000.00
Total Uses	$14,664,000.00

11. Pursuant to Article V of the Bond Ordinance, the following special funds or accounts have been created or continued relative to the Series 2011 Bonds:

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

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

(3) Series 2011 Bonds Construction Trust Fund;

(4) Series 2011 B Bonds Sinking Fund;

(5) Series 2011 B Bonds Reserve Account;

(6) Series 2011 C Bonds Sinking Fund; and

(7) Series 2011 C Bonds Reserve Account.

12. Pursuant to Article VI of the Bond Ordinance, the proceeds of the Series 2011 B Bonds will be deposited as follows:

(1) Series 2011 B Bonds proceeds in the amount of $-0- will be deposited in the Series 2011 B Bonds Reserve Account.

(2) Series 2011 C Bonds proceeds in the amount of $-0- will be deposited in the Series 2011 C Bonds Reserve Account.

(3) Series 2011 B Bonds proceeds in the amount of $332,173.57 will be deposited with the Commission to pay the Series 2009 A Bonds.

(4) The balance of the proceeds of the Series 2011 B Bonds will be deposited in the Series 2011 Bonds Construction Trust Fund as received from time to time and applied solely to payment of costs of the Project, including costs of issuance of the Series 2011 B Bonds and related costs.

(5) The balance of the proceeds of the Series 2011 C Bonds will be deposited in the Series 2011 Bonds Construction Trust Fund as received from time to time and applied solely to payment of costs of the Project, including costs of issuance of the Series 2011 C Bonds and related costs.

13. Monies held in the Series 2011 B Bonds Sinking Fund will be used solely to pay principal of and interest, if any, on the Series 2011 B Bonds and will not be available to meet costs of acquisition and construction of the Project. All investment earnings on monies in the Series 2011 B Bonds Sinking Fund and Series 2011 B Bonds Reserve Account, if any, will be withdrawn therefrom and deposited into the Series 2011 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.

14. Monies held in the Series 2011 C Bonds Sinking Fund will be used solely to pay principal of and interest, if any, on the Series 2011 C Bonds and will not be available to meet costs of acquisition and construction of the Project. All investment earnings on monies in the Series 2011 C Bonds Sinking Fund and Series 2011 C Bonds Reserve Account, if any, will be withdrawn therefrom and deposited into the Series 2011 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.

15. 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 17 months of the date hereof.

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

17. With the exception of the amount deposited in the Series 2011 B Bonds Reserve Account, if any, all of the proceeds of the Bonds will be expended on the Project within 23 months from the date of issuance thereof.

18. With the exception of the amount deposited in the Series 2011 C Bonds Reserve Account, if any, all of the proceeds of the Bonds will be expended on the Project within 23 months from the date of issuance thereof.

19. 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.

20. 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.

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

22. 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.

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

24. 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.

25. The Bonds are not federally guaranteed.

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

27. The Issuer has either (a) funded the Series 2011 B Bonds Reserve Account and Series 2011 C 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 2011 B Bonds Reserve Account and Series 2011 C Bonds Reserve Account which will be funded with equal payments made on a monthly basis over a 10-year period until such Series 2011 B Bonds Reserve Account and Series 2011 C Bonds Reserve Account holds 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 2011 B Bonds Reserve Account, the Series 2011 B Bonds Sinking Fund, the Series 2011 C Bonds Reserve Account and the Series 2011 C 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.

28. Other than the Series 2011 A Bonds, there are no other obligations of the Issuer which (a) are to be issued at substantially the same time as the Bonds, (b) are to be sold pursuant to a common plan of financing together with the Bonds and (c) will be paid out of substantially the same sources of funds or will have substantially the same claim to be paid out of substantially the same sources of funds as the Bonds.

29. 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.

30. 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.

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

[Remainder of Page Intentionally Blank]

WITNESS my signature on the date first written above.

THE CITY OF PHILIPPI

Mayor

05.09.11
700470.00009

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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Sec. 33. Clerk to Return List of Delinquent Taxes; Accounts, etc.
Sec. 34. Lien for City Taxes; Manner of Enforcement.
Sec. 35. Chief of Police, Duties and Bond.
Sec. 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.
Sec. 37. City to Have Right of Eminent Domain.
Sec. 38. Council May Issue Bonds, etc. (11-22-55)
Sec. 39. Officers Subject to This Act. (11-22-55)
Sec. 40. General Powers; Responsibility; and Liability. (11-22-55)
Sec. 41. Severability. (11-22-55)

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Sec. 41. Severability. (11-22-55)

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.)

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 Recorder at the front door or bulletin board of the City Hall of the date, time and place fixed and entered of record by Council for the holding of regularly scheduled meetings. In addition, a copy of the agenda for each regularly scheduled meeting shall be posted at the same location by the City Recorder not less than three (3) business days before such regular meeting is to be held. The agenda listing the matters requiring official action that may be addressed at the meeting may be amended up to two (2) business days prior to the meeting. 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 Recorder at the front door or bulletin board of the City Hall not less than two (2) business days before a specially scheduled meeting is to be held, stating the date, time, place and purpose for which such special meeting shall be held. If the special meeting is canceled, a notice of such cancellation shall be posted at the same location as soon as feasible after such cancellation has been determined.

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

Adopted this 6th day of January 2009.

Tammy Stemple
City Clerk

[SEAL]

OFFICER'S OATH

STATE OF WEST VIRGINIA

COUNTY OF BARBOUR, to wit:

I, David C. Mulneix, 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 Mayor to which I have been elected to the best of my skill and judgment. So help me God.

David C. Mulneix

Subscribed and sworn before the undersigned authority, this,
the 1st day of July, 2008.

Tammy Stemple

Tammy Stemple, City Clerk

OFFICER'S OATH

STATE OF WEST VIRGINIA

COUNTY OF BARBOUR, to wit:

I, Tamula Stemple, 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 City Clerk to which I have been elected to the best of my skill and judgment. So help me God.

Tamula Stemple

Subscribed and sworn before the undersigned authority, this, the 1st day of July, 2008.

David C. Mucha

OFFICER'S OATH

STATE OF WEST VIRGINIA

COUNTY OF BARBOUR, to wit:

I, Christie Allen, 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 City Council to which I have been elected to the best of my skill and judgment. So help me God.

Christie Allen

Subscribed and sworn before the undersigned authority, this,
the 1st day of July, 2008.

Tammy Stemple

Tammy Stemple, City Clerk

OFFICER'S OATH

STATE OF WEST VIRGINIA

COUNTY OF BARBOUR, to wit:

I, Terrence Boyd, 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 City Council to which I have been elected to the best of my skill and judgment. So help me God.

Terrence A. Boyd

Subscribed and sworn before the undersigned authority, this,
the 1st day of July, 2008.

Tammy Stemple

Tammy Stemple, City Clerk

OFFICER'S OATH

STATE OF WEST VIRGINIA

COUNTY OF BARBOUR, to wit:

I, Barbara 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 of City Council to which I have been elected to the best of my skill and judgment. So help me God.

Barbara S Bryan

Subscribed and sworn before the undersigned authority, this,
the 1st day of July, 2008.

Tammy Stemple

Tammy Stemple, City Clerk

OFFICER'S OATH

STATE OF WEST VIRGINIA

COUNTY OF BARBOUR, to wit:

I, John Enz, 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 City Council to which I have been elected to the best of my skill and judgment. So help me God.

John Enz

Subscribed and sworn before the undersigned authority, this,
the 1st day of July, 2008.

Tammy Stemple

Tammy Stemple, City Clerk

OFFICER'S OATH

STATE OF WEST VIRGINIA

COUNTY OF BARBOUR, to wit:

I, Ed Larry, 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 City Council to which I have been elected to the best of my skill and judgment. So help me God.

Ed Larry

Subscribed and sworn before the undersigned authority, this,
the 1st day of July, 2008.

Tammy Stemple

Tammy Stemple, City Clerk

CITY OF PHILIPPI, WEST VIRGINIA

AN ORDINANCE ESTABLISHING AND FIXING RATES, FEES, AND CHARGES FOR SERVICE TO CUSTOMERS OF THE WATER SYSTEM OF THE CITY OF PHILIPPI

WHEREAS, the City of Philippi, in order to meet its current operational requirements, needed capital improvements and funding for the debt service associated with an upcoming water treatment plant upgrade project, finds it is necessary that the City's current water rates, which have been in effect since December 4, 2000, be increased in three steps.

THEREFORE, THE CITY COUNCIL OF THE CITY OF PHILIPPI HEREBY ORDAINS:

The following increase in rates, fees and charges for water service provided by the City to its customers throughout the entire territory served, are hereby fixed and determined as rates, fees and charges to be charged in lieu of those rates, fees and charges contained in the City's water tariff, P.S.C. W.Va. No. 4, currently on file with the Public Service Commission of West Virginia:

SECTION 1. SCHEDULE OF RATES

STEP 1

[EFFECTIVE FORTY-FIVE (45) DAYS FROM PASSAGE OF ORDINANCE]

SCHEDULE I

APPLICABILITY

Applicable within the entire territory served.

AVAILABILITY

Available for residential, domestic, commercial and industrial services; to colleges; and to hospitals.

RATES (Customers with metered water supply)

First	2,000	gallons used per month	$6.08 per 1,000 gallons
Next	3,000	gallons used per month	$6.08 per 1,000 gallons
Next	20,000	gallons used per month	$3.40 per 1,000 gallons
All Over	25,000	gallons used per month	$2.80 per 1,000 gallons

MINIMUM BILL

Each customer shall pay a minimum charge of $12.16 per month.
(Equivalent to 2,000 gallons of water usage)

	5/8	inch meter	$	12.16	per month
	3/4	inch meter	$	18.24	per month
1		inch meter	$	30.40	per month
1	- 1/4	inch meter	$	44.38	per month
1	- 1/2	inch meter	$	60.80	per month
2		inch meter	$	97.28	per month
3		inch meter	$	182.40	per month
4		inch meter	$	304.00	per month
6		inch meter	$	608.00	per month
8		inch meter	$	972.80	per month

FLAT RATE CHARGE (Customers with non-metered water supply)

Each customer shall pay a minimum charge of $27.36 per month
(Equivalent to 4,500 gallons of water usage)

DELAYED PAYMENT PENALTY

The above schedule is net. On all current usage billings not paid in full when due, ten percent (10%) will be added to the net current amount unpaid. This delayed payment penalty is not interest and is only to be collected once for each bill where it is appropriate.

RESALE RATES

Customer Charge	$50.00 per month
Usage Charge	$ 2.34 per 1,000 gallons

CUSTOMER DEPOSITS

As provided for by West Virginia Code and Public Service Commission Rules and Regulations.

WATER SERVICE CONNECTION CHARGE

The following charges are to be made whenever the utility installs a new tap to serve an applicant.

A tap fee of $100.00 will be charged to customers applying for service before construction is completed adjacent to the customer's premises in connection with a certificate proceeding before the Commission. This pre-construction tap fee will be invalid after the completion of construction adjacent to the applicant's premises that is associated with a certificate proceeding.

A tap fee of $350.00 will be charged to customers applying for service outside of a certificate proceeding before the Commission for each new tap to the system.

RETURNED CHECK CHARGE

A service charge of $25.00 will be imposed upon any customer whose check for payment of charges is returned by the bank due to insufficient funds.

DISCONNECT CHARGE/RECONNECTION CHARGE/ADMINISTRATIVE FEE

Water service will not be restored until all past due water bills have been paid in full and all accrued penalties plus a disconnection charge of $25.00 have been paid.

There shall be a $25.00 reconnection charge paid prior to restoration of water service which had been previously disconnected for any reason.

In the event that City staff or agents collect money at the customer's residence in order to stop disconnection, an administrative fee of $25.00 shall be paid in addition to other charges to prevent disconnection.

INCREMENTAL COSTS

An amount not to exceed $3.00 per 1,000 gallons is to be used when the bill reflects unusual consumption which can be attributed to eligible leakage on the customer's side of the meter. This rate shall be applied to all such unusual consumption above the customer's historical average usage. The City of Philippi shall establish a non-discriminatory policy regarding this provision for leak adjustments.

EFT, CREDIT CARD AND DROP BOX PAYMENTS

A service charge will be imposed on EFT, Credit card or Drop Box payments. The amount shall be equal to the actual charges to the utility from the financial institution for processing payment.

SCHEDULE II
FIRE PROTECTION SCHEDULE

APPLICABILITY

Applicable in all areas served by the City of Philippi, West Virginia.

AVAILABILITY OF SERVICE

Available for public and private fire protection service.

PRIVATE RATES

Where connections, hydrants, sprinklers, etc., on property maintained by customer.

		Per Year
2 inch service line with hydrants, sprinklers, and/or connections	$	72.00
3 inch service line with hydrants, sprinklers, and/or connections	$	144.00
4 inch service line with hydrants, sprinklers, and/or connections	$	288.00
6 inch service line with hydrants, sprinklers, and/or connections	$	720.00
8 inch service line with hydrants, sprinklers, and/or connections	$	1,200.00
10 inch service line with hydrants, sprinklers, and/or connections	$	2,400.00
12 inch service line with hydrants, sprinklers, and/or connections	$	3,000.00

PERIODIC BILLING

The schedule of rates and charges may be applied on a monthly, bi-monthly, quarterly, semi-annual or annual basis, provided no lower charges apply, at customer's request.

PUBLIC RATES

Four Thousand Eight Hundred Dollars ($4,800.00) per annum, payable in twelve monthly installments. The City of Philippi is to be entitled to as many fire hydrants as it may deem necessary; the said City to furnish said hydrants and to pay for installation thereof, and the water department to maintain said hydrants.

STEP 2

[EFFECTIVE SIX (6) MONTHS FROM THE IMPLEMENTATION OF STEP 1 RATES]

SCHEDULE I

APPLICABILITY

Applicable within the entire territory served.

AVAILABILITY

Available for residential, domestic, commercial and industrial services; to colleges; and to hospitals.

RATES (Customers with metered water supply)

First	2,000	gallons used per month	$7.49 per 1,000 gallons
Next	3,000	gallons used per month	$7.49 per 1,000 gallons
Next	20,000	gallons used per month	$4.18 per 1,000 gallons
All Over	25,000	gallons used per month	$3.44 per 1,000 gallons

MINIMUM BILL

Each customer shall pay a minimum charge of $14.98 per month.
(Equivalent to 2,000 gallons of water usage)

	5/8	inch meter	$	14.98	per month
	3/4	inch meter	$	22.37	per month
1		inch meter	$	37.45	per month
1	- 1/4	inch meter	$	54.98	per month
1	- 1/2	inch meter	$	74.90	per month
2		inch meter	$	119.84	per month
3		inch meter	$	224.70	per month
4		inch meter	$	374.50	per month
6		inch meter	$	749.00	per month
8		inch meter	$	1,198.40	per month

FLAT RATE CHARGE (Customers with non-metered water supply)

Each customer shall pay a minimum charge of $33.71 per month
(Equivalent to 4,500 gallons of water usage)

DELAYED PAYMENT PENALTY

The above schedule is net. On all current usage billings not paid in full when due, ten percent (10%) will be added to the net current amount unpaid. This delayed payment penalty is not interest and is only to be collected once for each bill where it is appropriate.

RESALE RATES

Customer Charge	$50.00 per month
Usage Charge	$ 2.88 per 1,000 gallons

CUSTOMER DEPOSITS

As provided for by West Virginia Code and Public Service Commission Rules and Regulations.

WATER SERVICE CONNECTION CHARGE

The following charges are to be made whenever the utility installs a new tap to serve an applicant.

A tap fee of $100.00 will be charged to customers applying for service before construction is completed adjacent to the customer's premises in connection with a certificate proceeding before the Commission. This pre-construction tap fee will be invalid after the completion of construction adjacent to the applicant's premises that is associated with a certificate proceeding.

A tap fee of $350.00 will be charged to customers applying for service outside of a certificate proceeding before the Commission for each new tap to the system.

RETURNED CHECK CHARGE

A service charge of $25.00 will be imposed upon any customer whose check for payment of charges is returned by the bank due to insufficient funds.

DISCONNECT CHARGE/RECONNECTION CHARGE/ADMINISTRATIVE FEE

Water service will not be restored until all past due water bills have been paid in full and all accrued penalties plus a disconnection charge of $30.00 have been paid.

There shall be a $30.00 reconnection charge paid prior to restoration of water service which had been previously disconnected for any reason.

In the event that City staff or agents collect money at the customer's residence in order to stop disconnection, an administrative fee of $30.00 shall be paid in addition to other charges to prevent disconnection.

INCREMENTAL COSTS

An amount not to exceed $5.00 per 1,000 gallons is to be used when the bill reflects unusual consumption which can be attributed to eligible leakage on the customer's side of the meter. This rate shall be applied to all such unusual consumption above the customer's historical average usage. The City of Philippi shall establish a non-discriminatory policy regarding this provision for leak adjustments.

EFT, CREDIT CARD AND DROP BOX PAYMENTS

A service charge will be imposed on EFT, Credit card or Drop Box payments. The amount shall be equal to the actual charges to the utility from the financial institution for processing payment.

SCHEDULE II
FIRE PROTECTION SCHEDULE

APPLICABILITY

Applicable in all areas served by the City of Philippi, West Virginia.

AVAILABILITY OF SERVICE

Available for public and private fire protection service.

PRIVATE RATES

Where connections, hydrants, sprinklers, etc., on property maintained by customer.

		Per Year
2 inch service line with hydrants, sprinklers, and/or connections	$	72.00
3 inch service line with hydrants, sprinklers, and/or connections	$	144.00
4 inch service line with hydrants, sprinklers, and/or connections	$	288.00
6 inch service line with hydrants, sprinklers, and/or connections	$	720.00
8 inch service line with hydrants, sprinklers, and/or connections	$	1,200.00
10 inch service line with hydrants, sprinklers, and/or connections	$	2,400.00
12 inch service line with hydrants, sprinklers, and/or connections	$	3,000.00

PERIODIC BILLING

The schedule of rates and charges may be applied on a monthly, bi-monthly, quarterly, semi-annual or annual basis, provided no lower charges apply, at customer's request.

PUBLIC RATES

Six Thousand Dollars ($6,000.00) per annum, payable in twelve monthly installments. The City of Philippi is to be entitled to as many fire hydrants as it may deem necessary; the said City to furnish said hydrants and to pay for installation thereof, and the water department to maintain said hydrants.

STEP 3

[EFFECTIVE SIX (6) MONTHS FROM THE IMPLEMENTATION OF STEP 2 RATES]

SCHEDULE I

APPLICABILITY

Applicable within the entire territory served.

AVAILABILITY

Available for residential, domestic, commercial and industrial services; to colleges; and to hospitals.

RATES (Customers with metered water supply)

First	2,000	gallons used per month	$9.74 per 1,000 gallons
Next	3,000	gallons used per month	$9.74 per 1,000 gallons
Next	20,000	gallons used per month	$5.43 per 1,000 gallons
All Over	25,000	gallons used per month	$4.47 per 1,000 gallons

MINIMUM BILL

Each customer shall pay a minimum charge of $19.48 per month.
(Equivalent to 2,000 gallons of water usage)

	5/8	inch meter	$	19.48	per month
	3/4	inch meter	$	29.22	per month
1		inch meter	$	48.70	per month
1	- 1/4	inch meter	$	71.10	per month
1	- 1/2	inch meter	$	97.40	per month
2		inch meter	$	155.84	per month
3		inch meter	$	292.20	per month
4		inch meter	$	487.00	per month
6		inch meter	$	974.00	per month
8		inch meter	$	1,558.40	per month

FLAT RATE CHARGE (Customers with non-metered water supply)

Each customer shall pay a minimum charge of $43.83 per month (Equivalent to 4,500 gallons of water usage)

DELAYED PAYMENT PENALTY

The above schedule is net. On all current usage billings not paid in full when due, ten percent (10%) will be added to the net current amount unpaid. This delayed payment penalty is not interest and is only to be collected once for each bill where it is appropriate.

RESALE RATES

Customer Charge	$50.00 per month
Usage Charge	$ 3.74 per 1,000 gallons

CUSTOMER DEPOSITS

As provided for by West Virginia Code and Public Service Commission Rules and Regulations.

WATER SERVICE CONNECTION CHARGE

The following charges are to be made whenever the utility installs a new tap to serve an applicant.

A tap fee of $100.00 will be charged to customers applying for service before construction is completed adjacent to the customer's premises in connection with a certificate proceeding before the Commission. This pre-construction tap fee will be invalid after the completion of construction adjacent to the applicant's premises that is associated with a certificate proceeding.

A tap fee of $350.00 will be charged to customers applying for service outside of a certificate proceeding before the Commission for each new tap to the system.

RETURNED CHECK CHARGE

A service charge of $25.00 will be imposed upon any customer whose check for payment of charges is returned by the bank due to insufficient funds.

DISCONNECT CHARGE/RECONNECTION CHARGE/ADMINISTRATIVE FEE

Water service will not be restored until all past due water bills have been paid in full and all accrued penalties plus a disconnection charge of $30.00 have been paid.

There shall be a $30.00 reconnection charge paid prior to restoration of water service which had been previously disconnected for any reason.

In the event that City staff or agents collect money at the customer's residence in order to stop disconnection, an administrative fee of $30.00 shall be paid in addition to other charges to prevent disconnection.

INCREMENTAL COSTS

An amount not to exceed $5.00 per 1,000 gallons is to be used when the bill reflects unusual consumption which can be attributed to eligible leakage on the customer's side of the meter. This rate shall be applied to all such unusual consumption above the customer's historical average usage. The City of Philippi shall establish a non-discriminatory policy regarding this provision for leak adjustments.

EFT, CREDIT CARD AND DROP BOX PAYMENTS

A service charge will be imposed on EFT, Credit card or Drop Box payments. The amount shall be equal to the actual charges to the utility from the financial institution for processing payment.

SCHEDULE II
FIRE PROTECTION SCHEDULE

APPLICABILITY

Applicable in all areas served by the City of Philippi, West Virginia.

AVAILABILITY OF SERVICE

Available for public and private fire protection service.

PRIVATE RATES

Where connections, hydrants, sprinklers, etc., on property maintained by customer.

		Per Year
2 inch service line with hydrants, sprinklers, and/or connections	$	72.00
3 inch service line with hydrants, sprinklers, and/or connections	$	144.00
4 inch service line with hydrants, sprinklers, and/or connections	$	288.00

6 inch service line with hydrants, sprinklers, and/or connections	$	720.00
8 inch service line with hydrants, sprinklers, and/or connections	$	1,200.00
10 inch service line with hydrants, sprinklers, and/or connections	$	2,400.00
12 inch service line with hydrants, sprinklers, and/or connections	$	3,000.00

PERIODIC BILLING

The schedule of rates and charges may be applied on a monthly, bi-monthly, quarterly, semi-annual or annual basis, provided no lower charges apply, at customer's request.

PUBLIC RATES

Six Thousand Dollars ($6,000.00) per annum, payable in twelve monthly installments. The City of Philippi is to be entitled to as many fire hydrants as it may deem necessary; the said City to furnish said hydrants and to pay for installation thereof, and the water department to maintain said hydrants.

SECTION 2. EFFECTIVE DATE

The Step 1 rates, fees, and charges provided herein shall become effective 45 days after the enactment hereof.

The Step 2 rates, fees, and charges provided herein shall become effective six (6) months from the implementation of Step 1 rates.

The Step 3 rates, fees, and charges provided herein shall become effective six (6) months from the implementation of Step 2 rates.

SECTION 3. SEPARABILITY; REPEAL OF CONFLICTING ORDINANCES

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 this Ordinance. Upon the effective date of the fees, rates, charges and delayed penalty charges as herein set forth, all ordinance, resolutions, orders or part thereof in conflict with the provisions of this Ordinance are, to the extent that the provisions of this Ordinance do not touch upon the provisions of prior ordinances, resolutions, order or parts thereof, the same shall remain in full force and effect.

SECTION 4. STATUTORY NOTICE AND PUBLIC HEARING

Upon introduction hereof, the City Clerk shall publish a public notice of the introduction of this Ordinance as a Class I legal advertisement in *The Barbour Democrat*, being the only newspaper published and of general circulation in Barbour County, West Virginia, and being of general circulation in The City of Philippi, and said notice shall state that this Ordinance has been introduced, and that any person interested may appear before Council on the 18th day of May, 2010, at 6:45 p.m., and present protests. At such hearing all objections and suggestions shall be heard and the Council shall take such action as it shall deem proper on the premises.

The above Ordinance has been introduced at a meeting of Council held May 4, 2010.

Passed on First Reading,	May 4, 2010
Passed on Second Reading Following Public Hearing,	May 18, 2010
Amended Version Passed on Third Reading Following Public Hearing*,	June 8, 2010

Step 1 Rates effective as of July 23, 2010.
Step 2 Rates effective as of January 23, 2011.
Step 3 Rates effective as of July 23, 2011.

*

"AVAILABILITY" provision in Schedule I of rate increase Steps 1, 2 and 3 amended to read:

AVAILABILITY

Available for residential, domestic, commercial and industrial services; to colleges; and to hospitals.

s/s Tammy Steenple
City Clerk

OFFICE OF THE BARBOUR DEMOCRAT

I, **LARS O. BYRNE**, Editor of **The BARBOUR DEMOCRAT**, a weekly nev
published in the City of Philippi, County of Barbour, and State of West Virg
certify that the annexed:

LEGAL NOTICE

was duly printed in said paper one week commencing on Wednesday, the
2010.

PUBLIC NOTICE OF PROPOSED ORDINANCE RELATNG TO WATER RATES, FEES AND CHARGES

Notice is hereby given, that, on the 4th day of May, 2010, the City Council of the City of Philippi caused to be read an Ordinance proposing a three phase increase in rates, fees and charges for furnishing water service to customers in Barbour County, West Virginia, in lieu of those rates and charges contained in its tariff P.S.C. W.Va. No. 4 currently on file with the Public Service Commission of West Virginia, and is proposing the adoption of the same. The proposed ordinance is titled:

AN ORDINANCE ESTABLISHING AND FIXING RATES, FEES, AND CHARGES FOR SERVICE TO CUSTOMERS OF THE WATER SYSTEM OF THE CITY OF PHILIPPI

The final vote on adoption of said proposed ordinance will be held at a City Council meeting immediately following a public hearing on the Ordinance on May 18, 2010, at 6:45 p.m., in the Philippi City Council Chambers, 108 North Main Street, Philippi, West Virginia. Interested parties may appear at the hearing and meeting and present protests, if any, with respect to the proposed Ordinance.

A copy of the proposed ordinance is available for public inspection at the City Clerk's office located at 108 North Main Street, Philippi, West Virginia. That office is open to the public Monday through Friday, 8:00 a.m. to 4:30 p.m.

City Clerk
City of Philippi
5-12

Given under my hand at Philippi, West Virginia, this **12th** day of **May, 2010.**

Lars O. Byrne, Editor

Printer's Fee.....$ **34.76**

STATE OF WEST VIRGINIA
COUNTY OF BARBOUR; to wit

Sworn to and subscribed before me this **12th** day of **May, 2010.**

Kelli L. Shomo
NOTARY PUBLIC

My Commission Expires February 5, 2017.

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
KELLI L. SHOMO
The Barbour Democrat
113 Church Street, P.O. Box 459
Philippi, West Virginia 26416
My Commission Expires Feb. 5, 2017

OFFICE OF THE BARBOUR DEMOCRAT

I, **LARS O. 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 one week commencing on Wednesday, the 2nd day of **June, 2010.**

Given under my hand at Philippi, West Virginia, this 2nd day of **June, 2010.**

Lars O. Byrne, Editor

Printer's Fee.....$ 44.84

STATE OF WEST VIRGINIA
COUNTY OF BARBOUR; to wit

Sworn to and subscribed before me this 2nd day of **June, 2010.**

Kelli L. Shomo
NOTARY PUBLIC

My Commission Expires February 5, 2017.

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
KELLI L. SHOMO
The Barbour Democrat
113 Church Street, P.O. Box 456
Philippi, West Virginia 26416
My Commission Expires Feb. 5, 20

PUBLIC NOTICE OF ADDITIONAL PUBLIC HEARING AND VOTE ON PROPOSED ORDINANCE RELATING TO WATER RATES, FEES AND CHARGES

Notice is hereby given, that, on the 4th day of May, 2010, the City Council of the City of Philippi caused to be read an Ordinance proposing a three step increase in rates, fees and charges for furnishing water service to customers in Barbour County, West Virginia, in lieu of those rates and charges contained in its tariff P.S.C. W.Va. No. 4 currently on file with the Public Service Commission of West Virginia, and is proposing the adoption of the same. The proposed ordinance is titled:

AN ORDINANCE ESTABLISHING AND FIXING RATES, FEES AND CHARGES FOR SERVICE TO CUSTOMERS OF THE WATER SYSTEM OF THE CITY OF PHILIPPI

Notice advising the public of a May 18, 2010 public hearing and final vote on the Ordinance was published in The Barbour Democrat newspaper on May 12, 2010. Said May 18, 2010 hearing was held and the Ordinance was adopted. Subsequently, it was determined that the "Availability" provision contained in Schedule 1 of each of the three steps of increased rates is incorrect.

Therefore, an additional public hearing on the Ordinance will be held on June 8, 2010, at 6:45 p.m., in the Philippi City Council Chambers, 108 North Main Street, Philippi, West Virginia. Interested parties may appear at the hearing and hearing and present protests, if any, with respect to the proposed Ordinance.

The final vote on adoption of said Ordinance will be held at a City Council meeting immediately following the public hearing on the Ordinance. A copy of the proposed ordinance is available for public inspection at the City Clerk's office located at 108 North Main Street, Philippi, West Virginia. That office is open to the public Monday through Friday, 8:00 a.m. to 4:30 p.m.

City Clerk
City of Philippi

6-2

OFFICE OF THE BARBOUR DEMOCRAT

I, **LARS O. 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 consecutive weeks commencing on Wednesday, the 16th day of **June, 2010**.

Given under my hand at Philippi, West Virginia, this 23rd day of **June, 2010**.

Lars O Byrne, Editor

Printer's Fee.....$ 275.42

STATE OF WEST VIRGINIA
COUNTY OF BARBOUR; to wit

Sworn to and subscribed before me this 23rd day of **June, 2010**.

Kelli L. Shomo
NOTARY PUBLIC

My Commission Expires February 5, 2017.

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
KELLI L. SHOMO
The Barbour Democrat
113 Church Street, P.O. Box 459
Philippi, West Virginia 26416
My Commission Expires Feb. 5, 2017

TARIFF FORM NO. 12
PUBLIC NOTICE OF CHANGE OF RATES BY MUNICIPALITIES

NOTICE is hereby given that the City of Philippi, a municipality, on June 8, 2010, adopted an Ordinance increasing, in three steps, its rates, fees and charges for furnishing water service to approximately 1,518 customers at Philippi, Barbour County, West Virginia.

Step 1 of the proposed increased rates, fees and charges will become effective July 23, 2010, unless otherwise ordered by the Public Service Commission and will produce approximately $222,634 annually in additional revenue, an increase of 31.6%. The average monthly bill for the various classes of customers will be changed as follows:

	($) INCREASE	INCREASE (%)
Residential (4,500 gal/mo)	$6.30	29.9%
Commercial (4,500 gal/mo)	$6.30	29.9%
Industrial (4,500 gal/mo)	$6.30	29.9%
Governmental (4,500 gal/mo)	$6.30	29.9%
Resale (2,338,326 gal/mo)	$1,262.69	30.0%

Step 2 of the proposed increased rates and charges will become effective six (6) months from the implementation of Step 1 and will produce approximately $222,635 annually in additional revenue, an increase of 24.0%. The average monthly bill for the various classes of customers will be changed as follows:

	($) INCREASE	INCREASE (%)
Residential (4,500 gal/mo)	$6.35	23.2%
Commercial (4,500 gal/mo)	$6.35	23.2%
Industrial (4,500 gal/mo)	$6.35	23.2%
Governmental (4,500 gal/mo)	$6.35	23.2%
Resale (2,338,326 gal/mo)	$1,262.70	23.0%

Step 3 of the proposed increased rates and charges will become effective six (6) months from the implementation of Step 2 and will produce approximately $342,244 annually in additional revenue, an increase of 29.6%. The average monthly bill for the various classes of customers will be changed as follows:

	($) INCREASE	INCREASE (%)
Residential (4,500 gal/mo)	$10.12	30.0%
Commercial (4,500 gal/mo)	$10.12	30.0%
Industrial (4,5000 gal/mo)	$10.12	30.0%
Governmental (4,500 gal/mo)	$10.12	30.0%
Resale (2,338,326 gal/mo)	$2,010.96	30.0%

The City's water resale customers are Chestnut Ridge Public Service District, Central Barbour Public Service District and Century Volga Public Service District.

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

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

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

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

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

A complete copy of the proposed rates, as well as a representative of the utility to provide any information requested concerning it, is available to all customers, prospective customers, or their agents at any of the following offices of the utility.

City of Philippi
City Clerk's Office
108 North Main Street
Philippi, West Virginia

A copy of the proposed rates is available for public inspection at the office of the Executive Secretary of the Public Service Commission at 201 Brooks Street, Post Office 812, Charleston, West Virginia 25323.

6-16-23

CITY OF PHILIPPI

COUNCIL MINUTES

May 18, 2010

PUBLIC MEETING REGARDING WATER RATES

Mayor Mulneix called the Public Meeting to order. Councilman Larry reported he surveyed water rates of cities throughout West Virginia. After surveying he found that 357 cities have higher water rates than the City of Philippi and anyone can go on the internet and research each city's ranking with regards to their water rates. Ms. Weaver reported having the designs for the water project on hand for any citizen to view.

Hearing no comments the meeting was closed at 7:04 p.m.

The Philippi City Council met in regular session on May 18, 2010, in the Council Chambers of Philippi City Hall. Those in attendance were Councilpersons: Barbara Bryan, John Enz, Christie Allen, Terrence Boyd, Ed Larry, Mayor Chris Mulneix and City Clerk, Tammy Stemple. Also in attendance were: City Manager, Karen Weaver, Richard Whiting, Earl Maxwell and Buddy Shreve.

Minutes from the May 4, 2010 council meeting were read. Motion to approve the minutes was made by Councilwoman Bryan and seconded by Councilman Enz. All members voting in the affirmative; motion passed.

CONTRACTS, RESOLUTIONS AND ORDINANCES

1.) **Second Reading and approval of Proposed Water Rates**-Ms. Weaver discussed the Second Reading and needed motion for approval of the proposed water rates. The title is as follows:

AN ORDINANCE ESTABLISHING AND FIXING RATES, FEES, AND CHARGES FOR SERVICE TO CUSTOMERS OF THE WATER SYSTEM OF THE CITY OF PHILIPPI

Motion to approve the second reading of the proposed water rates was made by Councilman Enz and it was seconded by Councilman Boyd. Vote: Larry-Yes, Bryan-No, Enz-Yes, Allen-Yes, Boyd-Yes. With a majority of council voting in the affirmative; motion passed.

2.) **Resolution regarding Attendance of Appointees to City Boards and Commissions**-Ms. Weaver discussed adopting a resolution regarding attendance of members on city commissions and boards. Councilman Larry discussed a resolution regarding the number of missed meetings with regard to service on city boards. Councilman Enz suggested looking at the attendance percentage of each committee and looking at each committee's by-laws. Council will do this during a working session and then adopt a resolution dealing with the matter.

NEW BUSINESS

1.) **Drawdown request on Cherry Hill Project-**Ms. Weaver discussed the drawdown request in the amount of $6, 535.20. This drawdown is for Potesta Engineering. Motion to approve and submit for the drawdown was made by Councilwoman Bryan and it was seconded by Councilman Larry. All members of council voting in the affirmative; motion passed.

2.) **Representatives of Blackheart Request to Give Update on Usage of Newman Bottom-**Mr. Earl Maxwell, representing Blackheart International addressed council regarding their lease of Newman's Bottom. Mr. Maxwell discussed a request for a longer term lease so that significant improvements to the area could be made for training. Mr. Richard Whiting, a guest with Blackheart, addressed council regarding those improvements. He reported on being a firearms instructor and working toward a goal that trains youth in shooting sports. He stated that he is looking at Blackheart as a major training facility in West Virginia for that purpose. Mr. Maxwell stated that Blackheart would modify the area for this type of training activity. Councilman Enz asked if Philippi residents use the current facility on weekends. Councilman Larry also addressed that the use of the Newman Bottom area for citizens of Philippi was in the current lease agreement. Councilwoman Allen addressed the fact that Blackheart has moved a major portion of their business out of the city limits. Mr. Maxwell stated he felt business is being done by Blackheart employees and people who train at that facility and it is an economic benefit to the community.

It was reported that City Council will meet and discuss the future lease agreement between the City of Philippi and Blackheart with regard to Newman Bottom.

Mayor Mulneix declared that May 22, 2010 be recognized as "Blue Star Mothers Day" as requested by Dorinda Hawker, President of the American Legion Post 44 Auxiliary. Mayor Mulneix issued a Proclamation that every third Saturday in May will henceforth be known as "Blue Star Mother's Day." Motion to approve the proclamation was made by Councilwoman Bryan and it was seconded by Councilman Boyd. All members of council voting in the affirmative; motion passed.

Motion to adjourn the meeting was made by Councilwoman Bryan and it was seconded by Councilman Enz. All members voting in the affirmative; motion passed. Council ended at 8:02 p.m.

CITY OF PHILIPPI

COUNCIL MINUTES

MAY 4, 2010

The Philippi City Council met in regular session on May 4, 2010 in the Council Chambers of Philippi City Hall. Those in attendance were Councilpersons: Ed Larry, Barbara Bryan, John Enz, Christie Allen, Terrence Boyd, Mayor Chris Mulneix and City Clerk, Tammy Stemple. Also in attendance were: City Manager, Karen Weaver, Dean Springer and Joe Crickenberger.

Minutes from the April 20, 2010 council meeting were read. Motion to approve the minutes was made by Councilman Allen and seconded by Councilman Bryan. All members voting in the affirmative; motion passed.

Motion to amend the agenda and remove item #3 the action to approve the revision of the Engineering agreement for the Long Term Control Plan Project under Contracts, Resolutions and Ordinances and to remove the drawdown request for the Cherry Hill Project under New Business was made by Councilman Enz and seconded by Councilman Boyd. All members of council voting in the affirmative; motion passed.

CONTRACTS, RESOLUTIONS AND ORDINANCES

1.) **Motion to approve and accept USDA Grant Funds and Letter of Conditions for Water Treatment Plant Project-Joe Crickenberger of USDA will make presentation-**Mr. Crickenberger addressed council regarding an amended Letter of Conditions on funding which was related to the increased size of the water plant. He discussed the newly revised funding package which includes a grant in the amount of $2,137,400. Mr. Crickenberger is asking council to adopt the agreement which asks for a commitment to complete the project. He discussed that there is a plan for an increase in the water rates included in the letter. The total cost of the project is $14,664,000. Motion was made to adopt and execute RUS Bulletin 1780-12 "Water or Waste System Grant Agreement", Form 1940-1 "Request for Obligation of Funds", and Form RD 1942-46 "Letter of Intent to Meet Obligation" regarding these changes was made by Councilman Larry and it was seconded by Councilman Enz. All members of council voting in the affirmative; motion passed.

2.) **Motion to approve amendment to Engineering Agreement with Burgess & Niple regarding Industrial Park Culvert Project-**Ms. Weaver discussed the amendment concerning the project for the installation of a culvert at the Industrial Park. Funds for this project are from USDA in the form of a grant and Ms. Weaver is asking council to approve the Engineering Agreement with Burgess & Niple. Motion to approve the amendment was made by Councilwoman Bryan and it was seconded by Councilman Boyd. All members of council voting in the affirmative; motion passed.

3.) **First Reading of Water Rates-**Ms. Weaver discussed the planned water rate increases which are conditional for the Water Treatment Plant Project funding. Ms. Weaver reported the water rate increases are necessary for obtaining funding which shows the city can pay back loans for the plant project. The city has received 3 grants in the amount of $1,287,000, $2,137,400 and an appropriation of 794,600. Additional loan amounts are being obtained from two different sources. This is the First Reading of the proposed water rates and they will be done in three phases. The title is as follows:

AN ORDINANCE ESTABLISHING AND FIXING RATES, FEES, AND CHARGES FOR SERVICE TO CUSTOMERS OF THE WATER SYSTEM OF THE CITY OF PHILIPPI.

Motion to approve the First Reading of the Water Rates was made by Councilwoman Allen and it was seconded by Councilman Larry. Vote is as follows: Larry-Yes, Bryan-No, Enz-Yes, Allen-Yes, Boyd-Yes. With a majority of council voting in the affirmative; motion passed.

NEW BUSINESS

1.) **Drawdown Request on Water Treatment Plant Project-**Ms. Weaver discussed the drawdown request for the Design Loan in the amount of $21,572.85. This drawdown is to be paid to Burgess & Niple, engineers for the project. Motion to approve the drawdown was made by Councilman Larry and it was seconded by Councilwoman Bryan. All members voting in the affirmative; motion passed.

Dean Springer addressed council and informed them of an Open House at the Philippi/Barbour County Regional Airport sponsored by the Chamber of Commerce on May 13, 2010 from 11:30 until 1:00 p.m.

Councilman Larry reported that the new Building Inspector is doing a good job and addressing many issues and concerns for the city.

Motion to adjourn was made by Councilwoman Bryan and it was seconded by Councilman Larry. All members voting in the affirmative; motion passed. Council adjourned at 7:28 p.m.

OFFICE OF THE BARBOUR DEMOCRAT

I, **LARS O. 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 consecutive weeks commencing on Wednesday, the **6th** day of **April, 2011**.

Given under my hand at Philippi, West Virginia, this **13th** day of **April, 2011.**

Lars O. Byrne, Editor

Printer's Fee.....$ **121.07**

STATE OF WEST VIRGINIA
COUNTY OF BARBOUR; to wit

Sworn to and subscribed before me this **6th** day of **April, 2011.**

NOTARY PUBLIC

My Commission Expires May 16, 2012.

Official Seal
Notary Public, State of West Virginia
Jack K. Dawson, Jr.
The Barbour Democrat
113 Church Street
Philippi, WV 26416
My Commission Expires May 16, 2012

NOTICE OF PUBLIC HEARING ON THE CITY OF PHILIPPI 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, April 19, 2011, at 7:00 p.m. at The City of Philippi City Hall, Philippi, West Virginia, and at such hearing any person interested may appear before the City and present protests, and all protests and suggestions shall be heard by the City and it shall then take such actions as it shall deem proper in the premises upon an Ordinance entitled:

THE CITY OF PHILIPPI

ORDINANCE AUTHORIZING THE PAYMENT OF THE SERIES 2009 A BONDS, THE ACQUISITION AND CONSTRUCTION OF THE PUBLIC WATERWORKS 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 $8,400,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2011 A (UNITED STATES DEPARTMENT OF AGRICULTURE), NOT MORE THAN $4,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2011 B (WEST VIRGINIA INFRASTRUCTURE FUND), AND NOT MORE THAN $4,100,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2011 C (WEST VIRIGINIA INFRASTRUCTURE FUND); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING A LOAN AGREEMENT RELATING TO THE SERIES 2011 B BONDS AND SERIES 2011 C BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

The above quoted title of the Ordinance describes generally the contents thereof and the purposes of the Bonds contemplated thereby. The City contemplates the issuance of the Bonds described in the Ordinance. The proceeds of the Bonds will be used to: (i) to pay the Issuers Waterworks System Design Revenue Bonds, Series 2009 A (the "Series 2009 A Bonds"); (ii) to pay a portion of the costs of acquisition and construction of the public waterworks system of the Issuer; and (iii) to pay certain costs of issuance of the Bonds and related costs. The Bonds are payable solely from revenues to be derived from the ownership and operation of the system of the City. No taxes may at any time be levied for the payment of the Bonds or the interest thereon.

The above-entitled Ordinance was adopted by the Council of The City of Philippi on March 15, 2011. A certified copy of the above entitled Ordinance is on file with the City for review by interested parties during regular office hours.

Following the public hearing, the City intends to enact the Ordinance upon final reading.

/s/ Karen Weaver
City Manager

THE CITY OF PHILIPPI

Water Revenue Bonds, Series 2011 A
(United States Department of Agriculture);
Water Revenue Bonds, Series 2011 B
(West Virginia Infrastructure Fund); and
Water Revenue Bonds, Series 2011 C
(West Virginia Infrastructure Fund)

EXCERPT OF MINUTES ON ADOPTION OF SUPPLEMENTAL RESOLUTION, DRAW RESOLUTION AND SWEEP RESOLUTION

The undersigned CLERK of The City of Philippi of hereby certifies that the following is a true and correct excerpt of the minutes of a regular meeting of the said Council:

*** *** ***

The Council of The City of Philippi met in regular session, pursuant to notice duly posted, on the 17th day of May, 2011, in Barbour County, West Virginia, at the hour of 7:00 p.m.

PRESENT:
David Mulneix, Mayor
Barbara Bryan, Councilmember
Ed Larry, Councilmember
Terence Boyd, Councilmember
John Enz, Councilmember
Christie Allen, Councilmember

ABSENT:
None.

David Mulneix, Mayor, presided, and Tammy Stemple, acted as Clerk. The Mayor announced that a quorum of members was present and that the meeting was open for any business properly before it.

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

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNTS, DATES, MATURITY DATES, REDEMPTION PROVISIONS, INTEREST RATES, INTEREST AND PRINCIPAL

PAYMENT DATES, SALE PRICES AND OTHER TERMS OF THE WATER REVENUE BONDS, SERIES 2011 A (UNITED STATES DEPARTMENT OF AGRICULTURE), WATER REVENUE BONDS, SERIES 2011 B (WEST VIRGINIA INFRASTRUCTURE FUND) AND WATER REVENUE BONDS, SERIES 2011 C (WEST VIRGINIA INFRASTRUCTURE FUND) OF THE CITY OF PHILIPPI; APPROVING AND RATIFYING THE LOAN AGREEMENT RELATING TO THE SERIES 2011 B BONDS AND SERIES 2011 C BONDS; AUTHORIZING AND APPROVING THE SALE OF THE SERIES 2011 A BONDS TO THE UNITED STATES DEPARTMENT OF AGRICULTURE AND THE SERIES 2011 B BONDS AND SERIES 2011 C 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.

Next, the Mayor presented a proposed Draw Resolution for the approval of invoices. Thereupon, on motion duly made and seconded it was unanimously ordered that the said Draw Resolution be adopted.

Next, the Mayor presented a proposed Sweep Resolution for the authorization of electronic monthly debt service and reserve fund payments to the Municipal Bond Commission. Thereupon, on motion duly made and seconded, it was unanimously ordered that the said Sweep Resolution be adopted.

*** *** ***

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

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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 9th day of June, 2011.

Tammy R. Stemple
Clerk

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CITY OF PHILIPPI

COUNCIL MINUTES

March 15, 2011

The Philippi City Council met in regular session on March 15, 2011, in the Council Chambers of Philippi City Hall. Those in attendance were Councilpersons: Terrence Boyd, Ed Larry, Barbara Bryan, John Enz, Christie Allen, Mayor Chris Mulneix and City Clerk, Tammy Stemple. Also in attendance were: City Manager, Karen Weaver, Caroline Jett-Philippi Library Board, Judy Larry-Director of the Philippi Library, Jade Rusmisell-NCWVCAA and Earl Maxwell-Blackheart International.

Minutes from the March 1, 2011 meeting were read. Motion to approve the minutes was made by Councilwoman Bryan and it was seconded by Councilman Larry. All members of council voting in the affirmative; motion passed.

CONTRACTS, RESOULTIONS AND ORDINANCES

1.) **To consider on second reading and act upon a proposed Bond Ordinance providing for the issuance of its Water Revenue Bonds, Series 2011 A, Water revenue Bonds, Series 2011 B and Water Revenue Bonds, Series 2011 C (collectively, the "Bonds")> The proceeds of the Bonds will be uses: (I) to pay the Issuers Waterworks System Design Revenue Bonds, Series 2009 A (the "Series 2009 A Bonds"); (ii) to pay a portion of the costs of acquisition and construction of the public waterworks system of the Issuer (the "Project"); and (iii) to pay certain costs of issuance of the Bonds and related costs. The Bonds are payable solely from revenues to be derived from the ownership and operation of the system of the city-**Ms. Weaver presented the Bond Ordinance for the second reading and reported that it will be on the next council meeting's agenda for a Public Hearing and final approval.

ORDINANCE AUTHORIZING THE PAYMENT OF THE SERIES 2009 A BONDS, THE ACQUISITION AND CONSTRUCTION OF THE PUBLIC WATERWORKS 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 $8,400,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2011 A (UNITED STATES DEPARTMENT OF AGRICULTURE), NOT MORE THAT $4,000,000 IN AGGREGATE PRINICPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2011 B (WEST VIRGINIA INFRASTRUCTURE FUND), AND NOT MORE THAN $4,100,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS; SERIES C (WEST VIRGINIA INFRASTRUCTURE FUND); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING A LOAN AGREEMENT RELATING TO THE

SERIES 2011 B BONDS AND SERIES 2011 C BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

Motion to approve the second reading was made by Councilman Larry and it was seconded by Councilman Boyd. All members of council voting in the affirmative; motion passed.

REPORTS

1.) **Judy Larry, Philippi Library-**Carolyn Jett addressed council, thanked the city for all of their support of the library and brought council up to date on the happenings of the library. Mrs. Jett gave council a report on the number of visits to library and other actions of the library and its staff. She discussed how the library provides genealogy classes, discussed how computers are utilized and the various reading programs. Mrs. Larry addressed council and thanked council for the funding provided by the city for the library. She discussed upcoming programs and projects, the Summer Reading Program, the intention to provide basic computer classes and talked about the technology available. Mrs. Larry thanked all the people who help at the library. She reported on various grants the library has received and the fact that they are trying to find other ways to help with finances of the library.

2.) **Chad Biller, Thrasher Engineering-Alternate Source of Water Project-**Mr. Biller with Thrasher Engineering addressed council regarding the ownership of the impoundment by the city. He discussed how important the impoundment project is to the city and all the funding research they are conducting for help with the project. He reported that the Soil Conservation District meets tomorrow and any of the council members is welcome to come and discuss the project. He also reported that the preliminary work for the project has been, the site plan is completed and ownership for the project has been established. He discussed that funding is now needed to move forward.

3.) **Jade Rusmisell, NCWVCAA-** Ms. Rusmisell is the Community Service Supervisor with North Central WV Community Action and is the coordinator for a program called, Group Work Camp. She discussed that NCWVCAA will be a co-sponsor of the Group Work Camp. This group of teen workers serves the area with home repairs for community residents. She reported that NCWVCAA will have to commit $19,000 to the project budget and funds of $3,800 are needed from Barbour County. She reported that they have asked the County Commission with help funding the program and is also asking the City Council to help with the funding. The Group Work Camp will take July 23rd through the 30th.

4.) **Earl Maxwell-Blackheart International-**Mr. Maxwell, counsel for Blackheart International addressed council regarding the Newman Bottom property and wanted to discuss the terms of termination of the lease. He stated that the company is concerned

about the amount of time stated in the lease for termination with regards to advanced planning of scheduled training. The other factor is insurance and having to buy an annual policy of a rather large sum that would be hard to purchase if security of the lease is in question. The 90 day notice clause of the lease is not sufficient and is an issue for the company. They would like to have at least a six month notice and realistically a one year notice.

Discussion was held between council and the Blackheart personnel on public use of the land.
Council will address the matter.

Motion to adjourn council was made by Councilwoman Bryan and it was seconded by Councilman Larry. All members of council voting in the affirmative; motion passed. Council ended at 8:20 pm.

CITY OF PHILIPPI

COUNCIL MINUTES

March 1, 2011

The Philippi City Council met in regular session on March 1, 2011, in the Council Chambers of Philippi City Hall. Those in attendance were Councilpersons: Christie Allen, Ed Larry, Barbara Bryan, John Enz, Mayor Chris Mulneix and City Clerk, Tammy Stemple. Also in attendance were: City Manager, Karen Weaver, Herb Smith, Chief Mitch Payne and Bob Jacobus-Region VII. Absent was Councilman Terrence Boyd.

Mayor Mulneix opened the Public Hearing at 6:30 pm. The hearing purpose was to discuss the submission of an application for a Small Cities Block Grant for the Wastewater Treatment Plant Upgrade.

Hearing no comments the hearing was closed at 6:43 pm.

Minutes from the February 15, 2011 meeting were read. Motion to approve the minutes was made by Councilwoman Bryan and seconded by Councilwoman Allen. All members present voting in the affirmative; motion passed.

CONTRACTS, RESOLUTIONS AND ORDINANCES

1.) **To consider on first reading and act upon a proposed Bond Ordinance providing for the issuance of its Water Revenue Bonds, Series 2011 A, Water Revenue Bonds, Series 2011 B and Water Revenue Bonds, Series 2011 C (collectively, the "Bonds"). The proceeds of the Bonds will be uses: (I) to pay the Issuers Waterworks System Design Revenue Bonds, Series 2009 A (the "Series 2009 A Bonds"); (ii) to pay a portion of the costs of acquisition and construction of the public waterworks system of the Issuer (the "Project"); and (iii) to pay certain costs of issuance of the Bonds and related costs. The Bonds are payable solely from revenues to be derived from the ownership and operation of the system of the City**

Ms. Weaver discussed the bond ordinance for the water revenue bonds and the process of financing and putting bonds in place for the Water Plant Project. This is the first reading of the ordinance. The ordinance by title is as follows:

ORDINANCE AUTHORIZING THE PAYMENT OF THE SERIES 2009 A BONDS, THE ACQUISITION AND CONSTRUCTION OF THE PUBLIC WATERWORKS 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 $8,400,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2011 A (UNITED STATES DEPARTMENT OF AGRICULTURE), NOT MORE THAN $4,000,000 IN AGGREGATE PRINICPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2011 B (WEST VIRGINIA

INFRASTRUCTURE FUND), AND NOT MORE THAN $4,100,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES C (WEST VIRGINIA INFRASTRUCTURE FUND); PROVIDINF FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING A LOAN AGREEMENT RELATING TO THE SERIES 2011 B BONDS AND SERIES 2011 C BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

Motion to approve the First Reading of the proposed Bond Ordinance was made by Councilman Larry and it was seconded by Councilwoman Bryan. All members present voting in the affirmative; motion passed.

2.) **Drawdown on Water Treatment Plant Project**-Ms. Weaver discussed the drawdown request from Region VII in the amount of $4,215.00. This is to be paid to Burgess & Niple for the Design Plans. The bid openings for this project have been set back to March 16, 2011 at 11:00 a.m.
Motion to approve the drawdown request was made by Councilman Larry and it was seconded by Councilwoman Allen. All members of council present voting in the affirmative; motion passed.

REPORTS

1.) **Police Report**-Chief Payne presented the written police report. He reported the Dodge Nitro is on road and in service. The department is still participating in the DUI grant program and will be re-applying again at the end of March for that grant program. He discussed another item that had been brought up regarding the school bus exit at Mansfield. Chief Payne reported talking to the Department of Highways about constructing a traffic light or a flashing School Zone light. He asked for council's assistance in this matter.

2.) **City Manager Report**-Ms. Weaver reported to council. She discussed the Water Plant bid opening for March 16th. She reported on a meeting with a group of representatives discussing bringing business to Philippi. Those attending were representatives from USDA, Mountain Cap, the City of Philippi, Philippi Main Street, AB College, and the Barbour County Development Authority. The group is working to develop a business incubator project with the college.
Last Friday Congressman McKinley was in Philippi and he visited the Industrial Park, the mines and surrounding area. Ms. Weaver informed him the city is preparing a letter to let him know of what interests the city has so that he can address those issues.

The Building Commission met today and is interested in getting several projects done. One of those they are moving forward on is the parking lot in the vacant lot on Main Street. Also they have a meeting set on the Professional Building Condominium Project.
The audit process has been completed and the final report will be issued at the end of the week.
Ms. Weaver explained the lack of television coverage of council minutes was due to equipment failure and those repairs have now been completed.

Mayor Mulneix asked when the street sweeper will be used since the weather is breaking. Ms. Weaver reported the regular schedule will resume very soon.

Councilman Larry reported that he talked to Darren Haddix and he will set some posts on Railroad Street for the city to look at to see about replacing the old wooden posts along the railroad tracks.

Motion to adjourn was made by Councilwoman Bryan and it was seconded by Councilman Larry. All members present voting in the affirmative; motion passed. Council ended at 8:05 pm

WV MUNICIPAL BOND COMMISSION
1207 Quarrier Street
Suite 401
Charleston, WV 25301
304.558-3971

NEW ISSUE REPORT FORM

Date of Report: 6/9/2011

ISSUE: The City of Philippi
Water Revenue Bonds, Series 2011 A (Untied States Department of Agriculture)

ADDRESS: Post Office Box 460, Philippi, West Virginia 26416 COUNTY: Barbour

PURPOSE OF ISSUE:
New Money: x
Refunding:

REFUNDS ISSUE(S) DATED: NA

ISSUE DATE: 6/9/2011
CLOSING DATE: 6/9/2011
ISSUE AMOUNT: $6,425,000.00
RATE: 2.75%
1ST DEBT SERVICE DUE: na
1ST PRINCIPAL DUE na
1ST DEBT SERVICE AMOUNT na
PAYING AGENT: Issuer

BOND COUNSEL:
Firm: Steptoe & Johnson PLLC
Contact John Stump, Esquire
Phone: 304.353.8196

UNDERWRITERS COUNSEL
Firm:
Contact:
Phone:

CLOSING BANK:
Bank:
Contact:
Phone:

ESCROW TRUSTEE:
Firm:
Contact:
Phone:

KNOWLEDGEABLE ISSUER CONTACT
Contact: David Mulneix
Position: Mayor
Phone: 304.457.3700

OTHER:
Agency: United States Department of Agriculture
Contact: Joe Crickenberger
Position: Area Specialist
Phone: 304.636.2158

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. Fun $
____ To Other: ____ $

NOTES: The Series 2011 A Bonds Reserve Account will be funded over 10 years.

FOR MUNICIPAL BOND COMMISSION USE ONLY:
DOCUMENTS REQUIRED:
TRANSFERS REQUIRED:

WV MUNICIPAL BOND COMMISSION
1207 Quarrier Street
Suite 401
Charleston, WV 25301
304.558.3971

NEW ISSUE REPORT FORM

Date of Report: 6/9/2011

ISSUE: The City of Philippi
Water Revenue Bonds, Series 2011 B (West Virginia Infrastructure Fund)

ADDRESS: P.O. Box 460, Philippi, West Virginia 26416 COUNTY: Barbour

PURPOSE OF ISSUE:
New Money: x
Refunding:

ISSUE DATE: 6/9/2011
ISSUE AMOUNT: $2,074,000.00
1ST DEBT SERVICE DUE: 9/1/2013
1ST DEBT SERVICE AMOUNT $17,284.00

REFUNDS ISSUE(S) DATED: NA
CLOSING DATE: 6/9/2011
RATE: 0.00%
1ST PRINCIPAL DUE 9/1/2013
PAYING AGENT: Municipal Bond Commission

BOND COUNSEL:
Firm: Steptoe & Johnson PLLC
Contact John Stump, Esquire
Phone: 304.353.8196

CLOSING BANK:
Bank: Premier Bank
Contact: Ronald Channell
Phone: 304.457.3737 x 113

KNOWLEDGEABLE ISSUER CONTACT
Contact: David Mulneix
Position: Mayor
Phone: 304.457.3700

UNDERWRITERS COUNSEL
Firm: Jackson Kelly, PLLC
Contact: Samme Gee, Esquire
Phone: 304.340.1318

ESCROW TRUSTEE:
Firm:
Contact:
Phone:

OTHER:
Agency: West Virginia Infrastructure Jobs & Development Council
Contact: James Ellars
Position: Director
Phone: 304.414.6501

DEPOSITS TO MBC AT CLOSE
By:
x Wire
Check

Accrued Interest:	$	
Capitalized Interest:	$	
Reserve Account:	$	
x Other:	$	332,173.57 (payoff 2009 A Bonds

REFUNDS & TRANSFERS BY MBC AT CLOSE
By:
Wire
Check
IGT

To Escrow Trustee	$	
To Issuer	$	
To Cons. Invest. Fun	$	
To Other:	$	

NOTES: The Series 2011 B Bond Reserve Account will be funded over 10 years.

FOR MUNICIPAL BOND COMMISSION USE ONLY:
DOCUMENTS REQUIRED:
TRANSFERS REQUIRED:

33B

WV MUNICIPAL BOND COMMISSION
1207 Quarrier Street
Suite 401
Charleston, WV 25301
304.558.3971

NEW ISSUE REPORT FORM

Date of Report: 6/9/2011

ISSUE: The City of Philippi
Water Revenue Bonds, Series 2011 C (West Virginia Infrastructure Fund)

ADDRESS: P.O. Box 460, Philippi, West Virginia 26416 COUNTY: Barbour

PURPOSE OF ISSUE:
New Money: x
Refunding:

REFUNDS ISSUE(S) DATED: NA

ISSUE DATE: 6/9/2011
CLOSING DATE: 6/9/2011
ISSUE AMOUNT: $1,946,000.00
RATE: 0.00%
1ST DEBT SERVICE DUE: 9/1/2013
1ST PRINCIPAL DUE 9/1/2013
1ST DEBT SERVICE AMOUNT $12,803.00
PAYING AGENT: Municipal Bond Commission

BOND COUNSEL:
Firm: Steptoe & Johnson PLLC
Contact John Stump, Esquire
Phone: 304.353.8196

UNDERWRITERS COUNSEL
Firm: Jackson Kelly, PLLC
Contact: Samme Gee, Esquire
Phone: 304.340.1318

CLOSING BANK:
Bank: Premier Bank
Contact: Ronald Channell
Phone: 304.457.3737 x 113

ESCROW TRUSTEE:
Firm:
Contact:
Phone:

KNOWLEDGEABLE ISSUER CONTACT
Contact: David Mulneix
Position: Mayor
Phone: 304.457.3700

OTHER:
Agency: West Virginia Infrastructure Jobs & Development Council
Contact: James Ellars
Position: Director
Phone: 304.414.6501

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. Fun $
____ To Other: ____ $

NOTES: The Series 2011 C Bond Reserve Account will be funded over 10 years.

FOR MUNICIPAL BOND COMMISSION USE ONLY:
DOCUMENTS REQUIRED:
TRANSFERS REQUIRED:

33C

THE CITY OF PHILIPPI

Water Revenue Bonds, Series 2011 A
(United States Department of Agriculture);
Water Revenue Bonds, Series 2011 B
(West Virginia Infrastructure Fund); and
Water Revenue Bonds, Series 2011 C
(West Virginia Infrastructure Fund)

ACCEPTANCE OF APPOINTMENT AS DEPOSITORY BANK

Premier Bank, Philippi, West Virginia, hereby accepts appointment as Depository Bank in connection with a Bond Ordinance of The City of Philippi (the "Issuer"), enacted April 19, 2011, and a Supplemental Resolution of the Issuer adopted May 17, 2011 (collectively, the "Bond Legislation"), authorizing issuance of the Issuer's Water Revenue Bonds, Series 2011 A (United States Department of Agriculture), Water Revenue Bonds, Series 2011 B (West Virginia Infrastructure Fund) and Water Revenue Bonds, Series 2011 C (West Virginia Infrastructure Fund), all dated June 9, 2011, in the respective principal amounts of $6,425,000, $2,074,000 and $1,946,000 (collectively, 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 9th day of June, 2011.

PREMIER BANK

By: _____ SVP
Its: Authorized Officer

05.09.11
700470.00009

THE CITY OF PHILIPPI

Water Revenue Bonds, Series 2011 B
(West Virginia Infrastructure Fund); and
Water Revenue Bonds, Series 2011 C
(West Virginia Infrastructure Fund)

ACCEPTANCE OF DUTIES AS REGISTRAR

THE HUNTINGTON NATIONAL BANK, Charleston, West Virginia, hereby accepts appointment as Registrar in connection with The City of Philippi Water Revenue Bonds, Series 2011 B (West Virginia Infrastructure Fund), dated June 9, 2011, in the principal amount of $2,074,000 and Water Revenue Bonds, Series 2011 C (West Virginia Infrastructure Fund), dated June 9, 2011, in the principal amount of $1,946,000 (collectively, the "Bonds") and agrees to perform all duties of Registrar in connection with the Bonds, all as set forth in the Bond Legislation authorizing issuance of the Bonds.

WITNESS my signature on this 9th day of June, 2011.

THE HUNTINGTON NATIONAL BANK

By: _____
Its: Authorized Officer

05.09.11
700470.00009

THE CITY OF PHILIPPI

Water Revenue Bonds, Series 2011 B
(West Virginia Infrastructure Fund); and
Water Revenue Bonds, Series 2011 C
(West Virginia Infrastructure Fund)

CERTIFICATE OF REGISTRATION OF BONDS

THE HUNTINGTON NATIONAL BANK, Charleston, West Virginia, as Registrar under the Bond Legislation and Registrar's Agreement providing for the above-captioned bond issues of The City of Philippi (the "Issuer"), hereby certifies that on the date hereof, the single, fully registered The City of Philippi Water Revenue Bonds, Series 2011 B (West Virginia Infrastructure Fund), of the Issuer, dated June 9, 2011, in the principal amount of $2,074,000, numbered BR-1, and the single, fully registered Water Revenue Bonds, Series 2011 C (West Virginia Infrastructure Fund), of the Issuer, dated June 9, 2011, in the principal amount of $1,946,000, numbered CR-1, were registered as to principal only, in the name of "West Virginia Water Development Authority" in the books of the Issuer kept for that purpose at our office, by a duly authorized officer on behalf of The Huntington National Bank, as Registrar.

WITNESS my signature on this 9th day of June, 2011.

THE HUNTINGTON NATIONAL BANK

By: _____
Its: Authorized Officer

05.09.11
700470.00009

THE CITY OF PHILIPPI

Water Revenue Bonds, Series 2011 B
(West Virginia Infrastructure Fund); and
Water Revenue Bonds, Series 2011 C
(West Virginia Infrastructure Fund)

REGISTRAR'S AGREEMENT

THIS REGISTRAR'S AGREEMENT, dated as of June 9, 2011, by and between THE CITY OF PHILIPPI, a municipal corporation and political subdivision of the State of West Virginia (the "Issuer"), and THE HUNTINGTON NATIONAL BANK, Charleston, West Virginia (the "Registrar").

WHEREAS, the Issuer has, contemporaneously with the execution hereof, issued and sold its $2,074,000 Water Revenue Bonds, Series 2011 B (West Virginia Infrastructure Fund) and its $1,946,000 Water Revenue Bonds, Series 2011 C (West Virginia Infrastructure Fund), in fully registered form (collectively, the "Bonds"), pursuant to a Bond Ordinance of the Issuer duly enacted April 19, 2011, and a Supplemental Resolution of the Issuer duly adopted May 17, 2011 (collectively, the "Bond Legislation");

WHEREAS, capitalized words and terms used in this Registrar's Agreement and not otherwise defined herein shall have the respective meanings given them in the Bond Legislation, a copy of which is attached as EXHIBIT A hereto and incorporated herein by reference;

WHEREAS, the Bond Legislation provides for an appointment by the Issuer of a Registrar for the Bonds; and

WHEREAS, the Issuer desires to appoint, and by the Bond Legislation and this Registrar's Agreement does appoint, the Registrar to act as Registrar under the Bond Legislation and to take certain other actions hereinafter set forth;

NOW, THEREFORE, it is agreed by and between the parties hereto as follows:

1. Upon the execution of this Registrar's Agreement by the Issuer and the Registrar and during the term hereof, the Registrar does accept and shall have and carry out the powers and duties of Registrar for the Bonds, all as set forth in the Bond Legislation, such duties including, among other things, the duties to authenticate, register and deliver Bonds upon original issuance and when properly presented for exchange or transfer, and shall do so with the intention of maintaining the exemption of interest on the Bonds from federal income taxation, in accordance with any rules and regulations promulgated by the United States Treasury Department or by the Municipal Securities Rulemaking Board or similar regulatory bodies as the Issuer advises it of and with generally accepted industry standards.

2. The Registrar agrees to furnish the Issuer with appropriate records of all transactions carried out by it as Registrar and to furnish the Issuer with the names and specimen

signatures of the Registrar's authorized officers for the purposes of acting as the Registrar and with such other information and reports as the Issuer may from time to time reasonably require.

3. The Registrar shall have no responsibility or liability for any action taken by it at the specific direction of the Issuer.

4. As compensation for acting as Registrar pursuant to this Registrar's Agreement, the Issuer hereby agrees to pay to the Registrar the compensation for services rendered as provided in the annexed schedule.

5. It is intended that this Registrar's Agreement shall carry out and implement provisions of the Bond Legislation with respect to the Registrar. In the event of any conflict between the terms of this Registrar's Agreement and the Bond Legislation, the terms of the Bond Legislation shall govern.

6. The Issuer and the Registrar each warrants and represents that it is duly authorized and empowered to execute and enter into this Registrar's Agreement and that neither such execution nor the performance of its duties hereunder or under the Bond Legislation will violate any order, decree or agreement to which it is a party or by which it is bound.

7. This Registrar's Agreement may be terminated by either party upon 60 days' written notice sent by registered or certified mail to the other party, at the following respective addresses:

ISSUER: The City of Philippi
Post Office Box 460
Philippi, West Virginia 26416
Attention: Mayor

REGISTRAR: The Huntington National Bank
One Huntington Square
Charleston, West Virginia 25301
Attention: Corporate Trust Department

8. The Registrar shall not discriminate on the basis of race, color, national origin or sex in the performance of this Agreement. The Registrar shall carry out applicable requirements of 40 CRF part 33 in the award and administration of contracts awarded under EPA financial assistance agreements. Failure by the Registrar to carry out these requirements is a material breach of this Agreement which may result in the termination of this Agreement or other legal available remedies.

9. The Registrar is hereby requested and authorized to authenticate, register and deliver the Bonds in accordance with the Bond Legislation.

[Remainder of Page Intentionally Blank]

IN WITNESS WHEREOF, the parties hereto have respectively caused this Registrar's Agreement to be signed in their names and on their behalf, all as of the day and year first above-written.

THE CITY OF PHILIPPI

By: _____
Its: Mayor

THE HUNTINGTON NATIONAL BANK

By: _____
Its: Authorized Officer

05.10.11
700470.00009

EXHIBIT A

Bond Legislation included in bond transcript as Documents No. 1 and No. 2

SCHEDULE OF COMPENSATION

(See attached)

Private Financial Group
P.O. Box 633 - WE3013
Charleston, West Virginia 25322-0633

Huntington

STATEMENT OF REGISTRAR'S FEES
Invoice Date June 9, 2011

The City of Philippi
Account Number 6089001809

The City of Philippi
Water Revenue Bonds, Series 2011 B
C/o John C. Stump
Steptoe & Johnson, PLLC
P.O. Box 1588
Charleston, WV 25326-1588

SUMMARY OF ACCOUNT

****

FEE CALCULATION FOR June, 2011

****

TOTAL AMOUNT	$ 500.00
TOTAL DUE	**$ 500.00**

MAIL CHECK TO:
THE HUNTINGTON NATIONAL BANK
ATTN: BARRY GRIFFITH – WE3013
PO BOX 633
CHARLESTON, WV 25322-0633

PLEASE INCLUDE A COPY OF THIS INVOICE WITH YOUR PAYMENT

IF YOU HAVE ANY QUESTIONS, PLEASE CONTACT
Barry Morgan Griffith at (304) 348-5035

Private Financial Group
P.O. Box 633 - WE3013
Charleston, West Virginia 25322-0633

Huntington

STATEMENT OF REGISTRAR'S FEES
Invoice Date June 9, 2011

The City of Philippi
Account Number 6089001809

The City of Philippi
Water Revenue Bonds, Series 2011 C
C/o John C. Stump
Steptoe & Johnson, PLLC
P.O. Box 1588
Charleston, WV 25326-1588

SUMMARY OF ACCOUNT

****

FEE CALCULATION FOR June, 2011

****

TOTAL AMOUNT	$ 500.00
TOTAL DUE	**$ 500.00**

MAIL CHECK TO:
THE HUNTINGTON NATIONAL BANK
ATTN: BARRY GRIFFITH – WE3013
PO BOX 633
CHARLESTON, WV 25322-0633

PLEASE INCLUDE A COPY OF THIS INVOICE WITH YOUR PAYMENT

IF YOU HAVE ANY QUESTIONS, PLEASE CONTACT
Barry Morgan Griffith at (304) 348-5035

PWSID: WV3300104

State of West Virginia

OFFICE OF ENVIRONMENTAL HEALTH SERVICES

CAPITOL & WASHINGTON STREETS 1 DAVIS SQUARE, SUITE 200 CHARLESTON, WV 25301
Telephone (304) 558-2981

PERMIT

PROJECT: (Water) New 3.0 MGD Water Treatment Plant **PERMIT NO.:** 18,404

LOCATION: Philippi **COUNTY:** Barbour **DATE:** 9-10-2009

THIS IS TO CERTIFY that after reviewing plans, specifications, application forms, and other essential information that

City of Philippi
108 North Main Street
Philippi, West Virginia 26416

is hereby granted approval to: upgrade and expand the existing City of Philippi water treatment plant to a 3.0 MGD conventional water treatment plant. Major components will be a new raw water intake with two (2) 2 ft X 8 ft screens, two (2) 2,100 GPM pumps, and air burst cleaning system; convert existing flocculation basins into 140, 150 gallon raw water storage basins; two (2) rapid mix basins with each basin having a submersible mixer and chemical injection points; two (2) flocculation units with each unit having two (2) 16 ft X 16 ft x 16 ft deep basins with vertical paddles, in series (2 stage flocculation); two (2) 134,040 gallon sedimentation basins with Lamella Plate settlers and mechanical solids removal equipment; four (4) 12 ft X 12 ft mixed media gravity filters with air scour and water backwash; a two (2) compartment 351,860 gallon clearwell with two (2) 2,100 GPM high service pumps (capable of being used to backwash the filters) and one (1) 2,900 GPM backwash pump; chemical storage and feed equipment for sodium permanganate, alum, sodium hypochlorite, lime, caustic soda, carbon, fluoride and a corrosion inhibiter; convert existing sedimentation basins into filter backwash water holding basins; provide provisions for future ultraviolet disinfection equipment; a standby generator; and all necessary piping, valves, meters, controls, gages, and appurtenances. New treatment facilities shall be located in a new building with a laboratory, office/control room, electrical room, mechanical room, showers, rest rooms, and locker room.

The Environmental Engineering Division of the **OEHS-EED Philippi District Office, (304) 457-2296**, is to be notified when construction begins.

Validity of this permit is contingent upon conformity with plans, specifications, application forms, and other information submitted to the West Virginia Bureau for Public Health.

FOR THE DIRECTOR

William S. Herold, Jr., P.E., Assistant Manager
Infrastructure and Capacity Development
Environmental Engineering Division

WSH:bms

pc: Burgess & Niple
James W. Ellars, P.E.
Amy Swann, PSC
Barbour County Health Department
OEHS-EED Philippi District Office

RUS BULLETIN 1780-27
(Automated 8-97

FORM APPROVED
OMB. No. 0575-0015

LOAN RESOLUTION
(Public Bodies)

A RESOLUTION OF THE **City Council**

OF THE **PHILIPPI, CITY OF**

AUTHORIZING AND PROVIDING FOR THE INCURRENCE OF INDEBTEDNESS FOR THE PURPOSE OF PROVIDING PORTION OF THE COST OF ACQUIRING, CONSTRUCTING, ENLARGING, IMPROVING, AND/OR EXTENDING ITS **Water**

FACILITY TO SERVE AN AREA LAWFULLY WITHIN ITS JURISDICTION TO

WHEREAS, it is necessary for the **PHILIPPI, CITY OF**
(Public Body)
(herein after called Association) to raise a portion of the cost of such undertaking by issuance of its bonds in the principal amount of

SIX MILLION FOUR HUNDRED TWENTY-FIVE THOUSAND AND XX / 100 DOLLARS ($6,425,000.00)

pursuant to the provisions of **Chapter 8, Article 19, West Virginia Code** ; and

WHEREAS, the Association intends to obtain assistance from the United States Department of Agriculture, (herein called the Government) acting under the provisions of the Consolidated Farm and Rural Development Act (7 U.S.C. 1921 et seq.) in the planning. financing, and supervision of such undertaking and the purchasing of bonds lawfully issued, in the event that no other acceptable purchaser for such bonds is found by the Association:

NOW THEREFORE, in consideration of the premises the Association hereby resolves:

1. To have prepared on its behalf and to adopt an ordinance or resolution for the issuance of its bonds containing such items and in such forms as are required by State statutes and as are agreeable and acceptable to the Government.
2. To refinance the unpaid balance, in whole or in part, of its bonds upon the request of the Government if at any time it shall appear to the Government that the Association is able to refinance its bonds by obtaining a loan for such purposes from responsible cooperative or private sources at reasonable rates and terms for loans for similar purposes and periods of time as required by section 333(c) of said Consolidated Farm and Rural Development Act (7 U.S.C. 1983(c)).
3. To provide for, execute, and comply with Form RD 400-4, "Assurance Agreement," and Form RD 400-1, "Equal Opportunity Agreement," including an "Equal Opportunity Clause," which clause is to be incorporated in, or attached as a rider to, each construction contract and subcontract involving in excess of $10,000.
4. To indemnify the Government for any payments made or losses suffered by the Government on behalf of the Association. Such indemnification shall be payable from the same source of funds pledged to pay the bonds or any other legally permissible source.
5. That upon default in the payments of any principal and accrued interest on the bonds or in the performance of any covenant or agreement contained herein or in the instruments incident to making or insuring the loan, the Government at its option may (a) declare the entire principal amount then outstanding and accrued interest immediately due and payable, (b) for the account of the Association (payable from the source of funds pledged to pay the bonds or any other legally permissible source), incur and pay reasonable expenses for repair, maintenance, and operation of the facility and such other reasonable expenses as may be necessary to cure the cause of default, and/or (c) take possession of the facility, repair, maintain, and operate or rent it. Default under the provisions of this resolution or any instrument incident to the making or insuring of the loan may be construed by the Government to constitute default under any other instrument held by the Government and executed or assumed by the Association, and default under any such instrument may be construed by the Government to constitute default hereunder.
6. Not to sell, transfer, lease, or otherwise encumber the facility or any portion thereof, or interest therein, or permit others to do so, without the prior written consent of the Government.
7. Not to defease the bonds, or to borrow money, enter into any contractor agreement, or otherwise incur any liabilities for any purpose in connection with the facility (exclusive of normal maintenance) without the prior written consent of the Government if such undertaking would involve the source of funds pledged to pay the bonds.
8. To place the proceeds of the bonds on deposit in an account and in a manner approved by the Government. Funds may be deposited in institutions insured by the State or Federal Government or invested in readily marketable securities backed by the full faith and credit of the United States. Any income from these accounts will be considered as revenues of the system.
9. To comply with all applicable State and Federal laws and regulations and to continually operate and maintain the facility in good condition.
10. To provide for the receipt of adequate revenues to meet the requirements of debt service, operation and maintenance, and the establishment of adequate reserves. Revenue accumulated over and above that needed to pay operating and maintenance, debt service and reserves may only be retained or used to make prepayments on the loan. Revenue cannot be used to pay any expenses which are not directly incurred for the facility financed by USDA. No free service or use of the facility will be permitted.

Public reporting burden for this collection of information is estimated to average 1 hour per response, including the time for reviewing searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing the burden, to Department of Agriculture, Clearance Officer, OIRM, Room 404-W, Washington, DC 20250; and to the Office of Management and Budget, Paperwork Reduction Project (OMB No. 0575-0015), Washington, DC 20503.

11. To acquire and maintain such in[illegible]nce and fidelity bond coverage as may be required [illegible]he Government.
12. To establish and maintain such books and records relating to the operation of the facility and its financial affairs and to provide for required audit thereof as required by the Government, to provide the Government a copy of each such audit without its request, and to forward to the Government such additional information and reports as it may from time to time require.
13. To provide the Government at all reasonable times access to all books and records relating to the facility and access to the property of the system so that the Government may ascertain that the Association is complying with the provisions hereof and of the instruments incident to the making or insuring of the loan.
14. That if the Government requires that a reserve account be established, disbursements from that account(s) may be used when necessary for payments due on the bond if sufficient funds are not otherwise available and prior approval of the government is obtained. Also, with the prior written approval of the Government, funds may be withdrawn and used for such things as emergency maintenance, extensions to facilities, and replacement of short lived assets.
15. To provide adequate service to all persons within the service area who can feasibly and legally be served and to obtain USDA's concurrence prior to refusing new or adequate services to such persons. Upon failure to provide services which are feasible and legal, such person shall have a direct right of action against the Association or public body.
16. To comply with the measures identified in the Government's environmental impact analysis for this facility for the purpose of avoiding or reducing the adverse environmental impacts of the facility's construction or operation.
17. To accept a grant in an amount not to exceed ~~$ 1,287,000.00~~ $3,424,400.00 DEM under the terms offered by the Government; that **Mayor** and _____ of the Association are hereby authorized and empowered to take all action necessary or appropriate in the execution of all written instruments as may be required in regard to or as evidence of such grant; and to operate the facility under the terms offered in said grant agreement(s).

The provisions hereof and the provisions of all instruments incident to the making or the insuring of the loan, unless otherwise specifically provided by the terms of such instrument, shall be binding upon the Association as long as the bonds are held or insured by the Government or assignee. The provisions of sections 6 through 17 hereof may be provided for in more specific detail in the bond resolution or ordinance; to the extent that the provisions contained in such bond resolution or ordinance should be found to be inconsistent with the provisions hereof, these provisions shall be construed as controlling between the Association and the Government or assignee.

Yeas 5 Nays 0 Absent 0

IN WITNESS WHEREOF, the **City Council** of the **PHILIPPI, CITY OF** has duly adopted this resolution and caused it to be executed by the officers below in duplicate on this 12th day of May, 2009

(SEAL)

Attest: Tammy Stemple

Title City Clerk

PHILIPPI, CITY OF

By David C. Mulneix

David C. Mulneix

Title **Mayor**

CERTIFICATION TO BE EXECUTED AT LOAN CLOSING

I, the undersigned, as _____ of the **PHILIPPI, CITY OF**

hereby certify that the **City Council** of such Association is composed of

5 members, of whom 5 constituting a quorum, were present at a meeting thereof duly called and held on the 12th day of May, 2009; and that the foregoing resolution was adopted at such meeting by the vote shown above, I further certify that as of Mayor, the date of closing of the loan from the United States Department of Agriculture, said resolution remains in effect and has not been rescinded or amended in any way.

Dated, this 9th day of June, 2011

David C. Mullett

Title Mayor

WATER OR WASTE SYSTEM GRANT AGREEMENT

UNITED STATES DEPARTMENT OF AGRICULTURE

RURAL UTILITIES SERVICE

THIS AGREEMENT dated June 9, 2011 between

PHILIPPI, CITY OF

a public corporation organized and operating under

Chapter 8, Article 19, West Virginia Code
(Authorizing Statute)

herein called "Grantee," and the United States of America acting through the Rural Utilities Service, Department of Agriculture, herein called "Grantor," WITNESSETH:
WHEREAS

Grantee has determined to undertake a project of acquisition, construction, enlargement, or capital improvement of a (water) (sewer) system to serve the area under jurisdiction at an estimated cost of **$ 14,664,000** and has duly authorized the undertaking of such project.

Grantee is able to finance not more than **$ 11,239,600** of the development cost through revenues, charges, taxes or assessments, or funds otherwise available to Grantee resulting in a reasonable user charge.

Said sum of **$ 11,239,600** has been committed to and by Grantee for such project development costs.

Grantor has agreed to grant the Grantee a sum not to exceed **$ 3,424,400** or **23.35%** percent of said development costs, whichever is the lesser, subject to the terms and conditions established by the Grantor. Provided, however, that the proportionate share of any grant funds actually advanced and not needed for grant purposes shall be returned immediately to the Grantor. The Grantor may terminate the grant in whole, or in part, at any time before the date of completion, whenever it is determined that the Grantee has failed to comply with the conditions of the grant.

As a condition of this grant agreement, the Grantee assures and certifies that it is in compliance with and will comply in the course of the agreement with all applicable laws, regulations, Executive orders and other generally applicable requirements, including those set out in 7 CFR 3015.205(b), which hereby are incorporated into this agreement by reference, and such other statutory provisions as are specifically set forth herein.

NOW, THEREFORE, In consideration of said grant by Grantor to Grantee, to be made pursuant to Section 306 (a) of the Consolidated Farm and Rural Development Act the purpose only of defraying a part not to exceed **23.35%** percent of the development costs, as defined by applicable Rural Utilities Service Instructions.

GRANTEE AGREES THAT GRANTEE WILL:

A. Cause said project to be constructed within the total sums available to it, including said grant, in accordance with the project plans and specifications and any modifications thereof prepared by Grantee and approved by Grantor.

B. Permit periodic inspection of the construction by a representative of Grantor during construction.

C. Manage, operate and maintain the system, including this project if less than the whole of said system, continuously in an efficient and economical manner.

D. Make the services of said system available within its capacity to all persons in Grantee's service area without discrimination as to race, color, religion, sex, national origin, age, marital status, or physical or mental handicap (possess capacity to enter into legal contract for services) at reasonable charges, including assessments, taxes, or fees in accordance with a schedule of such charges, whether for one or more classes

of service, adopted by resolution dated _____ , as may be modified from time to time by Grantee. The initial rate schedule must be approved by Grantor. Thereafter, Grantee may make such modifications to the rate system as long as the rate schedule remains reasonable and nondiscriminatory.

E. Adjust its operating costs and service charges from time to time to provide for adequate operation and maintenance, emergency repair reserves, obsolescence reserves, debt service and debt service reserves.

F. Expand its system from time to time to meet reasonably anticipated growth or service requirements in the area within its jurisdiction.

G. Provide Grantor with such periodic reports as it may require and permit periodic inspection of its operations by a representative of the Grantor.

H. To execute any agreements required by Grantor which Grantee is legally authorized to execute. If any such agreement has been executed by Grantee as a result of a loan being made to Grantee by Grantor contemporaneously with the making of this grant, another agreement of the same type need not be executed in connection with this grant.

I. Upon any default under its representations or agreements set forth in this instrument, Grantee, at the option and demand of Grantor, will repay to Grantor forthwith the original principal amount of the grant stated herein above with the interest at the rate of 5 percentum per annum from the date of the default. Default by the Grantee will constitute termination of the grant thereby causing cancellation of Federal assistance under the grant. The provisions of this Grant Agreement may be enforced by Grantor, at its option and without regard to prior waivers by it previous defaults of Grantee, by judicial proceedings to require specific performance of the terms of this Grant Agreement or by such other proceedings in law or equity, in either Federal or State courts, as may be deemed necessary by Grantor to assure compliance with the provisions of this Grant Agreement and the laws and regulations under which this grant is made.

J. Return immediately to Grantor, as required by the regulations of Grantor, any grant funds actually advanced and not needed by Grantee for approved purposes.

K. Use the real property including land, land improvements, structures, and appurtenances thereto, for authorized purposes of the grant as long as needed.

1. Title to real property shall vest in the recipient subject to the condition that the Grantee shall use the real property for the authorized purpose of the original grant as long as needed.

2. The Grantee shall obtain approval by the Grantor agency for the use of the real property in other projects when the Grantee determines that the property is no longer needed for the original grant purposes. Use in other projects shall be limited to those under other Federal grant programs or programs that have purposes consistent with those authorized for support by the Grantor.

3. When the real property is no longer needed as provided in 1 and 2 above, the Grantee shall request disposition instructions from the Grantor agency or its successor Federal agency. The Grantor agency shall observe the following rules in the disposition instructions:

(a) The Grantee may be permitted to retain title after it compensates the Federal Government in an amount computed by applying the Federal percentage of participation in the cost of the original project to the fair market value of the property.

(b) The Grantee may be directed to sell the property under guidelines provided by the Grantor agency. When the Grantee is authorized or required to sell the property, proper sales procedures shall be established that provide for competition to the extent practicable and result in the highest possible return.
[Revision 1, 04/17/1998]

(c) The Grantee may be directed to transfer title to the property to the Federal Government provided that in such cases the Grantee shall be entitled to compensation computed by applying the Grantee's percentage of participation in the cost of the program or project to the current fair market value of the property.

This Grant Agreement covers the following described real property (use continuation sheets as necessary).

All real property owned by the City of Philippi and used in association with the City's water system.

L. Abide by the following conditions pertaining to equipment which is furnished by the Grantor or acquired wholly or in part with grant funds. Equipment means tangible, non-expendable personal property having a useful life of more than one year and an acquisition cost of $5,000 or more per unit. A Grantee may use its own definition of equipment provided that such definition would at least include all equipment defined above.
[Revision 1, 04/17/1998]

1. Use of equipment.

(a) The Grantee shall use the equipment in the project for which it was acquired as long as needed. When no longer needed for the original project, the Grantee shall use the equipment in connection with its other Federally sponsored activities, if any, in the following order of priority:

(1) Activities sponsored by the Grantor.

(2) Activities sponsored by other Federal agencies.

(b) During the time that equipment is held for use on the project for which it was acquired, the Grantee shall make it available for use on other projects if such other use will not interfere with the work on the project for which the equipment was originally acquired. First preference for such other use shall be given to Grantor sponsored projects. Second preference will be given to other Federally sponsored projects.

2. Disposition of equipment. When the Grantee no longer needs the equipment as provided in paragraph (a) above, the equipment may be used for other activities in accordance with the following standards:

(a) Equipment with a current per unit fair market value of less than $5,000. The Grantee may use the equipment for other activities without reimbursement to the Federal Government or sell the equipment and retain the proceeds.

(b) Equipment with a current per unit fair market value of $5,000 or more. The Grantee may retain the equipment for other uses provided that compensation is made to the original Grantor agency or its successor. The amount of compensation shall be computed by applying the percentage of Federal participation in the cost of the original project or program to the current fair market value or proceeds from sale of the equipment. If the Grantee has no need for the equipment and the equipment has further use value, the Grantee shall request disposition instructions from the original Grantor agency.

The Grantor agency shall determine whether the equipment can be used to meet the agency's requirements. If no requirement exists within that agency, the availability of the equipment shall be reported, in accordance with the guidelines of the Federal Property Management Regulations (FPMR), to the General Services Administration by the Grantor agency to determine whether a requirement for the equipment exists in other Federal agencies. The Grantor agency shall issue instructions to the Grantee no later than 120 days after the Grantee requests and the following procedures shall govern:

(1) If so instructed or if disposition instructions are not issued within 120 calendar days after the Grantee's request, the Grantee shall sell the equipment and reimburse the Grantor agency an amount computed by applying to the sales proceeds the percentage of Federal participation in the cost of the original project or program. However, the Grantee shall be permitted to deduct and retain from the Federal share ten percent of the proceeds, for Grantee's selling and handling expenses.

(2) If the Grantee is instructed to ship the equipment elsewhere the Grantee shall be reimbursed by the benefiting Federal agency with an amount which is computed by applying the percentage of the Grantee participation in the cost of the original grant project or program to the current fair market value of the equipment, plus any reasonable shipping or interim storage costs incurred.

(3) If the Grantee is instructed to otherwise dispose of the equipment, the Grantee shall be reimbursed by the Grantor agency for such costs incurred in its disposition.

3. The Grantee's property management standards for equipment shall also include:

(a) Records which accurately provide for: a description of the equipment; manufacturer's serial number or other identification number; acquisition date and cost; source of the equipment; percentage (at the end of budget year) of Federal participation in the cost of the project for which the equipment was acquired; location, use and condition of the equipment and the date the information was reported; and ultimate disposition data including sales price or the method used to determine current fair market value if the Grantee reimburses the Grantor for its share.

(b) A physical inventory of equipment shall be taken and the results reconciled with the equipment records at least once every two years to verify the existence, current utilization, and continued need need for the equipment.

(c) A control system shall be in effect to insure adequate safeguards to prevent loss, damage, or theft of the equipment. Any loss, damage, or theft of equipment shall be investigated an fully documented.

(d) Adequate maintenance procedures shall be implemented to keep the equipment in good condition.

(e) Proper sales procedures shall be established for unneeded equipment which would provide for competition to the extent practicable and result in the highest possible return.

This Grant Agreement covers the following described equipment (use continuation sheets as necessary).

None

M. Provide Financial Management Systems which will include:

1. Accurate, current, and complete disclosure of the financial results of each grant. Financial reporting will be on an accrual basis.

2. Records which identify adequately the source and application of funds for grant-supported activities. Those records shall contain information pertaining to grant awards and authorizations, obligations, unobligated balances, assets, liabilities, outlays, and income.

3. Effective control over and accountability for all funds, property and other assets. Grantees shall adequately safeguard all such assets and shall assure that they are used solely for authorized purposes.

4. Accounting records supported by source documentation.

N. Retain financial records, supporting documents, statistical records, and all other records pertinent to the grant for a period of at least three years after grant closing except that the records shall be retained beyond the three-year period if audit findings have not been resolved. Microfilm or photo copies or similar methods may be substituted in lieu of original records. The Grantor and the Comptroller General of the United States, or any of their duly authorized representatives, shall have access to any books, documents, papers, and records of the Grantee's government which are pertinent to the specific grant program for the purpose of making audits, examinations, excerpts and transcripts.

O. Provide information as requested by the Grantor to determine the need for and complete any necessary Environmental Impact Statements.

P. Provide an audit report prepared in accordance with Grantor regulations to allow the Grantor to determine that funds have been used in compliance with the proposal, any applicable laws and regulations and this Agreement.

Q. Agree to account for and to return to Grantor interest earned on grant funds pending their disbursement for program purposes when the Grantee is a unit of local government. States and agencies or instrumentality's of states shall not be held accountable for interest earned on grant funds pending their disbursement.

R. Not encumber, transfer or dispose of the property or any part thereof, furnished by the Grantor or acquired wholly or in part with Grantor funds without the written consent of the Grantor except as provided in item K above.

S. To include in all contracts for construction or repair a provision for compliance with the Copeland ``Anti-Kick Back" Act (18 U.S.C. 874) as supplemented in Department of Labor regulations (29 CFR, Part 3). The Grantee shall report all suspected or reported violations to the Grantor.

T. To include in all contracts in excess of $100,000 a provision that the contractor agrees to comply with all the requirements of the Clean Air Act (42 U.S.C. §7414) and Section 308 of the Water Pollution Control Act (33 U.S.C. §1318) relating to inspection, monitoring, entry, reports, and information, as well as all other requirements specified in Section 114 of the Clean Air Act and Section 308 of the Water Pollution Control Act and all regulations and guidelines issued thereunder after the award of the contract. In so doing the Contractor further agrees:
[Revision 1, 11/20/1997]

1. As a condition for the award of contract, to notify the Owner of the receipt of any communication from the Environmental Protection Agency (EPA) indicating that a facility to be utilized in the performance of the contract is under consideration to be listed on the EPA list of Violating Facilities. Prompt notification is required prior to contract award.

2. To certify that any facility to be utilized in the performance of any nonexempt contractor subcontract is not listed on the EPA list of Violating Facilities pursuant to 40 CFR Part 32 as of the date of contract award.
[Revision 1, 11/20/97]

3. To include or cause to be included the above criteria and the requirements in every nonexempt subcontract and that the Contractor will take such action as the Government may direct as a means of enforcing such provisions.

As used in these paragraphs the term ``facility" means any building, plan, installation, structure, mine, vessel or other floating craft, location, or site of operations, owned, leased, or supervised by a Grantee, cooperator, contractor, or subcontractor, to be utilized in the performance of a grant, agreement, contract, subgrant, or subcontract. Where a location or site of operation contains or includes more than one building, plant, installation, or structure, the entire location shall be deemed to be a facility except where the Director, Office of Federal Activities, Environmental Protection Agency, determines that independent facilities are co-located in one geographical area.

Grantor Agrees That It:

A. Will make available to Grantee for the purpose of this Agreement not to exceed **$3,424,400.00**. which it will advance to Grantee to meet not to exceed **23.35%** percent of the project development costs of the project in accordance with the actual needs of Grantee as determined by Grantor.

B. Will assist Grantee, within available appropriations, with such technical assistance as Grantor deems appropriate in planning the project and coordinating the plan with local official comprehensive plans for sewer and water and with any State or area plans for the area in which the project is located.

C. At its sole discretion and at any time may give any consent, deferment, subordination, release, satisfaction, or termination of any or all of Grantee's grant obligations, with or without valuable consideration, upon such terms and conditions as Grantor may determine to be (1) advisable to further the purpose of the grant or to protect Grantor's financial interest therein and (2) consistent with both the statutory purposes of the grant and the limitations of the statutory authority under which it is made.

Termination of This Agreement

This Agreement may be terminated for cause in the event of default on the part of the Grantee as provided in paragraph I above or for convenience of the Grantor and Grantee prior to the date of completion of the grant purpose. Termination for convenience will occur when both the Grantee and Grantor agree that the continuation of the project will not produce beneficial results commensurate with the further expenditure of funds.

In witness whereof Grantee on the date first above written has caused these presence to be executed by its duly authorized

Mayor _____

and attested and its corporate seal affixed by its duly authorized

_____

Attest:

_____

By: Tammy Stemple

(Title) City Clerk

By: David C. Mulneix

David C. Mulneix

(Title) **Mayor**

UNITED STATES OF AMERICA

RURAL UTILITIES SERVICE

By: _____ Rural Development Specialist

(Title)

#791600
GRANT

RECEIVED
MAY 30 2008

U. S. ENVIRONMENTAL PROTECTION AGENCY
REGION III
ASSISTANCE AGREEMENT/AMENDMENT NOTICE

RECIPIENT NAME AND ADDRESS: DATE: MAY 28 2008

The Honorable Doris Mundy
Mayor of City of Philippi
P.O. Box 460
108 North Main Street
Philippi, WV 26416

Re: Assistance # XP-97359601-0

Enclosed are three copies of an Assistance Agreement/Amendment from the U.S. Environmental Protection Agency.

To accept this award, please carefully review any terms and conditions, sign[1], and return one original copy to each of the addresses listed below within 21 days after receipt:

Kathleen M. Blinebury Grants Management Officer Grants and Audit Management Branch (3PM70) U.S. Environmental Protection Agency 1650 Arch Street Philadelphia, PA 19103-2029	Mr. Robert Decrease Environmental Engineering Division WV Bureau for Public Health Office of Environmental Health Services 1 Davis Square Charleston, WV 25301-1798

The other original should be retained for your official records and copies distributed within your organization as needed. Please note, funds will not be available for payment until we receive your countersigned affirmation of this award.

To assist you with your post award management responsibilities and for instructions on how to receive payments, visit the Grants Office website at:

http://www.epa.gov/region3/grants/funding.htm

Please reference the EPA Assistance Number on all future correspondence regarding this Assistance Agreement. Questions on technical matters should be directed to the Project Officer and questions on administrative matters should be directed to the Grants Specialist identified in the Assistance Agreement/Amendment.

[1] Failure to countersign and return within 21 days after receipt may result in termination of this award.

cc: Robert Decrease, WVBPH

U.S. ENVIRONMENTAL PROTECTION AGENCY

Grant Agreement

ASSISTANCE ID NO.			DATE OF AWARD
PRG	DOC ID	AMEND#	05/21/2008
XP -	97359601	- 0	
TYPE OF ACTION: New			MAILING DATE: 05/28/2008
PAYMENT METHOD: Reimbursement			ACH#: pend

RECIPIENT TYPE:
Municipal

Send Payment Request to:
N/A

RECIPIENT:
City of Philippi
PO Box 460 108 North Main St
Philippi, WV 26416
EIN: 55-6000232

PAYEE:
City of Philippi
PO Box 460 108 North Main St
Philippi, WV 26416

PROJECT MANAGER	EPA PROJECT OFFICER	EPA GRANT SPECIALIST
Ms. Karen N. Weaver PO Box 460 108 North Main St Philippi, WV 26416 **E-Mail:** weavers@bonetmail.org **Phone:** 304-457-3700 ext. 214	BruceA Smith 1650 Arch Street, 3WP21 Philadelphia, PA 19103-2029 **E-Mail:** Smith.Brucea@epa.gov **Phone:** 215-814-5770	Hana Jones Grants and Audit Management, 3PM70 **E-Mail:** Jones.Hana@epa.gov **Phone:** 215-814-5417

PROJECT TITLE AND DESCRIPTION
CITY OF PHILIPPI, WV WATER TREATMENT PLANT REPLACEMENT PROJECT
This grant is to provide funds for the replacement of the existing City of Philippi water treatment plant with a new 2.2 million gallon per day water treatment plant.

BUDGET PERIOD	PROJECT PERIOD	TOTAL BUDGET PERIOD COST	TOTAL PROJECT PERIOD COST
08/31/2005 - 12/31/2010	08/31/2005 - 12/31/2010	$1,444,727.00	$1,444,727.00

NOTICE OF AWARD

Based on your application dated 08/24/2007, including all modifications and amendments, the United States acting by and through the US Environmental Protection Agency (EPA), hereby awards $794,600. EPA agrees to cost-share 55.00% of all approved budget period costs incurred, up to and not exceeding total federal funding of $794,600. Such award may be terminated by EPA without further cause if the recipient fails to provide timely affirmation of the award by signing under the Affirmation of Award section and returning all pages of this agreement to the Grants Management Office listed below within 21 days after receipt, or any extension of time, as may be granted by EPA. This agreement is subject to applicable EPA statutory provisions. The applicable regulatory provisions are 40 CFR Chapter 1, Subchapter B, and all terms and conditions of this agreement and any attachments.

ISSUING OFFICE (GRANTS MANAGEMENT OFFICE)	AWARD APPROVAL OFFICE
ORGANIZATION / ADDRESS	ORGANIZATION / ADDRESS
US EPA Region 3, 3PM70 1650 Arch Street Philadelphia, PA 19103-2029	U.S. EPA, Region 3 Water Protection Division 3WP00 1650 Arch Street Philadelphia, PA 19103-2029

THE UNITED STATES OF AMERICA BY THE U.S. ENVIRONMENTAL PROTECTION AGENCY

SIGNATURE OF AWARD OFFICIAL	TYPED NAME AND TITLE	DATE
Digital signature applied by EPA Award Official	James W. Newsom, ARA for Policy and Management	05/21/2008

AFFIRMATION OF AWARD

BY AND ON BEHALF OF THE DESIGNATED RECIPIENT ORGANIZATION

SIGNATURE	TYPED NAME AND TITLE	DATE

EPA Funding Information

FUNDS	FORMER AWARD	THIS ACTION	AMENDED TOTAL
EPA Amount This Action	$	$ 794,600	$ 794,600
EPA In-Kind Amount	$	$	$ 0
Unexpended Prior Year Balance	$	$	$ 0
Other Federal Funds	$	$	$ 0
Recipient Contribution	$	$	$ 0
State Contribution	$	$ 650,127	$ 650,127
Local Contribution	$	$	$ 0
Other Contribution	$	$	$ 0
Allowable Project Cost	$ 0	$ 1,444,727	$ 1,444,727

Assistance Program (CFDA)	Statutory Authority	Regulatory Authority
66.202 - Congressionally Mandated Projects	Consolidated Appropriations Act of 2004 (PL 108-199)	40 CFR PART 31

Fiscal

Site Name	Req No	FY	Approp. Code	Budget Organization	PRC	Object Class	Site/Project	Cost Organization	Obligation / Deobligation
	0803LL0071	08	E4C	0300QWA	201B51E	4192			794,600
									794,600

Approved Budget	
Program Element Classification (Construction)	Approved Allowable Budget Period Cost
1. Administration Expense	$0
2. Preliminary Expense	$0
3. Land Structure, Right Of Way	$0
4. Architectural Engineering Basic Fees	$500,000
5. Other Architectural Engineering Fees	$0
6. Project Inspection Fees	$0
7. Land Development	$0
8. Relocation Expenses	$0
9. Relocation Payments to Individuals & Bus.	$0
10. Demolition and Removal	$0
11. Construction and Project Improvement	$944,727
12. Equipment	$0
13. Miscellaneous	$0
14. Total (Lines 1 thru 13)	$1,444,727
15. Estimate Income	$0
16. Net Project Amount (Line 14 minus 15)	$1,444,727
17. Less: Ineligible Exclusions	$0
18. Add: Contingencies	$0
19. Total (Share: Recip 45.00% Fed 55.00%)	$1,444,727
20. TOTAL APPROVED ASSISTANCE AMOUNT	$794,600

Budget Summary Page

Table A - Object Class Category (Non-construction)	Total Approved Allowable Budget Period Cost
1. Personnel	$0
2. Fringe Benefits	$0
3. Travel	$0
4. Equipment	$0
5. Supplies	$0
6. Contractual	$0
7. Construction	$0
8. Other	$0
9. Total Direct Charges	$0
10. Indirect Costs: % Base	$0
11. Total (Share: Recipient 0.00 % Federal 0.00 %.)	$0
12. Total Approved Assistance Amount	$
13. Program Income	$0
14. Total EPA Amount Awarded This Action	$794,600
15. Total EPA Amount Awarded To Date	$794,600

THE CITY OF PHILIPPI

Water Revenue Bonds, Series 2011 A
(United States Department of Agriculture)

RECEIPT OF DEPOSITORY BANK

The undersigned duly authorized representative of Premier Bank, Philippi, West Virginia (the "Bank"), hereby certifies that on June 9, 2011, the Bank received an automated transfer in the amount of $24,900 to the credit of the Series 2011 Bonds Construction Trust Fund, Account Number 501400287.

WITNESS my signature on this 9th day of June, 2011.

PREMIER BANK

By: _____ SVP
Its: Authorized Officer

05.10.11
700470.00009

MA166328000

CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY): 4/11/2011

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER	Commercial Lines - (304) 346-0611 Wells Fargo Insurance Services of West Virginia Inc. One Hillcrest Drive East Charleston, WV 25311-1697
CONTACT NAME:	
PHONE (A/C, No, Ext):	Chuck Young
FAX (A/C, No):	304-347-0605
E-MAIL ADDRESS:	chuck.young@wellsfargo.com
INSURED	City of Philippi 108 North Main Street Philippi, WV 26416

INSURER(S) AFFORDING COVERAGE		NAIC #
INSURER A:	Phoenix Insurance Company	25623
INSURER B:	Travelers Indemnity Company	25658
INSURER C:		
INSURER D:		
INSURER E:		
INSURER F:		

COVERAGES CERTIFICATE NUMBER: 2630684 REVISION NUMBER: See below

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSR	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS	
A	GENERAL LIABILITY			GP09315867	12/03/2010	12/03/2011	EACH OCCURRENCE	$ 1,000,000
	X COMMERCIAL GENERAL LIABILITY						DAMAGE TO RENTED PREMISES (Ea occurrence)	$ 500,000
	CLAIMS-MADE X OCCUR						MED EXP (Any one person)	$ EXCLUDED
							PERSONAL & ADV INJURY	$ 1,000,000
							GENERAL AGGREGATE	$ 2,000,000
	GEN'L AGGREGATE LIMIT APPLIES PER:						PRODUCTS - COMP/OP AGG	$ 2,000,000
	X POLICY PRO-JECT LOC							$
A	AUTOMOBILE LIABILITY			ba3212x08710	12/03/2010	12/03/2011	COMBINED SINGLE LIMIT (Ea accident)	$ 1,000,000
	X ANY AUTO						BODILY INJURY (Per person)	$
	ALL OWNED AUTOS / SCHEDULED AUTOS						BODILY INJURY (Per accident)	$
	HIRED AUTOS / NON-OWNED AUTOS						PROPERTY DAMAGE (Per accident)	$
								$
B	X UMBRELLA LIAB X OCCUR			GE09300600	12/03/2010	12/03/2011	EACH OCCURRENCE	$ 3,000,000
	EXCESS LIAB CLAIMS-MADE						AGGREGATE	$ 3,000,000
	DED X RETENTION $ 10,000							$
	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY Y/N						WC STATU-TORY LIMITS / OTH-ER	
	ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH)	N/A					E.L. EACH ACCIDENT	$
	If yes, describe under DESCRIPTION OF OPERATIONS below						E.L. DISEASE - EA EMPLOYEE	$
							E.L. DISEASE - POLICY LIMIT	$

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (Attach ACORD 101, Additional Remarks Schedule, if more space is required)

The certificate holder is added as an additional insured for the water/sewer project.

CERTIFICATE HOLDER

WV Water Development Authority
180 Association Dr.
Charleston, WV 25311

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

AUTHORIZED REPRESENTATIVE

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(This certificate replaces certificate# 2630680 issued on 4/11/2011)

THE CITY OF PHILIPPI

Waterworks System Design Revenue Bonds, Series 2009 A
(West Virginia Water Development Authority)

RECEIPT AND RELEASE

West Virginia Municipal Bond Commission, as the paying agent of The City of Philippi's Waterworks System Design Revenue Bonds, Series 2009 A, dated April 16, 2009 issued in the original aggregate principal amount of $491,200 hereby certifies that it has this day received the sum of $332,173.57 from The City of Philippi and that such sum is sufficient to pay the entire principal amount of and interest accrued on the Series 2009 A Bonds to the date hereof and discharge the liens, pledges and encumbrances securing the Series 2009 A Bonds.

Dated this 9th day of June, 2011.

WEST VIRGINIA MUNICIPAL BOND COMMISSION

By: _____
Its: Authorized Officer

05.10.11
700470.00009

5547628

STEPTOE & JOHNSON PLLC
ATTORNEYS AT LAW

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

Writer's Contact Information

CLOSING MEMORANDUM

To: **Financing Team**

From: **John C. Stump, Esquire**

Date: **June 9, 2011**

Re: **The City of Philippi, Series 2011 A (United States Department of Agriculture); Water Revenue Bonds, Series 2011 B (West Virginia Infrastructure Fund); and Water Revenue Bonds, Series 2011 C (West Virginia Infrastructure Fund)**

---

1. DISBURSEMENTS TO THE CITY OF PHILIPPI

A.

Payor:	United States of America, Department of Agriculture
Source:	Series 2011 A Bond Proceeds
Amount:	$24,900.00
Form:	ACH Transfer
Payee:	The City of Philippi, 108 North Main Street, Philippi, WV 26416
Bank:	Banker's Bank of Kentucky
Routing #:	083901896
For Beneficiary Institution:	Premier Bank First Central Division
	2 South Main Street, Philippi, WV 26416
Routing #:	051504568
Account #:	501400287
Contact:	304-457-3737
Account:	Series 2011 Bonds Construction Trust Fund

B.

Payor:	West Virginia Infrastructure Fund
Source:	Series 2011 B Bond Proceeds
Amount:	$20,510.87
Form:	Wire Transfer
Payee:	The City of Philippi, 108 North Main Street, Philippi, WV 26416
Bank:	Banker's Bank of Kentucky
Routing #:	083901896
For Beneficiary Institution:	Premier Bank First Central Division
	2 South Main Street, Philippi, WV 26416
Routing #:	051504568
Account #:	501400287
Contact:	304-457-3737
Account:	Series 2011 Bonds Construction Trust Fund

C.

Payor:	West Virginia Infrastructure Fund
Source:	Series 2011 C Bond Proceeds
Amount:	$16,400.00
Form:	Wire Transfer
Payee:	The City of Philippi, 108 North Main Street, Philippi, WV 26416
Bank:	Banker's Bank of Kentucky
Routing #:	083901896
For Beneficiary Institution:	Premier Bank First Central Division
	2 South Main Street, Philippi, WV 26416
Routing #:	051504568
Account #:	501400287
Contact:	304-457-3737
Account:	Series 2011 Bonds Construction Trust Fund

2. <u>DISBURSEMENTS TO MUNICIPAL BOND COMMISSION</u>

A.

Payor:	West Virginia Infrastructure & Jobs Development Council
Source:	Series 2011 B Bond Proceeds
Amount:	$332,173.57
Form:	Wire Transfer
Payee:	The City of Philippi
Bank:	BB&T for benefit of Municipal Bond Commission
Routing #:	051503394
Account #:	5270517317
Contact:	Sara Boardman, 304.558.3971
Account:	Series 2009 A Bonds

2008W-1070
(formerly 2000W-516)
RESOLUTION OF THE CITY OF PHILIPPI
APPROVING INVOICES RELATING TO SERVICES FOR THE
WATER SYSTEM IMPROVEMENT PROJECT
AND AUTHORIZING PAYMENT THEREOF,

WHEREAS, the City of Philippi, has reviewed the invoices attached hereto and incorporated herein by reference relation to the Project funded by the WV Infrastructure & Jobs Development Council (IJDC); United States Department of Agriculture (USDA) and US Environmental Protection Agency grant, and find as follows:

a) That none of the items for which 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 paid is or was necessary in connection with the Project and constitutes a Cost of the project.

c) That each of such costs has been otherwise properly incurred.

d) That the payment for each of the items proposed is due and owing.

NOW, THEREFOR, BE IT RESOLVED the City of Philippi by as follows: There is hereby authorized and directed the payment of the attached invoices as follows:

Vendor	Total	IJDC (2011 B)	IJDC (2011 C)	USDA Loan/Grant (2011 A)	EPA Grant
Steptoe & Johnson (Bond counsel)	40,000.00	0	15,400.00	24,600.00	0
Huntington Bank (Registrar)	1,000.00	0	1,000.00	0.00	0
Burgess & Niple	16,720.00	16,720.00	0	0	0
Griffith & Associates	2,200.00	2,200.00	0	0	0
Robert Rodecker	1,590.87	1,590.87	0	0	0
Region VII	0	0	0	0	0
City of Philippi	237.74	0	0	237.74	0
Payoff WDA Design Loan	332,173.57	332,173.57	0	0	0
Total	393,922.18	352,684.44	16,400.00	24,837.74	0

ADOPTED BY the City of Philippi, at the meeting held on the 17th day of May, 2011.

City of Philippi

By: David C. Mabey

Its: Mayor

SWEEP RESOLUTION

WHEREAS, The City of Philippi (the "Issuer") is a governmental body and political subdivision of West Virginia;

WHEREAS, the Issuer has issued bonds, as more specifically set forth on Exhibit A, attached hereto and incorporated herein by reference (the "Bonds");

WHEREAS, the Issuer makes monthly debt service payments on the Bonds by check to the West Virginia Municipal Bond Commission (the "MBC") which in turn pays the owners of the Bonds and deposits funds in the reserve accounts;

WHEREAS, the MBC may accept such monthly payments by electronic funds transfer thereby eliminating delay in payments and lost checks;

WHEREAS, the Issuer find and determines that it is in the best interest of the Issuer, its citizens and the owners of the Bonds that the monthly debt service and reserve fund payments be made by electronic transfer with the State Treasurer **sweeping** the Issuer's account.

NOW THEREFORE BE IT RESOLVED AS FOLLOWS:

1) The monthly debt service payments on the Bonds, as set forth in Exhibit A, shall be made to the MBC by electronic transfer by the State Treasurer from the accounts set forth in Exhibit A in such form and at such directions as are provided by the MBC.

2) The Mayor, the Clerk and City Manager are hereby authorized to sign and execute all such documents as are necessary to facilitate the electronic transfer of the Bond debt service and reserve fund payments.

3) This resolution shall be effective immediately upon adoption.

Adopted this 17th day of May, 2011.

David C. Mabe
Mayor

Tammy R. Stemple
Clerk

United States Department of Agriculture
Rural Development
West Virginia State Office

June 9, 2011

The City of Philippi
Water Revenue Bonds, Series 2011 A
(United States Department of Agriculture);
Water Revenue Bonds, Series 2011 B
(West Virginia Infrastructure Fund); and
Water Revenue Bonds, Series 2011 C
(West Virginia Infrastructure Fund)

TO WHOM IT MAY CONCERN:

The undersigned duly authorized representative of the United States of America, acting through the Rural Utilities Service, United States Department of Agriculture, the present holder of the Prior Bonds, hereinafter defined and described, hereby (a) consents to the issuance of the Water Revenue Bonds, Series 2011 A (United States Department of Agriculture), in the original aggregate principal amount of $6,425,000 (the "Series 2011 A Bonds"); Water Revenue Bonds, Series 2011 B (West Virginia Infrastructure Fund), in the original aggregate principal amount of $2,074,000 (the "Series 2011 B Bonds"); and Water Revenue Bonds, Series 2011 C (West Virginia Infrastructure Fund), in the original aggregate principal amount of $1,946,000 (the "Series 2011 C Bonds") (collectively, the "Bonds"), by The City of Philippi (the "Issuer"), under the terms of the bond ordinance authorizing the issuance of the Bonds (the "Ordinance"), on a parity, with respect to liens, pledge and source of and security for payment, with the Issuer's outstanding Water Revenue Bonds, Series 2009 B, dated April 16, 2009, issued in the original aggregate principal amount of $1,651,000 (the "Series 2009 B Bonds" or the "Prior Bonds"); (b) waives any requirements imposed by the Prior Bonds or the ordinance authorizing the Prior Bonds (the "Prior Ordinance"), regarding the issuance of parity bonds which are not met by the Bonds or the Ordinance; and (c) consents to any amendments made to the Prior Ordinances by the Ordinance.

WITNESSETH my signature on this 9th day of June, 2011.

State Director

700470.00009

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To file a complaint of discrimination write USDA, Director, Office of Civil Rights, 1400 Independence Avenue, SW, Washington, DC 20250-9410 or call (800) 795-3272 (voice) or (202) 720-6382 (TDD).

THE CITY OF PHILIPPI
Water Revenue Bonds, Series 2009 B
(United States Department of Agriculture)

BOND ORDINANCE

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THE CITY OF PHILIPPI

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE EXISTING PUBLIC WATERWORKS FACILITIES OF THE CITY OF PHILIPPI, AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED THEREOF, THROUGH THE ISSUANCE BY THE CITY OF PHILIPPI OF NOT MORE THAN $2,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2009 B (UNITED STATES DEPARTMENT OF AGRICULTURE) IN ONE OR MORE SERIES; DEFINING AND PRESCRIBING THE TERMS AND PROVISIONS OF THE BONDS; PROVIDING GENERALLY FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE HOLDER OF THE BONDS; AND PROVIDING WHEN THIS ORDINANCE SHALL TAKE EFFECT.

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 is adopted and enacted pursuant to the provisions of Chapter 8, Article 19 of the West Virginia Code of 1931, as amended (the "Act"), and other applicable provisions of law. The City of Philippi (the "Issuer") is a duly created and validly existing municipal corporation and political subdivision of the State of West Virginia in Barbour County of said State.

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

A. The Issuer currently owns and operates a public waterworks system and desires to acquire, construct and operate certain additional public waterworks facilities consisting of additions, betterments and improvements to such existing waterworks facilities, with all appurtenant facilities.

B. It is deemed essential, convenient and desirable for the health, welfare, safety, advantage and convenience of the inhabitants of the Issuer and, accordingly, it is hereby ordered, that there be acquired and constructed certain additions, betterments and improvements to the existing

waterworks system of the Issuer, consisting of construction of two new storage tanks to replace the existing Mansfield and to serve the Cherry Hill area together with all necessary appurtenances (the "Project"), particularly described in and according to the plans and specifications prepared by the Consulting Engineer and heretofore filed in the office of the Clerk of the Issuer. The existing waterworks facilities of the Issuer, together with the Project and any further additions, betterments and improvements, are herein called the "System". The acquisition and construction of the Project and the financing hereby authorized and provided for are public purposes of the Issuer and are ordered for the purpose of meeting and serving public convenience and necessity.

C. The estimated revenues to be derived in each year from the operation of the System after completion of the Project will be sufficient to pay all costs of operation and maintenance of the System, the principal of and interest on the Series 2009 B Bonds and the Prior Bonds (as hereinafter defined) and all debt service, reserve fund and other payments provided for herein and in the Prior Ordinance,

D. The estimated maximum cost of the acquisition and construction of the Project is $2,000,000 which will be obtained from the proceeds of sale of the Series 2009 B Bonds herein authorized.

E. It is necessary for the Issuer to issue its Water Revenue Bonds Series 2009 B (United States Department of Agriculture) in one or more series, in the aggregate principal amount not to exceed $2,000,000 (collectively, the "Series 2009 B Bonds"), to finance a portion of the cost of acquisition and construction of the Project. The cost of such acquisition and construction shall be deemed to include, without being limited to, the acquisition and construction of the Project; the acquisition of all property rights, easements and franchises deemed necessary or convenient therefor and for the improvements and extensions thereto; interest on the Series 2009 B Bonds prior to and during acquisition and construction, and for a period not exceeding six months after completion of such acquisition or construction, of the Project; engineering, fiscal agents 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 Project, administrative expense, and such other expenses as may be necessary or incidental to the acquisition and construction of the Project and the financing authorized hereby; provided that, reimbursement to the Issuer for any amounts expended by it for allowable costs prior to the issuance of the Series 2009 B Bonds or the repayment of indebtedness incurred by the Issuer for such purposes shall be deemed Costs of the Project.

F. The period of usefulness of the System, as herein defined, after completion of the Project is not less than twenty-two (22) years.

G. On the Closing Date, the Issuer has outstanding its Waterworks System Design Revenue Bonds, Series 2009 A (West Virginia Water Development Authority), (the "Series 2009 A Bonds" or the "Prior Bonds"). The Series 2009 A Bonds are payable from and secured by a first lien on the Gross Revenues (as hereinafter defined) of the System.

The Series 2009 B Bonds shall be issued on a parity with the Series 2009 A Bonds with respect to liens, pledge and source of and security for payment and in all other respects.

Prior to the issuance of the Series 2009 B Bonds, the Issuer will obtain (i) a certificate of an Independent Certified Public Accountant stating that the coverage and parity tests of the Series 2009 A Bonds are met; and (ii) the written consent of the Holders of the Series 2009 A Bonds to the issuance of the Series 2009 B Bonds on a parity with the Series 2009 A Bonds. Other than the Prior Bonds, there are no other outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System.

H. It is in the best interest of the Issuer that the Series 2009 B Bonds be sold to the Purchaser, pursuant to the terms and provisions of the Letter of Conditions dated July 30, 2001, and any amendments, thereto (collectively, the "Letter of Conditions").

I. The Issuer has complied with all requirements of law relating to the authorization of the acquisition and construction of the Project, the operation of the System, including, without limitation, the imposition of rates and charges, and the issuance of the Series 2009 B Bonds, or will have so complied prior to issuance of the Series 2009 B Bonds, including, among other things and without limitation, obtaining a certificate of convenience and necessity and approval of the financing and necessary user rates and charges from the Public Service Commission of West Virginia by final order, the time for rehearing and appeal of which have expired or shall have been duly waived or otherwise provided for.

Section 1.03 Bond Legislation Constitutes Contract. In consideration of the acceptance of the Series 2009 B Bonds by those who shall be the Registered Owner of the same from time to time, this Ordinance (the "Bond Legislation") shall be deemed to be and shall constitute a contract between the Issuer and such Registered Owner, and the covenants and agreements set forth herein to be performed by the Issuer shall be for the benefit, protection and security of the Registered Owner of the Series 2009 B Bonds.

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

"Act" means Chapter 8, Article 19 of the West Virginia Code of 1931, as amended.

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

"Bond Registrar" or "Registrar" means the Issuer, which shall usually so act by its Clerk.

"Bonds" means collectively, the Series 2009 B Bonds, the Prior Bonds and where appropriate, any bonds on a parity herewith subsequently authorized to be issued hereunder or by another ordinance of the Issuer.

"Clerk" means the Clerk of the Issuer.

"Closing Date" means the date upon which there is an exchange of the Series 2009 B Bonds for the proceeds, or at least a de minimus portion, thereof representing the purchase price of the Series 2009 B Bonds from the Purchaser.

"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 Engineer" means Potesta Engineering, Charleston, West Virginia, or any qualified engineer or firm of engineers which shall at any time hereafter be retained by the Issuer as Consulting Engineer for the System.

"Depository Bank" means the bank designated as such in the Supplemental Resolution and its successors and assigns, which is a member of FDIC (herein defined).

"Facilities" or "waterworks facilities" means all the tangible properties of the System and also any tangible properties which may hereafter be added to the System by additions, betterments, extensions and improvements thereto and properties, furniture, fixtures or equipment therefor, hereafter at any time constructed or acquired.

"FDIC" means the Federal Deposit Insurance Corporation.

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

"Governing Body" or "Council" means the Council of the Issuer.

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

"Herein" or "herein" means in this Bond Legislation.

"Issuer" or "Borrower" means The City of Philippi, a municipal corporation and political subdivision of the State of West Virginia, in Barbour County, West Virginia, and includes the Governing Body.

"Letter of Conditions" means, collectively, the Letter of Conditions of the Purchaser dated July 30, 2001, and all amendments thereto, if any.

"Mayor" means the Mayor of the Issuer.

"Minimum Reserve" means, as of any date of calculation, the maximum amount of principal and interest which will become due on the Series 2009 B Bonds in the then current or any succeeding year.

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

"Operating Expenses" means the current expenses, paid or accrued, of operation and maintenance of the Project and the System and its facilities, and includes, without limiting the generality of the foregoing, insurance premiums, materials and supplies, pumping costs, salaries, wages and administrative expenses of the Issuer relating and chargeable solely to the Project and the System, the accumulation of appropriate reserves for charges not annually recurrent but which are such as may reasonably be expected to be incurred, and such other reasonable operating costs as are normally and regularly included under recognized accounting principles and retention of a sum not to exceed one-sixth of the budgeted Operating Expenses stated above for the current year as working capital, and language herein requiring payment of Operating Expenses means also retention of not to exceed such sum as working capital, provided that all monthly amortization payments upon the Series 2009 B Bonds and into the respective reserve accounts and the Renewal and Replacement Fund have been made to the last monthly date prior to the date of such retention.

"Prior Bonds" means the Series 2009 A Bonds.

"Prior Ordinance" means the Ordinance of the Issuer authorizing the Prior Bonds.

"Project" shall have the meaning stated in Section 1.02B above.

"Project Construction Account" means the Project Construction Account established pursuant to section 4.01 hereof.

"Purchaser" or "Government" means United States Department of Agriculture, Rural Utilities Service, and any successor thereof, acting for and on behalf of the United States of America.

"Qualified Investments" means and includes any of the following, to the extent such investments are permitted by law:

(a) Government Obligations;

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

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

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

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

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

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

(h) The West Virginia "consolidated fund" managed by the West Virginia Board of Treasury Investments pursuant to Chapter 12, Article 6C of the West Virginia Code of 1931, as amended; and

(i) Obligations of States or political subdivisions or agencies thereof, the interest on which is excluded from gross income for federal income tax purposes, and which are rated at least "A" by Moody's Investors Service or Standard & Poor's Corporation.

"Registered Owner," "Bondholder," "Holder of the Bond" or any similar term means any person who shall be the registered owner of the Series 2009 B Bonds.

"Renewal and Replacement Fund" means the renewal and replacement Fund established by Prior Ordinance.

"Reserve Accounts" means, the respective reserve accounts for the Series 2009 B Bonds and the Prior Bonds.

"Revenue Fund" means the Revenue Fund established by Prior Ordinance.

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

"Series 2009 A Bonds" means the Issuer's Waterworks System Design Revenue Bonds, Series 2009 A (West Virginia Water Development Authority).

"Series 2009 B Bonds" means the Water Revenue Bonds, Series 2009 B,(United States Department of Agriculture) issued in one or more series authorized by this Ordinance.

"Series 2009 B Bonds Reserve Account" means the Series 2009 B Bonds Reserve Account established by Section 4.02 hereof.

"Series 2009 B Bonds Reserve Requirement" means, as of any date of calculation, the maximum amount of principal and interest which will become due on the Series 2009 B Bonds in the then current or any succeeding year.

"State" means the State of West Virginia.

"Supplemental Resolution" means any resolution, ordinance or order of the Issuer supplementing or amending this Ordinance and, when preceded by the article "the," refers specifically

to the supplemental resolution authorizing the sale of the Series 2009 B Bonds; provided, that any matter intended by this Ordinance to be included in the Supplemental Resolution with respect to the Series 2009 B Bonds, and not so included may be included in another Supplemental Resolution.

"System" means the complete waterworks system of the Issuer and all waterworks facilities owned by the Issuer and all facilities and other property of every nature, real or personal, now or hereafter owned, held or used in connection with the waterworks systems, including the Project, and any and all additions, betterments, improvements, properties or other facilities at any time acquired or constructed for the Waterworks system from any source whatsoever.

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

Words importing singular number shall include the plural number in each case and vice versa; words importing persons shall include firms and corporations; and words importing the masculine feminine or neutral gender shall include any other gender; and any requirement for execution or attestation of the Series 2009 B Bonds or any certificate or other document by the Mayor or the Clerk shall mean that such Series 2009 B Bonds, certificate or other documents may be executed or attested by an Acting Mayor or Acting Clerk.

ARTICLE II

AUTHORIZATION OF ACQUISITION AND CONSTRUCTION OF THE PROJECT

Section 2.01. Authorization of Acquisition and Construction of the Project. There is hereby authorized and ordered the acquisition and construction of the Project, at an estimated cost not to exceed $2,000,000, in accordance with the plans and specifications which have been prepared by the Consulting Engineers, heretofore filed in the office of the Governing Body. The proceeds of the Series 2009 B Bonds hereby authorized shall be applied as provided in Article IV hereof.

ARTICLE III

AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND ISSUE OF BONDS

Section 3.01. Authorization of Bonds. Subject and pursuant to the provisions of this Bond Legislation, the Series 2009 B Bonds of the Issuer, to be known as "Water Revenue Bonds, Series 2009 B (United States Department of Agriculture)", are hereby authorized to be issued in the principal amount of not to exceed $2,000,000 with such terms as set forth hereinafter and in the Supplemental Resolution for the purpose of permanently financing a portion of the cost of the acquisition and construction of the Project.

Section 3.02. Description of Bonds. The Series 2009 B Bonds shall be issued in one or more series, only as a fully registered Bond, and shall be dated on the date of delivery thereof. The Series 2009 B Bonds shall bear interest from date of delivery, payable monthly at the rate not to exceed 4.5% per annum, with such terms as set forth hereinafter and in the Supplemental Resolution, and shall be sold for the par value thereof.

The Series 2009 B Bonds shall be subject to prepayment of scheduled monthly installments, or any portion thereof, at the option of the Issuer, and shall be payable as provided in the Bond form hereinafter set forth.

Section 3.03 Negotiability, Registration, Transfer and Exchange of Bonds. The Series 2009 B Bonds shall be and have all the qualities and incidents of a negotiable instrument under the Uniform Commercial Code of the State of West Virginia, but the Series 2009 B Bonds, and the right to the principal of and stated interest on the Series 2009 B Bonds, may only be transferred by transfer of the registration thereof upon the books required to be kept pursuant to Section 3.04 hereof, by the party in whose name it is registered, in person or by attorney duly authorized in writing, upon surrender of the Series 2009 B Bonds for cancellation, accompanied by delivery of a written instrument of transfer, duly executed in a form acceptable to the Bond Registrar.

Whenever the Series 2009 B Bonds shall be surrendered for registration of transfer, the Issuer shall execute and deliver a new Bond or Bonds in authorized denominations, for a like aggregate principal amount. The Bond Registrar shall require the payment by the new owner requesting such transfer of any tax or other governmental charge required to be paid with respect to such transfer, but the Issuer shall pay any other expenses incurred by the Bond Registrar with respect to such transfer.

No registration of transfer of the Series 2009 B Bonds shall be permitted to be made after the 15th day next preceding any installment payment date on the Series 2009 B Bonds.

Section 3.04 Bond Registrar. The Issuer shall be the Bond Registrar and will keep or cause to be kept at its office by its agent, sufficient books for the registration and transfer of the Series 2009 B Bonds, and, upon presentation for such purpose, the Bond Registrar shall, under such reasonable regulations as it may prescribe, register the Series 2009 B Bonds initially issued pursuant hereto and register the transfer, or cause to be registered by its agent, on such books, the transfer of the Series 2009 B Bonds as hereinbefore provided.

The Bond Registrar shall accept the Series 2009 B Bonds for registration of transfer only if ownership thereof is to be registered in the name of the Purchaser, an individual (including joint ownership), a corporation, a partnership or a trust, and only upon receipt of the social security number of each individual, the federal employer identification number of each corporation or partnership or the social security numbers of the settlor and beneficiaries of each trust and the federal employer identification number and date of each trust and the name of the trustee of each trust, and/or such other identifying number and information as may be required by law. The Series 2009 B Bonds shall initially be fully registered as to both principal and interest in the name of the United States of America. So long as the Series 2009 B Bonds shall be registered in the name of the United States of America, the address of the United States of America for registration purposes shall be National Finance Office, St. Louis, Missouri 63103, or such other address as shall be stated in writing to the Issuer by the United States of America.

Section 3.05. Execution of Bonds. The Series 2009 B Bonds shall be executed in the name of the Issuer by the Mayor and the seal of the Issuer shall be affixed thereto and attested by the Clerk. In case any one or more of the officers who shall have signed or sealed the Series 2009 B Bonds shall cease to be such officer of the Issuer before the Series 2009 B Bonds so signed and sealed has been actually sold and delivered, such Bond may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Series 2009 B Bonds had not ceased to hold such office. The Series 2009 B Bonds may be signed and sealed on behalf of the Issuer by such person as at the actual time of the execution of such Series 2009 B Bonds shall hold the proper office in the Issuer, although at the date of such Bond such person may not have held such office or may not have been so authorized.

Section 3.06. Bonds Mutilated, Destroyed, Stolen or Lost. In case the Series 2009 B Bonds shall become mutilated or be destroyed, stolen or lost, the Issuer may, in its discretion, issue and deliver a new Bond of like tenor as the Bond so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond or in lieu of and substitution for the Bond destroyed, stolen or lost, and upon the holder's furnishing the Issuer proof of his ownership thereof and complying with such other reasonable regulations and conditions as the Issuer may require. The Series 2009 B Bonds so surrendered shall be canceled and held for the account of the Issuer. If the Series 2009 B Bonds shall have matured or be about to mature, instead of issuing a substitute Series 2009 B Bonds the Issuer may pay the same, and, if such Series 2009 B Bonds be destroyed, stolen or lost, without surrender thereof.

Section 3.07. Bonds Secured by Pledge of Gross Revenues. The payment of the debt service of the Series 2009 B Bonds shall be secured forthwith by a first lien on the Gross Revenues derived from the System, in addition to the statutory mortgage lien on the System hereinafter provided for as to the Series 2009 B Bonds on a parity with the Prior Bonds. The Gross Revenues derived from the System, in an amount sufficient to pay the principal of and interest on the Series 2009 B Bonds and the Prior Bonds and to make the payments as hereinafter provided and in the Prior Ordinance, are hereby irrevocably pledged to the payment of the principal of and interest on the Series 2009 B Bonds as the same becomes due.

Section 3.08. Form of Bonds. Subject to the provisions hereof, the text of the Series 2009 B Bonds and the other details thereof shall be of substantially the following tenor, with such omissions, insertions and variations as may be authorized or permitted hereby or by any ordinance enacted after the date of enactment hereof and prior to the issuance thereof:

(FORM OF SERIES 2009 B Bond)

THE CITY OF PHILIPPI

WATER REVENUE BONDS, SERIES 2009 B
(UNITED STATES DEPARTMENT OF AGRICULTURE)

$_____

No. BR-1 Date: _____, 2009

FOR VALUE RECEIVED, THE CITY OF PHILIPPI (herein called "Borrower") promises to pay to the order of the United States of America (the "Government"), or its registered assigns, at its National Finance Office, St. Louis, Missouri 63103, or at such other place as the Government may hereafter designate in writing, the principal sum of _____ DOLLARS ($_____), plus interest on the unpaid principal balance at the rate of_____% per annum. The said principal and interest shall be paid in the following installments on the following dates: Monthly installments of interest only, commencing 30 days following delivery of this Bond and continuing on the corresponding day of each month for the first twenty-four months after the date hereof, and $_____, covering principal and interest, thereafter on said corresponding day of each month, except that the final installment shall be paid at the end of twenty (20) years from the date of this Bond, in the sum of the unpaid principal and interest due on the date thereof, and except that prepayments may be made as provided herein below. The consideration herefor shall support any agreement modifying the foregoing schedule of payments.

If the total amount of the loan is not advanced at the time of loan closing, the loan shall be advanced to Borrower as requested by Borrower and approved by the Government and interest shall accrue on the amount of each advance from its actual date as shown on the Record of Advances attached hereto as a part hereof.

Every payment made on any indebtedness evidenced by this Bond shall be applied first to interest computed to the effective date of the payment and then to principal.

Prepayments of scheduled installments, or any portion thereof, may be made at any time at the option of Borrower. Refunds and extra payments, as defined in the regulations of the Government according to the source of funds involved, shall, after payment of interest, be applied to the installments last to become due under this Bond and shall not affect the obligation of Borrower to pay the remaining installments as scheduled herein.

If the Government at any time assigns this Bond and insures the payment thereof, Borrower shall continue to make payments to the Government as collection agent for the holder.

While this Bond is held by an insured lender, prepayments as above authorized made by Borrower may, at the option of the Government, be remitted by the Government to the holder promptly or, except for final payment, be retained by the Government and remitted to the holder on either a calendar quarter basis or an annual installment due date basis. The effective date of every payment made by Borrower, except payments retained and remitted by the Government on an annual installment due date basis, shall be the date of the United States Treasury check by which the Government remits the payment to the holder. The effective date of any prepayment retained and remitted by the Government to the holder on an annual installment due date basis shall be the date of the prepayment by Borrower and the Government will pay the interest to which the holder is entitled accruing between the effective date of any such prepayment and the date of the Treasury check to the holder.

Any amount advanced or expended by the Government for the collection hereof or to preserve or protect any security herefor, or otherwise under the terms of any security or other instrument executed in connection with the loan evidenced hereby, at the option of the Government shall become a part of and bear interest at the same rate as the principal of the debt evidenced hereby and be immediately due and payable by Borrower to the Government without demand. Borrower agrees to use the loan evidenced hereby solely for purposes authorized by the Government.

Borrower hereby certifies that it is unable to obtain sufficient credit elsewhere to finance its actual needs at reasonable rates and terms, taking into consideration prevailing private and cooperative rates and terms in or near its community for loans for similar purposes and periods of time.

This Bond, together with any additional bonds ranking on a parity herewith which may be issued and outstanding for the purpose of providing funds for financing costs of acquisition and construction of additions, betterments and improvements to the waterworks system (the "System") of Borrower, is payable solely from and secured by the revenues to be derived from the operation of the System. This Bond does not in any manner constitute an indebtedness of the Borrower within the meaning of any constitutional or statutory provision or limitation, nor shall the Borrower be obligated to pay the same or the interest thereon except from the special fund so provided.

Registration of this Bond is transferable by the registered owner hereof in person or by his, her or its attorney duly authorized in writing, at the office of Borrower, as Bond Registrar, but only in the manner, subject to the limitations and upon payment of the charges, if any, provided in the herein defined Ordinance, and upon surrender and cancellation of this Bond. Upon such transfer a new Bond or Bonds, of authorized denomination or denominations, for the like principal amount, will be issued to the transferee in exchange herefor.

This Bond, under the provisions of the Act, is and has all the qualities and incidents of a negotiable instrument under the Uniform Commercial Code of the State of West Virginia, but may only be transferred by transfer of registration hereof with the Bond Registrar.

This Bond has been issued under and in full compliance with the Constitution and statutes of the State of West Virginia, including, among others, Chapter 8, Article 19 of the West Virginia Code of 1931, as amended (herein called the "Act"), and an Ordinance of Borrower duly enacted on _____, 2009 and a Supplemental Resolution duly adopted by the Issuer on _____, 2009, authorizing issuance of this Bond (collectively, the "Ordinance").

If at any time it shall appear to the Government that Borrower may be able to obtain a loan from a responsible cooperative or private credit source at reasonable rates and terms for loans for similar purposes and periods of time, Borrower will, at the Government's request, apply for and accept such loan in sufficient amount to repay the Government.

This Bond is given as evidence of a loan to Borrower made or insured by the Government pursuant to the Consolidated Farm and Rural Development Act of 1965, as amended. This Bond shall be subject to the present regulations of the Government and to its future regulations not inconsistent with the express provisions hereof.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S WATERWORKS SYSTEM DESIGN REVENUE BONDS, SERIES 2009 A, DATED FEBRUARY 24, 2009 (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $491,200 (THE "SERIES 2009 A BONDS" OR THE "PRIOR BONDS").

In accordance with the requirements of the United States Department of Agriculture, the Bonds will be in default should any proceeds of the Bonds be used for a purpose that will contribute to excessive erosion of highly erodible land or to the conversion of wetlands to produce an agricultural commodity.

IN WITNESS WHEREOF, THE CITY OF PHILIPPI has caused this Bond to be executed by its Mayor and its corporate seal to be hereunto affixed or imprinted hereon and attested by its Clerk, all as of the date hereinabove written.

THE CITY OF PHILIPPI

[CORPORATE SEAL]

_____
Mayor

P.O. Box 460
Philippi, West Virginia 26416

ATTEST:

_____
Clerk

EXHIBIT A

RECORD OF ADVANCES

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

TOTAL $_____

(Form of Assignment)

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned sells, assigns and transfers to _____ 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 Borrower with full power of substitution in the premises.

Dated: _____, _____.

_____

In presence of:

_____

ARTICLE IV

SYSTEM REVENUES AND APPLICATION THEREOF; DISPOSITION OF BOND PROCEEDS; FUNDS AND ACCOUNTS

Section 4.01 Establishment of Funds and Accounts with Depository Bank. The following special funds or accounts are created (or continued if previously established by Prior Ordinance) and established 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) Revenue Fund (established by Prior Ordinance and continued hereby);

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

(3) Project Construction Account.

Section 4.02. Establishment of Funds and Accounts with Commission. The following special funds or accounts are hereby created (or continued if previously established by Prior Ordinance) with and shall be held by, the Commission separate and apart from all other funds or accounts of the Commission and the Issuer and from each other:

(1) Series 2009 A Bonds Sinking Fund (established by Prior Ordinance and continued hereby);

(2) Series 2009 A Bonds Reserve Account (established by Prior Ordinance and continued hereby);

(3) Series 2009 B Bonds Reserve Account.

Section 4.03. Bond Proceeds; Project Construction Account. The proceeds of sale of the Series 2009 B Bonds shall be deposited upon receipt by the Issuer in the Project Construction Account. The monies in the Account in excess of the amount insured by FDIC shall be secured at all times by the Depository Bank by securities or in a manner lawful for the securing of deposits of State and municipal funds under West Virginia law. Monies in the Project Construction Account shall be expended by the Issuer solely for the purposes provided herein.

Monies in the Project Construction Account shall be used solely to pay the cost of acquisition and construction of the Project upon vouchers and other documentation approved by the Purchaser.

Until completion of acquisition and construction of the Project, the Issuer will additionally transfer from the Project Construction Account and pay to the Purchaser on or before the

due date, such sums as shall be from time to time required to make the monthly installment payments on the Series 2009 B Bonds if there are not sufficient Gross Revenues to make such monthly payment.

Pending application as provided in this Section 4.03, money and funds in the Project Construction Account shall be invested and reinvested at the direction of the Issuer, to the extent possible in accordance with applicable law, in Qualified Investments.

When acquisition and construction of the Project has been completed and all costs thereof have been paid or provision for such payment has been made, any balance remaining in the Project Construction Account shall be disposed of in accordance with the regulations of the Purchaser.

Section 4.04. Covenants of the Issuer as to Revenues and Funds. So long as any of the Series 2009 B Bonds shall be outstanding and unpaid, or until there shall have been set apart in the Series 2009 B Bonds Reserve Account, sums sufficient to pay, when due or at the earliest practical prepayment date, the entire principal of the Series 2009 B Bonds remaining unpaid, together with interest accrued to the date of such payment, the Issuer further covenants with the holder of the Series 2009 B Bonds as follows:

A. REVENUE FUND. The entire Gross Revenues derived from the operation of the System, and all parts thereof, and all Tap Fees received, shall be deposited as collected by the Issuer in the Revenue Fund. The Revenue Fund shall constitute a trust fund for the purposes provided in the Prior Ordinance and this Bond Legislation and shall be kept separate and distinct from all other funds of the Issuer and the Depository Bank and used only for the purposes and in the manner provided in the Prior Ordinance and this Bond Legislation.

B. DISPOSITION OF REVENUES. All Revenues at any time on deposit in the Revenue Fund shall be disposed of only in the following order and priority, subject to the provisions of the Prior Ordinance not otherwise modified herein:

(1) The Issuer shall first, each month, on or before the due date thereof, transfer from the Revenue Fund and simultaneously remit (i) to the Commission for deposit in the Series 2009 A Sinking Fund Bonds the amount required by the Prior Ordinance to pay the interest on the Series 2009 A Bonds; and (ii) to the National Finance Office the amounts required to pay interest on the Series 2009 B Bonds.

(2) The Issuer shall next, each month, transfer from the Revenue Fund and simultaneously (i) on or before the due date thereof, remit to the Commission the amount required by the Prior Ordinance to pay the principal of the Series 2009 A Bonds; and (ii) on or before the due date thereof, remit to the National Finance Office, commencing 24 months following the date of delivery of the Series 2009 B Bonds, the amount required to amortize the principal of the Series 2009 B Bonds over the life of the bond issue.

(3) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and (i) remit to the Commission, the amount required by the Prior Ordinance to be deposited in the Series 2009 A Bonds Reserve Account; and (ii) beginning on the date specified by the Purchaser, but in any event not later than the 24th monthly anniversary of the Closing Date, thereafter, transfer from the Revenue Fund and remit to the Commission for deposit in the Series 2009 B Bonds Reserve Account, an amount equal to 10% of the monthly payment amount each month, until the amount in the Series 2009 B Bonds Reserve Account equals the Series 2009 B Bonds Reserve Requirement; provided that, no further payments shall be made into the Series 2009 B Bonds Reserve Account when there shall have been deposited therein, and as long as there shall remain on deposit therein, an amount equal to the Series 2009 B Bonds Reserve Requirement.

(4) The Issuer shall next, each month, pay from the Revenue Fund the Operating Expenses of the System.

(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 ½ % of the Gross Revenues each month, exclusive of any payments for account of any Reserve Account. All funds in the Renewal and Replacement Fund shall be kept apart from all other funds of the Issuer or of the Depository Bank and shall be invested and reinvested in accordance with Article VIII hereof. Withdrawals and disbursements may be made from the Renewal and Replacement Fund for replacements, repairs, improvements or extensions to the System; provided that, any deficiencies in any Reserve Accounts (except to the extent such deficiency exists because the required payments into such account have not, as of the date of determination of a deficiency, funded such account to the maximum extent required hereof) shall be promptly eliminated with monies from the Renewal and Replacement Fund.

(6) After all the foregoing provisions for use of monies in the Revenue Fund have been fully complied with, any monies remaining therein and not permitted to be retained therein may be used to prepay installments of the Bonds, pro rata, or for any lawful purpose of the System.

Whenever the monies in the Series 2009 B Bonds Reserve Account shall be sufficient to prepay the Series 2009 B Bonds in full, it shall be the mandatory duty of the Issuer, anything to the contrary herein notwithstanding, to prepay the Series 2009 B Bonds, at the earliest practical date and in accordance with applicable provisions hereof.

The Depository Bank is hereby designated as the Fiscal Agent for the administration of the Renewal and Replacement Fund as herein provided, and all amounts required for the Renewal and Replacement Fund will be deposited therein by the Issuer upon transfers of funds from the

Revenue Fund at the times provided herein, together with written directions stating the amount remitted for deposit into each such fund.

The Commission is hereby designated as the Fiscal Agent for the administration of the Series 2009 B Bonds Reserve Account as herein provided, and all amounts required for said account shall be remitted to the Commission from the Revenue Fund by the Issuer at the times provided herein. If required by the Purchaser at anytime, the Issuer shall make the necessary arrangements whereby required payments into said account shall be automatically debited from the Revenue Fund and Electronically transferred to the Commission on the dates required hereunder.

The Issuer shall, on the first day of each month (if the first day is not a business day, then the first business day if each month), deposit with the Commission the required reserve account payments with respect to the 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 Revenue Fund and the Renewal and Replacement Fund shall constitute trust funds and shall be used only for the purposes and in the order provided herein, and until so used, the Purchaser shall have a lien thereon for further securing payment of the Series 2009 B Bonds and the interest thereon, but the Depository Bank shall not be a trustee as to such funds.

If on any payment date the Revenues are insufficient to make the payments and transfers as hereinabove provided, the deficiency shall be made up in the subsequent payments and transfers in addition to those which would otherwise be required to be made on the subsequent payment dates on a parity and pro rata with respect to the Prior Bonds.

The Commission and the Depository Bank, at the direction of the Issuer, shall keep the monies in the Series 2009 B Bonds Reserve Account and the Renewal and Replacement Fund invested and reinvested to the fullest extent possible, in accordance with applicable law, and to the extent practicable, in Qualified Investments having maturities consonant with the required use thereof. Investments in any fund or account under this Bond Legislation shall, unless otherwise required by law, be valued at the lower of cost or the then current market value, or at the redemption price thereof if then redeemable at the option of the holder, including value of accrued interest and giving effect to the amortization of discount, or at par if such investment is held by the "consolidated fund" managed by the West Virginia Board of Treasury Investments. 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 interest accruing thereon and any profit or loss realized from such investment shall be credited or charged to the appropriate fund or account. Earnings from monies in the Series 2009 B Bonds Reserve Account so long as the Minimum Reserve is on deposit and maintained therein, shall be returned not less than once each year, by the Commission to the Issuer to be deposited in the Revenue Fund.

C. CHANGE OF DEPOSITORY BANK AND FISCAL AGENT. The Issuer may designate another bank or trust company insured by FDIC as Depository Bank and Fiscal Agent if the Depository Bank should cease for any reason to serve or if the Governing Body determines by

resolution that the Depository Bank or its successor should no longer serve as Depository Bank. Upon any such change, the Governing Body will cause notice of the change to be sent by registered or certified mail to the Purchaser.

D. USER CONTRACTS. The Issuer shall, prior to delivery of the Series 2009 B Bonds, provide evidence that there will be at least 1,668 bona fide users upon the System on completion of the Project, in full compliance with the requirements and conditions of the Purchaser.

E. CHARGES AND FEES. The Issuer shall remit from the Revenue Fund to the Commission or the Depository Bank such additional sums as shall be necessary to pay the charges and fees of the Commission or the Depository Bank then due.

F. INVESTMENT OF EXCESS BALANCES. The monies in excess of the sum insured by FDIC in any of such funds or accounts shall at all times be secured, to the full extent thereof in excess of such insured sum, in lawful manner for securing deposits of State and municipal funds under the laws of the State of West Virginia.

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

H. GROSS REVENUES. The Gross Revenues of the System shall only be used for purposes of the System.

Section 4.05. Interim Construction Financing. In order to pay certain costs of the Project pending receipt of proceeds of the grants and advances of principal of the Series 2009 B Bonds, the Issuer may issue and sell its interim construction notes in an aggregate principal amount not to exceed $2,000,000 (the "Notes"). The Notes shall be in the form of a line of credit from a commercial bank or other lender, and the Issuer is hereby authorized to enter into a credit agreement with such bank or other lender. 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 credit agreement.

The Notes shall be special obligations of the Issuer payable as to principal and interest solely from proceeds of the Series 2009 B Bonds. 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, if any, 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 herein.

ARTICLE V

GENERAL COVENANTS

Section 5.01. General Statement. So long as the Series 2009 B Bonds shall be outstanding and unpaid, or until there shall have been set apart in the Series 2009 B Bonds Reserve Account a sum sufficient to prepay the entire principal of the Series 2009 B Bonds remaining unpaid, together with interest accrued and to accrue thereon to the date of prepayment, the covenants and agreements contained herein shall be and constitute valid and legally binding covenants between the Issuer and the Holder of the Series 2009 B Bonds.

Section 5.02. Rates. Prior to the issuance of the Series 2009 B Bonds, the Issuer will, in the manner provided in the Act, fix and collect such rates, fees or other charges for the services and facilities of the System, and revise the same from time to time whenever necessary, as (i) will always provide Revenues in each Fiscal Year sufficient to produce Net Revenues equal to not less than 110% of the maximum annual debt service on the Series 2009 B Bonds and sufficient to make the payments required herein into all funds and accounts and all the necessary expenses of operating and maintaining the System during such Fiscal Year and such rates, fees and other charges shall not be reduced so as to be insufficient to provide adequate Revenues for such purposes; and (ii) so long as the Prior Bonds are Outstanding to provide for all reasonable expenses of operation, repair, maintenance of the System and to leave a balance each Fiscal Year equal to at least 115% of the maximum amount required in any Fiscal Year for the payment of principal of and interest on the Bonds and all other obligations secured by or payable from such revenues; provided that, in the event that an amount equal to or in excess of the reserve requirements for the Bonds prior to or on a parity with the Bonds are funded at least at the requirement therefor, such balance each Fiscal Year need only equal at least 110% of the maximum amount required in any Fiscal year for the payment of principal of and interest on the Bonds and all other obligations secured by or payable from such revenues.

Section 5.03. Sale of the System. So long as the Prior Bonds are Outstanding, the Issuer shall not sell, mortgage, lease or otherwise dispose of or encumber the System, or any part thereof, except as provided in the Prior Ordinance. Additionally, the System will not be sold without the prior written consent of the Purchaser so long as the Series 2009 B Bonds are outstanding.

Section 5.04. Issuance of Additional Parity Bonds or Obligations. So long as the Prior Bonds are outstanding, the limitations on the issuance of parity obligations set forth in the Prior Ordinance shall be applicable. In addition, no additional Parity Bonds or obligations payable out of the Revenues of the System shall be issued, except with the prior written consent of the Purchaser.

So long as the Series 2009 B Bonds are outstanding, no Parity Bonds shall be issued at any time, however, unless there has been procured and filed with the Clerk a written statement by the Independent Certified Public Accountants, reciting the conclusion that the Net Revenues for the Fiscal Year following the year in which such Parity Bonds are to be issued shall be at least 120% of the average annual debt service requirements on the following:

(1) The Bonds then Outstanding;

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

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

The foregoing limitation may be waived or modified by the written consent of the Holders of the Series 2009 B Bonds, representing 75% of the then-outstanding principal indebtedness.

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

(1) The Bonds then Outstanding;

(2) Any Parity Bonds theretofore issued pursuant to the provisions contained in this Ordinance then Outstanding; and

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

The "estimated average increased annual Net Revenues expected to be received in each of the 3 succeeding years," as that term is used in the computation provided in the above paragraph, shall refer only to the increased Net Revenues estimated to be derived from the improvements to be financed by such Parity Bonds and any increase in rates enacted by the Issuer, the time for appeal of which shall have expired prior to the issuance of such Parity Bonds, and shall not exceed the amount to be stated in a certificate of the Independent Certified Public Accountants, which shall be filed in the office of the Clerk prior to the issuance of such Parity Bonds.

The Net Revenues actually derived from the System during the 12-consecutive-month period herein above referred to may be adjusted by adding to such Net Revenues such additional Net Revenues which would have been received, in the opinion of the Independent Certified Public Accountants, on account of increased rates, rentals, fees and charges for the System adopted by the Issuer, the time for appeal of which shall have expired prior to issuance of such Parity Bonds.

No Parity Bonds shall be issued any time, however, unless all the payments into the respective funds and accounts provided for in this Bond Legislation and the Prior Ordinance with

respect to the Series 2009 B Bonds and Prior 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 and the Prior Ordinance.

Section 5.05. Insurance and Bonds. The Issuer hereby covenants and agrees that it will, as an expense of construction, operation and maintenance of the System, procure, carry and maintain, so long as the Series 2009 B Bonds remain outstanding, insurance with a reputable insurance carrier or carriers covering the following risks and in the following amounts:

A. FIRE, LIGHTNING, VANDALISM, MALICIOUS MISCHIEF AND EXTENDED COVERAGE INSURANCE, to be procured upon acceptance of any part of the Project from the contractor, and immediately upon any portion of the System now in use, on all above-ground structures of the System and mechanical and electrical equipment in place or stored on the site in an amount equal to the actual cost thereof. In the event of any damage to or destruction of any portion of the System, the Issuer will promptly arrange for the application of the insurance proceeds for the repair or reconstruction of such damaged or destroyed portion. The Issuer will itself, or will require each contractor and subcontractor to, obtain and maintain builder's risk insurance to protect the interests of the Issuer during construction of the Project in the full insurable value thereof.

B. PUBLIC LIABILITY INSURANCE, with limits of not less than $500,000 for one or more persons injured or killed in one accident to protect the Issuer from claims for bodily injury and/or death, and not less than $200,000 to protect the Issuer from claims for damage to property of others which may arise from the operation of the System, such insurance to be procured not later than the date of delivery of the Series 2009 B Bonds.

C. VEHICULAR PUBLIC LIABILITY INSURANCE, in the event the Issuer owns or operates any vehicle in the operation of the System, or in the event that any vehicle not owned by the Issuer is operated at any time or times for the benefit of the Issuer, with limits of not less than $500,000 for one or more persons injured or killed in one accident to protect the Issuer from claims for bodily injury and/or death, and not less than $200,000 to protect the Issuer from claims for damage to property of others which may arise from such operation of vehicles, such insurance to be procured prior to acquisition or commencement of operation of any such vehicle for the Issuer.

D. WORKERS' COMPENSATION COVERAGE FOR ALL EMPLOYEES OF THE ISSUER ELIGIBLE THEREFOR AND PERFORMANCE AND PAYMENT BONDS, such bonds to be in the amounts of 100% of the construction contract, will be required of each prime contractor, and such payment bonds will be filed with the Clerk of the County Commission of said County prior to

commencement of construction of the Project in compliance with West Virginia Code Section 38-2-39. Workers' Compensation coverage will be maintained as provided by law.

E. FLOOD INSURANCE to be procured, to the extent available at reasonable cost to the Issuer; provided, however, if the System is located in a community which has been notified as having special flood or mudslide prone areas, flood insurance must be obtained.

F. FIDELITY BONDS will be provided as to every member of the Governing Body and as to every officer and employee of the Issuer having custody of the Revenue Fund or of any Revenues or other funds of the Issuer in such amount as may be requested by the Purchaser from time to time.

G. Provided, however, and in lieu of and notwithstanding the foregoing provisions of this Section, during construction of the Project and so long as the Series 2009 B Bonds are outstanding, the Issuer will carry insurance and bonds or cause insurance and bonds to be carried for the protection of the Issuer, and during such construction will require each contractor and subcontractor to carry insurance, of such types and in such amounts as the Purchaser may specify, with insurance carriers or bonding companies acceptable to the Purchaser.

Section 5.06. Statutory Mortgage Lien. For the further protection of the Holder of the Series 2009 B Bonds, a statutory mortgage lien upon the System is granted and created by the Act, which statutory mortgage lien is hereby recognized and declared to be valid and binding and shall take effect immediately upon the delivery of the Series 2009 B Bonds and shall be for the equal benefit of the Series 2009 B Bonds on a parity with the Prior Bonds.

Section 5.07. Events of Default. Each of the following events is hereby declared an "Event of Default":

A. Failure to make payment of any monthly amortization installment upon the Series 2009 B Bonds at the date specified for payment thereof;

B. Failure to duly and punctually to observe or perform any of the covenants, conditions and agreements on the part of the Issuer contained in the Series 2009 B Bonds or herein, or violation of or failure to observe any provision of any pertinent law, or

C. If default occurs with respect to the Prior Bonds or the Prior Ordinance.

Section 5.08. Enforcement. 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 Series 2009 B Bonds, (iv) by action at law or bill in equity require the Issuer to account as if it were the trustee of an express trust for the Registered Owners of the Series 2009 B Bonds, and (v) by action or bill in equity enjoin any acts in violation of the Bond Legislation with respect to the Series 2009 B Bonds, or the rights of such Registered Owners; provided that, all rights and remedies of the Holders of the Series 2009 B Bonds shall be on a parity with each other and with those of the Holders of the Prior Bonds. Any Registered Owner of the Bonds, by proper legal action, compel the performance of the duties of the Issuer under this 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 the Bonds 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 the System shall remain in the Issuer, and no court shall have any jurisdiction to enter any order or decree permitting or requiring such receiver to sell, assign, mortgage or otherwise dispose of any assets of the System.

Section 5.09. Fiscal Year; Budget. While the Series 2009 B Bonds are outstanding and unpaid and to the extent not now prohibited by law, the System shall be operated and maintained on a Fiscal Year basis commencing on July 1 of each year and ending on the following June 30, which period shall also constitute the budget year for the operation and maintenance of the System. Not later than thirty days prior to the beginning of each Fiscal Year, the Issuer agrees to adopt the Annual Budget for the ensuing year, and no expenditures for operation and maintenance expenses of the System in excess of the Annual Budget shall be made during such Fiscal Year unless unanimously authorized and directed by the Governing Body. Copies of each Annual Budget shall be delivered to the Purchaser by the beginning of each Fiscal Year.

If for any reason the Issuer shall not have adopted the Annual Budget before the first day of any Fiscal Year, it shall adopt a Budget of Current Expenses from month to month until the adoption of the Annual Budget; provided, however, that no such monthly budget shall exceed the budget for the corresponding month in the year next preceding by more than 10%; and provided further, that adoption of a Budget of Current Expenses shall not constitute compliance with the covenant to adopt an Annual Budget unless failure to adopt an Annual Budget be for a reason beyond the control of the Issuer. Each such Budget of Current Expenses shall be mailed immediately to the Purchaser.

Section 5.10. Covenant to Proceed and Complete. The Issuer hereby covenants to proceed as promptly as possible with the acquisition and construction of the Project to completion thereof in accordance with the plans and specifications prepared by the Consulting Engineer and on file with the Clerk on the date of adoption hereof, subject to permitted changes.

Section 5.11. Books and Records; Audits. The Issuer will keep books and records of the System, which shall be separate and apart from all other books, records and accounts of the Issuer, in which complete and correct entries shall be made of all transactions relating to the System, and the Purchaser shall have the right at all reasonable times to inspect the System and all records, accounts and data of the Issuer relating thereto.

The Issuer shall, at least once a year, cause said books, records and accounts of the System to be properly audited by an independent competent firm of certified public accountants and shall mail a copy of such audit report to the Purchaser. The Issuer shall further comply with the Act with respect to such books, records and accounts.

Section 5.12. Maintenance of System. The Issuer covenants that it will continuously operate, in an economical and efficient manner, and maintain the System as a revenue-producing utility as herein provided so long as the Series 2009 B Bonds are outstanding.

Section 5.13. No Competition. To the extent legally allowable, the Issuer will not permit competition with the System within its boundaries or within the territory served by it and will not grant or cause, consent to or allow the granting of any franchise, permit or other authorization for any person, firm, corporation, public or private body, agency or instrumentality whatsoever to provide any of the services supplied by the System within the boundaries of the Issuer or within the territory served by the System.

ARTICLE VI

RATES, ETC.

Section 6.01. Initial Schedule of Rates and Charges; Rules.

A. The initial schedule of rates and charges for the services and facilities of the System shall be as set forth in the rate ordinance of the Issuer enacted on June 21, 2000, which rate ordinance is incorporated herein by reference as a part hereof.

B. There shall not be any discrimination or differential in rates between customers in similar circumstances.

C. All delinquent fees, rates and charges for services or facilities of the System shall be a lien on the premises served if not paid when due. The Issuer shall have all remedies and powers provided under the Act and other applicable provisions of law with regard to the collection and enforcement of such fees, rates and charges, including, without limitation, any right and power of foreclosure under the Act and/or such other applicable provisions of law.

D. The Issuer will not render or cause to be rendered any free services of any nature by the System nor any of the facilities; and in the event that the Issuer or any department, agency, officer or employee thereof should avail itself or themselves of the services or facilities of the System, the same fees, rates and charges applicable to other customers receiving like services under similar circumstances shall be charged, such charges shall be paid as they accrue, and revenues so received shall be deposited and accounted for in the same manner as other revenues of the System.

E. The Issuer may require any applicant for any service by the System to deposit a reasonable and equitable amount to insure payment of all charges for the services rendered by the System, which deposit shall be handled and disposed of under the applicable rules and regulations of the Public Service Commission of West Virginia.

F. The Issuer shall not be liable to any customer for any damage resulting from bursting or breakage of any pipe, line, main, valve, equipment or part or from discontinuance of the operation of any part of the System or from failure of any part thereof for any cause whatever.

G. In case of emergency, the Issuer shall have the right to restrict the use of any part of the System in any reasonable manner for the protection of the System and the inhabitants of the Issuer.

H. The fees, rates and charges above provided will be increased whenever such increase is necessary in order to comply fully with all provisions hereof, and the Issuer shall always be obligated to and shall fix, establish and collect fees, rates and charges for the services and facilities of the System which shall at all times be sufficient to provide revenues to meet its payments and

obligations provided hereunder, but in any event, not less than 110% of the annual debt service on the Bonds Outstanding after the Prior Bonds are paid in full.

ARTICLE VII

MISCELLANEOUS

Section 7.01. Payment of Bonds. If the Issuer shall pay or there shall otherwise be paid to the Holder of the Series 2009 B 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 2009 B Bonds, the pledge of Revenues and other monies and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Registered Owner of the Series 2009 B Bonds, shall thereupon cease, terminate and become void and be discharged and satisfied.

Except through such direct payment to the Holder of the Series 2009 B Bonds, the Issuer may not defease the Series 2009 B Bonds or otherwise provide for payment thereof by escrow or like manner.

Section 7.02. Modification or Amendment. Prior to issuance of the Series 2009 B Bonds, this Ordinance may be amended or supplemented in any way by ordinance or resolution. Following issuance of the Series 2009 B Bonds, no modification or amendment of this Ordinance, or any ordinance or resolution amendatory hereof or supplemental hereto, shall be made without the prior written consent of the Purchaser.

Section 7.03. Delivery of Bonds. The Mayor is hereby authorized and directed to cause the Series 2009 B Bonds, hereby awarded to the Purchaser pursuant to prior agreement, to be delivered to the Purchaser as soon as the Purchaser will accept such delivery.

Section 7.04. Severability of Invalid Provisions. If any one or more of the covenants, agreements or provisions hereof should be held contrary to any express provision of law or contrary to the policy of express law, although not expressly prohibited, or against public policy, or shall for any reason whatsoever be held invalid, then such covenants, agreements or provisions shall be null and void and shall be deemed severable from the remaining covenants, agreements or provisions hereof, and shall in no way affect the validity of all the other provisions hereof or the Series 2009 B Bonds.

Section 7.05. Conflicting Provisions Repealed. Except for the Prior Ordinance, all ordinances, resolutions and orders, or parts thereof, in conflict with the provisions hereof are, to the extent of such conflicts, hereby repealed; provided that this section shall not be applicable to the Loan Resolution (Form FmHA 442-47).

Section 7.06. Table of Contents and Headings. The Table of Contents and headings of the articles, sections and subsections hereof are for convenience only and shall neither control nor affect in any way the meaning or construction of any of the provisions hereof.

Section 7.07. Covenant of Due Procedure, Etc. The Issuer covenants that all acts, conditions, things and procedures required to exist, to happen, to be performed or to be taken precedent to and in the adoption and 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, 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 7.08. Effective Time. This Bond Legislation shall take effect following public hearing hereon in accordance with the Act.

Section 7.09. Statutory Notice and Public Hearing. Upon adoption hereof, an abstract of this Bond Legislation, determined by the Council to contain sufficient information as to give notice of the contents hereof, shall be published once a week for two successive weeks within a period of fourteen consecutive days, with at least six full days intervening between each publication, in the *Barbour Democrat*, being qualified newspapers of general circulation in The City of Philippi, no newspaper being published therein, together with a notice stating that this Ordinance has been adopted, and that the Issuer contemplates the issuance of the Bond, and that any person interested may appear before the Council upon a date certain, not less than ten days subsequent to the date of the first publication of the said abstract and notice and not prior to the last date of such publication, and present protests, and that a certified copy of the Ordinance is on file in the office of the Clerk of the Issuer for review by interested parties during regular office hours. At such hearing, all objections and suggestions shall be heard and the Council shall take such action as it shall deem proper in the premises.

Passed on First Reading:	January 20, 2009
Passed on Second Reading:	February 3, 2009
Passed on Final Reading Following Public Hearing:	February 17, 2009

David C. Mucherie
Mayor

CERTIFICATION

Certified a true copy of an Ordinance duly enacted by the Council of The City of Philippi on the 17th day of February, 2009, which Ordinance has not been repealed, rescinded, modified, amended or revoked, as witness my hand and the seal of The City of Philippi on this 16th day of April, 2009.

[SEAL]

Jammy R. Stemple
Clerk

04.02.09
700470.00001

THE CITY OF PHILIPPI

Water Revenue Bonds, Series 2009 B
(United States Department of Agriculture)

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION MAKING PROVISIONS AS TO PRINCIPAL AMOUNT, DATE, MATURITY DATE, REDEMPTION PROVISION, INTEREST RATE, INTEREST AND PRINCIPAL PAYMENT DATES, SALE PRICE AND OTHER TERMS OF THE WATER REVENUE BONDS, SERIES 2009 B OF THE CITY OF PHILIPPI, 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, February 17, 2009 (the "Bond Ordinance"), entitled:

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE EXISTING PUBLIC WATERWORKS FACILITIES OF THE CITY OF PHILIPPI, AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED THEREOF, THROUGH THE ISSUANCE BY THE CITY OF PHILIPPI OF NOT MORE THAN $2,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2009 B (UNITED STATES DEPARTMENT OF AGRICULTURE) IN ONE OR MORE SERIES; DEFINING AND PRESCRIBING THE TERMS AND PROVISIONS OF THE BONDS; PROVIDING GENERALLY FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE HOLDER OF THE BONDS; AND PROVIDING WHEN THIS ORDINANCE SHALL TAKE EFFECT.

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 Water Revenue Bonds, Series 2009 B, of the Issuer (the "Series 2009 B Bonds"), in an aggregate principal amount not to exceed $2,000,000, and has authorized the execution and delivery of the documents relating to the Bonds, all in accordance with Chapter 8, Article 19 of the West Virginia Code of 1931, as amended (collectively, the "Act");

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

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 following bonds of the Issuer:

A. Water Revenue Bonds, Series 2009 B (United States Department of Agriculture), of the Issuer, originally represented by a single Bond, numbered BR-1 in the principal amount of $1,651,000. The Series 2009 B Bonds shall be dated the date of delivery thereof, shall bear interest at the rate of 4.5% per annum, interest only payable in monthly installments for the first 12 months commencing 30 days following delivery of the Series 2009 B Bonds and continuing on the corresponding day of each month and, thereafter, principal and interest are payable in monthly installments of $10,451 on the corresponding day of each month, except that the final installment shall be paid at the end of twenty-two (22) years from the date of the Series 2009 B Bonds, in the sum of the unpaid principal and interest due on the date thereof, except that prepayments may be made as hereinafter provided and as provided in the Series 2009 B Bonds, all such payments to be made at the National Finance Office, St. Louis, Missouri 63103, or at such other place as the Purchaser may designate after issuance of the Series 2009 B Bonds. Prepayments of scheduled installments, or any portion thereof, may be made at any time at the option of the Issuer.

Section 2. The Mayor and the Clerk are hereby authorized and directed to execute and deliver such other documents and certificates required or desirable in connection with the Bonds hereby and by the Bond Ordinance approved and provided for, to the end that the Bonds may be delivered on or about April 16, 2009, to the Purchaser.

Section 3. The Issuer does hereby appoint and designate First Central Bank, Philippi, West Virginia, to serve as Depository Bank under the Bond Ordinance.

Section 4. The Issuer hereby approves and accepts all contracts relating to the financing, acquisition and construction of the Project.

Section 5. The cost of the Project is estimated not to exceed $1,651,000, which will be obtained from proceeds of the Series 2009 B Bonds.

Section 6. This Supplemental Resolution shall be effective immediately following adoption hereof.

[Remainder of Page Intentionally Blank]

Adopted this 7th day of April, 2009.

Daniel C. Murphy

Mayor

CERTIFICATION

Certified a true copy of a Supplemental Resolution duly adopted by the Council of The City of Philippi on the 7th day of April, 2009.

Dated: April 16, 2009.

[SEAL]

Jammy R. Stemple
Clerk

04.02.09
700470.00001

SPECIMEN

THE CITY OF PHILIPPI

WATER REVENUE BONDS, SERIES 2009 B
(UNITED STATES DEPARTMENT OF AGRICULTURE)

$1,651,000

No. BR-1

Date: April 16, 2009

FOR VALUE RECEIVED, THE CITY OF PHILIPPI (herein called "Borrower") promises to pay to the order of the United States of America (the "Government"), or its registered assigns, at its National Finance Office, St. Louis, Missouri 63103, or at such other place as the Government may hereafter designate in writing, the principal sum of ONE MILLION SIX HUNDRED FIFTY-ONE THOUSAND DOLLARS ($1,651,000), plus interest on the unpaid principal balance at the rate of 4.5% per annum. The said principal and interest shall be paid in the following installments on the following dates: Monthly installments of interest only, commencing 30 days following delivery of this Bond and continuing on the corresponding day of each month for the first twenty-four months after the date hereof, and $10,451, covering principal and interest, thereafter on said corresponding day of each month, except that the final installment shall be paid at the end of twenty-two (22) years from the date of this Bond, in the sum of the unpaid principal and interest due on the date thereof, and except that prepayments may be made as provided herein below. The consideration herefor shall support any agreement modifying the foregoing schedule of payments.

If the total amount of the loan is not advanced at the time of loan closing, the loan shall be advanced to Borrower as requested by Borrower and approved by the Government and interest shall accrue on the amount of each advance from its actual date as shown on the Record of Advances attached hereto as a part hereof.

Every payment made on any indebtedness evidenced by this Bond shall be applied first to interest computed to the effective date of the payment and then to principal.

Prepayments of scheduled installments, or any portion thereof, may be made at any time at the option of Borrower. Refunds and extra payments, as defined in the regulations of the Government according to the source of funds involved, shall, after payment of interest, be applied to the installments last to become due under this Bond and shall not affect the obligation of Borrower to pay the remaining installments as scheduled herein.

If the Government at any time assigns this Bond and insures the payment thereof, Borrower shall continue to make payments to the Government as collection agent for the holder.

While this Bond is held by an insured lender, prepayments as above authorized made by Borrower may, at the option of the Government, be remitted by the Government to the holder promptly or, except for final payment, be retained by the Government and remitted to the holder on either a

calendar quarter basis or an annual installment due date basis. The effective date of every payment made by Borrower, except payments retained and remitted by the Government on an annual installment due date basis, shall be the date of the United States Treasury check by which the Government remits the payment to the holder. The effective date of any prepayment retained and remitted by the Government to the holder on an annual installment due date basis shall be the date of the prepayment by Borrower and the Government will pay the interest to which the holder is entitled accruing between the effective date of any such prepayment and the date of the Treasury check to the holder.

Any amount advanced or expended by the Government for the collection hereof or to preserve or protect any security herefor, or otherwise under the terms of any security or other instrument executed in connection with the loan evidenced hereby, at the option of the Government shall become a part of and bear interest at the same rate as the principal of the debt evidenced hereby and be immediately due and payable by Borrower to the Government without demand. Borrower agrees to use the loan evidenced hereby solely for purposes authorized by the Government.

Borrower hereby certifies that it is unable to obtain sufficient credit elsewhere to finance its actual needs at reasonable rates and terms, taking into consideration prevailing private and cooperative rates and terms in or near its community for loans for similar purposes and periods of time.

This Bond, together with any additional bonds ranking on a parity herewith which may be issued and outstanding for the purpose of providing funds for financing costs of acquisition and construction of additions, betterments and improvements to the waterworks system (the "System") of Borrower, is payable solely from and secured by the revenues to be derived from the operation of the System. This Bond does not in any manner constitute an indebtedness of the Borrower within the meaning of any constitutional or statutory provision or limitation, nor shall the Borrower be obligated to pay the same or the interest thereon except from the special fund so provided.

Registration of this Bond is transferable by the registered owner hereof in person or by his, her or its attorney duly authorized in writing, at the office of Borrower, as Bond Registrar, but only in the manner, subject to the limitations and upon payment of the charges, if any, provided in the herein defined Ordinance, and upon surrender and cancellation of this Bond. Upon such transfer a new Bond or Bonds, of authorized denomination or denominations, for the like principal amount, will be issued to the transferee in exchange herefor.

This Bond, under the provisions of the Act, is and has all the qualities and incidents of a negotiable instrument under the Uniform Commercial Code of the State of West Virginia, but may only be transferred by transfer of registration hereof with the Bond Registrar.

This Bond has been issued under and in full compliance with the Constitution and statutes of the State of West Virginia, including, among others, Chapter 8, Article 19 of the West Virginia Code of 1931, as amended (herein called the "Act"), and an Ordinance of Borrower duly enacted on February 17, 2009 and a Supplemental Resolution duly adopted by the Issuer on April 7, 2009, authorizing issuance of this Bond (collectively, the "Ordinance").

If at any time it shall appear to the Government that Borrower may be able to obtain a loan from a responsible cooperative or private credit source at reasonable rates and terms for loans for similar purposes and periods of time, Borrower will, at the Government's request, apply for and accept such loan in sufficient amount to repay the Government.

This Bond is given as evidence of a loan to Borrower made or insured by the Government pursuant to the Consolidated Farm and Rural Development Act of 1965, as amended. This Bond shall be subject to the present regulations of the Government and to its future regulations not inconsistent with the express provisions hereof.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S WATERWORKS SYSTEM DESIGN REVENUE BONDS, SERIES 2009 A, DATED FEBRUARY 24, 2009 (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $491,200 (THE "SERIES 2009 A BONDS" OR THE "PRIOR BONDS").

In accordance with the requirements of the United States Department of Agriculture, the Bonds will be in default should any proceeds of the Bonds be used for a purpose that will contribute to excessive erosion of highly erodible land or to the conversion of wetlands to produce an agricultural commodity.

[Remainder of Page Intentionally Blank]

IN WITNESS WHEREOF, THE CITY OF PHILIPPI has caused this Bond to be executed by its Mayor and its corporate seal to be hereunto affixed or imprinted hereon and attested by its Clerk, all as of the date hereinabove written.

THE CITY OF PHILIPPI

[CORPORATE SEAL]

Mayor

P.O. Box 460
Philippi, West Virginia 26416

ATTEST:

Clerk

SPECIMEN

EXHIBIT A

RECORD OF ADVANCES

	AMOUNT	DATE		AMOUNT	DATE
(1)	$170,700	April 16, 2009	(19)		
(2)			(20)		
(3)			(21)		
(4)			(22)		
(5)			(23)		
(6)			(24)		
(7)			(25)		
(8)			(26)		
(9)			(27)		
(10)			(28)		
(11)			(29)		
(12)			(30)		
(13)			(31)		
(14)			(32)		
(15)			(33)		
(16)			(34)		
(17)			(35)		
(18)			(36)		

TOTAL $_____

(Form of Assignment)

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned sells, assigns and transfers to _____ 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 Borrower with full power of substitution in the premises.

Dated: _____, _____.

_____

In presence of:

_____