TOWN OF SOPHIA

Sewer Revenue Bonds, Series 2007 A
(West Virginia Infrastructure Fund)

DATE OF CLOSING: OCTOBER 23, 2007

BONDS TRANSCRIPT

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TOWN OF SOPHIA
SEWER REVENUE BONDS, SERIES 2007 A
(WEST VIRGINIA INFRASTRUCTURE FUND)

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TOWN OF SOPHIA

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE EXISTING PUBLIC SEWERAGE SYSTEM OF THE TOWN OF SOPHIA AND THE FINANCING OF A PORTION OF THE COST THEREOF, NOT OTHERWISE PROVIDED, THROUGH THE ISSUANCE BY THE TOWN OF NOT MORE THAN $768,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2007 A (WEST VIRGINIA INFRASTRUCTURE FUND); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING A LOAN AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

BE IT ORDAINED AND ENACTED BY THE COUNCIL OF THE TOWN OF SOPHIA:

ARTICLE I

STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

Section 1.01. Authority for this Ordinance. This Ordinance (together with any ordinance, order or resolution supplemental hereto or amendatory hereof, the "Bond Legislation") is enacted pursuant to the provisions of Chapter 16, Article 13 and Chapter 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 Town of Sophia (the "Issuer") is a municipal corporation and political subdivision of the State of West Virginia in Raleigh County of said State.

B. The Issuer presently owns and operates a public sewerage system. However, it is deemed necessary and desirable for the health and welfare of the inhabitants of the Issuer that there be acquired and constructed certain additions, betterments and improvements to the existing public sewerage system of the Issuer, consisting of the construction of a sewer extension to acquire 161 customers including two schools and a mobile home park, together with all appurtenant facilities (collectively, the "Project"), which constitute properties for the collection, transportation, treatment, purification, or disposal of liquid or solid wastes, residential sewage or industrial waste (the existing public sewerage system of the Issuer, the Project and any further additions, betterments and improvements thereto are herein called the "System"), in accordance with the plans and specifications prepared by the Consulting Engineers, which plans and specifications have heretofore been filed with the Issuer.

C. It is deemed necessary for the Issuer to issue its Sewer Revenue Bonds, Series 2007 A (West Virginia Infrastructure Fund), in the total aggregate principal amount of not more than $768,000 (the "Series 2007 A Bonds"), initially to be represented by a single bond, to permanently finance a portion of the costs of acquisition and construction of the Project. Said costs shall be deemed to include the cost of all property rights, easements and franchises deemed necessary or convenient therefor; amounts which may be deposited in the Series 2007 A Bonds Reserve Account (as hereinafter defined); engineering and legal expenses; expenses for estimates of costs and revenues; expenses for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the enterprise; administrative expense; commitment fees; fees and expenses of the Authority, discount; initial fees for the services of registrars, paying agents, depositories or trustees or other costs in connection with the sale of the Series 2007 A Bonds and such other expenses as may be necessary or incidental to the financing herein authorized; the acquisition 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 2007 A Bonds or the repayment of indebtedness incurred by the Issuer for such purposes shall be deemed Costs of the Project, as hereinafter defined.

D. The period of usefulness of the System after completion of the Project is not less than 30 years.

E. It is in the best interests of the Issuer that its Series 2007 A Bonds be sold to the Authority pursuant to the terms and provisions of a 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 (the "Loan Agreement"), to be approved hereby if not previously approved by resolution of the Issuer.

F. The Issuer has outstanding its Sewer Revenue Bonds, Series 1995 (West Virginia Water Development Authority) dated July 24, 1995, issued in the original aggregate principal amount of $156,705 (the "Prior Bonds").

The Series 2007 A Bonds shall be issued on a parity with the Prior Bonds. Prior to the issuance of the Series 2007 A Bonds, the Issuer will obtain (i) the certificate of an Independent Certified Public Accountant stating that the coverage and parity tests of the Prior Bonds are met; and (ii) the written consent of the Holders of the Prior Bonds to the issuance of the Series 2007 A Bonds on a parity with the Prior Bonds. Other than the Prior Bonds, there are no other outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System.

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

H. The Issuer has complied with all requirements of West Virginia law and the Loan Agreement relating to authorization of the acquisition and construction of the Project and the operation of the System and issuance of the Series 2007 A Bonds, or will have so complied prior to issuance of any thereof, including, among other things and without limitation, the approval of the Project and the financing thereof by the West Virginia Infrastructure and Jobs Development Council and the obtaining of a certificate of public convenience and necessity from the Public Service Commission of West Virginia by final order, the time for rehearing and appeal of which will either have expired prior to the issuance of the Series 2007 A Bonds or such final order will not be subject to appeal.

I. Pursuant to the Act, the Issuer has heretofore established a Sanitary Board, and the Sanitary Board has petitioned the Governing Body to issue the Series 2007 A Bonds for the purposes set forth herein.

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

Section 1.03. Bond Legislation Constitutes Contract. In consideration of the acceptance of the Series 2007 A Bonds by those who shall be the Registered Owners of the same from time to time, this Bond Legislation shall be deemed to be and shall constitute a contract between the Issuer and such Bondholders, and the covenants and agreements herein set forth to be performed by the Issuer shall be for the equal benefit, protection and security of the Registered Owners of any and all of such Series 2007 A Bonds, all which shall be of equal rank and without preference, priority or distinction between any one Bond of a

series and any other Bonds of the same series, and by reason of priority of issuance or otherwise, except as expressly provided therein and herein.

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

"Act" means, collectively, Chapter 16, Article 13 and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended and in effect on the date of enactment hereof.

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

"Board" or "Sanitary Board" means the Sanitary Board of the Issuer.

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

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

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

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

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

"Closing Date" means the date upon which there is an exchange of the Series 2007 A Bonds for all or a portion of the proceeds of the Series 2007 A Bonds from the Authority 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 S&S Engineers, Inc., Charleston, West Virginia, or any qualified engineer or firm of engineers, licensed by the State, that shall at any time hereafter be procured by the Issuer as Consulting Engineers for the System, or portion thereof, in accordance with Chapter 5G, Article 1 of the West Virginia Code of 1931, as amended; provided however, that the Consulting Engineers shall not be a regular, full-time employee of the State or any of its agencies, commissions, or political subdivisions.

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

"Council" means the West Virginia Infrastructure and Jobs Development Council, or any successor thereto.

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

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

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

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

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

"Grant" means any and all grants received by the Issuer for the payment of a portion of the costs of acquiring and constructing 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.

"Investment Property" means

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

(B) any obligation,

(C) any annuity contract,

(D) any investment-type property, or

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

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

"Issuer" means the Town of Sophia, a municipal corporation and political subdivision of the State of West Virginia, in Raleigh County, West Virginia, and, unless the context clearly indicates otherwise, includes the Governing Body and/or the Sanitary Board of the Issuer.

"Loan Agreement" means the Loan Agreement heretofore entered into, or to be entered into, by and between the Issuer and the Authority on behalf of the Council, providing for the purchase of the Series 2007 A Bonds from the Issuer by the Authority, the form of which shall be approved, and the execution and delivery by the Issuer authorized and directed or ratified by the Supplemental Resolution.

"Mayor" means the Mayor of the Issuer.

"Net Proceeds" means the face amount of the Series 2007 A Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds, if any, deposited in the Series 2007 A Bonds Reserve Account. For purposes of the Private Business Use limitations set forth herein, the term Net Proceeds shall include any amounts resulting from the investment of proceeds of the Series 2007 A Bonds, without regard to whether or not such investment is made in tax-exempt obligations.

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

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

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

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

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

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

"Prior Bonds" means the Series 1995 Bonds.

"Prior Ordinance" means the ordinance authorizing the Prior Bonds.

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

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

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

(a) Government Obligations;

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

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

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

(e) Time accounts (including accounts evidenced by time certificates of deposit, time deposits or other similar banking arrangements) which, to the extent not insured by the FDIC or Federal Savings and Loan Insurance Corporation, shall be secured by a pledge of Government Obligations, provided, that said Government Obligations

pledged either must mature as nearly as practicable coincident with the maturity of said time accounts or must be replaced or increased so that the market value thereof is always at least equal to the principal amount of said time accounts;

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

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

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

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

"Recorder" means the Recorder of the Issuer.

"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.

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

"Series 1995 Bonds" means the Issuer's Sewer Revenue Bonds, Series 1995 (West Virginia Water Development Authority) dated July 24, 1995 and issued in the origibal aggregate principal amount of $156,705.

"Series 2007 A Bonds" means Sewer Revenue Bonds, Series 2007 A (West Virginia Infrastructure Fund), of the Issuer, authorized by this Bond Legislation.

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

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

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

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

"Sinking Funds" means, collectively, the respective sinking funds established for the Prior Bonds and the Series 2007 a Bonds.

"State" means the State of West Virginia.

"Supplemental Resolution" means any resolution, ordinance or order of the Issuer supplementing or amending this Ordinance and, when preceded by the article "the," refers specifically to the supplemental resolution authorizing the sale of the Series 2007 A Bonds; provided, that any matter intended by this Ordinance to be included in the Supplemental Resolution with respect to the Series 2007 A Bonds, and not so included may be included in another Supplemental Resolution.

"Surplus Revenues" means the Net Revenues not required by the Bond Legislation to be set aside and held for the payment of or security for the Bonds or any other obligation of the Issuer, including, without limitation, the Renewal and Replacement Fund, the Sinking Funds and the Reserve Accounts.

"System" means, collectively, the complete existing municipal sewage treatment and collection system of the Issuer, as presently existing in its entirety or any integral part thereof, and shall include the Project and any and all additions, betterments and improvements thereto hereafter acquired or constructed for the System from any sources whatsoever, both within and without the Issuer.

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

"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 Ordinance as they are used. Words importing singular number shall include the plural number in each case and vice versa; words importing persons shall include firms and corporations; and words importing the masculine, feminine or neutral gender shall include any other gender.

ARTICLE II

AUTHORIZATION OF ACQUISITION AND CONSTRUCTION OF THE PROJECT

Section 2.01. Authorization of Acquisition and Construction of the Project. There is hereby authorized and ordered the acquisition and construction of the Project, at an estimated cost of not to exceed $768,000, in accordance with the plans and specifications which have been prepared by the Consulting Engineers, heretofore filed in the office of the Governing Body. The proceeds of the Series 2007 A Bonds hereby authorized shall be applied as provided in Article VI hereof. The Issuer has received bids and will enter into contracts for the acquisition and construction of the Project, compatible with the financing plan submitted to the Council.

The cost of the Project is estimated not to exceed $2,408,000, of which approximately $768,000 will be obtained from proceeds of the Series 2007 A Bonds; approximately $1,500,000 will be obtained from a Small Cities Block Grant; approximately $100,000 will be obtained from a Raleigh County Board of Education Grant and approximately $40,000 from a West Virginia development Office Grant.

ARTICLE III

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

Section 3.01. Authorization of Bonds. For the purposes of capitalizing interest (if any) on the Series 2007 A Bonds, funding a reserve account for the Series 2007 A Bonds, paying Costs of the Project not otherwise provided for and paying certain costs of issuance and related costs, or any or all of such purposes, as determined by the Supplemental Resolution, there shall be and hereby are authorized to be issued the negotiable Series 2007 A Bonds of the Issuer. The Series 2007 A Bonds shall be issued as a single bond, designated "Sewer Revenue Bond, Series 2007 A (West Virginia Infrastructure Fund)", in the principal amount of not more than $768,000 and shall have such terms as set forth hereinafter and in the Supplemental Resolution. The proceeds of the Series 2007 A Bonds remaining after funding of the Series 2007 A Bonds Reserve Account (if funded from Bond proceeds) and capitalizing interest on the Series 2007 A Bonds, if any, shall be deposited in or credited to the Series 2007 A Bonds Construction Trust Fund established by Section 5.01 hereof and applied as set forth in Article VI hereof.

Section 3.02. Terms of Bonds. The Series 2007 A Bonds shall be issued in such principal amounts; shall bear interest at such rate or rates, not exceeding the then legal maximum, payable quarterly on such dates; shall mature on such dates and in such amounts; and shall be redeemable, in whole or in part, all as the Issuer shall prescribe in a Supplemental Resolution or as specifically provided in the Loan Agreement. The Series 2007 A Bonds shall be payable as to principal at the office of the Paying Agent, in any coin or currency which, on the dates of payment of principal is legal tender for the payment of public or private debts under the laws of the United States of America. Interest on the Series 2007 A Bonds shall be paid by check or draft of the Paying Agent or its agent, mailed to the Registered Owner thereof at the address as it appears on the books of the Bond Registrar, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner thereof.

Unless otherwise provided by the Supplemental Resolution, the Series 2007 A Bonds shall initially be issued in the form of a single bond, fully registered to the Authority, with a record of advances and a debt service schedule attached, representing the aggregate principal amount of the Series 2007 A Bonds, and shall mature in principal installments, all as provided in the Supplemental Resolution. The Series 2007 A Bonds shall be exchangeable at the option and expense of the Registered Owner for another fully registered Bond or Bonds of the same series in aggregate principal amount equal to the amount of said Bonds then Outstanding and being exchanged, with principal installments or maturities, as applicable, corresponding to the dates of payment of principal installments of said Bonds; provided, that the Authority shall not be obligated to pay any expenses of such exchange.

Subsequent series of Bonds, if any, shall be issued in fully registered form and in denominations as determined by a Supplemental Resolution. Such Bonds shall be dated and shall bear interest as of the date specified in a Supplemental Resolution.

Section 3.03. Execution of Bonds. The Series 2007 A Bonds shall be executed in the name of the Issuer by the Mayor and the seal of the Issuer shall be affixed thereto or imprinted thereon and attested by the Recorder. In case any one or more of the officers who shall have signed or sealed the Series 2007 A Bonds shall cease to be such officer of the Issuer before the Series 2007 A Bonds so signed and sealed have been actually sold and delivered, such Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bonds had not ceased to hold such office. Any Series 2007 A Bonds may be signed and sealed on behalf of the Issuer by such person as at the actual time of the execution of such Bonds shall hold the proper office in the Issuer, although at the date of the authorization of such Bonds such person may not have held such office or may not have been so authorized.

Section 3.04. Authentication and Registration. No Series 2007 A Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under this Bond Legislation unless and until the Certificate of Authentication and Registration on such Bond, substantially in the form set forth in Section 3.10 hereof shall have been manually executed by the Bond Registrar. Any such executed Certificate of Authentication and Registration upon any such Bond shall be conclusive evidence that such Bond has been authenticated, registered and delivered under this Bond Legislation. The Certificate of Authentication and Registration on any Series 2007 A Bond shall be deemed to have been executed by the Bond Registrar if manually signed by an authorized officer of the Bond Registrar, but it shall not be necessary that the same officer sign the Certificate of Authentication and Registration on all of the Bonds issued hereunder.

Section 3.05. Negotiability, Transfer and Registration. Subject to the provisions for transfer of registration set forth below, the Series 2007 A Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder, in accepting the Series 2007 A Bonds shall be conclusively deemed to have agreed that such Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive 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 2007 A Bonds remain outstanding, the Issuer, through the Bond Registrar as its agent, shall keep and maintain books for the registration and transfer of the Series 2007 A Bonds.

The registered Series 2007 A Bonds shall be transferable only upon the books of the Bond Registrar, by the registered owner thereof in person or by his attorney duly

authorized in writing, upon surrender thereto together with a written instrument of transfer satisfactory to the Bond Registrar duly executed by the registered owner or his duly authorized attorney.

In all cases in which the privilege of exchanging Series 2007 A Bonds or transferring the registered Series 2007 A Bonds are exercised, all Series 2007 A Bonds shall be delivered in accordance with the provisions of this Bond Legislation. All Series 2007 A Bonds surrendered in any such exchanges or transfers shall forthwith be cancelled by the Bond Registrar. For every such exchange or transfer of Series 2007 A Bonds, the Bond Registrar may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer and the cost of preparing each new Bond upon each exchange or transfer, and any other expenses of the Bond Registrar incurred in connection therewith, which sum or sums shall be paid by the Issuer. The Bond Registrar shall not be obliged to make any such exchange or transfer of Series 2007 A Bonds during the period commencing on the 15th day of the month next preceding an interest payment date on the Series 2007 A Bonds or, in the case of any proposed redemption of Series 2007 A Bonds, next preceding the date of the selection of Bonds to be redeemed, and ending on such interest payment date or redemption date.

Section 3.06. Bonds Mutilated, Destroyed, Stolen or Lost. In case any Series 2007 A Bond shall become mutilated or be destroyed, stolen or lost, the Issuer may, in its discretion, issue, and the Bond Registrar shall, if so advised by the Issuer, authenticate 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 2007 A Bonds shall not, in any event, be or constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provision or limitation, but shall be payable solely from the Net Revenues derived from the operation of the System as herein provided. No Holder or Holders of the Series 2007 A Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Series 2007 A Bonds or the interest 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 2007 A Bonds shall be secured forthwith equally and ratably by a first lien on the Net Revenues derived

from the operation of the System on a parity with the Prior Bonds. Such Net Revenues in an amount sufficient to pay the principal of and interest on and other payments for the Series 2007 A Bonds and the Prior Bonds and to make the payments into all funds and accounts and all other payments provided for in the Bond Legislation, are hereby irrevocably pledged to such payments as the same become due.

Section 3.09. Delivery of Bonds. The Issuer shall execute and deliver the Series 2007 A Bonds to the Bond Registrar, and the Bond Registrar shall authenticate, register and deliver the Series 2007 A Bonds to the original purchasers upon receipt of the documents set forth below:

A. If other than the Authority, a list of the names in which the Series 2007 A Bonds are to be registered upon original issuance, together with such taxpayer identification and other information as the Bond Registrar may reasonably require;

B. A request and authorization to the Bond Registrar on behalf of the Issuer, signed by an Authorized Officer, to authenticate and deliver the Series 2007 A Bonds to the original purchasers;

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

D. An executed copy of the Loan Agreement; and

E. The unqualified approving opinion of bond counsel on the Series 2007 A Bonds.

Section 3.10. Form of Bonds. The text of the Series 2007 A Bonds shall be in substantially the following form, with such omissions, insertions and variations as may be necessary and desirable and authorized or permitted hereby, or by any Supplemental Resolution adopted prior to the issuance thereof:

(FORM OF BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
TOWN OF SOPHIA
SEWER REVENUE BOND, SERIES 2007 A
(WEST VIRGINIA INFRASTRUCTURE FUND)

No. AR-____ $_____

KNOW ALL MEN BY THESE PRESENTS: That on this _____ day of _____, 2007, the TOWN OF SOPHIA, a municipal corporation and political subdivision of the State of West Virginia in Raleigh County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY (the "Authority") or registered assigns the sum of _____ DOLLARS ($_____), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing _____ 1,200____, as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference. With interest on each installment at the rate per annum on said EXHIBIT B. The interest on this Bond shall be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing _____, 20___, as set forth on EXHIBIT B attached hereto.

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

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and 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 (the "Loan Agreement") by and among the Issuer, the Authority and the Council, dated _____, 2007.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain additions, betterments and improvements to the existing public sewerage system of the Issuer (the "Project"); (ii) funding the Series 2007 A Reserve Account; and (iii) to pay certain costs of issuance of the Bonds of this Series (the "Bonds") and related costs. The existing public sewerage system of the Issuer, the Project, and any further additions, betterments or improvements thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13 and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"), a Bond Ordinance duly enacted by the Issuer on _____, 2007, and a Supplemental Resolution duly adopted by the Issuer on _____, 2007 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT AND IN ALL RESPECTS WITH THE ISSUER'S SEWER REVENUE BONDS, SERIES 1995 A (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED JULY 24, 1995, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $156,705 (THE "PRIOR BONDS").

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System on a parity with the pledge of Net Revenues in favor of the Holders of the Prior Bonds, and from monies in the Reserve Account created under the Bond Legislation for the Bonds (the "Series 2007 A Bonds Reserve Account"), and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest hereon, except from said special fund provided from the Net Revenues, the monies in the Series 2007 A Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest on the Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Bonds, including the Prior Bonds; provided however, that so long as there exists in the Series 2007 A Bonds Reserve Account an amount at least equal to the maximum amount of

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

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

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

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

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

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

IN WITNESS WHEREOF, THE TOWN OF SOPHIA has caused this Bond to be signed by its Mayor and its corporate seal to be hereunto affixed and attested by its Recorder, and has caused this Bond to be dated as of the day and year first above-written.

[SEAL]

_____
Mayor

ATTEST:

_____
Recorder

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2007 A Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: _____, 2007.

THE HUNTINGTON NATIONAL BANK,
as Registrar

By: _____
Its: Authorized Officer

EXHIBIT A

RECORD OF ADVANCES

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

TOTAL $_____

EXHIBIT B

DEBT SERVICE SCHEDULE

(Form of)

ASSIGNMENT

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

Dated: _____, _____.

_____

In the presence of:

_____

Section 3.11. Sale of Bonds; Approval and Ratification of Execution of Loan Agreement. The Series 2007 A Bonds shall be sold to the Authority, pursuant to the terms and conditions of the Loan Agreement. If not so authorized by previous ordinance or resolution, the Mayor is specifically authorized and directed to execute the Loan Agreement in the form attached hereto as "Exhibit A" and made a part hereof, and the Recorder is directed to affix the seal of the Issuer, attest the same and deliver the Loan Agreement to the Authority, and any such prior execution and delivery is hereby authorized, approved, ratified and confirmed. The Loan Agreement, including all schedules and exhibits attached thereto, are hereby approved and incorporated into this Bond Legislation.

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

ARTICLE IV

[RESERVED]

ARTICLE V

FUNDS AND ACCOUNTS; SYSTEM REVENUES AND APPLICATION THEREOF

Section 5.01. Establishment of Funds and Accounts with Depository Bank. The following special funds or accounts are hereby created with (or continued if previously established by Prior Ordinance) 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);

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

(3) Series 2007 A Bonds Construction Trust Fund.

Section 5.02. Establishment of Funds and Accounts with Commission. The following special funds or accounts are hereby created (or continued is 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 1995 Bonds Sinking Fund (established by Prior Ordinance and continued hereby);

(2) Series 1995 Bonds Reserve Account (established by Prior Ordinance and continued hereby);

(3) Series 2007 A Bonds Sinking Fund; and

(4) Series 2007 A Bonds Reserve Account.

Section 5.03. System Revenues; Flow of Funds. A. The entire Gross Revenues derived from the operation of the System 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 manner order of priority:

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

(2) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and (i) remit to the Commission the interest payment on the Prior Bonds; and (ii) remit to the Commission, commencing 3 months prior to the first date of payment of interest of the Series 2007 A Bonds, for deposit in the Series 2007 A Bonds Sinking Fund, an amount equal to 1/3rd of the amount of interest which will mature and become due on the Series 2007 A Bonds on the next ensuing quarterly interest payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 2007 A Bonds Sinking Fund and the next quarterly interest payment date is less than 3 months, then such monthly payments shall be increased proportionately to provide, 1 month prior to the next quarterly interest payment date, the required amount of interest coming due on such date.

(3) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and (i) remit to the Commission the principal payment due on the Prior Bonds; and (ii) remit to the Commission, commencing 3 months prior to the first date of payment of principal of the Series 2007 A Bonds, for deposit in the Series 2007 A Bonds Sinking Fund, an amount equal to 1/3rd of the amount of principal which will mature and become due on the Series 2007 A Bonds on the next ensuing quarterly principal payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 2007 A Bonds Sinking Fund and the next quarterly principal payment date is less than 3 months, then such monthly payments shall be increased proportionately to provide, 1 month prior to the next quarterly principal payment date, the required amount of principal coming due on such date.

(4) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and remit to the Commission, commencing 3 months prior to the first date of payment of principal of the Series 2007 A Bonds, if not fully funded upon issuance of the Series 2007 A Bonds, for deposit in the Series 2007 A Bonds Reserve Account, an amount equal to 1/120th of the Series 2007 A Bonds Reserve Requirement; provided that, no further payments shall be made into the Series 2007 A Bonds Reserve Account when there shall have been deposited therein, and as long as there shall remain on deposit therein, an amount equal to the Series 2007 A Bonds Reserve Requirement.

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

Monies in the Series 2007 A Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest, on the Series 2007 A Bonds as the same shall become due. Monies in the Series 2007 A Bonds Reserve Account shall be used only for the purposes of paying principal of and interest on the Series 2007 A Bonds as the same shall come due, when other monies in the Series 2007 A Bonds Sinking Fund are insufficient therefor, and for no other purpose.

All investment earnings on monies in the Series 2007 A Bonds Sinking Fund and the Series 2007 A Bonds Reserve Account shall be returned, not less than once each year, by the Commission to the Issuer, and such amounts shall, during construction of the Project, be deposited in the Series 2007 A Bonds Construction Trust Fund, and following completion of construction of the Project, shall be deposited in the Revenue Fund and applied in full, first to the next ensuing interest payment due on the Series 2007 A Bonds and then to the next ensuing principal payment due thereon.

Any withdrawals from the Series 2007 A Bonds Reserve Account which result in a reduction in the balance of the Series 2007 A Bonds Reserve Account to below the Series 2007 A Bonds Reserve Requirement shall be subsequently restored from the first Net Revenues available after all required payments have been made in full in the priority as set forth above.

As and when additional Bonds ranking on a parity with the Series 2007 A Bonds are issued, provision shall be made for additional payments into the respective sinking fund sufficient to pay the interest on such additional parity Bonds and accomplish retirement thereof at maturity and to accumulate a balance in the respective reserve account in an amount equal to the requirement therefor.

The Issuer shall not be required to make any further payments into the Series 2007 A Bonds Sinking Fund or into the Series 2007 A Bonds Reserve Account therein when the aggregate amount of funds therein are at least equal to the aggregate principal amount of the Series 2007 A Bonds issued pursuant to this Bond Legislation then Outstanding and all interest to accrue until the maturity thereof.

Principal, interest or reserve payments, whether for a deficiency or otherwise, shall be made on a parity and pro rata with respect to the Prior Bonds and the Series 2007 A Bonds, all in accordance with the principal amount then Outstanding.

The Commission is hereby designated as the fiscal agent for the administration of the Series 2007 A Bonds Sinking Fund and the Series 2007 A Bonds Reserve Account created hereunder, and all required amounts shall be remitted to the Commission from the Revenue Fund by the Issuer at the times provided herein. If required by the Authority at anytime, the Issuer shall make the necessary arrangements whereby required payments into the Series 2007 A Bonds Sinking Fund and the Series 2007 A Bonds Reserve Account shall be automatically debited from the Revenue Fund and electronically transferred to the Commission on the dates required hereunder.

Monies in the Series 2007 A Bonds Sinking Fund and the Series 2007 A Bonds Reserve Account shall be invested and reinvested by the Commission in accordance with Section 8.01 hereof.

The Series 2007 A Bonds Sinking Fund, including the Series 2007 A Bonds Reserve Account therein, shall be used solely and only for, and are hereby pledged for, the purpose of servicing the Series 2007 A Bonds under the conditions and restrictions set forth herein.

B. The Issuer shall, on the first day of each month (if the first day is not a business day, then the first business day of each month), deposit with the Commission the required interest, principal and reserve account payments with respect to the Series 2007 A Bonds and all such payments shall be remitted to the Commission with appropriate instructions as to the custody, use and application thereof consistent with the provisions of this Bond Legislation.

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

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

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

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

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

G. If on any monthly payment date the revenues are insufficient to place the required amount in any of the funds and accounts as hereinabove provided, the deficiency shall be made up in the subsequent payments in addition to the payments which would otherwise be required to be made into the funds and accounts on the subsequent payment dates; provided, however, that the priority of curing deficiencies in the funds and accounts herein shall be in the same order as payments are to be made pursuant to this Section 5.03, and the Net Revenues shall be applied to such deficiencies before being applied to such deficiencies on a parity and pro rata with respect to the Series 2007 A bonds and the Prior Bonds all in accordance with the respective principal amounts outstanding before being applied to any other payments hereunder.

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

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

J. All Tap Fees shall be deposited by the Issuer, as received, in the Series 2007 A Bonds Construction Trust Fund, and following completion of the Project, shall be deposited in the Revenue Fund and may be used for any lawful purpose of the System.

ARTICLE VI

BOND PROCEEDS; CONSTRUCTION DISBURSEMENTS

Section 6.01. Application of Bond Proceeds; Pledge of Unexpended Bond Proceeds. From the monies received from the sale of the Series 2007 A Bonds, the following amounts shall be first deducted and deposited in the order set forth below:

A. From the proceeds of the Series 2007 A Bonds, there shall be deposited with the Commission in the Series 2007 A Bonds Sinking Fund, the amount, if any, set forth in the Supplemental Resolution as capitalized interest.

B. Next, from the proceeds of the Series 2007 A Bonds, there shall be deposited with the Commission in the Series 2007 A Bonds Reserve Account, the amount, if any, set forth in the Supplemental Resolution for funding of the Series 2007 A Bonds Reserve Account.

C. As the Issuer receives advances of the remaining monies derived from the sale of the Series 2007 A Bonds, such monies shall be deposited with the Depository Bank in the 2007 A Bonds Construction Trust Fund and applied solely to payment of Costs of the Project in the manner set forth in Section 6.02 hereof, and until expended, are hereby pledged as additional security for the Series 2007 A Bonds.

D. After completion of construction of the Project, as certified by the Consulting Engineers, and all costs have been paid, any remaining proceeds of the Series 2007 A Bonds shall be expended as approved by the Council.

Section 6.02. Disbursements From the Series 2007 A Bonds Construction Trust Fund. On or before the Closing Date, the Issuer shall have delivered to the Authority and the Council a report listing the specific purposes for which the proceeds of the Series 2007 A Bonds will be expended and the disbursement procedures of such proceeds, including an estimated monthly draw schedule. Payments for Costs of the Project shall be made monthly.

Except as provided in Section 6.01 hereof, disbursements from the Series 2007 A Bonds Construction Trust Fund shall be made only after submission to, and approved from, the Authority and the Council of a certificate, signed by an Authorized Officer and the Consulting Engineers, stating that:

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

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

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

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

Pending such application, monies in the Series 2007 A Bonds Construction Trust Fund shall be invested and reinvested in Qualified Investments at the written direction of the Issuer.

The Issuer shall expend all proceeds of the Series 2007 A Bonds within 3 years of the date of issuance of the Council's bonds, the proceeds of which were used to make the loan to the Issuer, if applicable.

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 2007 A Bonds. In addition to the other covenants, agreements and provisions of this Bond Legislation, the Issuer hereby covenants and agrees with the Holders of the Series 2007 A Bonds as hereinafter provided in this Article VII. All such covenants, agreements and provisions shall be irrevocable, except as provided herein, as long as any of the Series 2007 A Bonds or the interest thereon is Outstanding and unpaid.

Section 7.02. Bonds not to be Indebtedness of the Issuer. The Series 2007 A Bonds shall not be nor constitute a corporate indebtedness of the Issuer within the meaning of any constitutional, statutory or charter limitation of indebtedness, but shall be payable solely from the funds pledged for such payment by this Bond Legislation. No Holder or Holders of any Series 2007 A Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Series 2007 A Bonds or the interest, thereon.

Section 7.03. Bonds Secured by Pledge of Net Revenues; Lien Position with respect to Prior Bonds. The payment of the debt service of the Series 2007 A Bonds shall be secured forthwith equally and ratably by a first lien on the Net Revenues derived from the System on a parity with the lien on the Net Revenues in favor of the Holders of the Prior Bonds. The Net Revenues in an amount sufficient to pay the principal of and interest, on the Series 2007 A Bonds and to make the payments into all funds and accounts and all other payments provided for in the Bond Legislation are hereby irrevocably pledged, in the manner provided herein, to such payments as they become due, and for the other purposes provided in the Bond Legislation.

Section 7.04. Rates and Charges. The Issuer has obtained any and all approvals of rates and charges required by State law and has taken any other action required to establish and impose such rates and charges, with all requisite appeal periods having expired without successful appeal. Such rates and charges shall be sufficient to comply with the requirements of the Loan Agreement. The initial schedule of rates and charges for the services and facilities of the System shall be as set forth and approved and described in the sewer rate ordinance of the Issuer enacted October 20, 2005, which rates are incorporated herein by reference as a part hereof.

So long as the Series 2007 A Bonds are outstanding, the Issuer covenants and agrees to fix and collect rates, fees and other charges for the use of the System and to take

all such actions necessary to provide funds sufficient to produce the required sums set forth in the Bond Legislation and in compliance with the Loan Agreement. In the event the schedule of rates and charges initially established for the System in connection with the Series 2007 A Bonds shall prove to be insufficient to produce the required sums set forth in this Bond Legislation and the Loan Agreement, the Issuer hereby covenants and agrees that it will, to the extent or in the manner authorized by law, immediately adjust and increase such schedule of rates and charges and take all such actions necessary to provide funds sufficient to produce the required sums set forth in this Bond Legislation and the Loan Agreement.

Section 7.05. Sale of the System. So long as the Prior Bonds are outstanding, the Issuer shall not sell, lease, mortgage or in any manner dispose of or encumber the System, or any part thereof, except as provided in the Prior Ordinance.

So long as the Series 2007 A Bonds are outstanding and except as otherwise required by law or with the written consent of the Authority and the 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 2007 A Bonds, immediately be remitted to the Commission for deposit in the Series 2007 A Bonds Sinking Fund, and, with the written permission of the Authority or in the event the Authority is no longer a Bondholder, the Issuer shall direct the Commission to apply such proceeds to the payment of principal of and interest on the Series 2007 A Bonds. Any balance remaining after the payment of the Bonds and the interest thereon shall be remitted to the Issuer by the Commission unless necessary for the payment of other obligations of the Issuer payable out of the revenues of the System.

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 remitted by the Issuer to the Commission for deposit in the Renewal and Replacement Fund. The payment of such proceeds into the Renewal and Replacement Fund shall not reduce the amounts required to be paid into such funds by other provisions of the Prior Ordinance and this Bond Legislation.

No sale, lease or other disposition of the properties of the System shall be made by the Issuer if the proceeds to be derived therefrom, together with all other amounts received during the same Fiscal Year for such sales, leases, or other dispositions of such properties, shall be in excess of $50,000 and insufficient to pay all Bonds then Outstanding without the prior approval and consent in writing of the Holders, or their authorized representatives, of the Bonds then Outstanding. The Issuer shall prepare the form of such approval and consent for execution by the then Holders of the Bonds for the disposition of the proceeds of the sale, lease or other disposition of such properties of the System.

Section 7.06. Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances. Except as provided for in Section 7.07 hereof, the Issuer shall not issue any obligations whatsoever payable from the revenues of the System which rank prior to, or equally, as to lien on and source of and security for payment from such revenues with the Series 2007 A Bonds. All obligations issued by the Issuer after the issuance of the Series 2007 A Bonds and payable from the revenues of the System, except such additional parity Bonds, shall contain an express statement that such obligations are junior and subordinate, as to lien on and source of and security for payment from such revenues and in all other respects, to the Series 2007 A Bonds; provided, that no such subordinate obligations shall be issued unless all payments required to be made into all funds and accounts established by this Bond Legislation have been made and are current at the time of the issuance of such subordinate obligations.

Except as provided above, the Issuer shall not create, or cause or permit to be created, any debt, lien, pledge, assignment, encumbrance or any other charge having priority over or being on a parity with the lien of the Series 2007 A Bonds, and the interest thereon, upon any of the income and revenues of the System pledged for payment of the Series 2007 A Bonds and the interest thereon in this Bond Legislation, or upon the System or any part thereof.

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

Section 7.07. Parity Bonds. So long as the Prior Bonds are Outstanding, the limitations of the issuance of parity obligations set forth in the Prior Ordinance shall be applicable. In addition, no Parity Bonds, payable out of the revenues of the System, shall be issued after the issuance of the Series 2007 A Bonds pursuant to this Bond Legislation,

without the prior written consent of the Authority, the Council and under the conditions and in the manner herein provided.

All Parity Bonds issued hereunder shall be on a parity in all respects with the Series 2007 A Bonds.

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

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

(1) The Bonds then Outstanding;

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

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

The "estimated average increased annual Net Revenues to be received in each of the 3 succeeding years," as that term is used in the computation provided in the above paragraph, shall refer only to the increased Net Revenues estimated to be derived from the improvements to be financed by such Parity Bonds and any increase in rates enacted by the Issuer, the time for appeal of which shall have expired (without successful appeal) prior to the issuance of such Parity Bonds, and shall not exceed the amount to be stated in a certificate of the Independent Certified Public Accountants, which shall be filed in the office of the Recorder prior to the issuance of such Parity Bonds.

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

All covenants and other provisions of this Bond Legislation (except as to details of such Parity Bonds inconsistent herewith) shall be for the equal benefit, protection and security of the Holders of the Bonds and the Holders of any Parity Bonds subsequently issued from time to time within the limitations of and in compliance with this section. Bonds issued on a parity, regardless of the time or times of their issuance, shall rank equally with respect to their lien on the Net Revenues of the System and their source of and security for payment from said Net Revenues, without preference of any Bond of one series over any other Bond of the same series. The Issuer shall comply fully with all the increased payments into the various funds and accounts created in this Bond Legislation required for and on account of such Parity Bonds, in addition to the payments required for Bonds theretofore issued pursuant to this Bond Legislation.

Parity Bonds shall not be deemed to include bonds, notes, certificates or other obligations subsequently issued, the lien of which on the revenues of the System is subject to the prior and superior lien of the Series 2007 A Bonds on such revenues. The Issuer shall not issue any obligations whatsoever payable from the revenues of the System, or any part thereof, which rank prior to or, except in the manner and under the conditions provided in this section, equally, as to lien on and source of and security for payment from such revenues, with the Series 2007 A Bonds.

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

Section 7.08. Books; Records and Audit. The Issuer shall keep complete and accurate records of the cost of acquiring the Project site and the costs of acquiring, constructing and installing the Project. The Issuer shall permit the Authority and the Council or their agents and representatives, to inspect all books, documents, papers and records relating to the Project and the System at all reasonable times for the purpose of audit and examination. The Issuer shall submit to the Authority and the Council such documents and information as they may reasonably require in connection with the acquisition, construction and installation of the Project, the operation and maintenance of the System and the administration of the loan or any grants or other sources of financing for the Project.

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

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

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

The Issuer shall file with the Authority and the Council, or any other original purchaser of the Series 2007 A Bonds, and shall mail in each year to any Holder or Holders of the Series 2007 A Bonds, requesting the same, an annual report containing the following:

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

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

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

The Issuer shall also, at least once a year, cause the books, records and accounts of the System to be audited by Independent Certified Public Accountants (and in compliance with the applicable OMB Circular, or any successor thereto, and the Single Audit Act, or any successor thereto, to the extent legally required), and shall mail upon request, and make available generally, the report of said Independent Certified Public Accountants, or a summary thereof, to any Holder or Holders of the Series 2007 A Bonds and shall submit said report to the Authority and the Council, or any other original purchaser of the Series 2007 A Bonds. Such audit report submitted to the Authority and the Council shall include a statement that the Issuer is in compliance with the terms and provisions of the Act, the Loan Agreement and this Bond Legislation and that the revenues of the System are adequate to meet the Issuer's Operating Expenses and debt service and reserve requirements.

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

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

Section 7.09. Rates. Prior to the issuance of the Series 2007 A Bonds, equitable rates or charges for the use of and service rendered by the System have been established all in the manner and form required by law, and copies of such rates and charges so established will be continuously on file with the Recorder, which copies will be open to inspection by all interested parties. The schedule of rates and charges shall at all times be adequate to produce Gross Revenues from the System sufficient to pay Operating Expenses and to make the prescribed payments into the funds created hereunder. Such schedule of rates and charges shall be changed and readjusted whenever necessary so that the aggregate of the rates and charges will be sufficient for such purposes. In order to assure full and continuous performance of this covenant, with a margin for contingencies and temporary unanticipated reduction in income and revenues, the Issuer hereby covenants and agrees that the schedule of rates or charges from time to time in effect shall be sufficient, together with other revenues of the System (i) to provide for all Operating Expenses of the System and (ii) to leave a balance each year equal to at least 115% of the maximum amount required in any year for payment of principal of and interest on the Series 2007 A Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2007 A Bonds, including the Prior Bonds; provided that, in the event the amounts equal to or in excess of the reserve requirements are on deposit respectively in the Series 2007 A Bonds Reserve Account and any Reserve Accounts for obligations on a parity with the Series 2007 A Bonds, are funded at least at the requirement therefor, such balance each year need only equal at least 110% of the maximum amount required in any year for payment of principal of and interest on the Series 2007 A Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2007 A Bonds. In any event, the Issuer shall not reduce the rates or charges for services set forth in the rate ordinance described in Section 7.04 hereof.

Section 7.10. Operating Budget and Monthly Financial Report. The Issuer shall annually, at least 45 days preceding the beginning of each Fiscal Year, prepare

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

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

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

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

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

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

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

Whenever any fees, rates, rentals or other charges for the services and facilities of the System shall remain unpaid for a period of 30 days after the same shall become due and payable, the property and the owner thereof, as well as the user of the services and facilities, shall be delinquent until such time as all such rates and charges are fully paid. To the extent authorized by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, rates, rentals and other charges, if not paid when due, shall become a lien on the premises served by the System. The Issuer further covenants and agrees that, it will, to the full extent permitted by law and the rules and regulations promulgated by the Public Service Commission of West Virginia, discontinue and shut off the services of the System, and any services and facilities of the water system, to all users of the services of the System delinquent in payment of charges for the services of the System and will not restore such services of either system until all delinquent charges for the services of the System, plus reasonable interest and penalty charges for the restoration of service, have been fully paid and shall take all further actions to enforce collections to the maximum extent permitted by law. If the water system is not owned by the Issuer, the Issuer will, to the extent allowed by law, use diligent efforts to enter into a similar termination agreement with the provider of such water, subject to any required approval of such agreement by the Public Service Commission of West Virginia and all rules, regulations and orders thereof.

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

Section 7.15. Insurance and Construction Bonds. A. The Issuer hereby covenants and agrees that so long as the Series 2007 A Bonds remain Outstanding, the Issuer will, as an Operating Expense, procure, carry and maintain insurance with a reputable insurance carrier or carriers as is customarily covered with respect to works and properties similar to the System. Such insurance shall initially cover the following risks and be in the following amounts:

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

(2) PUBLIC LIABILITY INSURANCE, with limits of not less than $1,000,000 per occurrence to protect the Issuer from claims for bodily injury and/or death and not less than $500,000 per occurrence from claims for damage to property of others which may arise from the operation of the System, and insurance with the same limits to protect the Issuer from claims arising out of operation or ownership of motor vehicles of or for the System.

(3) WORKER'S COMPENSATION COVERAGE FOR ALL EMPLOYEES OF OR FOR THE SYSTEM ELIGIBLE THEREFOR; AND PERFORMANCE AND PAYMENT BONDS, such bonds to be in the amounts of 100% of the construction contract and to be required of each contractor contracting directly with the Issuer, and such payment bonds will be filed with the Clerk of The County Commission of the County in which such work is to be performed prior to commencement of

construction of the Project in compliance with West Virginia Code, Chapter 38, Article 2, Section 39.

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

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

(6) FIDELITY BONDS will be provided as to every officer, member and employee of the Issuer or the Board having custody of the revenues or of any other funds of the System, in an amount at least equal to the total funds in the custody of any such person at any one time.

B. The Issuer shall require all contractors engaged in the construction of the Project to furnish a performance bond and a payment bond, each in an amount equal to 100% of the contract price of the portion of the Project covered by the particular contract as security for the faithful performance of such contract. The Issuer shall verify such bonds prior to commencement of construction.

The Issuer shall also require all contractors engaged in the construction of the Project to carry such worker's compensation coverage for all employees working on the Project and public liability insurance, vehicular liability insurance and property damage insurance in amounts adequate for such purposes and as is customarily carried with respect to works and properties similar to the Project; provided that the amounts and terms of such coverage are satisfactory to the Authority and the Council and the Issuer shall verify such insurance prior to commencement of construction. In the event the Loan Agreement so requires, such insurance shall be made payable to the order of the Authority, the Issuer, the prime contractor and all subcontractors, as their interests may appear.

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

from such house, dwelling or building where there is such gravity flow or transportation by such other method approved by the State Department of Health and such house, dwelling or building can be adequately served by the System, and every such owner, tenant or occupant shall, after a 30-day notice of the availability of the System, pay the rates and charges established therefor.

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

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

The Issuer has obtained all permits required by State and federal laws for the acquisition and construction of the Project, all orders and approvals from the Public Service Commission of West Virginia and the West Virginia Infrastructure and Jobs Development Council necessary for the acquisition and construction of the Project and the operation of the System and has obtained all approvals for the issuance of the Series 2007 A Bonds required by State law, with all appeal periods having expired without successful appeal.

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

The Issuer shall also comply with all applicable laws, rules and regulations issued by the Authority, Council or other State, federal or local bodies in regard to the acquisition and construction of the Project and the operation, maintenance and use of the System.

Section 7.19. Tax Covenants. The Issuer hereby further covenants and agrees as follows:

A. PRIVATE BUSINESS USE LIMITATION. The Issuer shall assure that (i) not in excess of 10% of the Net Proceeds of the Series 2007 A Bonds are used for Private Business Use if, in addition, the payment of more than 10% of the principal or 10% of the interest due on the Series 2007 A Bonds during the term thereof is, under the terms of the Series 2007 A Bonds or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for a Private Business Use or in payments in respect of property used or to be used for a Private Business Use or is to be derived from payments,

whether or not to the Issuer, in respect of property or borrowed money used or to be used for a Private Business Use; and (ii) and that, in the event that both (A) in excess of 5% of the Net Proceeds of the Series 2007 A Bonds are used for a Private Business Use, and (B) an amount in excess of 5% of the principal or 5% of the interest due on the Series 2007 A Bonds during the term thereof is, under the terms of the Series 2007 A Bonds or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for said Private Business Use or in payments in respect of property used or to be used for said Private Business Use or is to be derived from payments, whether or not to the Issuer, in respect of property or borrowed money used or to be used for said Private Business Use, then said excess over said 5% of Net Proceeds of the Series 2007 A Bonds used for a Private Business Use shall be used for a Private Business Use related to the governmental use of the Project, or if the Series 2007 A Bonds are for the purpose of financing more than one project, a portion of the Project, and shall not exceed the proceeds used for the governmental use of that portion of the Project to which such Private Business Use is related, all of the foregoing to be determined in accordance with the Code.

B. PRIVATE LOAN LIMITATION. The Issuer shall assure that not in excess of the lesser of 5% or $5,000,000 of the Net Proceeds of the Series 2007 A Bonds are used, directly or indirectly, to make or finance a loan (other than loans constituting Nonpurpose Investments) to persons other than state or local government units.

C. FEDERAL GUARANTEE PROHIBITION. The Issuer shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause the Series 2007 A Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Code.

D. INFORMATION RETURN. The Issuer will file all statements, instruments and returns necessary to assure the tax-exempt status of the Series 2007 A Bonds and the interest thereon, including, without limitation, the information return required under Section 149(e) of the Code.

E. FURTHER ACTIONS. The Issuer will take any and all actions that may be required of it (including, without limitation, those deemed necessary by the Authority) so that the interest on the Series 2007 A Bonds will be and remain excludable from gross income for federal income tax purposes, and will not take any actions, or fail to take any actions (including, without limitation, those deemed necessary by the Authority), the result of which would adversely affect such exclusion.

Section 7.20. 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 2007 A Bonds, a statutory mortgage lien upon the System is granted and created by the Act, which statutory mortgage lien is hereby recognized and declared to be valid and binding, shall take effect immediately upon delivery of the Series 2007 A Bonds and shall be on a parity with the statutory mortgage lien in favor of the Holders of the Prior Bonds.

Section 7.22. Contracts; Public Releases. A. The Issuer shall, simultaneously with the delivery of the Series 2007 A Bonds or immediately thereafter, enter into written contracts for the immediate acquisition or construction of the Project.

B. The Issuer shall submit all proposed change orders to the Council for written approval. The Issuer shall obtain the written approval of the Council before expending any proceeds of the Series 2007 A Bonds held in "contingency" as set forth in the Schedule attached to the Certificate of the Consulting Engineer. The Issuer shall also obtain the written approval of the Council before expending any proceeds of the Series 2007 A Bonds made available due to bid or construction or project underruns.

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

ARTICLE VIII

INVESTMENT OF FUNDS

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

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

The Depository Bank shall keep complete and accurate records of all funds, accounts and investments, and shall distribute to the Issuer, at least once each year, or more often as reasonably requested by the Issuer, a summary of such funds, accounts and investment earnings. The Issuer shall retain all such records and any additional records with respect to such funds, accounts and investment earnings so long as any of the Series 2007 A Bonds are Outstanding and as long thereafter as necessary to assure the exclusion of interest on the Series 2007 A Bonds from gross income for federal income tax purposes.

Section 8.02. Arbitrage and Tax Exemption. The Issuer covenants that (i) it shall not take, or permit or suffer to be taken, any action with respect to the gross or other proceeds of the Series 2007 A Bonds which would cause the Series 2007 A Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code, and (ii) it will take all actions that may be required of it (including, without implied limitation, the timely filing of a federal information return with respect to the Series 2007 A Bonds) so that the interest on the Series 2007 A Bonds will be and remain excludable from gross income for federal income tax purposes, and will not take any actions which would adversely affect such exclusion.

Section 8.03. Tax Certificate and Rebate. The Issuer shall deliver a certificate of arbitrage, a tax certificate or other similar certificate to be prepared by nationally recognized bond counsel or tax counsel relating to payment of arbitrage rebate and other tax matters as a condition to issuance of the Series 2007 A Bonds. In addition, the Issuer covenants to comply with all Regulations from time to time in effect and applicable to the Series 2007 A Bonds as may be necessary in order to fully comply with Section 148(f) of the Code, and covenants to take such actions, and refrain from taking such actions, as may be necessary to fully comply with such Section 148(f) of the Code and such Regulations, regardless of whether such actions may be contrary to any of the provisions of this Bond Legislation.

The Issuer covenants to calculate, annually, the rebatable arbitrage, determined in accordance with Section 148(f) of the Code. Upon completion of each such annual calculation, unless otherwise agreed by the Authority, the Issuer shall deposit, or cause to be deposited, in the Rebate Fund such sums as are necessary to cause the aggregate amount on deposit in the Rebate Fund to equal the sum determined to be subject to rebate to the United States, which, notwithstanding anything herein to the contrary, shall be paid from investment earnings on the underlying fund or account established hereunder and on which such rebatable arbitrage was earned or from other lawfully available sources. Notwithstanding anything herein to the contrary, the Rebate Fund shall be held free and clear of any lien or pledge hereunder and shall be used only for payment of rebatable arbitrage to the United States. The Issuer shall pay, or cause to be paid, to the United States, from the Rebate Fund, the rebatable arbitrage in accordance with Section 148(f) of the Code and such Regulations. In the event that there are any amounts remaining in the Rebate Fund following all such payments required by the preceding sentence, the Depository Bank shall pay said amounts to the Issuer to be used for any lawful purpose of the System. The Issuer shall remit payments to the United States in the time and at the address prescribed by the Regulations as the same may be from time to time in effect with such reports and statements as may be prescribed by such Regulations. In the event that, for any reason, amounts in the Rebate Fund are insufficient to make the payments to the United States which are required, the Issuer shall assure that such payments are made by the Issuer to the United States, on a timely basis, from any funds lawfully available therefor. In addition, the Issuer shall cooperate with the Authority in preparing rebate calculations and in all other respects in connection with rebates and hereby consents to the performance of all matters in connection with such rebates by the Authority at the expense of the Issuer. The Issuer may provide for the employment of independent attorneys, accountants or consultants compensated on such reasonable basis as the Issuer may deem appropriate in order to assure compliance with this Section 8.03. The Issuer shall keep and retain, or cause to be kept and retained, records of the determinations made pursuant to this Section 8.03 in accordance with the requirements of Section 148(f) of the Code and such Regulations. In the event the Issuer fails to make such rebates as required, the Issuer shall pay the required rebate amount, any and all penalties and other amounts, from lawfully available sources, and obtain a waiver from the Internal Revenue Service, if necessary, and take any other actions necessary, in order to

maintain the exclusion of interest on the Series 2007 A Bonds from gross income for federal income tax purposes.

The Issuer shall furnish to the Authority, annually, and at such time as it is required to perform its rebate calculations under the Code, a certificate with respect to its rebate calculations and, at any time, any additional information relating thereto as may be requested by the Authority. In addition, the Issuer shall cooperate with the Authority in preparing any required rebate calculations and in all other respects in connection with rebates and hereby consents to the performance of all matters in connection with such rebates by the Authority at the expense of the Issuer.

The Issuer shall submit to the Authority within 15 days following the end of each Bond Year a certified copy of its rebate calculation and certificate with respect thereto or, if the Issuer qualifies for the small governmental issue exception to rebate, or any other exception thereto, then the Issuer shall submit to the Authority a certificate stating that it is exempt from such rebate provisions and that no event has occurred to its knowledge during the Bond Year which would make the Series 2007 A Bonds subject to rebate. The Issuer shall also furnish to the Authority, at any time, such additional information relating to rebate as may be reasonably requested by the Authority including information with respect to earnings on all funds constituting "gross proceeds" of the Series 2007 A Bonds (as such term "gross proceeds" is defined in the Code).

Section 8.03. Small Issuer Exemption from Rebate of Excess Investment Earnings to the United States. In accordance with Section 148 (f)(4)(D) of the Code, the Issuer covenants that it is a governmental unit with general taxing powers; that no part of the Notes are private activity bonds; that 95% or more of the Net Proceeds of the Notes are to be used for local governmental activities of the Issuer (or of a governmental unit the jurisdiction of which is entirely within the jurisdiction of the Issuer); and that the aggregate face amount of all the tax-exempt obligations (other than private activity bonds) issued by the Issuer during the calendar year in which the Notes are issued does not and will not exceed $5,000,000, determined in accordance with Section 148(f)(4)(D) of the Code and the Regulations from time to time in effect an applicable to the Notes. For purposes of the first paragraph of this Section and for purposes of applying Section 148(f)(4)(D) of the Code, the Issuer and all entities which issue obligations on behalf of the Issuer shall be treated as one issuer; all obligations issued by a governmental unit to make loans to other governmental units with general taxing powers not subordinate to such unit shall, for purposes of applying this first paragraph of this Section and Section 148(f)(4)(D) of the Code, be treated as not issued by such unit; all obligations issued by a subordinate entity shall, for purposes of applying this first paragraph of this Section and Section 148(f)(4)(D) of the Code to each other entity to which such entity is subordinate, be treated as issued by such other entity; and an entity formed (or, to the extent provided by the Secretary, as set forth in the Code, availed of) to avoid the purposes of such Section.

ARTICLE IX

DEFAULT AND REMEDIES

Section 9.01. Events of Default. Each of the following events shall constitute an "Event of Default" with respect to the Series 2007 A Bonds:

(1) If default occurs in the due and punctual payment of the principal of or interest on the Series 2007 A Bonds; or

(2) If default occurs in the Issuer's observance of any of the covenants, agreements or conditions on its part relating to the Series 2007 A Bonds set forth in this Bond Legislation, any supplemental resolution or in the Series 2007 A Bonds, and such default shall have continued for a period of 30 days after the Issuer shall have been given written notice of such default by the Commission, the Depository Bank, the Registrar, the Paying Agent or 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 Prior Ordinance.

Section 9.02. Remedies. Upon the happening and continuance of any Event of Default, any Registered Owner of a Bond may exercise any available remedy and bring any appropriate action, suit or proceeding to enforce his or her rights and, in particular, (i) bring suit for any unpaid principal or interest then due, (ii) by mandamus or other appropriate proceeding enforce all rights of such Registered Owners including the right to require the Issuer to perform its duties under the Act and the Bond Legislation relating thereto, including but not limited to the making and collection of sufficient rates or charges for services rendered by the System, (iii) bring suit upon the Bonds; (iv) by action at law or bill in equity require the Issuer to account as if it were the trustee of an express trust for the Registered Owners of the Bonds, and (v) by action or bill in equity enjoin any acts in violation of the Bond Legislation with respect to the Bonds, or the rights of such Registered Owners; provided that all rights and remedies of the Holders of the Series 2007 A Bonds shall be on a parity with those of the Holders of the Prior Bonds.

Section 9.03. Appointment of Receiver. Any Registered Owner of a Bond may, by proper legal action, compel the performance of the duties of the Issuer under the Bond Legislation and the Act, including, the completion of the Project and after

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

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

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

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

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

ARTICLE X

PAYMENT OF BONDS

Section 10.01. Payment of Bonds. If the Issuer shall pay or there shall otherwise be paid to the Holders of the Series 2007 A Bonds, the principal of and interest due or to become due thereon at the times and in the manner stipulated therein and in this Bond Legislation, then the pledge of Net Revenues and other monies and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Registered Owners of the Series 2007 A Bonds shall thereupon cease, terminate and become void and be discharged and satisfied, except as may otherwise be necessary to assure the exclusion of interest on the Series 2007 A Bonds from gross income for federal income tax purposes.

ARTICLE XI

MISCELLANEOUS

Section 11.01. Amendment or Modification of Bond Legislation. Prior to issuance of the Series 2007 A Bonds, this Ordinance may be amended or supplemented in any way by the Supplemental Resolution. Following issuance of the Series 2007 A Bonds, no material modification or amendment of this Ordinance, or of any ordinance, resolution or order amendatory or supplemental hereto, that would materially and adversely affect the rights of Registered Owners of the Series 2007 A Bonds, shall be made without the consent in writing of the Registered Owners of the Series 2007 A Bonds so affected and then Outstanding; provided, that no change shall be made in the maturity of any Bond or Bonds or the rate of interest thereon, or in the principal amount thereof, or affecting the unconditional promise of the Issuer to pay such principal and interest out of the funds herein pledged therefor without the consent of the respective Registered Owner thereof. No amendment or modification shall be made that would reduce the percentage of the principal amount of the Series 2007 A Bonds required for consent to the above-permitted amendments or modifications. Notwithstanding the foregoing, this Bond Legislation may be amended without the consent of any Bondholder as may be necessary to assure compliance with Section 148(f) of the Code relating to rebate requirements or otherwise as may be necessary to assure the exclusion of interest on the Series 2007 A Bonds from gross income of the holders thereof.

Section 11.02. Bond Legislation Constitutes Contract. The provisions of the Bond Legislation shall constitute a contract between the Issuer and the Registered Owners of the Series 2007 A Bonds, and no change, variation or alteration of any kind of the provisions of the Bond Legislation shall be made in any manner, except as in this Bond Legislation provided.

Section 11.03. Severability of Invalid Provisions. If any section, paragraph, clause or provision of this Ordinance should be held invalid by any court of competent jurisdiction, the invalidity of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Ordinance, the Supplemental Resolution or the Series 2007 A Bonds.

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

Section 11.05. Conflicting Provisions Repealed, Prior Ordinance. All ordinances, orders or resolutions and or parts thereof in conflict with the provisions of this Ordinance are, to the extent of such conflict, hereby repealed, provided that in the event of any conflict between the Ordinance and the Prior Ordinance, the Prior Ordinance shall control (unless less restrictive) so long as the Prior Bonds are outstanding.

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

Section 11.07. Effective Date. This Ordinance shall take effect immediately following the public hearing and final reading hereof.

Section 11.08. Statutory Notice and Public Hearing. Upon adoption hereof, an abstract of this Ordinance determined by the Governing Body to contain sufficient information as to give notice of the contents hereof shall be published once a week for 2 successive weeks within a period of fourteen consecutive days, with at least 6 full days intervening between each publication, in *The Register Herald*, a newspaper published and of general circulation in the Town of Sophia, together with a notice stating that this Ordinance has been adopted and that the Issuer contemplates the issuance of the Series 2007 A Bonds, and that any person interested may appear before the Governing Body upon a date certain, not less than ten days subsequent to the date of the first publication of such abstract of this Ordinance and notice, and present protests, and that a certified copy of this Ordinance is on file with the Governing Body for review by interested persons during office hours of the Governing Body. At such hearing, all objections and suggestions shall be heard and the Governing Body shall take such action as it shall deem proper in the premises.

Passed on First Reading: - September 6, 2007

Passed on Second Reading: - September 20, 2007

Passed on Final Reading Following Public Hearing: - October 18, 2007

Mayor

CERTIFICATION

Certified a true copy of an Ordinance duly enacted by the Council of the Town of Sophia on the 18th day of October, 2007.

Dated: October 23, 2007.

[SEAL]

Recorder

10.8.07
846880.00001

EXHIBIT A

Loan Agreement included in bond transcript as Document 3.

TOWN OF SOPHIA

Sewer Revenue Bonds, Series 2007 A
(West Virginia Infrastructure Fund)

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNT, DATE, MATURITY DATE, REDEMPTION PROVISION, INTEREST RATE, INTEREST AND PRINCIPAL PAYMENT DATES, SALE PRICE AND OTHER TERMS OF THE SEWER REVENUE BONDS, SERIES 2007 A (WEST VIRGINIA INFRASTRUCTURE FUND), OF THE TOWN OF SOPHIA; APPROVING AND RATIFYING THE LOAN AGREEMENT RELATING TO SUCH BONDS AND THE SALE AND DELIVERY OF SUCH BONDS TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

WHEREAS, the council (the "Governing Body") of the Town of Sophia (the "Issuer") has duly and officially adopted and enacted a bond ordinance, effective October 18, 2007 (the "Bond Ordinance"), entitled:

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE EXISTING PUBLIC SEWERAGE SYSTEM OF THE TOWN OF SOPHIA AND THE FINANCING OF A PORTION OF THE COST THEREOF, NOT OTHERWISE PROVIDED, THROUGH THE ISSUANCE BY THE TOWN OF NOT MORE THAN $767,031 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2007 A (WEST VIRGINIA INFRASTRUCTURE FUND); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE

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

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

WHEREAS, the Bond Ordinance provides for the issuance of Sewer Revenue Bonds, Series 2007 A (West Virginia Infrastructure Fund), of the Issuer, in an aggregate principal amount not to exceed $767,031 (the "Bonds" or the "Series 2007 A Bonds");

WHEREAS, the Bond Ordinance has authorized the execution and delivery of the loan agreement relating to the Series 2007 A 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 16, Article 13 and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"), and in the Bond Ordinance it is provided that the form of the Loan Agreement and the exact principal amount, date, maturity date, redemption provision, interest rate, interest and principal payment dates, sale price and other terms of the Bonds should be established by a supplemental resolution pertaining to the Bonds; and that other matters relating to the Bonds be herein provided for;

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

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

WHEREAS, the Governing Body deems it essential and desirable that this supplemental resolution (the "Supplemental Resolution") be adopted, that the Loan Agreement be approved and ratified by the Issuer, that the exact principal amount, the date, the maturity date, the redemption provision, the interest rate, the interest and principal

payment dates and the sale price of the Bonds be fixed hereby in the manner stated herein, and that other matters relating to the Bonds be herein provided for;

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

Section 1. Pursuant to the Bond Ordinance and the Act, this Supplemental Resolution is adopted and there are hereby authorized and ordered to be issued the Sewer Revenue Bonds, Series 2007 A (West Virginia Infrastructure Fund), of the Issuer, originally represented by a single Bond, numbered AR-1, in the principal amount of $767,031. The Series 2007 A Bonds shall be dated the date of delivery thereof, shall finally mature March 1, 2029, and shall bear interest at the rate of 3%. The principal and interest of the Series 2007 A Bonds shall be payable quarterly, on March 1, June 1, September 1 and December 1 of each year, commencing June 1, 2009, to and including March 1, 2029, 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 2007 A Bonds. The Series 2007 A Bonds shall be subject to redemption upon the written consent of the Authority and the Council, and upon payment of the redemption premium, if any, and otherwise in compliance with the Loan Agreement, so long as the Authority shall be the registered owner of the Series 2007 A Bonds.

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

Section 3. The Issuer does hereby 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 price of the Bonds shall be 100% of par value, there being no interest accrued thereon, provided that the proceeds of the Bonds shall be advanced from time to time as requisitioned by the Issuer.

Section 4. The Issuer does hereby appoint and designate The Huntington National Bank, Charleston, West Virginia, to serve as Registrar (the "Registrar") for the Bonds under the Bond Ordinance and does approve and accept the Registrar's Agreement to be dated the date of delivery of the Bonds, by and between the Issuer and the Registrar, and the execution and delivery of the Registrar's Agreement by the Mayor, and the performance of the obligations contained therein, on behalf of the Issuer, are hereby authorized, approved and directed.

Section 5. The Issuer does hereby appoint and designate the West Virginia Municipal Bond Commission, Charleston, West Virginia, to serve as Paying Agent for the Bonds under the Bond Ordinance.

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

Section 7. Series 2007 A Bonds proceeds in the amount of $-0- shall be deposited in the Series 2007 A Bonds Sinking Fund, as capitalized interest.

Section 8. Series 2007 A Bonds proceeds in the amount of $-0- shall be deposited in the Series 2007 A Bonds Reserve Account.

Section 9. The balance of the proceeds of the Series 2007 A Bonds shall be deposited in or credited to the Series 2007 A Bond Construction Trust Fund as received from the Council from time to time for payment of the costs of the Project, including, without limitation, costs of issuance of the Bonds and related costs.

Section 10. The Mayor and the Recorder are hereby authorized and directed to execute and deliver such other documents and certificates required or desirable in connection with the Bonds hereby and by the Bond Ordinance approved and provided for, to the end that the Bonds may be delivered on or about October 23, 2007, to the Authority pursuant to the Loan Agreement.

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

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

Section 13. The Issuer hereby determines to invest all monies in the funds and accounts established by the Bond Ordinance held by the Depository Bank until expended, in repurchase agreements or time accounts, secured by a pledge of Government Obligations, and therefore, the Issuer hereby directs the Depository Bank to take such actions as may be necessary to cause such monies to be invested in such repurchase agreements or time accounts until further directed in writing by the Issuer. Monies in the Series 2007 A Bonds Sinking Fund and the Series 2007 A Bonds Reserve Account shall be invested by the West Virginia Municipal Bond Commission in the West Virginia Consolidated Fund.

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

Adopted this 18th day of October, 2007.

By: _____
Its: Mayor

CERTIFICATION

Certified a true copy of a Supplemental Resolution duly adopted by the Council of the Town of Sophia on the 18th day of October, 2007.

Dated: October 23, 2007.

[SEAL]

Recorder

10.8.07
846880.00001

IC-1
(11/01/04)

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").

TOWN OF SOPHIA

(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");

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.

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;

(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 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.

TOWN OF SOPHIA

(SEAL)

By: _____
Its: Mayor
Date: October 23, 2007

Attest:

_____
Its: Recorder

WEST VIRGINIA WATER
DEVELOPMENT AUTHORITY

(SEAL)

By: _____
Its: Director
Date: October 23, 2007

Attest:

_____
Its: Secretary-Treasurer

{C1260836.1}

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 $767,031
Purchase Price of Local Bonds $767,031

The Local Bonds shall bear interest at a rate of 3% per annum. The principal and interest on the Bonds shall be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing on June 1, 2009. The Local Bonds shall mature on March 1, 2029.

The Governmental Agency shall submit its payments monthly to the Commission which 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 interest, if any, 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:

(i) Town of Sophia Sewer Revenue Bonds, Series 1995 (West Virginia Water Development Authority) dated July 24, 1995, issued in the original aggregate principal amount of $156,705.

$767,031
Town of Sophia
20 Years; 3.0% Interest Rate
Closing Date: October 23, 2007

Debt Service Schedule

Part 1 of 3

Date	Principal	Coupon	Interest	Total P+I
12/01/2007	-	-	-	-
03/01/2008	-	-	-	-
06/01/2008	-	-	-	-
09/01/2008	-	-	-	-
12/01/2008	-	-	-	-
03/01/2009	-	-	-	-
06/01/2009	7,032.00	3.000%	5,752.73	12,784.73
09/01/2009	7,085.00	3.000%	5,699.99	12,784.99
12/01/2009	7,138.00	3.000%	5,646.86	12,784.86
03/01/2010	7,192.00	3.000%	5,593.32	12,785.32
06/01/2010	7,246.00	3.000%	5,539.38	12,785.38
09/01/2010	7,300.00	3.000%	5,485.04	12,785.04
12/01/2010	7,355.00	3.000%	5,430.29	12,785.29
03/01/2011	7,410.00	3.000%	5,375.12	12,785.12
06/01/2011	7,465.00	3.000%	5,319.55	12,784.55
09/01/2011	7,521.00	3.000%	5,263.56	12,784.56
12/01/2011	7,578.00	3.000%	5,207.15	12,785.15
03/01/2012	7,635.00	3.000%	5,150.32	12,785.32
06/01/2012	7,692.00	3.000%	5,093.06	12,785.06
09/01/2012	7,750.00	3.000%	5,035.37	12,785.37
12/01/2012	7,808.00	3.000%	4,977.24	12,785.24
03/01/2013	7,866.00	3.000%	4,918.68	12,784.68
06/01/2013	7,925.00	3.000%	4,859.69	12,784.69
09/01/2013	7,985.00	3.000%	4,800.25	12,785.25
12/01/2013	8,045.00	3.000%	4,740.36	12,785.36
03/01/2014	8,105.00	3.000%	4,680.02	12,785.02
06/01/2014	8,166.00	3.000%	4,619.24	12,785.24
09/01/2014	8,227.00	3.000%	4,557.99	12,784.99
12/01/2014	8,289.00	3.000%	4,496.29	12,785.29
03/01/2015	8,351.00	3.000%	4,434.12	12,785.12
06/01/2015	8,414.00	3.000%	4,371.49	12,785.49
09/01/2015	8,477.00	3.000%	4,308.38	12,785.38
12/01/2015	8,540.00	3.000%	4,244.81	12,784.81
03/01/2016	8,604.00	3.000%	4,180.76	12,784.76
06/01/2016	8,669.00	3.000%	4,116.23	12,785.23
09/01/2016	8,734.00	3.000%	4,051.21	12,785.21
12/01/2016	8,799.00	3.000%	3,985.70	12,784.70
03/01/2017	8,865.00	3.000%	3,919.71	12,784.71
06/01/2017	8,932.00	3.000%	3,853.22	12,785.22
09/01/2017	8,999.00	3.000%	3,786.23	12,785.23
12/01/2017	9,066.00	3.000%	3,718.74	12,784.74
03/01/2018	9,134.00	3.000%	3,650.75	12,784.75
06/01/2018	9,203.00	3.000%	3,582.24	12,785.24
09/01/2018	9,272.00	3.000%	3,513.22	12,785.22

$767,031
Town of Sophia
20 Years; 3.0% Interest Rate
Closing Date: October 23, 2007

Debt Service Schedule

Part 2 of 3

Date	Principal	Coupon	Interest	Total P+I
12/01/2018	9,341.00	3.000%	3,443.68	12,784.68
03/01/2019	9,411.00	3.000%	3,373.62	12,784.62
06/01/2019	9,482.00	3.000%	3,303.04	12,785.04
09/01/2019	9,553.00	3.000%	3,231.92	12,784.92
12/01/2019	9,625.00	3.000%	3,160.28	12,785.28
03/01/2020	9,697.00	3.000%	3,088.09	12,785.09
06/01/2020	9,770.00	3.000%	3,015.36	12,785.36
09/01/2020	9,843.00	3.000%	2,942.09	12,785.09
12/01/2020	9,917.00	3.000%	2,868.26	12,785.26
03/01/2021	9,991.00	3.000%	2,793.89	12,784.89
06/01/2021	10,066.00	3.000%	2,718.95	12,784.95
09/01/2021	10,142.00	3.000%	2,643.46	12,785.46
12/01/2021	10,218.00	3.000%	2,567.39	12,785.39
03/01/2022	10,294.00	3.000%	2,490.76	12,784.76
06/01/2022	10,371.00	3.000%	2,413.55	12,784.55
09/01/2022	10,449.00	3.000%	2,335.77	12,784.77
12/01/2022	10,528.00	3.000%	2,257.40	12,785.40
03/01/2023	10,607.00	3.000%	2,178.44	12,785.44
06/01/2023	10,686.00	3.000%	2,098.89	12,784.89
09/01/2023	10,766.00	3.000%	2,018.75	12,784.75
12/01/2023	10,847.00	3.000%	1,938.00	12,785.00
03/01/2024	10,928.00	3.000%	1,856.65	12,784.65
06/01/2024	11,010.00	3.000%	1,774.69	12,784.69
09/01/2024	11,093.00	3.000%	1,692.11	12,785.11
12/01/2024	11,176.00	3.000%	1,608.92	12,784.92
03/01/2025	11,260.00	3.000%	1,525.10	12,785.10
06/01/2025	11,344.00	3.000%	1,440.65	12,784.65
09/01/2025	11,429.00	3.000%	1,355.57	12,784.57
12/01/2025	11,515.00	3.000%	1,269.85	12,784.85
03/01/2026	11,602.00	3.000%	1,183.49	12,785.49
06/01/2026	11,689.00	3.000%	1,096.47	12,785.47
09/01/2026	11,776.00	3.000%	1,008.80	12,784.80
12/01/2026	11,865.00	3.000%	920.48	12,785.48
03/01/2027	11,954.00	3.000%	831.50	12,785.50
06/01/2027	12,043.00	3.000%	741.84	12,784.84
09/01/2027	12,133.00	3.000%	651.52	12,784.52
12/01/2027	12,224.00	3.000%	560.52	12,784.52
03/01/2028	12,316.00	3.000%	468.84	12,784.84
06/01/2028	12,409.00	3.000%	376.47	12,785.47
09/01/2028	12,502.00	3.000%	283.40	12,785.40
12/01/2028	12,595.00	3.000%	189.64	12,784.64
03/01/2029	12,690.00	3.000%	95.18	12,785.18
Total	**$767,031.00**	-	**$255,771.59**	**$1,022,802.59**

SCHEDULE Z

None.

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

At a session of the Public Service Commission of West Virginia, in the City of Charleston, on the 18th day of October, 2007.

CASE NO. 06-0024-S-CN

TOWN OF SOPHIA,
Sophia, WV 25921-0700

Application for a certificate of convenience and necessity to construct expansion to existing sewer service provided by the Town of Sophia Sanitary Board.

COMMISSION ORDER

By this order, the Public Service Commission ("Commission") grants the application for certificate of convenience and necessity of the Town of Sophia ("Town") with conditions as set forth herein.

BACKGROUND

On January 10, 2006, the Town filed an application for a certificate of convenience and necessity to construct additions to the Town's sewer system to expand its sewer service to include 161 new customers, including two schools and a mobile home park, in the Soak Creek and Independence Road areas of the Town. The project was approved by the West Virginia Infrastructure and Jobs Development Council (WVIJDC).

Initially, the Town estimated the project cost to be $2,232,000. The Town secured the following financing for the project: (i) a Small Cities Block Grant (SCBG grant) in the amount of $1,500,000; a grant from the West Virginia Development Office Local Economic Development Assistance Grant Program (LEDA grant) in the amount of $40,000; and a loan from WVIJDC in the amount of $692,000 with an interest rate of 3% for 20 years. On September 27, 2007, the Town filed an affidavit from its certified public accountant stating that the Town will require an additional $75,000 to complete the project. The Town has secured a loan from WVIJDC in the amount of $75,031 at an interest rate of 3% for a term of 20 years to cover the additional costs. The affidavit stated that the rates as currently approved by the Town will be sufficient to cover the additional loan.

Notice of the application was published in *The Register-Herald* in Beckley, Raleigh County, West Virginia, on January 25, 2006, as evidenced by the Affidavit of Publication filed by the Town on February 6, 2006. Two protests were filed. One protest, filed on February 6, 2006, was protesting the increase in the sewer bill. The second protest, filed on February 7, 2006, complained of slow running and completely clogged main line sewer pipes and requested a resolution of existing problems with the system prior to spending money on new construction.

Commission Staff filed a "Final Joint Staff Memorandum" (Final Staff Memorandum) on June 15, 2006, recommending that the Commission decline to approve the application for a certificate of convenience and necessity for this project due to concerns about the existing system including overflowing manholes, grit filled main lines and high plant flows. Staff concluded that the project is needed to serve many customers who are without adequate sewer service, but the project is not convenient because it does not correct many deficiencies with the existing treatment plant and collection system and may negatively impact existing customers with increased sewer overflows. When examining the financial aspects of the project, Staff noted that the Town, a municipality, proposed a rate increase for services rendered between December 5, 2005, and September 1, 2006, and a gradual step rate increase yearly for service until and after September 1, 2007. Staff found that the debt coverage was sufficient to meet the required bond coverage.

A hearing was scheduled for July 24, 2006. Notice of the hearing was published in *The Register-Herald* on June 23, 2006. On July 10, 2006, the Town filed a "Motion to Continue Evidentiary Hearing and to Schedule Public Comment Hearing" and "Motion to Extend Statutory Deadline for Issuance of a Certificate of Convenience and Necessity." The Town requested an indefinite tolling of the statutory deadline to address concerns outlined in the Final Staff Memorandum. The Commission granted the Town's motions on July 17, 2006. The public comment hearing was held on July 24, 2006, as scheduled. No persons appeared at the hearing to make public comment.

On April 20, 2007, the Town filed a "Motion to Proceed Pursuant to West Virginia Code § 24-2-11" (Motion to Proceed). The Town filed a revised Rule 42T Exhibit on June 27, 2007.

Staff filed a "Further Joint Staff Memorandum" (Further Staff Memorandum) on June 28, 2007, and a second "Final Joint Staff Memorandum" (Second Final Staff Memorandum) on October 9, 2007. The Further Staff Memorandum recommended approval of the Town's application with certain conditions:

a. The Town seek Commission approval if there are any changes in the plans or scope of the project; furthermore, if there are any changes in the rates to be charged associated with the project, the Town seek the Commission's approval of those changes;

b. If the project cost changes but rates are not affected, the Town have its accountant verify that the Town's rates and charges are not affected;

c. The Town provide a copy of the engineer's certified bid tabulations for all contracts associated with this project;

d. The Town submit a copy of the "Certificate of Substantial Competition" issued for each contract associated with this project; and

e. The Town notify the Commission when its Engineer has performed the substantial completion inspection.

Staff recommended approval of the project from an engineering standpoint, but noted that the Town will need to acquire a Finding of No Significant Impact (FONSI) from the West Virginia Department of Environmental Protection prior to proceeding with the project. From a financial standpoint, Staff recommended approval of the project, but suggested that the Town consider as a model for its next rate ordinance, the standard language established by the Commission on December 24, 2002, and attached to the Further Staff Memorandum as Attachment 2. The Second Final Staff Memorandum continues to recommend approval of the application, taking into consideration the additional $75,031 required for the project.

The Town filed the certified bid tabulations for the project on August 17, 2007.

DISCUSSION

The statutory deadline in this case has been tolled since July 17, 2006, pursuant to a request made by the Town. On April 20, 2007, the Town filed a motion requesting that the case proceed.

Upon consideration of the Town's filings and Staff's recommendations, the Commission concludes that the project is necessary and that the general public convenience will be served because the project will provide needed service to new areas. The project is funded by a SCBG grant in the amount of $1,500,000, a LEDA grant in the amount of $40,000, a loan from WVIJDC in the amount of $692,000 with an interest rate of 3% for 20 years, and a second loan from WVIJDC in the amount of $75,031 at an interest rate of 3% for a term of 20 years. Therefore, under the provisions of *West Virginia Code* § 24-2-11, the general public convenience and necessity will be served.

The Commission recognizes that two protests were filed in this case; however, one of those protests pertained to the rates charged by the Town for sewer services. The Town is a municipality; therefore, the Commission has limited jurisdiction over the rates charged

by the Town unless a petition is received within thirty days of the adoption of the Town's ordinance passing the rates.

The petition must comply with the requirements of *West Virginia Code* § 24-2-4b. The concerns outlined in the second protest, filed on February 7, 2006, included slow running and completely clogged main line sewer pipes. The protestant requested a resolution of existing problems with the system prior to spending money on new construction. The Commission finds that the concerns outlined in the second protestant's letter have been sufficiently addressed by the work completed by the Town during the period this case was tolled as evidenced by Staff's recommendations and the various updates to the on-going maintenance work filed by the Town and other parties in this case.

So that the Town's tariff language may be in compliance with the Commission's *Rules for the Construction and Filing of Tariffs*, the Commission encourages the Town to make use of Attachment 2 to the Further Staff Memorandum the next time the Town proposes an ordinance.

FINDINGS OF FACT

1. On January 10, 2006, the Town filed an application for a certificate of convenience and necessity to construct additions to the Town's sewer system to expand its sewer service to include 161 new customers, including two schools and a mobile home park, in the Soak Creek and Independence Road areas of the Town.

2. The project was approved by the WVIJDC.

3. The Town estimated the project cost to be $2,307,000, including the original estimate of $2,232,000 and the additional $75,000 required for the project. The Town secured the following financing for the project: (i) a SCBG grant in the amount of $1,500,000; a LEDA grant in the amount of $40,000; a loan from WVIJDC in the amount of $692,000 with an interest rate of 3% for 20 years; and (iv) a loan from WVIJDC in the amount of $75,031 at an interest rate of 3% for a term of 20 years.

3. Notice of Filing, including the right to protest or intervene, was published in *The Register-Herald* on January 25, 2006, as evidenced by the Affidavit of Publication filed by the Town on February 6, 2006. Two protests were filed.

4. Staff filed a Final Staff Memorandum on June 15, 2006, recommending that the Commission decline to approve the application for a certificate of convenience and necessity for this project due to concerns about the existing system including overflowing manholes, grit filled main lines and high plant flows.

5. On July 17, 2006, the Commission, pursuant to a request by the Town, tolled the statutory deadline in this case for an indefinite period of time to allow the Town to address the concerns outlined in the Final Staff Memorandum.

6. A public comment hearing was held on July 24, 2006. Notice of the hearing was published in *The Register-Herald* on June 23, 2006. No one appeared at the hearing to make public comment.

7. On April 20, 2007, the Town filed a Motion to Proceed.

8. The Further Staff Memorandum, filed on June 28, 2007, recommended approval of the Town's application with certain conditions:

a. The Town seek Commission approval if there are any changes in the plans or scope of the project; furthermore, if there are any changes in the rates to be charged associated with the project, the Town seek the Commission's approval of those changes;

b. If the project cost changes but rates are not affected, the Town have its accountant verify that the Town's rates and charges are not affected;

c. The Town provide a copy of the engineer's certified bid tabulations for all contracts associated with this project;

d. The Town submit a copy of the "Certificate of Substantial Competition" issued for each contract associated with this project; and

e. The Town notify the Commission when its Engineer has performed the substantial completion inspection.

9. The Second Final Staff Memorandum, filed on October 9, 2007, continued to recommend approval of the application, taking into consideration the additional $75,031 required for the project

CONCLUSIONS OF LAW

1. It is reasonable to grant the Town's Motion to Proceed.

2. The Town's project is necessary and will serve the general public convenience. Pursuant to *West Virginia Code* § 24-2-11 and *Sexton v. Public Service Commission*, 188 W.Va. 305, 423 S.E.2d 914 (1992), a certificate of convenience and necessity will be granted subject to the conditions described in Finding of Fact Number 8 above, with the exception of condition 8c with which the Town has already complied. Additionally, it is reasonable for

the Commission to require the Town to file with the Commission a copy of any outstanding permits or regulatory requirements, if any.

3. It is reasonable to approve the financing for the project more specifically described above.

ORDER

IT IS THEREFORE ORDERED that the Town's Motion to Proceed is hereby granted.

IT IS FURTHER ORDERED that the Town's application for a certificate of convenience and necessity to construct additions to the Town's sewer system to expand its sewer service to include 161 new customers, including two schools and a mobile home park, in the Soak Creek and Independence Road areas of the Town is granted subject to the conditions set forth in the following ordering paragraphs.

IT IS FURTHER ORDERED that the project financing, consisting of (i) a SCBG grant in the amount of $1,500,000; a LEDA grant in the amount of $40,000; a loan from WVIJDC in the amount of $692,000 with an interest rate of 3% for 20 years; and (iv) a loan from WVIJDC in the amount of $75,031 at an interest rate of 3% for a term of 20 years, is hereby approved.

IT IS FURTHER ORDERED that the Town seek additional approval from the Commission if there are any changes in the plans or scope of the project; furthermore, if there are any changes in the rates to be charged associated with the project, the Town seek the Commission's approval of those changes.

IT IS FURTHER ORDERED that if there are changes in project costs that do not affect rates, the Town need not to seek reopening and approval; however, the Town must file an affidavit signed by a Certified Public Accountant certifying that the Town's rates and charges are not affected by the changes in the project costs.

IT IS FURTHER ORDERED that the Town file with this Commission copies of all outstanding regulatory permits and approvals, if any, required by the construction anticipated in this filing.

IT IS FURTHER ORDERED that the Town submit, within 10 days of issuance, a copy of the "Certificate of Substantial Completion" issued for each construction contract upon completion of construction.

IT IS FURTHER ORDERED that upon entry of this Order, this case be removed from the Commission's docket of active cases.

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

A True Copy, Teste:

Sandra Squire
Executive Secretary

SMS/las
060224cb.wpd

AFFIDAVIT OF PUBLICATION

BECKLEY NEWSPAPERS INC.

BECKLEY, WEST VIRGINIA 25801

June 23, 2006

STATE OF WEST VIRGINIA
COUNTY OF RALEIGH, to wit:

I, Tara Meyer, being duly sworn upon my oath, do depose and say that I am Legal Clerk for Beckley Newspapers, Inc., a corporation, publisher of the newspaper entitled The Register-Herald, an Independent newspaper; that I have been duly authorized by the board of directors of such corporation to execute this affidavit of publication; that such newspaper has been published for more than one year prior to publication of the annexed notice described below; that such newspaper is regularly published daily for at least fifty weeks during the calendar year, in the municipality of Beckley, Raleigh County, West Virginia; that such newspaper is a newspaper of "general circulation" as that term is defined in article three, chapter fifty-nine of the Code of West Virginia, 1931, as amended, within the publication area or areas of the aforesaid municipality and county; that such newspaper averages in length four or more pages, exclusive of any cover, per issue; that such newspaper is circulated to the general public at a definite price of consideration; that such newspaper is a newspaper to which the general public resorts for passing events of a political, religious, commercial and social nature, and for current happenings, announcements, miscellaneous reading matters, advertisements and other notices; that the annexed notice

of NOTICE OF HEARING
(Description of notice)

was duly published in said newspaper once a week for one successive weeks (Class 1), commencing with the issue of the 23rd day of June, 2006, and ending with the issue of the 23rd day of June, 2006, (and was posted at the Raleigh County Courthouse on the 23rd day of June, 2006); that said annexed notice was published on the following dates:

06/23/06

and that the cost of publishing said annexed notice as aforesaid was $ 31.50

Signed Tara Meyer
Tara Meyer
Legal Clerk
Beckley Newspapers

Taken, subscribed and sworn to before me in my said county this:
23rd day of June, 2006

My commission expires March 27, 2011

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
DIANA L. SEONE
BECKLEY NEWSPAPERS
P. O. BOX 2369
BECKLEY, WV 25802
My commission expires March 27, 2011

Notary Public of Raleigh County, West Virginia

COPY OF PUBLICATION

PUBLIC SERVICE COMMISSION OF WEST VIRGINIA CHARLESTON

CASE NO. 06-0024-S-CN
TOWN OF SOPHIA
Sophia, WV 25921-0700
Application for a certificate of convenience and necessity to construct expansion to existing sewer service provided by the Town of Sophia Sanitary Board:

NOTICE OF HEARING

On January 10, 2006, the Town of Sophia filed an application for a certificate to construct certain additions and improvements to the Town's sewer system in Raleigh County in order to expand its existing sewer system tot serve additional customers. The Town estimated that construction will cost approximately $2,232,000. The Town previously passed a rate ordinance that it believes is sufficient to cover the costs of this project.

The Commission will convene a hearing in this matter in the Howard M. Cunningham Hearing Room, Public Service Commission Building, 201 Brooks Street, Charleston, West Virginia, on July 24, 2006, at 9:30 a.m.
6-23-FR(-1-RH; LG 890

West Virginia Infrastructure & Jobs Development Council

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

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

Jefferson E. Brady, PE
Executive Director

Jefferson.Brady@verizon.net

September 5, 2007

The Honorable Harry Taylor
Mayor, Town of Sophia
P.O. Box 700
Sophia, West Virginia 25921

Re: Town of Sophia
Sewer Project 2002S-662
REVISED BINDING COMMITMENT

Dear Mayor Taylor:

As a result of bids and under the terms of the previous commitment the West Virginia Infrastructure and Jobs Development Council (the "Infrastructure Council") provides this revised binding offer of an additional Infrastructure Fund loan of $75,031 (the "Loan") to the Town of Sophia (the "Town") for above referenced wastewater project (the "Project"). The additional Loan will be subject to the terms set forth on Schedule A attached hereto and incorporated herein by reference.

All other conditions of the June 18, 2004 binding commitment remain in effect. A revised Schedule A is enclosed.

If the Town has any questions regarding this commitment, please contact Jeff Brady at the above-referenced telephone number.

Sincerely,

Kenneth Lowe, Jr.

KL/jb
Attachments
cc: S & S Engineers, Inc.
John Stump, Steptoe & Johnson
Region I Planning & Development Council
Samme Gee, Jackson Kelly

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

Town of Sophia

By: _____

Its: _____

Date: 9/7/07

WEST VIRGINIA INFRASTRUCTURE & JOBS DEVELOPMENT COUNCIL

Town of Sophia
Wastewater Project 2002S-662
September 5, 2007

SCHEDULE A

A. Approximate Amount: $ 692,000 Loan
$ 75,031 Loan

B. Loan: $ 692,000

1.	Maturity Date:	20 years
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

C. Loan: $ 75,031

1.	Maturity Date:	20 years
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:

SCBG	$1,500,000
Raleigh County BOE	100,000
Legislative grant	40,000

D. Total Project Cost: $2,407,031

E. Proposed User Rates: approximately $19.97 / 4500 gallons
approximately $17.75 / 4000 gallons

West Virginia Infrastructure & Jobs Development Council

Application

Public Members:
Russell L. Isaacs, Chairman
Cottageville
Henry Harmon, Vice Chairman
Hurricane
Dwight Calhoun
Petersburg
William P. Stafford, II, Esq.
Princeton

300 Summers Street, Suite 98(
Charleston, West Virginia 25301
Telephone: (304) 558-4607
Facsimile: (304) 558-4609

Katy Mallory, PE
Executive Secretary

KMallory@ezwv.com

May 1, 2002

The Honorable Danny Barr
Mayor, Town of Sophia
P.O. Box 700
Sophia, West Virginia 25921

Re: Town of Sophia
Sewer Project 2002S-662

Dear Mayor Barr:

The West Virginia Infrastructure and Jobs Development Council (the "Infrastructure Council") has reviewed the Town of Sophia's (the "Town") preliminary application regarding its proposed project to extend sewer service to the Soak Creek area, Independence Junior and Senior High Schools, Coal City Elementary School and the Coal City Mobile Home Park (the "Project").

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

Upon consideration of the preliminary application, the Infrastructure Council recommends that the Town utilize a $40,000 Legislative grant and pursue a Small Cities Block Grant of $1,500,000 to finance this $2,232,000 Project. Please contact the WV Development Office at 558-4010 for specific information on the steps the Town needs to follow to apply for these funds. Please note that this letter <u>does not</u> constitute funding approval from this agency.

The Infrastructure Council also determined the Town may be eligible for Infrastructure Fund assistance of $692,000; however, the Infrastructure Council's final decision regarding specific funding of the Project is deferred pending the Town's readiness to proceed and availability of funds in the Infrastructure Fund. This letter is not a commitment letter of Infrastructure Funds. The Project will be placed on the Infrastructure Council's pending list of projects.

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

Sincerely,

Russell L. Isaacs

Enclosure
cc: Mike Johnson, DEP (w/o enclosure)
Debbie Legg, WVDO (w/o enclosure)
Region I Planning & Development Council
S & S Engineers, Inc.

RECEIVED
MAY 0 > 2002
REGION I PDC

West Virginia Infrastructure & Jobs Development Council

Public Members:
Mark Prince, Chairman
Hurricane
Dwight Calhoun, Vice Chairman
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

June 18, 2004

The Honorable Danny Barr
Mayor, Town of Sophia
P.O. Box 700
Sophia, West Virginia 25921

Re: Town of Sophia
Wastewater Project 2002S-662

Dear Mayor Barr:

The West Virginia Infrastructure and Jobs Development Council (the "Infrastructure Council") provides this binding offer of an Infrastructure Fund loan of approximately $692,000 (the "Loan") to the Town of Sophia (the "Town") for above referenced wastewater project (the "Project"). 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 Town 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 Town's compliance with the program requirements.

This commitment is contingent upon the Project meeting the following schedule:

a. File Certificate Case with the Public Service Commission no later than November 1, 2004;
b. Advertise for bids no later than February 28, 2005.
(NOTE: The Town 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.

If the Town becomes aware that it will not meet one or more of the above schedule dates, the Town should immediately notify the Infrastructure Council of this fact and the circumstances which have caused or will cause the Town 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 Infrastructure Council will enter into a Loan agreement with the Town 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 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 Town has any questions regarding this commitment, please contact Katy Mallory at the above-referenced telephone number.

Sincerely,

Mark Prince

MP/km
Attachments
cc: Samme Gee, Esq., Jackson & Kelly
S & S Engineers, Inc.
Region I Planning & Development Council
John Stump, Esq., Steptoe & Johnson

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

Town of Sophia

By:_____

Its: _____

Date:_____

WEST VIRGINIA INFRASTRUCTURE & JOBS DEVELOPMENT COUNCIL

Town of Sophia
Wastewater Project 2002S-662
June 18, 2004

SCHEDULE A

A. Approximate Amount: $ 692,000 Loan

B. Loan: $ 692,000

1. Maturity Date: 20 years

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:

SCBG	$1,500,000
Legislative grant	40,000

D. Total Project Cost: $2,232,000

E. Proposed User Rates: approximately $22.47 / 4500 gallons
approximately $20.52 / 4000 gallons

Project Schedule
April 2004

Project:	Sophia	IJDC loan	$ 692,000 (3%,20 yr)
County:	Raleigh	SCBG	1,500,000
Project Number:	2002S-662	Digest	40,000
		Total Project:	$2,232,000

Action	Responsible Party	Start	Completion
Engineering Agreement (E/A)	S&S / Town	complete	complete
Prepare & Submit Plans & Specs to BPH	S&S	February 2004	August 16, 2004
Plans & Specs. Review & Approval	BPH	August 16, 2004	September 30, 2004
Rate ordinance	Town		November 2004
Prepare & submit permit applications	S&S		August 31, 2004
Prepare Rule 42	Accountant	August 31, 2004	September 30, 2004
File intent with the PSC (30 days)	Attorney		September 30, 2004
File Certificate Case with PSC	Attorney		November 1, 2004
Review & Approve PSC Certificate (6 months)	PSC	November 1, 2004	May 1, 2004
Rights-of-way, Easements & Land Acquisition	Title Attorney		October 29, 2004
Authority to Advertise	IJDC / SCBG		February 15, 2005
Advertise for Bids (1 month)	TOWN / S&S	February 28, 2005	March 30, 2005
Bid Opening (3 month bid hold)	Town / S&S		March 30, 2005
Loan Closing	Steptoe & Johnson		June 30, 2005
Start Construction (9 months)	contractor / Town / S&S	June 2004	April 2006

West Virginia Infrastructure & Jobs Development Council

Public Members:
Mark Prince, Chairman
Hurricane
Dwight Calhoun, Vice Chairman
Petersburg
C. R. "Rennie" Hill, III
Beckley
Timothy 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

March 4, 2004

The Honorable Danny Barr
Mayor, Town of Sophia
P.O. Box 700
Sophia, West Virginia 25921

Re: Town of Sophia
Wastewater Project 2002S-662

Dear Mayor Barr:

The West Virginia Infrastructure and Jobs Development Council, at its March 3, 2004 meeting, determined that the Town of Sophia (the "Town") should utilize a $1,500,000 Small Cities Block Grant and voted to offer a binding commitment for an Infrastructure Fund Loan of $692,000 with an interest rate of 3% and a term of twenty years (3%, 20 years) to finance this $2,232,000 project to extend the sewer service to serve approximately 165 new customers in Soak Creek area.

In order to receive the proposed binding commitment the Town must adhere to a certain project schedule. Please contact Katy Mallory at 558-4607 by **April 15, 2004** to establish the necessary schedule and finalize the proposed binding commitment.

Sincerely,

Mark Prince

cc: Tracey Rowan, WVDO
Region I Planning & Development Council
S & S Engineers

Received Time Apr. 6. 3:22PM

TOWN OF SOPHIA

Sewer Revenue Bonds, Series 2007 A
(West Virginia Infrastructure Fund)

CROSS-RECEIPT FOR BONDS AND BOND PROCEEDS

On this 23rd day of October, 2007, the undersigned authorized representative of the West Virginia Water Development Authority (the "Authority"), for and on behalf of the Authority, and the undersigned Mayor of the Town of Sophia (the "Issuer"), for and on behalf of the Issuer, hereby certify as follows:

1. On the date hereof, the Authority received the Sewer Revenue Bonds, Series 2007 A (West Virginia Infrastructure Fund), of the Issuer, in the principal amount of $767,031, numbered AR-1, issued as a single, fully registered Bond, and dated October 23, 2007 (the "Series 2007 A Bonds").

2. At the time of such receipt, the Series 2007 A Bonds had been executed by the Mayor and the Recorder of the Issuer by their respective manual signatures, and the official seal of the Issuer had been affixed upon the Bonds.

3. The Issuer has received and hereby acknowledges receipt from the Authority, as the original purchaser of the Series 2007 A Bonds, of the sum of $10,000 , being a portion of the principal amount of the Series 2007 A Bonds. The balance of the principal amount of the Series 2007 A Bonds will be advanced by the Authority on behalf of 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

By: _____
Its: Authorized Representative

TOWN OF SOPHIA

By: _____
Its: Mayor

10.8.07
846880.00001

TOWN OF SOPHIA

Sewer Revenue Bonds, Series 2007 A
(West Virginia Infrastructure Fund)

DIRECTION TO AUTHENTICATE AND DELIVER BONDS

The Huntington National Bank
as Bond Registrar
Charleston, West Virginia

Ladies and Gentlemen:

On this 23rd day of October, 2007, there are delivered to you herewith:

(1) Bond No. AR-1, constituting the entire original issue of the Town of Sophia Sewer Revenue Bonds, Series 2007 A (West Virginia Infrastructure Fund), in the principal amount of $767,031, dated October 23, 2007 (the "Bonds"), executed by the Mayor and the Recorder of the Town of Sophia (the "Issuer") and bearing the official seal of the Issuer, authorized to be issued under and pursuant to a Bond Ordinance duly enacted by the Issuer on October 18, 2007, and a Supplemental Resolution duly adopted by the Issuer on October 18, 2007 (collectively, the "Bond Legislation");

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

(3) Executed counterparts of the loan agreement for the Series 2007 A Bonds, dated October 23, 2007, 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 "Loan Agreement"); and

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

You are hereby requested and authorized to deliver the Bonds to the Authority upon payment to the Issuer of the sum of $10,000, representing a portion of the principal amount of the Bonds. Prior to such delivery of the Bonds, you will please cause the Bonds to be authenticated and registered by an authorized officer, as Bond Registrar, in accordance with the form of Certificate of Authentication and Registration thereon.

Dated as of the day and year first written above.

TOWN OF SOPHIA

By:_____
Its: Mayor

10.8.07
846880.00001

SPECIMEN

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
TOWN OF SOPHIA
SEWER REVENUE BOND, SERIES 2007 A
(WEST VIRGINIA INFRASTRUCTURE FUND)

No. AR-1 $767,031

KNOW ALL MEN BY THESE PRESENTS: That on this 23rd day of October, 2007, the TOWN OF SOPHIA, a municipal corporation and political subdivision of the State of West Virginia in Raleigh County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY (the "Authority") or registered assigns the sum of SEVEN HUNDRED SIXTY SEVEN THOUSAND AND THIRTY-ONE DOLLARS ($767,031), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing June 1, 2009, as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference. With interest on each installment at the rate per annum on said EXHIBIT B. The interest on this Bond shall be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing June 1, 2009, as set forth on EXHIBIT B attached hereto.

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

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and 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 (the "Loan Agreement") by and among the Issuer, the Authority and the Council, dated October 23, 2007.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain additions, betterments and improvements to the existing public sewerage system of the Issuer (the "Project"); (ii) funding the Series 2007 A Reserve Account; and (iii) to pay certain costs of issuance of the Bonds of this Series (the "Bonds") and related costs. The existing public sewerage system of the Issuer, the Project, and any further additions, betterments or improvements thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13 and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"), a Bond Ordinance duly enacted by the Issuer on October 18, 2007, and a Supplemental Resolution duly adopted by the Issuer on October 18, 2007 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT AND IN ALL RESPECTS WITH THE ISSUER'S SEWER REVENUE BONDS, SERIES 1995 A (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED JULY 24, 1995, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $156,705 (THE "PRIOR BONDS").

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System on a parity with the pledge of Net Revenues in favor of the Holders of the Prior Bonds, and from monies in the Reserve Account created under the Bond Legislation for the Bonds (the "Series 2007 A Bonds Reserve Account"), and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest hereon, except from said special fund provided from the Net Revenues, the monies in the Series 2007 A Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest on the Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Bonds, including the Prior Bonds; provided however, that so long as there exists in the Series 2007 A Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest which will become due on the Bonds in the then current or any

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

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

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

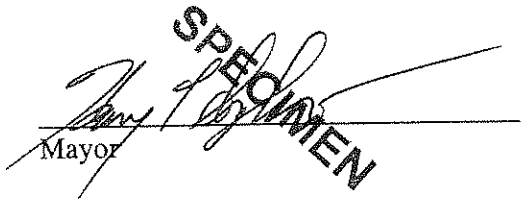
All money received from the sale of this Bond, after reimbursement and repayment of all amounts advanced for preliminary expenses as provided by law and the Bond Legislation, shall be applied solely to payment of the costs of the Project and costs of issuance hereof described in the Bond Legislation,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

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

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

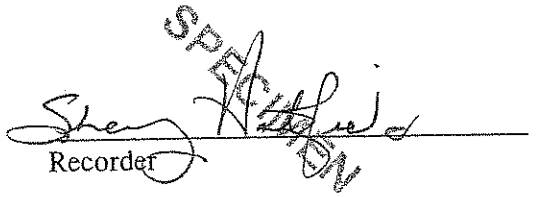
IN WITNESS WHEREOF, THE TOWN OF SOPHIA has caused this Bond to be signed by its Mayor and its corporate seal to be hereunto affixed and attested by its Recorder, and has caused this Bond to be dated as of the day and year first above-written.

[SEAL]



Mayor

ATTEST:



Recorder

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2007 A Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: October 23, 2007.

THE HUNTINGTON NATIONAL BANK,
as Registrar

By: _____
Its: Authorized Officer

EXHIBIT A

RECORD OF ADVANCES

	AMOUNT	DATE		AMOUNT	DATE
(1)	$10,000	October 23, 2007	(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

$767,031
Town of Sophia (West Virginia)
20 Years; 3.0% Interest Rate
Closing Date: October 23, 2007

Debt Service Schedule

Part 1 of 3

Date	Principal	Coupon	Interest	Total P+I
12/01/2007	-	-	-	-
03/01/2008	-	-	-	-
06/01/2008	-	-	-	-
09/01/2008	-	-	-	-
12/01/2008	-	-	-	-
03/01/2009	-	-	-	-
06/01/2009	7,032.00	3.000%	5,752.73	12,784.73
09/01/2009	7,085.00	3.000%	5,699.99	12,784.99
12/01/2009	7,138.00	3.000%	5,646.86	12,784.86
03/01/2010	7,192.00	3.000%	5,593.32	12,785.32
06/01/2010	7,246.00	3.000%	5,539.38	12,785.38
09/01/2010	7,300.00	3.000%	5,485.04	12,785.04
12/01/2010	7,355.00	3.000%	5,430.29	12,785.29
03/01/2011	7,410.00	3.000%	5,375.12	12,785.12
06/01/2011	7,465.00	3.000%	5,319.55	12,784.55
09/01/2011	7,521.00	3.000%	5,263.56	12,784.56
12/01/2011	7,578.00	3.000%	5,207.15	12,785.15
03/01/2012	7,635.00	3.000%	5,150.32	12,785.32
06/01/2012	7,692.00	3.000%	5,093.06	12,785.06
09/01/2012	7,750.00	3.000%	5,035.37	12,785.37
12/01/2012	7,808.00	3.000%	4,977.24	12,785.24
03/01/2013	7,866.00	3.000%	4,918.68	12,784.68
06/01/2013	7,925.00	3.000%	4,859.69	12,784.69
09/01/2013	7,985.00	3.000%	4,800.25	12,785.25
12/01/2013	8,045.00	3.000%	4,740.36	12,785.36
03/01/2014	8,105.00	3.000%	4,680.02	12,785.02
06/01/2014	8,166.00	3.000%	4,619.24	12,785.24
09/01/2014	8,227.00	3.000%	4,557.99	12,784.99
12/01/2014	8,289.00	3.000%	4,496.29	12,785.29
03/01/2015	8,351.00	3.000%	4,434.12	12,785.12
06/01/2015	8,414.00	3.000%	4,371.49	12,785.49
09/01/2015	8,477.00	3.000%	4,308.38	12,785.38
12/01/2015	8,540.00	3.000%	4,244.81	12,784.81
03/01/2016	8,604.00	3.000%	4,180.76	12,784.76
06/01/2016	8,669.00	3.000%	4,116.23	12,785.23
09/01/2016	8,734.00	3.000%	4,051.21	12,785.21
12/01/2016	8,799.00	3.000%	3,985.70	12,784.70
03/01/2017	8,865.00	3.000%	3,919.71	12,784.71
06/01/2017	8,932.00	3.000%	3,853.22	12,785.22
09/01/2017	8,999.00	3.000%	3,786.23	12,785.23
12/01/2017	9,066.00	3.000%	3,718.74	12,784.74
03/01/2018	9,134.00	3.000%	3,650.75	12,784.75
06/01/2018	9,203.00	3.000%	3,582.24	12,785.24
09/01/2018	9,272.00	3.000%	3,513.22	12,785.22

$767,031
Town of Sophia (West Virginia)
20 Years; 3.0% Interest Rate
Closing Date: October 23, 2007

Debt Service Schedule

Part 2 of 3

Date	Principal	Coupon	Interest	Total P+I
12/01/2018	9,341.00	3.000%	3,443.68	12,784.68
03/01/2019	9,411.00	3.000%	3,373.62	12,784.62
06/01/2019	9,482.00	3.000%	3,303.04	12,785.04
09/01/2019	9,553.00	3.000%	3,231.92	12,784.92
12/01/2019	9,625.00	3.000%	3,160.28	12,785.28
03/01/2020	9,697.00	3.000%	3,088.09	12,785.09
06/01/2020	9,770.00	3.000%	3,015.36	12,785.36
09/01/2020	9,843.00	3.000%	2,942.09	12,785.09
12/01/2020	9,917.00	3.000%	2,868.26	12,785.26
03/01/2021	9,991.00	3.000%	2,793.89	12,784.89
06/01/2021	10,066.00	3.000%	2,718.95	12,784.95
09/01/2021	10,142.00	3.000%	2,643.46	12,785.46
12/01/2021	10,218.00	3.000%	2,567.39	12,785.39
03/01/2022	10,294.00	3.000%	2,490.76	12,784.76
06/01/2022	10,371.00	3.000%	2,413.55	12,784.55
09/01/2022	10,449.00	3.000%	2,335.77	12,784.77
12/01/2022	10,528.00	3.000%	2,257.40	12,785.40
03/01/2023	10,607.00	3.000%	2,178.44	12,785.44
06/01/2023	10,686.00	3.000%	2,098.89	12,784.89
09/01/2023	10,766.00	3.000%	2,018.75	12,784.75
12/01/2023	10,847.00	3.000%	1,938.00	12,785.00
03/01/2024	10,928.00	3.000%	1,856.65	12,784.65
06/01/2024	11,010.00	3.000%	1,774.69	12,784.69
09/01/2024	11,093.00	3.000%	1,692.11	12,785.11
12/01/2024	11,176.00	3.000%	1,608.92	12,784.92
03/01/2025	11,260.00	3.000%	1,525.10	12,785.10
06/01/2025	11,344.00	3.000%	1,440.65	12,784.65
09/01/2025	11,429.00	3.000%	1,355.57	12,784.57
12/01/2025	11,515.00	3.000%	1,269.85	12,784.85
03/01/2026	11,602.00	3.000%	1,183.49	12,785.49
06/01/2026	11,689.00	3.000%	1,096.47	12,785.47
09/01/2026	11,776.00	3.000%	1,008.80	12,784.80
12/01/2026	11,865.00	3.000%	920.48	12,785.48
03/01/2027	11,954.00	3.000%	831.50	12,785.50
06/01/2027	12,043.00	3.000%	741.84	12,784.84
09/01/2027	12,133.00	3.000%	651.52	12,784.52
12/01/2027	12,224.00	3.000%	560.52	12,784.52
03/01/2028	12,316.00	3.000%	468.84	12,784.84
06/01/2028	12,409.00	3.000%	376.47	12,785.47
09/01/2028	12,502.00	3.000%	283.40	12,785.40
12/01/2028	12,595.00	3.000%	189.64	12,784.64
03/01/2029	12,690.00	3.000%	95.18	12,785.18
Total	**$767,031.00**	-	**$255,771.59**	**$1,022,802.59**

(Form of)

ASSIGNMENT

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

Dated: _____, _____.

_____

In the presence of:

_____

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

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

October 23, 2007

Town of Sophia
Sewer Revenue Bonds, Series 2007 A
(West Virginia Infrastructure Fund)

Town of Sophia
Sophia, 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 Town of Sophia (the "Issuer"), a municipal corporation and political subdivision organized and existing under the laws of the State of West Virginia, of its $767,031 Sewer Revenue Bonds, Series 2007 A (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 October 23, 2007, 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 and interest to the Authority, bearing interest at the rate of three percent (3%) per annum, with principal and interest payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing June 1, 2009, and maturing March 1, 2029, 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 16, Article 13 and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"), for the purposes of (i) paying a portion of the costs of acquisition and construction of certain additions, betterments and improvements to the existing public sewerage system of the Issuer (the "Project"); and (ii) paying certain costs of issuance of the Bonds and related costs.

We have also examined the applicable provisions of the Act, the Bond Ordinance duly enacted by the Issuer on October 18, 2007, as supplemented by a Supplemental Resolution duly adopted

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by the Issuer on October 18, 2007 (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.

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

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

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

2. The Loan Agreement has been duly authorized by and executed on behalf of the Issuer, is a valid and binding special obligation of the Issuer, enforceable in accordance with the terms thereof, and inures to the benefit of the Authority and 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 ordinances and resolutions have been duly and effectively enacted and 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 Net Revenues of the System and secured by a first lien on and pledge of the Net Revenues of the System on a parity with the Issuer's Sewer Revenue Bonds, Series 1995 (West Virginia Water Development Authority) dated July 24, 1995 issued in the original aggregate principal amount of $156,705, all in accordance with the terms of the Bonds and the Bond Legislation.

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

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

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

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

Very truly yours,

STEPTOE & JOHNSON PLLC

10.8.07
846880.00001

GUNNOE LAW OFFICE
ATTORNEYS AT LAW
114 JAMES STREET
HINTON, WV 25951
EMAIL: gunnoelaw@verizon.net

RICHARD M. GUNNOE
SHERRI R. FREEMAN

TELEPHONE: (304) 466-2697
FACSIMILE: (304) 466-2698

October 23, 2007

Town of Sophia
Sewer Revenue Bonds, Series 2007 A
(West Virginia Infrastructure Fund)

Town of Sophia
100 East Railroad Avenue
Sophia, West Virginia 25921

West Virginia Water Development Authority
180 Association Drive
Charleston, West Virginia 25311-1217

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

Steptoe & Johnson, PLLC
Chase Tower - Eighth Floor
707 Virginia Street E. (25301)
PO Box 1588
Charleston, WV 25326-1588

Ladies and Gentlemen:

I serve as the City Attorney for the Town of Sophia in Raleigh County, West Virginia (the "Issuer). As such counsel, I have examined copies of the approving opinion of Steptoe & Johnson, PLLC as bond counsel, a loan agreement for the Series 2007 A Bond, dated October 23, 2007 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"), a Bond Ordinance duly enacted by the Issuer on October 18, 2007, as supplemented by a Supplemental Resolution duly adopted by the Issuer on October 18, 2007 (collectively, the "Bond Legislation"), a Petition of the Sanitary Board of the Issuer duly adopted August 20, 2007, and other documents relating to the above-captioned Bonds of the Issuer (collectively, the "Bonds").

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.

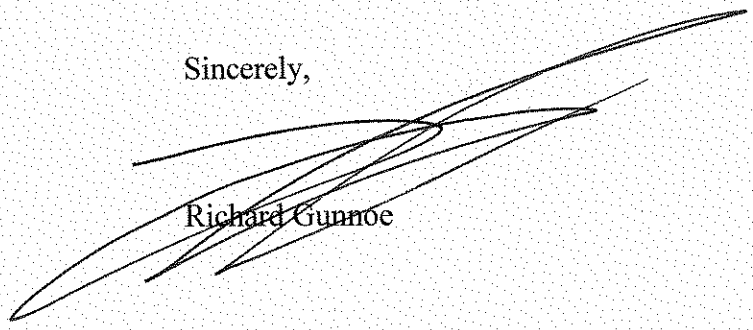
I am of the opinion that:

1. The Issuer has been duly created and is validly existing as municipal corporation and political subdivision of the State of West Virginia, and the Mayor, Recorder and members of the council and sanitary board of the Issuer have been duly and properly elected or appointed, as applicable, have taken the requisite oaths, and are authorized to act on behalf of the Issuer in their respective capacities.
2. The 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 Bond Legislation has been duly adopted and enacted by the Issuer and is in full force and effect.
4. The Issuer has duly enacted the ordinances prescribing the rates and charges of the System.
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 ordinance, order, resolution, agreement or other instrument to which the Issuer is a party or by which the Issuer or its properties are bound or any existing law, regulation, court order or consent decree to which the Issuer is subject.
6. The Issuer has received all permits, licenses, approvals, consents, exemptions, orders, certificates and authorizations necessary for the issuance of the Bonds, the acquisition and construction of the Project, the operation of the System and the imposition of rates and charges for use of the System, including without limitation, the receipt of all requisite orders and approvals from the West Virginia Department of Environmental Protection, The West Virginia Infrastructure and Jobs Development Council and the Public Service Commission of West Virginia (the "PSC") and has taken any other action required for the imposition of such rates and charges. The Issuer has received the Commission Order of the PSC dated October 18, 2007, in Case No.: 06-0024-S-CN, granting the Issuer a certificate of public convenience and necessity for the Project and approving the financing of the Project. The time for appeal of the Commission Order has not expired prior to the date hereof; however, the parties to such Order have indicated that they do not intend to appeal the Order.
7. To the best of my knowledge, there is no litigation, action, suit, proceeding or investigation at law or in equity before or by any court, public board or body, pending or threatened, wherein an unfavorable decision, ruling or finding would adversely affect the transactions contemplated by the Loan Agreement, the Bond Legislation, the acquisition and construction of the Project, the operation of the System, the validity of the Bonds or the collection of the Gross Revenues or the pledge of the Net Revenues for the payment of the Bonds.

8. All successful bidders have made required provisions for all insurance and payment and performance bonds and such insurance policies or binders and such bonds have been verified for accuracy. Based upon my review of the contracts, the surety bonds and the policies or other evidence of insurance coverage in connection with the Project, I am of the opinion that such surety bonds and policies (1) are in compliance with the contracts; (2) are adequate in form, substance and amount to protect the various interests of the Issuer; (3) have been executed by duly authorized representatives of the proper parties; (4) meet the requirements of the Act, the Bond Legislation and the Loan Agreement; and (5) all such documents constitute valid and legally binding obligations of the parties thereto in accordance with the terms, conditions and provisions thereof.

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

Sincerely,



Richard Gunnoe

RMG/rs
07 Oct mydocs

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RICHARD M. GUNNOE
SHERRI R. FREEMAN

TELEPHONE: (304) 466-2697
FACSIMILE: (304) 466-2698

October 23, 2007

Town of Sophia
100 East Railroad Avenue
Sophia, West Virginia 25921

West Virginia Water Development Authority
180 Association Drive
Charleston, West Virginia 25311-1217

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

Re: Final Title Opinion for the Town of Sophia

Ladies and Gentlemen:

I am counsel to the Town of Sophia (the "Issuer") in connection with a proposed project to construct certain additions, betterments and improvements to the sewerage system of the Issuer (the "Project"). I provide this final title opinion on behalf of the Issuer to satisfy the requirements of the West Virginia Infrastructure and Jobs Development Council (the "Council") for the Project. Please be advised of the following:

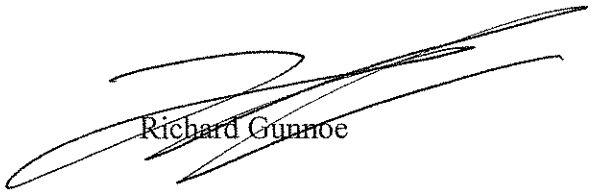
1. I am of the opinion that the Issuer is a duly created and presently existing municipality possessed with all the powers and authority granted to municipalities under the laws of the State of West Virginia to construct, operate and maintain the Project as approved by the Council and the West Virginia Department of Environmental Protection.
2. The Issuer has obtained all necessary permits and approvals for the construction project.
3. I have investigated and ascertained the location of, and I am familiar with the legal description of, the necessary sites, including easements and/or rights of way,

required for the Project as set forth in the plans for Project prepared by S&S Engineers, the consulting engineers for the Project.

4. I have examined the records on file in the Office of the Clerk of the County Commission of Raleigh County, West Virginia, the county in which the Project is to be located, and, in my opinion, the Issuer has acquired legal title or such other estate or interest in all of the necessary site components for the Project, including all easements and/or rights of way, sufficient to assure undisturbed use and possession for the purpose of construction, operation and maintenance for the estimated life of the Project.

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

Sincerely,



Richard Gunnoe

RMG/rs
07 Oct mydocs

TOWN OF SOPHIA

Sewer Revenue Bonds, Series 2007 A
(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
7. LAND AND RIGHTS-OF-WAY
8. MEETINGS, ETC.
9. CONTRACTORS' INSURANCE, ETC.
10. LOAN AGREEMENT
11. RATES
12. SIGNATURES AND DELIVERY
13. BOND PROCEEDS
14. PUBLICATION AND PUBLIC HEARING ON BOND ORDINANCE
15. PUBLIC SERVICE COMMISSION ORDERS
16. SPECIMEN BOND
17. CONFLICT OF INTEREST
18. PROCUREMENT OF ENGINEERING SERVICES
19. CLEAN WATER ACT
20. EXECUTION OF COUNTERPARTS

On this 23rd day of October, 2007, we, the undersigned MAYOR and RECORDER of the Town of Sophia in Raleigh County, West Virginia (the "Issuer"), and the undersigned COUNSEL TO THE ISSUER hereby certify in connection with the Issuer's Sewer Revenue Bonds, Series 2007 A (West Virginia Infrastructure Fund), dated October 23, 2007 (the "Bonds" or the "Series 2007 A Bonds"), as follows:

1. TERMS: All capitalized words and terms used in this General Certificate and not otherwise defined herein shall have the same meaning as set forth in the Bond Ordinance of the Issuer duly enacted October 18, 2007, and the Supplemental Resolution duly adopted October 18, 2007 (collectively, the "Bond Legislation").

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

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

4. NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS: There has been no adverse change in the financial condition of the Issuer since the approval, execution and delivery by the Issuer of the Loan Agreement, and the Issuer has met all conditions prescribed in the Loan Agreement. The Issuer has or can provide the financial, institutional, legal and managerial capabilities necessary to complete the Project.

The Issuer has the following outstanding obligations Sewer Revenue Bonds, Series 1995 (West Virginia Water Development Authority), dated July 24, 1995, issued in the original aggregate principal amount of $156,705 (the "Series 1995 Bonds" or "Prior Bonds").

The Series 2007 A Bonds shall be issued on a parity with the Prior Bonds. The Issuer has obtained (i) the certificate of an Independent Certified Public Accountant stating that the coverage and parity tests of the Bonds are met; and (ii) the written consent of the Holders of the Prior Bonds to the issuance of the Series 2007 A Bonds on a parity with the Prior Bonds. Other than the Prior Bonds, there are no other outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System.

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

Bond Ordinance

Supplemental Resolution

Loan Agreement

Public Service Commission Orders

Infrastructure and Jobs Development Council Approval

Charter and Rules of Procedure

Oaths of Office of Officers and Councilmembers

Ordinance Creating Sanitary Board and Oaths of Members

Petition of Sanitary Board

Sewer Rate Ordinance

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

Minutes on Adoption and Enactment of Sewer Rate Ordinance

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

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

NPDES Permit

Evidence of Insurance

Prior Bond Ordinance

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

Name	Date of Commencement of Office	Date of Termination of Office
Harry Taylor, Mayor	September 7, 2006	June 30, 2008
Sherrie Hatfield, Recorder	July 1, 2006	June 30, 2008
Tish Rogers, Councilmember	July 1, 2006	June 30, 2008
Thomas McKinney, Councilmember	July 1, 2006	June 30, 2008
Albert Veneri, Councilmember	July 1, 2006	June 30, 2008
Debbi Barr, Councilmember	July 1, 2006	June 30, 2008
John Fanary, Councilmember	July 1, 2006	June 30, 2008

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

Chairman	-	Harry Taylor	September 7, 2006	June 30, 2008
Member	-	Jim Jones, P.E.	July 19, 2007	June 30, 2008
Member	-	Philip Hightower	July 19, 2007	June 30, 2009

The duly appointed and acting Counsel to the Issuer is Gunnoe Law Office, Hinton, West Virginia.

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

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

9. CONTRACTORS' INSURANCE, ETC.: All contractors have been required to maintain Worker's Compensation, public liability and property damage insurance, and builder's risk insurance where applicable, in accordance with the Bond Legislation. All insurance for the System required by the Bond Legislation and Loan Agreement is in full force and effect. Counsel to the Issuer makes no representations as to this paragraph 9.

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

11. RATES: The Issuer has duly enacted a sewer rate ordinance on October 20, 2005, setting rates and charges for the services of the System. The time for appeal of such sewer rate ordinance has expired prior to the date hereof without any appeal, and such rates will go into effect when the Project is substantially complete.

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

13. BOND PROCEEDS: On the date hereof, the Issuer received $10,000 from the Authority and the Council, being a portion of the principal amount of the Bonds. The balance of the principal amount of the Bonds will be advanced to the Issuer as acquisition and construction of the Project progresses.

14. PUBLICATION AND PUBLIC HEARING ON BOND ORDINANCE: Upon adoption of the Bond Ordinance, an abstract thereof, determined by the Governing Body to contain sufficient information as to give notice of the contents thereof, was published once each week for 2 successive weeks, with not less than 6 full days between each publication, the first such publication occurring not less than 10 days before the date stated below for the public hearing, in *The Register Herald*, a qualified newspaper published and of general circulation in the Town of Sophia, together with a notice to all persons concerned, stating that the Bond Ordinance had been adopted and that the Issuer contemplated the issuance of the Bonds described in such Bond Ordinance, stating that any person interested may appear before the Governing Body at the public hearing held at a public meeting of Governing Body on the 18th day of October, 2007, at 7:00 p.m., at the Town Hall and present protests, and stating that a certified copy of the Bond Ordinance was on file at the office of the Recorder of the Issuer for review by interested parties during the office hours of the Issuer. At such hearing all objections and suggestions were heard by the Governing Body and the Bond Ordinance became finally adopted, enacted and effective as of the date of such public hearing, and remains in full force and effect.

15. PUBLIC SERVICE COMMISSION ORDERS: The Issuer has received all orders and approvals from the Public Service Commission of West Virginia, including the Commission Order entered on October 18, 2007, in Case No. 06-0024-S-CN, among other things, granting to the Issuer a certificate of convenience and necessity for the Project and approving the financing for the Project. The time for appeal of such Final Order has not expired prior to the date hereof; however, the parties to such Order have indicated that they do not intend to appeal the Order.

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

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

18. 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.

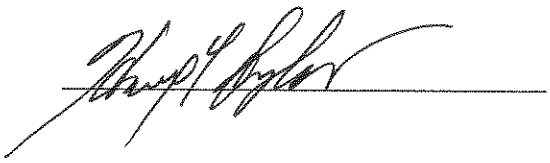
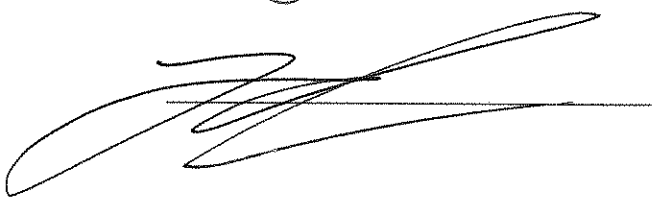
19. CLEAN WATER ACT: The Project as described in the Bond Ordinance complies with Sections 208 and 303(e) of the Clean Water Act.

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

[Remainder of Page Intentionally Blank]

WITNESS our signatures and the official seal of the TOWN OF SOPHIA on the day and year first above written.

[CORPORATE SEAL]

SIGNATURE	OFFICIAL TITLE
	Mayor
	Recorder
	Counsel to the Issuer

10.08.07
846880.00001

TOWN OF SOPHIA

Sewer Revenue Bonds, Series 2007 A
(West Virginia Infrastructure Fund)

CERTIFICATE OF ENGINEER

I, Ashok M. Sanghavi, P.E., Registered Professional Engineer, West Virginia License No. 6177, of S & S Engineers, Inc., Charleston, West Virginia, hereby certify this 23rd day of October, 2007 as follows:

1. My firm is engineer for the acquisition and construction of certain extensions, additions, betterments and improvements (the "Project") to the existing public sewerage system (the "System") of the Town of Sophia (the "Issuer") to be constructed primarily in Raleigh County, West Virginia, which acquisition and construction are being permanently financed in part, by the proceeds of the above-captioned bonds (the "Bonds") of the Issuer. Capitalized terms used herein and not otherwise defined herein shall have the meanings set forth in the Bond Ordinance enacted by the Issuer on October 18, 2007, as supplemented by Supplemental Resolution duly adopted by the Issuer on October 18, 2007, and the Loan Agreement, by and between the Issuer and the West Virginia Water Development Authority (the "Authority") and behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council), dated October 23, 2007 (the "Loan Agreement").

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

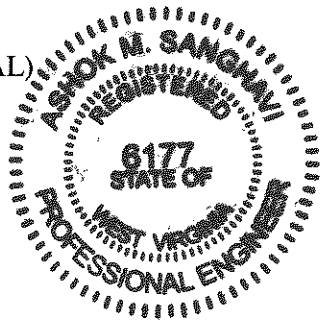
3. To the best of my knowledge, information and belief, (i) within the limits and in accordance with the applicable and governing contractual requirements relating to the Project, the Project will be constructed in general accordance with the approved plans, specifications and designs prepared by my firm and approved by the Council 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 22 years, if properly constructed, operated and maintained, excepting anticipated replacements due to normal wear and tear; (iii) the Issuer has received bids for the acquisition and construction of the Project which are in an amount and otherwise compatible with the plan of financing set forth in the Schedule A, attached hereto as Exhibit A and the Issuer's counsel, Gunnoe Law Office, Hinton, West Virginia, has ascertained that all successful bidders have made required provisions for all insurance and payment and performance bonds and that such insurance 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 Council and the bid forms provided to the bidders contain the critical operational components of the Project; (vi) the successful bids include prices for every item on such bid forms; (vii) the uniform bid procedures were followed; (viii) the Issuer has obtained all applicable permits required by the laws of the State of West Virginia and the United States necessary for the acquisition and construction of the Project and the operation of the System; (ix) in reliance upon the certificate of Issuer's certified public accountant, Smith, Cochran & Hicks, PLLC, as of the effective date thereof, the rates and charges for the System as enacted by the Issuer will be sufficient to comply with the provisions of the Loan Agreement; (x) the net proceeds of the Bonds, together with all other moneys on deposit or to be simultaneously irrevocably pledged thereto and the proceeds of grants, if any, irrevocably committed therefor, are sufficient to pay the costs of acquisition and construction of the Project approved by the Council; and (xi) attached hereto as Exhibit A is the final amended "Schedule B - Final Total Cost of Project, Sources of Funds and Cost of Financing" for the Project.

[Remainder of Page Intentionally Blank]

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

S & S ENGINEERS, INC.

(SEAL) 

Ashok M. Sanghavi, P.E.
West Virginia License No. 6177

846880.00001

TOWN OF SOPHIA
SOAK CREEK / INDEPENDENCE ROAD SEWER PROJECT
IJDC NO. 2002S-662

A. COST OF PROJECT	Total	SCBG	DIGEST	RALEIGH CO BOE	IJDC LOAN
1 **Construction**					
Pre-bid construction (I&I)	5,454.00	5454.00			
Construction (Beaver Coal option)	1,863,883.00	1,100,546.00		100,000.00	663,337.00
2 **Technical Ser**					
a. Planning Phase	40,000.00		40,000.00		
b. Basic Services	160,000.00	160,000.00			
c. Inspection/Post Const. Services	105,000.00	105,000.00			
d. Additional Services	18,000.00	18,000.00			
3 **Legal & Fiscal**					
a. Legal	10,000.00	10,000.00			
b. Accounting	10,000.00	10,000.00			
4 **Administrative**	45,000.00	45,000.00			
5 **Sites & Other Lands**					
a. Land acquisition / ROW	20,000.00	20,000.00			
b. Permits	26,000.00	26,000.00			
6 **Interim Financing**	0.00				
7 **Misc.**	0.00				
8 **Contingency**	93,694.00				93,694.00
9 **TOTAL of Lines 1 through 8**	2,397,031.00	1,500,000.00	40,000.00	100,000.00	757,031.00
B. **COST OF FINANCING**					
10 **Funded Reserve**	0.00				
11 **Other Costs**					
a. Registrar fees	500.00				500.00
b. Bond Counsel	9,500.00				9,500.00
12 **Cost of Issuance**	10,000.00				
13 **TOTAL PROJECT COST(Line 9 plus Lir**	**2,407,031.00**	**1,500,000.00**	**40,000.00**	**100,000.00**	**767,031.00**
C. **SOURCES OFOTHER FUNDS**					
14 Federal Grants	1,500,000.00	1,500,000.00			
15 State Grants	40,000.00		40,000.00		
16 Other Grants	100,000.00			100,000.00	
17 Any Other Sour	0.00				
18 TOTAL GRANTS (Lines 14 through 17)	1,640,000.00	1,500,000.00	40,000.00	100,000.00	
19 **Size of Bond Issue**	**767,031.0**				767,031.00

SIGN HERE

Town of Sophia — 10/18/07 Date

S&S Engineers, Inc. — 10/5/07 Date

SCH Smith, Cochran & Hicks, P.L.L.C.
Certified Public Accountants Oak Hill Bridgeport Charleston Montgomery
405 Capitol Street • Suite 908 • Charleston, West Virginia 25301 • 304-345-1151 • Fax 304-346-6731

October 23, 2007

Town of Sophia
Sewer Revenue Bonds, Series 2007 A
(West Virginia Infrastructure Fund)

West Virginia Water Development Authority
Charleston, West Virginia

West Virginia Infrastructure & Jobs Development Council
Charleston, West Virginia

Ladies and Gentlemen:

Based upon the rates and charges as set forth in the sewer rate ordinance of the Town of Sophia (the "Issuer") enacted October 20, 2005, and the projected operating expenses and the anticipated customer usage as furnished to me by S&S Engineers, Inc., it is my opinion that such rates and charges will be sufficient to provide revenues which, will pay all operating expenses and leave a balance each year equal to at least 115% of the maximum amount required in any year for debt service on the Sewer Revenue Bonds, Series 2007 A (West Virginia Infrastructure Fund) (the "Bonds"), to be issued to the West Virginia Water Development Authority on the date hereof and all other obligations secured by or payable from the revenues of the System, including the Issuer's Sewer Revenue Bonds, Series 1995 (West Virginia Water Development Authority) (the "Prior Bonds").

It is further my opinion that the Net Revenues actually derived from the System during any 12 consecutive months, within the 18 months immediately preceding the date of the actual issuance of the Bonds, plus the estimated average increased annual Net Revenues to be received in each of the 3 succeeding years after the completion of the improvements to be financed by the Bonds, are not less than 115% of the largest aggregate amount that will mature and become due in any succeeding fiscal year for the principal of and interest on the Bonds and the Prior Bonds.

Very truly yours,

Smith, Cochran & Hicks, P.L.L.C.

TOWN OF SOPHIA

Sewer Revenue Bonds, Series 2007 A
(West Virginia Infrastructure Fund)

CERTIFICATE AS TO ARBITRAGE

On this 23rd day of October, 2007, the undersigned Mayor of the Town of Sophia in Raleigh County, West Virginia (the "Issuer"), being the official of the Issuer duly charged with the responsibility for the issuance of Sewer Revenue Bonds, Series 2007 A (West Virginia Infrastructure Fund) (the "Bonds") of the Issuer, dated the date hereof hereby certifies as follows:

1. This certificate is being executed and delivered pursuant to Section 148 of the Internal Revenue Code of 1986, as amended, and applicable regulations (the "Code"). I am the officer of the Issuer duly charged with the responsibility of issuing the Bonds. I am familiar with the facts, circumstances, and estimates herein certified and duly authorized to execute and deliver this certificate on behalf of the Issuer. Capitalized terms used herein and not otherwise defined herein shall have the same meaning as set forth in the ordinance authorizing the Bonds duly enacted by the Issuer on October 18, 2007 and Supplemental Resolution duly adopted by the Issuer on October 18, 2007 (collectively, the "Bond Legislation").

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

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

4. This certificate is based upon facts, circumstances, estimates and expectations of the Issuer in existence on October 23, 2007, the date on which the Bonds are to be physically delivered in exchange for all or a portion of the principal amount of the Bonds, and to the best of my knowledge and belief, the expectations of the Issuer set forth herein are reasonable.

5. The Bonds were sold on October 23, 2007, to the West Virginia Water Development Authority (the "Authority"), pursuant to a loan agreement dated October 23, 2007, by and between the Issuer and the Authority on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), for an aggregate purchase price of $767,031 (100% of par), at which time the Issuer received $10,000, being more than a de minimus amount of the principal of the Bonds. No accrued interest has been or will be paid on the Bonds. The balance of the principal amount of the Bonds will be advanced to the Issuer as acquisition and construction of the Project progresses.

6. The Issuer has covenanted in the Bond Legislation not to take, or permit or suffer to be taken, any action with respect to the gross or other proceeds of the Bonds which would cause any of the Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code. The Issuer has, therefore, covenanted not to intentionally use any portion of the proceeds of the Bonds to acquire higher yielding investments or to replace funds which were used directly or indirectly to acquire higher yielding investments, except as otherwise allowed under Section 148 of the Code. The Issuer, in the Bond Legislation, has further covenanted that it will take all actions that may be required of it so that the interest on the Bonds will be and remain excluded from gross income for federal income tax purposes, and will not take any actions which would adversely affect such exclusion.

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

8. Not later than simultaneously with the delivery of the Bonds, the Issuer shall enter into agreements which require the Issuer to expend at least 5% of the net sale proceeds of the Bonds for the construction of the Project, constituting a substantial binding commitment. The acquisition and construction of the Project and the allocation of the net sale proceeds of the Bonds to expenditures of the Project shall commence immediately and shall proceed with due diligence to completion, and with the exception of proceeds constituting capitalized interest, if any, and 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 March 1, 2009. The acquisition and construction of the Project is expected to be completed by November 1, 2008.

9. The total cost of the Project (including all costs of issuance of the Bonds) is estimated at $2,407,031. Sources and uses of funds for the Project are as follows:

SOURCES

Proceeds of the Series 2007 A Bonds	$ 767,031
Raleigh County Board of Education	$100,000
Small Cities Block Grant	$ 1,500,000
WV Development Office Grant	$ 40,000
Total Sources	$ 2,407,031

USES

Costs of Acquisition and Construction of the Project	$ 2,397,031
Costs of Issuance	$ 10,000
Total Uses	$2,407,031

The total amount of the costs of the Project is estimated to be at least equal to the gross proceeds of the Bonds and the grants set forth above. Except for the proceeds of the Bonds and the grants, no other funds of the Issuer will be available to meet costs of the Project, which would constitute "replacement proceeds" within the meaning of Treas. Reg. § 1.148-1(c), inasmuch as (i) the Issuer does not reasonably expect that the term of the Bonds is longer than is reasonably necessary for the governmental purposes of the Issuer, (ii) the weighted average maturity of the Bonds does not exceed 120% of the average reasonably expected economic life of the Project, and (iii) there are no amounts that have a sufficiently direct nexus to the Bonds or to the governmental purpose of the Bonds to conclude that the amounts would have been used for that governmental purpose if the proceeds of the Bonds were not used or to be used for that governmental purpose.

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

(1) Series 2007 A Bonds Construction Trust Fund;

(2) Series 2007 A Bonds Sinking Fund; and

(3) Series 2007 A Bonds Reserve Account.

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

(1) Proceeds of the Bonds in the amount of $ -0- will be deposited in the Series 2007 A Bonds Sinking Fund as capitalized interest and applied to payment of interest on the Series 2007 A Bonds during acquisition and construction of the Project and for not more than six months thereafter.

(2) Series 2007 A Bonds proceeds in the amount of $-0- will be deposited in the Series 2007 A Bonds Reserve Account.

(3) The balance of the proceeds of the Series 2007 A Bonds will be deposited in the Series 2007 A Bonds Construction Trust Fund as received from time to time and applied solely to payment of costs of the Project, including costs of issuance of the Series 2007 A Bonds and related costs.

Amounts in the Series 2007 A Bonds Construction Trust Fund, if invested, will be invested without yield limitation for a period necessary to complete the Project, not to exceed 3 years, except as otherwise set forth herein. All of such monies are necessary for such purpose.

Except for "preliminary expenditures" as defined in Treasury Regulation §1.150-2(f)(2), none of the proceeds of the Bonds will be used to reimburse the Issuer for costs of the Project previously incurred and paid by the Issuer with its own or other funds.

12. Monies held in the Series 2007 A Bonds Sinking Fund will be used solely to pay principal of and interest on the Series 2007 A Bonds and will not be available to meet costs of acquisition and construction of the Project. All investment earnings on monies in the Series 2007 A Bonds Sinking Fund and Series 2007 A Bonds Reserve Account, if any, will be withdrawn therefrom and deposited into the Series 2007 A Bonds Construction Trust Fund during construction of the Project, and following completion of the Project, will be deposited, not less than once each year, in the Revenue Fund, and such amounts will be applied as set forth in the Bond Ordinance.

13. Except for the Series 2007 A Bonds Sinking Fund and the Series 2007 A Bonds Reserve Account, there are no other funds or accounts established or held by the Issuer which are reasonably expected to be used to pay debt service on the Series 2007 A Bonds, or which are pledged as collateral for the Series 2007 A Bonds and for which there is a reasonable assurance that amounts therein will be available to pay debt service on the Series 2007 A Bonds if the Issuer encounters financial difficulties. The Issuer does not expect that monies in the Renewal and Replacement Fund will be used or needed for payments upon the Series 2007 A Bonds. Except as provided herein, no funds which have been or will be used to acquire directly or indirectly securities, obligations, annuity contracts, investment-type property or any residential rental property for family units which is not located within the jurisdiction of the Issuer and which is not acquired to implement a court

ordered or approved housing desegregation plan producing a yield in excess of the yield on the Series 2007 A Bonds have been or will be pledged to payment of the Series 2007 A Bonds. Less than 10% of the monies received from the sale of the Series 2007 A Bonds, if any, will be deposited in the Series 2007 A Bonds Reserve Account or any other reserve or replacement fund. The amounts deposited in the Series 2007 A Bonds Reserve Account from time to time by the Issuer will not exceed the maximum annual principal of and interest on the Series 2007 A Bonds and will not exceed 125% of average annual principal of and interest on the Series 2007 A Bonds. Amounts in the Series 2007 A Bonds Reserve Account, not to exceed 10% of the proceeds of the Series 2007 A Bonds, if invested, will be invested without yield limitation. The establishment of the Series 2007 A Bonds Reserve Account is required by the Authority, is vital to its purchase of the Series 2007 A Bonds, and is reasonably required to assure payments of debt service on the Series 2007 A Bonds.

Because amounts in the Sewerage System Renewal and Replacement Fund may be expended for other purposes, there is no reasonable assurance that any such amounts would be available to meet debt service if the Issuer encounters financial difficulties; thus, such amounts may be invested without yield limitation.

14. Not later than simultaneously with the delivery of the Bonds, the Issuer shall enter into a contract for the construction of the Project, and the amount to be expended pursuant to such contract exceeds 5% of the net sale proceeds of the Bonds.

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

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

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

18. With the exception of the amount deposited in the Series 2007 A Bonds Sinking Fund for payment of interest on the Bonds and the amount deposited in the Series 2007 A Bonds Reserve Account, if any, all of the proceeds of the Series 2007 A Bonds will be expended on the Project within 18 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 Series 2007 A Bonds Sinking Fund (other than the Series 2007 A Bonds Reserve Account therein) is intended primarily to achieve a proper matching of payments of debt service on the Bonds each year. The Series 2007 A Bonds Sinking Fund (other than the Series 2007 A Bonds Reserve Account therein) will be depleted at least once a year except for a reasonable carryover amount not in excess of the greater of 1/12th of annual debt service on the Bonds, or 1 year's interest earnings on the Series 2007 A Bonds Sinking Fund (other than the Series 2007 A Bonds Reserve Account therein). Except as otherwise allowed, any money deposited in the Series 2007 A Bonds Sinking Fund for payment of the principal of or interest on the Bonds (other than the Series 2007 A Bonds Reserve Account therein), will be spent within a 13-month period beginning on the date of receipt and will be invested without yield limitation, and any monies received from the investment of amounts held in the Series 2007 A Bonds Sinking Fund (other than in the Series 2007 A Bonds Reserve Account therein) will be spent within a 1-year period beginning on the date of receipt.

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

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

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

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

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

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

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

28. The Issuer has retained the right to amend or supplement its authorizing documents if such amendment or supplement is necessary to preserve the exclusion from gross income for federal income tax purposes of the interest on the Bonds.

29. The Issuer shall comply with the yield restriction on the proceeds of the Bonds as set forth in the Code.

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

31. The Issuer has either (a) funded the Series 2007 A Bonds Reserve Account at the maximum amount of principal and interest which will mature and become due on the Series 2007 A Bonds in the then current or any succeeding year with the proceeds of the Series 2007 A Bonds, or (b) created the Series 2007 A Bonds Reserve Account which will be funded with equal payments made on a monthly basis over a 10-year period until such Series 2007 A Bonds Reserve Account holds an amount equal to the maximum amount of principal and interest which will mature and become due on the Series 2007 A Bonds in the then current or any succeeding year. Monies in the Series 2007 A Bonds Reserve Account and the Series 2007 A Bonds Sinking Fund will be used solely to pay principal of and interest on the Series 2007 A Bonds and will not be available to pay costs of the Project.

32. 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 any of the Bonds and (c) will be paid out of substantially the same source of funds or will have substantially the same claim to be paid out of substantially the same source of funds as any of the Bonds.

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

34. The Issuer covenants and agrees to comply with the rebate requirements of the Code if not exempted therefrom, and with all other requirements of the Code necessary, proper or desirable to maintain the tax-exempt status of the Bonds.

35. The Issuer shall file Form 8038-G in a timely fashion with the Internal Revenue Service Center.

36. All proceeds of the Bonds to be used for payment of costs of the Project will be expended for such purposes within 3 years of the date of issuance of the Bonds.

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

38. 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.

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

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

WITNESS my signature as of the date first written above.

TOWN OF SOPHIA

By: _____
Its: Mayor

10.8.07
846880.00001

IN RE--

TOWN OF SOPHIA.

This day Daniel Polk, J. T. Stephens, John Hunt and Albert Hodge presented their application to the Circuit Court of said County for the incorporation of the hereinafter described territory into the town to be known as the Town of Sophia, and the Clerk of this Court is hereby directed to issue a certificate of incorporation, which said certificate shall be in form and substance following: "A certificate under oath of M. D. Hawley, H. D. Ballard, and W. J. Lovell, was this day filed showing that a majority of all the voters residing in the following boundary, to-wit:

BEGINNING at the eight notched chestnut, a celebrated tree standing in the Moore and Beckley line, and a corner to the DeWitt-Clinton 130000-acre survey, thence with the latter, S. 70° 30' W 1484 feet to a large chestnut oak on the top of a large knob; thence S. 85° 00' W. 2600 feet to an old chestnut stump and black oak, a corner to Daniel Polk; thence N. 7° 45' E. 2620 feet to a stake corner of said Polk; N. 73° 10' E. 2020 feet to two white oaks down and a maple; thence leaving said Polk N. 7° E. 180 feet to two sourwoods, a corner to the H. M. Riffe tract; thence through the said H. M. Riffe tract and the John Hawley tract due East 2300 feet to a stake in the Moore and Beckley patent line; thence with said papent line S. 14° 45' W. 1475 feet to a stake in Soak Creek; thence down said creek as it meanders S. 75° E. 137 feet; S. 44° E. 171 feet; S. 73° 30' E. 171 feet; S. 52° E 339 feet; thence S. 59° E. 329 feet to a stake opposite a chestnut stump on the south side of Soak Creek; thence leaving said creek and crossing the Virginian Railway S. 41° W. 986 feet to dogwoodand chestnut oak pointer on the point of a ridge; thence N. 74° 30' W. 635 feet to the beginning, containing 302 acres."

Having been given in due form of law in favor of the incorporation of the Town of Sophia in the County of Raleigh and bounded as herein set forth. And it appearing to the satisfaction of the Court that all of the provisions of Chapter 47 of the Code of West Virginia has been complied with by the applicants for said incorporation, and said town is duly authorized, within the corporate limits aforesaid, to exercise all the corporate powers conferred by the said Chapter from and after the date of this certificate.

The Court hereby appoints M. D. Hawley, W. J. Lovell, and D. H. Ballard, three voters residing within said territory, who shall act as commissioners of election at the first election to be held in said town.

This order having been directed on the 26th day of this month but having been omitted, is entered now for then.

The foregoing is a true copy of an order entered in this office on the 26th day of August 1912

Janice B. Davis

JANICE B. DAVIS, Circuit Clerk of Raleigh County, West Virginia

At a general meeting of the Common Council of the Town of Sophia, held at the Town Hall in said town on the 11th. day of July, 1935, the following ordinances are adopted, ratified and confirmed:

BE IT ORDAINED BY THE COMMON COUNCIL OF THE TOWN OF SOPHIA AS FOLLOWS:

Section 1: Town Charter and Seal:

That the charter of the Town of Sophia be, and the same is hereby adopted and that the impression of the seal imprinted hereon be, and the same is, hereby adopted as and for the seal of the Town of Sophia.

Section 2: Ordinances by Chapters:

The ordinances for the Town of Sophia shall be divided into two chapters, as follows:

Chapter 1: Relative to - Charter, Seal, Officers, etc.

Chapter 2: General advances - Penal and Taxation.

CHAPTER I - MUNICIPAL OFFICERS:

Section 1. The municipal authorities of the Town of Sophia shall be a mayor, recorder and five councilmen, who together shall form a common council and whose term of office shall be for the term and period of two years, commencing on the first day of July in every ~~even~~ numbered year and until their successors are elected and qualified according to law, unless such officers are sooner removed by death, resignation or otherwise.

Section 2: Officers, elective and by appointment:

There shall be a town sergeant, an assessor and a superintendent of roads, streets and alleys, appointed by the common council, to continue in office during its pleasure and perform the duties respectively as prescribed by Chapter 47 of Barnes' Code, West Virginia, 1923, or as may lawfully be required by the council. The sergeant shall be ex-officio treasurer of said Town of Sophia.

Section 3: Election of Officers:

The election of officers for the Town of Sophia shall be held, and such officers shall be elected on every first Tuesday in the month of June, at such place in the Town of Sophia, and under such supervision, rules and regulations not inconsistent with the laws regulating district elections as the council may prescribe.

Section 4: Conventions - Official Ballot:

The nomination of candidates for all elective offices for the Town of Sophia shall be made by municipal party conventions and certified to the recorder on or before the third Monday in May. In addition to the certified list of candidates, municipal parties in convention shall certify to the common council the conventions choice and endorsement of an election commissioner and an election clerk and said certificate shall be signed by the chairman and secretary of the municipal convention. The common council shall receive all certificates of nomination from municipal parties and cause an official ballot to be made therefrom to be used in the official town election.

Section 5: Election officials:

Election officials for the Town of Sophia shall consist of three commissioners and two clerks. The common council shall elect one election commissioner. One election commissioner and one election clerk each shall be appointed by the Common Council, who have the endorsement of the two major municipal parties and who have been endorsed by such party convention.

Section 6: Registration:

Voting in the official election for the Town of Sophia shall be by registration unless the Common Council, for reasons of economy or correctness of existing registration, may authorize and order an election to be held without the current registration. A registrar each from the two major municipal political parties shall be appointed by the common council. Each of said registrars shall receive as compensation for their services under this ordinance the sum of two and one-half (2-1/2¢) cents for each

name so registered by them, to be allowed by the Common Council, payable out of the Town treasury. At the Council's last regular meeting in the month of May there shall be a resolution adopted by the Council providing final date for correcting registration and further providing for all necessary details for holding the regular town election in accordance with the state election laws and the ordinances of the Town of Sophia not consistent therewith.

Section 7: Qualification of elective officers:

The mayor, recorder and councilmen must be residents of The Town of Sophia, qualified and entitled to vote for members of its Common Council. Every person elected or appointed to an office shall, within twenty days after his election or appointment, and before he shall enter upon the duties of his office, take and subscribe the oath of office prescribed for district officers, which may be done before any person authorized by law to administer oaths, or before the mayor or recorder of the Town of Sophia, which oaths, with the certificate of the officer administering the same, shall be filed with the recorder of said Town, who shall file and preserve same,

Section 8: Filling Vacancy:

When, from any cause, a vacancy occurs in the office of mayor, recorder or in the council, the vacancy shall be filled by appointment, until the next succeeding election, by the Council from among its citizens of said Town, eligible to fill such vacancy under the terms and provisions of Chapter 47, Barnes' Code, West Virginia, 1923.

Section 9: Deciding the Vote:

When two or more persons shall receive an equal number of votes for the same office, if such number of votes be the highest cast for such office, the persons under whose supervision the election is held shall decide by lot which of them shall be returned as elected and shall make their returns accordingly.

Section 10: Contested elections:

All contested elections shall be heard and decided by

the Common Council of the Town of Sophia in office at the time such election is held.

Section 11: Common Council - organization:

The Council shall be presided over at its meetings by the mayor, or, in his absence, by the recorder, or in the absence of both the mayor and recorder, by one of the councilmen selected by a majority of the council; and a majority of the whole council shall be necessary to form a quorum for the transaction of business, but neither the mayor, recorder, nor any member of the Council shall vote upon any resolution or proposition in which he may be interested other than as a citizen of said Town.

Section 12: Rules and Records:

The Common Council of the Town of Sophia shall provide a well bound book and cause to be kept therein an accurate account of record and all of its proceedings, by-laws, acts, orders and resolutions, which shall be fully indexed and kept open for the inspection by any one who is required by law to pay taxes in the Town of Sophia. At each meeting of the Council the proceedings of the last meeting shall be read and corrected, if erroneous, and signed by the officer presiding at such meeting, and the recorder. Upon the call or request of any member of the Common Council the "yeas" and "nays" on any question shall be taken and recorded in the journal, or record of the proceedings had. The mayor and recorder shall have votes as members of the Council, and in case of a tie the presiding officer for the time being shall have the casting vote.

Section 13: Effective ordinances:

All ordinances and part of ordinances inconsistent with the ordinances herein contained and covered by this chapter are hereby repealed. And the foregoing ordinances, sections one to fifteen, inclusive, are hereby ordered spread upon the record of the proceedings of the Common Council of the Town of Sophia as and for the organization and election ordinances of said Town.

ATTEST: J. K. Fosk SEAL

James B. Deck Recorder.

Mayor.

TOWN OF SOPHIA

RESOLUTION ON OPEN GOVERNMENTAL PROCEEDINGS RULES

Pursuant to Chapter 6, Article 9A, Section 3 of the West Virginia Code, the Council of the Town of Sophia 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 Town 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 Town 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 Town Recorder at the front door or bulletin board of the Town 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 19 day of JULY, 2007.

Mayor

[SEAL]

Recorder

TOWN OF SOPHIA

SPECIAL COUNCIL MEETING

SEPTEMBER 07, 2006

6:00 P.M.

Members in attendance: Harry Taylor, Recorder, Tom McKinney, Albert Veneri, and Gary Hatfield, Council Members. Absent: Harold Bowen and Terry Buchanan, Council Members.

Called to order.

Tim Keaton of FEMA, discussed new maps that will be available June 2007.

Flood Plain Ordinance was introduced to Council, Tom McKinney made motion to accept ordinance, seconded by Albert Veneri.

Passed by all.

Gary Hatfield made motion to sell the 200' ladder truck and replace with used ladder truck and also purchase a used pumper with a price of approx. $80,000.00 for both pieces of equipment. Seconded by Tom. All in favor.

Due to the resignation of Danny Barr as Mayor of the Town of Sophia, Tom McKinney made a motion to appoint Harry Taylor, Recorder for the Town of Sophia to fulfill the un-expired tern of Danny Barr, seconded by Albert Veneri; Passed by all.

Tom McKinney made a motion to appoint Council Person Gary Hatfield, to fulfill the un-expired term of Harry Taylor Recorder. Seconded by Albert Veneri. All in favor.

Harry Taylor was given the Oath of Office of Mayor for the Town of Sophia by Gary Hatfield.

Mayor Harry Taylor administered the Oath of Office of Recorder for the Town of Sophia.

Tom McKinney made motion to adjourn the meeting, 6:40 PM seconded by Albert Veneri, passed by all.

Respectfully Submitted,

Gary Hatfield, Recorder
Town of Sophia

TOWN OF SOPHIA

INCORPORATED 1912
P. O. BOX 700
SOPHIA, WEST VIRGINIA 25921-0700
TELEPHONE: 304-683-4456
304-683-3225
FAX: 304-683-3231

OATH OF OFFICE

DATE: 9/7/06

I, HARRY TAYLOR do hereby solemnly swear that I will support the Constitution of the United States and the State of West Virginia and will faithfully discharge the duties of the office of of the Municipality of Sophia, West Virginia, to the best of my skill and judgement, so help me God.

Harry Taylor

Taken, subscribed, and sworn before me on the 7 day of September, 2006

Patricia Tolliver Lester

My commission expires November 19, 2007.

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
Patricia Tolliver Lester
207 GUYANDOTTE AVE.
MULLENS, WV 25882
My commission expires Nov. 19, 2007

TOWN OF SOPHIA

INCORPORATED 1912
P. O. BOX 700
SOPHIA, WEST VIRGINIA 25921-0700
TELEPHONE: 304-683-4456
304-683-3225
FAX: 304-683-3231

OATH OF OFFICE

DATE: JULY 19, 2007

I, SHERRIE HATFIELD, do hereby solemnly swear that I will support the Constitution of the United States and the State of West Virginia and will faithfully discharge the duties of the office of RECORDER of the Municipality of Sophia, West Virginia, to the best of my skill and judgement, so help me God.

Sherrie Hatfield

Taken, subscribed, and sworn before me on the 19th day of July, 2007

Patricia Tolliver Lester

My commission expires November 19, 2007.

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
Patricia Tolliver Lester
207 GUYANDOTTE AVE.
MULLENS, WV 25882
My commission expires Nov. 19, 2007

TOWN OF SOPHIA

INCORPORATED 1912
P. O. BOX 700
SOPHIA, WEST VIRGINIA 25921-0700
TELEPHONE: 304-683-4456
304-683-3225
FAX: 304-683-3231

OATH OF OFFICE

DATE: 6-21-07

I, JOHN FLANARY, do hereby solemnly swear that I will support the Constitution of the United States and the State of West Virginia and will faithfully discharge the duties of the office of of the Municipality of Sophia, West Virginia, to the best of my skill and judgement, so help me God.

John Flanary

Taken, subscribed, and sworn before me on the 21 day of June 2007

Patricia Tolliver Lester

My commission expires November 19, 2007.

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
Patricia Tolliver Lester
207 GUYANDOTTE AVE.
MULLENS, WV 25882
My commission expires Nov. 19, 2007

TOWN OF SOPHIA

INCORPORATED 1912
P. O. BOX 700
SOPHIA, WEST VIRGINIA 25921-0700
TELEPHONE: 304-683-4456
304-683-3225
FAX: 304-683-3231

OATH OF OFFICE

DATE: SEPT. 21, 2006

I, JUINELL SMITH do hereby solemnly swear that I will support the Constitution of the United States and the State of West Virginia and will faithfully discha[illegible] office of [illegible] of the Municipalit[illegible] rginia, to the best [illegible] skill and judgement[illegible]

No longer on Council

[signature]

Taken, subscribed, and sworn before me on the 21st day of September 2006

[signature]

My commission expires July 30, 2013.

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
LOIS TOLLIVER
205 WOOD ST.
BECKLEY, WV 25801
My commission expires July 30, 2013

TOWN OF SOPHIA

INCORPORATED 1912
P. O. BOX 700
SOPHIA, WEST VIRGINIA 25921-0700
TELEPHONE: 304-683-4456
304-683-3225
FAX: 304-683-3231

OATH OF OFFICE

DATE: 4/20/07

I, DEBBIE BARR, do hereby solemnly swear that I will support the Constitution of the United States and the State of West Virginia and will faithfully discharge the duties of the office of of the Municipality of Sophia, West Virginia, to the best of my skill and judgement, so help me God.

Debbie Barr

Taken, subscribed, and sworn before me on the 20 day of April 2007

Patricia Tolliver Lester

My commission expires November 19, 2007.

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
Patricia Tolliver Lester
207 GUYANDOTTE AVE.
MULLENS, WV 25882
My commission expires Nov. 19, 2007

TOWN OF SOPHIA

INCORPORATED 1912
P. O. BOX 700
SOPHIA, WEST VIRGINIA 25921-0700
TELEPHONE: 304-683-4456
304-683-3225
FAX: 304-683-3231

OATH OF OFFICE

DATE: 6/30/06

I, TOM McKINNEY do hereby solemnly swear that I will support the Constitution of the United States and the State of West Virginia and will faithfully discharge the duties of the office of of the Municipality of Sophia, West Virginia, to the best of my skill and judgement, so help me God.

Thomas D. McKinney

Taken, subscribed, and sworn before me on the 30 day of June 2006

Patricia Tolliver Lester

My commission expires November 19, 2007.

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
Patricia Tolliver Lester
207 GUYANDOTTE AVE.
MULLENS, WV 25882
My commission expires Nov. 19, 2007

TOWN OF SOPHIA

INCORPORATED 1912
P. O. BOX 700
SOPHIA, WEST VIRGINIA 25921-0700
TELEPHONE: 304-683-4456
304-683-3225
FAX: 304-683-3231

OATH OF OFFICE

DATE: 6/30/06

I ALBERT VENERI, do hereby solemnly swear that I will support the Constitution of the United States and the State of West Virginia and will faithfully discharge the duties of the office of of the Municipality of Sophia, West Virginia, to the best of my skill and judgement, so help me God.

Albert Veneri

Taken, subscribed, and sworn before me on the 30 day of June, 2006

Patricia Tolliver Lester

My commission expires November 19, 2007.

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
Patricia Tolliver Lester
207 GUYANDOTTE AVE.
MULLENS, WV 25882
My commission expires Nov. 19, 2007

TOWN OF SOPHIA

ORDINANCE CREATING A SANITARY BOARD
OF THE TOWN OF SOPHIA

WHEREAS, the Town of Sophia (the "Town") now contemplates the issuance of its sewer revenue bonds to finance the acquisition, construction and equipping of a sanitary sewerage system, and future additions, extensions and improvements thereto (the "System"), pursuant to Chapter 16, Article 13 of the West Virginia Code of 1931, as amended (the "Act"); and

WHEREAS, the Act requires that a sanitary board be established in connection with the issuance of sewer revenue bonds, as aforesaid, and in connection with the custody, administration, operation and maintenance of such a sewer system by a municipal corporation;

NOW, THEREFORE, BE IT ORDAINED AND ENACTED BY THE TOWN COUNCIL OF THE TOWN OF SOPHIA AS FOLLOWS:

Section 1. The Council of the Town (the "Council") does hereby create and establish a Sanitary Board (the "Sanitary Board" or "Board"), with all powers and duties as provided in and pursuant to the Act.

Section 2. Composition; Chairman; Appointment of Members. The Sanitary Board shall be composed of the Mayor or the City Manager of the Town, who shall act as Chairman of the Sanitary Board, and two persons appointed by the Council. During the period of construction of the System or any additions thereto, one member must be a registered professional engineer. The engineer member of the Board need not be a resident of said municipality. After the construction of the System has been completed, the engineer may be succeeded by a person not an engineer. The appointees shall originally be appointed for terms of 2 and 3 years respectively, and upon the expiration of each such term and each succeeding term, appointment of a successor shall be made in like manner for a term of 3 years. Vacancies shall be filled for an unexpired term in the same manner as the original appointment. No officer or employee of the Town, whether holding a paid or unpaid office, shall be eligible to appointment on the Sanitary Board until at least 1 year after the expiration of the term of his public office.

Section 3. Organizational Meetings; Vice Chairman, Secretary, Treasurer; Official Bonds. As soon as may be practicable following the appointment of a new member of the Sanitary Board, the Board shall hold an organizational meeting and choose a vice

chairman from among its members, and a secretary and treasurer, who may be one person and need not be a Board member, and such officers shall hold office at the will of the Board. No bond shall be required of the Board members as such, but the treasurer, whether a member of the Board or not, shall give bond as required under Section 9 hereof.

Section 4. Compensation and Expenses of Board Members. The members of the Sanitary Board shall receive such compensation, if any, for their services, either as a salary or as payments for meetings attended, as the Council may determine, and shall be entitled to payment for their reasonable expenses incurred in the performance of their duties. Any such compensation and expenses paid solely from funds derived from the System, but there shall be no liability upon the Town for any compensation or expenses so incurred.

Section 5. Powers, Duties and Limitations.

A. The Sanitary Board shall have the supervision and control of the custody, administration, operation and maintenance of any and all works for the collection, treatment and disposal of sewage, which are now owned or may hereafter be acquired by the Town.

B. The Sanitary Board shall have power to take all steps and proceedings and to make and enter into all contracts or agreements necessary or incidental to the performance of its duties and the execution of the powers granted to such Board by the Act, as the same now exists and may hereafter be amended; but the powers of the Sanitary Board shall be subject to all restrictions and limitations contained in the Act as the same now exists or may hereafter be amended.

C. The Sanitary Board may employ engineers, architects, inspectors, superintendents, managers, collectors, attorneys and such other personnel as in its judgment may be necessary in the execution of its powers and duties, and may fix their compensation, all of whom shall do such work as the Board shall direct. All such compensation and all expenses incurred in carrying out the provisions of the Act shall be paid solely and only from funds provided under the authority of the Act, and the Board shall not exercise or carry out any authority or power given it so as to bind the Board or the Town beyond the extent to which money shall have been or may be provided under the authority of the Act. No contract or agreement with any contractor or contractors for labor and/or material exceeding the sum of $10,000 shall be made without advertising for bids, which bids shall be publicly opened and award made to the best bidder, with power in the Board to reject any and all bids.

D. The construction, acquisition, improvement, equipment, custody, operation and maintenance of any such works for the collection, treatment or disposal of sewage and the collection of revenues therefrom for the service rendered thereby shall be under the supervision and control of the Sanitary Board.

E. After the construction, acquisition, installation and completion of such works, the Sanitary Board shall operate, manage and control the same and may order and complete any extensions, betterments and improvements of and to the works that the Board may deem expedient if funds therefor be available or made available as provided by the Act, and shall establish rules and regulations for the use and operation of the works and of other sewers and drains connected therewith so far as they may affect the operation of such works, and to do all things necessary or expedient for the successful operation thereof, and the Board shall have in addition hereto any and all powers granted to it by the Act, or which may be granted to it by amendments to the Act, hereafter made, subject to any and all restrictions and limitations therein contained.

Section 6. Duty of Board to Restore Property Damaged by its Activities. All public ways or public works damaged or destroyed by the Sanitary Board in carrying out its authority under this ordinance and the Act shall be restored or repaired by the Board and placed in their original condition, as nearly as practicable, if requested so to do by the proper authorities, out of the funds provided by the Act.

Section 7. Publication of Financial Statement. The Sanitary Board shall prepare a financial statement and cause it to be published as a Class I legal advertisement in compliance with the provisions of Chapter 59, Article 3 of the West Virginia Code of 1931, as amended, and the publication area for such publication shall be the sanitary district. Such statement shall contain an itemized account of the receipts and expenditures of the Board during the previous fiscal year, showing the source from which all money was derived, and the name of the person to whom an order was issued, together with the amount of such order, and why such order was issued, arranging the same under distinct heads, and including all money received and expended from the sale of bonds, and also a specific statement of the debts of such Board, showing the purpose for which any debt was contracted, the amount of money in all funds at the end of the preceding year, and the amount of uncollected service charges. Such statement shall be prepared and published by the Board as soon as practicable after the close of the fiscal year. The statement shall be sworn to by the chairman and secretary and treasurer of the Board.

Section 8. Procedure for Disbursement of Funds. All funds under the supervision of the Sanitary Board shall be disbursed, as disbursements are required, by check drawn upon the proper fund or account, and such checks shall be properly signed by the authorized officer or agent of the Board. All such disbursements shall be approved by the Board.

Section 9. Fidelity Bonds. The Sanitary Board shall require all persons who collect or otherwise handle funds of the Board or the System to furnish a good and proper bond, with a recognized and reputable surety, conditioned upon the faithful performance of their duties and for the proper handling and care of said funds in their hands. Such bond shall be in an amount equal to the sum of money which might at any one time be in the hands of such person or persons.

Section 10. Effective Date. This Ordinance shall take effect immediately following the second reading hereon shall replace any and all previous ordinance heretofore adopted by Council.

Passed on First Reading: JULY 19, 2007

Passed on Second Reading: JULY 26 2007

By: _____
Mayor

By: _____
Recorder

Special meeting Town Council & Sanitary Board
Thursday July 26, 2007 @ 6:00pm.

2nd and final reading of motion to form new Sanitary Board.
Motion by Tom Mckinney 2nd by Debbie Barr.
Passed by all.

Adjourn by Tom Mckinney 2nd by Albert Veneri 6:05pm

TOWN OF SOPHIA

INCORPORATED 1912
P. O. BOX 700
SOPHIA, WEST VIRGINIA 25921-0700
TELEPHONE: 304-683-4456
304-683-3225
FAX: 304-683-3231

OATH OF OFFICE

DATE: 7/26/07

I, HARRY TAYLOR, do hereby solemnly swear that I will support the Constitution of the United States and the State of West Virginia and will faithfully discharge the duties of the office of SANITARY BOARD of the Municipality of Sophia, West Virginia, to the best of my skill and judgement, so help me God.

Harry L Taylor

Taken, subscribed, and sworn before me on the 26 day of July, 2007

Patricia Tolliver Lester

My commission expires November 19, 2007.

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
Patricia Tolliver Lester
207 GUYANDOTTE AVE.
MULLENS, WV 25882
My commission expires Nov. 19, 2007

TOWN OF SOPHIA

INCORPORATED 1912
P. O. BOX 700
SOPHIA, WEST VIRGINIA 25921-0700
TELEPHONE: 304-683-4456
304-683-3225
FAX: 304-683-3231

OATH OF OFFICE

DATE: 7/26/07

I, JIM JONES, do hereby solemnly swear that I will support the Constitution of the United States and the State of West Virginia and will faithfully discharge the duties of the office of SANITARY BOARD of the Municipality of Sophia, West Virginia, to the best of my skill and judgement, so help me God.

Taken, subscribed, and sworn before me on the 26th day of July, 2007.

Patricia Tolliver Lester

My commission expires November 19, 2007.

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
Patricia Tolliver Lester
207 GUYANDOTTE AVE.
MULLENS, WV 25882
My commission expires Nov. 19, 2007

TOWN OF SOPHIA

INCORPORATED 1912
P. O. BOX 700
SOPHIA, WEST VIRGINIA 25921-0700
TELEPHONE: 304-683-4456
304-683-3225
FAX: 304-683-3231

OATH OF OFFICE

DATE: JULY 19, 07

I, PHILLIP HIGHTOWER, do hereby solemnly swear that I will support the Constitution of the United States and the State of West Virginia and will faithfully discharge the duties of the office of SANITARY BOARD of the Municipality of Sophia, West Virginia, to the best of my skill and judgement, so help me God.

Phillip Hightower

Taken, subscribed, and sworn before me on the 19th day of July 2007

Patricia Tolliver Lester

My commission expires November 19, 2007.

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
Patricia Tolliver Lester
207 GUYANDOTTE AVE.
MULLENS, WV 25882
My commission expires Nov. 19, 2007

TOWN OF SOPHIA

Sewer Revenue Bonds, Series 2007 A
(West Virginia Infrastructure Fund)

PETITION OF SANITARY BOARD

The Sanitary Board of the Town of Sophia (the "Town") hereby petitions the Council of the Town to enact an ordinance directing that sewer revenue bonds of the Town be issued pursuant to the provisions of Chapter 16, Article 13 of the West Virginia Code of 1931, as amended, such bonds to be in an amount not to exceed $768,000 for the purposes of paying a portion of the costs of acquisition and construction of certain additions, betterments and improvements to the existing sewerage system of the Town, together with all necessary appurtenances, and paying the costs of issuance and related costs.

Directed this 20th day of August, 2007.

SANITARY BOARD OF THE TOWN OF SOPHIA

By: _____
Its: Chairman

07.13.07
846880.00001

SANITARY BOARD

OF THE

TOWN OF SOPHIA

PROPOSED AGENDA FOR MONDAY, AUGUST 20, 2007

I. Call to Order/Roll Call

II. New Business

a. To consider a Petition to request Council of Town of Sophia to issue Sewer Revenue Bonds, Series 2007 A (the "Bonds") to pay a portion of the costs of certain improvements to the public sewerage system of the Issuer (the "Project"); and to pay certain costs of issuance of the Bonds and related costs.

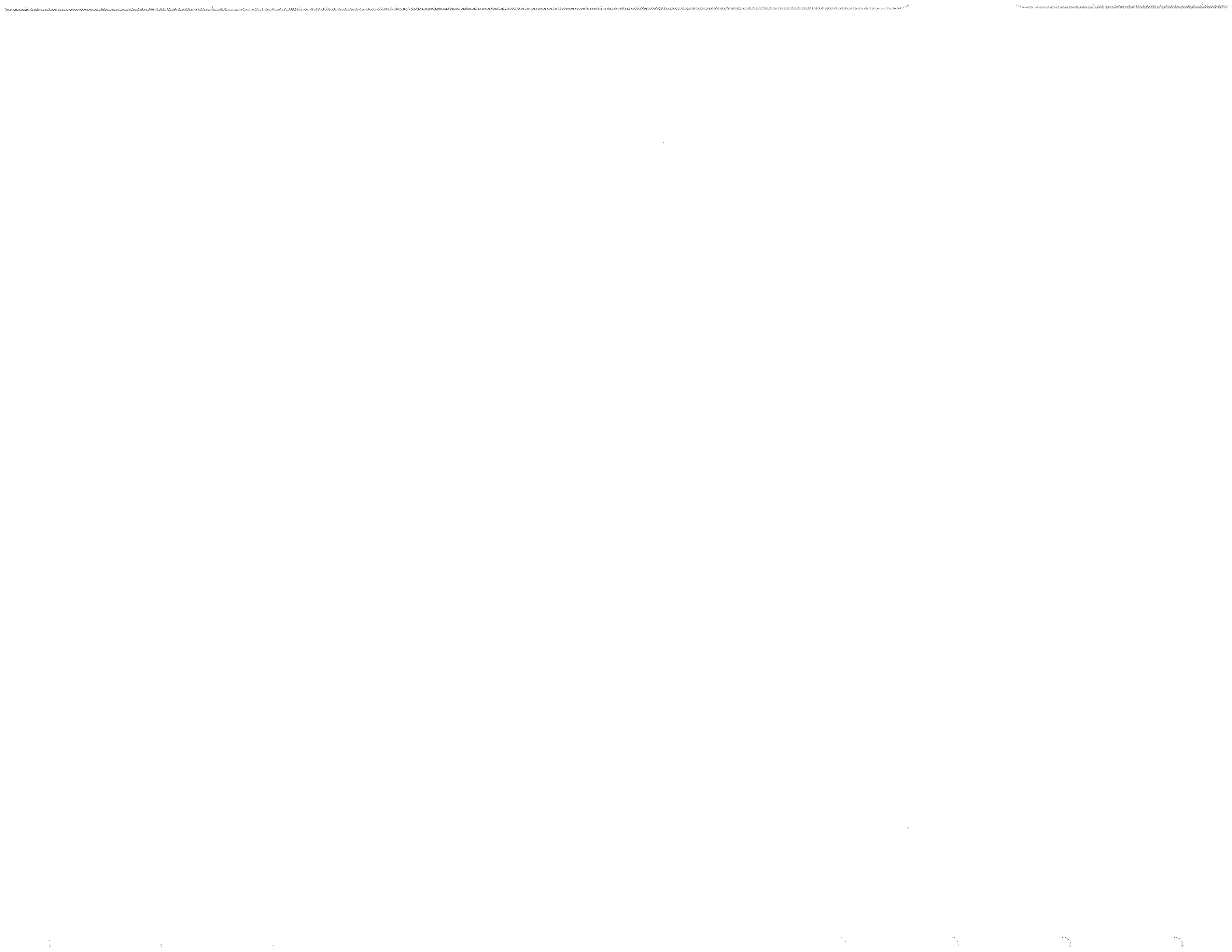
III. Adjournment

_____

Authorized Officer

846880.00001

CH909477.1



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RECEIVED
UTILITIES DIVISION
SPECIAL STUDIES SECTION
2005 DEC 28 AM 10:06
PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA

ORDS Sophia 05A

P.S.C. W. Va. No. 8
Canceling P.S.C. W. Va. No. 7

TOWN OF SOPHIA, a municipal corporation

OF

SOPHIA, WEST VIRGINIA

RATES, RULES AND REGULATIONS FOR FURNISHING

SEWERAGE AND SEWAGE DISPOSAL SERVICE

at Sophia, Raleigh County, West Virginia

Filed with **THE PUBLIC SERVICE COMMISSION**
of
WEST VIRGINIA

RECEIVED
2005 DEC 29 PM 2:01
W VA PUBLIC SERVICE COMMISSION
SECRETARY'S OFFICE

Public Service Commission
of W. VA. Tariff Office
DEC 29 2005
Special Studies Section

Issued December 5, 2005

Effective for service rendered on and after December 5, 2005
or as otherwise provided herein

Adopted by Town Council

Issued by TOWN OF SOPHIA, a municipal corporation

By Danny Barr

Mayor
Title

RULES AND REGULATIONS

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

APPLICABILITY

Applicable within all areas served

(C) AVAILABILITY OF SERVICE

Available for general domestic and commercial service

(C,I) RATES

Effective for all service rendered between December 5, 2005 and September 1, 2006:

First 2,000 gallons	$5.77 per 1,000 gallons
Next 24,000 gallons	4.41 per 1,000 gallons
Over 26,000 gallons	3.96 per 1,000 gallons

(I) Effective for all service rendered between September 1, 2006 and March 1, 2007:

First 2,000 gallons	$6.55 per 1,000 gallons
Next 24,000 gallons	5.00 per 1,000 gallons
Over 26,000 gallons	4.49 per 1,000 gallons

(I) Effective for all service rendered between March 1, 2007 and September 1, 2007:

First 2,000 gallons	$6.88 per 1,000 gallons
Next 24,000 gallons	5.25 per 1,000 gallons
Over 26,000 gallons	4.71 per 1,000 gallons

(I) Effective for all service rendered on and after September 1, 2007:

First 2,000 gallons	$7.23 per 1,000 gallons
Next 24,000 gallons	5.51 per 1,000 gallons
Over 26,000 gallons	4.95 per 1,000 gallons

(C,I) MINIMUM BILL

Effective for all service rendered between December 5, 2005 and September 1, 2006:
$11.55 per month

(I) Effective for all service rendered between September 1, 2006 and March 1, 2007:
$13.11

(I) Effective for all service rendered between March 1, 2007 and September 1, 2007:
$13.76

(I) Effective for all service rendered on and after September 1, 2007:
$14.46

(C) Indicates change in text
(I) Indicates increase

(C) DELAYED PAYMENT PENALTY

The above tariff is net. On accounts not paid in full within twenty (20) days of the date of bill, a ten percent (10%) penalty shall be added to the net amount shown. The delayed payment penalty is not interest and shall only to be charged once for each bill when applicable.

(C,I) FLAT CHARGE (for unmetered water users)

Effective for all service rendered between December 5, 2005 and September 1, 2006:
$22.57 per month

(I) Effective for all service rendered between September 1, 2006 and March 1, 2007:
$25.61

(I) Effective for all service rendered between March 1, 2007 and September 1, 2007:
$26.89

(I) Effective for all service rendered on and after September 1, 2007:
$28.24

(C) CONNECTION CHARGE

All service connection charges (Tapping Fees) shall be Two Hundred Fifty ($250).

(C) RETURNED CHECK CHARGE

When a check is received for service is returned for insufficient funds, a service charge of the actual cost to the utility provider, not to exceed Thirty ($30.00), shall be charged.

LEAK ADJUSTMENT INCREMENT

An incremental charge of $0.53 per M gallons shall be charged for all sewer billed in excess of the customers historic usage.

EXCISE TAX

Applicable to customers within the Town Limits of the Town of Sophia
2% (two percent)

(C) Indicates change in text
(I) Indicates increase

(C) SECURITY DEPOSIT

The Sophia Sanitary Board shall require all customers of the sewer system to make an initial deposit upon application for services as a guarantee of the payment for sewer service used. Such deposit shall be Fifty Dollars ($50.00). Sewer service shall not be established until these conditions are fulfilled and the Board may refuse service if the guarantee is not given when required. Said deposit shall be held for twelve consecutive months, and at the end of such time shall promptly and automatically refund the deposit plus accrued interest at the rate as calculated in accordance with 4.2.1.c of the Rules and Regulations for Government of Sewer Utilities, Public Service Commission of West Virginia and be paid from the date of deposit, until refund date. Calculation of the above twelve months period shall commence from the first regular payment of following the payment (sic) of past due bill of bills. The board shall have a reasonable time, not to exceed thirty (30) days, to ascertain that the obligations of the customer have been fully performed before being required to return any deposit in the case where there has not been an automatic refund.

(N) RECORD OF DEPOSITS

The Board shall keep a record showing for all cash deposits:

1. The name and address of each depositer;
2. The amount and date of the deposit; and
3. Each transaction concerning the deposit.

(N) THE RECEIPT

Concurrently with receiving a cash deposit, the Board shall deliver to the applicant for service or customer, a receipt showing:

1. The date thereof;
2. The name of the applicant or customer and the address of the premises to be served or served:
3. The service furnished or to be furnished;
4. The amount of the deposit and the rate of interest to be paid thereon. The Board shall provide automatic means to refund the deposit of a customer, when he is so entitled, if the original receipt cannot be produced. A receipt of proof of payment will not be necessary under the provisions for an automatic refund.

(N) UNCLAIMED DEPOSITS

Should the Board have retained, through no fault of its own, deposits made by customers to whom service has been discontinued during any calendar year, it shall, on or before the first day of March, of each year, mail to the customer's last known address a check, as refund of the deposit plus accrued interest, or at the Board's option, publish a list of such depositors in a newspaper published and of general circulation in each of the counties it operates and in which the deposit was made, showing as to the thirty-first day of December immediately preceding, the amount of each such deposit, together with the interest due thereon, and notifying depositors listed therein that their deposit, together with accrued interest, are being held to their credit and will be returned upon request. The board shall not be liable for any interest on such deposit after publication of such lists. Upon completion of the above procedure the deposit shall be considered as derelict property subject to recovery by the State of West Virginia under the provision of Chapter 34, Article 2, Section 1 of the Code of West Virginia.

(N) GUARANTEE AGREEMENT

(a) The Board may accept, in lieu of the cash deposit, a guaranty agreement signed by a financially responsible guarantor, whereby payment of a specified sum, not exceeding the cash deposit aforesaid, is guaranteed. The guarantor, may, upon request, receive copies of disconnection notices sent to the customer whose account has been guaranteed. Provided, however, the limitation herein fixed upon the terms or a guarantee agreement shall not apply to industrial customers.

(b) The ~~term of the guaranty~~ agreement shall be indeterminate, but it shall terminate when the customer gives notice to the Board of discontinuance of service at the location covered by the guaranty agreement, or six months after discontinuance of service where no notice was given, or at the guarantor's request upon thirty (30) days written notice to Board.

Upon termination of a guaranty agreement, or whenever the utility deems the same insufficient as to the amount of surety, a cash deposit or a new or additional guaranty may be required upon reasonable written notice to the customer.

(N) APPLICATION IN CASE OF RECEIVER OF TRUSTEE

The aforesaid provision shall apply in the case of a receiver or trustee operation, under court order, a business requiring utility service.

(N) Indicates new

(C) FEES FOR TERMINATION AND RECONNECTION OF WATER SERVICE FOR NON-PAYMENT OF SEWER BILLS

(a) Disconnection Fee
Whenever water service has been disconnected solely due to non-payment of sewer bill(s), a disconnection fee of $20.00 shall be charged.

(b) Reconnection Fee:
Whenever water service which has been previously disconnected solely due to non-payment of sewer bills is reconnected, a $20.00 reconnection fee shall be charged.

ORDINANCE

AN ORDINANCE TO AMEND AND RE-ENACT THE EXISTING SEWER ORDINANCE ESTABLISHING A SCHEDULE OF JUST, EQUITABLE AND REASONABLE RATES OR CHARGES FOR THE USE OF AND SERVICES RENDERED BY THE SEWER SYSTEM OF THE TOWN OF SOPHIA AS PROVIDED BY CHAPTER 16, ARTICLE 13, AND CHAPTER 24, ARTICLE 2 OF THE CODE OF WEST VIRGINIA, 1931, AS AMENDED.

BE IT ORDAINED BY THE COUNCIL OF THE TOWN OF SOPHIA, WEST VIRGINIA:

That existing sewer ordinance of the Town of Sophia, effective the 5 day of NOVEMBER, 200 1, be and the same is hereby amended and re-enacted to read as follows:

The Proposed Ordinance is as follows:

AN ORDINANCE OF THE TOWN OF SOPHIA AMENDING AND REENACTING THE ESTABLISHMENT AND FIXING OF RATES, CHARGES AND DELAYED PENALTY CHARGES FOR SEWER SERVICE FOR CUSTOMERS OF THE SEWER SYSTEM OF THE TOWN OF SOPHIA, RALEIGH COUNTY, WEST VIRGINIA

WHEREAS, the Council of the Town of Sophia deems the present rates and charges for the furnishing of Sewer service throughout the entire territory served by the Town of Sophia to be unable to provide sufficient revenue to the Town of Sophia to maintain and operate the sewer system, pay sinking fund requirements on any outstanding revenue bonds, and pay for the proposed upgrade project.

NOW, THEREFORE, BE IT ORDAINED AND ENACTED by the Council of the Town of Sophia, West Virginia:

Section 1.

Established and Fixing Rates, Charges, and Delayed Penalty Charges.

The following schedules of rates, charges and delayed payment penalty charges shall be and they are hereby fixed and determined as the rates, charges and delayed penalty charges to be charged and paid by customers of the sewer system of the Town of Sophia and throughout the entire territory served.

RATES

The following rates should apply during the time periods set forth below:

SCHEDULE NO. 1
(Current Tariff)
Applicable in entire territory served

Availability of Service
Available for general domestic and commercial service

FIRST	2M	GALLONS	$	5.11	PER 1000 GALLONS
NEXT	24M	GALLONS	$	3.90	PER 1000 GALLONS
ALL OVER	26M	GALLONS	$	3.50	PER 1000 GALLONS

MINIMUM	$10.22
AVERAGE(BASED ON 4.0M GALLONS)	$18.02
AVERAGE(BASED ON 4.5M GALLONS)	$19.97

SCHEDULE NO. 2
(Tariff – 13% Increase)
Proposed Effective Date: December 05, 2005
Applicable in entire territory served

Availability of Service
Available for general domestic and commercial service

FIRST	2M	GALLONS	$	5.77	PER 1000 GALLONS
NEXT	24M	GALLONS	$	4.41	PER 1000 GALLONS
ALL OVER	26M	GALLONS	$	3.96	PER 1000 GALLONS

MINIMUM	$11.55
AVERAGE(BASED ON 4.0M GALLONS)	$20.36
AVERAGE(BASED ON 4.5M GALLONS)	$22.57

SCHEDULE NO. 3

(Tariff – 13.5% Increase)
Proposed Effective Date: September 1, 2006
Applicable in entire territory served

Availability of Service
Available for general domestic and commercial service

FIRST	2M	GALLONS	$	6.55	PER 1000 GALLONS
NEXT	24M	GALLONS	$	5.00	PER 1000 GALLONS
ALL OVER	26M	GALLONS	$	4.49	PER 1000 GALLONS

MINIMUM	$13.11
AVERAGE(BASED ON 4.0M GALLONS)	$23.11
AVERAGE(BASED ON 4.5M GALLONS)	$25.61

SCHEDULE NO. 4

(Tariff – 5% Increase)
Proposed Effective Date: March 1, 2007
Applicable in entire territory served

Availability of Service
Available for general domestic and commercial service

FIRST	2M	GALLONS	$	6.88	PER 1000 GALLONS
NEXT	24M	GALLONS	$	5.25	PER 1000 GALLONS
ALL OVER	26M	GALLONS	$	4.71	PER 1000 GALLONS

MINIMUM	$13.76
AVERAGE(BASED ON 4.0M GALLONS)	$24.27
AVERAGE(BASED ON 4.5M GALLONS)	$26.89

SCHEDULE NO. 5

(Tariff – 5% Increase)
Proposed Effective Date: September 1, 2007
Applicable in entire territory served

Availability of Service
Available for general domestic and commercial service

FIRST	2M	GALLONS	$	7.23	PER 1000 GALLONS
NEXT	24M	GALLONS	$	5.51	PER 1000 GALLONS
ALL OVER	26M	GALLONS	$	4.95	PER 1000 GALLONS

MINIMUM	$14.46
AVERAGE(BASED ON 4.0M GALLONS)	$25.48
AVERAGE(BASED ON 4.5M GALLONS)	$28.24

Flat Charge (For unmetered water users)

No bills for sewer service for unmetered water users shall be rendered for less than Nineteen Dollars and Ninety-Seven Cents ($19.97) per month for Schedule 1, less than Twenty-Two Dollars and Fifty-Seven Cents ($22.57) for Schedule 2, less than Twenty-Five Dollars and Sixty-One Cents ($25.61) for Schedule 3, less than Twenty-Six Dollars and Eighty-Nine Cents ($26.89) for Schedule 4, or less than Twenty-Eight Dollars and Twenty-Four Cents ($28.24) for Schedule 5.

Delayed Payment Penalty

The above tariff is net. On accounts not paid in full within twenty (20) days of the date of bill, a ten-percent (10%) penalty shall be added to net amount shown. The delayed payment penalty is not interest and shall only be charged once for each bill when applicable.

Connection Charge

All service connection charges (Tapping Fees) shall be Two Hundred Fifty ($250).

Returned Check Charge

When a check received for service is returned for insufficient funds, a service charge of the actual cost to the utility provider, not to exceed Thirty Dollars ($30.00), shall be charged.

Leak Adjustment Increment

An incremental charge of $0.53 per M gallons shall be charged for all sewer billed in excess of the customers historic usage.

Excise Tax

Applicable to customers within the Town limits of the Town of Sophia. 2% (two percent)

Security Deposit

The Sophia Sanitary Board shall require all customers of the sewer system to make an initial deposit upon application for services as a guarantee of the payment for sewer service used. Such deposit shall be Fifty Dollars ($50.00). Sewer service shall not be established until these conditions are fulfilled and the Board may refuse service if the guarantee is not given when required. Said deposit shall be held for twelve consecutive months, and at the end of such time shall promptly and automatically refund the deposit plus accrued interest at the rate as calculated in accordance with 4.2.1. c of the Rules and Regulations for Government of Sewer utilities, Public Service Commission of West Virginia and be paid from the date of deposit, until refund date. Calculation of the above twelve months period shall commence from the first regular payment of following the payment of past due bill or bills. The Board shall have a reasonable time, not to exceed thirty (30) days, to ascertain that the obligations of the customer have been fully performed before being required to return any deposit in the case where there has not been an automatic refund.

Record of Deposits

The Board shall keep a record showing for all cash deposits:

1. The name and address of each depositor;
2. The amount and date of the deposit; and
3. Each transaction concerning the deposit.

The Receipt

Concurrently with receiving a cash deposit, the Board shall deliver to the applicant for service or customer, a receipt showing:

1. The date thereof;
2. The name of the applicant or customer and the address of the premises to be served or served;
3. The service furnished or to be furnished;

4. The amount of the deposit and the rate of interest to be paid thereon. The Board shall provide automatic means to refund the deposit of a customer, when he is so entitled, if the original receipt cannot be produced. A receipt of proof of payment will not be necessary under the provisions for an automatic refund.

Unclaimed Deposits

Should the Board have retained, through no fault of its own, deposits made by customers to whom service has been discontinued during any calendar year, it shall, on or before the first day of March, of each year, mail to the customer's last known address a check, as refund of the deposit plus accrued interest, or at the Board's option, publish a list of such depositors, in a newspaper published and of general circulation in each of the counties it operates and in which the deposit was made, showing as to the thirty-first day of December immediately preceding, the amount of each such deposit, together with the interest due thereon, and notifying depositors listed therein that their deposit, together with accrued interest, are being held to their credit and will be returned upon request. The Board shall not be liable for any interest on such deposit after publication of such lists. Upon completion of the above procedure the deposit shall be considered as derelict property subject to recovery by the State of West Virginia under the provision of Chapter 34, Article 2, Section 1 of the Code of West Virginia.

Guarantee Agreement

(a) The Board may accept, in lieu of the cash deposit, a guaranty agreement signed by a financially responsible guarantor, whereby payment of a specified sum, not exceeding the cash deposit aforesaid, is guaranteed. The guarantor, may, upon request, receive copies of disconnection notices sent to the customer whose account has been guaranteed. Provided, however, the limitation herein fixed upon the terms of a guarantee agreement shall not apply to industrial customers.

(b) The term of the guaranty agreement shall be indeterminate, but it shall terminate when the customer gives notice to the Board of discontinuance of service at the location covered by the guaranty agreement, or six months after discontinuance of service where no notice was given, or at the guarantor's request upon thirty (30) days written notice to Board.

Upon termination of a guaranty agreement, or whenever the utility deems the same insufficient as to the amount of surety, a cash deposit or a new or additional guaranty may be required upon reasonable written notice to the customer.

Application in Case of Receiver of Trustee

The aforesaid provisions shall apply in the case of a receiver or trustee operation, under court order, a business requiring utility service.

Fees for Termination and Reconnection of Water Service for Non-Payment of Sewer Bills

(a) Disconnection Fee:
Whenever water service has been disconnected solely due to nonpayment of sewer bill(s), a disconnection fee of $20.00 shall be charged.

(b) Reconnection Fee:
Whenever water service which has been previously disconnected solely due to non-payment of sewer bill(s) is reconnected, a $20.00 reconnection fee shall be charged.

The provisions of this sewer ordinance, as hereby amended and re-enacted, shall become operative and effective forty-five (45) days after adoption by the Council of the Town of Sophia unless the said Council by resolution or ordinance shall fix a later effective date.

Any ordinance inconsistent with the provisions hereof are hereby expressly repealed to the extent of such inconsistency.

Passed on first reading: September 15, 2005

Public Meeting: October 20, 2005

Passed and adopted on second reading: October 20, 2005

A complete copy of the proposed rates, is available for public inspection at the Sophia Town Hall during regular Business hours.

AFFIDAVIT OF PUBLICATION

BECKLEY NEWSPAPERS INC.

BECKLEY, WEST VIRGINIA 25801

October 13, 2005

STATE OF WEST VIRGINIA
COUNTY OF RALEIGH, to wit:

I, Tara Meyer, being duly sworn upon my oath, do depose and say that I am Legal Clerk for Beckley Newspapers, Inc., a corporation, publisher of the newspaper entitled The Register-Herald, an Independent newspaper; that I have been duly authorized by the board of directors of such corporation to execute this affidavit of publication; that such newspaper has been published for more than one year prior to publication of the annexed notice described below; that such newspaper is regularly published daily for at least fifty weeks during the calendar year, in the municipality of Beckley, Raleigh County, West Virginia; that such newspaper is a newspaper of "general circulation" as that term is defined in article three, chapter fifty-nine of the Code of West Virginia, 1931, as amended, within the publication area or areas of the aforesaid municipality and county; that such newspaper averages in length four or more pages, exclusive of any cover, per issue; that such newspaper is circulated to the general public at a definite price of consideration; that such newspaper is a newspaper to which the general public resorts for passing events of a political, religious, commercial and social nature, and for current happenings, announcements, miscellaneous reading matters, advertisements and other notices; that the annexed notice

of HEARING AND ORDINANCE
(Description of notice)

was duly published in said newspaper once a week for two successive weeks (Class 2), commencing with the issue of the 6th day of October, 2005, and ending with the issue of the 13th day of October, 2005, (and was posted at the Raleigh County Courthouse on the 13th day of October, 2005); that said annexed notice was published on the following dates:

10/06/05,10/13/05

and that the cost of publishing said annexed notice as aforesaid was $ 632.91

Signed Tara Meyer
Tara Meyer
Legal Clerk
Beckley Newspapers

Taken, subscribed and sworn to before me in my said county this:
13th day of October, 2005

My commission expires March 31, 2011

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
DIANA L. LOWE
BECKLEY NEWSPAPERS
P.O. BOX 2231
BECKLEY, WV 25802
My commission expires March 31, 2011

Notary Public of Raleigh County, West Virginia

ENACTING THE ESTABLISHMENT AND FIXING OR RATES, CHARGES AND DELAYED PENALTY CHARGES FOR SEWER SERVICE FOR CUSTOMERS OF THE SEWER SYSTEMS OF THE TOWN OF SOPHIA, RALEIGH COUNTY, WEST VIRGINIA

WHEREAS, the Council of the Town of Sophia deems the present rates and charges for the furnishing of Sewer service throughout the entire territory served by the Town of Sophia to be unable to provide sufficient revenue to the Town of Sophia to maintain and operate the sewer system, pay sinking fund requirements on any outstanding revenue bonds, and pay for the proposed upgrade project.

NOW, THEREFORE, BE IT ORDAINED AND ENACTED by the Council of the Town of Sophia, West Virginia:

Section 1:

Established and Fixing Rates, Charges and Delayed Penalty Charges.

The following schedules of rates, charges and delayed payment penalty charges shall be and they are hereby fixed and determined as the rates, charges and paid by customers of the sewer system of the Town of Sophia and throughout the entire territory served.

RATES

The following rates should apply during the time periods set forth below:

SCHEDULE NO. 1
(Current Tariff)
Applicable in entire territory served.

Availability of Service

Available for general domestic and commercial service

FIRST 2M GALLONS $5.11 PER 1000 GALLONS
NEXT 24M GALLONS $3.90 PER 1000 GALLONS
ALL OVER 26M GALLONS $3.50 PER 1000 GALLONS
MINIMUM $10.22
AVERAGE (BASED ON 4.0M GALLONS) $18.02
AVERAGE (BASED ON 4.5M GALLONS) $19.97

SCHEDULE NO. 2
(Tariff - 13% Increase)
Proposed Effective Date: December 5, 2005
Applicable in entire territory served

Availability of Service

Available for general domestic and commercial service

FIRST 2M GALLONS $5.77 PER 1000 GALLONS
NEXT 24M GALLONS $4.41 PER 1000 GALLONS
ALL OVER 26M GALLONS $3.96 PER 1000

bill when applicable.

Connection Charge

All service connection charges (Tapping Fees) shall be Two Hundred Fifty ($250).

Returned Check Charge

When a check received for service is returned for insufficient funds, a service charge of the actual cost to the utility provider, not to exceed Thirty Dollars ($30.00), shall be charged.

Leak Adjustment Increment

An incremental charge of $0.53 per M gallons shall be charged for all sewer billed in excess of the customer historic usage.

Excise Tax

Applicable to customers within the Town limits of the Town of Sophia. 2% (two percent)

Security Deposit

The Sophia Sanitary Board shall require all customers of the sewer system to make an initial deposit upon application for services as a guarantee of the payment for sewer service used. Such deposit shall be Fifty Dollars ($50.00). Sewer service shall not be established until these conditions are fulfilled and the Board may refuse service is the guarantee is not given when required. Said deposit shall be held for twelve consecutive months, and at then end of such time shall promptly and automatically refund the deposit plus accrued interest at the rate as calculated in accordance with 4.2.1.c of the Rules and Regulations for Government of Sewer Utilities, Public Service Commission of West Virginia and be paid from the date of deposit, until refund date. Calculation of the above twelve months period shall commence from the first regular payment of following the payment of past due bill or bills. The Board shall have a reasonable time, not to exceed thirty (30) days, to ascertain that the obligations of the customer have been fully performed before being required to return any deposit in the case where there has not been an automatic refund.

Record of Deposits

The Board shall keep a record showing for all cash deposits:

1. The name and address of each depositor:

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Fees for Termin
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of Sewer Bills

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shall be charged

The provision
sewer ordinance
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of the Town of S
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Any ordinance
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Passed on first
September 15, 2(

Public Meeting:

Passed and ad
second reading:

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during regular
hours.

10-13-THU-2-RH;

NOTICE OF PUBLIC HEARING

Notice of public hearing on Town of Sophia Sewer Rate Increase.

Public Hearing will be held on October 20, 2005 at 6:00 p.m. on the following Ordinance;

Ordinance introduced on September 15, 2005.

Any person interested may appear before the Town Council of the Town of Sophia, at the Town Hall, 100 East Railroad Avenue, Sophia, WV 25921 and present any comments or protest.

Following said hearing Council shall take such action deemed proper.

ORDINANCE

AN ORDINANCE TO AMEND AND RE-ENACT THE EXISTING SEWER ORDINANCE ESTABLISHING A SCHEDULE OF JUST, EQUITABLE AND REASONABLE RATES OR CHARGES FOR THE USE OF AND SERVICES RENDERED BY THE SEWER SYSTEM OF THE TOWN OF SOPHIA AS PROVIDED BY CHAPTER 16, ARTICLE 13, AND CHAPTER 24, ARTICLE 2 OF THE CODE OF WEST VIRGINIA, 1931, AS AMENDED.

BE IT ORDAINED BY THE COUNCIL OF THE TOWN OF SOPHIA, WEST VIRGINIA:

That existing sewer ordinance of the Town of Sophia, effective the 5th day of November 2001, be and the same is hereby amended and re-enacted to read as follows:

The proposed Ordinance is as follows;

AN ORDINANCE OF THE TOWN OF SOPHIA AMENDING AND RE-

Applicable in entire territory served

Availability of Service

Available for general domestic and commercial service

FIRST 2M GALLONS $6.55 PER 1000 GALLONS

NEXT 24M GALLONS $5.00 PER 1000 GALLONS

ALL OVER 26M GALLONS $4.49 PER 1000 GALLONS

MINIMUM $13.11

AVERAGE (BASED ON 4.0M GALLONS) $23.11

AVERAGE (BASED ON 4.5M GALLONS $25.61

SCHEDULE NO. 4

(Tariff - 5% Increase)

Proposed Effective Date: Marsh 1, 2007

Applicable in entire territory served

Availability of Service

Available for general domestic and commercial service

FIRST 2M GALLONS $6.88 PER 1000 GALLONS

NEXT 24, GALLONS $5.25 PER 1000 GALLONS

ALL OVER 26M GALLONS $4.71 PER 1000 GALLONS

MINIMUM $13.76

AVERAGE (BASED ON 4.0M GALLONS) $24.27

AVERAGE (BASED ON 4.5M GALLONS) $26.89

SCHEDULE NO. 5

(Tariff - 5% increase)

Proposed Effective Date: September 1, 2007

Applicable in entire territory served

Availability of Service

Available for general domestic and commercial

FIRST 2M GALLONS $7.23 PER 1000 GALLONS

NEXT 24M GALLONS $5.51 PER 1000 GALLONS

ALL OVER 26M GALLONS $4.95 PER 1000 GALLONS

MINIMUM $14.46

AVERAGE (BASED ON 4.0M GALLONS) $25.48

AVERAGE (BASED ON 4.5M GALLONS) $28.24

Flat Charge (For unmetered water users)

No bills for sewer for unmetered water users shall be rendered for less than Nineteen Dollars and Ninety-Seven Cents ($19.97) per month for Schedule 1, less than Twenty-Two Dollars and Fifty-Seven Cents ($22.57) for Schedule 2, less than Twenty-Five Dollars and Sixty-One Cents ($25.61) for Schedule 3, less than Twenty-Six Dollars and Eighty-Nine Cents ($26.89) for Schedule 4, or less then Twenty-Eight Dollars and Twenty-Four Cents ($28.24) for Schedule 5.

Delayed Payment Penalty

The above tariff is net. On accounts not paid in full within twenty (20) days of the date of bill, a ten-percent (10%) penalty shall be added to net amount shown. The delayed payment penalty is not interest and shall only be charged once for each

showing:

1. The date thereof;
2. The name of the applicant or customer and the address of the premises to be served or served;
3. The service furnished or to be furnished;
4. The amount of the deposit and the rate of interest to be paid thereon. The board shall provide automatic means to refund the deposit of a customer, when he is so entitled, of the original receipt cannot be produced. A receipt of proof of payment will not be necessary under the provisions for an automatic refund.

Unclaimed Deposits

Should the Board have retained, through no fault of its own, deposits made by customers to whom service has been discontinued during any calendar year, it shall, on or before the first day of March, of each year, mail to the customer's last known address a check, as refund of the deposit plus accrued interest, or at the Board's option, publish a list of such depositors, in a newspaper published and of general circulation in each of the counties it operates and in which the deposit was made, showing as to the thirty-first day of December immediately preceding, the amount of each such deposit, together with the interest due thereon, and notifying depositors listed therein that their deposit, together with accrued interest, are being held to their credit and will be returned upon request. The Board shall not be liable for any interest on such deposit after publication of such lists. Upon completion of the above procedure the deposit shall be considered as derelict property subject to recovery by the State of West Virginia under the provision of Chapter 34, Article 2, Section 1 of the Code of West Virginia.

Guarantee Agreement

(a) The Board may accept, in lieu of the cash deposit, a guaranty agreement signed by a financially responsible guarantor, whereby payment of a specified sum, not exceeding the cash deposit aforesaid, is guaranteed. The guarantor, may, upon request, receive copies of disconnection notices sent to the customer whose account had been guaranteed. Provided, however, the limitation herein fixed upon the terms of a guarantee agreement shall not apply to industrial customers.

(b) The term of the guaranty agreement shall be indeterminate, but it shall terminate when the customer gives notice to the Board of discontinuance

AFFIDAVIT OF PUBLIC NOTICE
BY SPECIAL MAILING

State of West Virginia
County of Raleigh, to wit:

I, **Danny Barr**, being first duly sworn upon my oath, do depose and say that I am the Mayor for the Town of Sophia, and that I have been duly authorized by the Town Council to execute this affidavit of public notice by special mailing.

The attached special mailing, Notice of Filing Order, as required by 150 C.S.R. 2.22 1.c.4., was mailed by separate mailing to each individual existing Town of Sophia sewer service customer with which it conducts its utility business, by regular, United States mail, postage prepaid, on the 31st day of January, 2006, and addressed to individual customers.

Signed: Danny Barr
Danny Barr, Mayor
Town of Sophia

Taken, subscribed and sworn to before me in said county this the 6th day of February, 2006. My commission expires: December 26, 2012

Seal:

Official Seal
Notary Public, State of West Virginia
Nancy Bolen
Town of Sophia
P.O. Box 700, 100 E. Railroad Ave.
Sophia, WV 25921
My commission expires December 26, 2012

Nancy Bolen
Notary Public

STATE OF WEST VIRGINIA
COUNTY OF RALEIGH
MUNICIPALITY OF SOPHIA

TO WIT:

The Sophia Town Council met at Town Hall on August 19, 2005 for an Emergency Meeting. Meeting called to order at 10:00 A.M. by Mayor Barr.

Present: Danny Barr Mayor, Harry Taylor Recorder. Council: Albert Veneri, Harold Bowers and Tom McKinney.

Danny read petition from Sanitary Board. Tom made motion to accept petition and seconded by Harold. Passed by all.

After reading Sewer Rate Increase in its entirety, Tom made motion to make this the 1st Reading. Second reading will be September 15th at council meeting. Public input meeting will be September 15th at 6:30 P.M. Motion seconded by Albert.

Harold made motion to adjourn and seconded by Tom at 10:10 A.M.

Danny Barr, Mayor

Harry Taylor, Recorder

STATE OF WEST VIRGINIA
COUNTY OF RALEIGH
MUNICIPALITY OF SOPHIA

TO WIT:

The Sophia Town Council met at Town Hall on September 15, 2005 at 7:00 P.M. Meeting called to order by Mayor Barr.

Present: Mayor Danny Barr, Recorder Harry Taylor. Council: Tom McKinney, Harold Bowers and Albert Veneri.

Visitors: Jerry Phillips, Mike Ray, Jim Gross, Willard McGraw, Janice Angle, Ken Manning, Donnie Coleman, Cathy Lattie, Phyllis Rose, and Mary Weaver.

Motion to accept minutes from previous meeting by Harold and seconded by Tom. Passed by all.

Motion to accept the financial report by Tom and seconded by Harold. Passed by all.

Prayer by Tom McKinney.

Pledge of Allegiance by all.

Mayor stated that the Sewer Rate Increase was not in paper. We need to start over. Mayor read the petition from the ✓ Sanitary Board. Tom made motion to make this the 1ST reading and seconded by Harold. Passed by all. Public Meeting will be October 20TH at 7:00 P.M.

Mayor reported that the Town will receive $75,000.00 from the Budget Digest. Funds could be used for I & I, Town Park, Building next to Town Hall, Flood Prevention and Sewer Plant. Council can decide later.

Coal Heritage $43,000 Grant for Park.

Mayor asked to sell Surplus Property, Paving Machine, Police Jeep. Harold made motion to sell, seconded by Tom.

Mayor stated Main St. will be closed for 2 days in front of Black Diamond for drain work by the State.

Danny said a large amount of ground up black top was given to the Town by the State.

Mayor stated that the Town owed Mr. McGraw an apology for not talking to him first about Streetscape Project. Store owners said they are not happy about trees and curbs in front of the stores. Mayor will have meeting with the store owners.

continued on next page:

STATE OF WEST VIRGINIA
COUNTY OF RALEIGH
MUNICIPALITY OF SOPHIA

TO WIT:

The Sophia Town Council met at Town Hall on October 20, 2005 at 6:00 P.M.

Purpose of Special Meeting was for public input on the Sewer Rate Increase Ordinance.

Present: Danny Barr Mayor, Harry Taylor Recorder. Council: Tom McKinney, Albert Veneri, Harold Bowers and Terry Buchanan.

Visitors: Angie Vealey (Smith Cochran & Hicks), Ashok Sanghavi (S & S Engineers), James Taylor, John Grear, Jerry Phillips and Ralph Sallie Jr.

Danny said 2 or more people will be needed at the Sewer Plant.

Angie Vealey explained Sewer Rate Increase. She stated that 13% needed this year, 13½% next year. Increase needed to pay bills and for upkeep on plant.

Ralph Sallie asked about rate increase, wanted to know how much in dollars.

Jerry Phillips asked about his sewer line and house next door. They are joined together. He wanted to know if they can be separated.

Angie said Legal Ad or Press Release should be out within 5 days.

There was no opposition to Rate Increase.

Meeting adjourned at 6:50 P.M.

Danny Barr
Danny Barr, Mayor

Harry Taylor
Harry Taylor, Recorder

continued from previous page:

Tom said street lights are in and will be installed on Saturday.

Ken Manning stated this is the 4th month that one council member has missed. Danny told Ken to call the Secretary of State.

Sonny said General Ambulance was going to fast in Town, and cars coming down hill by Funeral Home was going to fast.

Lori Brammer said Fire Department was having a spaghetti dinner Saturday October 29, 2005 from 11:00 A.M. to 5:00 P.M. and they were having a lock down party for kids that starts at 9:00 P.M.

Motion made by Tom McKinney to accept Sewer Rate Increase by Title Only, as second and final reading. Seconded by Terry Buchanan. Passed by all.

Motion to adjourn by Terry and seconded by Harold, at 8:10 P.M.

Danny Barr, Mayor

Harry Taylor, Recorder

AFFIDAVIT OF PUBLICATION

BECKLEY NEWSPAPERS INC.

BECKLEY, WEST VIRGINIA 25801

October 10, 2007

STATE OF WEST VIRGINIA
COUNTY OF RALEIGH, to wit:

I, Tara Meyer, being duly sworn upon my oath, do depose and say that I am Legal Advertising Manager for Beckley Newspapers, Inc., a corporation, of the newspaper entitled The Register-Herald, an Independent newspaper; that I have been duly authorized by the board of directors of such corporation to execute this affidavit of publication; that such newspaper has been published for more than one year prior to publication of the annexed notice described below; that such newspaper is regularly published daily for at least fifty weeks during the calendar year, in the municipality of Beckley, Raleigh County, West Virginia; that such newspaper is a newspaper of "general circulation" as that term is defined in article three, chapter fifty-nine of the Code of West Virginia, 1931, as amended, within the publication area or areas of the aforesaid municipality and county; that such newspaper averages in length four or more pages, exclusive of any cover, per issue; that such newspaper is circulated to the general public at a definite price of consideration; that such newspaper is a newspaper to which the general public resorts for passing events of a political, religious, commercial and social nature, and for current happenings, announcements, miscellaneous reading matters, advertisements and other notices; that the annexed notice

of NOTICE OF PUBLIC HEARING
(Description of notice)

was duly published in said newspaper once a week for two successive weeks (Class 2), commencing with the issue of the 3rd day of October, 2007, and ending with the issue of the 10th day of October, 2007, (and was posted at the Raleigh County Courthouse on the 10th day of October, 2007); that said annexed notice was published on the following dates:

10/03/07,10/10/07

and that the cost of publishing said annexed notice as aforesaid was $133.09

Signed Tara Meyer
Tara Meyer
Legal Advertising Manager
Beckley Newspapers

Taken, subscribed and sworn to before me in my said county this:
10th day of October, 2007

My commission expires March 27, 2011

Diana L. Slone
Notary Public of Raleigh County,

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
DIANA L. SLONE
BECKLEY NEWSPAPERS
P. O. BOX 2398
BECKLEY, WV 25802
My commission expires March 27, 2011

COPY OF PUBLICATION

NOTICE OF PUBLIC HEARING ON TOWN OF SOPHIA BOND ORDINANCE

A public hearing will be held on the following-entitled Ordinance at a meeting of the Council of the Town of Sophia (the "Town") to be held on Thursday, October 18, 2007, at 7:00 p.m. at the Town of Sophia, Town Hall, 100 East Railroad Avenue, Sophia, West Virginia; and at such hearing any person interested may appear before the Town and present protests, and all protests and suggestions shall be heard by the Town and it shall then take such actions as it shall deem proper in the premises upon an Ordinance entitled:

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE EXISTING PUBLIC SEWERAGE SYSTEM OF THE TOWN OF SOPHIA AND THE FINANCING A PORTION OF THE COST THEREOF, NOT OTHERWISE PROVIDED, THROUGH THE ISSUANCE BY THE TOWN OF NOT MORE THAN $768,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2007 A (WEST VIRGINIA INFRASTRUCTURE FUND); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING A LOAN AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

The above-quoted title of the Ordinance describes generally the contents thereof and the purposes of the Bonds contemplated thereby. The Town contemplates the issuance of the Bonds described in the Ordinance. The proceeds of th Bonds will be used provide permanent nancing of the costs acquisition and constru tion of certain addition betterments and improv ments to the municip sewerage system of th Town of Sophia and t pay certain costs of issu ance of the Bonds and re lated costs. The Bond are payable solely fror revenues to be derive from the ownership an operation of the systen of the Town. No taxe may at any time be levie for the payment of th Bonds or the interes thereon.

The above-entitled Ordi nance was adopted by the Council of the Town of Sophia on September 20, 2007. A certified copy of the above-entitled Ordinance is on file with the Town for review by interested parties during regular office hours.

Following the public hearing, the Town intends to enact the Ordinance upon final reading.

Dated:
September 21, 2007
/s/ Harry Taylor
Mayor
10-10-WED-2-RH; LG 5187

TOWN OF SOPHIA

Sewer Revenue Bonds, Series 2007 A
(West Virginia Infrastructure Fund)

EXERPT OF MINUTES ON FIRST READING OF BOND ORDINANCE

The undersigned Recorder of the Town of Sophia (the "Town") hereby certifies that the following is a true and correct excerpt of the minutes of a special meeting of the Council of the Town.

* * * * * * * * *

The Council of the Town met in special session, pursuant to notice duly given, on the 6th day of September, 2007, in Sophia, West Virginia, at the hour of 7:00 p.m.

PRESENT:

Harry Taylor, Mayor
Sherry Hatfield, Recorder
Tish Rogers, Councilmember
Thomas McKinney, Councilmember
Albert Veneri, Councilmember
Debbi Barr, Councilmember
John Fanary, Councilmember

ABSENT: None

Harry Taylor, Mayor, presided, and Sherry Hatfield, acted as Recorder.

The Mayor announced that a quorum of members was present and that the meeting was open for any business properly before it.

The Mayor presented a proposed Bond Ordinance in writing entitled:

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE EXISTING PUBLIC SEWERAGE SYSTEM OF THE TOWN OF SOPHIA AND THE FINANCING A PORTION OF THE COST THEREOF, NOT OTHERWISE PROVIDED, THROUGH THE ISSUANCE BY THE TOWN OF NOT MORE THAN $768,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2007 A (WEST VIRGINIA INFRASTRUCTURE FUND); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING A LOAN AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

and caused the same to be read and there was discussion.

Thereupon, on motion duly made and seconded, it was unanimously ordered that the above-entitled Ordinance be finally enacted and put into effect immediately.

* * * * * * * * *

There being no further business to come before the meeting, on motion duly made and seconded, it was unanimously ordered that the meeting adjourn.

CERTIFICATION

I hereby certify that the foregoing is a true copy of the minutes of the Town of Sophia 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 23rd day of October, 2007.

Recorder

10.08.07
846880.00001

TOWN OF SOPHIA

Sewer Revenue Bonds, Series 2007 A
(West Virginia Infrastructure Fund)

EXERPT OF MINUTES ON SECOND READING OF BOND ORDINANCE

The undersigned Recorder of the Town of Sophia (the "Town") hereby certifies that the following is a true and correct excerpt of the minutes of a regular meeting of the Council of the Town.

* * * * * * * * *

The Council of the Town met in regular session, pursuant to notice duly given, on the 20th day of September, 2007, in Sophia, West Virginia, at the hour of 7:00 p.m.

PRESENT:

Harry Taylor, Mayor
Sherry Hatfield, Recorder
Tish Rogers, Councilmember
Thomas McKinney, Councilmember
Albert Veneri, Councilmember
Debbi Barr, Councilmember
John Fanary, Councilmember

ABSENT: None

Harry Taylor, Mayor, presided, and Sherry Hatfield, acted as Recorder.

The Mayor announced that a quorum of members was present and that the meeting was open for any business properly before it.

The Mayor presented a proposed Bond Ordinance for second reading in writing entitled:

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE EXISTING PUBLIC SEWERAGE SYSTEM OF THE TOWN OF SOPHIA AND THE FINANCING

A PORTION OF THE COST THEREOF, NOT OTHERWISE PROVIDED, THROUGH THE ISSUANCE BY THE TOWN OF NOT MORE THAN $768,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2007 A (WEST VIRGINIA INFRASTRUCTURE FUND); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING A LOAN AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

and caused the same to be read and there was discussion.

Thereupon, on motion duly made and seconded, it was unanimously ordered that the above-entitled Ordinance be finally enacted and put into effect immediately.

* * * * * * * * *

There being no further business to come before the meeting, on motion duly made and seconded, it was unanimously ordered that the meeting adjourn.

CERTIFICATION

I hereby certify that the foregoing is a true copy of the minutes of the Town of Sophia 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 23rd day of October, 2007.

Recorder

10.08.07
846880.00001

TOWN OF SOPHIA

Sewer Revenue Bonds, Series 2007 A
(West Virginia Infrastructure Fund)

MINUTES ON ADOPTION OF SUPPLEMENTAL RESOLUTION

The undersigned Recorder of the Town of Sophia (the "Town") hereby certifies that the following is a true and correct excerpt of the minutes of a special meeting of the said Town:

*** *** ***

The Council of the Town met in special session, pursuant to notice duly posted, on the 18th day of October, 2007, in Sophia, West Virginia, at the hour of 7:00 p.m.

PRESENT:

Harry Taylor	Mayor
Sherry Hatfield	Recorder
Tish Smith	Councilmember
Thomas McKinney	Councilmember
Albert Veneri	Councilmember
Debbie Barr	Councilmember
John Fannery	Councilmember

ABSENT: None.

Harry Taylor, Mayor, presided, and Sherry Hatfield, acted as Recorder. 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 stated that the proposed Bond Ordinance heretofore passed on first and second readings would be subject to protests and suggestions from any interested person at this time in accordance with the publication of an abstract of said Bond Ordinance and a Notice of Hearing, which publication has been duly made, and the Mayor called for protests and suggestions as to said Bond Ordinance and all persons desiring to protest the said Bond Ordinance or to make any suggestions with reference thereto were heard.

There being no protests or suggestions made as to said Bond Ordinance, the Mayor thereupon stated that it would be in order to consider the said Bond Ordinance for final enactment and the Mayor caused the said Bond Ordinance to be read as follows:

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE EXISTING PUBLIC SEWERAGE SYSTEM OF THE TOWN OF SOPHIA AND THE FINANCING A PORTION OF THE COST THEREOF, NOT OTHERWISE PROVIDED, THROUGH THE ISSUANCE BY THE TOWN OF NOT MORE THAN $768,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2007 A (WEST VIRGINIA INFRASTRUCTURE FUND); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING A LOAN AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

and caused the same to be read and there was discussion. Thereupon, upon motion duly made by Tom McKinney and seconded by Albert Veneri, it was unanimously ordered that the said Bond Ordinance be adopted and be in full force and effect on and from the date hereof.

Thereupon the Mayor then presented a proposed Supplemental Resolution in writing entitled:

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNT, DATE, MATURITY DATE, REDEMPTION PROVISION, INTEREST RATE, INTEREST AND PRINCIPAL PAYMENT

DATES, SALE PRICE AND OTHER TERMS OF THE SEWER REVENUE BONDS, SERIES 2007 A (WEST VIRGINIA INFRASTRUCTURE FUND), OF THE TOWN OF SOPHIA; APPROVING AND RATIFYING THE LOAN AGREEMENT RELATING TO SUCH BONDS AND THE SALE AND DELIVERY OF SUCH BONDS TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

and caused the same to be read and there was discussion. Thereupon, upon motion duly made by Tom McKinney and seconded by Debbie Barr, it was unanimously ordered that the said Supplemental Resolution be adopted and be in full force and effect on and from the date hereof.

Thereupon, the Mayor presented First Draw Resolution for consideration and there was discussion. Thereupon, on motion duly made by Tom McKinney and seconded by Albert Veneri, it was unanimously ordered that the said First Draw Resolution be adopted and be in full force and effect on and from the date hereof

*** *** ***

There being no further business to come before the meeting, on motion duly made and seconded, it was unanimously ordered that the meeting adjourn.

[Remainder of Page Intentionally Blank]

CERTIFICATION

I hereby certify that the foregoing is a true copy of the minutes of the Town of Sophia 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 23rd day of October, 2007.

Recorder

846880.00001

CH921153.1

WV MUNICIPAL BOND COMMISSION
#8 Capitol Street
Terminal Building, Suite 500
Charleston, WV 25301
(304) 558-3971

NEW ISSUE REPORT FORM

Date of Report: October 23, 2007

(See Reverse for Instructions)

ISSUE: Town of Sophia Sewer Revenue Bonds, Series 2007 A (West Virginia Infrastructure Fund)

ADDRESS: P.O. Box 700, Sophia, West Virginia 25921 COUNTY: Raleigh

PURPOSE OF ISSUE: New Money: X
Refunding: _____ REFUNDS ISSUE(S) DATED: N/A

ISSUE DATE October 23 ,2007 CLOSING DATE: October 23, 2007

ISSUE AMOUNT: $767,031 RATE: 3%

1ST DEBT SERVICE DUE: June 1, 2009 1ST PRINCIPAL DUE: June 1, 2009

1ST DEBT SERVICE AMOUNT: $ 12,784.73 PAYING AGENT: Municipal Bond Commission

BOND
COUNSEL: Steptoe & Johnson PLLC
Contact Person: John C. Stump, Esquire
Phone: 304.353.8196

UNDERWRITERS
COUNSEL: Jackson Kelly, PLLC
Contact Person: Samme Gee
Phone: 304.340.1318

CLOSING BANK: Pioneer Community Bank
Contact Person: Trish Thompson
Phone: 304.683.4831

ESCROW TRUSTEE: _____
Contact Person: _____
Phone: _____

KNOWLEDGEABLE ISSUER CONTACT
Contact Person: Harry Taylor
Position: Mayor
Phone: 304.683.4456

OTHER: Infrastructure & Jobs Development Council
Contact Person: Jefferson Brady, P.E.
Function: Executive Director
Phone: 304.558.4607

DEPOSITS TO MBC AT CLOSE:
By: ____ Wire
____ Check

____ Accrued Interest: $_____
____ Capitalized Interest: $_____
____ Reserve Account: $_____
____ Other: _____ $_____

REFUNDS & TRANSFERS BY MBC AT CLOSE
By: ____ Wire
____ Check
____ IGT

____ To Escrow Trustee: $_____
____ To Issuer $_____
____ To Cons. Invest. Fund $_____
____ To Other: _____ $_____

NOTES: The Series 2007 A Bonds Reserve Account will be funded over 10 years.

FOR MUNICIPAL BOND COMMISSION USE ONLY:
DOCUMENTS REQUIRED: _____
TRANSFERS REQUIRED: _____

CH903058.1

The purpose of the NEW ISSUE REPORT FORM is to provide the WV Municipal Bond Commission with an early warning of three basic facts no later than the day of closing on any issue for which the Commission is to act as fiscal agent. These are:

1. Formal notification that a new issue is outstanding.
2. Date of first action or debt service.
3. Contact people should we lack documents, information, or funds needed to administer the issue by the date of the first action or debt service.

The commission recognizes that as bond transcripts become increasingly long and complex, it has become more difficult to assemble and submit them to the Commission within the 30 days specified by the West Virginia Code 13-3-8. This notice is not intended to provide all the information needed to administer an issue, but to alert the Commission and ensure that no debt service payments are missed due to delays in assembling bond transcripts. If, at the time of closing, documents such as the ordinance and all supplements, debt service schedules, and a specimen bond or photostat are available and submitted with this form, it will greatly aid the Commission in the performance of its duties. These documents are needed to set up the proper accounts and to advise the issuer of monthly deposit requirements as far in advance of the first debt service as possible.

It is not necessary to complete all items if they are not pertinent to your issue. Indicate the County of the issuer. With PSDs that overlap more than one county, indicate the county of their business office. Complete "Rate" only if the issue has only one rate. Please complete a separate form for each series of an issue. Other important information can be recorded under "Notes."

Again, please submit this form on each new issue on the day of closing. If fund transfers into or out of the Commission at closing are required, please submit this form before closing. If no significant facts change by closing, no resubmission at closing is required. If, however, there are changes, please submit an updated form, with changes noted, at closing.

If you should have any questions concerning this form, please call the Commission.

10.8.07
846880.00001

TOWN OF SOPHIA

Sewer Revenue Bonds, Series 2007 A
(West Virginia Infrastructure Fund)

ACCEPTANCE OF APPOINTMENT AS DEPOSITORY BANK

Pioneer Community Bank, Sophia, West Virginia, hereby accepts appointment as Depository Bank in connection with a Bond Ordinance of the Town of Sophia (the "Issuer") enacted by the Issuer on October 18, 2007, and a Supplemental Resolution adopted by the Issuer on October 18, 2007 (collectively, the "Bond Legislation"), authorizing issuance of the Issuer's Sewer Revenue Bonds, Series 2007 A (West Virginia Infrastructure Fund), dated October 23, 2007, issued in the original aggregate principal amount of $767,031 (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 23rd day of October, 2007.

PIONEER COMMUNITY BANK

By: Alan L. Levy, VP
Its: ~~Authorized Officer~~

10.8.07
846880.00001

TOWN OF SOPHIA

Sewer Revenue Bonds, Series 2007 A
(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 Town of Sophia Sewer Revenue Bonds, Series 2007 A (West Virginia Infrastructure Fund), dated October 23, 2007, issued in the original aggregate principal amount of $767,031 (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 23rd day of October, 2007.

THE HUNTINGTON NATIONAL BANK

By: _____
Its: Authorized Officer

10.8.07
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TOWN OF SOPHIA

Sewer Revenue Bonds, Series 2007 A
(West Virginia Infrastructure Fund)

REGISTRAR'S AGREEMENT

THIS REGISTRAR'S AGREEMENT, dated as of the 23rd day of October, 2007, by and between the TOWN OF SOPHIA, 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 $767,031 Sewer Revenue Bonds, Series 2007 A (West Virginia Infrastructure Fund), in fully registered form (the "Bonds"), pursuant to a Bond Ordinance of the Issuer duly enacted October 18, 2007, and a Supplemental Resolution of the Issuer duly adopted October 18, 2007 (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: Town of Sophia
P.O. Box 700
Sophia, WV 25921
Attention: Mayor

REGISTRAR: The Huntington National Bank
One Huntington Square
Charleston, West Virginia 25301
Attention: Corporate Trust Department

8. The Registrar is hereby requested and authorized to authenticate and deliver the Bonds in accordance with the Bond Legislation.

9. This document may be executed in one or more counterparts each of which shall be deemed an original and all of which shall constitute but one and the same document.

[Remainder of Page Intentionally Blank]

IN WITNESS WHEREOF, the parties hereto have respectively caused this Registrar's Agreement to be signed in their names and on their behalf, all as of the day and year first above-written.

TOWN OF SOPHIA

By: _____
Its: Mayor

THE HUNTINGTON NATIONAL BANK

By: _____
Its: Authorized Officer

10.8.07
846880.00001

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 October 23, 2007

Town of Sophia
Account Number 6089001809

Town of Sophia
Sewer Revenue Bonds, Series 2007 A
C/o John C. Stump
Steptoe & Johnson, PLLC
P.O. Box 1588
Charleston, WV 25326-1588

SUMMARY OF ACCOUNT

FEE CALCULATION FOR October, 2007

TOTAL AMOUNT	$	500.00
TOTAL DUE	$	500.00

* FEE INVOICES ARE PAYABLE WITHIN 30 DAYS. IF PAYMENT *
* IS NOT RECEIVED, FEES WILL BE DEDUCTED FROM THE PLAN *
* .. MAIL CHECK TO: HUNTINGTON NATIONAL BANK, ATTN: BARRY. . *
* .. GRIFFITH, PO BOX 633, CHARLESTON, WV 25322-0633 . . . . . *

IF YOU HAVE ANY QUESTIONS, PLEASE CONTACT
Barry Morgan Griffith at (304)348-5035

TOWN OF SOPHIA

Sewer Revenue Bonds, Series 2007 A
(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 Bonds of the Town of Sophia (the "Issuer"), hereby certifies that on the date hereof, the single, fully registered Sewer Revenue Bond, Series 2007 A (West Virginia Infrastructure Fund), of the Issuer, dated October 23, 2007, in the principal amount of $767,031, numbered AR-1, was registered as to principal and interest in the name of "West Virginia Water Development Authority" in the books of the Issuer kept for that purpose at our office, by a duly authorized officer on behalf of The Huntington National Bank, as Registrar.

WITNESS my signature on this 23rd day of October, 2007.

THE HUNTINGTON NATIONAL BANK

By: _____
Its: Authorized Officer

10.8.07
846880.00001

TOWN OF SOPHIA, WEST VIRGINIA

ORDINANCE

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF BETTERMENTS AND IMPROVEMENTS TO THE EXISTING PUBLIC SEWERAGE FACILITIES OF THE TOWN OF SOPHIA, WEST VIRGINIA BY CONSTRUCTION OF IMPROVEMENTS TO THE SEWER SYSTEM AND OTHER MATTERS; AUTHORIZING THE ISSUANCE BY THE TOWN OF ITS SEWER REVENUE BONDS IN THE AGGREGATE AMOUNT OF $156,705, SERIES 1995 TO PAY THE COSTS OF SUCH CONSTRUCTION; PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; APPROVING AND RATIFYING A LOAN AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

BE IT ORDAINED AND ENACTED BY THE COUNCIL OF THE TOWN OF SOPHIA, WEST VIRGINIA:

ARTICLE I

STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

Section 1.01. Authority for this Ordinance. This Ordinance (the "Ordinance" and, together with any order or resolution supplemental hereto or amendatory hereof, the "Bond Legislation") is adopted pursuant to the provisions of Chapter 16, Article 13 of the West Virginia Code of 1931, as amended (the "Act"), and other applicable provisions of law.

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

A. The Town of Sophia, West Virginia (the "Issuer") is a municipal corporation and political subdivision of the State of West Virginia in Raleigh County of said State.

B. The Issuer presently owns and operates a public sewage collection and treatment system. However, it is deemed essential, convenient and desirable for the health, welfare, safety, advantage and convenience of the said inhabitants and customers, and, accordingly, it is hereby ordered, that there be constructed additions, betterments and improvements to the existing sewerage facilities of the Issuer including construction of new and replacement sewer lines, treatment plant improvements and other additions and betterments which are also described in the Engineering Report of the Consulting Engineer (hereinafter collectively called the "Project"), and heretofore filed in the office of the Recorder.

C. The estimated revenues to be derived in each year after completion of the Project from the operation of the System will be sufficient to pay all the costs of the operation and maintenance of said System, the principal of and interest on the Series 1995 Bonds (as hereinafter defined) and all Sinking Fund, Reserve Account and other payments provided for herein.

D. It is therefore deemed necessary for the Issuer to issue its Sewer Revenue Bonds in the total aggregate principal amount of not more than $156,705 (the "Series 1995 Bonds") to finance costs of the construction and acquisition of the Project not otherwise provided for. The estimated maximum cost of the construction and acquisition of the Project is $810,705, of which $156,705 will be obtained from the sale of the Series 1995 Bonds, $574,000 from the small cities block grant hereinafter defined and $80,000 from a customer surcharge on the new customers using the System. Said costs shall be deemed to include the cost of all property rights, easements and franchises deemed necessary or convenient therefor; capitalized interest during acquisition and construction and

for 6 months after completion of construction of the Project; amounts which may be deposited in the Reserve Accounts; engineering and legal expenses; expenses for estimates of costs and revenues, expenses for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the enterprise, administrative expense, commitment fees, fees 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 1995 Bonds and such other expenses as may be necessary or incidental to the financing herein authorized, the completion of construction or acquisition of the Project and the placing of same in operation, and the performance of the things herein required or permitted, in connection with any thereof; provided, that reimbursement to the Issuer for any amounts expended by it for allowable costs prior to the issuance of the Series 1995 Bonds or the repayment of indebtedness incurred by the Issuer for such purposes, shall be deemed Costs of the Project, as hereinafter defined.

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

F. It is in the best interests of the Issuer that the Series 1995 Bonds be sold to the West Virginia Water Development Authority (the "Authority") pursuant to the terms and provisions of a loan agreement (the "Loan Agreement") to be entered into between the Issuer and the Authority, in form satisfactory to the Issuer and the Authority, and attached hereto as "Exhibit A," and made a part hereof.

G. Upon issuance of the Series 1995 Bonds, there will not be outstanding any obligations of the Issuer which will rank prior to or on a parity with the Series 1995 Bonds as to lien and source of and security for payment.

H. The Issuer has complied with all requirements of West Virginia law relating to the authorization of the construction, acquisition and operation of the Project and issuance of the Series 1995 Bonds, or will have so complied prior to issuance thereof, including, among other things, if required, 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 have expired or have been waived by the Public Service Commission of West Virginia.

I. The Project is not subject to review by the Infrastructure Council on the basis of having its financing in place prior to the adoption of such legislation.

J. The Issuer is a governmental unit which has general taxing powers to finance operations of or facilities of the nature of the Project and System, and the Issuer, all subordinate entities, all entities which issue obligations on behalf of the Issuer, and all entities formed or, to the extent provided under Section 148 of the Code, herein defined, availed of, to avoid the purposes of Section 148(f)(4)(C) of the Code and all other entities benefiting thereby reasonably expect to issue less than $5,000,000 aggregate principal amount of tax-exempt obligations during the calendar year in which the original Bonds are to be issued.

K. Pursuant to the Act, the Issuer has heretofore established a Sanitary Board and the Sanitary Board has petitioned the Council to enact this Ordinance and issue the Bonds, as needed for the purposes set forth herein.

Section 1.03. Bond Legislation Constitutes Contract. In consideration of the acceptance of the Series 1995 Bonds by those who shall be the registered owners of the same from time to time, this Bond Legislation shall be deemed to be and shall constitute a contract between the Issuer and such

Bondholders, and the covenants and agreements herein set forth to be performed by the Issuer shall be for the equal benefit, protection and security of the registered owners of any and all of such Series 1995 Bonds, all which shall be of equal rank and without preference, priority or distinction between any one Bond of a series and any other Bonds of the same series by reason of priority of issuance or otherwise, except as expressly provided therein and herein.

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

"Act" means Chapter 16, Article 13 of the West Virginia Code of 1931, as amended and in effect on the date of enactment hereof.

"Authority" means the West Virginia Water Development Authority, which is expected to be the original purchaser of the Original Bonds, or any other agency of the State of West Virginia that succeeds to the functions of the Authority.

"Authorized Officer" means the Mayor of the Issuer or any acting Mayor of the Issuer duly appointed by the Governing Body.

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

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

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

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

"Bonds" or "Bonds originally authorized hereby" or similar phrases means, collectively, the Series 1995 Bonds, and any bonds on a parity therewith authorized to be issued hereunder.

"Closing Date" means the date upon which there is an exchange of the Bonds for the proceeds representing the purchase of the Bonds by the Authority.

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

"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.

"Construction Fund" means the Construction Fund established by Section 4.01 hereof.

"Consulting Engineers" means Lawson Engineering & Technical Services, Beckley, West Virginia, or any engineer or firm of engineers that shall at any time hereafter be retained by the Issuer as Consulting Engineers for the System.

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

"Debt Service" means the scheduled amount of interest and amortization of principal payable on the Bonds during the period of computation, excluding amounts scheduled during such period which relate to principal which has been retired before the beginning of such period.

"Depository Bank" means First State Bank & Trust, Beckley, West Virginia, its successors and assigns.

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

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

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

"Governing Body" means the council of the Issuer, as may hereafter be constituted.

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

"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 7.01 hereof) or any Tap Fees, as hereinafter defined.

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

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

"Issuer" means The Town of Sophia, in Raleigh County, West Virginia, and, unless the context clearly indicates otherwise, includes the Governing Body of the Issuer.

"Investment Property" means any security (as said term is defined in Section 165(g)(2)(A) or (B) of the Code), obligation, annuity contract, investment-type property or any residential rental property for family units which is not located within the jurisdiction of the Issuer and which is not acquired to implement a court ordered or approved housing desegregation plan, excluding, however, obligations the interest on which is excluded from gross income, under Section 103 of the Code, for federal income tax purposes other than specified private activity bonds as defined in Section 57(a)(5)(C) of the Code.

"Loan Agreement" shall mean the Loan Agreement to be entered into between the Authority and the Issuer providing for the purchase of the Series 1995 Bonds from the Issuer by the Authority, the form of which shall be

approved, and the execution and delivery by the Issuer ratified and confirmed by, the Supplemental Resolution.

"Mayor" means the Mayor of the Issuer.

"Net Proceeds" means the face amount of the Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds deposited in the Reserve Accounts. For purposes of the Private Business Use limitations set forth herein, the term Net Proceeds shall include any amounts resulting from the investment of proceeds of the Series 1995 Bonds, without regard to whether or not such investment is made in tax-exempt obligations.

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

"Nonpurpose Investment" means any Investment Property which is acquired with the gross proceeds or any other proceeds of the Series 1995 Bonds and is not acquired in order to carry out the governmental purpose of the Series 1995 Bonds.

"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, Registrar and Paying Agent (all as herein defined), other than those capitalized as part of the Costs, payments to pension or retirement funds, taxes and such other reasonable operating costs and expenses as should normally and regularly be included under generally accepted accounting principles; provided, that "Operating Expenses" does not include payments on account of the principal of or redemption premium, if any, or interest on the Bonds, charges for depreciation, losses from the sale or other disposition of, or from any decrease in the value of, capital assets, amortization of debt discount or such miscellaneous deductions as are applicable to prior accounting periods.

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

"Parity Bonds" means additional Bonds issued under the provisions and within the limitation prescribed by Section 6.07 hereof.

"Paying Agent" means the West Virginia Municipal Bond Commission, its successors and assigns.

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

"Project" shall have the meaning stated above in Section 1.02(B).

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

(a) Government Obligations;

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

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

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

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

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

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

(h) The West Virginia "consolidated fund" managed by the West Virginia State Board of Investments pursuant to Chapter 12, Article 6, of the West Virginia Code of 1931, as amended; provided, that investments by such fund on behalf of the Issuer shall be restricted to Qualified Investments other than that described in this paragraph (h); 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.

"Rebate Fund" means the Rebate Fund established by Section 4.01 hereof.

"Recorder" means the Recorder of the Issuer.

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

"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 4.01 hereof.

"Revenue Fund" or "Series Revenue Fund" means the Revenue Fund or Series Revenue Fund established by Section 4.01 hereof.

"Sanitary Board" means any Sanitary Board of the Issuer.

"Series 1995 Bonds" or "Bonds" means the not more than $156,705 in aggregate principal amount of Sewer Revenue Bonds, Series 1995, of the Issuer.

"Series 1995 Bonds Reserve Account" means the Series 1995 Bonds Reserve Account established in the Series 1995 Bonds Sinking Fund pursuant to Section 4.02 hereof.

"Series 1995 Bonds Reserve Requirement" means, as of any date of calculation, the maximum amount of principal and interest which will become due on the Series 1995 Bonds in any year.

"Series 1995 Bonds Sinking Fund" means the Series 1995 Sinking Fund established by Section 4.02 hereof.

"Small Cities Block Grant" means that certain Small Cities Block Grant in the amount of $574,000 granted to the Issuer.

"State" means the State of West Virginia.

"Supplemental Resolution" means any resolution or order of the Issuer supplementing or amending this Ordinance and, when preceded by the article "the," refers specifically to the supplemental resolutions authorizing the sale the Series 1995 Bonds; provided, that any matter intended by this Ordinance to be included in the Supplemental Resolution with respect to the Series 1995 Bonds, as the case may be, and not so included may be included in another Supplemental Resolution.

"Surplus Revenues" means the Net Revenues not required by the Bond Legislation to be set aside and held for the payment of or security for the Bonds, or any other obligations of the Issuer, including the Renewal and Replacement Fund and the Reserve Accounts, the proceeds of which Bonds or other obligations are to be used to pay Costs of the Project.

"System" or "Sewerworks System" means the sewerworks system in its entirety or any integral part thereof, including mains, meters, valves, pipes, storage tanks, pump tanks, pumping stations, intakes, wells, impounding reservoirs, pumps, machinery, purification and treatment plants, and all other

Facilities necessary, appropriate, useful, convenient or incidental in connection with or to a sewer system owned by the Issuer, including all sewer facilities now owned by the Issuer and as expanded and improved by the Project, and all facilities and other property of every nature, real or personal, now or hereafter owned by the Issuer and held or used in connection with the sewerworks; and shall also include any and all additions, extensions, improvements, properties or other facilities at any time acquired or constructed for the System after completion of the Project and owned by the Issuer.

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

Words importing singular number shall include the plural number in each case and vice versa; words importing persons shall include firms and corporations; and words importing the masculine, feminine or neutral gender shall include any other gender.

ARTICLE II

AUTHORIZATION OF CONSTRUCTION AND ACQUISITION OF THE PROJECT

Section 2.01. Authorization of Construction and Acquisition of the Project. There is hereby authorized the construction and acquisition of the Project, at an estimated cost of $810,705. The Issuer shall have obtained the certificate of the Consulting Engineer in the form attached to the Loan Agreement, such acquisition and construction of the Project 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 Project is adequate for the purposes for which it was designed and the funding plan as submitted to the Authority is sufficient to pay the costs of acquisition and construction of the Project. The proceeds of the Bonds hereby authorized shall be applied as provided in Article IV hereof.

ARTICLE III

AUTHORIZATION, TERMS, EXECUTION,
REGISTRATION AND SALE OF SERIES 1995 BONDS;
AUTHORIZATION AND EXECUTION OF LOAN AGREEMENT

Section 3.01. Authorization of Bonds. For the purposes of paying capitalized interest on the Series 1995 Bonds and paying Costs of the Project not otherwise provided for and paying certain costs of issuance of the Original Bond and related costs, or any of such purposes, as determined by a Supplemental Resolution, there shall be issued the Series 1995 Bonds, in an aggregate principal amount of not more than $156,705. Said Bonds shall be designated, "Sewer Revenue Bonds, Series 1995" and shall have such terms as set forth hereinafter or in any Supplemental Resolution. The proceeds of the Bonds remaining after funding of the Reserve Account shall, subject to Section 5.02 hereof, be deposited in or credited to the Construction Fund established by Section 4.01 hereof.

Section 3.02. Term of Bonds. The Series 1995 A Bond shall be a single registered bond numbered R-1. The Bonds shall bear interest at such rate or rates, in no event to exceed 6.75% per annum, payable 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 herein or in a Supplemental Resolution. The Bonds shall be payable as to principal at the office of the Paying Agent, in any coin or currency which, on the dates of payment of principal is legal tender for the payment of public or private debts under the laws of the United States of America. Interest on the Bonds shall be paid by check or draft of the Paying Agent mailed to the registered owner thereof at the address as it appears on the books of the Bond Registrar, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner thereof.

Unless otherwise provided by a Supplemental Resolution, the Series 1995 Bonds shall be issued in the form of a single bond, fully registered to the Authority, with a debt service schedule attached, representing the aggregate principal amount, and shall mature in principal installments, all as provided herein or in a Supplemental Resolution. The Bonds shall be exchangeable at the option and expense of the Holder for other fully registered Bonds Outstanding and being exchanged, with principal installments or maturities, as applicable, corresponding to the dates of payment of principal installments of said Bonds; provided, that the Authority shall not be obligated to pay any expenses of such exchange.

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

Section 3.03. Execution of Bonds. The Bonds shall be executed in the name of the Issuer by the Mayor, and the seal of the Issuer shall be affixed thereto or imprinted thereon and attested by the Recorder. In case any one or more of the officers who shall have signed or sealed any of the Bonds shall cease to be such officer of the Issuer before the Bond so signed and sealed have been actually sold and delivered, such Bond may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bond had not ceased to hold such office. Any Bond may be signed and sealed on behalf of the Issuer by such person as at the actual time of the execution of such Bond shall hold the proper office in the Issuer, although at the date of such Bond such person may not have held such office or may not have been so authorized.

Section 3.04. Authentication and Registration. No Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under this Bond Legislation unless and until the Certificate of Authentication and

Registration on such Bond, substantially in the form set forth in Section 3.09 shall have been manually executed by the Bond Registrar. Any such executed Certificate of Authentication and Registration upon any such Bond shall be conclusive evidence that such Bond has been authenticated, registered and delivered under this Bond Legislation. The Certificate of Authentication and Registration on any Bond shall be deemed to have been executed by the Bond Registrar if manually signed by an authorized officer of the Bond Registrar, but it shall not be necessary that the same officer sign the Certificate of Authentication and Registration on all of the Bonds issued hereunder.

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

So long as any of the Bonds remain outstanding, the Bond Registrar shall keep and maintain books for the registration and transfer of the Bonds.

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

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

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

Section 3.07. Bond not to be Indebtedness of the Issuer. The Bond 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 and amounts, if any, in the Reserve Account. No holder or holders of any of the Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Bonds or the interest thereon.

Section 3.08. Bonds Secured by Pledge of Net Revenues. The payment of the debt service of all the Series 1995 Bonds shall be secured forthwith equally and ratably with each other, by a first lien on the Net Revenues derived from the System. Such Net Revenues in an amount sufficient to pay the principal of and interest on and other payments for the Bonds and to make the payments into the Sinking Fund, the Reserve Account therein and the Renewal and Replacement Fund hereinafter established, are hereby irrevocably pledged to the payment of the principal of and interest on the Bonds as the same become due.

Section 3.09. Form of Series 1995 Bonds. The text of the Series 1995 Bonds shall be in substantially the following forms, with such omissions, insertions and variations as may be necessary and desirable and authorized or permitted hereby, or by any Supplemental Resolution adopted prior to the issuance thereof:

[FORM OF SERIES 1995 BOND]

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE TOWN OF SOPHIA
SEWER REVENUE BONDS, SERIES 1995

No. R-1 $156,705

Date: July 24, 1995

KNOW ALL MEN BY THESE PRESENTS: That the TOWN OF SOPHIA, WEST VIRGINIA, a municipal corporation and political subdivision of the State of West Virginia in Raleigh County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the West Virginia Water Development Authority (the "Authority") or registered assigns the sum of One Hundred Fifty-Six Thousand Seven Hundred Five and 00/100 Dollars ($156,705.00) in installments on October 1 of each year as set forth on the "Schedule of Annual Debt Service" attached as Exhibit A hereto and incorporated herein by reference with interest on each installment at the rate per annum set forth on said Exhibit A.

The interest rate on each installment shall run from the original date of delivery of this Bond to the Authority and payment therefor, and until payment of such installment, and such interest shall be payable on April 1 and October 1 in each year, beginning October 1, 1995. Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent"). The interest on this Bond is payable by check or draft of the Paying Agent mailed to the registered owner hereof at the address as it appears on the books of The City National Bank of Charleston, Charleston, West Virginia, as registrar (the "Registrar") on the 15th day of the month next preceding an interest payment date, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner hereof.

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority, and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement between the Issuer and the Authority, dated July 24, 1995.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain additions, betterments and improvements to the existing sewerage facilities of the Issuer (the "Project"); (ii) to pay interest on the Bonds (the "Bonds") during the construction of the Project and for not more than 6 months thereafter; and (iii) to pay certain costs of issuance hereof and related costs. The existing sewerage system of the Issuer, the Project, and any future additions, betterments or improvements thereto, is herein called the "System". This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13 of the West Virginia Code of 1931, as amended (the "Act"), and an Ordinance duly enacted on July 20, 1995 (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 payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, and from moneys in the reserve account created under the Bond Legislation for the Bonds (the "Series 1995 Bonds Reserve Account"), and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest hereon except from said special fund provided from the Net Revenues, the moneys in the Series 1995 Bonds Reserve Account and unexpended Bond proceeds. 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 amount required to pay the maximum amount due in any year of principal of and interest on the Series 1995 Bonds and all other obligations secured by or payable from such revenues prior to or on a parity with this Bond or, if the Reserve Account for the Bond is funded (whether by proceeds of the Bond, monthly deposits or otherwise) at an amount at least equal to the maximum amount of principal and interest which will become due on the Series 1995 Bonds in any fiscal year, and any reserve account for such prior or parity obligations is funded at least at the requirement therefor, equal to at least 110% of the amount required in any fiscal year for debt service on the Series 1995 Bonds and any such prior or parity obligations. The Issuer has entered into certain further covenants with the registered owner of the Series 1995 Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owner of the Series 1995 Bonds is exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

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

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

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

IN WITNESS WHEREOF, the TOWN OF SOPHIA has caused this Bond to be signed by its Mayor and its corporate seal to be hereunto affixed hereon and attested by its Recorder, and has caused this Bond to be dated July 24, 1995.

TOWN OF SOPHIA, WEST VIRGINIA

By: _____
Mayor

[SEAL]

ATTEST:

_____
Recorder

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is the Series 1995 Bond described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above.

Date: July 24, 1995

THE CITY NATIONAL BANK OF CHARLESTON
as Registrar

By: _____
Senior Vice President

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY 1994 SERIES A LOCAL LOAN PROGRAM

BOND DEBT SERVICE

West Virginia Water Development Authority
Town of Sophia

$156,705

Dated Date 7/24/1995
Delivery Date 7/24/1995

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
Jul 24, 1995	-	-	-	-	-
Oct 1, 1995	-	-	1,968.61	1,968.61	1,968.61
Apr 1, 1996	-	-	5,288.79	5,288.79	-
Oct 1, 1996	965.00	6.750%	5,288.79	6,253.79	11,542.58
Apr 1, 1997	-	-	5,256.23	5,256.23	-
Oct 1, 1997	1,030.00	6.750%	5,256.23	6,286.23	11,542.46
Apr 1, 1998	-	-	5,221.46	5,221.46	-
Oct 1, 1998	1,099.00	6.750%	5,221.46	6,320.46	11,541.92
Apr 1, 1999	-	-	5,184.37	5,184.37	-
Oct 1, 1999	1,173.00	6.750%	5,184.37	6,357.37	11,541.74
Apr 1, 2000	-	-	5,144.78	5,144.78	-
Oct 1, 2000	1,253.00	6.750%	5,144.78	6,397.78	11,542.56
Apr 1, 2001	-	-	5,102.49	5,102.49	-
Oct 1, 2001	1,337.00	6.750%	5,102.49	6,439.49	11,541.98
Apr 1, 2002	-	-	5,057.37	5,057.37	-
Oct 1, 2002	1,427.00	6.750%	5,057.37	6,484.37	11,541.74
Apr 1, 2003	-	-	5,009.21	5,009.21	-
Oct 1, 2003	1,524.00	6.750%	5,009.21	6,533.21	11,542.42
Apr 1, 2004	-	-	4,957.77	4,957.77	-
Oct 1, 2004	1,626.00	6.750%	4,957.77	6,583.77	11,541.54
Apr 1, 2005	-	-	4,902.90	4,902.90	-
Oct 1, 2005	1,736.00	6.750%	4,902.90	6,638.90	11,541.80
Apr 1, 2006	-	-	4,844.31	4,844.31	-
Oct 1, 2006	1,853.00	6.750%	4,844.31	6,697.31	11,541.62
Apr 1, 2007	-	-	4,781.77	4,781.77	-
Oct 1, 2007	1,979.00	6.750%	4,781.77	6,760.77	11,542.54
Apr 1, 2008	-	-	4,714.98	4,714.98	-
Oct 1, 2008	2,112.00	6.750%	4,714.98	6,826.98	11,541.96
Apr 1, 2009	-	-	4,643.70	4,643.70	-
Oct 1, 2009	2,255.00	6.750%	4,643.70	6,898.70	11,542.40
Apr 1, 2010	-	-	4,567.59	4,567.59	-
Oct 1, 2010	2,407.00	6.750%	4,567.59	6,974.59	11,542.18
Apr 1, 2011	-	-	4,486.35	4,486.35	-
Oct 1, 2011	2,569.00	6.750%	4,486.35	7,055.35	11,541.70
Apr 1, 2012	-	-	4,399.65	4,399.65	-
Oct 1, 2012	2,743.00	6.750%	4,399.65	7,142.65	11,542.30
Apr 1, 2013	-	-	4,307.07	4,307.07	-
Oct 1, 2013	2,928.00	6.750%	4,307.07	7,235.07	11,542.14
Apr 1, 2014	-	-	4,208.25	4,208.25	-
Oct 1, 2014	3,126.00	6.750%	4,208.25	7,334.25	11,542.50
Apr 1, 2015	-	-	4,102.75	4,102.75	-
Oct 1, 2015	3,337.00	6.750%	4,102.75	7,439.75	11,542.50
Apr 1, 2016	-	-	3,990.13	3,990.13	-
Oct 1, 2016	3,562.00	6.750%	3,990.13	7,552.13	11,542.26
Apr 1, 2017	-	-	3,869.91	3,869.91	-
Oct 1, 2017	3,802.00	6.750%	3,869.91	7,671.91	11,541.82
Apr 1, 2018	-	-	3,741.59	3,741.59	-
Oct 1, 2018	4,059.00	6.750%	3,741.59	7,800.59	11,542.18
Apr 1, 2019	-	-	3,604.60	3,604.60	-
Oct 1, 2019	4,333.00	6.750%	3,604.60	7,937.60	11,542.20
Apr 1, 2020	-	-	3,458.36	3,458.36	-
Oct 1, 2020	4,625.00	6.750%	3,458.36	8,083.36	11,541.72

EXHIBIT A

BOND DEBT SERVICE

West Virginia Water Development Authority
Town of Sophia

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
Apr 1, 2021	-	-	3,302.27	3,302.27	-
Oct 1, 2021	4,937.00	6.750%	3,302.27	8,239.27	11,541.54
Apr 1, 2022	-	-	3,135.65	3,135.65	-
Oct 1, 2022	5,271.00	6.750%	3,135.65	8,406.65	11,542.30
Apr 1, 2023	-	-	2,957.75	2,957.75	-
Oct 1, 2023	5,627.00	6.750%	2,957.75	8,584.75	11,542.50
Apr 1, 2024	-	-	2,767.84	2,767.84	-
Oct 1, 2024	6,006.00	6.750%	2,767.84	8,773.84	11,541.68
Apr 1, 2025	-	-	2,565.14	2,565.14	-
Oct 1, 2025	6,412.00	6.750%	2,565.14	8,977.14	11,542.28
Apr 1, 2026	-	-	2,348.73	2,348.73	-
Oct 1, 2026	6,844.00	6.750%	2,348.73	9,192.73	11,541.46
Apr 1, 2027	-	-	2,117.75	2,117.75	-
Oct 1, 2027	7,306.00	6.750%	2,117.75	9,423.75	11,541.50
Apr 1, 2028	-	-	1,871.17	1,871.17	-
Oct 1, 2028	7,800.00	6.750%	1,871.17	9,671.17	11,542.34
Apr 1, 2029	-	-	1,607.92	1,607.92	-
Oct 1, 2029	8,326.00	6.750%	1,607.92	9,933.92	11,541.84
Apr 1, 2030	-	-	1,326.92	1,326.92	-
Oct 1, 2030	8,888.00	6.750%	1,326.92	10,214.92	11,541.84
Apr 1, 2031	-	-	1,026.95	1,026.95	-
Oct 1, 2031	9,488.00	6.750%	1,026.95	10,514.95	11,541.90
Apr 1, 2032	-	-	706.73	706.73	-
Oct 1, 2032	10,128.00	6.750%	706.73	10,834.73	11,541.46
Apr 1, 2033	-	-	364.91	364.91	-
Oct 1, 2033	10,812.00	6.750%	364.91	11,176.91	11,541.82
	156,705.00		283,860.83	440,565.83	440,565.83

(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 an the premises.

Dated: _____, _____.

_____

In the presence of:

_____

Section 3.10. Sale of Series 1995 Bonds; Ratification of Execution of Loan Agreement with Authority; Incorporation of Terms. The Series 1995 Bonds shall be sold to the Authority, pursuant to the terms and conditions of the Loan Agreement. If not so authorized by previous resolution, the Mayor is specifically authorized and directed to execute the Loan Agreement in substantially the form attached hereto as "Exhibit A" and made a part hereof, with such changes, insertions and omissions as may be approved by the Mayor, the execution of which shall be conclusive evidence of such approval, and the Recorder is directed to affix the seal of the Issuer, attest the same and deliver the Loan Agreement to the Authority, and any such prior execution and delivery is hereby authorized, ratified and approved. The Loan Agreement, as the same may be amended and/or supplemented, and the terms and provisions thereof are herein incorporated by reference thereto.

Section 3.11. Amended Schedule A Filing. Upon completion of acquisition and construction of the Project, the Issuer will file with the Authority a schedule in substantially the form of the "Amended Schedule A" to the Loan Agreement, setting forth the acutal costs of the project and sources of funds therefor.

ARTICLE IV

FUNDS AND ACCOUNTS; SYSTEM REVENUES AND APPLICATION THEREOF

Section 4.01. Establishment of Funds and Accounts with Depository Bank. The following special funds or accounts are created 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 or Sewer Revenue Fund;

(2) Operation and Maintenance Fund;

(3) Renewal and Replacement Fund; and

(4) Construction Fund.

Section 4.02. Establishment of Funds and Accounts with Commission. The following special funds or accounts are hereby created with the Commission:

(1) Series 1995 Bonds Sinking Fund;

(a) Within the Series 1995 Bonds Sinking Fund, the Series 1995 Bonds Reserve Account.

Section 4.03. 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 herein provided.

(1) The Issuer shall first each month transfer from the Revenue Fund to the Operation and Maintenance Fund the amount necessary and sufficient to pay current Operating Expenses.

(2) The Issuer shall next, (i) on the first day of each month, commencing 7 months prior to the first date of payment of interest on the Series 1995 Bonds, apportion and set apart out of the Revenue Fund and remit to the Commission, for deposit in the Series 1995 Bonds Sinking Fund, a sum equal to 1/6 of the amount of interest which will become due on said Bond on the next ensuing semiannual interest payment date; provided, that, in the event the period to elapse between the date of such initial deposit in the Series 1995 Bonds Sinking Fund and the next semiannual interest payment date is less than 7 months, then such monthly payments shall be increased proportionately to provide, one month prior to the next semiannual interest payment date, the required amount of interest coming due on such date, and (ii) on the first day of each month, commencing 13 months prior to the first date of payment of principal on the Bond, apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in the Series 1995 Bonds Sinking Fund, a sum equal to 1/12th of the amount of principal which will mature and become due on said Bond on the next ensuing principal payment date: provided that, in the event the period to elapse between the date of such initial deposit in the Series 1995 Bonds Sinking Fund and the next annual principal payment date is less than 13 months then such monthly payments shall be increased proportionately to provide, one

month prior to the next annual principal payment date, the required amount of principal coming due on such date.

(3) The Issuer shall also, on the first day of each month, commencing 13 months prior to the first date of payment of principal of the Series 1995 Bond, if not fully funded upon issuance of the Bond, apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in the Series 1995 Bond Reserve Account, an amount equal to 1/120 of the Series 1995 Bond Reserve Requirement; provided, that no further payments shall be made into the Series 1995 Bond 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 1995 Bond Reserve Requirement.

(4) From the moneys remaining in the Revenue Fund, the Issuer shall next, on the first day of each month, transfer to the Renewal and Replacement Fund, a sum equal to 2 1/2% of the Gross Revenues each month, exclusive of any payments for account of the Series 1995 Bonds Reserve Account. All funds in the Renewal and Replacement Fund shall be kept apart from all other funds of the Issuer or of the Depository Bank and shall be invested and reinvested in accordance with Article VII hereof. Withdrawals and disbursements may be made from the Renewal and Replacement Fund for replacements, emergency repairs, improvements or extensions to the System; provided, that any deficiencies in the Series 1995 Bonds Reserve Account [except to the extent such deficiency exists because the required payments into such account have not, as of the date of determination of a deficiency, funded such account to the maximum extent required hereof,] shall be promptly eliminated with moneys from the Renewal and Replacement Fund.

Moneys in the Series 1995 Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest, if any, on the Bonds as the same shall become due. Moneys in the Series 1995 Bonds Reserve Account shall be used only for the purpose of paying principal of and interest, if any, on the Bonds, as the same shall come due when other moneys in the attendant Sinking Fund are insufficient therefore, and for no other purpose.

Except to the extent transferred to the Rebate Fund at the request of the Issuer, all investment earnings on moneys in the Sinking Fund and Reserve Account shall be returned, not less than once each year, by the Commission to the Issuer, and such amounts shall, during construction of the Project, be deposited in the Construction 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 payments, if any, due on the Bonds, and then to the next ensuing principal payments due thereon.

Except with respect to transfers to the Rebate Fund permitted hereunder, any withdrawals from the Series 1995 Bonds Reserve Account which result in a reduction in the balance of the Series 1995 Bonds Reserve Account to below the Series 1995 Bonds Reserve Requirement shall be subsequently restored from the first Net Revenues available after all required payments have been made in full, to the Series 1995 Bonds Sinking Fund for payment of debt service on the Series 1995 Bonds have been paid in full.

As and when additional Bonds ranking on a parity with the Bonds are issued, provision shall be made for additional payments

into the Sinking Fund sufficient to pay the interest on such additional parity Bonds and accomplish retirement thereof at maturity and to accumulate a balance in the reserve account in an amount equal to the maximum provided and required to be paid into the Sinking Fund in any year for account of the Bonds, including such additional Bonds which by their terms are payable from such Sinking Fund.

The Issuer shall not be required to make any further payments into the Series 1995 Bonds Sinking Fund or into the Series 1995 Bond Reserve Account therein when the aggregate amount of funds in said Sinking Fund and Reserve Account are at least equal to the aggregate principal amount of the Bonds issued pursuant to this Bond Legislation then Outstanding and all interest to accrue until the maturity thereof.

The Commission is hereby designated as the fiscal agent for the administration of the Sinking Fund created hereunder, and all amounts required for said Sinking Fund shall be remitted to the Commission from the Revenue Fund by the Issuer at the times provided herein.

The payments into the Sinking Fund shall be made on the first day of each month, except that when the first day of any month shall be a Sunday or legal holiday then such payments shall be made on the next succeeding business day, and all such payments shall be remitted to the Commission with appropriate instructions as to the custody, use and application thereof consistent with the provisions of this Bond Legislation.

Moneys in the Reserve Account shall be invested and reinvested by the Commission in accordance with Section 7.01 hereof.

The Sinking Fund, including the Reserve Account therein, shall be used solely and only for, and are hereby pledged for, the purpose of servicing the Bonds and any additional Bonds ranking on a parity therewith that may be issued and Outstanding under the conditions and restrictions hereinafter set forth.

B. Whenever all of the required and provided transfers and payments from the Revenue Fund into the several special funds, as hereinbefore provided, are current and there remains in said Revenue Fund a balance in excess of the estimated amounts required to be so transferred and paid into the Sinking Fund, including the Reserve Account therein and the Renewal and Replacement Fund during the following month or such other period as required by law, such excess shall be considered Surplus Revenues. Surplus Revenues may be used for any lawful purpose of the System.

C. The Issuer shall remit from the Revenue Fund to the Commission, the Registrar, the Paying Agent or the Depository Bank, on such dates as the Commission, the Registrar, the Paying Agent or the Depository Bank, as the case may be, shall require, such additional sums as shall be necessary to pay the Commission's fees, the Depository Bank's charges and the Paying Agent fees then due.

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

E. If on any monthly payment date the revenues are insufficient to

place the required amount in any of the funds 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 4.03 and the Net Revenues shall be applied to such deficiencies before being applied to any other payments hereunder.

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

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

H. All Tap Fees shall be deposited by the Issuer, as received, in the Construction 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 V

BOND PROCEEDS; FUNDS AND ACCOUNTS

Section 5.01. Pledge of Unexpended Bond Proceeds. From the moneys received from time to time from the sale of the Original Bonds, the following amounts shall be first deducted and deposited in the order set forth below:

A. From the proceeds of the Series 1995 Bonds, there shall first be paid any and all borrowings by the Issuer made for the purpose of temporarily financing a portion of the Costs of the Project, including interest accrued thereon to the date of such payment.

B. From the proceeds of the Series 1995 Bonds, there shall next be deposited with the Commission in the Series 1995 Bonds Sinking Fund, the amount, if any, specified in the Supplemental Resolution as capitalized interest; provided, that such amount may not exceed the amount necessary to pay interest on the Series 1995 Bonds for the period commencing on the date of issuance of the Bonds and ending 6 months after the estimated date of completion of construction of the Project.

C. Next, from the proceeds of the Series 1995 Bonds, there shall be deposited with the Commission in the Series 1995 Bonds Reserve Account the sum, if any, set forth in the Supplemental Resolution for funding of the Reserve Account.

D. The remaining moneys derived from the sale of the Bonds shall be deposited with the Depository Bank in the Construction Fund and applied solely to payment of Costs of the Project in the manner set forth in Section 5.02.

E. The Depository Bank shall act as a trustee and fiduciary for the Bondholder with respect to the Construction Fund and shall comply with all requirements with respect to the disposition of the Construction Fund set forth in the Bond Legislation. Moneys in the Construction Fund shall be used solely to pay Costs of the Project and until so expended, are hereby pledged as additional security for the Series 1995 Bonds.

Section 5.02. Disbursements From the Construction Fund. Payments for Costs of the Project shall be made monthly.

Disbursements from the Construction Fund, except for the costs of issuance of the Original Bonds, which shall be made upon request of the Issuer, shall be made only after submission to the Depository Bank of a certificate, signed by an Authorized Officer and the Consulting Engineers, stating:

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

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

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

(D) That payment for each of the items proposed is then due and owing.

In case any contract provides that the retention of a portion of the contract price, the Depository Bank shall disburse from the Construction Fund only the net amount remaining after deduction of any such portion. All payments made from the Construction Fund shall be presumed by the Depository Bank to be

made for the purposes set forth in said certificate, and the Depository Bank shall not be required to monitor the application of disbursements from the Construction Fund. The Consulting Engineers shall from time to time file with the Depository Bank written statements advising the Depository Bank of its then authorized representative.

Pending such application, moneys in the Construction Fund, including any accounts therein, shall be invested and reinvested in Qualified Investments at the direction of the Issuer.

After completion of the Project, as certified by the Consulting Engineers, the Depository Bank shall transfer any moneys remaining in the Construction Fund to the Series 1995 Bonds Reserve Account, and when the Reserve Account is fully funded, shall return such remaining moneys to the Issuer for deposit in the Revenue Fund. The Issuer shall thereafter, apply such moneys in full, first to the next ensuing interest payments, if any, due on the Bonds and thereafter to the next ensuing principal payments due thereon.

ARTICLE VI
ADDITIONAL COVENANTS OF THE ISSUER

Section 6.01. 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 Bond. In addition to the other covenants, agreements and provisions of this Bond Legislation, the Issuer hereby covenants and agrees with the Holders of the Bonds as hereinafter provided in this Article VI. All such covenants, agreements and provisions shall be irrevocable, except as provided herein, as long as any of said Bonds or the interest thereon is Outstanding and unpaid.

Section 6.02. Bonds Not to be Indebtedness of the Issuer. The Bonds shall be or constitute an indebtedness of the Issuer within the meaning of any constitutional, statutory or charter limitation of indebtedness, but shall be payable solely from the funds pledged for such payment by this Bond Legislation. No Holder or Holders of any Bonds, shall ever have the right to compel the exercise of the taxing power of the Issuer to pay said Bonds or the interest thereon.

Section 6.03. Bonds Secured by Pledge of Net Revenues. The payment of the debt service of the Series 1995 Bonds issued hereunder shall be secured forthwith by a first lien on the Net Revenues derived from the operation of the System, to the extent necessary to make the payments required under Section 4.03 of this Bond Legislation.

The Net Revenues derived from the System, in an amount sufficient to pay the principal of and interest on the Bonds and to make the payments into the Sinking Fund, including the Reserve Account therein, and all other payments provided for in the Bond Legislation are hereby irrevocably pledged, in the manner provided herein, to the payment of the principal of and interest on the Bonds as the same become due, and for the other purposes provided in the Bond Legislation.

Section 6.04. Initial Schedule of Rates and Charges. The initial schedule of rates and charges for the services and facilities of the System shall be as set forth in the existing rate ordinance of the Issuer adopted on October 21, 1993, and to take effect upon completion of the Project.

Section 6.05. Sale of the System. Except as otherwise required by state law, or with the written consent of the Authority the System may not be sold, mortgaged, leased or otherwise disposed of except as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to pay all the Bonds, if any, Outstanding, or to effectively defease this Bond Legislation in accordance with Section 9.01 hereof. The proceeds from any such sale, mortgage, lease or other disposition of the System shall, with respect to the Bonds, immediately be remitted to the Commission for deposit in the Sinking Fund, and, with the written permission of the Authority, or in the event the Authority is no longer a Bondholder, the Issuer shall direct the Commission to apply such proceeds to the payment of principal at maturity of and interest on the Bonds. Any balance remaining after the payment of all the Bonds and interest thereon shall be remitted to the Issuer by the Commission unless necessary for the payment of other obligations of the Issuer payable out of the revenues of the System.

The foregoing provision notwithstanding, the Issuer shall have and hereby reserves the right to sell, lease or otherwise dispose of any of the property comprising a part of the System hereinafter determined in the manner provided herein to be no longer necessary, useful or profitable in the operation thereof. Prior to any such sale, lease or other disposition of such property, if the amount to be received therefor, together with all other amounts received

during the same Fiscal Year for such sales, leases or other dispositions of such properties, is not in excess of $10,000, the Issuer shall, by resolution, determine that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then provide for the sale of such property. The proceeds of any such sale shall be deposited in the Renewal and Replacement Fund. If the amount to be received from such sale, lease or other disposition of said property, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, shall be in excess of $10,000 but not in excess of $50,000, the Issuer shall first, determine upon consultation with the Consulting Engineers that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then, if it be so advised, by resolution duly adopted, authorize such sale, lease or other disposition of such property upon public bidding. The proceeds derived from any such sale, lease or other disposition of such property, aggregating during such Fiscal Year in excess of $10,000 and not in excess of $50,000, shall with the written consent of the Authority, be remitted by the Issuer to the Commission for deposit in the Sinking Fund and shall be applied only to the purchase of Bonds of the last maturities then Outstanding at prices not greater than the par value thereof plus 3% of such par value or otherwise. Such payment of such proceeds into the Sinking Fund or the Renewal and Replacement Fund shall not reduce the amounts required to be paid into said funds by other provisions of this Bond Legislation. No sale, lease or other disposition of the properties of the System shall be made by the Issuer if the proceeds to be derived therefrom, together with all other amounts received during the same Fiscal Year for such sales, leases, or other dispositions of such properties, shall be in excess of $50,000 and insufficient to pay all Bonds then outstanding without the prior approval and consent in writing of the Holders, or their duly authorized representatives, of over 50% in amount of the Bonds then outstanding and the Consulting Engineers. The Issuer shall prepare the form of such approval and consent for execution 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 6.06. Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances. Except as provided in this Section 6.06 and in Section 6.07B, the Issuer shall not issue any obligations whatsoever with a lien on or otherwise payable from any source of payment pledged originally 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, except parity bonds which shall only be issued if net revenues of the System prior to issuance of such parity bonds, plus reasonably provided 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 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 Bonds; 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. All obligations issued by the Issuer after the issuance of the Bonds and payable from the revenues of the System, except such additional parity Bonds, shall contain an express statement that such obligations are junior and subordinate, as to lien on and source of and security for payment from such revenues and in all other respects, to the Series 1995 Bonds; provided, that no such subordinate obligations shall be issued unless all payments required to be made into the Reserve Account and the Renewal and Replacement Fund at the time of the issuance of such subordinate obligations have been made and are current.

Except as provided above, the Issuer shall not create, or cause or permit to be created, any debt, lien, pledge, assignment, encumbrance or any other charge having priority over or being on a parity with the lien of the Bonds, and the interest thereon, upon any of the income and revenues of the

System pledged for payment of the Bonds and the interest thereon in this Bond Legislation, or upon the System or any part thereof.

Section 6.07. Parity Bonds. A. No Parity Bonds, payable out of the revenues of the System, shall be issued after the issuance of the Bond issued pursuant to this Bond Legislation, except under the conditions and in the manner herein provided.

All Parity Bonds issued hereunder shall be on a parity in all respects with the Series 1995 Bonds.

No such Parity Bonds shall be issued except for the purpose of financing the costs of the construction or acquisition of extensions, improvements or betterments to the System or refunding one or more series of Bonds issued pursuant hereto, or both such purposes.

No Parity Bonds shall be issued at any time, however, unless there has been procured and filed with the Recorder a written statement by the Independent Certified Public Accountants, based upon the necessary investigation and certification by the Consulting Engineers, reciting the conclusion that the Net Revenues actually derived, subject to the adjustments hereinafter provided for, from the System during any 12 consecutive months, within the 18 months immediately preceding the date of the actual issuance of such Parity Bonds, plus the estimated average increased annual Net Revenues to be received in each of the 3 succeeding years after the completion of the improvements to be financed by such Parity Bonds, shall not be less than 115% of the largest aggregate amount that will mature and become due in any succeeding Fiscal Year for principal of and interest on the following:

(1) The Bonds then Outstanding;

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

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

The "estimated average increased annual Net Revenues to be received in each of the 3 succeeding years," as that term is used in the computation provided in the above paragraph, shall refer only to the increased Net Revenues estimated to be derived from (a) the improvements to be financed by such Parity Bonds and (b) any increase in rates adopted by the Issuer, the period for appeal of which has expired prior to the date of delivery of such Parity Bonds, and shall not exceed the amount to be stated in a certificate of the Consulting Engineers, which shall be filed in the office of the Recorder prior to the issuance of such Parity Bonds.

The Net Revenues actually derived from the System during the 12 consecutive-month period hereinabove referred to may be adjusted by adding to such Net Revenues such additional Net Revenues which would have been received, in the opinion of the Consulting Engineers and the said Independent Certified Public Accountants, as stated in a certificate jointly made and signed by the Consulting Engineers and said Independent Certified Public Accountants, on account of increased rates, rentals, fees and charges for the System adopted by the Issuer, the period for appeal of which has expired prior to issuance of such Parity Bonds.

Not later than simultaneously with the delivery of such Parity Bonds, the Issuer shall have entered into written contracts for the immediate construction or acquisition of such additions, betterments or improvements, if any, to the System that are to be financed by such Parity Bonds.

All covenants and other provisions of this Bond Legislation (except as to details of such Parity Bonds inconsistent herewith) shall be for the equal benefit, protection and security of the Holders of the Bonds and the Holders of any Parity Bonds subsequently issued from time to time within the limitations of and in compliance with this section. Bonds issued on a parity, regardless of theime or times of their issuance, shall rank equally with respect to their lien on the revenues of the System and their source of and security for payment from said revenues, without preference of any Bond of one series over any other Bond of the same series. The Issuer shall comply fully with all the increased payments into the various funds and accounts created in this Bond Legislation required for and on account of such Parity Bonds, in addition to the payments required for Bonds theretofore issued pursuant to this Bond Legislation.

All Parity Bonds shall mature on the day of the years of maturities, and the semiannual interest thereon shall be payable on the days of each year, specified in a Supplemental Resolution.

Parity Bonds shall not be deemed to include bonds, notes, certificates or other obligations subsequently issued, the lien of which on the revenues of the System is subject to the prior and superior lien of the Series 1995 Bonds. The Issuer shall not issue any obligations whatsoever payable from the revenues of the System, or any part thereof, which rank prior to or, except in the manner and under the conditions provided in this section, equally, as to lien on and source of and security for payment from such revenues, with the Series 1995 Bonds.

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

B. Notwithstanding the foregoing, or any provision of Section 6.06 to the contrary, additional Bonds may be issued solely for the purpose of completing the Project as described in the application to the Authority submitted as of the date of the Loan Agreement without regard to the restrictions set forth in this Section 6.07, if there is first obtained by the Issuer the written consent of the Authority to the issuance of bonds on a parity with the Bonds.

Section 6.08. Books and Records. The Issuer will keep books and records of the System, which shall be separate and apart from all other books, records and accounts of the Issuer, in which complete and correct entries shall be made of all transactions relating to the System, and any Holder of a Bond or Bonds issued pursuant to this Bond Legislation shall have the right at all reasonable times to inspect the System and all parts thereof and all records, accounts and data of the Issuer relating thereto.

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

The Issuer shall file with the Consulting Engineers and the Authority, or any other original purchaser of the Bonds, and shall mail in each

year to any Holder or Holders of Bonds requesting the same, an annual report containing the following:

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

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

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

The Issuer shall also, at least once a year, cause the books, records and accounts of the System to be audited by Independent Certified Public Accountants and shall mail upon request, and make available generally, the report of said Independent Certified Public Accountants, or a summary thereof, to any Holder or Holders of Bonds and shall submit said report to the Authority, or any other original purchaser of the Bonds. Such audit report submitted to the Authority shall include a statement that the Issuer is in compliance with the terms and provisions of the Loan Agreement and this Bond Legislation and that the Issuer's revenues are adequate to meet its expenses and debt service requirements.

The Issuer shall also, during construction of the Project and for two years following the completion of the Project, complete a Monthly Financial Report, as described in the Loan Agreement, and forward a copy by the 10th of each month to the Authority.

Section 6.09. Rates. Equitable rates or charges for the use of and service rendered by the System have been established all in the manner and form required by law, and copies of such rates and charges so established will be continuously on file with the Recorder, which copies will be open to inspection by all interested parties. The schedule of rates and charges shall at all times be adequate to produce Gross Revenues from said System sufficient to pay Operating Expenses and to make the prescribed payments into the funds created hereunder. Such schedule of rates and charges shall be changed and readjusted whenever necessary so that the aggregate of the rates and charges will be sufficient for such purposes. 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 reasonable expenses of operation, repair and maintenance of the System and (ii) to leave a balance each year equal to at least 115% of the maximum amount required in any year for payment of principal of and interest on the Bonds and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with the Bonds; provided that, in the event that amounts equal to or in excess of the reserve requirements are on deposit in the reserve accounts or reserve accounts for obligations prior to or on a parity with the Bonds are funded at least at the requirement therefor, such balance each year need only equal at least 110% of the maximum amount required in any year for payment of principal of and interest on the Bonds and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with the Bonds. In any event, the Issuer shall not reduce the rates or charges for services set forth in the rate ordinance described in Section 6.04.

Section 6.10. Operating Budget and Audit. The Issuer shall annually, at least 45 days preceding the beginning of each Fiscal Year, prepare and adopt by resolution a detailed, balanced budget of the estimated revenues and

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

In addition, the Issuer shall annually cause the records of the System to be audited by an independent Certified Public Accountant, the report of which audit shall be submitted to the Authority and which audit report shall include a statement that the Issuer is in compliance with the terms and provisions of this Bond Legislation and the Loan Agreement.

Section 6.11. No Competing Franchise. To the extent legally allowable, the Issuer will not grant or cause, consent to or allow the granting of, any franchise or permit to any person, firm, corporation, body, agency or instrumentality whatsoever for the providing of any services which would compete with services provided by the System.

Section 6.12. Enforcement of Collections. The Issuer will diligently enforce and collect all fees, rentals or other charges for the services and facilities of the System, and take all steps, actions and proceedings for the enforcement and collection of such fees, rentals or other charges which shall become delinquent to the full extent permitted or authorized by the Act, the rules and regulations of the Public Service Commission of West Virginia and other laws of the State of West Virginia.

Whenever any fees, rates, rentals or other charges for the services and facilities of the System shall remain unpaid for a period of 30 days after the same shall become due and payable, the property and the owner thereof, as well as the user of the services and facilities, shall be delinquent until such time as all such rates and charges are fully paid, to the extent authorized by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, rates, rentals and other charges, if not paid, when due, shall become a lien on the premises served by the System. The Issuer further covenants and agrees that, it will, to the full extent permitted by law and the rules and regulations promulgated by the Public Service Commission of West Virginia, discontinue and shut off the services of the System and any services and facilities of the water system, if so owned by the Issuer, to all users of the services of the System delinquent in payment of charges for the services of the System and will not restore such services of either system until all delinquent charges for the services of the System, plus reasonable interest and penalty charges for the restoration of service, have been fully paid and shall take all further actions to enforce collections to the maximum extent permitted by law.

Section 6.13. No Free Services. The Issuer will not render or cause to be rendered any free services of any nature by the System, nor will any preferential rates be established for users of the same class: and in the event

the Issuer, or any department, agency, instrumentality, officer or employee of the Issuer shall avail itself or themselves of the facilities or services provided by the System, or any part thereof, the same rates, fees or charges applicable to other customers receiving like services under similar circumstances shall be charged the Issuer and any such department, agency, instrumentality, officer or employee. The revenues so received shall be deemed to be revenues derived from the operation of the System, and shall be deposited and accounted for in the same manner as other revenues derived from such operation of the System.

Section 6.14. Insurance and Construction Bonds. A. The Issuer hereby covenants and agrees that so long as any of the Bonds remain Outstanding, the Issuer will, as an Operating Expense, procure, carry and maintain insurance with a reputable insurance carrier or carriers as is customarily covered with respect to works and properties similar to the System. Such insurance shall initially cover the following risks and be in the following amounts:

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

(2) PUBLIC LIABILITY INSURANCE, with limits of not less than $1,000,000 per occurrence to protect the Issuer from claims for bodily injury and/or death and not less than $500,000 per occurrence from claims for damage to property of others which may arise from the operation of the System, and insurance with the same limits to protect the Issuer from claims arising out of operation or ownership of motor vehicles of or for the System.

(3) WORKERS' COMPENSATION COVERAGE FOR ALL EMPLOYEES OF OR FOR THE SYSTEM ELIGIBLE THEREFOR; AND PERFORMANCE AND PAYMENT BONDS, such bonds to be in the amounts of 100% of the construction contract and to be required of each contractor contracting directly with the Issuer, and such payment bonds will be filed with the Clerk of The County Commission of the County in which such work is to be performed prior to commencement of construction of the Project in compliance with West Virginia Code, Chapter 38, Article 2, Section 39.

(4) FLOOD INSURANCE, to the extent available at reasonable cost to the Issuer.

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

B. The Issuer shall also require all contractors engaged in the construction of the Project to carry such Worker's Compensation coverage for all employees working on the Project and public liability insurance, vehicular liability insurance and property damage insurance in amounts adequate for such purposes and as is customarily carried with respect to works and properties similar to the Project. In the event the Loan Agreement so requires, such insurance shall be made payable to the order of the Authority, the Issuer, the prime contractor and all subcontractors, as their interests may appear.

Section 6.15. Mandatory Connections. The mandatory use of the System is essential and necessary for the protection and preservation of the public health, comfort, safety, convenience and welfare of the inhabitants and residents of, and the economy of, the Issuer and in order to assure the rendering harmless of sewage and water-borne waste matter produced or arising within the territory served by the System. Accordingly, every owner, tenant or occupant of any house, dwelling or building located near the System, where sewage will flow by gravity or be transported by such other methods approved by the State Department of Health from such house, dwelling or building into the System, to the extent permitted by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, shall connect with and use the System and shall cease the use of all other means for the collection, treatment and disposal of sewage and waste matters from such house, dwelling or building where there is such gravity flow or transportation by such other method approved by the State Department of Health and such house, dwelling or building can be adequately served by the System, and every such owner, tenant or occupant shall, after a 30 day notice of the availability of the System, pay the rates and charges established therefor.

Any such house, dwelling or building from which emanates sewage or water-borne waste matter and which is not so connected with the System is hereby declared and found to be a hazard to the health, safety, comfort and welfare of the inhabitants of the Issuer and a public nuisance which shall be abated to the extent permitted by law and as promptly as possible by proceedings in a court of competent jurisdiction, provided that Issuer gives no assurance of compliance with these requirements for parties outside the limits of the Town.

Section 6.16. Completion of Project. The Issuer will complete the Project and operate and maintain the System in good condition.

Section 6.17. Tax Covenants. The Issuer hereby further covenants and agrees as follows:

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

private business use, then said excess over said 5% or Net Proceeds of the Bonds used for a private business use shall be used for a Private Business Use related to the governmental use of the Project, or if the Bonds are for the purpose of financing more than one project, a portion of the Project, and shall not exceed the proceeds used for the governmental use of that portion of the Project to which such private business use is related.

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

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

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

E. FURTHER ACTIONS. The Issuer will take any and all actions that may be required of it (including those deemed necessary by the Authority) so that the interest on the Bonds will be and remain excludable from gross income for federal income tax purposes, and will not take any actions, or fail to take any actions (including those determined by the Authority) which would adversely affect such exclusion.

Section 6.18. Securities 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, annual operating related information and notices of changes in usage and customer base) so that the Authority may comply with the provisions of Securities and Exchange Commission Rule 15c2-12 (17 C.F.R. Part 240, (240, 15c2-12).

ARTICLE VII

INVESTMENT OF FUNDS; NON ARBITRAGE

Section 7.01. Investments. Any moneys held as a part of the funds and accounts created by this Bond Legislation, other than the Revenue Fund, shall be invested and re-invested by the Commission, the Depository Bank, or such other bank or national banking association holding such fund or account, as the case may be, at the written direction of the Issuer in any Qualified Investments to the fullest extent possible under applicable laws, this Bond Legislation, the need for such moneys for the purposes set forth herein and the specific restrictions and provisions set forth in this Section 7.01.

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

The Depository Bank shall keep complete and accurate records of all funds, accounts and investments, and shall distribute to the Issuer, at least once each year, a summary of such funds, accounts and investment earnings. The Issuer shall retain all such records and any additional records with respect to such funds, accounts and investment earnings so long as any of the Bonds are outstanding.

Section 7.02. Arbitrage. The Issuer covenants that (i) it will restrict the use of the proceeds of the Bonds in such manner and to such extent as may be necessary, in view of the Issuer's reasonable expectations at the time of issuance of the Bonds, so that the Bonds will not constitute "Arbitrage Bonds" under Section 148 of the Code and Regulations, and (ii) it will take all actions that may be required of it or shall refrain from taking any action, as shall be deemed necessary by the Authority (including, without implied limitation, the timely filing of a Federal Information Return with respect to the Bonds) so that the interest on the Bonds will be and remain excluded from gross income for Federal income tax purposes, and will not take any actions which would adversely affect such exclusion.

Section 7.03. Tax Certificate and Rebate. The Issuer shall deliver a certificate of arbitrage, a tax certificate or other similar certificate to be prepared by nationally recognized bond counsel or tax counsel relating to payment of arbitrage rebate and other tax matters as a condition to issuance of the Bonds. In addition, the Issuer covenants to comply with all Regulations from time to time in effect and applicable to the Bonds as may be necessary in order to fully comply with Section 148(f) of the Code, and covenants to take such actions, and refrain from taking such actions, as may be necessary to fully comply with such Section 148(f) of the Code and such Regulations, regardless of whether such actions may be contrary to any of the provisions of this Bond Legislation.

The Issuer shall calculate, annually, the rebatable arbitrage, determined in accordance with Section 148(f) of the Code. Upon completion of each such annual calculation, unless otherwise agreed by the Authority, the Issuer shall deposit, or cause to be deposited, in the Rebate Fund such sums as are necessary to cause the aggregate amount on deposit in the Rebate Fund to equal the sum determined to be subject to rebate to the United States, which, notwithstanding anything herein to the contrary, shall be paid from investment earnings on the underlying fund or account established hereunder and on which such rebatable arbitrage was earned or from other lawfully available sources. Notwithstanding anything herein to the contrary, the Rebate Fund shall be held free and clear of any lien or pledge hereunder, and used only for payment of rebatable arbitrage to the United States. The Issuer shall pay, or cause to be paid, to the United States, from the Rebate Fund, the rebatable arbitrage in accordance with Section 148(f) of the Code and such Regulations. In the event that there are any amounts remaining in the Rebate Fund following all such payments required by the preceding sentence, the Depository Bank shall pay said amounts to the Issuer to be used for any lawful purpose of the System. The Issuer shall remit payments to the United States in the time and at the address prescribed by the Regulations as the same may be from time to time in effect with such reports and statements as may be prescribed by such Regulations. In the event that, for any reason, amounts in the Rebate Fund are insufficient to make the payments to the United States which are required, the Issuer shall assure that such payments are made by the Issuer to the United States, on a timely basis, from any funds lawfully available therefor. In addition, the Issuer shall cooperate with the Authority in preparing rebate calculations and in all other respects in connection with rebates and hereby consents to the performance of all matters in connection with such rebates by the Authority at the expense of the Issuer. To the extent not so performed by the Authority, the Issuer and the Depository Bank (at the expense of the Issuer) may provide for the employment of independent attorneys, accountants or consultants compensated on such reasonable basis as the Issuer or the Depository Bank may deem appropriate in order to assure compliance with this Section 8.03. The Issuer shall keep and retain, or cause to be kept and retained, records of the determinations made pursuant to this Section 8.03 in accordance with the requirements of Section 148(f) of the Code of such Regulations. In the event the Issuer fails to make such rebates as required, the Issuer shall pay any and all penalties and other amounts, from lawfully available sources, and obtain a waiver from the Internal Revenue Service, if necessary, in order to maintain the exclusion of interest on the Bonds from gross income for federal income tax purposes.

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

ARTICLE VIII

DEFAULT AND REMEDIES

Section 8.01. Events of Default. Each of the following events shall constitute an "Event of Default" with respect to the Bonds:

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

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

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

Section 8.02. 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 Bond, and (V) by action or bill in equity enjoin any acts in violation of the Bond Legislation with respect to the Bond, or the rights of such Registered Owners.

Section 8.03. Appointment of Receiver. Any Registered Owner of a Bond may, by proper legal action, compel the performance of the duties of the Issuer under the Bond Legislation and the Act, including, after commencement of operation of the System, the making and collection of sufficient rates and charges for services rendered by the System and segregation of the revenues therefrom and the application thereof. If there be any Event of Default in payment of principal of or interest on the Local Bonds with respect to such Bond 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 or both, as provided by law, 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 Bond 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 Bond. Such receiver shall have no power to sell, assign, mortgage or otherwise dispose of any assets of any kind or character belonging or pertaining to the System, but the authority of such receiver shall be limited to the possession, operation and maintenance of the System for the sole purpose of the protection of both the Issuer and Registered Owner of such Bonds and the curing and making good of any Event of Default with respect thereto under the provisions of this Bond Legislation, and the title to and ownership of said System shall remain in the Issuer, and no court shall have any jurisdiction to enter any order or decree permitting or requiring such receiver to sell, assign, mortgage or otherwise dispose of any assets of the System.

ARTICLE IX

DEFEASANCE

Section 9.01. Defeasance of Series 1995 Bonds. If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the Holders of all Series 1995 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 1995 Bonds only the pledge of Net Revenues and other moneys and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Registered Owners of the Series 1995 Bonds shall thereupon cease, terminate and become void and be discharged and satisfied.

Series 1995 Bonds for the payment of which either moneys in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide moneys which, together with the moneys, if any, deposited with the Paying Agents at the same or earlier time, shall be sufficient, to pay as and when due either at maturity or at the next redemption date, the principal installments of and interest on such Series 1995 Bonds shall be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section. All the Series 1995 Bonds shall, prior to the maturity thereof, be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section if there shall have been deposited with the Commission or its agent, either moneys in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide moneys which, together with other moneys, if any, deposited with the Commission at the same time, shall be sufficient to pay when due the principal installments of and interest due and to become due on said Series 1995 Bonds on and prior to the next redemption date or the maturity dates thereof. Neither securities nor moneys deposited with the Commission pursuant

to this section nor principal or interest payments on any such securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal installments of and interest on said Series 1995 Bonds provided, that any cash received from such principal or interest payments on such securities deposited with the Commission or its agent, if not then needed for such purpose, shall, to the extent practicable, be reinvested in securities maturing at times and in amounts sufficient to pay when due the principal installments of and interest to become due on said Bond on and prior to the next redemption date or the maturity dates thereof, and interest earned from such reinvestments shall be paid over to the Issuer as received by the Commission or its agent, free and clear of any trust, lien or pledge. For the purpose of this section, securities shall mean and include only Government Obligations.

ARTICLE X

MISCELLANEOUS

Section 10.01. Amendment or Modification of Bond Legislation. No material modification or amendment of this Bond Legislation, or of any resolution amendatory or supplemental hereto, that would materially and adversely affect the respective rights of Registered Owners of the Bonds shall be made without the consent in writing of the Registered Owners of 66 2/3% or more in principal amount of the Bonds so affected and then Outstanding; provided, that no change shall be made in the maturity of any Bond or the rate of interest thereon, or in the principal amount thereof, or affecting the unconditional promise of the Issuer to pay such principal and interest out of the funds herein respectively pledged therefor without the consent of the respective Registered Owner thereof. No amendment or modification shall be made that would reduce the percentage of the principal amount of Bonds, required for consent to the above-permitted amendments or modifications. Notwithstanding the foregoing, this Bond Legislation may be amended without the consent of any Bondholder as may be necessary to assure compliance with Section 148(f) of the Code relating to rebate requirements or otherwise as may be necessary to assure the excludability of interest on the Bonds from gross income of the holders thereof.

Section 10.02. Bond Legislation Constitutes Contract. The provisions of the Bond Legislation shall constitute a contract between the Issuer and the Registered Owners of the Bonds, and no change, variation or alteration of any kind of the provisions of the Bond Legislation shall be made in any manner, except as in this Bond Legislation provided.

Section 10.03. Severability of Invalid Provisions. If any section, paragraph, clause or provision of this Ordinance should be held invalid by any court of competent jurisdiction, the invalidity of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Ordinance, the Supplemental Resolution or the Bond.

Section 10.04. 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 10.05. Conflicting Provisions Repealed. All ordinances, orders or resolutions and or parts thereof in conflict with the provisions of this Ordinance are, to the extent of such conflict, hereby repealed. The Ordinance approved on first and second reading on May 19, 1994, and May 26, 1994, respectively, and effective after public hearing on June 19, 1994, regarding Sewer Revenue Bonds, Series 1994, is hereby repealed and superseded by this Bond Legislation.

Section 10.06. Covenant of Due Procedure, Etc. The Issuer covenants that all acts, conditions, things and procedures required to exist, to happen,

to be performed or to be taken precedent to and in the enactment of this Ordinance do exist, have happened, have been performed and have been taken in regular and due time, form and manner as required by and in full compliance with the laws and Constitution of the State of West Virginia applicable thereto; and that the Mayor, Recorder and members of the Governing Body were at all times when any actions in connection with this Ordinance occurred and are duly in office and duly qualified for such office.

Section 10.07. Effective Date. This Ordinance shall take effect immediately following public hearing hereon.

Section 10.08. Statutory Notice and Public Hearing. Upon adoption hereof, an abstract of this Bond legislation determined by the Governing Body to contain sufficient information as to give notice of the contents hereof shall be published once a week for two successive weeks within a period of fourteen consecutive days, with at least six full days intervening between each publication, in a qualified newspaper published and of general circulation in the Town of Sophia, together with a notice stating that this Bond legislation has been adopted and that the Issuer contemplates the issuance of the Bond, and that any person interested may appear before the Town Council upon a date certain, not less than ten days subsequent to the date of the first publication of such abstract of this Bond Legislation and notice, and present protests, and that a certified copy of the Ordinance is on file with the Governing Body for review by interested persons during office hours of the Governing Body. At such hearing, all objections and suggestions shall be heard and the Governing Body shall take such action as it shall deem proper in the premises.

Passed on First Reading - June 15, 1995.

Passed on Second Reading - June 29, 1995.

Passed on Final Reading
Following Public Hearing - July 20, 1995.

TOWN OF SOPHIA, WEST VIRGINIA

By: _____
Mayor

[SEAL]

ATTEST:

_____
Recorder

CERTIFICATION

Certified a true copy of an Ordinance duly enacted by the council of the TOWN OF SOPHIA on the 20th day of July, 1995.

Dated: July 24, 1995.

[SEAL]

Recorder

Exhibit A - Loan Agreement

(See Tab 9)

WEST VIRGINIA
Water Development Authority
Celebrating 33 Years of Service 1974 - 2007

October 23, 2007

TOWN OF SOPHIA

Sewer Revenue Bonds, Series 2007 A
(West Virginia Infrastructure Fund)

TO WHOM IT MAY CONCERN:

In reliance upon the certificate of Smith, Cochran & Hicks, PLLC, independent certified public accountants, and an opinion of Steptoe & Johnson PLLC, bond counsel, that the coverage and parity tests have been met, the undersigned duly authorized representative of the West Virginia Water Development Authority (the "WDA"), the registered owner of the Series 1995 Bonds hereinafter defined and described, hereby consents to the issuance of the Sewer Revenue Bonds, Series 2007 A (West Virginia Infrastructure Fund)(the "Series 2007 Bonds"), in the aggregate principal amounts of $767,031, by the Town of Sophia (the "Issuer"), under the terms of the ordinance authorizing the Series 2007 Bonds, on parity, with respect to liens, pledge and source of and security for payment, with the Issuer's outstanding Sewer Revenue Bonds, Series 1995 (West Virginia Water Development Authority), dated July 24, 1995, issued in the original aggregate principal amount of $156,705 (the "Series 1995 Bonds").

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

Authorized Representative

180 Association Drive, Charleston, WV 25311-1217
phone (304) 558-3612 / fax (304) 558-0299
www.wwda.org

06-0024-S-CN

4

State of West Virginia

FFICE OF ENVIRONMENTAL HEALTH SERVICES

CAPITOL and WASHINGTON STREETS 1 DAVIS SQUARE, SUITE 200 CHARLESTON, WEST VIRGINIA 25301
TELEPHONE 304-558-2981

PERMIT

PROJECT: (Sewer) Soak Creek and Independence Road Sewer Line Extensions

PERMIT NO.: 17,404

LOCATION: Sophia COUNTY: Raleigh DATE: 2-20-2007

THIS IS TO CERTIFY that after reviewing plans, specifications, application forms, and other essential information that

Town of Sophia
P. O. Box 700
Sophia, West Virginia 25921

is hereby granted approval to: amend and modify Permit No. 16,279, issued October 19, 2004, for the sewage facilities to serve approximately 220 customers and three (3) schools along Soak Creek and Independence Road near the Town of Sophia. The permit will be extended to February 20, 2008.

NOTE: **This permit is contingent upon all unchanged conditions and requirements of Permit No. 16,279 remaining in effect.**

The Environmental Engineering Division of the Beckley District Office (304) 256-6666, is to be notified when construction begins.

Validity of this permit is contingent upon conformity with plans, specifications, application forms, and other information submitted to the West Virginia Bureau for Public Health.

FOR THE DIRECTOR

William S. Herold, Jr., P.E., Assistant Manager
Infrastructure and Capacity Development
Environmental Engineering Division

WSH:emt

pc: S & S Engineers, Inc.
Katheryn Emery, P.E., DEP
James W. Ellars, P.E., PSC-Engineering Division
Amy Swann, PSC
Raleigh County Health Department
OEHS-EED Beckley District Office

RECEIVED
2007 FEB 28 PM 2:05
W VA PUBLIC SERVICE COMMISSION
SECRETARY'S OFFICE

STATE OF WEST VIRGINIA
DEPARTMENT OF ENVIRONMENTAL PROTECTION
DIVISION OF WATER AND WASTE MANAGEMENT
414 SUMMERS STREET, SECOND FLOOR
CHARLESTON, WV 25301

NATIONAL POLLUTANT DISCHARGE ELIMINATION SYSTEM
WATER POLLUTION CONTROL PERMIT

NPDES PERMIT NO.: WV0024422
SUBJECT: Sewage

ISSUE DATE: February 11, 2004
EFFECTIVE DATE : March 12, 2004
EXPIRATION DATE: February 10, 2009
SUPERSEDES: Permit No. WV0024422 dated September 30, 1999

LOCATION: SOPHIA (City) Raleigh (County) Lower New River (Drainage Basin)

See the next page for a list of Outlets.

TO WHOM IT MAY CONCERN:

This is to certify that: SOPHIA TOWN OF
CITY HALL
SOPHIA, WV 25921

is hereby granted a West Virginia NPDES Water Pollution Control Permit to:
operate and maintain an existing wastewater collection system and an existing 0.35 million gallons per day sequential batch reactor (SBR) wastewater treatment plant consisting of approximately 270 linear feet of six(6) inch diameter gravity sewer lines, 20,996 linear feet of eight(8) inch diameter gravity sewer lines, 1,093 linear feet of ten inch diameter gravity sewer lines, 3,313 linear feet of twelve inch diameter gravity sewer lines, 125 manholes, 30 cleanouts, a manually cleaned bar screen, a mechanical bar screen, grit removal facilities, influent lift station with an aerated wet well, two(2) SBR chambers which function as an integral treatment unit and clarifier with a volume of 188,000 gallons each and a clarification surface area of 1,257 square feet each, a 51,400 gallon chlorine contact chamber, dechlorination facilities, a 7,000 gallon post aeration chamber, a 95,000 gallon aerobic digester, a sludge bagger system and all requisite appurtenances.

The facilities are designed to serve a maximum of 2,500 persons in the Town of Sophia and discharge the treated wastewater to an unnamed tributary of Soak Creek (approximately 1 mile from it mouth) of Piney Creek of the New River of the Kanawha River.

This permit is subject to the following terms and conditions :
The information submitted on, and with, Permit Application No. WV0024422, dated 3rd day of June 2003, is all hereby made terms and conditions of this Permit with like effect as if all such permit application information were set forth herein, and with other conditions set forth in Sections A, B, C, D and Appendix A.

The validity of this permit is contingent upon the payment of the applicable annual permit fee, as required by Chapter 22, Article 11, Section 10 of the Code of West Virginia.

PROPOSED SEWAGE COLLECTION AND TREATMENT FACILITY TO BE CONSTRUCTED IN ACCORDANCE WITH:

Plans, Specifications, and Reports:

Date Approved:	October 19, 2004
Prepared by:	S & S Engineers, Inc 501 Eagle Mountain Road Charleston, WV 25311
Title:	Town of Sophia Soak Creek & Independence Road Wastewater Collection System Raleigh County, West Virginia IJDC No. 2002S-662

All other terms and conditions of the subject WV/NPDES Water Pollution Control Permit No. WV0024422 shall remain in effect and unchanged.

Sincerely,

Ken Ellison
Acting Director
Division of Water and Waste Management

AGT/wjs

cc: Env. Inspector Supervisor
Env. Inspector, Raleigh County

SE -5

dep

west virginia department of environmental protection

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

Joe Manchin, III
Governor
www.wvdep.org

RECEIVED
JAN 26 2005
Southeast Region

January 14, 2005

Honorable Danny Barr
Mayor, Town of Sophia
P.O. Box 700
Sophia, WV 25921

CERTIFIED RETURN RECEIPT REQUESTED

Re: WV/NPDES Permit No. WV0024422
Modification No 1 - Raleigh County

Dear Mayor Barr:

This correspondence serves as Modification No. 1 of your existing WV/NPDES Water Pollution Control Permit No. WV0024422 issued the 11th day of February 2004.

After review and consideration of the information submitted on and with WV/NPDES Water Pollution Control Permit Application No. WV0024422-A, dated the 19th day of October 2004, and other relevant information, the subject Permit is hereby modified as follows:

To acquire, construct, install, operate, maintain, and extend an existing wastewater collection system to include Soak Creek and Independence Road area near the Town of Sophia. This includes approximately 9,900 linear feet of six (6) inch, 18,775 linear feet of eight (8) inch diameter, and 1,575 linear feet of ten (10) inch gravity sewer pipe; three (3) grinder pump stations; four sewer pump stations; 250 linear feet of 1 ¼ inch, 325 linear feet of two (2) inch, 1,375 linear feet of three (3) inch, and 4,925 linear feet of four (4) inch force main; and all necessary appurtenances.

The facilities are designed to serve a maximum of 2,500 persons in and near the Town of Sophia and discharge the treated wastewater to an unnamed tributary of the Soak Creek (approximately 1 mile from its mouth) of the Piney Creek of the New River of the Kanawha River.

This Permit shall, further, be subject to the terms and conditions of the Bureau of Public Health, Office of Environmental Health Services, Permit No. 16,279, dated the 19th day of October 2004.

ACORD CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)

PRODUCER

Biggs Insurance Agency, Inc.
1509 Main Street East
Oak Hill, WV 25901

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.

INSURED

Town of Sophia
PO Box 700
Sophia, WV 25921

INSURERS AFFORDING COVERAGE	NAIC #
INSURER A: National Union Fire Insurance Co. of Pittsburgh	
INSURER B:	
INSURER C:	
INSURER D:	
INSURER E:	

COVERAGES

THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. AGGREGATE LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YY)	POLICY EXPIRATION DATE (MM/DD/YY)	LIMITS	
A	GENERAL LIABILITY X COMMERCIAL GENERAL LIABILITY CLAIMS MADE X OCCUR X WRONGFUL ACTS X PROFESSIONAL GEN'L AGGREGATE LIMIT APPLIES PER: POLICY PRO-JECT LOC	L0651	July 1, 2007	July 1, 2008	EACH OCCURRENCE DAMAGE TO RENTED PREMISES (Ea occurrence) MED EXP (Any one person) PERSONAL & ADV INJURY GENERAL AGGREGATE PRODUCTS - COMP/OP AGG Fire Legal	$ 1,000,000 $ $ Not Applicable $ $ No Aggregate $ No Aggregate 100,000
A	AUTOMOBILE LIABILITY X ANY AUTO ALL OWNED AUTOS SCHEDULED AUTOS X HIRED AUTOS X NON-OWNED AUTOS		July 1, 2007	July 1, 2008	COMBINED SINGLE LIMIT (Ea accident) BODILY INJURY (Per person) BODILY INJURY (Per accident) PROPERTY DAMAGE (Per accident)	$ 1,000,000 $ $ $
A	GARAGE LIABILITY X ANY AUTO		July 1, 2007	July 1, 2008	AUTO ONLY - EA ACCIDENT OTHER THAN AUTO ONLY: EA ACC AGG	$ 1,000,000 $ 1,000,000 $ Not Applicable
	EXCESS/UMBRELLA LIABILITY OCCUR CLAIMS MADE DEDUCTIBLE RETENTION $				EACH OCCURRENCE AGGREGATE	$ $ $ $ $
	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under SPECIAL PROVISIONS below				WC STATU-TORY LIMITS OTH-ER E.L. EACH ACCIDENT E.L. DISEASE - EA EMPLOYEE E.L. DISEASE - POLICY LIMIT	$ $ $ $
A	OTHER Automobile Physical Damage Deductible		July 1, 2007 July 1, 2007	July 1, 2008 July 1, 2008	ACV Less $1,000 deductible 1,000,000	

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES / EXCLUSIONS ADDED BY ENDORSEMENT / SPECIAL PROVISIONS

A $3500 per occurrence deductible applies to all liability coverage.

Add as additional insured

CERTIFICATE HOLDER

WV Water Development Authority
Building 6
Room B-553
State Capitol Complex
Charleston, WV 25305

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING INSURER WILL ENDEAVOR TO MAIL 10 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BUT FAILURE TO DO SO SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE INSURER, ITS AGENTS OR REPRESENTATIVES.

AUTHORIZED REPRESENTATIVE

AUTHORIZED AGENT

ACORD 25 (2001/08)

© ACORD CORPORATION 1988

Form **8038-G** (Rev. November 2000)
Department of the Treasury Internal Revenue Service

Information Return for Tax-Exempt Governmental Obligations

► Under Internal Revenue Code section 149(e)
► See separate Instructions.
Caution: *If the issue price is under $100,000, use Form 8038-GC.*

OMB No. 1545-0720

Part I Reporting Authority

If **Amended Return**, check here ► ☐

1 Issuer's name: **Town of Sophia**	2 Issuer's employer identification number: 55 6000884	
3 Number and street (or P.O. box if mail is not delivered to street address): **Post Office Box 700**	Room/suite	4 Report number: 3 **2007-1**
5 City, town, or post office, state, and ZIP code: **Sophia, West Virginia 25921**		6 Date of issue: **October 23, 2007**
7 Name of issue: **Sewer Revenue Bonds, Series 2007 A (West Virginia Infrastructure Fund)**		8 CUSIP number: **N/A**
9 Name and title of officer or legal representative whom the IRS may call for more information: **Harry Taylor, Mayor**	10 Telephone number of officer or legal representative: (304) 683.4456	

Part II Type of Issue (check applicable box(es) and enter the issue price) See instructions and attach schedule

11	☐ Education	11	
12	☐ Health and hospital	12	
13	☐ Transportation	13	
14	☐ Public safety	14	
15	☑ Environment (including sewage bonds)	15	767,031
16	☐ Housing	16	
17	☐ Utilities	17	
18	☐ Other. Describe ►	18	
19	If obligations are TANs or RANs, check box ► ☐ If obligations are BANs, check box ► ☐		
20	If obligations are in the form of a lease or installment sale, check box ► ☐		

Part III Description of Obligations. Complete for the entire issue for which this form is being filed.

	(a) Final maturity date	(b) Issue price	(c) Stated redemption price at maturity	(d) Weighted average maturity	(e) Yield
21	March 1, 2029	$ 767,031	$ 767,031	12.471 years	3.000001 %

Part IV Uses of Proceeds of Bond Issue (including underwriters' discount)

22	Proceeds used for accrued interest			22	-0-
23	Issue price of entire issue (enter amount from line 21, column (b))			23	767,031
24	Proceeds used for bond issuance costs (including underwriters' discount)	24	10,000		
25	Proceeds used for credit enhancement	25			
26	Proceeds allocated to reasonably required reserve or replacement fund	26	0		
27	Proceeds used to currently refund prior issues	27			
28	Proceeds used to advance refund prior issues	28			
29	Total (add lines 24 through 28)			29	10,000
30	Nonrefunding proceeds of the issue (subtract line 29 from line 23 and enter amount here)			30	757,031

Part V Description of Refunded Bonds (Complete this part only for refunding bonds.)

31	Enter the remaining weighted average maturity of the bonds to be currently refunded ►	n/a	years
32	Enter the remaining weighted average maturity of the bonds to be advance refunded ►	n/a	years
33	Enter the last date on which the refunded bonds will be called ►	n/a	
34	Enter the date(s) the refunded bonds were issued ►	n/a	

Part VI Miscellaneous

35	Enter the amount of the state volume cap allocated to the issue under section 141(b)(5)	35	-0-
36a	Enter the amount of gross proceeds invested or to be invested in a guaranteed investment contract (see instructions)	36a	-0-
b	Enter the final maturity date of the guaranteed investment contract ►		
37	Pooled financings: a Proceeds of this issue that are to be used to make loans to other governmental units	37a	-0-

b If this issue is a loan made from the proceeds of another tax-exempt issue, check box ► ☐ and enter the name of the issuer ► _____ and the date of the issue ► _____

38 If the issuer has designated the issue under section 265(b)(3)(B)(i)(III) (small issuer exception), check box ► ☐

39 If the issuer has elected to pay a penalty in lieu of arbitrage rebate, check box ► ☐

40 If the issuer has identified a hedge, check box ► ☐

Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete.

Sign Here

Harry Taylor 10/23/07
Signature of issuer's authorized representative — Date

Harry Taylor, Mayor
Type or print name and title

7006 0810 0002 3503 5541

U.S. Postal Service™
CERTIFIED MAIL™ RECEIPT
(Domestic Mail Only; No Insurance Coverage Provided)

For delivery information visit our website at www.usps.com®

OFFICIAL USE

Postage	$
Certified Fee	
Return Receipt Fee (Endorsement Required)	
Restricted Delivery Fee (Endorsement Required)	
Total Pc	

Postmark Here

Sent To: Internal Revenue Service
Street, Ap or PO Bo: Internal Revenue Service Center
City, State: Ogden, Utah 84201
Sophia 8460880.00001

PS Form 3800, June 2002 — See Reverse for Instructions

SENDER: *COMPLETE THIS SECTION*

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Internal Revenue Service
Internal Revenue Service Center
Ogden, Utah 84201

IRS - OSC
RECEIVED
OGDEN, UT 120

COMPLETE THIS SECTION ON DELIVERY

A. Signature
X ☐ Agent ☐ Addressee

B. Received by *(Printed Name)* | C. Date of Delivery

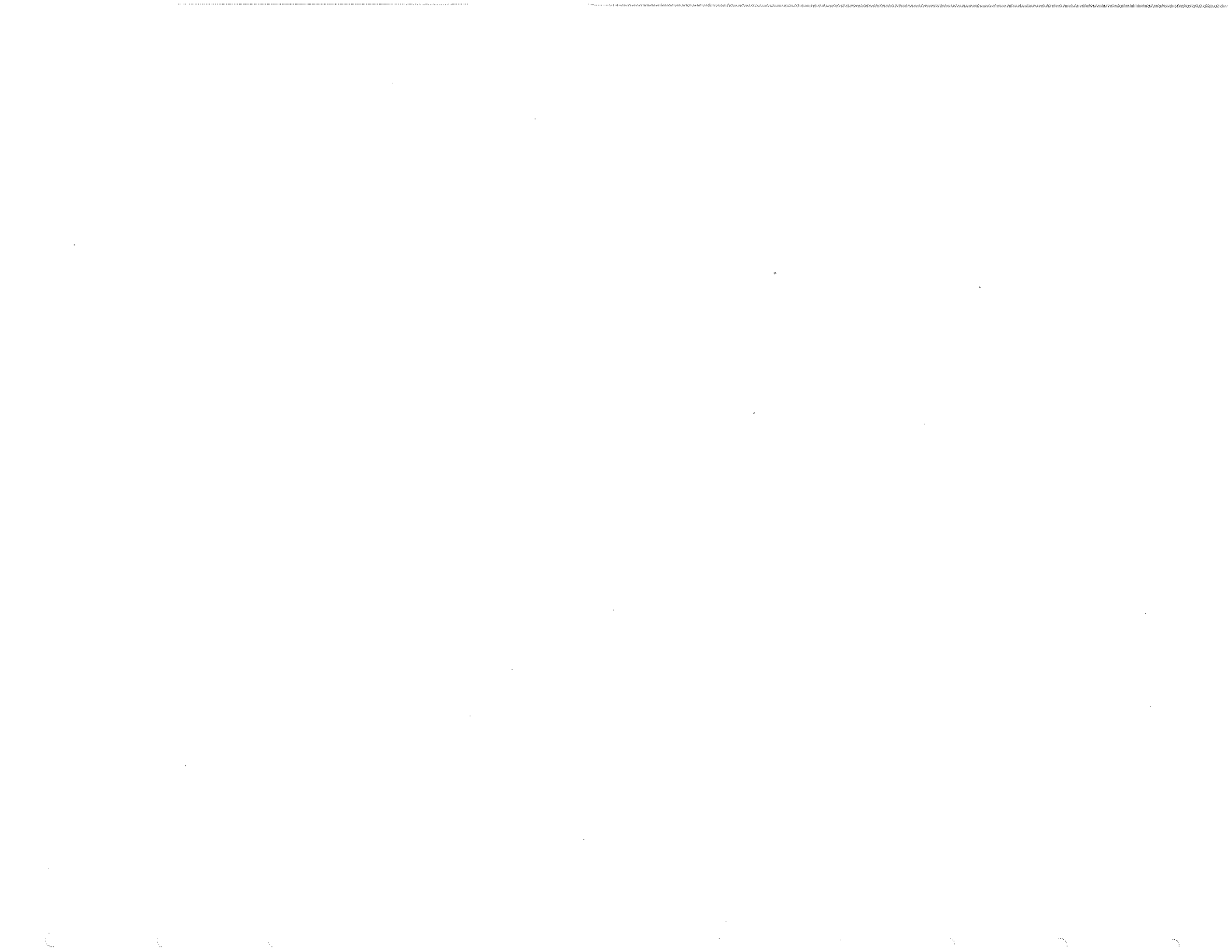
D. Is delivery address different from item 1? ☐ Yes
If YES, enter delivery address below: ☐ No

3. Service Type
☒ Certified Mail ☐ Express Mail
☐ Registered ☒ Return Receipt for Merchandise
☐ Insured Mail ☐ C.O.D.

4. Restricted Delivery? *(Extra Fee)* ☐ Yes

2. Article Number *(Transfer from service label)* 7006 0810 0002 3503 5541

PS Form 3811, February 2004 Domestic Return Receipt 102595-02-M-1540



CLOSING MEMORANDUM

To: **Financing Team**

From: **John C. Stump, Esquire**

Date: **October 23, 2007**

Re: **Town of Sophia Sewer Revenue Bonds, Series 2007 A (West Virginia Infrastructure Fund)**

DISBURSEMENTS TO TOWN OF SOPHIA

Payor:	West Virginia Infrastructure and Jobs Development Council
Source:	Series 2007 A Bonds Proceeds
Amount:	$10,000
Form:	Wire Transfer
Payee:	Town of Sophia
Bank:	Pioneer Community Bank
Routing #:	051504319
Account #:	20029012
Contact:	Trish Thompson, (304) 683.4831
Account:	Series 2007 A Bonds Construction Trust Fund

State of West Virginia

WATER DEVELOPMENT AUTHORITY

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

BOND CLOSING ATTENDANCE LIST

Date **October 23, 2007** Time **9:30 a.m.** LGA **Town of Sophia** Program **IF**

NAME	COMPANY, AGENCY, OR ORGANIZATION	TELEPHONE	FAX	E-MAIL
Ryan White	Jackson Kelly PLLC	340-1283	340-1272	srwhite@jacksonkelly.com
Samuel Gore	Jackson Kelly PLLC	340.1318	340.1272	sgore@jacksonkelly.com
BERNIE YONKOSKY	WV WDA	558-3612	558-0299	dyonkosky@wvwda.org
Barbara B Meadows	Water Development Authority	558.3612	558.0299	bmeadows@wvwda.org
John Stump	Steptoe & Johnson PLLC	353.8196	353.8181	john.stump@steptoe-johnson.c

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

Name Harry Taylor, Mayor Telephone 304.683.4456 E-Mail N/A

Address P.O. Box 700 Sophia West Virginia 25921

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

RESOLUTION OF THE TOWN OF SOPHIA
APPROVING INVOICES RELATING TO CONSTRUCTION
AND OTHER SERVICES FOR THE PROPOSED WASTEWATER PROJECT
AND AUTHORIZING PAYMENT THEREOF,

WHEREAS, the Town of Sophia has reviewed the invoices attached hereto and incorporated herein by reference relating to the construction of the Wastewater Project funded by the West Virginia Infrastructure & Jobs Development Council (IJDC), HUD Small Cities Block Grant (SCBG), WV State Legislative Digest Funds (DIGEST), and certain local contributions (LOCAL), and finds as follows:

a) **That none of the items for which the payment is proposed to be made has formed the basis for any disbursement heretofore 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 property incurred.**
d) **That payment for each of the items proposed is due and owing as the date hereof.**

NOW, THEREFORE, BE IT RESOLVED BY THE TOWN OF SOPHIA AS FOLLOWS:

There is herby authorized and directed the payment of the attached invoices as follows:

VENDOR NAME/ PAYEE	TOTAL AMOUNT	IJDC	SCBG	LOCAL
STEPTOE & JOHNSON (BOND COUNSEL)	$9,500.00	$9,500.00		
HUNTINGTON NATL. BANK (REGISTRAR)	$500.00	$500.00		
	$0.00			
TOTALS	**$10,000.00**	**$10,000.00**	**$0.00**	**$0.00**

ADOPTED BY THE Town of Sophia, at their meeting held the 18th day of October 2007.

Town of Sophia

BY: _____
Its: Mayor

Cecil H. Underwood, Governor

WEST VIRGINIA
MOUNTAINS OF OPPORTUNITY

WEST VIRGINIA DEVELOPMENT OFFICE

1900 KANAWHA BOULEVARD, EAST
CHARLESTON, WV 25305-0311

January 21, 2000

The Honorable Danny Barr
Mayor
Town of Sophia
Post Office Box 700
Sophia, West Virginia 25921-0700

Dear Mayor Barr:

RE: Change of Scope
FY1999 Local Economic Development Assistance Grant Program (LEDA)
Town of Sophia—Municipal Sewage System (Project #00LEDA0001)

This is in response to your letter dated January 7, 2000, requesting a change of scope to the above-referenced project.

On September 8, 1999, the town of Sophia was awarded $40,000 to replace sewer lines throughout the town. We understand that you would like to utilize approximately half of this amount to pay for project engineering costs and disinfection of sewer plant. Since both of these activities are still related to providing upgrades to and maintenance of the sewer system, we concur with your request.

If you have any questions, please contact Jeanna Bailes at 558-4010, extension 36.

Sincerely,

Fred Cutlip, Director
Community Development Division

FC:jb

WEST VIRGINIA DEVELOPMENT OFFICE
GRANT AWARD

	Grant Number: 00-197
CFDA Number:	**State Acct. No.:** 0256-2000-0307-819-025
Fiscal Year: 2000	**Program Name:** LEDA

Grantee Name & Address:

Town of Sophia
P.O. Box 700
Sophia, WV 25921-0700

F.E.I.N. 556-000-884

Grant Period:
From: July 1, 1999
To: June 30, 2000

Project Name: Sewer Lines

Grant ID: 99-00LEDA

Project Number: 00LEDA0001

Project Description

Shall do, perform and carry out, in a satisfactory and proper manner all duties, tasks, and functions necessary to replace sewer lines throughout the town of Sophia.

Change Orders

Number:	Date:	Purpose:

TERMS AND CONDITIONS ARE ON FILE IN THE WEST VIRGINIA DEVELOPMENT OFFICE AND AVAILABLE FOR INSPECTION. A COPY OF THE ORIGINAL AGREEMENT IS ATTACHED TO TRANSMITTAL _____, PROCESSED ON OR ABOUT _____.

PAYMENT NUMBER_____.

TOTAL AMOUNT OF THIS GRANT $	40,000.00

Authorized Signature: John C. Snider

Title: Executive Director

Date: 11/3/99

STATE OF WEST VIRGINIA
OFFICE OF THE GOVERNOR
CHARLESTON 25305

BOB WISE
GOVERNOR

August 23, 2004

The Honorable Danny Barr
Mayor
Town of Sophia
Post Office Box 700
Sophia, West Virginia 25921

Dear Mayor Barr:

On December 8, 2003, the Town of Sophia received a commitment of $1,500,000 in Small Cities Block Grant funds for the Independence Road/Soak Creek Sewer Line Extension.

The SCBG award was based upon your immediate need for funds and, therefore, only $500,000 was made available from the FY2003 allocation, with a commitment to evaluate your progress and provide the remaining funding from future allocations.

Based upon the Town of Sophia's ability to proceed with this worthwhile project, I am committing the remaining $1,000,000 from the FY2004 Small Cities allocation. Your existing SCBG contract will be amended to include the additional funds.

The West Virginia Development Office reserves the ability to withdraw these funds if your project does not proceed on schedule. These funds would be replaced with a letter of intent for consideration from future allocations.

I am pleased to work with you to make this improvement a reality for the citizens of the Town of Sophia.

Very truly yours,

Bob Wise
Governor

BW:mbm

325-C

STATE OF WEST VIRGINIA
OFFICE OF THE GOVERNOR
CHARLESTON 25305

BOB WISE
GOVERNOR

December 8, 2003

The Honorable Danny Barr
Mayor
Town of Sophia
Post Office Box 700
Sophia, West Virginia 25921-0700

Dear Mayor Barr:

Thank you for your request to the Small Cities Block Grant program.

Your request has been approved in the amount of $1,500,000. These funds will enable you to provide public wastewater service to existing homes in the Soak Creek area, and to the Independence Road area which includes Independence High School and the Junior High.

The commitment of $500,000 from our fiscal year 2003 allocation will immediately be available to you. The remaining $1,000,000 necessary to complete the project will be evaluated and committed in the coming year. I encourage you to expedite this project and reach its completion as quickly as possible with this funding strategy in mind.

Please contact Michael Browning of the West Virginia Development Office, at (304) 558-4010, extension 723, to complete the necessary contract in order to proceed with your project.

The West Virginia Development Office reserves the right to withdraw these funds if your project does not proceed on schedule.

I am pleased to assist with these improvements for the citizens of the Town of Sophia.

Very truly yours,

Bob Wise
Governor

BW:mbs

GCU 326-C

Raleigh County Schools

105 Adair Street, Beckley WV 25801 Phone: 304-256-4500 http://boe.rale.k12.wv.us

May 23, 2007

Mr. Harry Taylor, Mayor
Town of Sophia
P. O. Box 700
Sophia, WV 25921

06-0024-S-CN

Dear Mayor Taylor:

At the May 22, 2007 regular meeting, the Raleigh County Board of Education considered your request for financial assistance with the sewer service extension to the Soak Creek and Independence Road areas.

At this meeting, the Board of Education took official action to earmark $100,000 for the Town of Sophia sewer project. The funds are to be paid after the project has been completed and three schools, Independence High School, Independence Middle School, and Coal City Elementary School, have been connected to the system.

We are looking forward to eliminating the existing sewage treatment plants and connecting to the Town of Sophia sewer system.

If you need additional information, please contact my office.

Sincerely,

Charlotte Hutchens

Charlotte Hutchens, Ed.D.
Superintendent

CH/lmb

cc: R. Thompson, Asst. Supt.
Members, RC Board of Education
Principals: IHS, IMS, Coal City

RECEIVED
2007 JUN 22 AM 11:10
W VA PUBLIC SERVICE
COMMISSION
SECRETARY'S OFFICE