CITY OF SUMMERSVILLE
COMBINED WATERWORKS AND SEWERAGE SYSTEM
REVENUE BONDS
SERIES 2007 A (WEST VIRGINIA INFRASTRUCTURE FUND)
AND
SERIES 2007 B (WEST VIRGINIA SRF PROGRAM)

Date of Closing: May 15, 2007

Bowles Rice
McDavid Graff & Love LLP
ATTORNEYS AT LAW

CITY OF SUMMERSVILLE
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS
SERIES 2007 A (WEST VIRGINIA INFRASTRUCTURE FUND)
AND
SERIES 2007 B (WEST VIRGINIA SRF PROGRAM)

DATE OF CLOSING: MAY 15, 2007

INDEX OF CLOSING DOCUMENTS

BASIC DOCUMENTS

1. Bond Ordinance
2. Supplemental Resolution
3. Loan Agreement for the Series 2007 A Bonds
4. Bond Purchase Agreement for the Series 2007 B Bonds
5. Public Service Commission Orders
6. Cross-Receipt for Bonds and Bond Proceeds
7. Direction to Authenticate and Deliver Bonds
8. Specimen Bonds

OPINIONS OF COUNSEL

9. Approving Opinion on Series 2007 A Bonds of Bowles Rice McDavid Graff & Love LLP, Bond Counsel
10. Approving Opinion on Series 2007 B Bonds of Bowles Rice McDavid Graff & Love LLP, Bond Counsel
11. Opinion of Gregory A. Tucker, P.L.L.C., Counsel to Issuer
12. Final Title Opinion

CERTIFICATES

13. General Certificate of Issuer and Attorney
14. Certificate as to Use of Proceeds
15. Certificate of Consulting Engineer, with Schedule B Attached

16. Certificate of Certified Public Accountant

DOCUMENTS OF THE ISSUER

17. Charter

18. Oaths of Office of Officers and Council Members

19. Water and Sewer Rate Ordinance

20. Minutes on Adoption of Water and Sewer Rate Ordinance

21. Affidavits of Publication of Water and Sewer Rate Ordinance

22. Minutes on Adoption of Bond Ordinance, Public Hearing Thereon and Supplemental Resolution

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

24. Municipal Bond Commission New Issue Report

MISCELLANEOUS DOCUMENTS

25. Acceptance of Duties as Depository Bank

26. Acceptance of Duties as Registrar

27. Certificate of Registration of Bonds

28. Registrar's Agreement

29. NPDES Permit

30. Prior Bond Ordinances

31. Consents of Holders of Prior Bonds to Issuance of Parity Bonds

32. Approval of West Virginia Infrastructure and Jobs Development Council

33. Evidence of Insurance

34. Correspondence from The Tinney Law Firm PLLC regarding Litigation

35. Closing Memorandum

CITY OF SUMMERSVILLE

COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2007 A (WEST VIRGINIA INFRASTRUCTURE FUND) AND SERIES 2007 B (WEST VIRGINIA SRF PROGRAM)

BOND ORDINANCE

Table of Contents

Page

ARTICLE I - STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS 2
Section 1.01 Authority for this Ordinance 2
Section 1.02 Findings 2
Section 1.03 Bond Legislation Constitutes Contract 4
Section 1.04 Definitions 4

ARTICLE II - AUTHORIZATION OF ACQUISITION AND CONSTRUCTION OF THE PROJECT 13
Section 2.01 Authorization of Acquisition and Construction of the Project 13

ARTICLE III - AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND SALE OF BONDS; AUTHORIZATION AND EXECUTION OF LOAN AGREEMENT 14
Section 3.01 Authorization of Bonds 14
Section 3.02 Terms of Bonds 14
Section 3.03 Execution of Bonds 15
Section 3.04 Authentication and Registration 15
Section 3.05 Negotiability, Transfer and Registration 15
Section 3.06 Bonds Mutilated, Destroyed, Stolen or Lost 16
Section 3.07 Bonds not to be Indebtedness of the Issuer 16
Section 3.08 Bonds Secured by Pledge of Net Revenues; Lien Position with Respect to Prior Bonds 16
Section 3.09 Delivery of Bonds 17
Section 3.10 Form of Bonds 17
Section 3.11 Sale of Bonds; Approval and Ratification of Execution of Loan Agreement 34
Section 3.12 "Amended Schedule" Filing 34

ARTICLE IV - [RESERVED] 35

ARTICLE V - FUNDS AND ACCOUNTS; SYSTEM REVENUES AND APPLICATION THEREOF 36
Section 5.01 Establishment of Funds and Accounts with Depository Bank 36
Section 5.02 Establishment of Funds and Accounts with Commission 36
Section 5.03 System Revenues; Flow of Funds 36

ARTICLE VI - BOND PROCEEDS; CONSTRUCTION DISBURSEMENTS 41
Section 6.01 Application of Bond Proceeds; Pledge of Unexpended Bond Proceeds 41
Section 6.02 Disbursements From the Bond Construction Trust Funds 41

ARTICLE VII - ADDITIONAL COVENANTS OF THE ISSUER 43
Section 7.01 General Covenants of the Issuer 43
Section 7.02 Bonds be Indebtedness of the Issuer 43
Section 7.03 Bonds Secured by Pledge of Net Revenues; Lien Position with Respect to Prior Bonds 43
Section 7.04 Initial Schedule of Rates and Charges 43
Section 7.05 Sale of the System 44
Section 7.06 Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances 45
Section 7.07 Parity Bonds 45
Section 7.08 Books; Records and Audit 47
Section 7.09 Rates 49
Section 7.10 Operating Budget and Monthly Financial Report 50
Section 7.11 Engineering Services and Operating Personnel 50
Section 7.12 No Competing Franchise 51
Section 7.13 Enforcement of Collections 51
Section 7.14 No Free Services 51
Section 7.15 Insurance and Construction Bonds 52
Section 7.16 Connections 53
Section 7.17 Completion; Operation and Maintenance of Project: Permits and Orders 53
Section 7.18 Statutory Mortgage Lien 54
Section 7.19 Compliance with Loan Agreement and Law 54
Section 7.20 Securities Laws Compliance 54
Section 7.21 Contracts; Public Releases 54

ARTICLE VIII - INVESTMENT OF FUNDS; USE OF PROCEEDS 55
Section 8.01 Investments 55
Section 8.02 Certificate as to Use of Proceeds; Covenants as to Use of Proceeds 55

ARTICLE IX - DEFAULT AND REMEDIES 57
Section 9.01 Events of Default 57
Section 9.02 Remedies 57
Section 9.03 Appointment of Receiver 57

ARTICLE X - PAYMENT OF BONDS 59
Section 10.01 Payment of Bonds 59

ARTICLE XI - MISCELLANEOUS 60
Section 11.01 Amendment or Modification of Bond Legislation 60
Section 11.02 Bond Legislation Constitutes Contract 60
Section 11.03 Severability of Invalid Provisions 60
Section 11.04 Headings, Etc 60
Section 11.05 Notices 60
Section 11.06 Conflicting Provisions Repealed 61
Section 11.07 Covenant of Due Procedure 61
Section 11.08 Statutory Notice and Public Hearing 61

Section 11.09 Effective Date 62

CITY OF SUMMERSVILLE

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE SEWERAGE SYSTEM PORTION OF THE EXISTING PUBLIC COMBINED WATERWORKS AND SEWERAGE SYSTEM OF THE CITY OF SUMMERSVILLE AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE CITY OF NOT MORE THAN $8,682,265 IN AGGREGATE PRINCIPAL AMOUNT OF COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2007 A (WEST VIRGINIA INFRASTRUCTURE FUND), AND NOT MORE THAN $2,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2007 B (WEST VIRGINIA SRF PROGRAM); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING THE LOAN AGREEMENT AND BOND PURCHASE AGREEMENT, RESPECTIVELY, RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

BE IT ORDAINED AND ENACTED BY THE COUNCIL OF THE CITY OF SUMMERSVILLE:

ARTICLE I

STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

Section 1.01. Authority for this Ordinance. This Ordinance (together with any ordinance, order or resolution supplemental hereto or amendatory hereof, the "Bond Legislation") is enacted pursuant to the provisions of Chapter 8, Article 20, Chapter 22C, Article 2, and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"), and other applicable provisions of law.

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

A. The City of Summersville (the "Issuer") is a municipal corporation and political subdivision of the State of West Virginia in Nicholas County of said State.

B. The Issuer presently owns and operates a public combined waterworks and sewerage system. However, it is deemed necessary and desirable for the health and welfare of the inhabitants of the Issuer that there be acquired and constructed certain additions, betterments and improvements to the sewerage portion of the existing public combined waterworks and sewerage system of the Issuer, consisting of the expansion and improvement of the Issuer's wastewater treatment plant, together with all appurtenant facilities (collectively, the "Project") (the existing public combined waterworks and sewerage system of the Issuer, the Project and any further extensions, additions, betterments and improvements thereto are herein called the "System"), in accordance with the plans and specifications prepared by the Consulting Engineers, which plans and specifications have heretofore been filed with the Issuer.

C. The Issuer intends to permanently finance the costs of acquisition and construction of the Project through the issuance of its revenue bonds to the West Virginia Water Development Authority (the "Authority"), which administers the West Virginia State Revolving Fund and the West Virginia Infrastructure Fund pursuant to the Act.

D. It is deemed necessary for the Issuer to issue its Combined Waterworks and Sewerage System Revenue Bonds in the total aggregate principal amount of not more than $10,682,265 in two series (collectively, the "Series 2007 Bonds"), being the Combined Waterworks and Sewerage System Revenue Bonds, Series 2007 A (West Virginia Infrastructure Fund), in the aggregate principal amount of not more than $8,682,265 (the "Series 2007 A Bonds"), and the Combined Waterworks and Sewerage System Revenue Bonds, Series 2007 B (West Virginia SRF Program), in the aggregate principal amount of not more than $2,000,000 (the "Series 2007 B Bonds"), to permanently finance the costs of acquisition and construction of the Project. The remaining costs of the Project shall be funded from the sources set forth in Section 2.01 hereof. Said costs shall be deemed to include the cost of all property rights, easements and franchises deemed necessary or convenient therefor; interest, if any, upon the Series 2007 Bonds prior to and during acquisition and construction of the Project and for a period not exceeding 6 months after completion of acquisition and construction of the Project; amounts which may be deposited in the Reserve Accounts (as hereinafter defined); engineering and legal expenses; expenses for estimates of costs and revenues, expenses for plans,

specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the enterprise, administrative expense, commitment fees, fees and expenses of the Authority, including the SRF Administrative Fee (as hereinafter defined) for the Series 2007 B Bonds, 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 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 Bonds or the repayment of indebtedness incurred by the Issuer for such purposes shall be deemed Costs of the Project, as hereinafter defined.

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

F. It is in the best interests of the Issuer that its Series 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"), and its Series 2007 B Bonds be sold to the Authority pursuant to the terms and provisions of a bond purchase agreement by and among the Issuer, the Authority, and the West Virginia Department of Environmental Protection (the "DEP"), both agreements in form satisfactory to the respective parties (collectively, the "Loan Agreement"), approved hereby if not previously approved by resolution of the Issuer.

G. There are outstanding bonds or obligations of the Issuer which will rank on a parity with the Series 2007 A Bonds and the Series 2007 B Bonds as to liens, pledge and source of and security for payment, being the Issuer's Water and Sewer System Revenue Bonds, Series 1977, dated August 4, 1981 issued in the original principal amount of $290,000, (the "Series 1977 Bonds"), Water and Sewer System Revenue Bonds, Series 1990 A, dated April 6, 1990, issued in the original principal amount of $281,848 (the "Series 1990 A Bonds"), Water and Sewer System Revenue Bonds, Series 1991 A, dated August 13, 1991, issued in the original principal amount of $790,057 (the "Series 1991 A Bonds"), Water and Sewer System Revenue Bonds, Series 1998 A (West Virginia Infrastructure and Jobs Development Council), dated January 6, 1998, issued in the original principal amount of $639,000 (the "Series 1998 A Bonds"), Waterworks and Sewerage System Revenue Bonds, Series 2002 A (West Virginia Infrastructure Fund), dated December 18, 2002, issued in the original principal amount of $4,661,505 (the "Series 2002 A Bonds"), and Waterworks and Sewerage System Revenue Bonds, Series 2002 B (West Virginia DWTRF Program), dated December 18, 2002, issued in the original principal amount of $2,388,495 (the "Series 2002 B Bonds") (collectively, the "First Lien Bonds") and senior to the Issuer's Water and Sewer System Revenue Bonds, Series 1990 B, dated April 6, 1990, issued in the original principal amount of $13,152 (the "Series 1990 B Bonds"), and Water and Sewer System Revenue Bonds, Series 1991 B, dated August 13, 1991, issued in the original principal amount of $35,671 (the "Series 1991 B Bonds") (collectively, the "Second Lien Bonds"). The First Lien Bonds and the Second Lien Bonds are collectively hereinafter sometimes referred to as the "Prior Bonds."

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

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

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

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

Section 1.03. Bond Legislation Constitutes Contract. In consideration of the acceptance of the Series 2007 A Bonds and the Series 2007 B Bonds by those who shall be the Registered Owners of the same from time to time, this Bond Legislation shall be deemed to be and shall constitute a contract between the Issuer and such Registered Owners, 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 and the Series 2007 B Bonds, all which shall be of equal rank and without preference, priority or distinction between any one Bond of a series and any other Bonds of the same series, by reason of priority of issuance or otherwise, except as expressly provided therein and herein.

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

"Act" means, collectively, Chapter 8, Article 20, Chapter 22C, Article 2, 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 and the Series 2007 B Bonds, or any other agency, board or department of the State of West Virginia that succeeds to the functions of the Authority, acting in its administrative capacity and upon authorization from the DEP and the Council under the Act.

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

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

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

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

"Bonds" means, collectively, the Series 2007 A Bonds, the Series 2007 B Bonds, the Prior Bonds and, where appropriate, any bonds on a parity therewith subsequently authorized to be issued hereunder or by another resolution 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 and the Series 2007 B Bonds for all or a portion of the proceeds of the Series 2007 A Bonds and the Series 2007 B Bonds, respectively, from the Authority.

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

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

"Consulting Engineers" means ATS Engineering, Inc., West Chester, Ohio, or any qualified engineer or firm of engineers, licensed by the State, that shall at any time hereafter be procured by the Issuer as Consulting Engineers for the System or portion thereof in accordance with Chapter 5G, Article 1 of the West Virginia Code of 1931, as amended; provided however, that the Consulting Engineers shall not be a regular, full-time employee of the State or any of its agencies, commissions, or political subdivisions.

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

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

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

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

"Event of Default" means any occurrence or event specified in Section 9.01.

"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 or any other governing body of the Issuer that succeeds to the functions of the council as presently 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.

"Grants" means all monies received by the Issuer on account of any Grant for the Project.

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

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

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

"Investment Property" means:

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

(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 of the Code), Issuer and which is not acquired to implement a court ordered or approved housing desegregation plan.

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

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

"Loan Agreement" means, collectively, the Series 2007 A Bonds Loan Agreement and the Series 2007 B Bonds Loan Agreement.

"Mayor" means the Mayor of the Issuer.

"Net Proceeds" means the face amount of the Series 2007 A Bonds and the Series 2007 B 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 and the Series 2007 B Bonds Reserve Account, respectively. 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 and the Series 2007 B Bonds, respectively, without regard to whether or not such investment is made in tax-exempt obligations.

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

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

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

from any decrease in the value of, capital assets, amortization of debt discount or such miscellaneous deductions as are applicable to prior accounting periods.

"Outstanding," when used with reference to Bonds and as of any particular date, describes 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 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, any Bonds registered to the Issuer.

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

"Paying Agent" means the Commission or other entity designated as such for the Bonds in the Supplemental Resolution.

"Prior Bonds" means, collectively, the Series 1977 Bonds, the 1990 A Bonds, the Series 1990 B Series Bonds, the Series 1991 A Bonds, the Series 1991 B Bonds, the Series 1998 A Bonds, the Series 2002 A Bonds and the Series 2002 B Bonds, as more fully defined in Section 1.02G.

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

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

"Qualified Investments" means and includes 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.

"Registrar" means the Bond Registrar.

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

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

"Reserve Accounts" means, collectively, the respective Reserve Accounts established for the Series 2007 A Bonds, the Series 2007 B Bonds and the Prior Bonds.

"Reserve Requirement" means, collectively, the respective amounts required to be on deposit in any Reserve Account for the Prior Bonds, the Series 2007 A Bonds and the Series 2007 B Bonds.

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

"Series 2007 A Bonds" means the Combined Waterworks and Sewerage System Revenue Bonds, Series 2007 A (West Virginia Infrastructure Fund) of the Issuer, authorized by this Ordinance.

"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 Loan Agreement" shall mean the Loan Agreement 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 is approved, and the execution and delivery by the Issuer are authorized and directed by Section 3.11 hereof and by the Supplemental Resolution.

"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.

"Series 2007 B Bonds" means the Combined Waterworks and Sewerage System Revenue Bonds, Series 2007 B (West Virginia SRF Program) of the Issuer, authorized by this Ordinance.

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

"Series 2007 B Bonds Loan Agreement" shall mean the Bond Purchase Agreement entered into or to be entered into by and among the Issuer, the Authority and the DEP, providing for the purchase of the Series 2007 B Bonds from the Issuer by the Authority, the form of which is approved, and the execution and delivery by the Issuer are authorized and directed by Section 3.11 hereof and by the Supplemental Resolution.

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

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

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

"Sinking Funds" means, collectively, the respective Sinking Funds established for the Series 2007 A Bonds, the Series 2007 B Bonds and the Prior Bonds.

"SRF Administrative Fee" means any administrative fee required to be paid under the Series 2007 B Bonds Loan Agreement.

"SRF Program" means the State's Water Pollution Control Revolving Fund Program, under which the Authority purchases the water pollution control revenue bonds of local government entities satisfying certain legal and other requirements with the proceeds of a capitalization grant award from the Unites States Environmental Protection Agency and funds of the State.

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

"State" means the State of West Virginia.

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

"Surplus Revenues" means the Net Revenues not required by the Bond Legislation to be set aside and held for the payment of or security for the Series 2007 A Bonds, the Series 2007 B Bonds, the Prior Bonds or any other obligations of the Issuer, including, without limitation, the Sinking Funds, Reserve Accounts and the Renewal and Replacement Fund.

"System" means the complete combined waterworks and sewerage system of the Issuer, as extended and improved by the Project, including the existing waterworks and sewerage system owned by the Issuer and all facilities and other property of every nature, real or personal, now or hereafter owned, held or used in connection with the System; and shall also include any and all extensions, additions, betterments and improvements thereto hereafter acquired or constructed for the combined waterworks and sewerage system from any sources whatsoever.

"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 adoption 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; and any requirement for execution or attestation of the Bonds or any certificate or other document by the Mayor or the Recorder shall mean that such Bonds, certificate or other document may be executed or attested by an Acting Mayor or Acting Recorder.

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 a cost of $10,682,265, 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 and the Series 2007 B Bonds shall be applied as provided in Article VI hereof. The Issuer has received bids and will enter into contracts for the acquisition and construction of the Project, in an amount and otherwise compatible with the financing plan submitted to the Authority, the DEP and the Council.

The cost of the Project is $10,682,265, of which $8,682,265 will be obtained from proceeds of the Series 2007 A Bonds and $2,000,000 will be obtained from proceeds of the Series 2007 B Bonds.

ARTICLE III

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

Section 3.01. Authorization of Bonds. For the purposes of capitalizing interest, if any, on the Series 2007 A Bonds and the Series 2007 B Bonds, paying Costs of the Project not otherwise provided for and paying certain costs of issuance of the Series 2007 A Bonds and the Series 2007 B Bonds and related costs, or any or all of such purposes, as determined by the Supplemental Resolution, there shall be and hereby are authorized to be issued the Series 2007 A Bonds and the Series 2007 B Bonds of the Issuer. The Series 2007 Bonds shall be issued in two series, each as a single bond, designated respectively as "Combined Waterworks and Sewerage System Revenue Bonds, Series 2007 A (West Virginia Infrastructure Fund)," in the principal amount of not more than $8,682,265, and "Combined Waterworks and Sewerage System Revenue Bonds, Series 2007 B (West Virginia DWTRF Program)," in the principal amount of not more than $2,000,000, and both shall have such terms as set forth hereinafter and in the Supplemental Resolution. The proceeds of the Series 2007 A Bonds and the Series 2007 B Bonds remaining after capitalizing interest, if any, on the Series 2007 A Bonds and the Series 2007 B Bonds, and funding the Series 2007 A Bonds Reserve Account and the Series 2007 B Bonds Reserve Account shall be deposited in or credited to the respective Bond Construction Trust Funds 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 and the Series 2007 B Bonds shall be issued in such principal amounts; shall bear interest, if any, at such rate or rates, not exceeding the then legal maximum rate, payable quarterly on such dates; shall mature on such dates and in such amounts; and shall be redeemable, in whole or in part, all as the Issuer shall prescribe in a Supplemental Resolution or as specifically provided in the Loan Agreement. The Series 2007 A Bonds and the Series 2007 B Bonds shall be payable as to principal at the office of the Paying Agent, in any coin or currency which, on the dates of payment of principal is legal tender for the payment of public or private debts under the laws of the United States of America. Interest, if any, on the Series 2007 A Bonds and the Series 2007 B Bonds shall be paid by check or draft of the Paying Agent mailed to the Registered Owner thereof at the address as it appears on the books of the Bond Registrar, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner thereof.

Unless otherwise provided by the Supplemental Resolution, the Series 2007 A Bonds and the Series 2007 B Bonds shall be issued in the form of a single bond for each series, fully registered to the Authority, with a record of advances and a debt service schedule attached, representing the aggregate principal amount of the Series 2007 A Bonds and the Series 2007 B Bonds. The Series 2007 A Bonds and the Series 2007 B Bonds shall be exchangeable at the option and expense of the Registered Owner for another fully registered Bond or Bonds of the same series in aggregate principal amount equal to the amount of said Bonds then Outstanding and being exchanged, with principal installments or maturities, as applicable, corresponding to

the dates of payment of principal installments of said Bonds; provided, that the Authority shall not be obligated to pay any expenses of such exchange.

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

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

Section 3.04. Authentication and Registration. No Series 2007 A Bond nor Series 2007 B Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under this Bond Legislation unless and until the Certificate of Authentication and Registration on such Bond, substantially in the form set forth in Section 3.10 hereof shall have been manually executed by the Bond Registrar. Any such executed Certificate of Authentication and Registration upon any such Bond shall be conclusive evidence that such Bond has been authenticated, registered and delivered under this Bond Legislation. The Certificate of Authentication and Registration on any Series 2007 A Bond and the Series 2007 B Bond shall be deemed to have been executed by the Bond Registrar if manually signed by an authorized officer of the Bond Registrar, but it shall not be necessary that the same officer sign the Certificate of Authentication and Registration on all of the Series 2007 A Bonds and the Series 2007 B 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 and the Series 2007 B Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder, in accepting the Series 2007 A Bonds and the Series 2007 B Bonds shall be conclusively deemed to have agreed that such Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder shall further be conclusively deemed to have agreed that such Bonds shall be incontestable in the hands of a bona fide holder for value.

So long as the Series 2007 A Bonds and the Series 2007 B Bonds remain outstanding, the Issuer, through the Bond Registrar as its agent, shall keep and maintain books for the registration and transfer of the Series 2007 A Bonds and the Series 2007 B Bonds.

The registered Series 2007 A Bonds and the Series 2007 B Bonds shall be transferable only upon the books of the Bond Registrar, by the registered owner thereof in person or by his attorney duly authorized in writing, upon surrender thereto together with a written instrument of transfer satisfactory to the Bond Registrar duly executed by the registered owner or his duly authorized attorney.

In all cases in which the privilege of exchanging the Series 2007 A Bonds and the Series 2007 B 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 next preceding an interest payment date on the Bonds or, in the case of any proposed redemption of Bonds, next preceding the date of the selection of Bonds to be redeemed, and ending on such interest payment date or redemption date.

Section 3.06. Bonds Mutilated, Destroyed, Stolen or Lost. In case any Series 2007 A Bond or Series 2007 B Bond shall become mutilated or be destroyed, stolen or lost, the Issuer may, in its discretion, issue, and the Bond Registrar shall, if so advised by the Issuer, authenticate and deliver, a new Bond of the same series and of like tenor as the Bonds so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond, upon surrender and cancellation of such mutilated Bond, or in lieu of and substitution for the Bond destroyed, stolen or lost, and upon the Holder's furnishing satisfactory indemnity and complying with such other reasonable regulations and conditions as the Issuer may prescribe and paying such expenses as the Issuer and the Bond Registrar may incur. All Bonds so surrendered shall be canceled by the Bond Registrar and held for the account of the Issuer. If any such Bond shall have matured or be about to mature, instead of issuing a substitute Bond, the Issuer may pay the same, upon being indemnified as aforesaid, and if such Bond be lost, stolen or destroyed, without surrender thereof.

Section 3.07. Bonds not to be Indebtedness of the Issuer. The Series 2007 A Bonds and the Series 2007 B Bonds shall not, in any event, be or constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provision or limitation, but shall be payable solely from the Net Revenues derived from the operation of the System as herein provided. No holder or holders of the Series 2007 A Bonds and the Series 2007 B Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Series 2007 A Bonds and the Series 2007 B Bonds or the interest, if any, thereon.

Section 3.08. Bonds Secured by Pledge of Net Revenues; Lien Position with Respect to Prior Bonds. The payment of the debt service of the Series 2007 A Bonds and the Series 2007 B Bonds shall be secured forthwith equally and ratably with each other by a first lien on the Net Revenues derived from the System, on a parity with the lien on the Net Revenues in

favor of the Holders of the First Lien Bonds and senior to the lien on the Net Revenues in favor of the Holders of the Second Lien Bonds. Such Net Revenues in an amount sufficient to pay the principal of and interest, if any, on and other payments for the Prior Bonds, the Series 2007 A Bonds and the Series 2007 B Bonds and to make all other payments provided for in the Bond Legislation, are hereby irrevocably pledged to such payments as they become due.

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

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

(ii) 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 and the Series 2007 B Bonds to the original purchasers;

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

(iv) An executed copy of the Loan Agreement;

(v) The unqualified approving opinion of bond counsel on the Series 2007 A Bonds and the Series 2007 B Bonds.

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

(FORM OF SERIES 2007 A BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA

CITY OF SUMMERSVILLE
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS
SERIES 2007 A (WEST VIRGINIA INFRASTRUCTURE FUND)

No. AR- ____ $_____

KNOW ALL MEN BY THESE PRESENTS: That the CITY OF SUMMERSVILLE, a municipal corporation and political subdivision of the State of West Virginia in Nicholas 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 - _____, 20__ , as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference.

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

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the West Virginia Infrastructure and Jobs Development Council (the "Council"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement by and between the Issuer and the Authority, on behalf of the Council, dated _____, 2007.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain extensions, additions, betterments and improvements to the sewerage portion of the existing public combined waterworks and sewerage system of the Issuer (the "Project"); and (ii) to pay certain costs of issuance for the Bonds of this Series (the "Bonds") and related costs. The existing public combined waterworks and sewerage system of the Issuer, the Project and any further extensions, additions, betterments and improvements thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 8, Article 20 and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"), a Bond Ordinance duly enacted by the Issuer on _____, 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 (1) WATER AND SEWER SYSTEM REVENUE BONDS, SERIES 1977, DATED AUGUST 4, 1981, (2) WATER AND SEWER SYSTEM REVENUE BONDS, SERIES 1990 A, DATED APRIL 6, 1990, (3) WATER AND SEWER SYSTEM REVENUE BONDS, SERIES 1991 A, DATED AUGUST 13, 1991, (4) WATER AND SEWER SYSTEM REVENUE BONDS, SERIES 1998 A (WEST VIRGINIA INFRASTRUCTURE AND JOBS DEVELOPMENT COUNCIL), DATED JANUARY 6, 1998, (5) WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2002 A (WEST VIRGINIA INFRASTRUCTURE FUND), DATED DECEMBER 18, 2002, (6) WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2002 B (WEST VIRGINIA DWTRF PROGRAM), DATED DECEMBER 18, 2002 (COLLECTIVELY, THE "FIRST LIEN BONDS") AND (7) COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2007 B (WEST VIRGINIA SRF PROGRAM), ISSUED SIMULTANEOUSLY HEREWITH (THE "SERIES 2007 B BONDS").

THIS BOND IS ISSUED SENIOR AND PRIOR WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS TO THE ISSUER'S (1) WATER AND SEWER SYSTEM REVENUE BONDS, SERIES 1990 B, DATED APRIL 6, 1990, AND (2) WATER AND SEWER SYSTEM REVENUE BONDS, SERIES 1991 B, DATED AUGUST 13, 1991 (COLLECTIVELY, THE "SECOND LIEN BONDS").

THE FIRST LIEN BONDS AND THE SECOND LIEN BONDS ARE COLLECTIVELY HEREINAFTER SOMETIMES REFERRED TO AS THE "PRIOR BONDS."

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Net Revenues in favor of the holders of the First Lien Bonds and the Series 2007 B Bonds and senior to the pledge of Net Revenues in favor of the holders of the Second Lien 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, if any, on all bonds which may be issued pursuant to the Act and shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same, except from said special fund provided from the Net Revenues, 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, if any, on the Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with or junior to the Bonds, including the Series 2007 B Bonds and 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, if any, which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with or junior to the Bonds, including the Series 2007 B Bonds and the Prior Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

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

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

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

will be set aside into said special fund by the Issuer for the prompt payment of the principal of this Bond. .

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

IN WITNESS WHEREOF, the CITY OF SUMMERSVILLE 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 _____, 2007.

_____
Mayor

[SEAL]

_____
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.

_____,
as Registrar

_____
Authorized Officer

_____

(FORM OF)

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:

_____

(FORM OF SERIES 2007 B BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA

CITY OF SUMMERSVILLE
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS
SERIES 2007 B (WEST VIRGINIA SRF PROGRAM)

No. BR- $_____

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

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

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the West Virginia Department of Environmental Protection (the "DEP"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Water Pollution Control Revolving Fund Bond Purchase Agreement among the Issuer, the Authority and the DEP dated _____, 2007.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain extensions, additions, betterments and improvements to the sewerage portion of the existing public combined waterworks and sewerage system of the Issuer (the "Project"); and (ii) to pay certain costs of issuance for the Bonds of this Series (the "Bonds") and related costs. The existing public combined waterworks and sewerage system of the Issuer, the Project and any further extensions, additions, betterments and improvements thereto are herein called the

"System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 8, Article 20 and Chapter 22C, Article 2 of the West Virginia Code of 1931, as amended (collectively, the "Act"), 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 (1) WATER AND SEWER SYSTEM REVENUE BONDS, SERIES 1977, DATED AUGUST 4, 1981, (2) WATER AND SEWER SYSTEM REVENUE BONDS, SERIES 1990 A, DATED APRIL 6, 1990, (3) WATER AND SEWER SYSTEM REVENUE BONDS, SERIES 1991 A, DATED AUGUST 13, 1991, (4) WATER AND SEWER SYSTEM REVENUE BONDS, SERIES 1998 A (WEST VIRGINIA INFRASTRUCTURE AND JOBS DEVELOPMENT COUNCIL), DATED JANUARY 6, 1998, (5) WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2002 A (WEST VIRGINIA INFRASTRUCTURE FUND), DATED DECEMBER 18, 2002, (6) WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2002 B (WEST VIRGINIA DWTRF PROGRAM), DATED DECEMBER 18, 2002 (COLLECTIVELY, THE "FIRST LIEN BONDS"), AND (7) COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2007 A (WEST VIRGINIA INFRASTRUCTURE FUND), ISSUED SIMULTANEOUSLY HEREWITH (THE "SERIES 2007 A BONDS").

THIS BOND IS ISSUED SENIOR AND PRIOR WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF SECURITY FOR PAYMENT, AND IN ALL RESPECTS, TO THE ISSUER'S (1) WATER AND SEWER SYSTEM REVENUE BONDS, SERIES 1990 B, DATED APRIL 6, 1990, AND (2) WATER AND SEWER SYSTEM REVENUE BONDS, SERIES 1991 B, DATED AUGUST 13, 1991 (COLLECTIVELY, THE "SECOND LIEN BONDS").

THE FIRST LIEN BONDS AND THE SECOND LIEN BONDS ARE COLLECTIVELY HEREINAFTER SOMETIMES REFERRED TO AS THE "PRIOR BONDS."

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Net Revenues in favor of the holders of the First Lien Bonds and the Series 2007 A Bonds and senior to the pledge of Net Revenues in favor of the holders of the Second Lien Bonds, and from monies in the reserve account created under the Bond Legislation for the Bonds (the "Series 2007 B Bonds Reserve Account") and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest, if any, on all bonds which may be issued pursuant to the Act and shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute an indebtedness of the Issuer within the meaning of any

constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same, except from said special fund provided from the Net Revenues, the monies in the Series 2007 B Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest, if any, on the Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with or junior to the Bonds, including the Series 2007 A Bonds and the Prior Bonds; provided however, that so long as there exists in the Series 2007 B Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest, if any, which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with or junior to the Bonds, including the Series 2007 A Bonds and the Prior Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

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

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

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and at the issuance of this Bond do exist, have happened, and have been performed in due time, form and manner as

required by law, and that the amount of this Bond, together with all other obligations of the Issuer, does not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia and that a sufficient amount of the Net Revenues of the System has been pledged to and will be set aside into said special fund by the Issuer for the prompt payment of the principal of this Bond.

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

IN WITNESS WHEREOF, the CITY OF SUMMERSVILLE 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 May ___, 2007.

_____
Mayor

[SEAL]

ATTEST:

_____
Recorder

_____

(FORM OF)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

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

Date: _____, 2007.

_____,
as Registrar

_____
Authorized Officer

_____

(FORM OF)

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

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

ARTICLE IV

[RESERVED]

ARTICLE V

FUNDS AND ACCOUNTS; SYSTEM REVENUES AND APPLICATION THEREOF

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

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

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

(3) Series 2007 A Bonds Construction Trust Fund; and

(4) Series 2007 B Bonds Construction Trust Fund.

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

(1) Series 2007 A Bonds Sinking Fund;

(2) Series 2007 A Bonds Reserve Account;

(3) Series 2007 B Bonds Sinking Fund; and

(4) Series 2007 B Bonds Reserve Account.

Section 5.03. System Revenues; Flow of Funds. A. The entire Gross Revenues derived from the operation of the System shall be deposited upon receipt in the Revenue Fund. The Revenue Fund shall constitute a trust fund for the purposes provided in this Bond Legislation and 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. All revenues at any time on deposit in the Revenue Fund shall be disposed of only in the following order of priority:

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

(2) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously (i) remit to the Commission, for deposit in the respective Sinking Funds, the amounts required by the Prior Ordinances to pay interest on the Series 1990 A Bonds and the Series 1991 A Bonds; and (ii)

remit to the National Finance Office the amount required by the Prior Ordinances to pay interest on the Series 1977 Bonds.

(3) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously (i) remit to the Commission, for deposit in the respective Sinking Funds, the amounts required by the Prior Ordinances to pay principal of the Series 1990 A Bonds, the Series 1991 A Bonds, the Series 1998 A Bonds, the Series 2002 A Bonds and the Series 2002 B Bonds; (ii) remit to the National Finance Office the amount required by the Prior Ordinances to pay principal of the Series 1977 Bonds; (iii) 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 come due on the Series 2007 A Bonds on the next ensuing quarterly principal payment date; and (iv) remit to the Commission, commencing 3 months prior to the first date of payment of principal of the Series 2007 B Bonds, for deposit in the Series 2007 B Bonds Sinking Fund, an amount equal to 1/3rd of the amount of principal which will mature and come due on the Series 2007 B Bonds on the next ensuing quarterly principal payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 2007 A Bonds Sinking Fund and the Series 2007 B Bonds Sinking Fund and the next quarterly principal payment date is less than 3 months, then such monthly payments shall be increased proportionately to provide, 1 month prior to the next quarterly principal payment date, the required amount of principal coming due on such date.

(4) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit (i) to the Commission for deposit in the respective Reserve Accounts, the amounts required by the Prior Ordinances for the Series 1990 A Bonds, the Series 1991 A Bonds, the Series 1998 A Bonds, the Series 2002 A Bonds and the Series 2002 B Bonds; (ii) to the Depository Bank for deposit in the Reserve Account, the amount required by the Prior Ordinance for the Series 1977 Bonds; (iii) 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; and (iv) to the Commission commencing 3 months prior to the first date of payment of principal of the Series 2007 B Bonds, if not fully funded upon issuance of the Series 2007 B Bonds, for deposit in the Series 2007 B Bonds Reserve Account, an amount equal to 1/120th of the Series 2007 B Bonds Reserve Requirement; provided that, no further payments shall be made into the Series 2007 B Bonds Reserve Account when there shall have been deposited therein, and as long as there shall remain on deposit therein, an amount equal to the Series 2007 B Bonds Reserve Requirement.

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

(6) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and remit to the Commission, the amounts required by the Prior Ordinances to pay principal of the Series 1990 B Bonds and the Series 1991 B Bonds.

(7) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the Commission, for deposit in the Reserve Accounts for the Series 1990 B Bonds and the Series 1991 B Bonds, the amount required by the Prior Ordinances to be deposited therein.

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

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

Any withdrawals from the Series 2007 A Bonds Reserve Account and the Series 2007 B Bonds Account Reserve which result in a reduction in the balance of the Series 2007 A

Bonds Reserve Account and the Series 2007 B Bonds Reserve Account to below the Series 2007 A Bonds Reserve Requirement and the Series 2007 B Bonds Reserve Requirement, respectively, shall be subsequently restored from the first Net Revenues available after all required payments have been made in full in the order set forth above.

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

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

Principal, interest or reserve payments, whether made for a deficiency or otherwise, shall be made on a parity and pro rata, with respect to the First Lien Bonds, the Series 2007 A Bonds and the Series 2007 B Bonds and thereafter, with respect to the Second Lien Bonds, in accordance with the respective principal amounts then Outstanding.

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

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

B. The Issuer shall on the first day of each month (if the first day is not a business day, then the first business day of each month) deposit with the Commission the required principal, interest and reserve account payments with respect to the Series 2007 A Bonds and the Series 2007 B Bonds and all such payments shall be remitted to the Commission

with appropriate instructions as to the custody, use and application thereof consistent with the provisions of this Bond Legislation. The Issuer shall also on the first day of each month (if the first day is not a business day, then the first business day of each month) deposit with the Commission the Administrative Fee as set forth in the Schedule Y attached to the Loan Agreement for the Series 2007 B Bonds.

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

D. Whenever all of the required and provided transfers and payments from the Revenue Fund into the several special funds, as hereinbefore provided, are current and there remains in the Revenue Fund a balance in excess of the estimated amounts required to be so transferred and paid into such funds during the following month or such other period as required by law, such excess shall be considered Surplus Revenues. Surplus Revenues may be used for any lawful purpose of the System.

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

F. The monies in excess of the 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 any other payments hereunder.

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

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

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 and the Series 2007 B 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 first be deposited with the Commission in the Series 2007 A Bonds Reserve Account, the amount, if any, set forth in the Supplemental Resolution.

B. From the proceeds of the Series 2007 B Bonds, there shall first be deposited with the Commission in the Series 2007 B Bonds Reserve Account, the amount, if any, set forth in the Supplemental Resolution.

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 Series 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 and until so expended, are hereby pledged as additional security for the Series 2007 A Bonds.

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

E. After completion of construction of the Project, as certified by the Consulting Engineers, and all costs have been paid, any remaining proceeds of the Series 2007 A Bonds shall be applied as directed by the Council and any remaining proceeds of the Series 2007 B Bonds shall be applied as directed by the DEP.

Section 6.02. Disbursements From the Bond Construction Trust Funds. A. The Issuer shall each month provide the Council with a requisition for the costs incurred for the Project, together with such documentation as the Council shall require. Payments of all costs of the Project shall be made monthly.

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

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.

B. On or before the Closing Date, the Issuer shall have delivered to the Authority and the DEP a report listing the specific purposes for which the proceeds of the Series 2007 B Bonds will be expended and the disbursement procedures for such proceeds, including an estimated monthly draw schedule. Payments for the costs of the Project shall be made monthly.

Except as provided in Section 6.01 hereof, disbursements from the Series 2007 B Bonds Construction Trust Fund shall be made only after submission to and approval from the DEP of the following:

(1) a completed and signed "Payment Requisition Form," a form of which is attached to the Series 2007 B Bonds Loan Agreement as Exhibit B, in compliance with the Issuer's construction schedule, and

(2) a certificate, signed by an Authorized Officer and the Consulting Engineers, as appropriate 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 respective Bonds Construction Trust Funds shall be invested and reinvested in Qualified Investments at the written direction of the Issuer.

ARTICLE VII

ADDITIONAL COVENANTS OF THE ISSUER

Section 7.01. General Covenants of the Issuer. All the covenants, agreements and provisions of this Bond Legislation shall be and constitute valid and legally binding covenants of the Issuer and shall be enforceable in any court of competent jurisdiction by any Holder or Holders of the Series 2007 A Bonds and the Series 2007 B Bonds. In addition to the other covenants, agreements and provisions of this Bond Legislation, the Issuer hereby covenants and agrees with the Holders of the Series 2007 A Bonds and the Series 2007 B Bonds as hereinafter provided in this Article VII. All such covenants, agreements and provisions shall be irrevocable, except as provided herein, as long as any of the Series 2007 A Bonds and the Series 2007 B Bonds or the interest, if any, thereon is Outstanding and unpaid. not to

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

Section 7.03. Bonds Secured by Pledge of Net Revenues; Lien Position with Respect to Prior Bonds. The payment of the debt service of the Series 2007 A Bonds and the Series 2007 B Bonds shall be secured forthwith equally and ratably with each other by a first lien on the Net Revenues derived from the System, on a parity with the lien on the Net Revenues in favor of the Holders of the First Lien Bonds and senior to the lien on the Net Revenues in favor of the Holders of the Second Lien Bonds. The Net Revenues in an amount sufficient to pay the principal of and interest, if any, on the Series 2007 A Bonds and the Series 2007 B Bonds and the Prior Bonds and to make the payments into all funds and accounts and all other payments provided for in the Bond Legislation are hereby irrevocably pledged, 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. Initial Schedule of Rates and Charges. The Issuer has obtained any and all approvals of rates and charges required by State law and has taken any other action required to establish and impose such rates and charges, with all requisite appeal periods having expired without successful appeal. Such rates and charges shall be sufficient to comply with the requirements of the Loan Agreement. The initial schedule of rates and charges for the services and facilities of the System shall be as set forth in the water and sewer rate ordinance of the Issuer enacted on May 8, 2006, which rates are incorporated herein.

So long as the Series 2007 A Bonds and the Series 2007 B Bonds are outstanding, the Issuer covenants and agrees to fix and collect rates, fees and other charges for the use of the System and to take all such actions necessary to provide funds sufficient to produce the required sums set forth in the Bond Legislation and in compliance with the Loan Agreement. In the event

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

Section 7.05. Sale of the System. So long as the Prior Bonds are outstanding, the Issuer shall not sell, mortgage, lease or otherwise dispose of or encumber the System, or any part thereof, except as provided in the Prior Ordinances. Additionally, so long as the Series 2007 A Bonds and the Series 2007 B Bonds are outstanding and except as otherwise required by law or with the written consent of the Authority, the DEP 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 and the Series 2007 B Bonds, immediately be remitted to the Commission for deposit in the respective Sinking Funds, and, with the written permission of the Authority and the DEP and the Council, or, in the event the Authority is no longer a Bondholder, the Issuer shall direct the Commission to apply such proceeds to the payment of principal of and interest, if any, on the Series 2007 A Bonds and the Series 2007 B Bonds. Any balance remaining after the payment of the Series 2007 A Bonds and the Series 2007 B Bonds and interest, if any, thereon shall be remitted to the Issuer by the Commission unless necessary for the payment of other obligations of the Issuer payable out of the revenues of the System.

The foregoing provision notwithstanding, the Issuer shall have and hereby reserves the right to sell, lease or otherwise dispose of any of the property comprising a part of the System hereinafter determined in the manner provided herein to be no longer necessary, useful or profitable in the operation thereof. Prior to any such sale, lease or other disposition of such property, if the amount to be received therefor, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, is not in excess of $50,000, 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 $50,000 but not in excess of $200,000, 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 derived from any such sale, lease or other disposition of such property, aggregating during such Fiscal Year in excess of $50,000 and not in excess of $200,000, shall be deposited in the Renewal and Replacement

Fund. Payment of such proceeds into the Renewal and Replacement Fund shall not reduce the amounts required to be paid into such fund by other provisions of this Bond Legislation.

No sale, lease or other disposition of the properties of the System shall be made by the Issuer if the proceeds to be derived therefrom, together with all other amounts received during the same Fiscal Year for such sales, leases, or other dispositions of such properties, shall be in excess of $200,000 and insufficient to pay all Bonds then Outstanding without the prior approval and consent in writing of the Holders of the Bonds then Outstanding. The Issuer shall prepare the form of such approval and consent for execution by the then Holders of the Bonds for the disposition of the proceeds of the sale, lease or other disposition of such properties of the System.

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

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

The Issuer shall give the Authority, the DEP 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, or any other obligations related to the Project or the System.

Section 7.07. Parity Bonds. So long as the Prior Bonds are outstanding, the limitations on the issuance of parity obligations set forth in the Prior Ordinances shall be applicable. In addition, no Parity Bonds, payable out of the revenues of the System, shall be issued after the issuance of the Series 2007 A Bonds and the Series 2007 B Bonds pursuant to this Bond Legislation, except with the prior written consent of the Authority, the DEP and the Council under the conditions and in the manner herein provided (unless less restrictive than the provisions of the Prior Ordinances).

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

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

So long as the Series 1977 Bonds are outstanding, 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, reciting the conclusion that the Net Revenues for the Fiscal Year following the year in which such Parity Bonds are to be issued shall be at least 120% of the average annual debt service requirements on the following:

(1) The Bonds then Outstanding;

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

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

The foregoing limitation may be waived or modified by the written consent of the Holders of the Series 1977 Bonds, representing 75% of the then-outstanding principal indebtedness.

In the event the foregoing limitation is waived or when the Series 1977 Bonds are no longer outstanding, 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, reciting the conclusion that the Net Revenues actually derived, subject to the adjustments hereinafter provided for, from the System during any 12 consecutive months, within the 18 months immediately preceding the date of the actual issuance of such Parity Bonds, plus the estimated average increased annual Net Revenues to be received in each of the 3 succeeding years after the completion of the improvements to be financed by such Parity Bonds, if any, shall not be less than 115% of the largest aggregate amount that will mature and become due in any succeeding Fiscal Year for principal of and interest, if any, on the following:

(1) The Bonds then Outstanding;

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

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

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

The Net Revenues actually derived from the System during the 12-consecutive month period hereinabove referred to may be adjusted by adding to such Net Revenues such additional Net Revenues which would have been received, in the opinion of the Independent Certified Public Accountants, on account of increased rates, rentals, fees and charges for the System enacted by the Issuer, the period for appeal of which has expired prior to issuance of such Parity Bonds.

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

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

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

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, the DEP 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, the DEP 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, the DEP and the Council, or their agents and representatives, to inspect all records pertaining to the operation and maintenance of the System at all reasonable times following completion of construction and commencement of operation of

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

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

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

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

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

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

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

The Issuer shall also, at least once a year, cause the books, records and accounts of the System to be audited by Independent Certified Public Accountants 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 the Independent Certified Public Accountants, or a summary thereof, to any Holder or Holders of the Series 2007 A Bonds and the Series 2007 B Bonds, and shall submit said report to the DEP, the Council and the Authority, or any other original purchaser of the Series 2007 A Bonds and the Series 2007 B Bonds. Such audit report submitted to the Authority, the Council and the DEP 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, the Council and the DEP, or their agents and representatives, to enter and inspect the Project site and Project facilities at all reasonable times. Prior to, during and after completion of construction and commencement of operation of the Project, the Issuer shall also provide the Authority, the Council and the DEP, or their agents and representatives, with access to the System site and System facilities as may be reasonably necessary to accomplish all of the powers and rights of the Purchaser, the Authority, the Council and the DEP with respect to the System pursuant to the Act.

The Issuer shall provide the DEP with all appropriate documentation to comply with any special conditions established by federal and/or state regulations as set forth in Exhibit D of the Series 2007 B Bonds Loan Agreement or as promulgated from time to time.

Section 7.09. Rates. Prior to the issuance of the Series 2007 A Bonds and the Series 2007 B Bonds, equitable rates or charges for the use of and service rendered by the System shall be established all in the manner and form required by law, and copies of such rates and charges so established will be continuously on file with the Recorder, which copies will be open to inspection by all interested parties. The schedule of rates and charges shall at all times be adequate to produce Gross Revenues from the System sufficient to pay Operating Expenses and to make the prescribed payments into the funds created hereunder. Such schedule of rates and charges shall be changed and readjusted whenever necessary so that the aggregate of the rates and charges will be sufficient for such purposes. In order to assure full and continuous performance of this covenant, with a margin for contingencies and temporary unanticipated reduction in income and revenues, the Issuer hereby covenants and agrees that the schedule of rates or charges from time to time in effect shall be sufficient, together with other revenues of the System (i) to provide for all Operating Expenses of the System and (ii) to leave a balance each year equal to at least 115% of the maximum amount required in any year for payment of principal of and interest, if any, on the Series 2007 A Bonds and the Series 2007 B Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with or junior to the Series 2007 A Bonds and the Series 2007 B Bonds, including the Prior Bonds; provided that, so long as the Series 1977 Bonds are no longer outstanding, and in the event amounts equal to or in excess of the reserve requirements are on deposit respectively in the Series 2007 A Bonds Reserve Account and the Series 2007 B Bonds Reserve Account and any reserve accounts for obligations on a parity with or junior to the Series 2007 A Bonds and the Series 2007 B Bonds, including the Prior Bonds, are funded at least at the requirement therefor, such balance each year need only equal at least 110% of the maximum amount required in any year for payment of principal of and interest, if any, on the Series 2007 A Bonds and the Series 2007 B Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with or junior to

the Series 2007 A Bonds and the Series 2007 B Bonds, including the Prior Bonds. In any event, the Issuer shall not reduce the rates or charges for services described in Section 7.04.

Section 7.10. Operating Budget and Monthly Financial Report. The Issuer shall annually, at least 45 days preceding the beginning of each Fiscal Year, prepare and adopt by resolution a detailed, balanced budget of the estimated revenues and expenditures for operation and maintenance of the System during the succeeding Fiscal Year and shall submit a copy of such budget to the Authority, the DEP and the Council within 30 days of adoption thereof. No expenditures for the operation and maintenance of the System shall be made in any Fiscal Year in excess of the amounts provided therefor in such budget without a written finding and recommendation by a 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 professional engineer that such increased expenditures are necessary for the continued operation of the System. The Issuer shall mail copies of such annual budget and all resolutions authorizing increased expenditures for operation and maintenance to the Authority, the DEP and the Council and to any Holder of any Bonds, within 30 days of adoption thereof, and shall make available such budgets and all resolutions authorizing increased expenditures for operation and maintenance of the System at all reasonable times to the Authority, the DEP and the Council 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 respective Loan Agreements, and forward a copy of such report to the Authority, the DEP and the Council by the 10th day of each month.

Section 7.11. Engineering Services and Operating Personnel. The Issuer will obtain a certificate of the Consulting Engineers in the form attached to the Loan Agreement, stating, among other things, that the Project has been or will be constructed in accordance with the approved plans, specifications and designs as submitted to the Authority, the DEP and the Council, the Project is adequate for the purposes for which it was designed, the funding plan as submitted to the Authority, the DEP 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, the DEP and the Council covering the construction, administration and resident project representation of the development and construction of the Project, in accordance with the Professional Engineering Agreement by and between the Consulting Engineers and the Issuer for the Project. The Consulting Engineers shall provide Notice of Acceptability of Work, the form of which is attached to the Certificate of Consulting Engineer provided at closing to the Authority, the DEP, the Council and the Issuer at the

completion of construction that the Project is acceptable and in accordance with the approved plans, specifications and designs, or amendments thereto, approved by all necessary governmental bodies.

The Issuer shall require the Consulting Engineers to submit record drawings to the Issuer within 60 days of the completion of the Project. The Issuer shall notify the DEP in writing of such receipt.

The Issuer shall require the Consulting Engineers to provide the appropriate operation and maintenance manuals to the Issuer when the Project is 90% completed. The Issuer shall notify the DEP in writing of such receipt. The Issuer shall at all times provide operation and maintenance of the System in compliance with all State and federal standards.

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

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

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

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

Section 7.14. No Free Services. The Issuer will not render or cause to be rendered any free services of any nature by the System, nor will any preferential rates be

established for users of the same class; and in the event the Issuer, or any department, agency, instrumentality, officer or employee of 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 and the Series 2007 B Bonds remain Outstanding, the Issuer will, as an Operating Expense, procure, carry and maintain insurance with a reputable insurance carrier or carriers as is customarily covered with respect to works and properties similar to the System. Such insurance shall initially cover the following risks and be in the following amounts:

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

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

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

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

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

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

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

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

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

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

Section 7.17. Completion; Operation and Maintenance 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 shall take all steps to properly operate and maintain the System and make the necessary replacements due to normal wear and tear so long as the Series 2007 A Bonds and the Series 2007 B Bonds are outstanding.

The Issuer has obtained all permits required by State and federal laws for the acquisition and construction of the Project, all orders and approvals from the Public Service Commission of West Virginia and the Council necessary for the financing, acquisition and construction of the Project and the operation of the System and all approvals for issuance of the

Series 2007 A Bonds and the Series 2007 B Bonds required by State law, with all requisite appeal periods having expired without successful appeal.

Section 7.18. Statutory Mortgage Lien. For the further protection of the Holders of the Series 2007 A Bonds and the Series 2007 B Bonds, a statutory mortgage lien upon the System is granted and created by the Act, which statutory mortgage lien is hereby recognized and declared to be valid and binding, shall take effect immediately upon delivery of die Series 2007 A Bonds and the Series 2007 B Bonds, which statutory mortgage lien shall be on a parity with the statutory mortgage lien in favor of the Holders of the First Lien Bonds and senior to the statutory mortgage lien in favor of the Holders of the Second Lien Bonds.

Section 7.19. 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 will provide the DEP and 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, the DEP and the Council or other state, federal or local bodies in regard to the acquisition and construction of the Project and the operation, maintenance and use of the System.

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

Section 7.21. Contracts; Public Releases. A. The Issuer shall, simultaneously with the delivery of the Series 2007 A Bonds and the Series 2007 B Bonds or immediately thereafter, enter into written contracts for the immediate acquisition or construction of the Project.

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

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

ARTICLE VIII

INVESTMENT OF FUNDS; USE OF PROCEEDS

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

Any investment shall be held in and at all times deemed a part of the fund or account in which such monies were originally held, and the interest accruing thereon and any profit or loss realized from such investment shall be credited or charged to the appropriate fund or account. The investments held for any fund or account shall be valued at the lower of cost or then current market value, or at the redemption price thereof if then redeemable at the option of the holder, including the value of accrued interest and giving effect to the amortization of discount, or at par if such investment is held in the "Consolidated Fund." The Commission, 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, 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 and the Series 2007 B Bonds are Outstanding.

Section 8.02. Certificate as to Use of Proceeds; Covenants as to Use of Proceeds. The Issuer shall deliver a certificate as to use of proceeds or other similar certificate to be prepared by nationally recognized bond counsel relating to restrictions on the use of proceeds of the Series 2007 A Bonds and the Series 2007 B Bonds as a condition to issuance of the Series 2007 A Bonds and the Series 2007 B Bonds. In addition, the Issuer covenants (i) to comply with the Code and all Regulations from time to time in effect and applicable to the Series 2007 A Bonds and the Series 2007 B Bonds as may be necessary in order to maintain the status of the Series 2007 A Bonds and the Series 2007 B Bonds as governmental bonds; (ii) that it shall not take, or permit or suffer to be taken, any action with respect to the Issuer's use of the proceeds of the Series 2007 A Bonds and the Series 2007 B Bonds which would cause any bonds, the interest on which is exempt from federal income taxation under Section 103(a) of the Code, issued by the Authority, the DEP or the Council, as the case may be, from which the proceeds of the Series

2007 A Bonds and the Series 2007 B Bonds are derived, to lose their status as tax-exempt bonds; and (iii) to take such action, or refrain from taking such action, as shall be deemed necessary by the Issuer, or requested by the Authority, the Council or the DEP, to ensure compliance with the covenants and agreements set forth in this Section, regardless of whether such actions may be contrary to any of the provisions of this Ordinance.

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

ARTICLE IX

DEFAULT AND REMEDIES

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

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

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

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

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

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

Section 9.03. Appointment of Receiver. Any Registered Owner of the Series 2007 A Bonds and the Series 2007 B Bonds 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 the Series 2007 A Bonds and the Series 2007 B Bonds shall, in addition to all other remedies or rights, have the right by appropriate legal proceedings to obtain the appointment of a receiver to administer the System or to complete the acquisition and construction of the Project on behalf of the Issuer, with power to charge rates, rentals, fees and other charges sufficient to provide for the payment of Operating Expenses of the System, the payment of the Series 2007 A Bonds and the Series 2007 B 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 Series 2007 A Bonds and the Series 2007 B 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 Series 2007 A Bonds and the Series 2007 B Bonds. Such receiver shall have no power to sell, assign, mortgage or otherwise dispose of any assets of any kind or character belonging or pertaining to the System, but the authority of such receiver shall be limited to the completion of the Project and the possession, operation and maintenance of the System for the sole purpose of the protection of both the Issuer and Registered Owners of such Bonds and the curing and making good of any Event of Default with respect thereto under the provisions of this Bond Legislation, and the title to and ownership of the System shall remain in the Issuer, and no court shall have any jurisdiction to enter any order or decree permitting or requiring such receiver to sell, assign, mortgage or otherwise dispose of any assets of the System.

ARTICLE X

PAYMENT OF BONDS

Section 10.01. Payment of Bonds. If the Issuer shall pay or there shall otherwise be paid to the Holders of the Series 2007 A Bonds and the Series 2007 B Bonds, the principal of and interest, if any, due or to become due thereon, at the times and in the manner stipulated therein and in this Bond Legislation, then the pledge of Net Revenues and other monies and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Registered Owners of the Series 2007 A Bonds and the Series 2007 B Bonds shall thereupon cease, terminate and become void and be discharged and satisfied.

ARTICLE XI

MISCELLANEOUS

Section 11.01. Amendment or Modification of Bond Legislation. Prior to issuance of the Series 2007 A Bonds and the Series 2007 B Bonds, this Ordinance may he amended or supplemented in any way by the Supplemental Resolution. Following issuance of the Series 2007 A Bonds and the Series 2007 B Bonds, no material modification or amendment of this Ordinance, or of any resolution amendatory or supplemental hereto, that would materially and adversely affect the rights of Registered Owners of the Series 2007 A Bonds and the Series 2007 B Bonds shall be made without the consent in writing of the Registered Owners of the Series 2007 A Bonds and the Series 2007 B Bonds so affected and then Outstanding; provided, that no change shall be made in the maturity of any Bond or Bonds or the rate of interest thereon, or in the principal amount thereof, or affecting the unconditional promise of the Issuer to pay such principal and interest, if any, out of the funds herein respectively pledged therefor without the consent of the Registered Owner thereof. No amendment or modification shall be made that would reduce the percentage of the principal amount of Series 2007 A Bonds and the Series 2007 B Bonds, required for consent to the above-permitted amendments or modifications.

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 the Series 2007 B Bonds, and no change, variation or alteration of any kind of the provisions of the Bond Legislation shall be made in any manner, except as in this Bond Legislation provided.

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

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

Section 11.05. Notices. All notices to be sent to the Issuer, the Authority, the DEP or the Council shall be in writing and shall be deemed to have been given when delivered in person or mailed by first class mail, postage prepaid, addressed as follows:

ISSUER:

City of Summersville
Post Office Box 525
Summersville, West Virginia 26588
Attention: Mayor

AUTHORITY:

Water Development Authority
180 Association Drive
Charleston, West Virginia 25311-1571
Attention: Director

DEP:

West Virginia Department of Environmental Protection
601 57th Street SE
Charleston, West Virginia 25304
Attention: Division of Water & Waste Management

COUNCIL:

West Virginia Infrastructure Council
300 Summers Street, Suite 980
Charleston, WV 25301
Attention: Executive Secretary

All notices to be sent to the DEP or the Council hereunder, shall also be sent to the Authority.

Section 11.06. Conflicting Provisions Repealed. Except for the Prior Ordinances, all orders, ordinances or resolutions, or parts thereof, in conflict with the provisions of this Ordinance are to the extent of such conflict, hereby repealed; provided that, this Section shall not be applicable to the Prior Ordinances. In the event of any conflict between this Ordinance and the Prior Ordinances , the Prior Ordinances shall control (unless less restrictive), so long as the Prior Bonds are outstanding.

Section 11.07. Covenant of Due Procedure. Etc. The Issuer covenants that all acts, conditions, things and procedures required to exist, to happen, to be performed or to be taken precedent to and in the adoption 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 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 Nicholas Chronicle, a newspaper published and of general circulation in the City of Summersville, there being no newspaper published therein, 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 the Series 2007 B Bonds, and that any person interested may appear before the Governing Body upon a date certain, not less than ten days subsequent to the date of the first publication of such abstract of this Ordinance and notice, and present protests, and that a certified copy of this Ordinance is on file with the Governing Body for review by interested persons during office hours of the Governing Body. At such hearing, all objections and suggestions shall be heard and the Governing Body shall take such action as it shall deem proper in the premises.

Section 11.09. Effective Date. This Ordinance shall take effect immediately following the public hearing and final reading.

Passed on First Reading:	February 26, 2007
Passed on Second Reading:	March 21, 2007
Passed on Final Reading Following Public Hearing:	April 23, 2007

Mayor

CERTIFICATION

Certified a true copy of a Ordinance finally enacted by the City Council of the CITY OF SUMMERSVILLE on the 21st day of March, 2007, and put into effect following a public hearing held on the 23rd day of April, 2007.

Dated: May 15, 2007.

[SEAL]

Recorder

EXHIBIT A

LOAN AGREEMENT

[See Transcript Document Numbers 3 and 4]

CITY OF SUMMERSVILLE
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS
SERIES 2007 A (WEST VIRGINIA INFRASTRUCTURE FUND)
AND
SERIES 2007 B (WEST VIRGINIA SRF PROGRAM)

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNTS, DATES, MATURITY DATES, REDEMPTION PROVISIONS, INTEREST RATES, INTEREST AND PRINCIPAL PAYMENT DATES, SALE PRICES AND OTHER TERMS OF THE COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2007 A (WEST VIRGINIA INFRASTRUCTURE FUND) AND COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2007 B (WEST VIRGINIA SRF PROGRAM), OF THE CITY OF SUMMERSVILLE; AUTHORIZING AND APPROVING THE LOAN AGREEMENT AND BOND PURCHASE AGREEMENT, RESPECTIVELY, RELATING TO SUCH BONDS AND THE SALE AND DELIVERY OF SUCH BONDS TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

WHEREAS, the City Council (the "Governing Body") of the City of Summersville (the "Issuer") has duly and officially adopted a bond ordinance, effective the 23rd day of April, 2007 (the "Bond Ordinance") entitled:

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE SEWERAGE SYSTEM PORTION OF THE EXISTING PUBLIC COMBINED WATERWORKS AND SEWERAGE SYSTEM OF THE CITY OF SUMMERSVILLE AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE CITY OF NOT MORE THAN $8,682,265 IN AGGREGATE PRINCIPAL AMOUNT OF COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2007 A (WEST VIRGINIA INFRASTRUCTURE FUND), AND NOT MORE THAN $2,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF

COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2007 B (WEST VIRGINIA SRF PROGRAM); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING THE LOAN AGREEMENT AND BOND PURCHASE AGREEMENT, RESPECTIVELY, 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 meanings set forth in the Bond Ordinance when used herein;

WHEREAS, the Bond Ordinance provides for the issuance of Combined Waterworks and Sewerage System Revenue Bonds, Series 2007 A (West Virginia Infrastructure Fund) and Series 2007 B (West Virginia SRF Program) of the Issuer (collectively, the "Bonds" and individually, the "Series 2007 A Bonds" and the "Series 2007 B Bonds"), in the respective aggregate principal amounts not to exceed $8,682,265 and $2,000,000, and has authorized the execution and delivery of the loan agreement relating to the Series 2007 A Bonds, by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council") and the bond purchase agreement relating to the Series 2007 B Bonds, by and between the Issuer and the Authority, on behalf of the West Virginia Department of Environmental Protection (the "DEP") (collectively, the "Loan Agreements" and individually, the "Series 2007 A Loan Agreement" and the "Series 2007 B Loan Agreement"), all in accordance with Chapter 8, Article 20, Chapter 22C, Article 2 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 forms of the Loan Agreements and the exact principal amounts, dates, maturity dates, redemption provisions, interest rates, interest and principal payment dates, sale prices and other terms of the Bonds should be established by a supplemental resolution pertaining to the Bonds; and that other matters relating to the Bonds be herein provided for;

WHEREAS, the forms of the Loan Agreements have been presented to the Issuer at this meeting;

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

WHEREAS, the Governing Body deems it essential and desirable that this supplemental resolution (the "Supplemental Resolution") be adopted, that the forms of the Loan Agreements be approved and entered into by the Issuer, that the exact principal amounts,

the dates, the maturity dates, the redemption provisions, the interest rates, the interest and principal payment dates and the sale prices of the Bonds be fixed hereby in the manner stated herein, and that other matters relating to the Bonds be herein provided for;

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

Section 1. Pursuant to the Bond Ordinance and the Act, this Supplemental Resolution is adopted and there are hereby authorized and ordered to be issued the following bonds of the Issuer:

A. Combined Waterworks and Sewerage System 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 $8,682,265. The Series 2007 A Bonds shall be dated the date of delivery thereof, shall finally mature June 1, 2037, and shall bear no interest. The principal of the Series 2007 A Bonds shall be payable quarterly, on March 1, June 1, September 1 and December 1 of each year, commencing September 1, 2009, and ending June 1, 2037, and in the amounts as set forth in the "Schedule Y" to be attached to the Series 2007 A 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 2007 A Loan Agreement, so long as the Authority shall be the registered owner of the Series 2007 A Bonds.

B. Combined Waterworks and Sewerage System Revenue Bonds, Series 2007 B (West Virginia SRF Program), of the Issuer, originally represented by a single Bond, numbered BR-1, in the principal amount of $2,000,000. The Series 2007 B Bonds shall be dated the date of delivery thereof, shall finally mature on June 1, 2036, and shall bear no interest. The principal of the Series 2007 B Bonds shall be payable quarterly, on March 1, June 1, September 1 and December 1 of each year, commencing on September 1, 2009, and ending on June 1, 2036, and in the amounts as set forth in the "Schedule Y" to be attached to the Series 2007 B Loan Agreement and incorporated in and made a part of the Series 2007 B Bonds. The Series 2007 B Bonds shall be subject to redemption upon the written consent of the Authority and the DEP, and upon payment of the redemption premium, if any, and otherwise in compliance with the Series 2007 B Loan Agreement, so long as the Authority shall be the registered owner of the Series 2007 B Bonds. The Issuer does hereby approve and shall pay the SRF Administrative Fee equal to 1/2% of the principal amount of the Series 2007 B Bonds set forth in the "Schedule Y" to be attached to the Series 2007 B Loan Agreement.

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

Section 3. The Issuer does hereby authorize, ratify, approve and accept the forms of the Loan Agreements, the forms of which are incorporated herein by reference, and the execution and delivery of the Loan Agreements by the Mayor, and the performance of the obligations contained therein, on behalf of the Issuer, are hereby authorized, directed, ratified and approved. The Issuer hereby affirms all covenants and representations made in the Loan

Agreement and in the applications to the DEP, 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 will be advanced from time to time as requisitioned by the Issuer.

Section 4. The Issuer does hereby appoint and designate Branch Banking and Trust Company, 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 Branch Banking and Trust Company, Summersville, 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 B Bonds proceeds in the amount of $-0- shall be deposited in the Series 2007 B Bonds Sinking Fund as capitalized interest.

Section 9. Series 2007 A Bonds proceeds in the amount of $-0- shall be deposited in the Series 2007 A Bonds Reserve Account.

Section 10. Series 2007 B Bonds proceeds in the amount of $-0- shall be deposited in the Series 2007 B Bonds Reserve Account.

Section 11. The balance of the proceeds of the Series 2007 A Bonds and the Series 2007 B Bonds shall be deposited in or credited to the respective Bonds Construction Trust Funds as received from time to time for payment of costs of the Project, including, without limitation, costs of issuance of the Series 2007 A Bonds and the Series 2007 B Bonds and related costs.

Section 12. The Mayor and Recorder are hereby authorized and directed to execute and deliver such other documents, agreements, instruments and certificates required or desirable in connection with the Bonds hereby and by the Bond Ordinance approved and provided for, to the end that the Bonds may be delivered to the Authority pursuant to the Loan Agreements on or about May 15, 2007, or as soon thereafter as practicable.

Section 13. 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 14. The Issuer does hereby ratify, approve and accept all contracts relating to the financing, acquisition and construction of the Project.

Section 15. The Issuer hereby determines that it is in the best interest of the Issuer to invest all monies in the funds and accounts established by the Bond Ordinance held by the Depository Bank until expended, 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 by the Issuer. Monies in the Sinking Funds and the Reserve Accounts for the Bonds shall be invested by the West Virginia Municipal Bond Commission in the West Virginia Consolidated Fund.

Section 16. The Issuer hereby approves payment of all invoices and bills for the Project which have been received to date from the proceeds of the Bonds.

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

Adopted this 23rd day of April, 2007.

By: _____
Its: Mayor

CERTIFICATION

Certified a true copy of a Supplemental Resolution duly adopted by the City Council of the CITY OF SUMMERSVILLE on the 23rd day of April, 2007.

Dated: May 15, 2007.

[SEAL]

Recorder

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").

CITY OF SUMMERSVILLE

(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.

CITY OF SUMMERSVILLE

(SEAL)

By: _____
Its: Mayor
Date: May 15, 2007

Attest:

_____
Its: Recorder

WEST VIRGINIA WATER
DEVELOPMENT AUTHORITY

(SEAL)

By: _____
Its: Director
Date: May 15, 2007

Attest:

_____
Its: Secretary-Treasurer

{C1199885.1}

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 $8,682,265
Purchase Price of Local Bonds $8,682,265

The Local Bonds shall bear no interest. Commencing September 1, 2009, principal on the Local Bonds is payable quarterly. Quarterly payments will be made on March 1, June 1, September 1 and December 1 of each year as set forth on the Schedule Y attached hereto and incorporated herein by reference.

The Governmental Agency shall 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) City of Summersville Water and Sewer System Revenue Bonds, Series 1977, dated August 4, 1981 issued in the original principal amount of $290,000;

(ii) City of Summersville Water and Sewer System Revenue Bonds, Series 1990 A, dated April 6, 1990, issued in the original principal amount of $281,848;

(iii) City of Summersville Water and Sewer System Revenue Bonds, Series 1991 A; dated August 13, 1991, issued in the original principal amount of $790,057;

(iv) City of Summersville Water and Sewer System Revenue Bonds, Series 1998 A (West Virginia Infrastructure Fund), dated January 6, 1998, issued in the original principal amount of $639,000;

(v) City of Summersville Waterworks and Sewerage System Revenue Bonds, Series 2002 A (West Virginia Infrastructure Fund), dated December 18, 2002, issued in the original principal amount of $4,661,505;

(vi) City of Summersville Waterworks and Sewerage System Revenue Bonds, Series 2002 B (West Virginia DWTRF Program), dated December 18, 2002, issued in the original principal amount of $2,388,495; and

(vii) City of Summersville Combined Waterworks and Sewerage System Revenue Bond, Series 2007 B (West Virginia SRF Program) in the original principal amount of $2,000,000 to be issued simultaneously with the Local Bonds.

The Local Bonds shall be senior and superior to the City of Summersville Water and Sewer System Revenue Bonds, Series 1990 B, dated April 6, 1990, issued in the original principal amount of $13,152, and City of Summersville Water and Sewer System Revenue Bonds, Series 1991 B, dated August 13, 1991, issued in the original principal amount of $35,671.

SCHEDULE Y

$8,682,265

City of Summersville

0% Interest Rate, 28 Years

Closing Date: May 15, 2007

Debt Service Schedule

Date	Principal	Coupon	Total P+I
06/01/2007	-	-	-
09/01/2007	-	-	-
12/01/2007	-	-	-
03/01/2008	-	-	-
06/01/2008	-	-	-
09/01/2008	-	-	-
12/01/2008	-	-	-
03/01/2009	-	-	-
06/01/2009	-	-	-
09/01/2009	77,521.00	-	77,521.00
12/01/2009	77,521.00	-	77,521.00
03/01/2010	77,521.00	-	77,521.00
06/01/2010	77,521.00	-	77,521.00
09/01/2010	77,521.00	-	77,521.00
12/01/2010	77,521.00	-	77,521.00
03/01/2011	77,521.00	-	77,521.00
06/01/2011	77,521.00	-	77,521.00
09/01/2011	77,521.00	-	77,521.00
12/01/2011	77,521.00	-	77,521.00
03/01/2012	77,521.00	-	77,521.00
06/01/2012	77,521.00	-	77,521.00
09/01/2012	77,521.00	-	77,521.00
12/01/2012	77,521.00	-	77,521.00
03/01/2013	77,521.00	-	77,521.00
06/01/2013	77,521.00	-	77,521.00
09/01/2013	77,521.00	-	77,521.00
12/01/2013	77,521.00	-	77,521.00
03/01/2014	77,521.00	-	77,521.00
06/01/2014	77,521.00	-	77,521.00
09/01/2014	77,521.00	-	77,521.00
12/01/2014	77,521.00	-	77,521.00
03/01/2015	77,521.00	-	77,521.00
06/01/2015	77,521.00	-	77,521.00
09/01/2015	77,521.00	-	77,521.00
12/01/2015	77,520.00	-	77,520.00
03/01/2016	77,520.00	-	77,520.00
06/01/2016	77,520.00	-	77,520.00
09/01/2016	77,520.00	-	77,520.00
12/01/2016	77,520.00	-	77,520.00
03/01/2017	77,520.00	-	77,520.00
06/01/2017	77,520.00	-	77,520.00
09/01/2017	77,520.00	-	77,520.00
12/01/2017	77,520.00	-	77,520.00
03/01/2018	77,520.00	-	77,520.00

$8,682,265
City of Summersville
0% Interest Rate, 28 Years
Closing Date: May 15, 2007

Debt Service Schedule

Date	Principal	Coupon	Total P+I
06/01/2018	77,520.00	-	77,520.00
09/01/2018	77,520.00	-	77,520.00
12/01/2018	77,520.00	-	77,520.00
03/01/2019	77,520.00	-	77,520.00
06/01/2019	77,520.00	-	77,520.00
09/01/2019	77,520.00	-	77,520.00
12/01/2019	77,520.00	-	77,520.00
03/01/2020	77,520.00	-	77,520.00
06/01/2020	77,520.00	-	77,520.00
09/01/2020	77,520.00	-	77,520.00
12/01/2020	77,520.00	-	77,520.00
03/01/2021	77,520.00	-	77,520.00
06/01/2021	77,520.00	-	77,520.00
09/01/2021	77,520.00	-	77,520.00
12/01/2021	77,520.00	-	77,520.00
03/01/2022	77,520.00	-	77,520.00
06/01/2022	77,520.00	-	77,520.00
09/01/2022	77,520.00	-	77,520.00
12/01/2022	77,520.00	-	77,520.00
03/01/2023	77,520.00	-	77,520.00
06/01/2023	77,520.00	-	77,520.00
09/01/2023	77,520.00	-	77,520.00
12/01/2023	77,520.00	-	77,520.00
03/01/2024	77,520.00	-	77,520.00
06/01/2024	77,520.00	-	77,520.00
09/01/2024	77,520.00	-	77,520.00
12/01/2024	77,520.00	-	77,520.00
03/01/2025	77,520.00	-	77,520.00
06/01/2025	77,520.00	-	77,520.00
09/01/2025	77,520.00	-	77,520.00
12/01/2025	77,520.00	-	77,520.00
03/01/2026	77,520.00	-	77,520.00
06/01/2026	77,520.00	-	77,520.00
09/01/2026	77,520.00	-	77,520.00
12/01/2026	77,520.00	-	77,520.00
03/01/2027	77,520.00	-	77,520.00
06/01/2027	77,520.00	-	77,520.00
09/01/2027	77,520.00	-	77,520.00
12/01/2027	77,520.00	-	77,520.00
03/01/2028	77,520.00	-	77,520.00
06/01/2028	77,520.00	-	77,520.00
09/01/2028	77,520.00	-	77,520.00
12/01/2028	77,520.00	-	77,520.00
03/01/2029	77,520.00	-	77,520.00

$8,682,265
City of Summersville
0% Interest Rate, 28 Years
Closing Date: May 15, 2007

Debt Service Schedule

Date	Principal	Coupon	Total P+I
06/01/2029	77,520.00	-	77,520.00
09/01/2029	77,520.00	-	77,520.00
12/01/2029	77,520.00	-	77,520.00
03/01/2030	77,520.00	-	77,520.00
06/01/2030	77,520.00	-	77,520.00
09/01/2030	77,520.00	-	77,520.00
12/01/2030	77,520.00	-	77,520.00
03/01/2031	77,520.00	-	77,520.00
06/01/2031	77,520.00	-	77,520.00
09/01/2031	77,520.00	-	77,520.00
12/01/2031	77,520.00	-	77,520.00
03/01/2032	77,520.00	-	77,520.00
06/01/2032	77,520.00	-	77,520.00
09/01/2032	77,520.00	-	77,520.00
12/01/2032	77,520.00	-	77,520.00
03/01/2033	77,520.00	-	77,520.00
06/01/2033	77,520.00	-	77,520.00
09/01/2033	77,520.00	-	77,520.00
12/01/2033	77,520.00	-	77,520.00
03/01/2034	77,520.00	-	77,520.00
06/01/2034	77,520.00	-	77,520.00
09/01/2034	77,520.00	-	77,520.00
12/01/2034	77,520.00	-	77,520.00
03/01/2035	77,520.00	-	77,520.00
06/01/2035	77,520.00	-	77,520.00
09/01/2035	77,520.00	-	77,520.00
12/01/2035	77,520.00	-	77,520.00
03/01/2036	77,520.00	-	77,520.00
06/01/2036	77,520.00	-	77,520.00
09/01/2036	77,520.00	-	77,520.00
12/01/2036	77,520.00	-	77,520.00
03/01/2037	77,520.00	-	77,520.00
06/01/2037	77,520.00	-	77,520.00
Total	**$8,682,265.00**	**-**	**$8,682,265.00**

SCHEDULE Z

None.

SRF-BPA-1
(11/01/04)

BOND PURCHASE AGREEMENT

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

CITY OF SUMMERSVILLE
(Local Government)

W I T N E S S E T H:

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

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE I

Definitions

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

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

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

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

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

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

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

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

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

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

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

ARTICLE II

The Project and the System

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

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE III

Conditions to Purchase of Local Bonds; Issuance of Local Bonds

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

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

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

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

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

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

(f) The Local Government shall have obtained all requisite orders of and approvals from the Public Service Commission of West Virginia (the "PSC") and the West Virginia Infrastructure and Jobs Development Council necessary for the construction of the Project and operation of the System, with all requisite appeal periods having expired without

successful appeal and the Authority and DEP shall have received an opinion of counsel to the Local Government, which may be local counsel to the Local Government, bond counsel or special PSC counsel but must be satisfactory to the Authority and DEP, to such effect;

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

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

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

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

3.2 Subject to the terms and provisions of this Bond Purchase Agreement, the rules and regulations promulgated by the Authority and DEP, including the SRF Regulations, or any other appropriate State agency and any applicable rules, regulations and procedures promulgated from time to time by the federal government, it is hereby agreed that

the Authority shall purchase the Local Bonds of the Local Government and the Local Government shall issue and sell the Local Bonds to the Authority, and in furtherance thereof it is agreed that the Local Government shall sell to the Authority and the Authority shall purchase the Local Bonds in the principal amount and at the price set forth in Schedule X hereto. The Local Bonds shall have such further terms and provisions as described in Article IV hereof.

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

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

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

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

ARTICLE IV

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

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

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

(i) to pay Operating Expenses of the System;

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

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

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

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

(b) Covenants substantially as follows:

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

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

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

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

(v) That the Local Government shall not issue any other obligations payable from the revenues of the System which rank prior to, or equally, as to lien and security with the Local Bonds, except parity bonds which shall only be issued if net revenues of the System prior to issuance of such parity bonds, plus reasonably projected revenues from rate increases and the improvements to be financed by such parity bonds, shall not be less than one hundred fifteen percent (115%) of the maximum debt service in any succeeding year on all Local Bonds and parity bonds theretofore and then being issued and on

any obligations secured by a lien on or payable from the revenues of the System prior to the Local Bonds and with the prior written consent of the Authority and DEP; provided, however, that additional parity bonds may be issued to complete the Project, as described in the Application as of the date hereof, without regard to the foregoing;

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

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

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

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

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

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

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

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

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

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

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

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

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

(xix) That the Local Government shall have obtained the certificate of the Consulting Engineers to the effect that the Project has been or will be constructed in accordance with the approved plans, specifications and design as submitted to

the Authority and DEP, the Project is adequate for the purposes for which it was designed, the funding plan as submitted to the Authority and DEP is sufficient to pay the costs of acquisition and construction of the Project and all permits required by federal and State laws for construction of the Project have been obtained;

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

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

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

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

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

the interest rate on or the net interest cost of the Local Bonds exceed any statutory limitation with regard thereto.

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

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

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

ARTICLE V

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

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

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

such actions necessary to provide funds sufficient to produce the required sums set forth in the Local Act and this Bond Purchase Agreement.

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

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

ARTICLE VI

Other Agreements of the Local Government

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

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

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

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

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

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

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

ARTICLE VII

Miscellaneous

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

7.2 If any provision of this Bond Purchase Agreement shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such provision shall

not affect any of the remaining provisions of this Bond Purchase Agreement, and this Bond Purchase Agreement shall be construed and enforced as if such invalid or unenforceable provision had not been contained herein.

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

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

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

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

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

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

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

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

(iv) payment in full of the principal of and interest on the Local Bonds and of any fees and charges owed by the Local Government to the Authority or DEP; provided that the amount of the Local Bonds purchased under this Bond Purchase Agreement in any succeeding fiscal year is contingent upon funds being appropriated by the State legislature or otherwise being available to purchase the Local Bonds. In the event funds are not appropriated

or otherwise available to purchase all of the Local Bonds, the responsibility of the Authority and DEP to purchase the Local Bonds is terminated; provided further that the obligation of the Local Government to repay the outstanding amount of the Local Bonds is not terminated due to such non-funding on any balance of the Local Bonds. The DEP agrees to use its best efforts to have the amount contemplated under this Bond Purchase Agreement included in its budget. Non-appropriation or non-funding of the Loan shall not be considered an event of default under this Bond Purchase Agreement.

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

CITY OF SUMMERSVILLE

(SEAL)

By: _____
Its: Mayor
Date: 5-2-07

Attest:

_____
Its: Recorder

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

By: _____
Its: Director
Date: May 7, 2007

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

(SEAL)

By: _____
Its: Director
Date: May 1, 2007

Attest:

_____
Its: Secretary-Treasurer

EXHIBIT A

FORM OF PERFORMANCE CERTIFICATE

[To Be Provided By DEP]

EXHIBIT B

MONTHLY FINANCIAL REPORT

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

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

_____
Name of Person Completing Form

_____
Address

_____
Telephone

INSTRUCTIONS FOR COMPLETING MONTHLY FINANCIAL REPORT

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

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

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

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

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

EXHIBIT C

PAYMENT REQUISITION FORM

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

EXHIBIT D

FORM OF CERTIFICATE OF CONSULTING ENGINEER

_____
(Issuer)

_____
(Name of Bonds)

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

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

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

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

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

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

_____

By _____

West Virginia License No. __

[SEAL]

---

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

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

EXHIBIT E

SPECIAL CONDITIONS

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

B. AUDIT REQUIREMENT (Supplement to Article IV 4.1 (b) (xi)) - Effective October 1, 2003, the Local Government that receives $500,000 or more (in federal funds) in a fiscal year must obtain audits in accordance with the Single Audit Act and the applicable OMB Circular or any successor thereto. Financial statement audits are required once all funds have been received by the Local Government.

EXHIBIT F

MONTHLY PAYMENT FORM

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

Re: [Name of bond issue]

Ladies and Gentlemen:

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

Sinking Fund:

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

Witness my signature this ___ day of_____.

[Name of Local Government]

By: _____
Authorized Officer

Enclosure: copy of check(s)

EXHIBIT G

OPINION OF BOND COUNSEL FOR LOCAL GOVERNMENT

[To Be Dated as of Date of Closing]

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

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

Ladies and Gentlemen:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Very truly yours,

SCHEDULE X

DESCRIPTION OF LOCAL BONDS

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

The Local Bonds shall bear no interest. Commencing September 1, 2009, principal of the Local Bonds is payable quarterly, with an administrative fee of 0.5%. Quarterly payments will be made on March 1, June 1, September 1 and December 1 of each year as set forth on the Schedule Y attached hereto and incorporated herein by reference.

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

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

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

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

(i) City of Summersville Water and Sewer Systems Revenue Bonds, Series 1977, Dated August 4, 1981, issued in the original principal amount of $290,000;

(ii) City of Summersville Water and Sewer System Revenue Bonds, Series 1990 A, dated April 6, 1990, issued in the original principal amount of $281,848;

(iii) City of Summersville Water and Sewer System Revenue Bonds, Series 1991 A, dated August 13, 1991, issued in the original principal amount of $790,057;

(iv) City of Summersville Water and Sewer System Revenue Bonds, Series 1998 A (West Virginia Infrastructure Fund), dated January 6, 1998, issued in the original principal amount of $639,000;

(v) City of Summersville Waterworks and Sewerage System Revenue Bonds, Series 2002 A (West Virginia Infrastructure Fund), dated December 18, 2002, issued in the original principal amount of $4,661,505;

(vi) City of Summersville Waterworks and Sewerage System Revenue Bonds, Series 2002 B (West Virginia DWTRF Program), dated December 18, 2002, issued in the original principal amount of $2,388,495; and

(vii) City of Summersville Combined Waterworks and Sewerage System Revenue Bond, Series 2007 A (West Virginia Infrastructure Fund), in the original principal amount of $8,682,265 to be issued simultaneously with the Local Bonds.

The Local Bonds shall be senior and superior to the City of Summersville Water and Sewer System Revenue Bonds, Series 1990 B, dated April 6, 1990, issued in the original principal amount of $13,152, and City of Summersville Water and Sewer System Revenue Bonds, Series 1991 B, dated August 13, 1991, issued in the original principal amount of $35,671.

SCHEDULE Y

$2,000,000

City of Summersville

0% Interest Rate, 0.5% Administrative Fee, 27 Years

Closing Date: May 15, 2007

Debt Service Schedule

Date	Principal	Coupon	Total P+I
06/01/2007	-	-	-
09/01/2007	-	-	-
12/01/2007	-	-	-
03/01/2008	-	-	-
06/01/2008	-	-	-
09/01/2008	-	-	-
12/01/2008	-	-	-
03/01/2009	-	-	-
06/01/2009	-	-	-
09/01/2009	18,519.00	-	18,519.00
12/01/2009	18,519.00	-	18,519.00
03/01/2010	18,519.00	-	18,519.00
06/01/2010	18,519.00	-	18,519.00
09/01/2010	18,519.00	-	18,519.00
12/01/2010	18,519.00	-	18,519.00
03/01/2011	18,519.00	-	18,519.00
06/01/2011	18,519.00	-	18,519.00
09/01/2011	18,519.00	-	18,519.00
12/01/2011	18,519.00	-	18,519.00
03/01/2012	18,519.00	-	18,519.00
06/01/2012	18,519.00	-	18,519.00
09/01/2012	18,519.00	-	18,519.00
12/01/2012	18,519.00	-	18,519.00
03/01/2013	18,519.00	-	18,519.00
06/01/2013	18,519.00	-	18,519.00
09/01/2013	18,519.00	-	18,519.00
12/01/2013	18,519.00	-	18,519.00
03/01/2014	18,519.00	-	18,519.00
06/01/2014	18,519.00	-	18,519.00
09/01/2014	18,519.00	-	18,519.00
12/01/2014	18,519.00	-	18,519.00
03/01/2015	18,519.00	-	18,519.00
06/01/2015	18,519.00	-	18,519.00
09/01/2015	18,519.00	-	18,519.00
12/01/2015	18,519.00	-	18,519.00
03/01/2016	18,519.00	-	18,519.00
06/01/2016	18,519.00	-	18,519.00
09/01/2016	18,519.00	-	18,519.00
12/01/2016	18,519.00	-	18,519.00
03/01/2017	18,519.00	-	18,519.00
06/01/2017	18,519.00	-	18,519.00
09/01/2017	18,519.00	-	18,519.00
12/01/2017	18,519.00	-	18,519.00
03/01/2018	18,519.00	-	18,519.00

$2,000,000
City of Summersville
0% Interest Rate, 0.5% Administrative Fee, 27 Years
Closing Date: May 15, 2007

Debt Service Schedule

Date	Principal	Coupon	Total P+I
06/01/2018	18,519.00	-	18,519.00
09/01/2018	18,519.00	-	18,519.00
12/01/2018	18,519.00	-	18,519.00
03/01/2019	18,519.00	-	18,519.00
06/01/2019	18,519.00	-	18,519.00
09/01/2019	18,519.00	-	18,519.00
12/01/2019	18,519.00	-	18,519.00
03/01/2020	18,519.00	-	18,519.00
06/01/2020	18,519.00	-	18,519.00
09/01/2020	18,519.00	-	18,519.00
12/01/2020	18,519.00	-	18,519.00
03/01/2021	18,519.00	-	18,519.00
06/01/2021	18,519.00	-	18,519.00
09/01/2021	18,519.00	-	18,519.00
12/01/2021	18,519.00	-	18,519.00
03/01/2022	18,519.00	-	18,519.00
06/01/2022	18,519.00	-	18,519.00
09/01/2022	18,519.00	-	18,519.00
12/01/2022	18,519.00	-	18,519.00
03/01/2023	18,519.00	-	18,519.00
06/01/2023	18,519.00	-	18,519.00
09/01/2023	18,518.00	-	18,518.00
12/01/2023	18,518.00	-	18,518.00
03/01/2024	18,518.00	-	18,518.00
06/01/2024	18,518.00	-	18,518.00
09/01/2024	18,518.00	-	18,518.00
12/01/2024	18,518.00	-	18,518.00
03/01/2025	18,518.00	-	18,518.00
06/01/2025	18,518.00	-	18,518.00
09/01/2025	18,518.00	-	18,518.00
12/01/2025	18,518.00	-	18,518.00
03/01/2026	18,518.00	-	18,518.00
06/01/2026	18,518.00	-	18,518.00
09/01/2026	18,518.00	-	18,518.00
12/01/2026	18,518.00	-	18,518.00
03/01/2027	18,518.00	-	18,518.00
06/01/2027	18,518.00	-	18,518.00
09/01/2027	18,518.00	-	18,518.00
12/01/2027	18,518.00	-	18,518.00
03/01/2028	18,518.00	-	18,518.00
06/01/2028	18,518.00	-	18,518.00
09/01/2028	18,518.00	-	18,518.00
12/01/2028	18,518.00	-	18,518.00
03/01/2029	18,518.00	-	18,518.00

$2,000,000
City of Summersville
0% Interest Rate, 0.5% Administrative Fee, 27 Years
Closing Date: May 15, 2007

Debt Service Schedule

Date	Principal	Coupon	Total P+I
06/01/2029	18,518.00	-	18,518.00
09/01/2029	18,518.00	-	18,518.00
12/01/2029	18,518.00	-	18,518.00
03/01/2030	18,518.00	-	18,518.00
06/01/2030	18,518.00	-	18,518.00
09/01/2030	18,518.00	-	18,518.00
12/01/2030	18,518.00	-	18,518.00
03/01/2031	18,518.00	-	18,518.00
06/01/2031	18,518.00	-	18,518.00
09/01/2031	18,518.00	-	18,518.00
12/01/2031	18,518.00	-	18,518.00
03/01/2032	18,518.00	-	18,518.00
06/01/2032	18,518.00	-	18,518.00
09/01/2032	18,518.00	-	18,518.00
12/01/2032	18,518.00	-	18,518.00
03/01/2033	18,518.00	-	18,518.00
06/01/2033	18,518.00	-	18,518.00
09/01/2033	18,518.00	-	18,518.00
12/01/2033	18,518.00	-	18,518.00
03/01/2034	18,518.00	-	18,518.00
06/01/2034	18,518.00	-	18,518.00
09/01/2034	18,518.00	-	18,518.00
12/01/2034	18,518.00	-	18,518.00
03/01/2035	18,518.00	-	18,518.00
06/01/2035	18,518.00	-	18,518.00
09/01/2035	18,518.00	-	18,518.00
12/01/2035	18,518.00	-	18,518.00
03/01/2036	18,518.00	-	18,518.00
06/01/2036	18,518.00	-	18,518.00
Total	**$2,000,000.00**	**-**	**$2,000,000.00** *

***Plus $1,261.56 one-half percent Administrative Fee paid quarterly. Total fee over life of loan is $136,248.48.**

Yield Statistics

Bond Year Dollars	$31,338.52
Average Life	15.669 Years
Average Coupon	-
Net Interest Cost (NIC)	-
True Interest Cost (TIC)	-3.80E-15
Bond Yield for Arbitrage Purposes	-3.80E-15
All Inclusive Cost (AIC)	0.4325132%

IRS Form 8038

Net Interest Cost	-
Weighted Average Maturity	15.669 Years

File | City of Summersville Loans.sf | SRF 4-25-07 | 4/25/2007 | 11:58 AM

060335coma051407.wpd

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 14th day of May, 2007.

CASE NO. 06-0335-S-CN (Reopened)

CITY OF SUMMERSVILLE
Application for a certificate of convenience and necessity to upgrade and improve its sewer collection system to serve approximately 1541 customers in the Summersville area of Nicholas County, West Virginia.

COMMISSION ORDER

By Recommended Decision entered on September 29, 2006 (Final October 19, 2006), the City of Summersville (City) was granted a certificate of public convenience and necessity to upgrade and improve its sewer collection system to serve approximately 1,541 customers in the Summersville area, contingent upon the filing of its modified NPDES permit. Proposed financing was also approved for the project, consisting of a $4,360,000 West Virginia Infrastructure and Jobs Development Council (IJDC) loan and a $2,000,000 West Virginia State Revolving Fund (SRF) loan, with both loans having a 0% interest rate for a term of 27 years and the SRF loan incurring a 0.5% administrative fee.

On March 23, 2007, the City filed a petition to reopen due to a bid overrun that resulted in a $4,322,265.00 shortfall in its financing. The City explained that it arranged for an additional IJDC loan in the amount of $4,322,265. The additional loan, as well as the original committed $4,360,000 IJDC loan, will be repaid over 30 years at a 0% annual interest rate. As the additional costs will not increase user rates, the City requested expedited approval of the revised financing.

Commission Staff filed its Initial Joint Staff Memorandum and discovery requests on April 18, 2007. The City responded to the request on April 25, 2007.

On May 9, 2007, John Sterling Pettengill of Richwood, West Virginia filed an unverified "Plea to Delay the Summersville Sewer Project Long Enough for a 2nd Opinion."

On May 11, 2007, the City filed its "Motion to Dismiss Plea to Delay the Summersville Sewer Project Long Enough for a 2nd Opinion."

On May 14, 2007, Staff filed its Final Joint Staff Memorandum recommending the approval of the increased project cost and increased IJDC loan amount. Further, Staff recommended that Mr. Pettengill's Plea to Delay be disregarded for lack of standing.

DISCUSSION

The Commission shall will approve (1) the increased project cost of $10,682,685; and (2) the revised IJDC loan of $8,682,265 at 0% for 30 years. In addition, the Commission will disregard Mr. Pettengill's motion because he has not demonstrated standing before the Commission under Rule 12.6.a of the Public Service Commission's *Rules of Practice and Procedure*. Furthermore, Mr. Pettengill is neither a resident of the City of Summersville nor a customer of the City of Summersville wastewater treatment collection system. In addition, the "Plea to Delay"states no grounds upon which the Commission should delay the issuance of a certificate of convenience and necessity in this case.

FINDINGS OF FACT

1. By Recommended Decision entered on September 29, 2006 (Final October 19, 2006), the City was granted a certificate of public convenience and necessity to upgrade and improve its sewer collection system.

2. Proposed financing was approved for the project, consisting of a $4,360,000 Infrastructure and Jobs Development Council (IJDC) loan and a $2,000,000 State Revolving Fund (SRF) loan, with both loans having a 0% interest rate for a term of 27 years and the SRF loan incurring a 0.5% administrative fee.

3. On March 23, 2007, the City filed a petition to reopen due to a bid overrun that resulted in a $4,322,265.00 shortfall in its financing.

4. The City has arranged for an additional IJDC loan in the amount of $4,322,265. The additional loan, as well as the original committed $4,360,000 IJDC loan, will be repaid over 30 years at a 0% annual interest rate.

5. According to the City, the additional costs will not increase user rates.

6. On May 9, 2007, John Sterling Pettengill filed an unverified Plea to Delay the Summersville Sewer Project Long Enough for a 2nd Opinion.

7. On May 11, 2007, the City filed its Motion to Dismiss Plea to Delay the Summersville Sewer Project Long Enough for a 2nd Opinion.

8. On May 14, 2007, Staff filed its Final Joint Staff Memorandum.

CONCLUSIONS OF LAW

1. It is reasonable to approve (1) the increased project cost of $10,682,685; and (2) the revised IJDC loan of $8,682,265 at 0% for 30 years.

2. The Commission will deny Mr. Pettengill's motion because he has not demonstrated standing before the Commission under Rule 12.6.a of the Public Service Commission's *Rules of Practice and Procedure.*

ORDER

IT IS, THEREFORE, ORDERED that the petition to reopen, filed by the City of Summersville on March 23, 2007, is hereby granted.

IT IS FURTHER ORDERED that the City of Summersville's increased project cost of $10,682,265, is hereby approved.

IT IS FURTHER ORDERED that the IJDC loan of $8,682,265, at 0% for 30 years is hereby approved.

IT IS FURTHER ORDERED that if there are changes in the plan, scope, or financing for the project that affect customer rates, the City shall request that the case be reopened and seek approval from the Commission for the changes.

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

IT IS FURTHER ORDERED that Mr. Pettengill's Motion is denied.

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

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

A True Copy, Teste:

Sandra Squire

Sandra Squire
Executive Secretary

MEB/las
060335ca.wpd

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

FINAL

10/19/2006

Entered: September 29, 2006

CASE NO. 06-0335-S-CN

CITY OF SUMMERSVILLE, a municipally operated utility.
Application for a certificate of convenience and necessity to upgrade and improve its sewer collection system to serve approximately 1,541 customers in the Summersville area of Nicholas County, West Virginia.

RECOMMENDED DECISION

PROCEDURE

On March 16, 2006, the City of Summersville (Summersville), a municipally operated public sewer utility, Summersville, Nicholas County, filed an application with the Public Service Commission under *West Virginia Code* §24-2-11 for a certificate of public convenience and necessity to upgrade and improve its sewer collection system to serve approximately 1,541 customers in the Summersville area and for approval of financing for the proposed project, comprised of a $4,360,000 West Virginia Infrastructure and Jobs Development Council (IJDC) loan and a $2,000,000 West Virginia State Revolving Fund (SRF) loan, for a total funding package of $6,360,000. Summersville's application proposed a two-tiered rate increase of 47% and 31%.

On March 16, 2006, the Commission directed that Summersville publish a Notice of Filing, once, in a newspaper duly qualified by the Secretary of State, published and generally circulated in Nicholas County. The Notice of Filing, which provided a 30-day protest period, indicated that, if no protests were filed within the 30-day limit, the Commission may waive formal hearing and grant the certificate based upon the evidence submitted with the application. On March 30, 2006, Summersville submitted a publication affidavit indicating that it had published the Notice of Filing on March 23 and 30, 2006, in *The Nicholas Chronicle*, a newspaper published and generally circulated in Nicholas County. Protests to the application were filed.

On April 20, 2006, Staff Attorney C. Terry Owen submitted the Initial Joint Staff Memorandum, attaching the April 12, 2006 Initial Internal Memorandum from Technical Analyst Audra Blackwell, Engineering Division, and Utilities Analyst Scott McNeely, Water and Wastewater Division. Staff related that Summersville needed to submit a notification of any agreements it has entered into with other utilities; a copy of the municipal rate ordinance to support the proposed

project; funding commitment letters from the IJDC and the SRF; and a letter stating whether Summersville will utilize interim financing and, if so, a letter of commitment for the interim financing. Staff indicated that it would submit a final substantive recommendation once it had completed its investigation of the application.

On April 26, 2006, responding to data requests from Staff, Summersville attached a copy of a rate ordinance. However, this copy did not indicate whether it had been enacted or at what stage of enactment it may be.

By the May 3, 2006 Referral Order, the Commission referred this certificate application to the Division of Administrative Law Judges (ALJ Division) to render a written recommended decision no later than July 31, 2006, if it is not protested, or October 12, 2006, if protested. Since protests have been filed, the ALJ must render his written recommended decision in this matter no later than October 12, 2006.

On May 5, 2006, Summersville submitted a publication affidavit related to the rate ordinance in support of the proposed project, indicating that the final vote on the rate ordinance would occur on May 8, 2006, to become effective 45 days after passage. On April 20 and 27, 2006, *The Nicholas Chronicle* published this notice, which provided a 30-day protest period. Protests were filed. Pursuant to all of the above, by the May 24, 2006 Procedural Order, the Administrative Law Judge (ALJ) adopted a procedural schedule to process and resolve this matter, including a July 10, 2006 hearing date.

On July 3, 2006, Summersville submitted minutes from the May 8, 2006 meeting of Summersville's Town Council at which it voted to approve and adopt an amended ordinance increasing the rates for providing public water and sewer service.

On July 5, 2006, Staff Attorney C. Terry Owen submitted the Final Joint Staff Memorandum, attaching the June 30, 2006 Final Internal Memorandum from Utilities Analyst McNeely and Technical Analyst Blackwell. Together, these Memoranda comprise Commission Staff's final substantive recommendation. Commission Staff reported that the project is needed in order for Summersville to comply with its NPDES permit. After considering five alternatives, Summersville proposed constructing a new 18-inch gravity sewer main and making extensive improvements at its treatment plant to increase its treatment capacity by about 50%. The project will serve approximately 1,541 existing customers and no additional customers. Since the total project has been estimated to cost $6,360,000, it would cost about $4,127 per customer, which Staff opined is reasonable. The improvements will make the treatment plant operate more efficiently, thereby decreasing the operation and maintenance (O&M) expenses. The plans and specifications generally conform to the Commission's rules and regulations. The project will be financed with $4,360,000 IJDC loan bearing 0% interest with a 27-year payback period and a $2,000,000 SRF loan bearing no interest with a 27-year payback period; the SRF loan will incur a .5% administrative fee. The total increased annual debt service will be $235,559 in principal, plus the $5,128 administrative fee. Commission Staff recommended a two-phase rate increase. The first phase would increase rates by 46.8% above going-

level to cover going-level O&M expenses and debt service. This initial rate increase would generate additional annual revenues of $275,657, which would provide a $57,447 cash flow surplus and provide a 193.5% debt service coverage ratio. The second phase of the rate increase, which would be 31%, would be to cover the additional debt service related to the project and possible increased O&M expenses. The phase two rate increase would generate additional annual revenues of $267,995, which would provide a $51,772 cash flow surplus and a 132.9% debt service coverage factor. Staff recommended granting the application and approving the financing. Staff also recommended that:

> If there is any change in the financing for the project that affects rates, the City must notify this Commission and request a reopening of the Certificate Case for adjustments and approval. If there is a change in project costs that do not affect rates, the City must file an affidavit signed by its CPA or bond counsel verifying that fact. If there is any change in the plans or scope for the project the City must notify this Commission and request a reopening of the Certificate Case for adjustments and approval.

Staff also recommended that Summersville submit a copy of the bids with the Commission as soon as they are tabulated and that Summersville notify the Commission when its engineer has performed the substantial completion inspection.

On July 10, 2006, the ALJ convened the hearing as scheduled. Summersville appeared by counsel, Greg Tucker, Esquire; Commission Staff appeared by counsel, Staff Attorney C. Terry Owen, Esquire; and one Protestant appeared in person, *pro se*.

Summersville presented testimony of three witnesses and presented one exhibit. Commission Staff presented the testimony of two witnesses and presented two exhibits. The Protestant presented his own testimony. The parties waived their rights at the hearing to file post-hearing briefs, proposed orders, proposed findings of fact and conclusions of law, replies and other written legal arguments.

On July 12, 2006, Summersville submitted affidavits of publication and individual mailings related to its rate ordinances.

EVIDENCE

First, Summersville submitted a publication affidavit indicating that, on June 22 and 29, 2006, *The Nicholas Chronicle* published a copy of the Notice of Hearing, which the ALJ received into evidence as Summersville Exhibit No. 1.

The first witness who testified on Summersville's behalf was its Mayor, Stanley S. Adkins. Mayor Adkins, who has served in this capacity for over seven years, also is a certified public accountant who is intimately familiar with Summersville's finances and the need for the proposed project. The existing wastewater treatment plant is inadequate for treating the sewage currently generated by Summersville's customers. He opined that the treatment plant requires the proposed update, not only to increase its capacity, but also because the treatment plant is not operating at its

designed capacity due to its age and state of disrepair. He briefly described the proposed financing for the project. He explained that, irrespective of the project, Summersville needed to increase its rates and charges for providing public sewer service. Summersville plans a two-phase rate increase, the first to cover going-level expenses prior to the project's completion and the second to cover the increased debt service requirement and O&M expenses due to the project. Currently, Summersville is operating at a $210,000 cash flow deficit, which is why it needs an immediate 46% rate increase. The project will require that Summersville further increase its rates by about 31% once the project is operational. Summersville has not had a sewer service rate increase for many years, which has created the going-level deficit. Summersville has encountered most of that deficit over the past couple of years due to increased costs related to inflation and general increased prices for everything related to operating a sewer system. Summersville has voted to accept the Staff-recommended rate increase and is in the process of approving rates by ordinance to effectuate the rate increases. Essentially, the old sewage treatment plant is worn out even though it has been updated on several occasions. (Tr., pp. 11-15).

Mayor Adkins stated that, currently, prior to increased revenue requirements due to the project, Summersville is experiencing an operating deficit of over $210,400. This deficit has developed only during the past two years, due to Summersville unexpectedly having to spend a great deal to repair its sewer treatment plant. Mayor Adkins explained that Summersville's approach to cutting some slack for its lower income residents is to lower the minimum bill by basing it on 2,000 gallons consumption per month rather than 3,000 gallons. (Tr., pp. 15-18).

Next, Summersville called Scott Ankrom, the project manager for Summersville's project. Mr. Ankrom, who works for ATS, an engineering firm, is not an engineer. He is familiar with Summersville's many problems with it sewer system. Summersville's sewer treatment plant was first constructed in the 1920s and had a major renovation and overhaul in the mid-1970s. Right now, Summersville is just trying to hold the treatment plant together from day-to-day, as much of its components are worn out and not functioning. The new treatment plant should slightly lower Summersville's O&M expenses. He corroborated Mayor Adkins' assessment that Summersville has operated at a deficit for the past two years. Since Summersville has been cited by the Division of Environmental Protection (DEP) for several violations of its National Pollutant Discharge Elimination System (NPDES) permit, a substantial portion of the project is to bring Summersville's treatment plant into compliance. Summersville has until 2008 to meet the requirements to renew its NPDES permit. The proposed facility will bring Summersville's treatment plant into full compliance. He projected that the project will meet Summersville's needs for the next 25 to 30 years, which is why Summersville's loan is for a term of 27 years. (Tr., pp. 19-23).

Mr. Ankrom testified that ATS, which currently is managing about 15 projects of the approximate size or magnitude of Summersville's, has experienced a noticeable increase in construction costs in recent years. The cost of Summersville's project is very comparable to other projects which ATS is designing or has recently designed. He clarified that, although Summersville's most recent major renovation to its treatment plant was in the mid-1970s, it has had a couple of other

smaller repair and renovation projects since then. This project will significantly increase the treatment capacity of the plant, which he does not believe those other projects did. (Tr., pp. 23-26).

Summersville called as its final witness its Superintendent of Wastewater, Bob Hillary, to testify. Mr. Hillary clarified Mr. Ankrom's testimony regarding upgrades to Summersville's treatment facility. In 1989, Summersville added a secondary treatment plant which increased its treatment capacity from 400,000 gallons per day to 760,000 gallons per day. Currently, the plant is not able to handle the flow generated by Summersville's customers. The proposed project definitely is needed. (Tr., pp. 26-28).

Commission Staff presented the testimony of Technical Analyst Audra Blackwell. Ms. Blackwell identified the July 5, 2006 Final Joint Staff Memorandum and the attached June 30, 2006 Final Internal Memorandum which she prepared in conjunction with Utilities Analyst Scott McNeely of the Water and Wastewater Division, all of which the ALJ received as Staff Exhibit No. 1. She also identified a letter to her from ATS, received as Staff Exhibit No. 3[1]. Staff explained that, although Summersville's existing facility is rated to treat 760,000 gallons per day, the new system will be able to treat 1,500,000 gallons per day. Staff, which studied five different alternatives proposed by Summersville, opined that the proposed alternative is the best choice when considering need, cost and other relevant factors. The new system, which includes a pretreatment system to better handle solids and to deal with storm events, incorporates four Vertical Loop Reactor (VLR) aeration tanks capable of holding approximately 700,000 gallons each. The project's construction cost is estimated at $4,843,000 and the total project cost will be $6,360,000. The project, which will serve approximately 1,541 existing customers, has a cost of about $4,127 per customer, which is relatively low. The engineering fees of $828,113 constitute about 17% of the total project cost. The O&M expenses will not increase as a result of the new treatment plant and may actually be reduced. Summersville, which currently holds NPDES Permit No. WV0020630, has applied for a modification of that permit but has not yet received it. Summersville employs four wastewater treatment plant operators. The plans and specifications conform to the Commission's rules and regulations. (Tr., pp. 28-29, 31; Staff Exhibit No. 1; Staff Exhibit No. 3).

Ms. Blackwell opined that Summersville's existing plant is not capable of handling its permitted effluent limitations. Summersville has until 2008 to bring its treatment plant into compliance with the DEP. Ms. Blackwell noted that this project will not directly add any new customers to Summersville's customer base, but it will permit sewer line extensions and the addition of new customers on existing lines. Without the new plant, Summersville cannot handle the current sewage flow, let alone expect to handle the flow from additional customers. Ms. Blackwell recommended that Summersville submit the tabulation bids to the Commission as soon as available and file a certificate of substantial completion as soon as it is available. She stated that Summersville had also made some improvements to its treatment plant in 1990 and 1994. The O&M keeps increasing due to the age of the plant and its worn-out condition. (Tr., pp. 29-33).

---

[1]Apparently this designation was misnomer and should have been called Staff Exhibit No. 2

Finally, Staff called Utilities Analyst Scott McNeely to testify. Mr. McNeely reviewed the portion of Staff Exhibit No. 1 which he prepared. The $6,360,000 project will be financed with a $4,360,000 IJDC loan and a $2,000,000 SRF loan. Both loans will have a 0% interest rate for a term of 27 years; the SRF loan will incur a 0.5% administrative fee. Both loans will require 10% of the annual debt payments to fund a reserve. The total annual debt service for the two loans is $235,559 in principal, plus $5,128 annually for the administrative fee. Staff included a renewal and replacement reserve comprised of 2.5% of annual operating revenues. Summersville will utilize a $400,000 loan from BB&T for interim financing, to be paid off with the permanent financing. Summersville has commitment letters for all of the project's financing. Summersville has adopted a rate ordinance for a two-tiered rate increase, i.e., a 46.8% increase to cover going-level expenses, since it is operating at a going-level deficit of $210,433, and a second 31% increase to cover any additional O&M expenses and debt service requirements related to the project. The first rate increase will produce a minimum bill of $18.44 and a bill of $35.77 per month for an "average" 4,500-gallon user, and the second rate increase will produce a minimum bill of $24.16 and a bill of $46.86 for the 4,500-gallon average user. The pre-construction rates would provide a 192% debt service coverage ratio and the post-construction rates would provide a debt service coverage ratio of approximately 132%, which meets the bonds' requirements of at least a 115% coverage ratio. At going-level, Summersville has a negative coverage factor of over 127%. The post-construction rates would provide an approximately $51,000 cash surplus. Staff prepared a tariff for Summersville to follow when adopting rates in the future so that all of the Commission's tariff requirements would be met. Staff recommended granting the application and approving the financing for the project. Staff also recommended:

> If there is any change in the financing for the project that affects rates, the City must notify this Commission and request a reopening of the Certificate Case for adjustments and approval. If there is a change in project costs that do not affect rates, the City must file an affidavit signed by its CPA or bond counsel verifying that fact. If there is any change in the plans or scope for the project the City must notify this Commission and request a reopening of the Certificate Case for adjustments and approval.

(Tr., pp. 33-40; Staff Exhibit No. 1).

The one Protestant, J. D. Baughman, testified that the increased demand on the sewer treatment plant has been chiefly from commercial development, not from residential development. He opined that those new commercial customers should have to pay for this new treatment plant and that the poor and the retired residents of Summersville should not have to pay for this plant upgrade. He believes that the rate increases are very unfair to residential customers. (Tr., pp. 42-43).

DISCUSSION

The ALJ holds that, since Summersville has satisfied all of the notice requirements; since only one person appeared at the hearing to protest and his protest was limited to the design of rate increases, which is not a part of this certificate application proceeding; since the public convenience

and necessity require the project due to the fact that it will replace an older sewer treatment plant that is not functioning within the parameters of Summersville's NPDES permit and will double the sewer treatment capacity; and since the plans and specifications do not conflict with the Commission's rules and regulations, a certificate should be granted for the proposed project.

Since Summersville has not yet obtained an NPDES permit modification, the ALJ will grant the application for the certificate, subject to Summersville filing the NPDES permit modification as soon as practicable.

The ALJ will approve the proposed financing, comprised of the $4,360,000 IJDC loan and a $2,000,000 SRF loan. Should bids exceed the approved financing, Summersville must obtain separate Commission approval and submit engineering data with its application. Summersville's engineer must submit a copy of the certificate of substantial completion to the Commission as soon as it is available. Finally, Summersville must submit a copy of the engineer's tabulation of bids for each construction contract or vendor bid associated with the project, within ten days of opening the bids.

FINDINGS OF FACT

1. The City of Summersville filed an application with the Commission under *West Virginia Code* §24-2-11 for a certificate of public convenience and necessity to upgrade and improve its sewer collection system to serve approximately 1,541 customers in the Summersville area and for approval of financing for the proposed project, comprised of a $4,360,000 West Virginia Infrastructure and Jobs Development Council (IJDC) loan and a $2,000,000 West Virginia State Revolving Fund (SRF) loan, for a total funding package of $6,360,000. (See, March 16, 2006 application).

2. Summersville submitted a publication affidavit indicating that it had published the Notice of Filing on March 23 and 30, 2006, in *The Nicholas Chronicle*, a newspaper published and generally circulated in Nicholas County. (See, March 30, 2006 publication affidavit).

3. Protests to the application were filed. (See, Commission's file).

4. Summersville submitted minutes from the May 8, 2006 meeting of Summersville's Town Council at which it voted to approve and adopt an amended ordinance increasing the rates for providing public water and sewer service. (See, July 3, 2006 filing).

5. Summersville submitted a publication affidavit indicating that *The Nicholas Chronicle* had published the Notice of Hearing on July 22 and 29, 2006. (See, Summersville Exhibit No. 1).

6. Summersville's existing wastewater treatment plant is inadequate for treating the sewage currently generated by Summersville's customers. The treatment plant requires the proposed update, not only to increase its capacity, but also because the treatment plant is not operating at its

designed capacity due to its age and state of disrepair. Even without the project, Summersville needs to increase its rates and charges for providing public sewer service. Summersville plans a two-phase rate increase, the first to cover going-level expenses prior to the project's completion and the second to cover the increased debt service requirement and O&M expenses due to the project. Currently, Summersville is operating at a $210,000 cash flow deficit, which is why it needs an immediate 46% rate increase. The project will require that Summersville further increase its rates by about 31% once the project is operational. Summersville has not had a sewer service rate increase for many years, which has created the going-level deficit. Summersville has encountered most of that deficit over the past couple of years due to increased costs related to inflation and general increased prices for everything related to operating a sewer system. Summersville has voted to accept the Staff-recommended rate increase and is in the process of approving rates by ordinance to effectuate the rate increases. Essentially, the old sewage treatment plant is worn out even though it has been updated on several occasions. (See, Tr., pp. 11-15).

7. Since Summersville has been cited by the DEP for several violations of its NPDES permit, a substantial portion of the project is devoted to bringing Summersville's treatment plant into compliance. Summersville has until 2008 to meet the requirements to renew its NPDES permit. The proposed facility will bring Summersville's treatment plant into full compliance. The project will meet Summersville's needs for the next 25 to 30 years, which is why Summersville's loan is for a term of 27 years. (See, Tr., pp. 19-23).

8. Although Summersville's existing facility is rated to treat 760,000 gallons per day, the new system will be able to treat 1,500,000 gallons per day. Staff, which studied five different alternatives proposed by Summersville, opined that the proposed alternative is the best choice when considering need, cost and other relevant factors. The new system, which includes a pretreatment system to better handle solids and to deal with storm events, incorporates four VLR aeration tanks capable of holding approximately 700,000 gallons each. The project's construction cost is estimated at $4,843,000 and the total project cost will be $6,360,000. The project, which will serve approximately 1,541 existing customers, has a cost of about $4,127 per customer, which is relatively low. The engineering fees of $828,113 constitute about 17% of the total project cost. The O&M expenses will not increase as a result of the new treatment plant and may actually be reduced. Summersville, which currently holds NPDES Permit No. WV0020630, has applied for a modification of that permit but has not yet received it. Summersville employs four wastewater treatment plant operators. The plans and specifications conform to the Commission's rules and regulations. (See, Tr., pp. 28-29, 31; Staff Exhibit No. 1; Staff Exhibit No. 3).

9. The $6,360,000 project will be financed with a $4,360,000 IJDC loan and a $2,000,000 SRF loan. Both loans will have a 0% interest rate for a term of 27 years; the SRF loan will incur a 0.5% administrative fee. Both loans will require 10% of the annual debt payments to fund a reserve. The total annual debt service for the two loans is $235,559 in principal, plus $5,128 annually for the administrative fee. Staff included a renewal and replacement reserve comprised of 2.5% of annual operating revenues. Summersville will utilize a $400,000 loan from BB&T for interim financing, to be paid off with the permanent financing. Summersville has commitment letters for all of the

project's financing. Summersville has adopted a rate ordinance for a two-tiered rate increase, i.e., a 46.8% increase to cover going-level expenses, since it is operating at a going-level deficit of $210,433, and a second 31% increase to cover any additional O&M expenses and debt service requirements related to the project. The first rate increase will produce a minimum bill of $18.44 and a bill of $35.77 per month for an "average" 4,500-gallon user, and the second rate increase will produce a minimum bill of $24.16 and a bill of $46.86 for the 4,500-gallon average user. The pre-construction rates will provide a 192% debt service coverage ratio and the post-construction rates will provide a debt service coverage ratio of approximately 132%, which meets the bonds' requirements of at least a 115% coverage ratio. At going-level, Summersville has a negative coverage factor of over 127%. The post-construction rates would provide an approximately $51,000 cash surplus. Staff recommended granting the application and approving the financing for the project. (See, Tr., pp. 33-40; Staff Exhibit No. 1).

CONCLUSIONS OF LAW

1. The public convenience and necessity require the project.

2. It is reasonable to grant the application, contingent upon Summersville filing with the Commission as soon as practicable a copy of its modified NPDES permit associated with the proposed project.

3. It is reasonable to approve the proposed financing, comprised of $4,360,000 IJDC loan and a $2,000,000 SRF loan, with both loans having a 0% interest rate for a term of 27 years and the SRF loan incurring a 0.5% administrative fee.

4. It is reasonable to require that, should bids exceed the approved financing, Summersville must obtain separate Commission approval and submit engineering data with its application.

5. It is reasonable to require that Summersville's engineer submit a copy of the certificate of substantial completion to the Commission as soon as it is available.

7. It is reasonable to require that Summersville submit a copy of the engineer's tabulation of bids for each construction contract or vendor bid associated with the project, within ten days of opening the bids.

ORDER

IT IS, THEREFORE, ORDERED that the application filed with the Commission on March 16, 2006, by the City of Summersville under *West Virginia Code* §24-2-11 for a certificate of public convenience and necessity to upgrade and improve its sewer collection system to serve approximately 1,541 customers in the Summersville area be, and hereby is, granted, contingent upon Summersville

furnishing to the Commission a copy of its modified NPDES permit associated with the proposed as soon as it becomes available.

IT IS FURTHER ORDERED that the proposed financing for the project, comprised of a $4,360,000 IJDC loan and a $2,000,000 SRF loan, with both loans having a 0% interest rate for a term of 27 years and the SRF loan incurring a 0.5% administrative fee, be, and hereby is, approved.

IT IS FURTHER ORDERED that, if there are any changes to the project's scope, plans or financing , or if a change in project costs affects rates, Summersville must first obtain Commission approval of those changes prior to commencing construction. If there is a change in project cost which does not affect rates, Summersville must submit an affidavit from its certified public accountant that the change in cost will not affect rates.

IT IS FURTHER ORDERED that Summersville's engineer submit a copy of the certificate of substantial completion to the Commission as soon as it is available.

IT IS FURTHER ORDERED that Summersville submit a copy of the engineer's tabulation of bids for each construction contract or vendor bid associated with the project, within ten days of opening the bids.

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

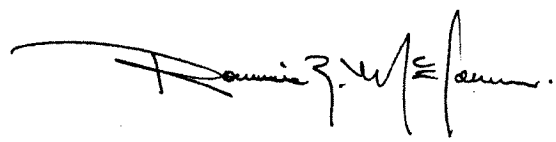
IT IS FURTHER ORDERED that this matter be, and hereby is, removed from the Commission's docket of open cases.

The Executive Secretary hereby is ordered to serve a copy of this Recommended Decision upon the Commission by hand delivery, and upon all parties of record by United States Certified Mail, return receipt requested.

Leave hereby is granted to the parties to file written exceptions supported by a brief with the Executive Secretary of the Commission within fifteen (15) days of the date this Recommended Decision is mailed. If exceptions are filed, the parties filing exceptions shall certify to the Executive Secretary that all parties of record have been served said exceptions.

If no exceptions are so filed this Recommended Decision shall become the order of the Commission, without further action or order, five (5) days following the expiration of the aforesaid fifteen (15) day time period, unless it is ordered stayed or postponed by the Commission.

Any party may request waiver of the right to file exceptions to an Administrative Law Judge's recommended decision by filing an appropriate petition in writing with the Executive Secretary. No such waiver will be effective until approved by order of the Commission, nor shall any such waiver operate to make any Administrative Law Judge's recommended decision the order of the Commission sooner than five (5) days after approval of such waiver by the Commission.



Ronnie Z. McCann
Deputy Chief Administrative Law Judge

RZM:s
060335aa.wpd

CITY OF SUMMERSVILLE
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS
SERIES 2007 A (WEST VIRGINIA INFRASTRUCTURE FUND)
AND
SERIES 2007 B (WEST VIRGINIA SRF PROGRAM)

CROSS-RECEIPT FOR BONDS AND BOND PROCEEDS

The undersigned authorized representative of the West Virginia Water Development Authority (the "Authority"), for and on behalf of the Authority and Stanley S. Adkins, Mayor of the City of Summersville (the "Issuer"), for and on behalf of the Issuer, hereby certify as follows:

1. On the 15th day of May, 2007, the Authority received the entire original issue of $8,682,265.00 in aggregate principal amount of Combined Waterworks and Sewerage System Revenue Bonds, Series 2007 A (West Virginia Infrastructure Fund), and $2,000,000.00 in aggregate principal amount of Combined Waterworks and Sewerage System Revenue Bonds, Series 2007 B (West Virginia SRF Program), of the Issuer (collectively, the "Bonds"), each issued as a single, fully registered Bond, numbered AR-1 and BR-1, respectively, and both dated May 15, 2007.

2. At the time of such receipt of the Series 2007 Bonds upon original issuance, the same had been executed by Stanley S. Adkins, as Mayor of the Issuer, by his manual signature, and by Jeff Asbury, as Recorder of the Issuer, by his manual signature, and the official seal of the Issuer had been affixed upon the Series 2007 Bonds.

3. The Issuer has received and hereby acknowledges receipt from the Authority, on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), as the original purchaser of the Series 2007 A Bonds, of the sum of $471,697.00, being a portion of the principal amount of the Series 2007 A Bonds, there being no interest accrued thereon. The balance of the proceeds of the Series 2007 A Bonds will be advanced from time to time as the acquisition and construction of the Project progress.

4. The Issuer has received and hereby acknowledges receipt from the Authority, on behalf of the West Virginia Department of Environmental Protection ("DEP"), as the original purchaser of the Series 2007 B Bonds, of the sum of $100,000, being a portion of the principal amount of the Series 2007 B Bonds (being 100% of par value), there being no interest accrued thereon. The balance of the proceeds of the Series 2007 B Bonds will be advanced from time to time as the acquisition and construction of the Project progress.

WITNESS our respective signatures as of this 15th day of May, 2007.

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

By: _____
Its: Authorized Representative

CITY OF SUMMERSVILLE

By: _____
Its: Mayor

CITY OF SUMMERSVILLE
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS
SERIES 2007 A (WEST VIRGINIA INFRASTRUCTURE FUND)
AND
SERIES 2007 B (WEST VIRGINIA SRF PROGRAM)

DIRECTION TO AUTHENTICATE AND DELIVER BONDS

Branch Banking and Trust Company,
as Bond Registrar
Charleston, West Virginia

Ladies and Gentlemen:

There are delivered to you herewith:

(1) Bond No. AR-1, constituting the entire original issue of the City of Summersville Combined Waterworks and Sewerage System Revenue Bonds, Series 2007 A (West Virginia Infrastructure Fund), in the principal amount of $8,682,265.00, and Bond No. BR-1, constituting the entire original issue of the City of Summersville Combined Waterworks and Sewerage System Revenue Bonds, Series 2007 B (West Virginia SRF Program), in the principal amount of $2,000,000.00, each dated May 15, 2007, (collectively, the "Series 2007 Bonds"), executed by the Mayor and the Recorder of the City of Summersville, a West Virginia municipal corporation (the "Issuer"), and bearing the official seal of the Issuer, authorized to be issued under and pursuant to a Bond Ordinance finally enacted by the Issuer on March 21, 2007, and put into effect following a public hearing held on April 23, 2007, a Supplemental Resolution duly adopted by the Issuer on April 23, 2007 (collectively, the "Ordinance");

(2) A copy of the Ordinance authorizing the issuance of the above-captioned Series 2007 Bonds, duly certified by the Secretary of the Issuer;

(3) An executed Loan Agreement by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), acting on behalf of the West Virginia Infrastructure and Jobs Development Council, for the Series 2007 A Bonds (the "Loan Agreement"); and

(4) An executed Bond Purchase Agreement by and among the Issuer, the Authority, and the West Virginia Department of Environmental Protection for the Series 2007 B Bonds (the "Bond Purchase Agreement");

(5) Signed opinions of nationally recognized bond counsel regarding the validity of the Loan Agreement, the Bond Purchase Agreement and the Series 2007 Bonds.

You are hereby requested and authorized to deliver the Series 2007 Bonds to the Authority upon payment to the account of the Issuer of the sums of $471,697.00 and $100,000, which amounts represent the respective initial advances of the principal amount of the Series

2007 A Bonds and the Series 2007 B Bonds, respectively, there being no accrued interest thereon. Prior to such delivery of the Series 2007 Bonds, you will please cause the Series 2007 Bonds to be authenticated and registered by an authorized officer, as Bond Registrar, in accordance with the forms of Certificate of Authentication and Registration thereon.

Dated this 15th day of May, 2007.

CITY OF SUMMERSVILLE

By: _____
Its: Mayor

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA

CITY OF SUMMERSVILLE
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS
SERIES 2007 A (WEST VIRGINIA INFRASTRUCTURE FUND)

No. AR-1 **SPECIMEN** $8,682,265.00

KNOW ALL MEN BY THESE PRESENTS: That the CITY OF SUMMERSVILLE, a municipal corporation and political subdivision of the State of West Virginia in Nicholas 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 EIGHT MILLION SIX HUNDRED EIGHTY-TWO THOUSAND TWO HUNDRED SIXTY-FIVE DOLLARS ($8,682,265.00), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing September 1, 2009, as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference.

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

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the West Virginia Infrastructure and Jobs Development Council (the "Council"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement by and between the Issuer and the Authority, on behalf of the Council, dated May 15, 2007.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain extensions, additions, betterments and improvements to the sewerage portion of the existing public combined waterworks and sewerage system of the Issuer (the "Project"); and (ii) to pay certain costs of issuance for the Bonds of this Series (the "Bonds") and related costs. The existing public combined waterworks and sewerage system of the Issuer, the Project and any further extensions, additions, betterments and improvements thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 8, Article 20 and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"), a Bond Ordinance finally enacted by the

Litho. in U.S.A.
© GOES 342
All Rights Reserved

SPECIMEN

Issuer on March 21, 2007, and put into effect following a public hearing held on April 23, 2007, and a Supplemental Resolution duly adopted by the Issuer on April 23, 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 (1) WATER AND SEWER SYSTEM REVENUE BONDS, SERIES 1977, DATED AUGUST 4, 1981, (2) WATER AND SEWER SYSTEM REVENUE BONDS, SERIES 1990 A, DATED APRIL 6, 1990, (3) WATER AND SEWER SYSTEM REVENUE BONDS, SERIES 1991 A, DATED AUGUST 13, 1991, (4) WATER AND SEWER SYSTEM REVENUE BONDS, SERIES 1998 A (WEST VIRGINIA INFRASTRUCTURE AND JOBS DEVELOPMENT COUNCIL), DATED JANUARY 6, 1998, (5) WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2002 A (WEST VIRGINIA INFRASTRUCTURE FUND), DATED DECEMBER 18, 2002, (6) WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2002 B (WEST VIRGINIA DWTRF PROGRAM), DATED DECEMBER 18, 2002 (COLLECTIVELY, THE "FIRST LIEN BONDS") AND (7) COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2007 B (WEST VIRGINIA SRF PROGRAM), ISSUED SIMULTANEOUSLY HEREWITH (THE "SERIES 2007 B BONDS").

THIS BOND IS ISSUED SENIOR AND PRIOR WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS TO THE ISSUER'S (1) WATER AND SEWER SYSTEM REVENUE BONDS, SERIES 1990 B, DATED APRIL 6, 1990, AND (2) WATER AND SEWER SYSTEM REVENUE BONDS, SERIES 1991 B, DATED AUGUST 13, 1991 (COLLECTIVELY, THE "SECOND LIEN BONDS").

THE FIRST LIEN BONDS AND THE SECOND LIEN BONDS ARE COLLECTIVELY HEREINAFTER SOMETIMES REFERRED TO AS THE "PRIOR BONDS."

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Net Revenues in favor of the holders of the First Lien Bonds and the Series 2007 B Bonds and senior to the pledge of Net Revenues in favor of the holders of the Second Lien 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, if any, on all bonds which may be issued pursuant to the Act and shall be set aside as a special fund hereby pledged for such purpose. This Bond does not

Litho. in U.S.A.
© GOES 342
All Rights Reserved

SPECIMEN

constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same, except from said special fund provided from the Net Revenues, the monies in the Series 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, if any, on the Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with or junior to the Bonds, including the Series 2007 B Bonds and 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, if any, which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with or junior to the Bonds, including the Series 2007 B Bonds and the Prior Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

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

In accordance with the requirements of the United States Department of Agriculture for the issuance of parity obligations, the Bonds will be in default should any proceeds of the Bonds be used for a purpose that will contribute to excessive erosion of

Litho. in U.S.A.
© GOES 342
All Rights Reserved

highly erodible land or to the conversion of wetlands to produce an agricultural commodity.

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

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

IN WITNESS WHEREOF, the CITY OF SUMMERSVILLE 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 May 15, 2007.

Mayor

SPECIMEN

[SEAL]

Recorder

SPECIMEN

Litho. in U.S.A.
© GOES 342
All Rights Reserved

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: May 15, 2007.

BRANCH BANKING AND TRUST
COMPANY,
as Registrar

SPECIMEN

Authorized Officer

Litho. in U.S.A.
© GOES 342
All Rights Reserved

EXHIBIT A
RECORD OF ADVANCES

SPECIMEN

	AMOUNT	DATE		AMOUNT	DATE
(1)	$471,697.00	May 15, 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 $_____

Litho. in U.S.A.
© GOES 342
All Rights Reserved

EXHIBIT B

DEBT SERVICE SCHEDULE

SPECIMEN

Litho. in U.S.A.
© GOES 342
All Rights Reserved

$8,682,265
City of Summersville
0% Interest Rate, 28 Years
Closing Date: May 15, 2007

SPECIMEN

Debt Service Schedule

Date	Principal	Coupon	Total P+I
06/01/2007	-	-	-
09/01/2007	-	-	-
12/01/2007	-	-	-
03/01/2008	-	-	-
06/01/2008	-	-	-
09/01/2008	-	-	-
12/01/2008	-	-	-
03/01/2009	-	-	-
06/01/2009	-	-	-
09/01/2009	77,521.00	-	77,521.00
12/01/2009	77,521.00	-	77,521.00
03/01/2010	77,521.00	-	77,521.00
06/01/2010	77,521.00	-	77,521.00
09/01/2010	77,521.00	-	77,521.00
12/01/2010	77,521.00	-	77,521.00
03/01/2011	77,521.00	-	77,521.00
06/01/2011	77,521.00	-	77,521.00
09/01/2011	77,521.00	-	77,521.00
12/01/2011	77,521.00	-	77,521.00
03/01/2012	77,521.00	-	77,521.00
06/01/2012	77,521.00	-	77,521.00
09/01/2012	77,521.00	-	77,521.00
12/01/2012	77,521.00	-	77,521.00
03/01/2013	77,521.00	-	77,521.00
06/01/2013	77,521.00	-	77,521.00
09/01/2013	77,521.00	-	77,521.00
12/01/2013	77,521.00	-	77,521.00
03/01/2014	77,521.00	-	77,521.00
06/01/2014	77,521.00	-	77,521.00
09/01/2014	77,521.00	-	77,521.00
12/01/2014	77,521.00	-	77,521.00
03/01/2015	77,521.00	-	77,521.00
06/01/2015	77,521.00	-	77,521.00
09/01/2015	77,521.00	-	77,521.00
12/01/2015	77,520.00	-	77,520.00
03/01/2016	77,520.00	-	77,520.00
06/01/2016	77,520.00	-	77,520.00
09/01/2016	77,520.00	-	77,520.00
12/01/2016	77,520.00	-	77,520.00
03/01/2017	77,520.00	-	77,520.00
06/01/2017	77,520.00	-	77,520.00
09/01/2017	77,520.00	-	77,520.00
12/01/2017	77,520.00	-	77,520.00
03/01/2018	77,520.00	-	77,520.00

$8,682,265
City of Summersville
0% Interest Rate, 28 Years
Closing Date: May 15, 2007

SPECIMEN

Debt Service Schedule

Date	Principal	Coupon	Total P+I
06/01/2018	77,520.00	-	77,520.00
09/01/2018	77,520.00	-	77,520.00
12/01/2018	77,520.00	-	77,520.00
03/01/2019	77,520.00	-	77,520.00
06/01/2019	77,520.00	-	77,520.00
09/01/2019	77,520.00	-	77,520.00
12/01/2019	77,520.00	-	77,520.00
03/01/2020	77,520.00	-	77,520.00
06/01/2020	77,520.00	-	77,520.00
09/01/2020	77,520.00	-	77,520.00
12/01/2020	77,520.00	-	77,520.00
03/01/2021	77,520.00	-	77,520.00
06/01/2021	77,520.00	-	77,520.00
09/01/2021	77,520.00	-	77,520.00
12/01/2021	77,520.00	-	77,520.00
03/01/2022	77,520.00	-	77,520.00
06/01/2022	77,520.00	-	77,520.00
09/01/2022	77,520.00	-	77,520.00
12/01/2022	77,520.00	-	77,520.00
03/01/2023	77,520.00	-	77,520.00
06/01/2023	77,520.00	-	77,520.00
09/01/2023	77,520.00	-	77,520.00
12/01/2023	77,520.00	-	77,520.00
03/01/2024	77,520.00	-	77,520.00
06/01/2024	77,520.00	-	77,520.00
09/01/2024	77,520.00	-	77,520.00
12/01/2024	77,520.00	-	77,520.00
03/01/2025	77,520.00	-	77,520.00
06/01/2025	77,520.00	-	77,520.00
09/01/2025	77,520.00	-	77,520.00
12/01/2025	77,520.00	-	77,520.00
03/01/2026	77,520.00	-	77,520.00
06/01/2026	77,520.00	-	77,520.00
09/01/2026	77,520.00	-	77,520.00
12/01/2026	77,520.00	-	77,520.00
03/01/2027	77,520.00	-	77,520.00
06/01/2027	77,520.00	-	77,520.00
09/01/2027	77,520.00	-	77,520.00
12/01/2027	77,520.00	-	77,520.00
03/01/2028	77,520.00	-	77,520.00
06/01/2028	77,520.00	-	77,520.00
09/01/2028	77,520.00	-	77,520.00
12/01/2028	77,520.00	-	77,520.00
03/01/2029	77,520.00	-	77,520.00

$8,682,265
City of Summersville
0% Interest Rate, 28 Years
Closing Date: May 15, 2007

SPECIMEN

Debt Service Schedule

Date	Principal	Coupon	Total P+I
06/01/2029	77,520.00	-	77,520.00
09/01/2029	77,520.00	-	77,520.00
12/01/2029	77,520.00	-	77,520.00
03/01/2030	77,520.00	-	77,520.00
06/01/2030	77,520.00	-	77,520.00
09/01/2030	77,520.00	-	77,520.00
12/01/2030	77,520.00	-	77,520.00
03/01/2031	77,520.00	-	77,520.00
06/01/2031	77,520.00	-	77,520.00
09/01/2031	77,520.00	-	77,520.00
12/01/2031	77,520.00	-	77,520.00
03/01/2032	77,520.00	-	77,520.00
06/01/2032	77,520.00	-	77,520.00
09/01/2032	77,520.00	-	77,520.00
12/01/2032	77,520.00	-	77,520.00
03/01/2033	77,520.00	-	77,520.00
06/01/2033	77,520.00	-	77,520.00
09/01/2033	77,520.00	-	77,520.00
12/01/2033	77,520.00	-	77,520.00
03/01/2034	77,520.00	-	77,520.00
06/01/2034	77,520.00	-	77,520.00
09/01/2034	77,520.00	-	77,520.00
12/01/2034	77,520.00	-	77,520.00
03/01/2035	77,520.00	-	77,520.00
06/01/2035	77,520.00	-	77,520.00
09/01/2035	77,520.00	-	77,520.00
12/01/2035	77,520.00	-	77,520.00
03/01/2036	77,520.00	-	77,520.00
06/01/2036	77,520.00	-	77,520.00
09/01/2036	77,520.00	-	77,520.00
12/01/2036	77,520.00	-	77,520.00
03/01/2037	77,520.00	-	77,520.00
06/01/2037	77,520.00	-	77,520.00
Total	**$8,682,265.00**	**-**	**$8,682,265.00**

Ferris, Baker Watts, Incorporated
West Virginia Public Finance (Joseph E. Nassif, Investment Banker)

ASSIGNMENT

FOR VALUE RECEIVED the undersigned sells, assigns, and transfers unto

_____

___ the within Bond and does hereby irrevocably constitute and appoint _____, Attorney to transfer the said Bond on the books kept for registration of the within Bond of the said Issuer with full power of substitution in the premises.

Dated: _____, _____.

_____

In the presence of:

_____

SPECIMEN

SPECIMEN

Litho. in U.S.A.

© GOES 342
All Rights Reserved

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA

CITY OF SUMMERSVILLE
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS
SERIES 2007 B (WEST VIRGINIA SRF PROGRAM)

SPECIMEN

No. BR-1 $2,000,000.00

KNOW ALL MEN BY THESE PRESENTS: That the CITY OF SUMMERSVILLE, a municipal corporation and political subdivision of the State of West Virginia in Nicholas County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY (the "Authority") or registered assigns the sum of TWO MILLION DOLLARS ($2,000,000.00), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing September 1, 2009, as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference. The SRF Administrative Fee (as defined in the hereinafter described Bond Legislation) on this Bond shall also be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing September 1, 2009, as set forth on EXHIBIT B attached hereto.

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

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the West Virginia Department of Environmental Protection (the "DEP"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Water Pollution Control Revolving Fund Bond Purchase Agreement among the Issuer, the Authority and the DEP dated May 1, 2007.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain extensions, additions, betterments and improvements to the sewerage portion of the existing public combined waterworks and sewerage system of the Issuer (the "Project"); and (ii) to pay certain costs of issuance for the Bonds of this Series (the "Bonds") and related costs. The existing public combined waterworks and sewerage system of the Issuer, the Project and any further extensions, additions, betterments and

Litho. in U.S.A.
© GOES 342
All Rights Reserved

SPECIMEN

improvements thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 8, Article 20 and Chapter 22C, Article 2 of the West Virginia Code of 1931, as amended (collectively, the "Act"), a Bond Ordinance finally enacted by the Issuer on March 21, 2007, and put into effect following a public hearing held on April 23, 2007, and a Supplemental Resolution duly adopted by the Issuer on April 23, 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 (1) WATER AND SEWER SYSTEM REVENUE BONDS, SERIES 1977, DATED AUGUST 4, 1981, (2) WATER AND SEWER SYSTEM REVENUE BONDS, SERIES 1990 A, DATED APRIL 6, 1990, (3) WATER AND SEWER SYSTEM REVENUE BONDS, SERIES 1991 A, DATED AUGUST 13, 1991, (4) WATER AND SEWER SYSTEM REVENUE BONDS, SERIES 1998 A (WEST VIRGINIA INFRASTRUCTURE AND JOBS DEVELOPMENT COUNCIL), DATED JANUARY 6, 1998, (5) WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2002 A (WEST VIRGINIA INFRASTRUCTURE FUND), DATED DECEMBER 18, 2002, (6) WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2002 B (WEST VIRGINIA DWTRF PROGRAM), DATED DECEMBER 18, 2002 (COLLECTIVELY, THE "FIRST LIEN BONDS"), AND (7) COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2007 A (WEST VIRGINIA INFRASTRUCTURE FUND), ISSUED SIMULTANEOUSLY HEREWITH (THE "SERIES 2007 A BONDS").

THIS BOND IS ISSUED SENIOR AND PRIOR WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF SECURITY FOR PAYMENT, AND IN ALL RESPECTS, TO THE ISSUER'S (1) WATER AND SEWER SYSTEM REVENUE BONDS, SERIES 1990 B, DATED APRIL 6, 1990, AND (2) WATER AND SEWER SYSTEM REVENUE BONDS, SERIES 1991 B, DATED AUGUST 13, 1991 (COLLECTIVELY, THE "SECOND LIEN BONDS").

THE FIRST LIEN BONDS AND THE SECOND LIEN BONDS ARE COLLECTIVELY HEREINAFTER SOMETIMES REFERRED TO AS THE "PRIOR BONDS."

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Net Revenues in favor of the holders of the First Lien Bonds and the Series 2007 A Bonds and senior to the pledge of Net Revenues in favor of the holders of the Second Lien Bonds, and from monies in the reserve account created

Litho. in U.S.A.
© GOES 342
All Rights Reserved

SPECIMEN

under the Bond Legislation for the Bonds (the "Series 2007 B Bonds Reserve Account") and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest, if any, on all bonds which may be issued pursuant to the Act and shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same, except from said special fund provided from the Net Revenues, the monies in the Series 2007 B Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest, if any, on the Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with or junior to the Bonds, including the Series 2007 A Bonds and the Prior Bonds; provided however, that so long as there exists in the Series 2007 B Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest, if any, which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with or junior to the Bonds, including the Series 2007 A Bonds and the Prior Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

Subject to the registration requirements set forth herein, this Bond is transferable, as provided in the Bond Legislation, only upon the books of Branch Banking and Trust Company, Charleston, West Virginia (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.

Litho. in U.S.A.
© GOES 342
All Rights Reserved

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

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

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

IN WITNESS WHEREOF, the CITY OF SUMMERSVILLE 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 May 15, 2007.

Mayor

SPECIMEN

[SEAL]

ATTEST:

Recorder

SPECIMEN

Litho. in U.S.A.
© GOES 342
All Rights Reserved

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

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

Date: May 15, 2007.

BRANCH BANKING AND TRUST COMPANY,
as Registrar

SPECIMEN

Authorized Officer

Litho. in U.S.A.
© GOES 342
All Rights Reserved

SPECIMEN

EXHIBIT A
RECORD OF ADVANCES

	AMOUNT	DATE		AMOUNT	DATE
(1)	$100,000.00	May 15, 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 $_____

Litho. in U.S.A.
© GOES 342
All Rights Reserved

EXHIBIT B

DEBT SERVICE SCHEDULE

SPECIMEN

Litho. in U.S.A.
© GOES 342
All Rights Reserved

$2,000,000
City of Summersville
0% Interest Rate, 0.5% Administrative Fee, 27 Years
Closing Date: May 15, 2007

SPECIMEN

Debt Service Schedule

Date	Principal	Coupon	Total P+I
06/01/2007	-	-	-
09/01/2007	-	-	-
12/01/2007	-	-	-
03/01/2008	-	-	-
06/01/2008	-	-	-
09/01/2008	-	-	-
12/01/2008	-	-	-
03/01/2009	-	-	-
06/01/2009	-	-	-
09/01/2009	18,519.00	-	18,519.00
12/01/2009	18,519.00	-	18,519.00
03/01/2010	18,519.00	-	18,519.00
06/01/2010	18,519.00	-	18,519.00
09/01/2010	18,519.00	-	18,519.00
12/01/2010	18,519.00	-	18,519.00
03/01/2011	18,519.00	-	18,519.00
06/01/2011	18,519.00	-	18,519.00
09/01/2011	18,519.00	-	18,519.00
12/01/2011	18,519.00	-	18,519.00
03/01/2012	18,519.00	-	18,519.00
06/01/2012	18,519.00	-	18,519.00
09/01/2012	18,519.00	-	18,519.00
12/01/2012	18,519.00	-	18,519.00
03/01/2013	18,519.00	-	18,519.00
06/01/2013	18,519.00	-	18,519.00
09/01/2013	18,519.00	-	18,519.00
12/01/2013	18,519.00	-	18,519.00
03/01/2014	18,519.00	-	18,519.00
06/01/2014	18,519.00	-	18,519.00
09/01/2014	18,519.00	-	18,519.00
12/01/2014	18,519.00	-	18,519.00
03/01/2015	18,519.00	-	18,519.00
06/01/2015	18,519.00	-	18,519.00
09/01/2015	18,519.00	-	18,519.00
12/01/2015	18,519.00	-	18,519.00
03/01/2016	18,519.00	-	18,519.00
06/01/2016	18,519.00	-	18,519.00
09/01/2016	18,519.00	-	18,519.00
12/01/2016	18,519.00	-	18,519.00
03/01/2017	18,519.00	-	18,519.00
06/01/2017	18,519.00	-	18,519.00
09/01/2017	18,519.00	-	18,519.00
12/01/2017	18,519.00	-	18,519.00
03/01/2018	18,519.00	-	18,519.00

$2,000,000
City of Summersville
0% Interest Rate, 0.5% Administrative Fee, 27 Years
Closing Date: May 15, 2007

SPECIMEN

Debt Service Schedule

Date	Principal	Coupon	Total P+I
06/01/2018	18,519.00	-	18,519.00
09/01/2018	18,519.00	-	18,519.00
12/01/2018	18,519.00	-	18,519.00
03/01/2019	18,519.00	-	18,519.00
06/01/2019	18,519.00	-	18,519.00
09/01/2019	18,519.00	-	18,519.00
12/01/2019	18,519.00	-	18,519.00
03/01/2020	18,519.00	-	18,519.00
06/01/2020	18,519.00	-	18,519.00
09/01/2020	18,519.00	-	18,519.00
12/01/2020	18,519.00	-	18,519.00
03/01/2021	18,519.00	-	18,519.00
06/01/2021	18,519.00	-	18,519.00
09/01/2021	18,519.00	-	18,519.00
12/01/2021	18,519.00	-	18,519.00
03/01/2022	18,519.00	-	18,519.00
06/01/2022	18,519.00	-	18,519.00
09/01/2022	18,519.00	-	18,519.00
12/01/2022	18,519.00	-	18,519.00
03/01/2023	18,519.00	-	18,519.00
06/01/2023	18,519.00	-	18,519.00
09/01/2023	18,518.00	-	18,518.00
12/01/2023	18,518.00	-	18,518.00
03/01/2024	18,518.00	-	18,518.00
06/01/2024	18,518.00	-	18,518.00
09/01/2024	18,518.00	-	18,518.00
12/01/2024	18,518.00	-	18,518.00
03/01/2025	18,518.00	-	18,518.00
06/01/2025	18,518.00	-	18,518.00
09/01/2025	18,518.00	-	18,518.00
12/01/2025	18,518.00	-	18,518.00
03/01/2026	18,518.00	-	18,518.00
06/01/2026	18,518.00	-	18,518.00
09/01/2026	18,518.00	-	18,518.00
12/01/2026	18,518.00	-	18,518.00
03/01/2027	18,518.00	-	18,518.00
06/01/2027	18,518.00	-	18,518.00
09/01/2027	18,518.00	-	18,518.00
12/01/2027	18,518.00	-	18,518.00
03/01/2028	18,518.00	-	18,518.00
06/01/2028	18,518.00	-	18,518.00
09/01/2028	18,518.00	-	18,518.00
12/01/2028	18,518.00	-	18,518.00
03/01/2029	18,518.00	-	18,518.00

$2,000,000
City of Summersville
0% Interest Rate, 0.5% Administrative Fee, 27 Years
Closing Date: May 15, 2007

SPECIMEN

Debt Service Schedule

Date	Principal	Coupon	Total P+I
06/01/2029	18,518.00	-	18,518.00
09/01/2029	18,518.00	-	18,518.00
12/01/2029	18,518.00	-	18,518.00
03/01/2030	18,518.00	-	18,518.00
06/01/2030	18,518.00	-	18,518.00
09/01/2030	18,518.00	-	18,518.00
12/01/2030	18,518.00	-	18,518.00
03/01/2031	18,518.00	-	18,518.00
06/01/2031	18,518.00	-	18,518.00
09/01/2031	18,518.00	-	18,518.00
12/01/2031	18,518.00	-	18,518.00
03/01/2032	18,518.00	-	18,518.00
06/01/2032	18,518.00	-	18,518.00
09/01/2032	18,518.00	-	18,518.00
12/01/2032	18,518.00	-	18,518.00
03/01/2033	18,518.00	-	18,518.00
06/01/2033	18,518.00	-	18,518.00
09/01/2033	18,518.00	-	18,518.00
12/01/2033	18,518.00	-	18,518.00
03/01/2034	18,518.00	-	18,518.00
06/01/2034	18,518.00	-	18,518.00
09/01/2034	18,518.00	-	18,518.00
12/01/2034	18,518.00	-	18,518.00
03/01/2035	18,518.00	-	18,518.00
06/01/2035	18,518.00	-	18,518.00
09/01/2035	18,518.00	-	18,518.00
12/01/2035	18,518.00	-	18,518.00
03/01/2036	18,518.00	-	18,518.00
06/01/2036	18,518.00	-	18,518.00
Total	**$2,000,000.00**	-	**$2,000,000.00** *

***Plus $1,261.56 one-half percent Administrative Fee paid quarterly. Total fee over life of loan is $136,248.48.**

Yield Statistics

Bond Year Dollars	$31,338.52
Average Life	15.669 Years
Average Coupon	-
Net Interest Cost (NIC)	-
True Interest Cost (TIC)	-3.80E-15
Bond Yield for Arbitrage Purposes	-3.80E-15
All Inclusive Cost (AIC)	0.4325132%

IRS Form 8038

Net Interest Cost	-
Weighted Average Maturity	15.669 Years

Ferris, Baker Watts, Incorporated
West Virginia Public Finance (Joseph E. Nassif, Investment Banker)

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: _____, _____.

SPECIMEN

SPECIMEN

_____

In the presence of:

_____

Litho. in U.S.A.
GOES 342
All Rights Reserved

101 South Queen Street
Martinsburg, West Virginia 25401
(304) 263-0836

7000 Hampton Center, Suite K
Morgantown, West Virginia 26505
(304) 285-2500

155 East Main Street, Suite 300
Lexington, Kentucky 40507
(859) 252-2202

Bowles Rice
McDavid Graff & Love LLP
ATTORNEYS AT LAW

600 Quarrier Street
Charleston, West Virginia 25301

Post Office Box 1386
Charleston, West Virginia 25325-1386
(304) 347-1100

www.bowlesrice.com

480 West Jubal Early Drive
Suite 130
Winchester, Virginia 22601
(540) 723-8877

5th Floor, United Square
501 Avery Street
Parkersburg, West Virginia 26101
(304) 485-8500

May 15, 2007

City of Summersville
400 Broad Street
Summersville, West Virginia

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

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

Re: City of Summersville Combined Waterworks and Sewerage System Revenue Bonds, Series 2007 A (West Virginia Infrastructure Fund)

Ladies and Gentlemen:

We have served as Bond Counsel in connection with the issuance by the City of Summersville (the "Issuer"), a municipal corporation and political subdivision created and existing under the laws of the State of West Virginia, of its $8,682,265 Combined Waterworks Sewerage System Revenue Bonds, Series 2007 A (West Virginia Infrastructure Fund), dated the date hereof (the "Series 2007 A Bonds").

We have examined a certified copy of proceedings and other papers relating to the authorization of a loan agreement dated May 15, 2007, including all schedules and exhibits attached thereto (the "Loan Agreement"), between the Issuer and the West Virginia Water Development Authority (the "Authority"), acting on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council") and the Series 2007 A Bonds, which are to be purchased by the Authority in accordance with the provisions of the Loan Agreement. The Series 2007 A Bonds are issued in the principal amount of $8,682,265, in the form of one bond registered as to principal to the Authority, with no interest and with principal payable March 1, June 1, September 1 and

December 1 of each year, commencing September 1, 2009, all as set forth in "Schedule Y" attached to the Loan Agreement and incorporated in and made a part of the Series 2007 B Bonds.

The Series 2007 A Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 8, Article 20 and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act") for the purposes of (i) permanently financing a portion of the costs of acquisition and construction of certain additions, betterments and improvements to the sewerage portion of the existing public combined waterworks and sewerage system of the Issuer, consisting of the expansion and improvement of the Issuer's wastewater treatment plant, together with all appurtenant facilities (collectively, the "Project"), and (ii) paying certain costs of issuance and related costs.

We have also examined the applicable provisions of the Act and the Bond Ordinance finally enacted by the Issuer on March 21, 2007, and put into effect following a public hearing held on April 23, 2007, as supplemented by a Supplemental Resolution duly adopted on April 23, 2007 (collectively, the "Ordinance"), pursuant to and under which Act and Ordinance the Series 2007 A Bonds are authorized and issued and the Loan Agreement has been undertaken. The Series 2007 A Bonds are subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Ordinance and the Loan Agreement. All capitalized terms used herein and not otherwise defined herein shall have the same meanings set forth in the Ordinance and the Loan Agreement.

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

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

2. The Loan Agreement inures to the benefit of the Authority and the 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 consent of the Authority and the Council.

3. The Issuer is a duly organized and presently municipal corporation and political subdivision of the State of West Virginia with full power and authority to construct and acquire the Project, to operate and maintain the System, to enact and adopt the Ordinance and to issue and sell the Series 2007 A Bonds, all under the Act and other applicable provisions of law.

4. The Ordinance and all other necessary orders and resolutions have been duly and effectively enacted and adopted by the Issuer in connection with the issuance and sale of the

Series 2007 A Bonds and constitute valid and binding obligations of the Issuer enforceable against the Issuer in accordance with their terms. The Ordinance contains provisions and covenants substantially in the form of those set forth in Section 4.1 of the Loan Agreement.

5. The Series 2007 A Bonds have been duly authorized, issued, executed and delivered by the Issuer to the Authority and are valid and 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 said System, on parity with the liens, pledge and source of and security for payment in favor of the holders of the Issuer's Water and Sewer System Revenue Bonds, Series 1977, dated August 4, 1981 issued in the original principal amount of $290,000, Water and Sewer System Revenue Bonds, Series 1990 A, dated April 6, 1990, issued in the original principal amount of $281,848, Water and Sewer System Revenue Bonds, Series 1991 A, dated August 13, 1991, issued in the original principal amount of $790,057, Water and Sewer System Revenue Bonds, Series 1998 A (West Virginia Infrastructure and Jobs Development Council), dated January 6, 1998, issued in the original principal amount of $639,000, Combined Waterworks and Sewerage System Revenue Bonds, Series 2002 A (West Virginia Infrastructure Fund), dated December 18, 2002, issued in the original principal amount of $4,661,505, Combined Waterworks and Sewerage System Revenue Bonds, Series 2002 B (West Virginia DWTRF Program), dated December 18, 2002, issued in the original principal amount of $2,388,495, and Combined Waterworks and Sewerage System Revenue Bonds, Series 2007 B (West Virginia SRF Program), dated May 15, 2007, issued in the original principal amount of $2,000,000 and senior to the Issuer's Water and Sewer System Revenue Bonds, Series 1990 B, dated April 6, 1990, issued in the original principal amount of $13,152, and Water and Sewer System Revenue Bonds, Series 1991 B, dated August 13, 1991, issued in the original principal amount of $35,671, all in accordance with the terms of the Series 2007 A Bonds and the Ordinance.

6. The Series 2007 A Bonds are, under the Act, exempt from taxation by the State of West Virginia, and the other taxing bodies of the State.

7. The Series 2007 A Bonds have not been issued on the basis that the interest, if any, thereon is or will be excluded from the gross income of the owners thereof for federal income tax purposes. We express no opinion regarding the excludability of such interest from the gross income of the owners thereof for federal income tax purposes or other federal tax consequences arising with respect to the Series 2007 A Bonds.

8. The Issuer has reserved the right to issue additional bonds ranking on a parity with the Series 2007 A Bonds, as provided in the Ordinance.

No opinion is given herein as to the effect upon enforceability of the Series 2007 A Bonds or the Ordinance of bankruptcy, insolvency, reorganization, moratorium, fraudulent

conveyance, fraudulent transfer or other laws affecting creditors' rights or in the exercise of judicial discretion in appropriate cases.

We have examined the executed and authenticated Series 2007 A Bond, No. AR-1, and are of the opinion that the form of said bond and its execution and authentication are regular and proper.

Very truly yours,

BOWLES RICE MCDAVID GRAFF & LOVE LLP

Bowles Rice McDavid Graff & Love LLP

101 South Queen Street
Martinsburg, West Virginia 25401
(304) 263-0836

7000 Hampton Center, Suite K
Morgantown, West Virginia 26505
(304) 285-2500

155 East Main Street, Suite 300
Lexington, Kentucky 40507
(859) 252-2202

Bowles Rice
McDavid Graff & Love LLP
ATTORNEYS AT LAW

600 Quarrier Street
Charleston, West Virginia 25301

Post Office Box 1386
Charleston, West Virginia 25325-1386
(304) 347-1100

www.bowlesrice.com

480 West Jubal Early Drive
Suite 130
Winchester, Virginia 22601
(540) 723-8877

5th Floor, United Square
501 Avery Street
Parkersburg, West Virginia 26101
(304) 485-8500

May 15, 2007

City of Summersville
400 North Broad Street
Summersville, West Virginia

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

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

Re: City of Summersville Combined Waterworks and Sewerage System Revenue Bonds, Series 2007 B (West Virginia SRF Program)

Ladies and Gentlemen:

We have served as Bond Counsel in connection with the issuance by the City of Summersville (the "Issuer"), a municipal corporation and political subdivision created and existing under the laws of the State of West Virginia, of its $2,000,000 Combined Waterworks and Sewerage Revenue Bonds, Series 2007 B (West Virginia SRF Program), dated the date hereof (the "Series 2007 B Bonds").

We have examined a certified copy of proceedings and other papers relating to the authorization of a bond purchase agreement dated May 1, 2007, including all schedules and exhibits attached thereto (the "Bond Purchase Agreement"), among the Issuer, the West Virginia Water Development Authority (the "Authority") and the West Virginia Department of Environmental Protection (the "DEP") and the Series 2007 B Bonds, which are to be purchased by the Authority in accordance with the provisions of the Bond Purchase Agreement. The Series 2007 B Bonds are issued in the principal amount of $2,000,000, in the form of one bond registered as to principal to

the Authority, with no interest and with principal payable March 1, June 1, September 1 and December 1 of each year, commencing September 1, 2009, all as set forth in "Schedule Y" attached to the Bond Purchase Agreement and incorporated in and made a part of the Series 2007 B Bonds.

The Series 2007 A Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 8, Article 20 and Chapter 22C, Article 2 of the West Virginia Code of 1931, as amended (collectively, the "Act") for the purposes of (i) permanently financing a portion of the costs of acquisition and construction of certain additions, betterments and improvements to the sewerage portion of the existing public combined waterworks and sewerage system of the Issuer, consisting of the expansion and improvement of the Issuer's wastewater treatment plant, together with all appurtenant facilities (collectively, the "Project"), and (ii) paying certain costs of issuance and related costs.

We have also examined the applicable provisions of the Act and the Bond Ordinance finally enacted by the Issuer on March 21, 2007, and put into effect following a public hearing held on April 23, 2007, as supplemented by a Supplemental Resolution duly adopted on April 23, 2007 (collectively, the "Ordinance"), pursuant to and under which Act and Ordinance the Series 2007 B Bonds are authorized and issued and the Bond Purchase Agreement has been undertaken. The Series 2007 B Bonds are subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Ordinance and the Bond Purchase Agreement. All capitalized terms used herein and not otherwise defined herein shall have the same meanings set forth in the Ordinance and the Bond Purchase Agreement.

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

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

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

3. The Issuer is a duly organized and presently existing municipal corporation and political subdivision of the State of West Virginia with full power and authority to construct and acquire the Project, to operate and maintain the System, to enact and adopt the Ordinance and to issue and sell the Series 2007 B Bonds, all under the Act and other applicable provisions of law.

4. The Ordinance and all other necessary orders and resolutions have been duly and effectively enacted and adopted by the Issuer in connection with the issuance and sale of the Series 2007 B Bonds and constitute valid and binding obligations of the Issuer enforceable against

the Issuer in accordance with their terms. The Ordinance contains provisions and covenants substantially in the form of those set forth in Section 4.1 of the Bond Purchase Agreement.

5. The Series 2007 B Bonds have been duly authorized, issued, executed and delivered by the Issuer to the Authority and are valid and 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 said System, on parity with the liens, pledge and source of and security for payment in favor of the holders of the Issuer's Water and Sewer System Revenue Bonds, Series 1977, dated August 4, 1981 issued in the original principal amount of $290,000, Water and Sewer System Revenue Bonds, Series 1990 A, dated April 6, 1990, issued in the original principal amount of $281,848, Water and Sewer System Revenue Bonds, Series 1991 A, dated August 13, 1991, issued in the original principal amount of $790,057, Water and Sewer System Revenue Bonds, Series 1998 A (West Virginia Infrastructure and Jobs Development Council), dated January 6, 1998, issued in the original principal amount of $639,000, Combined Waterworks and Sewerage System Revenue Bonds, Series 2002 A (West Virginia Infrastructure Fund), dated December 18, 2002, issued in the original principal amount of $4,661,505, Combined Waterworks and Sewerage System Revenue Bonds, Series 2002 B (West Virginia DWTRF Program), dated December 18, 2002, issued in the original principal amount of $2,388,495, and Combined Waterworks and Sewerage System Revenue Bonds, Series 2007 A (West Virginia Infrastructure Fund), dated May 15, 2007, issued in the original principal amount of $8,682,265 and senior to the Issuer's Water and Sewer System Revenue Bonds, Series 1990 B, dated April 6, 1990, issued in the original principal amount of $13,152, and Water and Sewer System Revenue Bonds, Series 1991 B, dated August 13, 1991, issued in the original principal amount of $35,671, all in accordance with the terms of the Series 2007 B Bonds and the Ordinance.

6. The Series 2007 B Bonds are, under the Act, exempt from taxation by the State of West Virginia, and the other taxing bodies of the State.

7. The Series 2007 B Bonds have not been issued on the basis that the interest, if any, thereon is or will be excluded from the gross income of the owners thereof for federal income tax purposes. We express no opinion regarding the excludability of such interest from the gross income of the owners thereof for federal income tax purposes or other federal tax consequences arising with respect to the Series 2007 B Bonds.

8. The Issuer has reserved the right to issue additional bonds ranking on a parity with the Series 2007 B Bonds, as provided in the Ordinance.

No opinion is given herein as to the effect upon enforceability of the Series 2007 B Bonds or the Ordinance of bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance, fraudulent transfer or other laws affecting creditors' rights or in the exercise of judicial discretion in appropriate cases.

We have examined the executed and authenticated Series 2007 B Bond, No. BR-1, and are of the opinion that the form of said bond and its execution and authentication are regular and proper.

Very truly yours,

BOWLES RICE MCDAVID GRAFF & LOVE LLP

Bowles Rice McDavid Graff & Love LLP

CPS/spg

LAW OFFICE OF
GREGORY A. TUCKER, P.L.L.C.
719 MAIN STREET
SUMMERSVILLE, WEST VIRGINIA 26651

GREGORY A. TUCKER
JAMES R. MILAM, II

TELEPHONE: (304) 872-2500
FAX: (304) 872-1188

May 15, 2007

City of Summersville
400 North Broad Street
Summersville, West Virginia

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

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

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

Camden P. Siegrist
Bowles Rice McDavid Graff & Love LLP
600 Quarrier Street
Charleston, West Virginia 25301

Re: City of Summersville Combined Waterworks and Sewerage System Revenue Bonds, Series 2007 A (West Virginia Infrastructure Fund) and Series 2007 B (West Virginia SRF Program)

Ladies and Gentlemen:

I have served as counsel to the City of Summersville, a municipal corporation and political subdivision of the State of West Virginia, in Nicholas County, West Virginia (the "Issuer"). As such counsel, I have examined (i) the approving opinions of Bowles Rice McDavid Graff & Love LLP, as bond counsel; (ii) the Loan Agreement dated May 15, 2007, by and between the Issuer and the Authority, acting on behalf of the West Virginia Infrastructure and Jobs Development Council (the

"Council") for the Series 2007 A Bonds (the "Loan Agreement"); (iii) the Bond Purchase Agreement dated May 1, 2007, by and among the West Virginia Water Development Authority (the "Authority"), the Issuer and the West Virginia Department of Environmental Protection (the "DEP") for the Series 2007 B Bonds (the "Bond Purchase Agreement"); (iv) the Bond Ordinance of the Issuer enacted March 21, 2007, and put into effect after a public hearing held on April 23, 2007, as supplemented and amended by a Supplemental Resolution adopted on April 23, 2007 (collectively, the "Ordinance"), and (v) other documents, papers, agreements, instruments and certificates relating to the above-captioned Bonds of the Issuer (collectively, the "Bonds"). All capitalized terms used herein and not defined herein shall have the same meanings set forth in the Ordinance, the Loan Agreement and the Bond Purchase Agreement when used herein.

Based upon the foregoing and upon my examination of such other documents as I have deemed necessary, I am of the opinion as follows:

1. The Issuer is duly created and validly existing as a municipal corporation and political subdivision of the State of West Virginia.

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

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

4. The Mayor, Recorder and members of Council of the Issuer have been duly, lawfully and properly appointed or elected, as applicable, have taken the requisite oaths, and are authorized to act in their respective capacities on behalf of the Issuer.

5. The Ordinance has been duly enacted and adopted by the Issuer and is in full force and effect.

6. The execution and delivery of the Bonds, the Loan Agreement and the Bond Purchase Agreement and the consummation of the transactions contemplated by the Bonds, the Loan Agreement, the Bond Purchase Agreement and the Ordinance, 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, resolution, agreement, document or instrument to which the Issuer is a party or by which the Issuer or its properties are bound or any existing law, regulation, rule, order or decree to which the Issuer is subject.

7. The Issuer has received, or there have been entered, all permits, licenses, approvals, consents, exemptions, orders, certificates and authorizations necessary for the creation and existence of the Issuer, the issuance of the Bonds, the acquisition and construction of the Project, the operation of the System and the imposition of rates and charges, including, without limitation, all requisite orders, consents, certificates and approvals from the DEP, the Council and the Public Service

Commission of West Virginia, and the Issuer has taken any other action required for the imposition of such rates and charges, including, without limitation, the enactment of the ordinance prescribing such rates and charges.

8. 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 Purchase Agreement, the Bonds, the Ordinance, the acquisition and construction of the Project, the operation of the System, the validity of the Bonds, the collection of the Gross Revenues or the pledge of the Net Revenues for the payment of the Bonds except for, to the extent applicable to the foregoing, the civil action pending in the Circuit Court of Nicholas County, West Virginia styled City of Summersville vs. North American Drillers, Inc. and City of Summersville v. Stafford Consultants, Inc., v. Affholder, Inc. and Engineering Tectonics, P.A., Case No. 05-C-01.

9. The successful bidder has made the 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 contract, 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 contract; (2) are adequate in form, substance and amount to protect the various interest of the Issuer; (3) have been executed by duly authorized representatives of the proper parties; (4) meet the requirements of the Act, the Ordinance, the Loan Agreement and the Bond Purchase Agreement; and (5) all such other documents constitute valid and legally binding obligations of the parties thereto in accordance with the terms, conditions and provisions thereof. This opinion may be relied upon by all counsel to the transaction as if specifically addressed thereto.

Respectfully,

Gregory A. Tucker

GAT:bh

LAW OFFICE OF
GREGORY A. TUCKER, P.L.L.C.
719 MAIN STREET
SUMMERSVILLE, WEST VIRGINIA 26651

GREGORY A. TUCKER
JAMES R. MILAM, II

TELEPHONE: (304) 872-2500
FAX: (304) 872-1188

May 15, 2007

City of Summersville
400 North Broad Street
Summersville, WV 26651

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

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

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

Camden P. Siegrist
Bowles, Rice, McDavid, Graff & Love, LLP
PO Box 1386
Charleston, WV 25325-1386

Re: Final Title Opinion for
City of Summersville

Ladies and Gentlemen:

I am the counsel to the City of Summersville (the "Issuer") in connection with a proposed project to upgrade and improve its sewer collection system to serve approximately 1,541 customers in the Summersville area of Nicholas County, West Virginia (the "Project"). I provide this final title opinion on behalf of the Issuer to satisfy the requirements of the West Virginia Department of Environmental Protection (the "DEP") and the West Virginia Infrastructure and Jobs Development Council (the "WVIJDC) for the Project. Please be advised of the following:

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

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

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

4. We have examined the records on file in the Office of the Clerk of the County Commission of Nicholas 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 to date by the Issuer have been duly recorded in the Office of the Clerk of the County Commission of Nicholas County to protect the legal title to and interest of the Issuer.

Respectfully,

Gregory A. Tucker

GAT:bh

CITY OF SUMMERSVILLE
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS,
SERIES 2007 A (WEST VIRGINIA INFRASTRUCTURE FUND)
AND
SERIES 2007 B (WEST VIRGINIA SRF PROGRAM)

GENERAL CERTIFICATE OF ISSUER AND ATTORNEY ON:

1. TERMS
2. NO LITIGATION
3. GOVERNMENTAL APPROVALS, BIDDING AND AWARD OF CONTRACT
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. INSURANCE
10. BOND PURCHASE AGREEMENT AND LOAN AGREEMENT
11. RATES; PUBLIC SERVICE COMMISSION ORDERS
12. SIGNATURES AND DELIVERY
13. BOND PROCEEDS
14. PUBLICATION AND PUBLIC HEARING ON BOND ORDINANCE
15. SPECIMEN BONDS
16. CONFLICT OF INTEREST
17. PROCUREMENT OF ENGINEERING SERVICES
18. CLEAN WATER ACT

We, the undersigned MAYOR and the undersigned RECORDER of the City of Summersville, in Nicholas County, West Virginia (the "Issuer"), and the undersigned ATTORNEY for the Issuer, hereby certify in connection with the $8,682,265 aggregate principal amount of the City of Summersville Combined Waterworks and Sewerage System Revenue Bonds, Series 2007 A (West Virginia Infrastructure Fund) (the "Series 2007 A Bonds") and the $2,000,000 aggregate principal amount of the Combined Waterworks and Sewerage System Revenue Bonds, Series 2007 B (West Virginia SRF Program) (the "Series 2007 B Bonds") (collectively, the "Bonds"), as follows:

1. TERMS: All capitalized words and terms used in this General Certificate and not otherwise defined shall have the same meaning as in the Bond Ordinance of the Issuer enacted March 21, 2007, and put into effect after a public hearing held on April 23, 2007, as supplemented and amended by a Supplemental Resolution adopted on April 23, 2007 (collectively, the "Ordinance").

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 or construction of the Project, the operation of the System, the receipt of the Gross Revenues, or in any way contesting or affecting the validity of the Bonds or any proceedings of the Issuer taken with respect to the issuance or sale of the Bonds, the pledge or application of the Net Revenues or any other moneys or security provided for the payment of the Bonds or the existence or the powers of the Issuer insofar as they relate to the authorization, sale and issuance of the Bonds, the acquisition and construction of the Project, the operation of the System, or such pledge or application of moneys and security or the collection of the Gross Revenues or pledge of the Net Revenues as security for the Bonds, except for, to the extent applicable to the foregoing, the civil action pending in the Circuit Court of Nicholas County, West Virginia, styled City of Summersville vs. North American Drillers, Inc. and City of Summersville v. Stafford Consultants, Inc., v. Affholder, Inc. and Engineering Tectonics, P.A., Case No. 05-C-01.

3. GOVERNMENTAL APPROVALS, BIDDING AND AWARD OF CONTRACT: All applicable and necessary approvals, permits, exemptions, consents, authorizations, registrations and certificates required by law for the acquisition and construction of the Project, the operation of the System, including, without limitation, the imposition of rates and charges, and the issuance of the Bonds have been duly and timely obtained and remain in full force and effect. Competitive bids for the acquisition and construction of the Project were solicited in accordance with Chapter 5, Article 22, Section 1 of the Code of West Virginia of 1931. The Issuer has awarded the construction contract for the Project to Ameritcon Inc.

The Issuer has on or prior to this date issued a notice of award to said contractor for the Project and the Issuer contemplates entering into a construction contract with said contractor for the Project on or before May 22, 2007.

4. NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS: There has been no adverse change in the financial condition of the Issuer since the approval and execution and delivery by the Issuer of the Bond Purchase Agreement entered into among the Issuer, the Authority and the Council for the Series 2007 A Bonds (the "Bond Purchase Agreement") and the Loan Agreement entered into by and between the Issuer and the Authority, acting on behalf of the Council, for the Series 2007 B Bonds (the "Loan Agreement") and the Issuer has met all conditions prescribed in the Bond Purchase Agreement and Loan Agreement. The Issuer has or can provide the financial, institutional, legal, and managerial capabilities necessary to complete the Project. Other than the Prior Bonds, there are no outstanding bonds or other obligations of the Issuer which are secured by revenues and/or assets of the System. The Bonds are issued on parity with respect to the liens, pledge and source of and security for payment in favor of the Holders of the First Lien Bonds and senior to the Second Lien Bonds. The Issuer has obtained a certificate of an Independent Certified Public Accountant stating that the coverage and parity tests of the First Lien Bonds have been met, the written consent of the Holders of the First Lien Bonds to the issuance of the Bonds on a parity with the First Lien Bonds and the written consent of the Holders of the Second Lien Bonds to the issuance of the Bonds senior to the Second Lien Bonds.

5. CERTIFICATION OF COPIES OF DOCUMENTS: The copies of the below-listed documents hereto attached or delivered herewith or heretofore delivered are true, correct

and complete copies of the originals of the documents of which they purport to be copies, and such original documents are in full force and effect and have not been repealed, rescinded, amended, altered, supplemented or changed in any way unless modifications appears from later documents also listed below:

Bond Ordinance

Supplemental Resolution

Bond Purchase Agreement for the Series 2007 A Bonds

Loan Agreement for the Series 2007 B Bonds

Infrastructure Council Approval

Recommended Decision of the Public Service Commission of West Virginia (the "PSC") entered in Case No. 06-0335-S-CN on September 29, 2006, which became the Final Order of the PSC on October 19, 2006

Order of the PSC entered on May 14, 2007

Charter

Oaths of Office of Officers and Council members

Water Rate Ordinance

Minutes on Adoption of Water Rate Ordinance

Affidavit of Publication of Water Rate Ordinance

Sewer Rate Ordinance

Minutes on Adoption of Sewer Rate Ordinance

Affidavit of Publication of Sewer Rate Ordinance

Minutes on Adoption of Bond Ordinance, Pubic Hearing Thereon

and Supplemental Resolution

Affidavit of Publication of Abstract of Bond Ordinance

and Notice of Public Hearing

NPDES Permit

Evidence of Insurance

Prior Bond Ordinances Consent of RUS

6. INCUMBENCY AND OFFICIAL NAME: The proper corporate title of the Issuer is "City of Summersville." The Issuer is a municipal corporation in Nicholas County, West Virginia, 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 seven

(7) members of Council all duly elected or appointed, as applicable, qualified and acting, whose names, offices and dates of commencement and termination of current terms of office are as follows:

Name	Office	Date of Commencement of Office	Date of Termination of Office
Stanley S. Adkins	Mayor	July 1, 2003	June 30, 2007
Jeff Asbury	Recorder	July 1, 2003	June 30, 2007
Joe Cardullo	Council Member	July 1, 2003	June 30, 2007
Jo Heater	Council Member	July 1, 2003	June 30, 2007
Kenneth Baker	Council Member	July 1, 2003	June 30, 2007
Pam Cline	Council Member	July 1, 2003	June 30, 2007
Mike Steadham	Council Member	July 1, 2003	June 30, 2007
Lewis Gilbert	Council Member	July 1, 2003	June 30, 2007
Joe Rapp	Council Member	July 1, 2003	June 30, 2007

The duly appointed and acting counsel to Issuer is Gregory A. Tucker, P.L.L.C., Summersville, West Virginia.

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

8. MEETINGS, ETC.: All actions, ordinances, resolutions, orders and agreements taken by and entered into by or on behalf of the Issuer in any way connected with the issuance of the Bonds and the acquisition, construction, operation and financing of the Project and 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 all applicable rules of the Governing Body and all applicable statutes, including, without limitation, Chapter 6, Article 9A, of the Code of West Virginia of 1931, as amended, and a quorum of duly elected or appointed, 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. INSURANCE: All contractors have been required to maintain Workers' Compensation, public liability and property damage insurance and builder's risk insurance in accordance with the Ordinance. All insurance for the System required by the Ordinance is in full force and effect.

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

11. RATES; PUBLIC SERVICE COMMISSION ORDERS: The Issuer has duly enacted on May 8, 2006, a water and sewer rate ordinance setting rates and charges for the services of the System and said rate ordinance is in full force and effect. The Issuer has received the Recommended Decision of the Public Service Commission of West Virginia (the "PSC") entered in Case No. 06-0335-S-CN on September 29, 2006, which became the Final Order of the PSC on October 19, 2006, and the Order of the PSC entered on May 14, 2007, approving the financing for the Project and granting a certificate of public convenience and necessity for the Project. The time for appeal of such Final Order has expired prior to the date hereof. The time for appeal of such Order entered on May 14, 2007 has not expired prior to the date hereof. However, the parties to such Order have stated that they will not appeal such Order. Such Order is not subject to any appeal, further hearing, reopening or rehearing by any customer, protestant, intervener or other person not a party to the original application. The Recommended Decision of the PSC entered on September 29, 2006, which became the Final Order of the PSC on October 19, 2006 remains in full force and effect, except as modified or amended by the Order of the PSC entered on May 14, 2007. The Order of the PSC entered on May 14, 2007 remains in full force and effect.

12. SIGNATURES AND DELIVERY: On the date hereof, the undersigned Mayor did officially sign all of the Bonds of the aforesaid issues, consisting of a single Bond for each series dated May 15, 2007, by his manual signature, and the undersigned Recorder did officially cause the official seal of the Issuer to be affixed upon each of said Bonds and to be attested by his 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 Bond Purchase Agreement and the Loan Agreement. Said official seal is also impressed above the signatures appearing on this certificate.

13. BOND PROCEEDS: On the date hereof the Issuer received from the DEP the sum of $471,697.00, being the first advance of the principal amount of the Series 2007 A Bonds and from the Council the sum of $100,000.00, being the first advance of the principal amount of the Series 2007 B Bonds. The balance of the principal amount of the Bonds will be advanced to the Issuer as the acquisition and construction of the Project progress.

14. PUBLICATION AND PUBLIC HEARING ON BOND ORDINANCE: Upon enactment 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 Nicholas Chronicle, a newspaper published and of general circulation in the City of Summersville, together with a notice to all persons concerned, stating that the Bond Ordinance had been enacted and that the Issuer contemplated the issuance of the Bonds described in such Bond Ordinance, stating that any person interested may appear before the Governing Body at the public hearing held at a public meeting of the Governing Body on the 23rd day of April, 2007, at 6:00 p.m., in the Council Chambers of the City of Summersville City 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. SPECIMEN BONDS: Delivered concurrently herewith are true and accurate specimens of the Bonds.

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

17. 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.

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

WITNESS our signatures and the official seal of the CITY OF SUMMERSVILLE on this 15th day of May, 2007.

[CORPORATE SEAL]

SIGNATURE	OFFICIAL TITLE
_____	Mayor
_____	Recorder
_____	Counsel to Issuer

CITY OF SUMMERSVILLE
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS,
SERIES 2007 A (WEST VIRGINIA INFRASTRUCTURE FUND)
AND
SERIES 2007 B (WEST VIRGINIA SRF PROGRAM)

CERTIFICATE AS TO USE OF PROCEEDS

The undersigned Mayor of the City of Summersville in Nicholas County, West Virginia (the "Issuer"), being one of the officials of the Issuer duly charged with the responsibility for the issuance of the $8,682,265 aggregate principal amount of the Issuer's Combined Waterworks and Sewerage System Revenue Bonds, Series 2007 A (West Virginia Infrastructure Fund) (the "Series 2007 A Bonds") and the $2,000,000 aggregate principal amount of the Issuer's Combined Waterworks and Sewerage System Revenue Bonds, Series 2007 B (West Virginia SRF Fund) (the "Series 2007 B Bonds") (collectively, the "Bonds"), dated May 15, 2007, (the "Bonds"), hereby certify as follows:

1. I am one of the officers 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 meanings set forth in the Bond Ordinance of the Issuer enacted March 21, 2007, and put into effect after a public hearing held on April 23, 2007, as supplemented and amended by a Supplemental Resolution adopted on April 23, 2007 (collectively, the "Ordinance"), authorizing the Bonds.

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

3. This certificate is based upon facts, circumstances, estimates and expectations of the Issuer in existence on May 15, 2007, the date on which the Bonds are being physically delivered in exchange for an initial advance of a portion of the principal amount of the Series 2007 A Bonds and the Series 2007 B Bonds, and to the best of my knowledge and belief, the expectations of the Issuer set forth herein are reasonable.

4. In the Ordinance pursuant to which the Bonds are issued, the Issuer has covenanted: (i) to comply with the Code and all Regulations from time to time in effect and applicable to the Bonds as may be necessary in order to maintain the status of the Bonds as governmental bonds; (ii) that it shall not take, or permit or suffer to be taken, any action with respect to the Issuer's use of the proceeds of the Bonds which would cause any bonds, the interest on which is exempt from federal income taxation under Section 103(a) of the Code, issued by the Authority, the DEP or the Council, as the case may be, from which the proceeds of the Bonds are derived, to lose their status as tax-exempt bonds; and (iii) to take such action, or refrain from taking such action, as shall be deemed necessary by the Issuer, or requested by the Authority, the DEP or the Council, to ensure compliance with the foregoing covenants and agreements regardless of whether such actions may be contrary to any of the provisions of the Ordinance. The Issuer hereby covenants to take all actions necessary to comply with such covenants.

5. The Bonds were sold on May 15, 2007, pursuant to a Loan Agreement dated May 15, 2007, by and between the Issuer and the Authority, acting on behalf of the Council for the Series 2007 A Bonds (the "Loan Agreement") and pursuant to a Bond Purchase Agreement dated May 1, 2007, among the Issuer, the Authority and the DEP for the Series 2007 B Bonds (the "Bond Purchase Agreement") to the Authority, for an aggregate purchase price of $8,682,265 (100% of par) with respect to the Series 2007 A Bonds and for an aggregate purchase price of $2,000,000 (100% of par) with respect to the Series 2007 B Bonds. On May 15, 2007, the Issuer received $471,696.82 from the Council, being the first advance of the principal amount of the Series 2007 A Bonds, and $100,000.00 from the DEP, being the first advance of the principal amount of the Series 2007 B Bonds. The Bonds do not bear interest. The balance of the principal amount of the Bonds will be advanced to the Issuer as the acquisition and construction of the Project progress.

6. (a) The Series 2007 A Bonds are being delivered simultaneously with the delivery of this certificate and are issued for the purposes of (i) paying a portion of the costs of the acquisition and construction of certain extensions, additions, betterments and improvements to the Issuer's existing public sewer system (collectively, the "Project"); and (ii) paying certain costs of issuance of the Series 2007 A Bonds and related costs.

(b) The Series 2007 B 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 the Project; and (ii) paying certain costs of issuance of the Series 2007 B Bonds and related costs.

7. 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 respective Bonds on the acquisition and construction of the Project, constituting a substantial binding commitment. The acquisition and construction of the Project and the allocation of proceeds of the respective Bonds to such 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, if any, deposited in the respective Reserve Accounts for the Bonds, all of the proceeds from the sale of the Bonds, together with any investment earnings thereon, will be expended for payment of costs of the Project on or before May 1, 2009. The acquisition and construction of the Project is expected to be completed by February 1, 2009.

8. The total cost of the Project is estimated at $10,682,265.00. Sources and uses of funds for the Project are as follows:

SOURCES	
Proceeds of the Series 2007 A Bonds	$ 8,682,265
Proceeds of the Series 2007 B Bonds	2,000,000
Total Sources	$10,682,265

USES	
Costs of the Project	$ 10,660,765
Costs of Issuance	21, 500
Total Uses	$ 10,682,265

9. Pursuant to Article V of the Ordinance, the following special funds or accounts have been created or continued in connection with the Bonds:

(1) Revenue Fund;

(2) Renewal and Replacement Fund;

(3) Series 2007 A Bonds Construction Trust Fund;

(4) Series 2007 B Bonds Construction Trust Fund;

(5) Series 2007 A Bonds Sinking Fund;

(6). Within the Series 2007 A Bonds Sinking Fund, the Series 2007 A Bonds Reserve Account;

(7) Series 2007 B Bonds Sinking Fund; and

(8) Within the Series 2007 B Bonds Sinking Fund, the Series 2007 B Bonds Reserve Account.

10. (a) Pursuant to Article VI of the Ordinance, 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.

(b) Pursuant to Article VI of the Ordinance, the proceeds of the Series 2007 B Bonds will be deposited in the Series 2007 B 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 B Bonds and related costs.

11. (a) Moneys held in the Series 2007 A Bonds Sinking Fund will be used solely to pay principal of and interest, if any, on the Series 2007 A Bonds and will not be available to meet costs of the acquisition and construction of the Project. All investment earnings on moneys in the Series 2007 A Bonds Sinking Fund and Series 2007 A Bonds Reserve Account will be withdrawn therefrom and deposited into the Series 2007 A Bonds Construction Trust Fund during the acquisition and 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 Ordinance.

(b) Moneys held in the Series 2007 B Bonds Sinking Fund will be used solely to pay principal of and interest, if any, on the Series 2007 B Bonds and will not be

available to meet costs of the acquisition and construction of the Project. All investment earnings on moneys in the Series 2007 B Bonds Sinking Fund and Series 2007 B Bonds Reserve Account will be withdrawn therefrom and deposited into the Series 2007 B Bonds Construction Trust Fund during the acquisition and 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 Ordinance.

12. Work with respect to the acquisition and construction of the Project will proceed with due diligence to completion. The acquisition and construction of the Project is expected to be completed within 20 months of the date hereof.

13. The Issuer will take such steps as requested by the Authority, the DEP and the Council to ensure that the bonds of the Authority, the DEP and the Council, as the case may be, meet the requirements of the Code.

14. With the exception of the amount deposited in the Series 2007 Bonds Sinking Funds for payment of interest, if any, on the Bonds and the amount deposited in the Series 2007 Bonds Reserve Accounts, if any, all of the proceeds of the Bonds will be expended on the Project within 23 months from the date of issuance thereof.

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

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

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

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

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

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

21. The Bonds are not federally guaranteed.

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

23. The Issuer has either (a) funded the Series 2007 Bonds Reserve Accounts at the maximum amount of principal and interest, if any, which will mature and become due on

the Bonds in the then current or any succeeding year with the proceeds of the Bonds, or (b) created the Series 2007 Bonds Reserve Accounts which will be funded with equal payments made on a monthly basis over a 10-year period until such Series 2007 Bonds Reserve Accounts hold an amount equal to the respective maximum amounts of principal and interest, if any, which will mature and become due on the respective series of Bonds in the then current or any succeeding year. Moneys in the Series 2007 Bonds Reserve Accounts and the Series 2007 Bonds Sinking Funds will be used solely to pay principal of and interest, if any, on the respective series of Bonds and will not be available to pay costs of the Project.

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

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

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

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

WITNESS my signature on this 15th day of May, 2007.

CITY OF SUMMERSVILLE

By: _____

Its: Mayor

CITY OF SUMMERSVILLE
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS
SERIES 2007 A (WEST VIRGINIA INFRASTRUCTURE FUND)
AND
SERIES 2007 B (WEST VIRGINIA SRF PROGRAM)

CERTIFICATE OF ENGINEER

I, Edward J. Brown, Registered Professional Engineer, West Virginia License No. 15552, of ATS Engineering, Inc., in West Chester, Ohio hereby certify as follows:

1. My firm is the engineer for the acquisition and construction of certain additions, betterments and improvements (the "Project") to the sewerage portion of the existing public combined waterworks and sewerage system (the "System") of the City of Summersville (the "Issuer"), to be constructed in Nicholas County, West Virginia, the costs of which Project are being permanently financed by the above-captioned bonds (the "Bonds") of the Issuer. Capitalized words not defined herein shall have the meaning set forth in the Bond Ordinance enacted by the Issuer on March 21, 2007, and put into effect following a public hearing held on April 23, 2007, as supplemented by a Supplemental Resolution adopted on April 23, 2007, the Loan Agreement, dated May 15, 2007, by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), acting on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), for the Series 2007 A Bonds (the "Loan Agreement") and the Bond Purchase Agreement, dated May 1, 2007, by and among the Issuer, the Authority, and the West Virginia Department of Environmental Protection (the "DEP"), for the Series 2007 B Bonds (the "Bond Purchase Agreement")

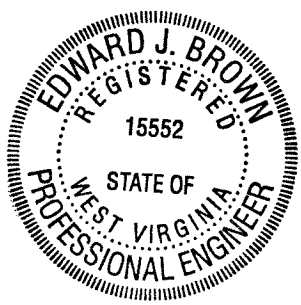
2. The Bonds are being issued for the purposes of (i) permanently financing the costs of the acquisition and construction of the Project; and (ii) paying certain costs of issuance of the Bonds and related costs.

3. To the best of my knowledge, information and belief, (i) within the limits and in accordance with the applicable and governing contractual requirements relating to the Project, the Project will be constructed in general accordance with the approved plans, specifications and designs prepared by my firm and approved by the Council and DEP and any change orders approved by the Issuer, the Council and DEP and all necessary governmental bodies; (ii) the Project, as designed, is adequate for its intended purpose and has a useful life of at least 30 years, if properly operated and maintained, excepting anticipated replacements due to normal wear and tear; (iii) the Issuer has received bids for the acquisition and construction of the Project which are in an amount and otherwise compatible with the plan of financing set forth in Schedule B attached hereto as Exhibit A, and my firm has ascertained that all successful bidders have made required provisions for all insurance and payment and performance bonds and that such insurance policies or binders and such bonds have been verified for accuracy; (iv) the successful bidders received any and all addenda to the original bid documents; (v) the bid documents relating to the Project reflect the Project as approved by the Council and DEP and the bid forms provided to the bidders contain all critical operational components of the Project; (vi)

the successful bids include prices for every item on such bid forms; (vii) the uniform bid procedures were followed; (viii) the Issuer has obtained all permits required by the laws of the State of West Virginia and the United States necessary for the acquisition and construction of the Project and operation of the System; (ix) as of the effective date thereof, in reliance on the certificate of Smith Cochran & Hicks, P.L.L.C., Certified Public Accountants, dated May 15, 2007, the rates and charges for the System as adopted by the Issuer will be sufficient to comply with the provisions of the Loan Agreement and the Bond Purchase Agreement; (x) the net proceeds of the Bonds, together with all other moneys on deposit or to be simultaneously deposited and irrevocably pledged thereto and the proceeds of grants, if any, irrevocably committed therefor, are sufficient to pay the costs of acquisition and construction of the Project set forth in the Schedule B attached hereto and approved by the Council and DEP; and (xi) attached hereto as Exhibit A is the final amended ASchedule B - Total Cost of Project; Sources of Funds and Cost of Financing@ for the Project.

WITNESS my signature and seal on this 15th day of May, 2007.

[SEAL]



ATS ENGINEERING, INC.

By: _____

Edward J. Brown
Its: Vice President
West Virginia License No. 15552

City of Summersville
WastewaterTreatment Plant Upgrade Project
Schedule B (Based on Bids)
Preliminary Cost of Project,Sources of Funds, and Cost of Financing

A. Cost of Project	***Total***	***IJDC Loan***	***SRF Loan***
1. Construction Costs	**9,434,912.00**	**7,434,912.00**	**2,000,000.00**
Contract #1 (EQUIPMENT)	1,929,808.00	929,808.00	1,000,000.00
Contract #2 (CONSTRUCTION)	7,505,104.00	6,505,104.00	1,000,000.00
2. Technical Services	**828,113.00**	**828,113.00**	
a. Engineering design	375,000.00	375,000.00	
b. Engineering during construction	122,000.00	122,000.00	
c. Supplemental (O&M manual and start-up)	45,000.00	45,000.00	
d. Outside Consultant Services	30,297.00	30,297.00	
e. Inspection	255,816.00	255,816.00	
3. Legal	**45,000.00**	**45,000.00**	
a. Attorneys Fees (Easements, PSC, etc)	45,000.00	45,000.00	
b. Rights of Way	0.00	0.00	
4. Administration	**46,400.00**	**46,400.00**	
a. Region 4 PDC	40,000.00	40,000.00	
b. Accountant (Rule 42)	6,400.00	6,400.00	
5. Sites and Other Lands			
6. Other Costs	**35,000.00**	**35,000.00**	
a. Interim Financing Costs	35,000.00	35,000.00	
b. Legal Ads			
7. Contingency	**271,340.00**	**271,340.00**	
8. Total of Lines 1 through 7	**10,660,765.00**	**8,660,765.00**	**2,000,000.00**
B. Cost of Financing	**21,500.00**	**21,500.00**	
9. Bond Counsel	20,500.00	20,500.00	
10. Registrar Fee	1,000.00	1,000.00	
11. Total Project Cost (Total of Lines 8, 9 and 10)	**10,682,265.00**	**8,682,265.00**	**2,000,000.00**

Governmental Agency

Date

Consulting Engineer

Date: 5/15/07

EDWARD J. BROWN
REGISTERED
15552
STATE OF
WEST VIRGINIA
PROFESSIONAL ENGINEER

Compiled by: Region 4 PDC
5/14/2007

City of Summersville

WastewaterTreatment Plant Upgrade Project

Schedule B (Based on Bids)

Preliminary Cost of Project,Sources of Funds, and Cost of Financing

A. Cost of Project	***Total***	***IJDC Loan***	***SRF Loan***
1. Construction Costs	**9,434,912.00**	**7,434,912.00**	**2,000,000.00**
Contract #1 (EQUIPMENT)	1,929,808.00	929,808.00	1,000,000.00
Contract #2 (CONSTRUCTION)	7,505,104.00	6,505,104.00	1,000,000.00
2. Technical Services	**828,113.00**	**828,113.00**	
a. Engineering design	375,000.00	375,000.00	
b. Engineering during construction	122,000.00	122,000.00	
c. Supplemental (O&M manual and start-up)	45,000.00	45,000.00	
d. Outside Consultant Services	30,297.00	30,297.00	
e. Inspection	255,816.00	255,816.00	
3. Legal	**45,000.00**	**45,000.00**	
a. Attorneys Fees (Easements, PSC, etc)	45,000.00	45,000.00	
b. Rights of Way	0.00	0.00	
4. Administration	**46,400.00**	**46,400.00**	
a. Region 4 PDC	40,000.00	40,000.00	
b. Accountant (Rule 42)	6,400.00	6,400.00	
5. Sites and Other Lands			
6. Other Costs	**35,000.00**	**35,000.00**	
a. Interim Financing Costs	35,000.00	35,000.00	
b. Legal Ads			
7. Contingency	**271,340.00**	**271,340.00**	
8. Total of Lines 1 through 7	**10,660,765.00**	**8,660,765.00**	**2,000,000.00**
B. Cost of Financing	**21,500.00**	**21,500.00**	
9. Bond Counsel	20,500.00	20,500.00	
10. Registrar Fee	1,000.00	1,000.00	
11. Total Project Cost (Total of Lines 8, 9 and 10)	**10,682,265.00**	**8,682,265.00**	**2,000,000.00**

Governmental Agency

5-14-07

Date

Consulting Engineer

5/15/07

Date:

EDWARD J. BROWN
REGISTERED
15552
STATE OF
WEST VIRGINIA
PROFESSIONAL ENGINEER

Compiled by: Region 4 PDC
5/14/2007

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

May 15, 2007

CITY OF SUMMERSVILLE
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS
SERIES 2007 A (WEST VIRGINIA INFRASTRUCTURE FUND)
AND
SERIES 2007 B (WEST VIRGINIA SRF FUND)

City of Summersville
400 North Broad Street
Summersville, West Virginia

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

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

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

Bowles Rice McDavid Graff & Love LLP
600 Quarrier Street
Charleston, West Virginia 25301

Ladies and Gentlemen:

Based upon the anticipated rates and charges for the combined waterworks and sewerage system (the "System") of the City of Summersville (the "Issuer"), and projected operation and maintenance expenses and customer usage as furnished to us by the Issuer, it is our opinion that such rates and charges will be sufficient to provide revenues which, together with other revenues of the System, will pay all repair, operation and maintenance expenses of the System and leave a balance each year equal to at least 120% of the maximum amount required in any year for debt service on the Issuer's Combined Waterworks and Sewerage System Revenue Bonds, Series

2007 A (West Virginia Infrastructure Fund) and Series 2007 B (West Virginia SRF Program) (collectively, the "Series 2007 Bonds"), to be issued to the West Virginia Water Development Authority in the aggregate principal amounts of $8,682,265 and $2,000,000, respectively, and all other obligations secured by a lien on or payable from the revenues of the System on a parity with the Series 2007 Bonds, including the Issuer's Water and Sewer System Revenue Bonds, Series 1977, Water and Sewer System Revenue Bonds, Series 1990 A, Water and Sewer System Revenue Bonds, Series 1991 A, Water and Sewer System Revenue Bonds, Series 1998 A (West Virginia Infrastructure and Jobs Development Council), Waterworks and Sewerage System Revenue Bonds, Series 2002 A (West Virginia Infrastructure Fund), and Waterworks and Sewerage System Revenue Bonds, Series 2002 B (West Virginia DWTRF Program), as well as all other obligations secured by a lien on or payable from the revenues of the System junior and subordinate to the Series 2007 Bonds, including Issuer's Water and Sewer System Revenue Bonds, Series 1990 B, and Water and Sewer System Revenue Bonds, Series 1991 B.

Further, it is our opinion that the Net Revenues actually derived from the System during 12 consecutive months within the 18 months immediately preceding the date hereof, plus the estimated average increased annual Net Revenues to be received in each of the 3 succeeding years after the completion of the improvements to be financed by the Series 2007 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 Series 2007 Bonds and the Prior Bonds.

Smith Cochran, Hicks

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

State of West Virginia

STATE OF WEST VIRGINIA

MONTANI SEMPER LIBERI

CERTIFICATE

I, A. James Manchin, Secretary of State of the State of West Virginia, hereby certify that

the following hereto attached is a true copy of Chapter 8, Article 20, Section 1 thru 19, of the West Virginia Code, 1931, as amended as appears from the records of my said office.

Given under my hand and the Great Seal of the said State at the City of Charleston, this

Third *day of*

August *19* 81

A. James Manchin

Secretary of State

AN ACT

(Chap. 184.) To incorporate the town of Summersville in the County of Nicholas.

PASSED MARCH 20th, 1860.

1. Be it enacted by the General Assembly that the town of Summersville in the County of Nicholas shall be and the same is hereby made a town corporate by the name of the town of Summersville; and by that name shall have and exercise the powers conferred upon towns by and be subject to the provisions of, the fifty fourth Chapter of the Code of Virgini so far as the provisions of said Chapter are not in conflict with the provisions of this act.

2. The boundary of said town shall be as follows: viz, Including all of the lots heretofore laid off in said town and to include the Methodist Church South and running from J. A. Alderson's office up to the turnpike road and including said road to a lot of four acres of land owned by Levesey and with his line to James A. Remley's lot and with Remley's line to include his lot and from the lower corner of same a straight line to the Kentucky road, and with the said road to the turnpike road, and with same to the lot given by Austin Groves for a School House and Temperance Hall, and the running to include said lot and V. Levesay's lot of one acre, and thence down said turnpike road to Eagle's Shop.

3. The officers of said town shall consist of a Mayor, five Councilmen and a Sergeant who shall have the powers and perform the duties of a Constable within the limits of said corporation who shall be elected by the white male inhabitants of the said town of the age of twenty one years, and upwards, who shall have been residents thereof twelve months and of the State two years preceding the election. The said election shall take place on the second Saturday

in April annually and the Mayor and Councilmen shall continue in authority until the second Saturday in April in each successive year and until others shall be qualified in their stead and no longer. The Mayor of said town shall be and is hereby constituted "ex officio" justice of the peace within the limits of the said town.

4. V. Levisay, James A. Remley, N. A. Patterson, J. W. Switzer and V. B. Hammon are hereby authorized to hold an election agreeably to the charter aforesaid, for said officers on the second Saturday in April next at Nicholas Court House, any three of whom may act and should they fail to hold an election on that day it shall be their duty to appoint a day and give ten days notice.

5. The fifty fourth Chapter of the Code of Virginia shall be held and deemed a part of this Act so far as the provisions of said Chapter are not in conflict with the provisions of this Act.

6. This Act shall be in force from its passage and shall at all times be subject to alteration or appeal at the pleasure of the General Assembly.

The above is a true copy of an act of the General Assembly of the Commonwealth of Virginia for the session of 1859/60, entitled AN ACT to incorporate the town of Summersville in the County of Nicholas, passed March 20th, 1860.

CLERK OF THE HOUSE OF DELEGATES AND
KEEPER OF THE ROLLS OF THE STATE.

Richmond, Virginia.
March 28, 1949.

Council Meeting
February 16, 1987
Continued

Councilman Vines moved and Councilman Joo seconded the motion to introduce on first reading the ordiance pertaining to the term of office of elected City officials. Motion passed with 7 yeas, 2 absent. Second reading will be on February 23, 1987.

TOWN OF SUMMERSVILLE

Be it ordained that the Town Council of the Town of Summersville proposed a Charter Amendment to change the terms of Office of Mayor, Recorder and Council from two (2) years to four (4) years. The proposed ordinance to amend the town charter will be presented to all qualified voters at the next regularly seheduled municipal election to be held on June 9, 1987 from 6:30 am to 7:30 pm. The proposed ordinance to amend the town charter is set forth as follows:

ELECTED OFFICIALS, TERMS OF OFFICE, ELECTIONS.

1) OFFICIALS, TERMS OF OFFICE.

A. Mayor- The Mayor shall be a resident of the Town of Summersville and a registered voter. The office shall be elected by the duly qualified voters of the Town of Summersville. The term of office shall be for a period of four (4) years, after which time the office holder may be re-elected with no limitation of terms of office. The Mayor shall be the administrative authority of the town. There shall be no limitations as to outside employment placed upon the position of Mayor.

Officers and employees shall be appointed by the Mayor or by the order of the Mayor in accordance with Chapter 8 of the West Virginia Code of 1931 as amended. If at any time the Mayor should become a non-resident of the Town of Summersville, He shall immediately resign his Office.

B) Recorder-Must be a resident of the Town of Summersville. The office will consist of a term of four (4) years, after which time the office holder may be re-elected with no limitation of terms of office. Must be a registered voter. If at any time he becomes a non-resident of the Town of Summersville, he shall immediately resign his office. There shall be no limitation as to outside employment placed upon the position of recorder.'

C) Council- Council shall be the legislative body of the town and shall vote, along with the Mayor and Recorder of the town on all ordinances, propositions, resolutions or measures. The Mayor shall be the presiding officer at all meetings and in his absence, the recorder shall preside. In the absence of both the Mayor and Recorder, one of the members of council selected by the majority of council

members present shall preside. A majority of all the members of council shall be a quorum for the purpose of conducting town business. No member of the legislative body shall vote upon any ordinance, measure, resolution or proposition in which he may be interested in other than as a citizen of the Town of Summersville. Councilpersons must be a resident of the ward for which the office is being sought at the time of election. The office will consist of a term of four (4) years, after which the office holder may be re-elected with no limitation of terms of office. Councilpersons must be registered voters and if, at any time, become a non-resident of the ward from which elected, they shall resign immediately.

The number of members making up council shall be set by ordinance after each national census.

2) Election- Municipal elections shall be held on the second Tuesday of June beginning on June 9, 1987, and every four (4) years there after. All other matters pertaining to elections shall be set from time to time by ordinance in accordance with the West Virginia Code of 1931 as amended.

The officials running for the offices to be filled in the June 9, 1987 municipal election shall be elected in accordance with the provisions of these proposed amendments if approved by a majority of the qualified votes cast in said election and upon declaration of results and entering of said results in council minutes. The ordinance shall be operative upon passage.

First reading-February 16, 1987

Motion Made by Councilman Tom Vines

Seconded by Councilman Don Joo

Vote 7 Yeas - 2 Absent

Second reading& passage on February 23, 1987

Motion made by Councilman Don Joo

Seconded by Councilwoman Jo Heater

Vote 8 Yeas - 1 Absent

Attested by Recorder

S Gale McClung

Mayor

CITY OF SUMMERSVILLE
400 NORTH BROAD STREET
P.O. BOX 525
SUMMERSVILLE, WEST VIRGINIA 26651

STANLEY S. ADKINS, MAYOR

TELEPHONE: (304) 872-1211
TELECOPY: (304) 872-2236

OATH OF OFFICE

CITY OF SUMMERSVILLE

I, **STANLEY S. ADKINS**, duly elected Mayor, do solemnly swear or affirm that I will uphold the Constitution of the United States, the Constitution of the State of West Virginia, and the Municipal Charter of the City of Summersville and that I will faithfully and impartially discharge the duties of the office of Mayor of the City of Summersville, to the best of my skill and judgement, so long as I shall continue to act as such, SO HELP ME GOD.

STANLEY S. ADKINS

Subscribed and sworn to before me, in said County, State, and City this 30th day of June, 2003.

GARY L. JOHNSON
CIRCUIT JUDGE

RECEIPT FOR RECORD
TIME ____ PAGE ____
03 JUL -1 AM 9:07
JOHN GREER
COUNTY CLERK
NICHOLAS COUNTY, WV

CITY OF SUMMERSVILLE
400 NORTH BROAD STREET
P.O. BOX 525
SUMMERSVILLE, WEST VIRGINIA 26651

STANLEY S. ADKINS, MAYOR

TELEPHONE: (304) 872-1211
TELECOPY: (304) 872-2236

OATH OF OFFICE

CITY OF SUMMERSVILLE

I, **JEFF ASBURY**, duly elected Recorder, do solemnly swear or affirm that I will uphold the Constitution of the United States, the Constitution of the State of West Virginia, and the Municipal Charter of the City of Summersville and that I will faithfully and impartially discharge the duties of the office of Recorder of the City of Summersville, to the best of my skill and judgement, so long as I shall continue to act as such, SO HELP ME GOD.

JEFF ASBURY

Subscribed and sworn to before me, in said County, State, and City this 30th day of June, 2003.

GARY L. JOHNSON
CIRCUIT JUDGE

03 JUL -1 AM 9:07
COUNTY CLERK
NICHOLAS COUNTY, WV

CITY OF SUMMERSVILLE
400 NORTH BROAD STREET
P.O. BOX 525
SUMMERSVILLE, WEST VIRGINIA 26651

STANLEY S. ADKINS, MAYOR

TELEPHONE: (304) 872-1211
TELECOPY: (304) 872-2236

OATH OF OFFICE

CITY OF SUMMERSVILLE

I, **JOE CARDULLO**, duly elected Councilman, do solemnly swear or affirm that I will uphold the Constitution of the United States, the Constitution of the State of West Virginia, and the Municipal Charter of the City of Summersville and that I will faithfully and impartially discharge the duties of Councilman of the City of Summersville, to the best of my skill and judgement, so long as I shall continue to act as such, SO HELP ME GOD.

JOE CARDULLO

Subscribed and sworn to before me, in said County, State, and City this ~~30th~~ 9th day of ~~June~~ July, 2003.

GARY L. JOHNSON
CIRCUIT JUDGE

RECEIPT FOR RECORD
BOOK ..... PAGE .....
03 JUL 10 PM 1:18
JOHN GREER
COUNTY CLERK
NICHOLAS COUNTY, WV

STATE OF WEST VIRGINIA, Nicholas County
Commission Clerk's Office 7/10/03
The foregoing Oath of Office together with the certificate of its acknowledgment, was this day presented in said office and admitted to record.
Teste: John Greer Clerk

CITY OF SUMMERSVILLE
400 NORTH BROAD STREET
P.O. BOX 525
SUMMERSVILLE, WEST VIRGINIA 26651

STANLEY S. ADKINS, MAYOR

TELEPHONE: (304) 872-1211
TELECOPY: (304) 872-2236

OATH OF OFFICE

CITY OF SUMMERSVILLE

I, **JO HEATER**, duly elected Councilwoman, do solemnly swear or affirm that I will uphold the Constitution of the United States, the Constitution of the State of West Virginia, and the Municipal Charter of the City of Summersville and that I will faithfully and impartially discharge the duties of Councilwoman of the City of Summersville, to the best of my skill and judgement, so long as I shall continue to act as such, SO HELP ME GOD.

Jo Heater
JO HEATER

Subscribed and sworn to before me, in said County, State, and City this 30th day of June, 2003.

Gary L. Johnson
GARY L. JOHNSON
CIRCUIT JUDGE

RECEIVED FOR RECORD
03 JUL -1 AM 9:07
JAN H. GREER
COUNTY CLERK
NICHOLAS COUNTY, WV
PAGE

CITY OF SUMMERSVILLE
400 NORTH BROAD STREET
P.O. BOX 525
SUMMERSVILLE, WEST VIRGINIA 26651

STANLEY S. ADKINS, MAYOR

TELEPHONE: (304) 872-1211
TELECOPY: (304) 872-2236

OATH OF OFFICE

CITY OF SUMMERSVILLE

I, **KENNETH BAKER**, duly elected Councilman, do solemnly swear or affirm that I will uphold the Constitution of the United States, the Constitution of the State of West Virginia, and the Municipal Charter of the City of Summersville and that I will faithfully and impartially discharge the duties of Councilman of the City of Summersville, to the best of my skill and judgement, so long as I shall continue to act as such, SO HELP ME GOD.

Kenneth Baker
KENNETH BAKER

Subscribed and sworn to before me, in said County, State, and City this 30th day of June, 2003.

Gary L. Johnson
GARY L. JOHNSON
CIRCUIT JUDGE

03 JUL -1 AM 9:07
JOHN SCHEER
COUNTY CLERK
NICHOLAS COUNTY, WV

CITY OF SUMMERSVILLE
400 NORTH BROAD STREET
P.O. BOX 525
SUMMERSVILLE, WEST VIRGINIA 26651

STANLEY S. ADKINS, MAYOR

TELEPHONE: (304) 872-1211
TELECOPY: (304) 872-2236

OATH OF OFFICE

CITY OF SUMMERSVILLE

I, **PAM CLINE**, duly elected Councilwoman, do solemnly swear or affirm that I will uphold the Constitution of the United States, the Constitution of the State of West Virginia, and the Municipal Charter of the City of Summersville and that I will faithfully and impartially discharge the duties of Councilwoman of the City of Summersville, to the best of my skill and judgement, so long as I shall continue to act as such, SO HELP ME GOD.

Pam Cline
PAM CLINE

Subscribed and sworn to before me, in said County, State, and City this ~~30th~~ 9th day of ~~June,~~ July 2003.

Gary L. Johnson
GARY L. JOHNSON
CIRCUIT JUDGE

03 JUL 10 PM 1:18
JOHN GREEN
COUNTY CLERK
NICHOLAS COUNTY, WV
RECEIPT FOR RECORD
BOOK ... PAGE ...

STATE OF WEST VIRGINIA, Nicholas County
Commission Clerk's Office 7/10/03
The foregoing Oath of Office together with the certificate of its acknowledgment, was this day presented in said office and admitted to record.
Teste: John Green Clerk
DC

CITY OF SUMMERSVILLE
400 NORTH BROAD STREET
P.O. BOX 525
SUMMERSVILLE, WEST VIRGINIA 26651

STANLEY S. ADKINS, MAYOR

TELEPHONE: (304) 872-1211
TELECOPY: (304) 872-2236

OATH OF OFFICE

CITY OF SUMMERSVILLE

I, **MIKE STEADHAM**, duly elected Councilman, do solemnly swear or affirm that I will uphold the Constitution of the United States, the Constitution of the State of West Virginia, and the Municipal Charter of the City of Summersville and that I will faithfully and impartially discharge the duties of Councilman of the City of Summersville, to the best of my skill and judgement, so long as I shall continue to act as such, SO HELP ME GOD.

Mike Steadham
MIKE STEADHAM

Subscribed and sworn to before me, in said County, State, and City this 30th day of June, 2003.

Gary L. Johnson
GARY L. JOHNSON
CIRCUIT JUDGE

RECORDED FOR RECORD
BK ____ PAGE ____
03 JUL -1 AM 9:08
COUNTY CLERK
NICHOLAS COUNTY, WV

CITY OF SUMMERSVILLE
400 NORTH BROAD STREET
P.O. BOX 525
SUMMERSVILLE, WEST VIRGINIA 26651

STANLEY S. ADKINS, MAYOR

TELEPHONE: (304) 872-1211
TELECOPY: (304) 872-2236

OATH OF OFFICE

CITY OF SUMMERSVILLE

I, **LEWIS GILBERT**, duly elected Councilman, do solemnly swear or affirm that I will uphold the Constitution of the United States, the Constitution of the State of West Virginia, and the Municipal Charter of the City of Summersville and that I will faithfully and impartially discharge the duties of Councilman of the City of Summersville, to the best of my skill and judgement, so long as I shall continue to act as such, SO HELP ME GOD.

LEWIS GILBERT

Subscribed and sworn to before me, in said County, State, and City this 30th day of June, 2003.

GARY L. JOHNSON
CIRCUIT JUDGE

RECEIVED FOR RECORD
PAGE
03 JUL -1 AM 9:08
CLERK
COUNTY CLERK
NICHOLAS COUNTY, WV

CITY OF SUMMERSVILLE
400 NORTH BROAD STREET
P.O. BOX 525
SUMMERSVILLE, WEST VIRGINIA 26651

STANLEY S. ADKINS, MAYOR

TELEPHONE: (304) 872-121
TELECOPY: (304) 872-2236

OATH OF OFFICE

CITY OF SUMMERSVILLE

I, **JOE RAPP**, duly elected Councilman, do solemnly swear or affirm that I will uphold the Constitution of the United States, the Constitution of the State of West Virginia, and the Municipal Charter of the City of Summersville and that I will faithfully and impartially discharge the duties of Councilman of the City of Summersville, to the best of my skill and judgement, so long as I shall continue to act as such, SO HELP ME GOD.

JOE RAPP

Subscribed and sworn to before me, in said County, State, and City this 30th day of June, 2003.

GARY L. JOHNSON
CIRCUIT JUDGE

03 JUL -1 AM 9:08
COUNTY CLERK
NICHOLAS COUNTY, WV

CITY OF SUMMERSVILLE

AN ORDINANCE ESTABLISHING AND FIXING A FINAL SCHEDULE OF WATER RATES, AN INITIAL AND FINAL SCHEDULE OF SEWER RATES, LEAK ADJUSTMENT RATES, DELAYED PAYMENT PENALTIES, CONNECTION CHARGES RECONNECTION CHARGES AND OTHER CHARGES FOR SERVICE TO CUSTOMERS OF THE CITY OF SUMMERSVILLE

THE CITY COUNCIL OF THE CITY OF SUMMERSVILLE HEREBY ORDAINS: The following schedules of initial water rates, delayed payment penalty, connection charge, reconnection charge, leak adjustment rate and other charges; initial sewer rates, delayed payment penalty, connection charge, reconnection charge, leak adjustment rate and other charges; final sewer rates, delayed payment penalty, connection charge, reconnection charge, leak adjustment rate and other charges are hereby fixed and determined as the water rates, sewer rates, delayed payment penalties, connection charges, reconnection charges, leak adjustment rates and other charges to be charged to customers of the City of Summersville throughout the territory served:

SECTION 1. SCHEDULE OF WATER RATES AND CHARGES

APPLICABILITY

Applicable to entire area served.

AVAILABILITY OF SERVICE

Available for general domestic, commercial and industrial service.

RATES

A. GLADE CREEK AREA
$9.84 per 1,000 gallons

B. SUMMERSVILLE AREA

First 2,000 gallons per month at $9.41 per 1,000 gallons
Next 5,000 gallons per month at $5.54 per 1,000 gallons
Next 25,000 gallons per month at $4.98 per 1,000 gallons
Next 70,000 gallons per month at $4.43 per 1,000 gallons
Next 75,000 gallons per month at $3.30 per 1,000 gallons
Next 177,000 gallons per month at $3.30 per 1,000 gallons

MINIMUM CHARGE

A. GLADE CREEK AREA

Based on 2,000 Gallons

5/8 inch meter	$19.67 per month
2 inch meter	$157.38 per month
3 inch meter	$295.05 per month
4 inch meter	$491.75 per month
6 inch meter	$983.50 per month
8 inch meter	$1,573.60 per month
10 inch meter	$2,458.75 per month
12 inch meter	$4,032.35 per month

B. SUMMERSVILLE AREA

Based on 2,000 Gallons

5/8 inch meter	$18.81 per month
1 inch meter	$47.03 per month
1½ inch meter	$94.07 per month
2 inch meter	$150.50 per month
3 inch meter	$282.20 per month
4 inch meter	$470.25 per month
6 inch meter	$940.50 per month
8 inch meter	$1,504.80 per month
10 inch meter	$2,351.25 per month
12 inch meter	$3,856.05 per month

CONNECTION CHARGE

A $300.00 tap fee will be charged for any new customers requesting service that have a meter of 5/8" in size. Meters 1" or larger will be charged $300.00 or actual cost, whichever is greater.

DELAYED PAYMENT PENALTY

The above tariff is net. On all current usage billings not paid in full within 20 days, ten percent (10%) will be added to the net current amount unpaid. This delayed payment penalty is not interest and is to be collected only once for each bill where it is appropriate.

RETURNED CHECK CHARGE

A charge of $15.00 will be applied for any check returned for non-payment.

DISCONNECTION FOR NON-PAYMENT

If any bill is not paid within 60 days after the date of bill, service to the customer will be discontinued and will not be restored until all past due bills have been paid in full and all accrued penalties plus a reconnection charge have been paid.

DISCONNECTIONS AND RECONNECTIONS

Whenever water service has been disconnected for non-payment of water bills, a disconnection fee of $25.00 shall be charged; or in the event the delinquent water bill is collected by the city in the field, an administrative fee of $25.00 shall be charged. A $25.00 reconnection fee will be assessed for each occurrence where water service is restored after water service has been terminated for non-payment of water bills.

SECURITY DEPOSIT

A minimum cash deposit of $50.00 shall be required for each new customer to secure payment of bills. Said deposit will be refunded with interest (at a rate provided annually by the Public Service Commission) after 12 consecutive months of on time payments.

FIRE HYDRANTS

A fee of $3.00 per month per fire hydrant shall be charged to the City for public fire protection.

A fee of $3.00 per fire hydrant will be charged to the fire department outside City limits that provide fire protection for that service area.

FIRE SUPPRESSION SYSTEMS

A fee of $3.00 per month shall be charged to customers for private non-metered fire suppression service.

ADJUSTMENT RATE FOR LEAKS

The adjustment rate for leaks on the customer's side of the meter shall be fifty six cents (56¢) per 1,000 gallons.

EFFECTIVE DATE

The water rates, delayed payment penally, connection charge, reconnection charge, leak adjustment rate and other charges provided in this Schedule of Water Rates and Charges shall be effective 45 days after passage unless otherwise ordered by the Public Service Commission.

SECTION 2. INITIAL SCHEDULE OF SEWER RATES

SCHEDULE I
RATES AND CHARGES

APPLICABILITY

Applicable to entire area served.

AVAILABILITY OF SERVICE

Available for general domestic, commercial and industrial service.

RATES

First 2,000 gallons per month at $9.22 per 1,000 gallons
Next 5,000 gallons per month at $6.93 per 1,000 gallons
Next 25,000 gallons per month at $6.36 per 1,000 gallons
Next 70,000 gallons per month at $5.75 per 1,000 gallons
Next 75,000 gallons per month at $5.43 per 1,000 gallons
Next 77,000 gallons per month at $5.43 per 1,000 gallons

MINIMUM CHARGE

Minimum charge based upon 2,000 gallons: $18.44

SEWER TAP FEES

A $300.00 tap fee will be charged to any new customers requesting service.

DELAYED PAYMENT PENALTY

The above rates are net. On all accounts not paid in full within twenty days of billing date, ten percent will be added to the net amount shown.

DISCONNECTIONS AND RECONNECTIONS

Whenever water service has been disconnected for non-payment of sewer bills, a disconnection fee of $25.00 shall be charged; or in the event the delinquent sewer bill is collected by the city in the field, an administrative fee of $25.00 shall be charged. A $25.00 reconnection fee will be assessed for each occurrence where water service is restored after water service has been terminated for non-payment of sewer bills.

SECURITY DEPOSIT

A minimum cash deposit of $50.00 shall be required from each new customer to secure payment of bills. Said deposit will be refunded with interest (at a rate provided annually by the Public Service Commission) after 12 consecutive months of on time payments.

ADJUSTMENT RATE FOR LEAKS

The adjustment rate for leaks on the customer's side of the meter shall be sixty three cents (63¢) per 1,000 gallons.

RETURNED CHECK CHARGE

A charge of $15.00 will be assessed to each account for which payment made by a check was returned for non-payment.

SCHEDULE II
SURCHARGE FORMULA TO BE APPLIED IN CASES WHERE SURFACE DRAINAGE IS CONNECTED TO THE CITY'S SANITARY SEWER SYSTEM

Where the City has discovered that a customer's roof drain, down spouts, storm sewer or other similar facilities conducting surface water have been connected to the City's sewer system and such customer has failed to take appropriate action within thirty (30) days of receipt of a demand by the City in accordance with the Rules and Regulations of the Public Service Commission to eliminate such connection, a surcharge will be imposed upon the customer calculated on the basis of the following formula:

$$S = A \times R \times .0006233 \times C$$

S - The surcharge in dollars

A- The area under roof and/or the area of any other water collection surface connected to the sanitory sewer, in square feet

R - The measured monthly rainfall, in inches

.0006233 - A conversion factor to change inches of rain x square feet of surface to

thousands of gallons of water.

C - The City's approved rate per thousand gallons of metered water usage.

The City shall not impose the surcharge unless and until the customer has been notified by certified mail, return receipt requested, or by hand delivery, that it has been established by smoke testing, dye testing, or on-site inspection that rain or other surface water is being introduced into the sanitary sewer system at the customer's location, and that the customer has not acted within thirty (30) days from receipt of such notice to divert the water from the sanitary sewer system.

Said surcharge shall be calculated and imposed for each month that said condition continues to exist. Failure to pay the surcharge and/or correct the situation shall give rise to the possible termination of water service in accordance with the Rules and Regulations of the Public Service Commission of West Virginia.

SCHEDULE III
SURCHARGE FORMULA FOR. USERS PRODUCING UNUSUAL WASTE

The charge for the treatment of unusual wastes will be calculated on the basis of the following formula:

$$Cl = VoVi+BoBi = SoSi$$

Ci- Charge to unusual users per year

Vo- Average unit cost of transport and treatment chargeable to volume, in dollars per gallon

Vi - Volume of waste water from unusual users, in gallons per year

Bo- Average unit cost of treatment, chargeable to Bio-chemical Oxygen Demand (BOD), in dollars per pound

Bi - Weight of BOD from unusual users, in pounds per year

So- Average unit costs of treatment (including sludge treatment) chargeable to total solids, in dollars per pound

Si- Weight of total solids from unusual users, in pounds per year

When an unusual waste producer, as determined by the City, is to be served, a preliminary study of its wastes, and the cost of transport and treatment thereof, will be made at the expense of the user. Waste containing materials which, in the site judgment of the City of Summersville or its duly authorized Board or agents, should not be introduced into the sewer

system need not be handled by it. The results of this preliminary study will be used to determine the feasibility of the proposed sewer service and the charges therefor, based upon the formula set out above.

Thereafter, unusual sewage will be monitored on a regular basis and at the conclusion of each fiscal year, based on the investigation aforesaid and audit of the City of Summersville's relevant records, new cost figures will be calculated for the use in the above formula. The cost of establishing the monitoring facilities shall be paid by the user. Based on the audited figures, additional billings covering the past fiscal year will be made for payment by each unusual user, or refund given by the City of Summersville, as the case may be. Such audited figures will then be used for the preliminary billing for the next fiscal year, at the end of which an adjustment will be made as aforesaid.

SCHEDULE IV
UNMETERED WATER USAGE

For users that have unmetered water usage, a flat rate of $32.30 will be charged monthly. This flat rate is based upon 4.0m gallons.

SCHEDULE V
FORMULA FOR CERTAIN NON-METERED INDUSTRIAL PLANTS

Where the amount of sanitary discharged into the City of Summersville wastewater treatment system by certain industrial plant or plants cannot be accurately determined by the use of the plant's meter or meters, if any, a special formula will be used whereby such plant or plants will pay to the City of Summersville a sewer charge calculated at fifty (50) gallons of water per each employee at the plant each working day.

EFFECTIVE DATE

The sewer rates, delayed payment penalty, connection charge, reconnection charge, leak adjustment rate and other charges provided in this Initial Schedule of Sewer Rates and Charges shall be effective upon passage unless otherwise ordered by the Public Service Commission.

SECTION 3. FINAL SCHEDULE OF SEWER RATES

SCHEDULE 1
RATES AND CHARGES

APPLICABILITY

Applicable to entire area served.

AVAILABILITY OF SERVICE

Available for general domestic, commercial and industrial service.

RATES

First 2,000 gallons per month at $12.08 per 1,000 gallons
Next 5,000 gallons per month at $9.08 per 1,000 gallons
Next 25,000 gallons per month at $8.33 per 1,000 gallons
Next 70,000 gallons per month at $7.53 per 1,000 gallons
Next 75,000 gallons per month at $7.11 per 1,000 gallons
Next 77,000 gallons per month at $7.11 per 1,000 gallons

MINIMUM CHARGE

Minimum charge based upon 2,000 gallons: $24.16

SEWER TAP FEES

A $300.00 tap fee will be charged to any new customer requesting service.

DELAYED PAYMENT PENALTY

The above rates are net. On all accounts not paid in full within twenty days of billing date, ten percent will be added to the net amount shown.

DISCONNECTIONS AND RECONNECTIONS

Whenever water service has been disconnected for non-payment of sewer bills, a disconnection fee of $25.00 shall be charged; or in the event the delinquent sewer bill is collected by the city in the field, an administrative fee of $25.00 shall be charged. A $25.00 reconnection fee will be assessed for each occurrence where water service is restored after water service has been terminated for non-payment of sewer bills.

SECURITY DEPOSIT

A minimum cash deposit of $50.00 shall be required from each new customer to secure payment of bills. Said deposit will be refunded with interest (at a rate provided annually by the Public Service Commission) after 12 consecutive months of on time payments.

ADJUSTMENT RATE FOR LEAKS

The adjustment rate for leaks on the customer's side of the meter shall be sixty three cents (63¢) per 1,000 gallons.

RETURNED CHECK CHARGE

A charge of $15.00 will be assessed to each account for which payment made by a check was returned for non-payment.

SCHEDULE II
SURCHARGE FORMULA TO BE APPLIED IN CASES WHERE SURFACE DRAINAGE IS CONNECTED TO THE CITY'S SANITARY SEWER SYSTEM

Where the City has discovered that a customer's roof drain, down spouts, storm sewer or other similar facilities conducting surface water have been connected to the City's sewer system and such customer has failed to take appropriate action within thirty (30) days of receipt of a demand by the City in accordance with the Rules and Regulations of the Public Service Commission to eliminate such connection, a surcharge will be imposed upon the customer calculated on the basis of the following formula:

$$S = A \times R \times .0006233 \times C$$

S - The surcharge in dollars

A- The area under roof and/or the area of any other water collection surface connected to the sanitory sewer, in square feet

R - The measured monthly rainfall, in inches

.0006233 - A conversion factor to change inches of rain x square feet of surface to thousands of gallons of water.

C - The City's approved rate per thousand gallons of metered water usage.

The City shall not impose the surcharge unless and until the customer has been notified by certified mail, return receipt requested, or by hand delivery, that it has been established by smoke testing, dye testing, or on-site inspection that rain or other surface water is being introduced into the sanitary sewer system at the customer's location, and that the customer has not acted within thirty (30) days from receipt of such notice to divert the water from the sanitary sewer system.

Said surcharge shall be calculated and imposed for each month that said condition continues to exist. Failure to pay the surcharge and/or correct the situation shall give rise to the possible termination of water service in accordance with the Rules and Regulations of the Public Service Commission of West Virginia.

SCHEDULE III
SURCHARGE FORMULA FOR USERS PRODUCING UNUSUAL WASTE

The charge for the treatment of unusual wastes will be calculated on the basis of the following formula:

$$Cl = VoVi+BoBi = SoSi$$

Ci- Charge to unusual users per year

Vo- Average unit cost of transport and treatment chargeable to volume, in dollars per gallon

Vi - Volume of waste water from unusual users, in gallons per year

Bo- Average unit cost of treatment, chargeable to Bio-chemical Oxygen Demand (BOD), in dollars per pound

Bi - Weight of BOD from unusual users, in pounds per year

So- Average unit costs of treatment (including sludge treatment) chargeable to total solids, in dollars per pound

Si- Weight of total solids from unusual users, in pounds per year

When an unusual waste producer, as determined by the City, is to be served, a preliminary study of its wastes, and the cost of transport and treatment thereof, will be made at the expense of the user. Waste containing materials which, in the site judgment of the City of Summersville or its duly authorized Board or agents, should not be introduced into the sewer system need not be handled by it. The results of this preliminary study will be used to determine the feasibility of the proposed sewer service and the charges therefor, based upon the formula set out above.

Thereafter, unusual sewage will be monitored on a regular basis and at the conclusion of each fiscal year, based on the investigation aforesaid and audit of the City of Summersville's relevant records, new cost figures will be calculated for the use in the above formula. The cost of establishing the monitoring facilities shall be paid by the user. Based on the audited figures, additional billings covering the past fiscal year will be made for payment by each unusual waste producer, or refund given by the City of Summersville, as the case may be. Such audited figures will then be used for the preliminary billing for the next fiscal year, at the end of which an adjustment will be made as aforesaid.

SCHEDULE IV
UNMETERED WATER USAGE

For users that have unmetered water usage, a flat rate of $42.32 will be charged monthly. This flat rate is based upon 4.0m gallons.

SCHEDULE V
FORMULA FOR CERTAIN NON-METERED INDUSTRIAL. PLANTS

Where the amount of sanitary discharged into the City of Summersville wastewater treatment system by certain industrial plant or plants cannot be accurately determined by the use of the plant's meter or meters, if any, a special formula will be used whereby such plant or plants will pay to the City of Summersville a sewer charge calculated at fifty (50) gallons of water per each employee at the plant each working day.

EFFECTIVE DATE

The sewer rates, delayed payment penalty, connection charge, reconnection charge, leak adjustment rate and other charges provided in this Final Schedule of Sewer Rates and Charges shall be effective upon determination by the city's engineer that the wastewater treatment plant upgrade project is substantially completed unless otherwise ordered by the Public Service Commission.

SECTION 4. SEPARABILITY: REPEAL OF CONFLICTING ORDINANCES

The provisions of this Ordinance arc separable, and if any clause, provision or section hereof shall be held void or unenforceable by the West Virginia Public Service Commission or any court of competent jurisdiction, such holding shall not affect the remainder of this Ordinance. Upon the effective date hereof, all ordinances, resolutions, orders or parts thereof in conflict with the provisions of this Ordinance are, to the extent of such conflicts, hereby repealed; and to the extent that the provisions of this Ordinance do not touch upon the provisions of prior ordinances, resolutions, orders or parts thereof, the same shall remain in full force and effect.

SECTION 5. STATUTORY NOTICE AND PUBLIC HEARING

Upon introduction and adoption at first reading hereof, the Recorder shall publish a copy of this Ordinance once a week for 2 successive weeks, with the first such publication to occur not less than 10 days before the meeting at which this Ordinance is to be finally adopted, in *The Nicholas Chronicle*, a qualified newspaper published and of general circulation in the City of Summersville, and said notice shall state the subject matter and general title of this Ordinance,

that this Ordinance has been introduced and adopted, and that any person interested may appear before the Council of the City of Summersville, at the City Hall, Summersville, West Virginia on the 8th day of May, 2006 at 6:30 p.m., which is the date, time and place of the proposed ordinance. At such hearing all objections and suggestions shall be heard and the Council shall take such action as it shall deem proper in the premises. Copies of this Ordinance shall be available to the public for inspection at the office of the Recorder in the City Hall, Summersville, West Virginia.

Passed on First Reading: February 27, 2006

Passed on Second Reading: March 13, 2006

Passed on Third Reading
Following Public Hearing: May 8, 2006

Mayor, Stanley S. Adkins

CERTIFICATION AND NOTICE

I hereby certify that the foregoing is a true and accurate copy of an Ordinance which has been introduced and adopted on first reading at a meeting of the City Council of the City of Summersville held on February 27, 2006, pursuant to proper notice, at which meeting a quorum was present and acting throughout. Any person interested may appear before the City Council of the City of Summersville at the Municipal Building, 400 North Broad Street, Summersville, West Virginia, on the 8th day of May, 2006, at 6:30 p.m., being the date, time and place of the proposed final adoption of this Ordinance, and be heard. The Council will then take such action as it shall deem proper in the premises. The proposed ordinance may be inspected by the public at the Office of the Recorder in the City Hall, Summersville, West Virginia during regular office hours.

Jeff M. Asbury

Recorder, Jeff M. Asbury

CITY OF SUMMERSVILLE
400 NORTH BROAD STREET
P.O. BOX 526
SUMMERSVILLE, WEST VIRGINIA 26651

STANLEY S. ADKINS, MAYOR

TELEPHONE: (304) 872-1211
TELECOPY: (304) 872-2236

Regular Meeting of Summersville City
Council held on February 27, 2006

PRESENT: Stanley Adkins, Mayor
Jeff Asbury, Recorder
Joe Cardullo, Councilman Ward I
Jo Heater, Councilwoman Ward I
Kenny Baker, Councilman Ward II
Mike Steadham, Councilman Ward III
Lewis Gilbert, Councilman Ward IV
Joe Rapp, Councilman Ward IV

ABSENT: Pam Cline, Councilwoman Ward III

VISITORS: Chrissy McClung, Nicholas Chronicle
Greg Tucker, City Attorney
W.D. Smith, Region 4 PDC
Beth Lawrence
Ricky Dennison, WV Rural Water Association

Mayor Adkins called the Council Meeting to order at 7:00 p.m.

A motion was made to approve, as presented, the Minutes of the Regular Meeting of City Council held on February 13, 2006. Moved by Joe Cardullo.
Seconded by Joe Rapp.
The vote was as follows:

Joe Cardullo	Yes
Jo Heater	Yes
Kenny Baker	Yes
Mike Steadham	Yes
Lewis Gilbert	Yes
Joe Rapp	Yes
Stan Adkins	Yes
Jeff Asbury	Yes

The motion carried by unanimous vote of all members present. Councilwoman Pam Cline was absent for the meeting.

Beth Lawrence came before Council to advise members that the Ransberger house has been torn down and they cannot backfill the property due to a drainage problem. She stated that the drainage problem has existed for years. She claimed that the drainage problem was created by the Department of Highways

and the City of Summersville. She said the Department of Highways did not install a drop-in for drainage when they repaved Webster Road and when the City redid the sidewalks, they made the grade for the curb for the driveway lower than the street and that caused the water to drain down right beside the house. The water continues to drain down in that area and if the area is backfilled, it will erode away. Until the drain problem is corrected, there is no reason for them to backfill the area. They sued the State. She wants the City to redo the curb area where the parking area is located. Mayor Adkins advised that this was a drainage problem off of a state highway. He said the only thing he could do was to have the Street Superintendent look at the problem and determine if a drop-inlet down to the storm drain would be appropriate and then present a proposal to Council. Recorder Asbury said he thought the City should talk to the State and see what the basis of their finding was. Mayor Adkins said the City didn't build that sidewalk, a contractor built that sidewalk. He asked Ms. Lawrence if the City cured the drainage problem, would they would backfill the area. Ms. Lawrence said yes, they would backfill the area if the City took care of the drainage problem. Mayor Adkins will have Gus Rader contact her regarding this problem.

Council held the first reading, by title only, of the Water and Sewer Rate Ordinance. A motion was made to approve the first reading of the Water and Sewer Rate Ordinance. Moved by Joe Cardullo.

Seconded by Mike Steadham.

The vote was as follows:

Joe Cardullo	Yes
Jo Heater	Abstain
Kenny Baker	Yes
Mike Steadham	Yes
Lewis Gilbert	Yes
Joe Rapp	Yes
Stan Adkins	Yes
Jeff Asbury	Yes

The motion carried with seven voting in favor of the motion and one abstaining. Councilwoman Pam Cline was absent for the meeting.

Councilman Kenny Baker asked the City Attorney if the City had a pornography ordinance that would prohibit someone from opening that type of business in town. City Attorney Greg Tucker stated that the City has a Planning and Zoning Commission whereas the County does not have a planning commission. Recorder Jeff Asbury noted that type of business is not described in any of the City's commercial districts.

He felt that it would be better to have an ordinance specific to these things. The City Attorney said that this is a complicated issue. Mayor Adkins authorized the City Attorney to present the City with an ordinance; the City does not want this type of business in Summersville.

Discussion was held on an invoice from the Tinney Law Firm for services relating to the Water Plant Construction Project. A motion was made to approve invoice #21047 from the Tinney Law Firm in the amount of $5,319.74 for professional services rendered and expenses incurred in connection of the Water Plant Construction Project. Mayor Adkins noted that on page two of the Tinney invoice there are charges listed in the amount of $585.24 from Kay Casto & Chaney, PLLC and Council previously approved payment of this invoice. The revised invoice amount to be paid is $4,734.50. Moved by Joe Cardullo.

Seconded by Jo Heater.

The vote was as follows:

Joe Cardullo	Yes
Jo Heater	Yes
Kenny Baker	Yes
Mike Steadham	Yes
Lewis Gilbert	Yes
Joe Rapp	Yes
Stan Adkins	Yes
Jeff Asbury	Yes

The motion carried by unanimous vote of all members present. Councilwoman Pam Cline was absent for the meeting.

Discussion was held on an invoice from Stafford Consultants for services relating to the Preliminary Engineering Report - Glade Creek Phase II Project. A motion was made to approve Invoice #29 in the amount of $150.00 for work performed under the Preliminary Engineering Phase. Moved by Kenny Baker.

Seconded by Lewis Gilbert.

The vote was as follows:

Joe Cardullo	Yes
Jo Heater	Yes
Kenny Baker	Yes
Mike Steadham	Yes
Lewis Gilbert	Yes
Joe Rapp	Yes
Stan Adkins	Yes
Jeff Asbury	Yes

The motion carried by unanimous vote of all members present. Councilwoman Pam Cline was absent for the meeting.

Discussion was held on an invoice from ATS for services relating to the Wastewater Treatment Plant Project - Final Design. A motion was made to approve invoice #155-002-2931 in the amount of $30,000.00 for professional services rendered and expenses incurred in connection of the Wastewater Treatment Plant Project. Moved by Kenny Baker.
Seconded by Lewis Gilbert.
The vote was as follows:

Joe Cardullo	Yes
Jo Heater	Yes
Kenny Baker	Yes
Mike Steadham	Yes
Lewis Gilbert	Yes
Joe Rapp	Yes
Stan Adkins	Yes
Jeff Asbury	Yes

The motion carried by unanimous vote of all members present. Councilwoman Pam Cline was absent for the meeting.

A motion was made to approve and authorize the Mayor to sign the agreement for the Public Tree Inventory and Associated Services Grant. Moved by Kenny Baker.
Seconded by Joe Rapp.
The vote was as follows:

Joe Cardullo	Yes
Jo Heater	Yes
Kenny Baker	Yes
Mike Steadham	Yes
Lewis Gilbert	Yes
Joe Rapp	Yes
Stan Adkins	Yes
Jeff Asbury	Yes

The motion carried by unanimous vote of all members present. Councilwoman Pam Cline was absent for the meeting.

Finance Committee Chairman Kenny Baker said he would like to commend Jeff Asbury in his efforts to collect the delinquent water bills. He told him to stay after it and get them all collected.

Discussion was held on proposed General Fund Budget Revision #10 for FY2005/2006. A motion was made to approve General Fund Budget Revision #10 which includes a decrease of $20,000 from the Council Contributions budget with an increase of $10,000 to the Police Department Commodities budget and an increase of $10,000 to the City Hall Contractual budget. Also as part of budget revision #10, there was an increase of $1,590 to the State Grant Revenue budget, an increase of $3,598 to the Miscellaneous Revenue budget, an increase of

$2,340 to the Police Department Capital Outlay budget, an increase of $1,567 to the Youth Center Contractual budget, and an increase of $1,281 to the Youth Center Commodities budget. Moved by Kenny Baker.

Seconded by Lewis Gilbert.

The vote was as follows:

Joe Cardullo	Yes
Jo Heater	Yes
Kenny Baker	Yes
Mike Steadham	Yes
Lewis Gilbert	Yes
Joe Rapp	Yes
Stan Adkins	Yes
Jeff Asbury	Yes

The motion carried by unanimous vote of all members present. Councilwoman Pam Cline was absent for the meeting.

Finance Committee Chairman Kenny Baker advised Council members that the Finance Committee has authorized the Finance Director to proceed with getting some quotes for the phone system and software programs for fire fees, B & O, building permits, etc. All of the programs have problems and must be replaced. After she receives the quotes, the quotes will be presented to Council.

Ricky Dennison introduced himself to Council. He is with the West Virginia Rural Water Association and he met with Steve Acree today. He left his number in case Council would have any questions for him.

Councilman Joe Rapp informed Council that one representative from an elevator company attended the Pre-Bid Meeting this morning. This was not a mandatory meeting and the bids must be submitted by March 13, 2006.

A motion was made to adjourn the meeting at 7:29 p.m. Moved by Joe Cardullo.

Seconded by Mike Steadham.

The vote was as follows:

Joe Cardullo	Yes
Jo Heater	Yes
Kenny Baker	Yes
Mike Steadham	Yes
Joe Rapp	Yes
Lewis Gilbert	Yes
Stan Adkins	Yes
Jeff Asbury	Yes

The motion carried by unanimous vote of all members present. Councilwoman Pam Cline was absent for the meeting.

CITY OF SUMMERSVILLE
400 NORTH BROAD STREET
P.O. BOX 525
SUMMERSVILLE, WEST VIRGINIA 26651

STANLEY S. ADKINS, MAYOR

TELEPHONE: (304) 872-1211
TELECOPY: (304) 872-2236

Regular Meeting of Summersville City
Council held on March 13, 2006

PRESENT: Stanley Adkins, Mayor
Jeff Asbury, Recorder
Joe Cardullo, Councilman Ward I
Jo Heater, Councilwoman Ward I
Kenny Baker, Councilman Ward II
Pam Cline, Councilman Ward III
Mike Steadham, Councilman Ward III
Lewis Gilbert, Councilman Ward IV
Joe Rapp, Councilman Ward IV

VISITORS: Chrissy McClung, Nicholas Chronicle
Rodney Truman, SPD
Curtis Persinger, SPD
Timothy Blake, SPD
Aaron Acree, SPD
Bryan Keiper, SPD
Gary Brown, SPD
Bill Dorsey, SPD
Nova Dorsey, Visitor
Ron Carelli, SPD
Paul Stalnaker, SPD
Jay Nowak, SPD
Gerald Proctor, SPD
Jon Brown, SPD
Jason Lanham, SPD
Brandon Tucker, Visitor
John Donley, Student Conservation Association
Craig Dicht, Student Conservation Association
Jim Price, Noah Corporation
Anne Price, Visitor

Mayor Adkins called the Council Meeting to order at 7:00 p.m.

A motion was made to approve, as presented, the Minutes of the Regular Meeting of City Council held on February 27, 2006. Moved by Pam Cline.
Seconded by Joe Rapp.
The vote was as follows:

Joe Cardullo	Yes
Jo Heater	Yes

Kenny Baker	Yes
Pam Cline	Yes
Mike Steadham	Yes
Lewis Gilbert	Yes
Joe Rapp	Yes
Stan Adkins	Yes
Jeff Asbury	Yes

The motion carried by unanimous vote of all members present.

Council held the second reading, by title only, of the Water and Sewer Rate Ordinance. The sewer rates must be increased to cover the costs of normal operating expenses and the costs of the new wastewater treatment plant. A motion was made to approve the second reading of the Water and Sewer Rate Ordinance. Moved by Joe Cardullo.

Seconded by Mike Steadham.

The vote was as follows:

Joe Cardullo	Yes
Jo Heater	Yes
Kenny Baker	Yes
Pam Cline	Yes
Mike Steadham	Yes
Lewis Gilbert	Yes
Joe Rapp	Yes
Stan Adkins	Yes
Jeff Asbury	Yes

The motion carried by unanimous vote of all members present.

The Planning and Zoning Commission approved the Exotic Entertainment Ordinance and referred the Ordinance to Council for approval. Council held the first reading, by title only, of the Exotic Entertainment Ordinance. A motion was made to approve the first reading, by title only, of the Exotic Entertainment Ordinance. The second reading and passage will be held at the next Council Meeting. Moved by Mike Steadham.

Seconded by Pam Cline.

The vote was as follows:

Joe Cardullo	Yes
Jo Heater	Yes
Kenny Baker	Yes
Pam Cline	Yes
Mike Steadham	Yes
Lewis Gilbert	Yes
Joe Rapp	Yes
Stan Adkins	Yes
Jeff Asbury	Yes

The motion carried by unanimous vote of all members present.

Discussion was held on an invoice from the R.M. Huffman Company for services relating to the Armory/Convention Center Project. A motion was made to approve Invoice #1527 in the amount of $9,776.14 for curtains for the bleachers. Moved by Pam Cline.

Seconded by Mike Steadham.

The vote was as follows:

Joe Cardullo	Abstain
Jo Heater	Yes
Kenny Baker	Yes
Pam Cline	Yes
Mike Steadham	Yes
Lewis Gilbert	Yes
Joe Rapp	Yes
Stan Adkins	Yes
Jeff Asbury	Yes

The motion carried with eight voting in favor of the motion and one abstaining.

Discussion was held on a recommendation from the Youth Center Board of Directors to appoint Kandi Green to fill the vacancy on the Board of Directors. A motion was made to approve the appointment of Kandi Green to the Youth Center Board of Directors. Moved by Joe Cardullo.

Seconded by Kenny Baker.

The vote was as follows:

Joe Cardullo	Yes
Jo Heater	Yes
Kenny Baker	Yes
Pam Cline	Yes
Mike Steadham	Yes
Lewis Gilbert	Yes
Joe Rapp	Yes
Stan Adkins	Yes
Jeff Asbury	Yes

The motion carried by unanimous vote of all members present.

Discussion was held on proposed General Fund Budget Revision #11 for FY2005/2006. A motion was made to approve General Fund Budget Revision #11 which includes a decrease of $17,650 from the Council Contributions budget with an increase of $2,000 to the Finance - Commodities budget; an increase of $12,450 to the Finance - Capital Outlay budget and an increase of $3,200 to the Planning and Zoning - Capital Outlay budget for computer software. Moved by Kenny Baker.

Seconded by Pam Cline.

The vote was as follows:

Joe Cardullo	Yes
Jo Heater	Yes

Kenny Baker	Yes
Pam Cline	Yes
Mike Steadham	Yes
Lewis Gilbert	Yes
Joe Rapp	Yes
Stan Adkins	Yes
Jeff Asbury	Yes

The motion carried by unanimous vote of all members present.

Jim Price came before Council to report that the Hydro Power Plant was running smoothly. He advised that a local resident is also finished with the history of the Hydro Power Plant.

John Donley and Craig Dicht came before Council to provide a report on recycling. The recycling bins are located at the Nicholas County Community Action parking lot and the recycling program is doing very well. He said the best way to get the word out to crush the plastic bottles before the residents bring them to the recycling bins is to get it on SCTV. If the bottles are crushed, this will provide more room in the bins for additional bottles. Councilman Cardullo asked if the City was utilizing recycling with the renovations being done at the Municipal Building, especially with the aluminum, copper, etc. Mayor Adkins said as far as he knew, the City was not recycling these materials. Mr. Donley informed Council that these metals can be taken to Angler's Roost and the New River Trading Post. Both of these companies buy metals. They also buy old construction materials.

Several members of the Summersville Police Department were in attendance. Lt. Rodney Truman addressed Council about the rumors that management has gone around to different employees and said that about eight (8) officers were going to be laid off. He said they were attending the meeting to find out if this rumor is true. Are they going to lose eight (8) officers? Councilman Kenny Baker asked if he could answer this question. As Chairman of the Finance Committee, he said that, to his knowledge, there has been no discussion of getting rid of eight (8) officers. The proposed budget does have a cut of two (2) officers, but this is not set in stone. Lt. Truman stated that the rumor someone is telling all the employees that eight (8) officers are getting laid off is not true then. Chairman Baker replied that it is not true; they have not discussed cutting eight (8) officers. Captain Curtis Persinger reminded Council that they need to inquire into the amount of work that the police officers have been doing, how many officers the department needs to have in order to perform the jobs that the officers have to do. It is Council's responsibility to insure the public is safe and

protected. The officers have to be safe and protected also. He stated that the City needs multiple officers working per shift. He asked Council to look at the monthly activity reports; the amount of time occupied in July 2005 was slightly over 600 hours. This is time the officers actually spent instead of just being out on the road driving around in circles. This is time the officers were actually doing something, dealing with the public. The December activity report is up to 779 hours. He said he realized that there have been conversations that the number of tickets has fallen and they have. But, the work the officers have been doing is steadily increasing. The amount of time the officers are spending in dealing with the public has increased. There have been two very serious accidents that consumed a whole lot of time to investigate. The officers can't just go to the scene and clear it up. There is an enormous amount of time spent after a serious accident and it ties the officers up. He felt that Council needed to think about all of this when they make a determination about cutting officers. Chairman Kenny Baker stated that the Finance Committee did meet with all the department heads, in this case, Chief Bailey, and the two officers being cut was the topic of discussion and Chief Bailey assured us that the police department would still have adequate coverage. He commented that the officers may have a different opinion, but that is what the Finance Committee was told. Mr. Baker informed the officers that he may schedule a work session to work on the budget and he will have the meeting notice posted and give the officers due notice. Captain Persinger thanked Mr. Baker. Mayor Adkins said that at the present time, the police department consumes about 40% of the total budget. Sgt. Gerald Proctor stated that, in his opinion, Council should see that the Police Department would be a priority of the City. You would see that its needs would be met and then all the other projects of the City could be considered, like the Brown House and the TV station. This is people's jobs, we just hired two new officers with the intention that they will have jobs, some of them just bought new vehicles, and now possibilities they could lose their jobs. I don't know how you could entertain the idea of lessening the police department when there is money that could be moved to fund the police department. Make the police department the priority of the City, officers protect and serve and we have to have the officers to do that. Other projects should suffer instead of cutting the police department.

A motion was made to go into Executive Session to discuss the proposed budget. Moved by Kenny Baker.
Seconded by Pam Cline.

The vote was as follows:

Joe Cardullo	Yes
Jo Heater	Yes
Kenny Baker	Yes
Pam Cline	Yes
Mike Steadham	Yes
Lewis Gilbert	Yes
Joe Rapp	Yes
Stan Adkins	Yes
Jeff Asbury	Yes

The motion carried by unanimous vote of all members present.

A motion was made to come out of Executive Session. No action was taken during the Executive Session. Moved by Pam Cline.
Seconded by Lewis Gilbert.
The vote was as follows:

Joe Cardullo	Yes
Jo Heater	Yes
Kenny Baker	Yes
Pam Cline	Yes
Mike Steadham	Yes
Lewis Gilbert	Yes
Joe Rapp	Yes
Stan Adkins	Yes
Jeff Asbury	Yes

The motion carried by unanimous vote of all members present.

A motion was made to adjourn the meeting at 8:18 p.m. Moved by Mike Steadham.
Seconded by Lewis Gilbert.
The vote was as follows:

Joe Cardullo	Yes
Jo Heater	Yes
Kenny Baker	Yes
Pam Cline	Yes
Mike Steadham	Yes
Joe Rapp	Yes
Lewis Gilbert	Yes
Stan Adkins	Yes
Jeff Asbury	Yes

The motion carried by unanimous vote of all members present.

CITY OF SUMMERSVILLE
400 NORTH BROAD STREET
P.O. BOX 525
SUMMERSVILLE, WEST VIRGINIA 26651

STANLEY S. ADKINS, MAYOR

TELEPHONE: (304) 872-1211
TELECOPY: (304) 872-2236

RECEIVED
06 JUL -3 AM 9:17
W. VA. PUBLIC SERVICE COMMISSION
SECRETARY'S OFFICE

Regular Meeting of Summersville City Council held on May 8, 2006

PRESENT: Stanley Adkins, Mayor
Jeff Asbury, Recorder
Joe Cardullo, Councilman Ward I
Jo Heater, Councilwoman Ward I
Kenny Baker, Councilman Ward II
Mike Steadham, Councilman Ward III
Lewis Gilbert, Councilman Ward IV
Joe Rapp, Councilman Ward IV

ABSENT: Pam Cline, Councilwoman Ward III

VISITORS: Chrissy McClung, Nicholas Chronicle
W.D. Smith, Region 4
Scott Ankrom, ATS
Bob Hilleary, COS
L.B. Bailey, Chief, SPD

A Public Hearing was held prior to the Council Meeting. Mayor Adkins called the Public Hearing to order at 6:30 p.m. Mayor Adkins noted that proper advertising for the Public Hearing had been published in the local newspaper for two weeks and was also posted at the Municipal Building. The purpose of the Public Hearing was to hear comments from the public concerning the proposed amended sewer rate increase. No one appeared at the Public Hearing to speak in favor of or in opposition to the proposed increase. Mayor Adkins declared the Public Hearing adjourned at 7:00 p.m.

Mayor Stan Adkins called the Council Meeting to order at 7:00 p.m.

A motion was made to approve, as presented, the Minutes of the Regular Meeting of City Council held on April 24, 2006.
Moved by Joe Cardullo.
Seconded by Lewis Gilbert.
The vote was as follows:

Joe Cardullo	Yes
Jo Heater	Yes
Kenny Baker	Yes
Mike Steadham	Yes

Lewis Gilbert	Yes
Joe Rapp	Yes
Jeff Asbury	Yes

The motion carried by unanimous vote of all members present. Councilwoman Pam Cline was absent for the meeting.

Council held the third and final reading of the Amended Water and Sewer Rate Ordinance for the City of Summersville. The increase is necessary to cover the construction and operating costs of the new wastewater treatment plant. The first tier of the sewer rate ordinance will become effective 45 days after passage. A motion was made to approve the third reading and adoption of the Ordinance, as amended, establishing the Water and Sewer Rates of the City of Summersville. Moved by Joe Cardullo.

Seconded by Kenny Baker.

The vote was as follows:

Joe Cardullo	Yes
Jo Heater	Abstain
Kenny Baker	Yes
Mike Steadham	Yes
Lewis Gilbert	Yes
Joe Rapp	Yes
Jeff Asbury	Yes

The motion carried with six voting in favor of the motion and one abstaining. Councilwoman Pam Cline was absent for the meeting.

Discussion was held on an invoice from Stafford Consultants for services relating to the Preliminary Engineering Report - Glade Creek Phase II Project. A motion was made to approve Invoice #30 from Stafford Consultants in the amount of $150.00 for professional services rendered and expenses incurred in connection with the Glade Creek Phase II Project. Moved by Jo Heater.

Seconded by Joe Rapp.

The vote was as follows:

Joe Cardullo	Yes
Jo Heater	Yes
Kenny Baker	Yes
Mike Steadham	Yes
Lewis Gilbert	Yes
Joe Rapp	Yes
Jeff Asbury	Yes

The motion carried by unanimous vote of all members present. Councilwoman Pam Cline was absent for the meeting.

Discussion was held on a proposal from Smith, Cochran and Hicks for accounting services relating to the Glade Creek

Phase II Project. Council approved Smith, Cochran and Hicks to provide accounting services at a meeting held on October 13, 2003. W.D. Smith advised that this is for the Rule 42 and they will also provide all the accounting services for the Glade Creek Phase II Project. A quote was provided in the amount of $10,000.00. A motion was made to approve Smith, Cochran and Hicks as the accounting firm for the Glade Creek Phase II Project and authorizes Region 4 Planning and Development Council to utilize them as needed in connection with the Project. Moved by Jo Heater.

Seconded by Lewis Gilbert.

The vote was as follows:

Joe Cardullo	Yes
Jo Heater	Yes
Kenny Baker	Yes
Mike Steadham	Yes
Lewis Gilbert	Yes
Joe Rapp	Yes
Jeff Asbury	Yes

The motion carried by unanimous vote of all members present. Councilwoman Pam Cline was absent for the meeting.

Chief L.B. Bailey came before Council to clarify certain liability issues that he had raised regarding the K-9 unit. Councilman Mike Steadham asked about the liability issue of the dog only being covered to travel back and forth to Beckley for training and not around town. Chief Bailey replied that the initial agreement was that the trainer was going to be here in town and all the training that Officer Carelli was going to do would be on his own. The City would not take the liability of the dog until we signed a contract with him because the dog is his. The City has nothing to do with this dog at this point. The training fell through here in Summersville so he acquired a trainer in Raleigh County. Officer Carelli came to me and asked if he could use his cruiser to transport himself and the dog once or twice a week for the training. Chief Bailey said he advised him that was a liability issue once we leave the county or personal use or whatever. He checked with the City Attorney and he said once we make that commitment to let him use the City vehicle to transport the dog to training, then it was our liability. Chief Bailey said he explained that to Pam Cline. In case of an accident, we will be liable. In the course of training, if the dog snaps or bites someone, because we are allowing him to transport the dog in our vehicle, we are liable. Once the dog gets certified, we would accept it and sign a contract with Officer Carelli for a year to lease the dog for services. He said he just wanted to make Ms. Cline aware that all this was going on and the liability of the issue with it.

She did not have a problem with the dog being taken to Beckley in a City vehicle. Mayor Adkins advised that she has no input in this, this is your decision. Councilman Kenny Baker stated that the cost of the training has already escalated. Chief Bailey said yes due to the cost of the fuel to Beckley and back, but the certified trainer is supposed to be free due to donations. Councilman Mike Steadham said it might be a wash in expenses. Chief Bailey said that the way fuel is now, it may be $30.00. Councilman Steadham noted that since we are moving forward with the plan, we are still going to get a drug dog, right? Chief Bailey said yes, but he got blindsided with this and he is now playing catch up with this because everyday things change. At first it was going to be 6 months, it is probably four weeks now. He stated that a K-9 is just another tool or another piece of evidence of probable cause that we use. Just because he stops a car and he is a K-9 handler, legally he can walk the dog around the car and that dog can bark or scratch to indicate that there are narcotics in the vehicle. You still have to go and obtain a search warrant. Councilman Kenny Baker stated that Council has been misled in that. He said Council was told specifically that if the dog hits on a car, that car is ours. Nothing was said about a search warrant. Is that not true? Chief Bailey said that there are a lot of Supreme Court rulings out there. It is a great tool. What it does do, a lot of times is, and probably more than the search warrant, the person will tell you to go ahead and search his vehicle. If I find a marijuana joint in a vehicle, I am trained to stop at that point and use that probable cause to still go and obtain a search warrant. Councilman Joe Cardullo asked if Chief Bailey wanted a drug dog. Chief Bailey said he thinks a drug dog would be very effective, but at what point do we get one? Mayor Adkins stated that it was completely up to the Chief to decide if he wants a drug dog. He said nobody here can force him to have a drug dog. Councilman Lewis Gilbert asked that since the training here deteriorated, why didn't the officer transport the dog in his own vehicle? Mayor Adkins said the officer didn't want to. Chief Bailey stated that Officer Carelli told him that the dog needs time in its training to get used to the surroundings, being in the cage, riding around, etc. Officer Carelli was told that he definitely can not bring the dog with him to work or on the job until the dog is certified. He has put in a lot of his own time on this. The only thing the City has invested at this time is the liability of him taking the cruiser to Beckley and the fuel. If the dog continues to do as well in training, he could be certified in four weeks.

Mike Steadham provided the Finance Committee Report. He met with Benny Hall and Joe Rapp and has requested to solicit bids on the 800 amps service. The 400 amps service has now been upgraded to 800 amps service that we will need to power the building and elevator. We would like to get an advertisement for bids in the newspaper so that bids can be received. Before we can do that, I talked to Eastern Electric and they have agreed to draw up the specs and have the prints to mail out to the respective bidders in order to have a fair comparison for all bidders. That will cost approximately a minimum of $1500.00, but could cap at $2,000.00. He advised that he felt this would be money well spent. He asked for Council's approval to proceed to get the drawings and prints for 800 amps service and run the ads and get bids and then report back to Council. Mayor Adkins stated that would be under City Hall Contractual and he authorized Councilman Steadham to proceed.

Councilman Steadham advised that last year Council had agreed to put out bids on the landscaping for the Brown House, the downtown and North Side. Mayor Adkins said there was money in Street Department Contractual. He said he thinks that Gus may have contracted with Glade Creek Floral for the landscaping for the City. Mayor Adkins said he will have Gus look at bidding the Brown House and North Side.

Councilwoman Jo Heater asked if the City has a noise ordinance. The City does have a noise ordinance and she was told that the citizens need to call 911 and an officer will be sent to check out the complaint.

Councilman Steadham said that sometime ago he was asked to proceed with updating the employee handbook and he is doing so. He provided a recommendation sheet to all Council members and the original draft for the Recorder. Council members may check out the draft and provide their comments and suggestions in order for him to close this out in a couple of weeks.

Councilman Joe Rapp stated that he has been upstairs watching Benny work on the renovations. He has been called off that job so much that it will not be done by the first of June. He was told his work here would be finished up by the first of June. Mayor Adkins advised that if Benny does not spend all the funds allocated; he said he was sure Council would reallocate whatever he does not spend towards that project to finish it up. The funds would be in carryover.

A motion was made to adjourn the meeting at 7:33 p.m. Moved by Joe Cardullo.

Seconded by Lewis Gilbert.

The vote was as follows:

Joe Cardullo	Yes
Jo Heater	Yes
Kenny Baker	Yes
Mike Steadham	Yes
Joe Rapp	Yes
Lewis Gilbert	Yes
Jeff Asbury	Yes

The motion carried by unanimous vote of all members present. Councilwoman Pam Cline was absent for the meeting.

Regular Meeting of Summersville City
Council held on May 8, 2006

PRESENT: Stanley Adkins, Mayor
Jeff Asbury, Recorder
Joe Cardullo, Councilman Ward I
Jo Heater, Councilwoman Ward I
Kenny Baker, Councilman Ward II
Mike Steadham, Councilman Ward III
Lewis Gilbert, Councilman Ward IV
Joe Rapp, Councilman Ward IV

ABSENT: Pam Cline, Councilwoman Ward III

VISITORS: Chrissy McClung, Nicholas Chronicle
W.D. Smith, Region 4
Scott Ankrom, ATS
Bob Hilleary, COS
L.B. Bailey, Chief, SPD

A Public Hearing was held prior to the Council Meeting. Mayor Adkins called the Public Hearing to order at 6:30 p.m. Mayor Adkins noted that proper advertising for the Public Hearing had been published in the local newspaper for two weeks and was also posted at the Municipal Building. The purpose of the Public Hearing was to hear comments from the public concerning the proposed amended sewer rate increase. No one appeared at the Public Hearing to speak in favor of or in opposition to the proposed increase. Mayor Adkins declared the Public Hearing adjourned at 7:00 p.m.

Mayor Stan Adkins called the Council Meeting to order at 7:00 p.m.

A motion was made to approve, as presented, the Minutes of the Regular Meeting of City Council held on April 24, 2006. Moved by Joe Cardullo.
Seconded by Lewis Gilbert.
The vote was as follows:

Joe Cardullo	Yes
Jo Heater	Yes
Kenny Baker	Yes
Mike Steadham	Yes
Lewis Gilbert	Yes
Joe Rapp	Yes
Jeff Asbury	Yes

The motion carried by unanimous vote of all members present. Councilwoman Pam Cline was absent for the meeting.

Council held the third and final reading of the Amended Water and Sewer Rate Ordinance for the City of Summersville. The increase is necessary to cover the construction and operating costs of the new wastewater treatment plant. The first tier of the sewer rate ordinance will become effective 45 days after passage. A motion was made to approve the third reading and adoption of the Ordinance, as amended, establishing the Water and Sewer Rates of the City of Summersville. Moved by Joe Cardullo.
Seconded by Kenny Baker.
The vote was as follows:

Joe Cardullo	Yes
Jo Heater	Abstain
Kenny Baker	Yes
Mike Steadham	Yes
Lewis Gilbert	Yes

Joe Rapp	Yes
Jeff Asbury	Yes

The motion carried with six voting in favor of the motion and one abstaining. Councilwoman Pam Cline was absent for the meeting.

Discussion was held on an invoice from Stafford Consultants for services relating to the Preliminary Engineering Report - Glade Creek Phase II Project. A motion was made to approve Invoice #30 from Stafford Consultants in the amount of $150.00 for professional services rendered and expenses incurred in connection with the Glade Creek Phase II Project. Moved by Jo Heater.

Seconded by Joe Rapp.

The vote was as follows:

Joe Cardullo	Yes
Jo Heater	Yes
Kenny Baker	Yes
Mike Steadham	Yes
Lewis Gilbert	Yes
Joe Rapp	Yes
Jeff Asbury	Yes

The motion carried by unanimous vote of all members present. Councilwoman Pam Cline was absent for the meeting.

Discussion was held on a proposal from Smith, Cochran and Hicks for accounting services relating to the Glade Creek Phase II Project. Council approved Smith, Cochran and Hicks to provide accounting services at a meeting held on October 13, 2003. W.D. Smith advised that this is for the Rule 42 and they will also provide all the accounting services for the Glade Creek Phase II Project. A quote was provided in the amount of $10,000.00. A motion was made to approve Smith, Cochran and Hicks as the accounting firm for the Glade Creek Phase II Project and authorizes Region 4 Planning and Development Council to utilize them as needed in connection with the Project. Moved by Jo Heater.

Seconded by Lewis Gilbert.

The vote was as follows:

Joe Cardullo	Yes
Jo Heater	Yes
Kenny Baker	Yes
Mike Steadham	Yes
Lewis Gilbert	Yes
Joe Rapp	Yes
Jeff Asbury	Yes

The motion carried by unanimous vote of all members present. Councilwoman Pam Cline was absent for the meeting.

Chief L.B. Bailey came before Council to clarify certain liability issues that he had raised regarding the K-9 unit. Councilman Mike Steadham asked about the liability issue of the dog only being covered to travel back and forth to Beckley for training and not around town. Chief Bailey replied that the initial agreement was that the trainer was going to be here in town and all the training that Officer Carelli was going to do would be on his own. The City would not take the liability of the dog until we signed a contract with him because the dog is his. The City has nothing to do with this dog at this point. The training fell through here in Summersville so he acquired a trainer in Raleigh County. Officer Carelli came to me and asked if he could use his cruiser to transport himself and the dog once or twice a week for the training. Chief Bailey said he advised him that was a liability issue once we leave the county or personal use or whatever. He checked with the City Attorney and he said once

we make that commitment to let him use the City vehicle to transport the dog to training, then it was our liability. Chief Bailey said he explained that to Pam Cline. In case of an accident, we will be liable. In the course of training, if the dog snaps or bites someone, because we are allowing him to transport the dog in our vehicle, we are liable. Once the dog gets certified, we would accept it and sign a contract with Officer Carelli for a year to lease the dog for services. He said he just wanted to make Ms. Cline aware that all this was going on and the liability of the issue with it. She did not have a problem with the dog being taken to Beckley in a City vehicle. Mayor Adkins advised that she has no input in this, this is your decision. Councilman Kenny Baker stated that the cost of the training has already escalated. Chief Bailey said yes due to the cost of the fuel to Beckley and back, but the certified trainer is supposed to be free due to donations. Councilman Mike Steadham said it might be a wash in expenses. Chief Bailey said that the way fuel is now, it may be $30.00. Councilman Steadham noted that since we are moving forward with the plan, we are still going to get a drug dog, right? Chief Bailey said yes, but he got blindsided with this and he is now playing catch up with this because everyday things change. At first it was going to be 6 months, it is probably four weeks now. He stated that a K-9 is just another tool or another piece of evidence of probable cause that we use. Just because he stops a car and he is a K-9 handler, legally he can walk the dog around the car and that dog can bark or scratch to indicate that there are narcotics in the vehicle. You still have to go and obtain a search warrant. Councilman Kenny Baker stated that Council has been misled in that. He said Council was told specifically that if the dog hits on a car, that car is ours. Nothing was said about a search warrant. Is that not true? Chief Bailey said that there are a lot of Supreme Court rulings out there. It is a great tool. What it does do, a lot of times is, and probably more than the search warrant, the person will tell you to go ahead and search his vehicle. If I find a marijuana joint in a vehicle, I am trained to stop at that point and use that probable cause to still go and obtain a search warrant. Councilman Joe Cardullo asked if Chief Bailey wanted a drug dog. Chief Bailey said he thinks a drug dog would be very effective, but at what point do we get one? Mayor Adkins stated that it was completely up to the Chief to decide if he wants a drug dog. He said nobody here can force him to have a drug dog. Councilman Lewis Gilbert asked that since the training here deteriorated, why didn't the officer transport the dog in his own vehicle? Mayor Adkins said the officer didn't want to. Chief Bailey stated that Officer Carelli told him that the dog needs time in its training to get used to the surroundings, being in the cage, riding around, etc. Officer Carelli was told that he definitely can not bring the dog with him to work or on the job until the dog is certified. He has put in a lot of his own time on this. The only thing the City has invested at this time is the liability of him taking the cruiser to Beckley and the fuel. If the dog continues to do as well in training, he could be certified in four weeks.

Mike Steadham provided the Finance Committee Report. He met with Benny Hall and Joe Rapp and has requested to solicit bids on the 800 amps service. The 400 amps service has now been upgraded to 800 amps service that we will need to power the building and elevator. We would like to get an advertisement for bids in the newspaper so that bids can be received. Before we can do that, I talked to Eastern Electric and they have agreed to draw up the specs and have the prints

to mail out to the respective bidders in order to have a fair comparison for all bidders. That will cost approximately a minimum of $1500.00, but could cap at $2,000.00. He advised that he felt this would be money well spent. He asked for Council's approval to proceed to get the drawings and prints for 800 amps service and run the ads and get bids and then report back to Council. Mayor Adkins stated that would be under City Hall Contractual and he authorized Councilman Steadham to proceed.

Councilman Steadham advised that last year Council had agreed to put out bids on the landscaping for the Brown House, the downtown and North Side. Mayor Adkins said there was money in Street Department Contractual. He said he thinks that Gus may have contracted with Glade Creek Floral for the landscaping for the City. Mayor Adkins said he will have Gus look at bidding the Brown House and North Side.

Councilwoman Jo Heater asked if the City has a noise ordinance. The City does have a noise ordinance and she was told that the citizens need to call 911 and an officer will be sent to check out the complaint.

Councilman Steadham said that sometime ago he was asked to proceed with updating the employee handbook and he is doing so. He provided a recommendation sheet to all Council members and the original draft for the Recorder. Council members may check out the draft and provide their comments and suggestions in order for him to close this out in a couple of weeks.

Councilman Joe Rapp stated that he has been upstairs watching Benny work on the renovations. He has been called off that job so much that it will not be done by the first of June. He was told his work here would be finished up by the first of June. Mayor Adkins advised that if Benny does not spend all the funds allocated; he said he was sure Council would reallocate whatever he does not spend towards that project to finish it up. The funds would be in carryover.

A motion was made to adjourn the meeting at 7:33 p.m. Moved by Joe Cardullo.

Seconded by Lewis Gilbert.

The vote was as follows:

Joe Cardullo	Yes
Jo Heater	Yes
Kenny Baker	Yes
Mike Steadham	Yes
Joe Rapp	Yes
Lewis Gilbert	Yes
Jeff Asbury	Yes

The motion carried by unanimous vote of all members present. Councilwoman Pam Cline was absent for the meeting.

Stanley S. Adkins, Mayor

Jeff M. Asbury, Recorder

The Nicholas Chronicle a division of Nicholas County Publishing Company Inc.

I, Raymond W. Corbin, News Editor of The Nicholas Chronicle, a weekly newspaper published at Summersville in the County of Nicholas, and the State of West Virginia, do certify that the hereto attached Legal Advertisement - Gregory A. Tucker, 719 Main Street, Summersville, WV 26651; PUBLIC HEARING ON SEWER RATE ORDINANCE - CITY OF SUMMERSVILLE appeared in said newspaper for 2 weeks, on the 20th day of April, 2006, and on the 27th day of April, 2006.

Given under my hand this 4th day of May, 2006.

By Raymond W. Corbin, News Editor.

Fee for publication:

182 words @ $.12 per word, $21.84 for the first publication; 75% of first publication $16.38 for all subsequent publications; for a total cost of $38.22.

The foregoing instrument was acknowledged before me this the 4th day of May, 2006.

Brenda K. Shafer
Notary Public.

My commission expires March 10, 2012.

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
BRENDA K. SHAFER
PO BOX 49
MT LOOKOUT WV 26676-0049
My commission expires March 10, 2012

RECEIVED
2006 MAY 9 AM 9:12
SECRETARY OF STATE'S OFFICE

NOTICE
CITY OF SUMMERSVILLE

Notice is hereby given that the City of Summersville, a municipal corporation, will hold a public hearing before the final vote on a proposed ordinance, the principal object which is to fix and establish rates for sewer for customers of the sewerage system operated by the City of Summersville. The title of such ordinance is "Sewer Rate Ordinance – City of Summersville".

The rates, charges and penalties so established shall become effective 45 days after the passage of the ordinance.

The final vote on the adoption of the proposed ordinance shall be held in City Hall, Summersville, West Virginia on May 8, 2006 at 6:30 p.m. Interested parties may appear and be heard at such time with respect to the passage of the proposed ordinance. Copies of the proposed ordinance are available at Summersville City Hall, Monday through Friday between the hours of 8:00 a.m. and 4:30 p.m.

4/20, 4/27 2t

RECEIVED
2006 MAY -8 AM 9: 12
W. VA. PUBLIC SERVICE
COMMISSION
SECRETARY'S OFFICE

The Nicholas Chronicle a division of Nicholas County Publishing Company Inc.

I, Raymond W. Corbin, News Editor of The Nicholas Chronicle, a weekly newspaper published at Summersville in the County of Nicholas, and the State of West Virginia, do certify that the hereto attached legal advertisement - City of Summersville, P.O. Box 525, Summersville, WV 26651: WATER AND SEWER RATE ORDINANCE appeared in said newspaper for 2 weeks, on the 9th day of March, 2006; and on the 16th day of March, 2006.

Given under my hand this 23rd day of March, 2006.

By Raymond W. Corbin, News Editor.

Fee for publication:
6,254 words @ .12¢ per word, $750.48 for the first publication; 75% of first publication $562.86 for all subsequent publications; for a total cost of $1,313.34.

The foregoing instrument was acknowledged before me this the 23rd day of March, 2006.

Brenda K. Shafer
Notary Public

My commission expires March 10, 2012.

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
BRENDA K. SHAFER
PO BOX 43
MT LOOKOUT WV 26678-0043
My commission expires March 10, 2012

RECEIVED
06 JUL -7 AM 9:38
W VA PUBLIC SERVICE
COMMISSION
SECRETARY'S OFFICE

Water and Sewer Rate Ordinance

CITY OF SUMMERSVILLE

AN ORDINANCE ESTABLISHING AND FIXING A FINAL SCHEDULE OF WATER RATES, AN INITIAL AND FINAL SCHEDULE OF SEWER RATES, LEAK ADJUSTMENT RATES, DELAYED PAYMENT PENALTIES, CONNECTION CHARGES, RECONNECTION CHARGES AND OTHER CHARGES FOR SERVICE TO CUSTOMERS OF THE CITY OF SUMMERSVILLE

THE CITY COUNCIL OF THE CITY OF SUMMERSVILLE HEREBY ORDAINS: The following schedules of initial water rates, delayed payment penalty, connection charge, reconnection charge, leak adjustment rate and other charges; initial sewer rates, delayed payment penalty, connection charge, reconnection charge, leak adjustment rate and other charges; final sewer rates, delayed payment penalty, connection charge, reconnection charge, leak adjustment rate and other charges are hereby fixed and determined as the water rates, sewer rates, delayed payment penalties, connection charges, reconnection charges, leak adjustment rates and other charges to be charged to customers of the City of Summersville throughout the territory served:

SECTION 1. SCHEDULE OF WATER RATES AND CHARGES

APPLICABILITY
Applicable to entire area served.

AVAILABILITY OF SERVICE
Available for general domestic, commercial and industrial service.

RATES
A. GLADE CREEK AREA
$9.84 per 1,000 gallons

B. SUMMERSVILLE AREA
First 2,000 gallons per month at $9.41 per 1,000 gallons
Next 5,000 gallons per month at $5.54 per 1,000 gallons
Next 25,000 gallons per month at $4.98 per 1,000 gallons
Next 70,000 gallons per month at $4.43 per 1,000 gallons
Next 75,000 gallons per month at $3.30 per 1,000 gallons
Next 177,000 gallons per month at $3.30 per 1,000 gallons

MINIMUM CHARGE
A. GLADE CREEK AREA
Based on 2,000 gallons

5/8 inch meter	$19.67 per month
2 inch meter	$157.38 per month
3 inch meter	$295.05 per month
4 inch meter	$491.75 per month
6 inch meter	$983.50 per month
8 inch meter	$1,573.60 per month
10 inch meter	$2,458.75 per month
12 inch meter	$4,032.35 per month

B. SUMMERSVILLE AREA
Based on 2,000 Gallons

5/8 inch meter	$18.81 per month
1 inch meter	$47.03 per month
11/2 inch meter	$94.07 per month
2 inch meter	$150.50 per month
3 inch meter	$282.20 per month
4 inch meter	$470.25 per month
6 inch meter	$940.50 per month
8 inch meter	$1,504.80 per month
10 inch meter	$2,351.25 per month
12 inch meter	$3,856.05 per month

CONNECTION CHARGE
A $300.00 tap fee will be charged for any new customers requesting service that have a meter of 5/8" in size. Meters 1" or larger will be charged $300.00 or actual cost, whichever is greater.

DELAYED PAYMENT PENALTY
The above tariff is net. On all current usage billings not paid in full within 20 days, ten percent (10%) will be added to the net current amount unpaid. This delayed payment penalty is not interest and is to be collected only once for each bill where it is appropriate.

RETURNED CHECK CHARGE
A charge of $15.00 will be applied for any check returned for non-payment.

DISCONNECTION FOR NON-PAYMENT
If any bill is not paid within 60 days after the date of bill, service to the customer will be discontinued and will not be restored until all past due bills have been paid in full and all accrued penalties plus a reconnection charge have been paid.

DISCONNECTIONS AND RECONNECTIONS
Whenever water service has been disconnected for non-payment of water bills, a disconnection fee of $25.00 shall be charged; or in the event the delinquent water bill is collected by the city in the field, an administrative fee of $25.00 shall be charged. A $25.00 reconnection fee will be assessed for each occurrence where water service is restored after water service has been terminated for non-payment of water bills.

SECURITY DEPOSIT
A minimum cash deposit of $50.00 shall be required for each new customer to secure

introduced into the sanitary sewer system at the customer's location, and that the customer has not acted within thirty (30) days from receipt of such notice to divert the water from the sanitary sewer system.

Said surcharge shall be calculated and imposed for each month that said condition continues to exist. Failure to pay the surcharge and/or correct the situation shall give rise to the possible termination of water service in accordance with the Rules and Regulations of the Public Service Commission of West Virginia.

SCHEDULE III
SURCHARGE FORMULA FOR USERS PRODUCING UNUSUAL WASTE

The charge for the treatment of unusual wastes will be calculated on the basis of the following formula:

$$Ci = VoVi + BoBi = SoSi$$

Ci- Charge to unusual users per year
Vo- Average unit cost of transport and treatment chargeable to volume, in dollars per gallon
Vi - Volume of waste water from unusual users, in gallons per year
Bo- Average unit cost of treatment, chargeable to Bio-chemical Oxygen Demand (BOD), in dollars per pound
Bi - Weight of BOD from unusual users, in pounds per year
So- Average unit costs of treatment (including sludge treatment) chargeable to total solids, in dollars per pound
Si- Weight of total solids from unusual users, in pounds per year

When an unusual waste producer, as determined by the City, is to be served, a preliminary study of its wastes, and the cost of transport and treatment thereof, will be made at the expense of the user. Waste containing materials which, in the site judgment of the City of Summersville or its duly authorized Board or agents, should not be introduced into the sewer system need not be handled by it. The results of this preliminary study will be used to determine the feasibility of the proposed sewer service and the charges therefore, based upon the formula set out above.

Thereafter, unusual sewage will be monitored on a regular basis and at the conclusion of each fiscal year, based on the investigation aforesaid and audit of the City of Summersville's relevant records, new cost figures will be calculated for the use in the above formula. The cost of establishing the monitoring facilities shall be paid by the user. Based on the audited figures, additional billings covering the past fiscal year will be made for payment by each unusual user, or refund given by the City of Summersville, as the case may be. Such audited figures will then be used for the preliminary billing for the next fiscal year, at the end of which an adjustment will be made as aforesaid.

SCHEDULE IV
UNMETERED WATER USAGE

For users that have unmetered water usage, a flat rate of $32.30 will be charged monthly. This flat rate is based upon 4.0m gallons.

SCHEDULE V
FORMULA FOR CERTAIN NON-METERED INDUSTRIAL PLANTS

Where the amount of sanitary discharged into the City of Summersville wastewater treatment system by certain industrial plant or plants cannot be accurately determined by the use of the plant's meter or meters, if any, a special formula will be used whereby such plant or plants will pay to the City of Summersville a sewer charge calculated at fifty (50) gallons of water per each employee at the plant each working day.

EFFECTIVE DATE

The sewer rates, delayed payment penalty, connection charge, reconnection charge, leak adjustment rate and other charges provided in this Initial Schedule of Sewer Rates and Charges shall be effective upon passage unless otherwise ordered by the Public Service Commission.

SECTION 3. FINAL SCHEDULE OF SEWER RATES

SCHEDULE 1
RATES AND CHARGES

APPLICABILITY
Applicable to entire area served.

AVAILABILITY OF SERVICE
Available for general domestic, commercial and industrial service.

RATES

First 2,000 gallons per month at $12.08 per 1,000 gallons
Next 5,000 gallons per month at $9.08 per 1,000 gallons
Next 25,000 gallons per month at $8.33 per 1,000 gallons
Next 70,000 gallons per month at $7.53 per 1,000 gallons
Next 75,000 gallons per month at $7.11 per 1,000 gallons
Next 77,000 gallons per month at $7.11 per 1,000 gallons

MINIMUM CHARGE
Minimum charge based upon 2,000 gallons: $24.16

SEWER TAP FEES
A $300.00 tap fee will be charged to any new customer requesting service.

DELAYED PAYMENT PENALTY

the Public Service Commission) after 12 consecutive months of on time payments.

FIRE HYDRANTS
A fee of $3.00 per month per fire hydrant shall be charged to the City for public fire protection.

A fee of $3.00 per fire hydrant will be charged to the fire department outside City limits that provide fire protection for that service area.

FIRE SUPPRESSION SYSTEMS
A fee of $3.00 per month shall be charged to customers for private non-metered fire suppression service.

ADJUSTMENT RATE FOR LEAKS
The adjustment rate for leaks on the customer's side of the meter shall be fifty six cents (56¢) per 1,000 gallons.

EFFECTIVE DATE
The water rates, delayed payment penalty, connection charge, reconnection charge, leak adjustment rate and other charges provided in this Schedule of Water Rates and Charges shall be effective upon passage unless otherwise ordered by the Public Service Commission.

SECTION 2. INITIAL SCHEDULE OF SEWER RATES

SCHEDULE I
RATES AND CHARGES

APPLICABILITY
Applicable to entire area served.

AVAILABILITY OF SERVICE
Available for general domestic, commercial and industrial service.

RATES

First 2,000 gallons per month at $9.22 per 1,000 gallons
Next 5,000 gallons per month at $6.93 per 1,000 gallons
Next 25,000 gallons per month at $6.36 per 1,000 gallons
Next 70,000 gallons per month at $5.75 per 1,000 gallons
Next 75,000 gallons per month at $5.43 per 1,000 gallons
Next 77,000 gallons per month at $5.43 per 1,000 gallons

MINIMUM CHARGE
Minimum charge based upon 2,000 gallons: $18.44

SEWER TAP FEES
A $300.00 tap fee will be charged to any new customers requesting service.

DELAYED PAYMENT PENALTY
The above rates are net. On all accounts not paid in full within twenty days of billing date, ten percent will be added to the net amount shown.

DISCONNECTIONS AND RECONNECTIONS
Whenever water service has been disconnected for non-payment of sewer bills, a disconnection fee of $25.00 shall be charged; or in the event the delinquent sewer bill is collected by the city in the field, an administrative fee of $25.00 shall be charged. A $25.00 reconnection fee will be assessed for each occurrence where water service is restored after water service has been terminated for non-payment of sewer bills.

SECURITY DEPOSIT
A minimum cash deposit of $50.00 shall be required from each new customer to secure payment of bills. Said deposit will be refunded with interest (at a rate provided annually by the Public Service Commission) after 12 consecutive months of on time payments.

ADJUSTMENT RATE FOR LEAKS
The adjustment rate for leaks on the customer's side of the meter shall be sixty three cents (63¢) per 1,000 gallons.

RETURNED CHECK CHARGE
A charge of $15.00 will be assessed to each account for which payment made by a check was returned for non-payment.

SCHEDULE II
SURCHARGE FORMULA TO BE APPLIED IN CASES WHERE SURFACE DRAINAGE IS CONNECTED TO THE CITY'S SANITARY SEWER SYSTEM

Where the City has discovered that a customer's roof drain, down spouts, storm sewer or other similar facilities conducting surface water have been connected to the City's sewer system and such customer has failed to take appropriate action within thirty (30) days of receipt of a demand by the City in accordance with the Rules and Regulations of the Public Service Commission to eliminate such connection, a surcharge will be imposed upon the customer calculated on the basis of the following formula:

$$S = A \times R \times .0006233 \times C$$

S - The surcharge in dollars
A- The area under roof and/or the area of any other water collection surface connected to the sanitary sewer, in square feet
R - The measured monthly rainfall, in inches
.0006233 - A conversion factor to change inches of rain x square feet of surface to thousands of gallons of water.
C - The City's approved rate per thousand gallons of metered water usage.

The City shall not impose the surcharge unless and until the customer has been notified by certified mail, return receipt requested, or by hand delivery, that it has been established by smoke testing, dye testing, or on-site inspection that rain or other surface water is being

ten percent will be added to the net amount shown.

DISCONNECTIONS AND RECONNECTIONS
Whenever water service has been disconnected for non-payment of sewer bills, a disconnection fee of $25.00 shall be charged; or in the event the delinquent sewer bill is collected by the city in the field, an administrative fee of $25.00 shall be charged. A $25.00 reconnection fee will be assessed for each occurrence where water service is restored after water service has been terminated for non-payment of sewer bills.

SECURITY DEPOSIT
A minimum cash deposit of $50.00 shall be required from each new customer to secure payment of bills. Said deposit will be refunded with interest (at a rate provided annually by the Public Service Commission) after 12 consecutive months of on time payments.

ADJUSTMENT RATE FOR LEAKS
The adjustment rate for leaks on the customer's side of the meter shall be sixty three cents (63¢) per 1,000 gallons.

RETURNED CHECK CHARGE
A charge of $15.00 will be assessed to each account for which payment made by a check was returned for non-payment.

SCHEDULE II
SURCHARGE FORMULA TO BE APPLIED IN CASES WHERE SURFACE DRAINAGE IS CONNECTED TO THE CITY'S SANITARY SEWER SYSTEM

Where the City has discovered that a customer's roof drain, down spouts, storm sewer or other similar facilities conducting surface water have been connected to the City's sewer system and such customer has failed to take appropriate action within thirty (30) days of receipt of a demand by the City in accordance with the Rules and Regulations of the Public Service Commission to eliminate such connection, a surcharge will be imposed upon the customer calculated on the basis of the following formula:

$$S = A \times R \times .0006233 \times C$$

S - The surcharge in dollars
A- The area under roof and/or the area of any other water collection surface connected to the sanitary sewer, in square feet
R - The measured monthly rainfall, in inches
.0006233 - A conversion factor to change inches of rain x square feet of surface to thousands of gallons of water.
C - The City's approved rate per thousand gallons of metered water usage.

The City shall not impose the surcharge unless and until the customer has been notified by certified mail, return receipt requested, or by hand delivery, that it has been established by smoke testing, dye testing, or on-site inspection that rain or other surface water is being

introduced into the sanitary sewer system at the customer's location, and that the customer has not acted within thirty (30) days from receipt of such notice to divert the water from the sanitary sewer system.

Said surcharge shall be calculated and imposed for each month that said condition continues to exist. Failure to pay the surcharge and/or correct the situation shall give rise to the possible termination of water service in accordance with the Rules and Regulations of the Public Service Commission of West Virginia.

SCHEDULE III
SURCHARGE FORMULA FOR USERS PRODUCING UNUSUAL WASTE

The charge for the treatment of unusual wastes will be calculated on the basis of the following formula:

$$Ci = VoVi + BoBi = SoSi$$

Ci- Charge to unusual users per year
Vo- Average unit cost of transport and treatment chargeable to volume, in dollars per gallon
Vi - Volume of waste water from unusual users, in gallons per year
Bo- Average unit cost of treatment, chargeable to Bio-chemical Oxygen Demand (BOD) in dollars per pound
Bi - Weight of BOD from unusual users, in pounds per year
So- Average unit costs of treatment (including sludge treatment) chargeable to total solids in dollars per pound
Si- Weight of total solids from unusual users, in pounds per year

When an unusual waste producer, as determined by the City, is to be served, a preliminary study of its wastes, and the cost of transport and treatment thereof, will be made at the expense of the user. Waste containing materials which, in the site judgment of the City of Summersville or its duly authorized Board or agents, should not be introduced into the sewer system need not be handled by it. The results of this preliminary study will be used to determine the feasibility of the proposed sewer service and the charges therefore, based upon the formula set out above.

Thereafter, unusual sewage will be monitored on a regular basis and at the conclusion of each fiscal year, based on the investigation aforesaid and audit of the City of Summersville's relevant records, new cost figures will be calculated for the use in the above formula. The cost of establishing the monitoring facilities shall be paid by the user. Based on the audited figures, additional billings covering the past fiscal year will be made for payment by each unusual waste producer, or refund given by the City of Summersville, as the case may be. Such audited figures will then be used for the preliminary billing for the next fiscal year, at the end of which an adjustment will be made as aforesaid.

SCHEDULE IV
UNMETERED WATER USAGE

For users that have unmetered water usage, a flat rate of $42.32 will be charged monthly. This flat rate is based upon 4.0m gallons.

SCHEDULE V

FORMULA FOR CERTAIN NON-METERED INDUSTRIAL PLANTS

Where the amount of sanitary discharged into the City of Summersville wastewater treatment system by certain industrial plant or plants cannot be accurately determined by the use of the plant's meter or meters, if any, a special formula will be used whereby such plant or plants will pay to the City of Summersville a sewer charge calculated at fifty (50) gallons of water per each employee at the plant each working day.

EFFECTIVE DATE

The sewer rates, delayed payment penalty, connection charge, reconnection charge, leak adjustment rate and other charges provided in this Final Schedule of Sewer Rates and Charges shall be effective upon determination by the city's engineer that the wastewater treatment plant upgrade project is substantially completed unless otherwise ordered by the Public Service Commission.

SECTION 4. SEPARABILITY; REPEAL OF CONFLICTING ORDINANCES

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

SECTION 5. STATUTORY NOTICE AND PUBLIC HEARING

Upon introduction and adoption at first reading hereof, the Recorder shall publish a copy of this Ordinance once a week for 2 successive weeks, with the first such publication to occur not less than 10 days before the meeting at which this Ordinance is to be finally adopted, in *The Nicholas Chronicle*, a qualified newspaper published and of general circulation in the City of Summersville, and said notice shall state the subject matter and general title of this Ordinance, that this Ordinance has been introduced and adopted, and that any person interested may appear before the Council of the City of Summersville, at the City Hall, Summersville, West Virginia on the 27th day of March, 2008 at 6:30 p.m., which is the date, time and place of the proposed ordinance. At such hearing all objections and suggestions shall be heard and the

Council shall take such action as it shall deem proper in the premises. Copies of this Ordinance shall be available to the public for inspection at the office of the Recorder in the City Hall, Summersville, West Virginia.

Mayor Stanley Adkins
3-9, 3-16 2t

CITY OF SUMMERSVILLE
400 NORTH BROAD STREET
P.O. BOX 525
SUMMERSVILLE, WEST VIRGINIA 26651

STANLEY S. ADKINS, MAYOR

TELEPHONE: (304) 872-1211
TELECOPY: (304) 872-2236

Regular Meeting of Summersville City Council held on February 26, 2007

PRESENT: Stanley Adkins, Mayor
Jeff Asbury, Recorder
Joe Cardullo, Councilman Ward I
Jo Heater, Councilwoman Ward I
Kenny Baker, Councilman Ward II
Pam Cline, Councilwoman Ward III
Mike Steadham, Councilman Ward III
Lewis Gilbert, Councilman Ward IV
Joe Rapp, Councilman Ward IV

VISITORS: Chrissy McClung, Nicholas Chronicle
Cam Siegrist, Bowles, Rice, McDavid, Graff & Love
Alice King, Region 4 PDC
W.D. Smith, Region 4 PDC

Mayor Stan Adkins called the Council Meeting to order at 7:02 p.m.

A motion was made to approve, as presented, the Minutes of the Regular Meeting of City Council held on February 12, 2007. Moved by Joe Cardullo.
Seconded by Jo Heater.
The vote was as follows:

Joe Cardullo	Yes
Jo Heater	Yes
Kenny Baker	Yes
Pam Cline	Yes
Mike Steadham	Yes
Lewis Gilbert	Yes
Joe Rapp	Yes
Jeff Asbury	Yes

The motion carried by unanimous vote of all members present.

Cam Siegrist, Bond Counsel, provided an overview of the proposed Waste Water Treatment Plant Project and the first reading of the Bond Ordinance. A motion was made to approve the first reading of the issuance of $10,682,265 in aggregate principal amount of the City of Summersville Combined Waterworks and Sewerage System Revenue Bonds in two series being the Combined Waterworks and Sewerage System Revenue Bonds, Series 2007 A (WV Infrastructure Fund) in the aggregate principal amount of $8,682,265, and the Combined

Waterworks and Sewerage System Revenue Bonds, Series 2007 B (WV SRF Program) in the aggregate principal amount of $2,000,000 to finance the costs of the acquisition, construction and equipping of certain additions, betterments and improvements to the sewerage portion of the combined waterworks and sewerage system of the City of Summersville consisting of the expansion and improvement of the City's wastewater treatment plant and related facilities. Moved by Joe Cardullo.

Seconded by Pam Cline.

The vote was as follows:

Joe Cardullo	Yes
Jo Heater	Yes
Kenny Baker	Yes
Pam Cline	Yes
Mike Steadham	Yes
Lewis Gilbert	Yes
Joe Rapp	Yes
Jeff Asbury	Yes

The motion carried by unanimous vote of all members present. The Public Hearing will be scheduled for March 26, 2007 and the final reading and adoption will be held after the Public Hearing.

Discussion was held on an invoice from the Tinney Law Firm, P.L.L.C. for services rendered regarding the Regional Water Plant Project. Mayor Adkins noted that the City has no funds to pay this invoice due to the lawsuit and the pump problems at the new water plant. A motion was made to approve invoice #21317 in the amount of $18,814.91 for professional services rendered and expenses incurred in connection with the Regional Water Plant Project. Moved by Joe Cardullo.

Seconded by Pam Cline.

The vote was as follows:

Joe Cardullo	Yes
Jo Heater	Yes
Kenny Baker	Yes
Pam Cline	Yes
Mike Steadham	Yes
Lewis Gilbert	Yes
Joe Rapp	Yes
Jeff Asbury	Yes

The motion carried by unanimous vote of all members present.

A motion was made to approve the first reading of the Ordinance Pertaining to Compensation for Election Workers. The second reading and adoption will be held at the March 12, 2007 Council Meeting. Moved by Jo Heater.

Seconded by Joe Cardullo.

The vote was as follows:

Joe Cardullo	Yes
Jo Heater	Yes
Kenny Baker	Yes
Pam Cline	Yes
Mike Steadham	Yes
Lewis Gilbert	Yes
Joe Rapp	Yes
Jeff Asbury	Yes

The motion carried by unanimous vote of all members present.

W.D. Smith provided an update on the Wastewater Treatment Plant Project. He advised Council that the loan has been approved. At the last Council Meeting, Council gave the Mayor authorization to proceed with the project. Mr. Smith presented a Resolution authorizing the acceptance of the loan agreement from the WV Infrastructure and Jobs Development Council. These funds will be used for the City's Wastewater System Improvements Project. A motion was made to authorize the Mayor to sign the Resolution and he is directed and authorized to act in connection with the loan and to provide such additional information as may be requested, contingent upon the final approval and passage of the Bond Ordinance. Moved by Joe Cardullo.

Seconded by Pam Cline.

The vote was as follows:

Joe Cardullo	Yes
Jo Heater	Yes
Kenny Baker	Yes
Pam Cline	Yes
Mike Steadham	Yes
Lewis Gilbert	Yes
Joe Rapp	Yes
Jeff Asbury	Yes

The motion carried by unanimous vote of all members present.

W.D. Smith advised Council that the City submitted a modified permit application to DEP in May, 2006. Mr. Smith said that somehow the Division of Environmental Protection (DEP) misplaced the City's modification application. Alice King discovered that no permit had been received from DEP. Hopefully; this will not be a problem for the City. Until the permit is approved, the loaned can not be closed.

Councilman Kenny Baker requested that W.D. Smith check on the limit of liability for ATS. He said if ATS is doing a $10 million dollar project, he feels they should have $10 million dollars worth of liability coverage. Mr. Smith will make an inquiry and provide a written reply to Council.

A motion was made to adjourn the meeting at 7:40 p.m. Moved by Pam Cline.

Seconded by Joe Cardullo.

The vote was as follows:

Joe Cardullo	Yes
Jo Heater	Yes
Kenny Baker	Yes
Pam Cline	Yes
Mike Steadham	Yes
Lewis Gilbert	Yes
Joe Rapp	Yes
Jeff Asbury	Yes

The motion carried by unanimous vote of all members present.

CITY OF SUMMERSVILLE
400 NORTH BROAD STREET
P.O. BOX 525
SUMMERSVILLE, WEST VIRGINIA 26651

STANLEY S. ADKINS, MAYOR

TELEPHONE: (304) 872-1211
TELECOPY: (304) 872-2236

Special Meeting of Summersville City Council held on March 21, 2007

PRESENT: Stanley Adkins, Mayor
Jeff Asbury, Recorder
Joe Cardullo, Councilwoman Ward I
Jo Heater, Councilwoman Ward I
Kenny Baker, Councilwoman Ward II
Pam Cline, Councilman Ward III
Mike Steadham, Councilman Ward III
Lewis Gilbert, Councilman Ward IV
Joe Rapp, Councilwoman Ward IV

VISITORS: Chrissy McClung, Nicholas Chronicle
Alice King, Region 4 PDC
Lisa Baker
Bobbi Nowak
Betty Applegate
Robert Shafer
Chris Aliff

Mayor Adkins called the Special Council Meeting to order at 6:10 p.m.

Mayor Adkins advised that the purpose of the Special Council Meeting is to reconsider the second reading of the Bond Ordinance entitled as follows: Ordinance authorizing the acquisition and construction of certain additions, betterments and improvements to the sewerage system portion of the existing public combined waterworks and sewerage system of the City of Summersville and the financing of the cost, not otherwise provided, thereof through the issuance by the City of not more than $8,682,265 in aggregate principal amount principal amount of combined waterworks and sewerage system revenue bonds, Series 2007 A (West Virginia Infrastructure Fund), and not more than $2,000,000 in aggregate principal amount of combined waterworks and sewerage system revenue bonds, Series 2007 B (West Virginia SRF Program); providing for the rights and remedies of and security for the registered owners of such bonds, authorizing execution and delivery of all documents relating to the issuance of such bonds; approving, ratifying and confirming the loan agreement and bond purchase agreement, respectively, relating to such bonds, authorizing the sale and providing

for the terms and provisions of such bonds and adopting other provision relating thereto. Moved by Joe Cardullo.

Seconded by Kenny Baker.

A discussion was then held regarding Council concerns over the large rate increase in the sewer bills. Some of the Council members have received complaints about water/sewer bills that are over $100.00 and the City will have another sewer rate increase when the new plant is completed. Councilwoman Jo Heater asked why the City did not receive any grant money on this project. Alice King, Region 4 Planning and Development Council, explained that the City is not eligible for grant funds. The loans for the City have been set at 0% interest. Mayor Adkins advised that the City borrowed $400,000 to pay the engineers to design this project. If the City ditches these plans, we are ditching plans that cost the City $400,000. If we ditch these plans and we select a new engineer which will take about a year or year and a half that will cost another $400,000. DEP will not close the sewer plant down, but they will probably issue a moratorium to the City. Council members were in agreement that there was no easy answer to this situation.

The vote was as follows:

Joe Cardullo	Yes
Jo Heater	No
Kenny Baker	Yes
Pam Cline	Yes
Mike Steadham	Yes
Lewis Gilbert	No
Joe Rapp	Yes
Jeff Asbury	Yes
Stan Adkins	Yes

The motion carried with seven voting in favor of the motion and two voting against the motion.

A motion was made to adjourn the meeting at 6:35 p.m. Moved by Joe Rapp.

Seconded by Pam Cline.

The vote was as follows:

Joe Cardullo	Yes
Jo Heater	Yes
Kenny Baker	Yes
Pam Cline	Yes
Mike Steadham	Yes
Lewis Gilbert	Yes
Joe Rapp	Yes
Jeff Asbury	Yes

The motion carried by unanimous vote of all members present.

CITY OF SUMMERSVILLE
400 NORTH BROAD STREET
P.O. BOX 525
SUMMERSVILLE, WEST VIRGINIA 26651

STANLEY S. ADKINS, MAYOR

TELEPHONE: (304) 872-1211
TELECOPY: (304) 872-2236

Regular Meeting of Summersville City
Council held on April 23, 2007

PRESENT: Stanley Adkins, Mayor
Jeff Asbury, Recorder
Joe Cardullo, Councilman Ward I
Jo Heater, Councilwoman Ward I
Kenny Baker, Councilman Ward II
Pam Cline, Councilwoman Ward III
Mike Steadham, Councilman Ward III
Joe Rapp, Councilman Ward IV
Lewis Gilbert, Councilman Ward IV

VISITORS: Chrissy McClung, Nicholas Chronicle
Cam Siegrist
Scott Ankrom, ATS
Mick Warwick, Environmental Protection
Angie Vealey, Smith, Cochran & Hicks
Bob Hilleary, Wastewater Superintendent
Marie Parsons
Lee Parsons
Alice M. King, Region 4 PDC
Pat Adkins
Robert Shafer
Chris Aliff
Sally Haynes
Bill Harlow
Greg Tucker, City Attorney
Jim Malick

A Public Hearing was held at 6:00 p.m. to receive citizen comment regarding the Bond Ordinance of the Combined Waterworks and Sewerage Revenue Bonds for the City of Summersville. Mayor Adkins called the Public Hearing to order at 6:00 p.m. He noted that proper advertising for the Public Hearing had been made in the local newspaper. Mayor Adkins asked if there was anyone from the public to provide comments on this project. Councilwoman Jo Heater stated that the problems with the sewer plant did not happen all of a sudden. Why did we suddenly have to build a new sewer plant. Mayor Adkins asked Bob Hilleary to address her questions. Mr. Hilleary explained that the plant was last upgraded in 1989 and they day the upgrade was completed, the plant needed upgraded again. He said that DEP will starting fining the City and will put a moratorium on the City and we will lose

0% financing on this project. The plant is currently running at maximum power. Scott Ankrom advised that ATS has been working on upgrading the wastewater treatment plant from approximately seven years. The current plant is past its useful life. Mayor Adkins asked if there were any other comments on this matter. No additional comments were received. The Public Hearing was closed at 6:12 p.m. A motion was made to close the Public Hearing at 6:12 p.m. Moved by Joe Cardullo.

Seconded by Kenny Baker.

The vote was as follows:

Joe Cardullo	Yes
Jo Heater	Abstain
Kenny Baker	Yes
Pam Cline	Yes
Mike Steadham	Yes
Joe Rapp	Yes
Jeff Asbury	Yes
Stan Adkins	Yes

The motion carried with seven voting in favor of the motion and one abstaining. Councilman Lewis Gilbert was not present at the time of voting.

Mayor Stan Adkins called the Council Meeting to order at 7:00 p.m.

A motion was made to approve, as presented, the Minutes of the Regular Meeting of City Council held on April 9, 2007. Moved by Pam Cline.

Seconded by Kenny Baker.

The vote was as follows:

Joe Cardullo	Yes
Jo Heater	Yes
Kenny Baker	Yes
Pam Cline	Yes
Mike Steadham	Yes
Lewis Gilbert	Yes
Joe Rapp	Yes
Jeff Asbury	Yes

The motion carried by unanimous vote of all members present.

A motion was made to approve and adopt the third reading of the Bond Ordinance authorizing the acquisition and construction of certain additions, betterments and improvements to the sewerage system portion of the existing public combined waterworks and sewerage system of the City of Summersville and the financing of the cost, not otherwise provided, thereof through the issuance by the City of not more than $8,682,265 in aggregate principal amount of combined waterworks and sewerage system revenue bonds, Series

2007 A (WV Infrastructure Fund), and not more than $2,000,000 in aggregate principal amount of combined waterworks and sewerage system revenue bonds, Series 2007 B (WV SRF Program); providing for the rights and remedies of and security for the registered owners of such bonds, authorizing execution and delivery of all documents relating to the issuance of such bonds; approving, ratifying and confirming the loan agreement and bond purchase agreement, respectively, relating to such bonds, authorizing the sale and providing for the terms and provisions of such bonds and adopting other provision relating thereto. Moved by Joe Cardullo.

Seconded by Joe Rapp.

The vote was as follows:

Joe Cardullo	Yes
Jo Heater	No
Kenny Baker	Yes
Pam Cline	Yes
Mike Steadham	Yes
Lewis Gilbert	No
Joe Rapp	Yes
Stan Adkins	Yes
Jeff Asbury	Yes

The motion carried with seven voting in favor of the motion and two voting against the motion.

A motion was made to approve and adopt the Supplemental Resolution relating to the Combined Waterworks and Sewerage System Revenue Bonds Series 2007 A (WV Infrastructure Fund) and Series 2007 B (WV SRF Program) and authorizes the Mayor and Recorder to execute and deliver such documents, agreements, instruments and certificates required or desirable in connection with the Bonds hereby and by the Bond Ordinance approved and provided for, to the end that the Bonds may be delivered to the Authority pursuant to the Loan Agreements on or about May 15, 2007. Moved by Pam Cline.

Seconded by Joe Cardullo.

The vote was as follows:

Joe Cardullo	Yes
Jo Heater	No
Kenny Baker	Yes
Pam Cline	Yes
Mike Steadham	Yes
Lewis Gilbert	No
Joe Rapp	Yes
Stan Adkins	Yes
Jeff Asbury	Yes

The motion carried with seven voting in favor of the motion and two voting against the motion.

Alice King advised that ATS shall provide the services of a qualified Resident Project Representative (RPR) to assist the City in the daily observation of Contractor's work. The RPR shall be provided directly from ATS. The RPR shall be billed on a time and material basis. The cost of these services is included in the joint WVDEP-SRF/LIDC loan application and is reflected in the total loan amount approved by both agencies. The cost of the RPR services is based on an 18 month construction schedule. Ms. King recommended that Council approve this Amended Agreement for Engineering Services. A motion was made to approve the ATS Amended Agreement for Engineering Services. Moved by Kenny Baker.

Seconded by Joe Cardullo.

The vote was as follows:

Joe Cardullo	Yes
Jo Heater	No
Kenny Baker	Yes
Pam Cline	Yes
Mike Steadham	Yes
Lewis Gilbert	No
Joe Rapp	Yes
Stan Adkins	Yes
Jeff Asbury	Yes

The motion carried with seven voting in favor of the motion and two voting against the motion.

Discussion was held on the previous request from Council regarding additional professional insurance policy on the ATS design project in order to protect the City in case of a lawsuit in the event that this project was not designed properly. This additional insurance will be paid out of the contingency fund portion of the project. Alice King advised that there are adequate funds in the contingency fund. A motion was made to pursue an actual insurable number for insurance on the professional part and an insurance view that it is in the contingency portion of this contract. Moved by Kenny Baker.

Seconded by Mike Steadham.

The vote was as follows:

Joe Cardullo	Yes
Jo Heater	Yes
Kenny Baker	Yes
Pam Cline	Yes
Mike Steadham	Yes
Lewis Gilbert	Yes
Joe Rapp	Yes
Jeff Asbury	Yes

The motion carried by unanimous vote of all members present.

Discussion was held on an invoice from the Tinney Law Firm, P.L.L.C. for services rendered regarding the Regional Water Plant Project. A motion was made to approve invoice #21357 in the amount of $232.00 for professional services rendered and expenses incurred in connection with the Regional Water Plant Project. Moved by Jo Heater.

Seconded by Joe Cardullo.

The vote was as follows:

Joe Cardullo	Yes
Jo Heater	Yes
Kenny Baker	Yes
Pam Cline	Yes
Mike Steadham	Yes
Lewis Gilbert	Yes
Joe Rapp	Yes
Jeff Asbury	Yes

The motion carried by unanimous vote of all members present. Councilman Kenny Baker asked if Council was going to address the $37,127.45 that is still owed to the Tinney Law Firm. Mayor Adkins advised that he will have a budget revision made for the next Council Meeting and Council can vote it up or down at that time.

Council held the first reading of the Ordinance for Compensation for Elected Officials. Councilman Joe Cardullo proposed an increase in pay for Council or the City to provide health and life insurance. A motion was made to approve the first reading, by title only, of the Ordinance Pertaining to Compensation for Elected Officials as written for the Mayor and Recorder with the only change being that members of City Council would receive $200 for each Council Meeting they attend. Moved by Joe Cardullo.

Seconded by Mike Steadham.

The vote was as follows:

Joe Cardullo	Yes
Jo Heater	Yes
Kenny Baker	Yes
Pam Cline	Yes
Mike Steadham	Yes
Lewis Gilbert	Yes
Joe Rapp	Yes
Jeff Asbury	Yes

The motion carried by unanimous vote of all members present.

Discussion was held on General Fund Budget Revision No. 14 for Fiscal Year 2006/2007. The motion was made to approve a decrease of $34,000 from the Council - Contributions Budget with an increase of $5,000 to the Street Department - Contractual Budget; an increase of $1,000 to the Youth Center - Personal Services Budget; an increase of $2,000 to the

Youth Center - Contractual Budget; an increase of $2,000 to the Youth Center - Capital Outlay Budget; an increase of $24,000 to the Civic Center - Contractual Budget; an increase of $14,250 to the Police Department - Capital Outlay Budget and an increase of $14,250 to the State Grant Revenue Budget. Council did not approve an increase of $20,000 to the Street Department - Personal Services Budget. Moved by Pam Cline.

Seconded by Kenny Baker.

The vote was as follows:

Joe Cardullo	Yes
Jo Heater	Yes
Kenny Baker	Yes
Pam Cline	Yes
Mike Steadham	Yes
Lewis Gilbert	Yes
Joe Rapp	Yes
Jeff Asbury	Yes

The motion carried by unanimous vote of all members present.

A motion was made to go into Executive Session to discuss a legal issue. Moved by Kenny Baker.

Seconded by Joe Cardullo.

The vote was as follows:

Joe Cardullo	Yes
Jo Heater	Yes
Kenny Baker	Yes
Pam Cline	Yes
Mike Steadham	Yes
Lewis Gilbert	Yes
Joe Rapp	Yes
Jeff Asbury	Yes

The motion carried by unanimous vote of all members present.

A motion was made to come out of Executive Session. No action was taken during Executive Session Moved by Stan Adkins.

Seconded by Kenny Baker.

The vote was as follows:

Joe Cardullo	Yes
Jo Heater	Yes
Kenny Baker	Yes
Pam Cline	Yes
Mike Steadham	Yes
Lewis Gilbert	Yes
Joe Rapp	Yes
Jeff Asbury	Yes

The motion carried by unanimous vote of all members present.

A motion was made to adjourn the meeting at 7:35 p.m. Moved by Kenny Baker.

Seconded by Joe Cardullo.

The vote was as follows:

Joe Cardullo	Yes
Jo Heater	Yes
Kenny Baker	Yes
Pam Cline	Yes
Mike Steadham	Yes
Lewis Gilbert	Yes
Joe Rapp	Yes
Jeff Asbury	Yes

The motion carried by unanimous vote of all members present.

Legal Notices

NOTICE OF PUBLIC HEARING
CITY OF SUMMERSVILLE
NOTICE OF PUBLIC HEARING
ON BOND ORDINANCE

A public hearing will be held on the following entitled Ordinance at a meeting of e Council of the City of Summersville to : held on Monday, April 23, 2007, at 6:00 m., in the Council Chambers at the City all, 400 North Broad Street, Summersville, est Virginia, and at such hearing any rson interested may appear before the ouncil of the City of Summersville and esent protests and suggestions and, af- r all protests and suggestions have been eard by the Council, the Council shall then ke such actions as it shall deem proper in e premises upon an Ordinance entitled:

ORDINANCE AUTHORIZING THE CQUISITION AND CONSTRUCTION OF ERTAIN ADDITIONS, BETTERMENTS ND IMPROVEMENTS TO THE SEWERAGE YSTEM PORTION OF THE EXISTING UBLIC COMBINED WATERWORKS AND EWERAGE SYSTEM OF THE CITY OF UMMERSVILLE AND THE FINANCING OF HE COST, NOT OTHERWISE PROVIDED, HEREOF THROUGH THE ISSUANCE Y THE CITY OF NOT MORE THAN 8,682,265 IN AGGREGATE PRINCIPAL MOUNT OF COMBINED WATERWORKS ND SEWERAGE SYSTEM REVENUE ONDS, SERIES 2007 A (WEST VIRGINIA NFRASTRUCTURE FUND), AND NOT IORE THAN $2,000,000 IN AGGREGATE RINCIPAL AMOUNT OF COMBINED VATERWORKS AND SEWERAGE SYSTEM EVENUE BONDS, SERIES 2007 B (WEST IRGINIA SRF PROGRAM); PROVIDING OR THE RIGHTS AND REMEDIES OF ND SECURITY FOR THE REGISTERED WNERS OF SUCH BONDS; AUTHORIZING XECUTION AND DELIVERY OF ALL OCUMENTS RELATING TO THE SSUANCE OF SUCH BONDS; APPROVING, ATIFYING AND CONFIRMING THE LOAN GREEMENT AND BOND PURCHASE GREEMENT, RESPECTIVELY, RELATING O SUCH BONDS; AUTHORIZING THE ALE AND PROVIDING FOR THE TERMS ND PROVISIONS OF SUCH BONDS AND DOPTING OTHER PROVISIONS RELATING HERETO.

The Ordinance referenced above has een adopted by the Council of the City of Summersville and the City of Summersville ontemplates the issuance of the Bonds de- cribed in the Ordinance. The above quot- d title of the Ordinance describes gener- ally the contents thereof and the purposes of the Bonds contemplated thereby. The Bonds are to provide permanent financing of the costs of the acquisition and construc- tion of certain improvements to the sewer- age portion of the public combined water- works and sewerage system of the City of Summersville consisting of the expansion and improvement of the wastewater treat- ment plant. The Bonds are payable solely from revenues derived from the ownership and operation of the public combined wa- terworks and sewerage system of the City of Summersville. No taxes may at any time be levied for the payment of the Bonds or the interest thereon.

A certified copy of the above-entitled Ordinance is on file at the office of the Recorder of the City of Summersville for re- view by interested parties during regular of- fice hours.

Following the said public hearing, the City Council intends to put said Ordinance into effect.

Dated:
April 5, 2007.

/s/ Hon. Jeff Asbury, Recorder

4/5, 4/12 2t

I, Matthew R. Yeager, Managing Editor of The Nicholas Chronicle, a weekly newspaper published at Summersville in the County of Nicholas, and the State of West Virginia, do certify that the hereto attached Legal Advertisement - Bowles, Rice, McDavid, Graff & Love, PLLC, 600 Quarrier Street, Charleston, WV 25325; CITY OF SUMMERSVILLE: NOTICE OF PUBLIC HEARING ON BOND ORDINANCE appeared in said newspaper for 2 weeks, on the 5th day of April, 2007; and on the 12th day of April, 2007.

Given under my hand this 12th day of April, 2007.

By Raymond W. Corlin, Managing Editor.

Fee for publication:

656 words @ $.12 per word, $78.72 for the first publication; 75% of first publication $59.04 for all subsequent publications; for a total cost of $137.76.

The foregoing instrument was acknowledged before me this the 12th day of April, 2007.

Brenda K. Shafer
Notary Public

My commission expires March 10, 2012.

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
BRENDA K. SHAFER
PO BOX 43
MT LOOKOUT WV 26678-0043
My commission expires March 10, 2012

WEST VIRGINIA MUNICIPAL BOND COMMISSION
NEW ISSUE REPORT FORM

Suite 500
8 Capitol Street, Charleston, WV 25301
(304) 558-3971

Date of Report: May 15, 2007

ISSUE: City of Summersville Combined Waterworks and Sewerage System Revenue Bonds Series 2007 A (West Virginia Infrastructure Fund)

ADDRESS: 400 North Broad Street, Summersville, WV 26651 COUNTY: Nicholas

PURPOSE OF ISSUE: New Money X
Refunding ___

Refunds issue(s) dated: ___

ISSUE DATE May 15, 2007

CLOSING DATE: May 15, 2007

ISSUE AMOUNT: $8,682,265

RATE: 0 %

1st DEBT SERVICE DUE: September 1, 2009

1st PRINCIPAL DUE: September 1, 2009

1st DEBT SERVICE AMOUNT: $77,521.00

PAYING AGENT: West Virginia Municipal Bond Commission

BOND COUNSEL: Bowles Rice McDavid Graff & Love LLP
Contact Person: Camden P. Siegrist, Esq.
Phone: (304) 347-1129

UNDERWRITER'S COUNSEL: Jackson Kelly, PLLC
Contact Person: Samme L. Gee, Esq.
Phone: (304) 340-1318

CLOSING BANK: Branch Banking and Trust Company
Contact Person: Robert J. Wilmink, Vice President
Phone: (304) 348-7209

ESCROW TRUSTEE: ___
Contact Person: ___
Phone: ___

KNOWLEDGEABLE ISSUE CONTACT:
Contact Person: Kim Shrewsberry
Position: Finance Director
Phone: (304) 872-1211

OTHER: ___
Contact Person: ___
Function: ___
Phone: ___

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 ___ $ ___

NOTES: ___

FOR MUNICIPAL BOND COMMISSION USE ONLY:
Documents Required: ___
Transfers Required: ___

WEST VIRGINIA MUNICIPAL BOND COMMISSION
NEW ISSUE REPORT FORM

Suite 500
8 Capitol Street, Charleston, WV 25301
(304) 558-3971

Date of Report: May 15, 2007

ISSUE: City of Summersville Combined Waterworks and Sewerage System Revenue Bonds Series 2007 B (West Virginia SRF Program)

ADDRESS: 400 North Broad Street, Summersville, WV 26651 COUNTY: Nicholas

PURPOSE OF ISSUE: New Money X
Refunding ___

Refunds issue(s) dated: ___

ISSUE DATE May 15, 2007

CLOSING DATE: May 15, 2007

ISSUE AMOUNT: $2,000,000

RATE: 0% (.5% Administrative Fee)

1st DEBT SERVICE DUE: September 1, 2009

1st PRINCIPAL DUE: September 1, 2009

1st DEBT SERVICE AMOUNT: $ 18,519.00

PAYING AGENT: West Virginia Municipal Bond Commission

BOND COUNSEL: Bowles Rice McDavid Graff & Love LLP
Contact Person: Camden P. Siegrist, Esq.
Phone: (304) 347-1129

UNDERWRITER'S COUNSEL: Jackson Kelly, PLLC
Contact Person: Samme L. Gee, Esq.
Phone: (304) 340-1318

CLOSING BANK: Branch Banking and Trust Company
Contact Person: Robert J. Wilmink, Vice President
Phone: (304) 348-7209

ESCROW TRUSTEE: ___
Contact Person: ___
Phone: ___

KNOWLEDGEABLE ISSUE CONTACT:
Contact Person: Kim Shrewsberry
Position: Finance Director
Phone: (304) 872-1211

OTHER: West Virginia Department of Environmental Protection
Contact Person: Rosalie Brodersen
Function: Program Manager
Phone: (304) 558-0637

DEPOSITS TO MBC AT CLOSE: ___

By: ___ Wire ___
___ Check ___

Accrued Interest: $ ___
Capitalized Interest: ___
Reserve Account: $ ___
Other: ___

REFUNDS & TRANSFERS BY MBC AT CLOSE:

By: ___ Wire
___ Check
___ IGT

___ To Escrow Trustee: $ ___
___ To Issuer: $ ___
___ To Cons. Invest. Fund $ ___
___ To ___ $ ___

NOTES: ___

FOR MUNICIPAL BOND COMMISSION USE ONLY:
Documents Required: ___
Transfers Required: ___

CITY OF SUMMERSVILLE
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS
SERIES 2007 A (WEST VIRGINIA INFRASTRUCTURE FUND)
AND
SERIES 2007 B (WEST VIRGINIA SRF FUND)

ACCEPTANCE OF DUTIES OF DEPOSITORY BANK

Branch Banking and Trust Company, with offices in Summersville, West Virginia, hereby accepts appointment as Depository Bank in connection with the Bond Ordinance finally enacted by the City of Summersville (the "Issuer") on March 21, 2007, and put into effect following a public hearing held on April 23, 2007, as supplemented and amended by a Supplemental Resolution adopted on April 23, 2007 (collectively, the "Bond Ordinance"), authorizing issuance of the Issuer's Combined Waterworks and Sewerage System Revenue Bonds, Series 2007 A (West Virginia Infrastructure Fund), dated May 15, 2007, in the aggregate principal amount of $8,682,265, and Combined Waterworks and Sewerage System Revenue Bonds, Series 2007 B (West Virginia SRF Program), dated May 15, 2007, in the aggregate amount of $2,000,000 (collectively, the "Bonds") and agrees to perform all duties of Depository Bank in connection with such Bonds, all as set forth in said Bond Ordinance.

Dated this 15th day of May, 2007.

BRANCH BANKING AND TRUST COMPANY

By: _____ S.VP.
Its: Authorized Representative

CITY OF SUMMERSVILLE
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS
SERIES 2007 A (WEST VIRGINIA INFRASTRUCTURE FUND)
AND
SERIES 2007 B (WEST VIRGINIA SRF PROGRAM)

ACCEPTANCE OF DUTIES OF REGISTRAR

Branch Banking and Trust Company, with offices in Charleston, West Virginia, hereby accepts appointment as Registrar in connection with the City of Summersville Combined Waterworks and Sewerage System Revenue Bonds, Series 2007 A (West Virginia Infrastructure Fund), dated May 15, 2007, in the aggregate principal amount of $8,682,265, and Combined Waterworks and Sewerage System Revenue Bonds, Series 2007 B (West Virginia SRF Program), dated May 15, 2007, in the aggregate amount of $2,000,000 (collectively, the "Bonds") and agrees to perform all duties of Registrar in connection with the Bonds, all as set forth in the Bond Ordinance finally enacted by the City of Summersville on March 21, 2007, and put into effect following a public hearing held on April 23, 2007, as supplemented and amended by a Supplemental Resolution adopted on April 23, 2007, authorizing issuance of the Bonds.

Dated this 15th day of May, 2007.

BRANCH BANKING AND TRUST COMPANY

By: _____
Its: Authorized Representative

CITY OF SUMMERSVILLE
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS
SERIES 2007 A (WEST VIRGINIA INFRASTRUCTURE FUND)
AND
SERIES 2007 B (WEST VIRGINIA SRF PROGRAM)

CERTIFICATE OF REGISTRATION OF BONDS

Branch Banking and Trust Company, Charleston, West Virginia, as Registrar under the Registrar's Agreement and the Bond Ordinance finally enacted by the City of Summersville (the "Issuer") on March 21, 2007, and put into effect following a public hearing held on April 23, 2007, as supplemented and amended by a Supplemental Resolution adopted on April 23, 2007 (collectively, the "Bond Ordinance"), providing for the issuance of the above-captioned bonds, hereby certifies that (i) on the date hereof, the single, fully registered City of Summersville Combined Waterworks and Sewerage System Revenue Bond, Series 2007 A (West Virginia Infrastructure Fund), dated May 15, 2007, in the principal amount of $8,682,265, numbered AR-1, was registered as to principal 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 Branch Banking and Trust Company, as Registrar, and (ii) on the date hereof, the single, fully registered City of Summersville Combined Waterworks and Sewerage System Revenue Bond, Series 2007 B (West Virginia SRF Program), dated May 15, 2007, in the principal amount of $2,000,000, numbered BR-1, was registered as to principal 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 Branch Banking and Trust Company, as Registrar.

WITNESS my signature as of this 15th day of May, 2007.

BRANCH BANKING AND TRUST COMPANY

By: _____
Its: Authorized Representative

CITY OF SUMMERSVILLE
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS
SERIES 2007 A (WEST VIRGINIA INFRASTRUCTURE FUND)
AND
SERIES 2007 B (WEST VIRGINIA SRF PROGRAM)

REGISTRAR'S AGREEMENT

THIS REGISTRAR'S AGREEMENT, dated as of the 15th day of May, 2007 by and between the CITY OF SUMMERSVILLE, a municipal corporation and political subdivision of the State of West Virginia (the "Issuer"), and BRANCH BANKING AND TRUST COMPANY, Charleston, West Virginia, a North Carolina Banking Corporation authorized to transact business in West Virginia (the "Registrar").

WHEREAS, the Issuer has, contemporaneously with the execution hereof, issued and sold its Combined Waterworks and Sewerage System Revenue Bonds, Series 2007 A (West Virginia Infrastructure Fund), dated May 15, 2007, in the aggregate principal amount of $8,682,265, and Combined Waterworks and Sewerage System Revenue Bonds, Series 2007 B (West Virginia SRF Program), dated May 15, 2007, in the aggregate amount of $2,000,000 (collectively, the "Bonds"), in fully registered form, pursuant to a Bond Ordinance finally enacted by the Issuer on March 21, 2007, and put into effect following a public hearing held on April 23, 2007, as supplemented and amended by a Supplemental Resolution adopted on April 23, 2007 (collectively, the "Ordinance");

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 Ordinance, a copy of which is attached as Exhibit A hereto and incorporated herein by reference;

WHEREAS, the Ordinance provides for an appointment by the Issuer of a Registrar for the Bonds; and

WHEREAS, the Issuer desires to appoint, and by the Ordinance and this Registrar's Agreement does appoint, the Registrar to act as Registrar under the Ordinance 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 Ordinance, 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 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. For its fees and expenses hereunder, the Registrar shall receive the amount of $1,000 ($500 for each series of Bonds), said $1,000 to be payable upon the issuance of the Bonds.

5. It is intended that this Registrar's Agreement shall carry out and implement provisions of the Ordinance with respect to the Registrar. In the event of any conflict between the terms of this Registrar's Agreement and the Ordinance, the terms of the Ordinance 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 Ordinance 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: City of Summersville
400 North Broad Street
Summersville, West Virginia 26651

Registrar: Branch Banking and Trust Company
223 West Nash Street
Wilson, NC 27893
Attention: Corporate Trust

8. The Registrar is hereby requested and authorized to authenticate and deliver the Bonds in accordance with the Ordinance.

IN WITNESS WHEREOF, the CITY OF SUMMERSVILLE and BRANCH BANKING AND TRUST COMPANY, 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.

CITY OF SUMMERSVILLE

By: _____
Its: Mayor

BRANCH BANKING AND TRUST COMPANY

By: _____
Its: Authorized Representative

EXHIBIT A

[See Transcript Documents Numbers 1 and 2]

west virginia department of environmental protection

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

Joe Manchin III, Governor
Stephanie R. Timmermeyer, Cabinet Secretary
www.wvdep.org

April 10, 2007

Honorable Stanley Adkins
Mayor, City of Summersville
Post Office Box 525
Summersville, WV 26651

Attention: Robert Hilleary, Wastewater Superintendent

CERTIFIED RETURN RECEIPT REQUESTED

Re: WV/NPDES Permit No. WV0020630
Modification No. 2

Dear Mayor Adkins:

This correspondence shall serve as Modification No. 2, of your existing WV/NPDES Water Pollution Control Permit No. WV0020630, issued on the 22nd day of September 2003.

After careful review of the information submitted on, and with your WV/NPDES Water Pollution Control Permit Modification Application No. WV0020630-B, dated May 8, 2006, and all other relevant information, the subject Permit is hereby modified to incorporate the following change:

> To acquire, construct, install, operate, maintain and upgrade the existing wastewater treatment facilities to process an average flow of 1.5 million gallons per day (MGD) with a peak sustained flow of 4.0 MGD, including construction of approximately 330 linear feet of 18 inch diameter influent gravity sewer line, new screening and grit removal system, conversion of two existing aeration basins to Vertical Loop Reactors, construction of a new 280,083 gallon Vertical Loop Reactor basin, conversion of two existing aeration basins to Interchange Bioreactor Tanks, construction of a new secondary distribution chamber and return sludge pump station, construction of a new 331,451 gallon secondary clarifier, conversion of the existing secondary sludge pump station to a plant drain pump station, installation of a new ultraviolet disinfection system, installation of approximately 917 linear feet of 18 inch diameter effluent line (relocation of the existing discharge point (Outlet No. 001), and all necessary appurtenances. On completion of this project, bypass Outlet Nos. 002 and 003 shall be eliminated.

The existing discharge point (Outlet No. 001) shall be relocated from Arbuckle Creek to Muddlety Creek of Summersville Lake. The new discharge point shall be located at coordinates 38° 16' 38" Latitude (North) and 80° 49' 40" Longitude (West) and shall be designated Outlet No. 007.

Within 30 days from the start-up of the new facilities, the permittee shall inform this agency in writing of the startup. Within 90 days, on the start-up of the new sewage treatment facility, the permittee shall achieve compliance with all permit conditions, including the discharge limitations and monitoring requirements as prescribed in Section A.007.

The wastewater treatment system improvements shall be constructed in accordance with the plans, specifications and reports approved by the Division of Water and Waste Management – Clean Water State Revolving Fund Program. A further description of these documents is presented as follows:

SEWAGE TREATMENT PLANT IMPROVEMENTS CONSTRUCTED IN ACCORDANCE WITH:

Plans, Specifications, and Reports:

Prepared by:	ATS Engineering, Inc. 7908 Cincinnati-Dayton Road Suite P West Chester, Ohio 45069
Title:	City of Summersville, WV Wastewater Treatment Plant Expansion and Improvements
SRF Project No.:	C-544356
Approval Date:	July 24, 2006

Please find enclosed revised Section A, Pages 4, 5 and 6 of 35, and Section C, Pages 18, 18A, and 24 of 35 along with a new Discharge Monitoring Report. These documents shall supersede the ones in your possession on completion of the upgrades of the wastewater treatment system and should be incorporated into your existing WV/NPDES Water Pollution Control Permit.

All other terms and conditions of the WV/NPDES Water Pollution Control Permit No. WV0020630, issued on September 22, 2003 shall remain in effect and unchanged.

Sincerely,

Lisa A. McClung

Lisa A. McClung
Director

LAM:bsg

cc: Env. Insp. Supv.
Env. Insp.

Inspectable Unit	Latitude	Longitude	Receiving Stream	Dist. to Stream Mouth (in Mile)	Milepost
001	38°16'37"	80°49'56"	ARBUCKLE BR	N/A	N/A
004	38°16'36"	80°49'56"	ARBUCKLE BR	N/A	N/A
005	38°16'37"	80°49'55"	ARBUCKLE BR	N/A	N/A
006	38°16'37"	80°49'55"	ARBUCKLE BR	N/A	N/A
007	38°16'38"	80°49'40"	MUDDLETY CK	N/A	N/A
IU01	38°16'37"	80°49'56"	N/A	N/A	N/A
IU02	38°16'37"	80°49'56"	N/A	N/A	N/A
IU03	38°16'37"	80°49'56"	N/A	N/A	N/A
IU04	38°16'37"	80°49'37"	N/A	N/A	N/A
IU05	38°16'36"	80°49'56"	N/A	N/A	N/A
IU06	38°16'36"	80°49'56"	N/A	N/A	N/A
S01	38°16'37"	80°49'56"	N/A	N/A	N/A

A.007 DISCHARGE LIMITATIONS AND MONITORING REQUIREMENTS:

Final Limitations

Year Round

During the period beginning [Upon start-up of new WWTP] and lasting through midnight June 30, 2008 the permittee is authorized to discharge from Outlet Number(s) 007 (Sanitary)

Such discharges shall be limited and monitored by the permittee as specified below:

Effluent Characteristic	Discharge Limitations							Monitoring Requirements	
	Quantity		Units		Other Units		Units	Measurement Frequency	Sample Type
Flow,in Conduit or thru plant (Year Round) (ML-1)	N/A	N/A	N/A	N/A	Rpt Only Avg. Monthly	Rpt Only Max. Daily	mgd	Continuous	measured
BOD, 5-Day 20 Deg.C (Year Round) (ML-A)	375.5 Avg. Monthly	751 Max. Daily	Lbs/Day	N/A	30 Avg. Monthly	60 Max. Daily	mg/l	1/week	8 hr comp
Total Suspended Solids (Year Round) (ML-A)	375.5 Avg. Monthly	751 Max. Daily	Lbs/Day	N/A	30 Avg. Monthly	60 Max. Daily	mg/l	1/week	8 hr comp
BOD, % Removal (Year Round) (ML-K)	N/A	N/A	N/A	85 Month. Avg. Min.	N/A	N/A	Percent	1/week	Calculated
Suspended Solids, % Removal (Year Round) (ML-K)	N/A	N/A	N/A	85 Month. Avg. Min.	N/A	N/A	Percent	1/week	Calculated
Coliform, Fecal (Year Round) (ML-A)	N/A	N/A	N/A	N/A	200 Mo. Geo. Mean	400 Max. Daily	Cnts/100ml	1/week	Grab
pH (Year Round) (ML-A)	N/A	N/A	N/A	6 Inst. Min.	N/A	9 Inst. Max.	S.U.	1/week	Grab
Dissolved Oxygen (Year Round) (ML-A)	N/A	N/A	N/A	6 Inst. Min.	N/A	N/A	mg/l	1/week	Grab
Ammonia Nitrogen (Year Round) (ML-A)	187.8 Avg. Monthly	375.5 Max. Daily	Lbs/Day	N/A	15 Avg. Monthly	30 Max. Daily	mg/l	1/week	8 hr comp

Samples taken in compliance with the monitoring requirements specified above shall be taken at the following location(s):
All effluent samples shall be collected at or as near as possible to the point of discharge.

This discharge shall not cause violation of Title 47, Series 2, Section 3, of the West Virginia Legislative Rules issued pursuant to Chapter 22B, Article 3.

A.007 DISCHARGE LIMITATIONS AND MONITORING REQUIREMENTS:

Final Limitations

Year Round

During the period beginning [Upon start-up of new WWTP] and lasting through midnight June 30, 2008 the permittee is authorized to discharge from Outlet Number(s) 007 (Sanitary)

Such discharges shall be limited and monitored by the permittee as specified below:

Effluent Characteristic	Discharge Limitations							Monitoring Requirements	
	Quantity		Units		Other Units		Units	Measurement Frequency	Sample Type
Copper, Total Recoverable (Year Round) (ML-A)	N/A	N/A	N/A	N/A	Rpt Only Avg. Monthly	Rpt Only Max. Daily	mg/l	1/month	8 hr comp
Lead, Total Recoverable (Year Round) (ML-A)	N/A	N/A	N/A	N/A	Rpt Only Avg. Monthly	Rpt Only Max. Daily	mg/l	1/month	8 hr comp
Zinc, Total Recoverable (Year Round) (ML-A)	N/A	N/A	N/A	N/A	Rpt Only Avg. Monthly	Rpt Only Max. Daily	mg/l	1/month	8 hr comp
Arsenic, Total (As AS) (Year Round) (ML-A)	N/A	N/A	N/A	N/A	Rpt Only Avg. Monthly	Rpt Only Max. Daily	mg/l	1/month	8 hr comp
Cadmium, Total Recoverable (Year Round) (ML-A)	N/A	N/A	N/A	N/A	Rpt Only Avg. Monthly	Rpt Only Max. Daily	mg/l	1/month	8 hr comp
Chromium, Hexavalent (Year Round) (ML-A)	N/A	N/A	N/A	N/A	Rpt Only Avg. Monthly	Rpt Only Max. Daily	mg/l	1/month	8 hr comp
Cyanide, Weak Acid Dissociable (Year Round) (ML-A)	N/A	N/A	N/A	N/A	0.005 Avg. Monthly	0.0073 Max. Daily	mg/l	1/month	Grab
Mercury, Total (As Hg) (Year Round) (ML-A)	N/A	N/A	N/A	N/A	0.00014 Avg. Monthly	0.0002 Max. Daily	mg/l	1/month	8 hr comp
Nickel, Total Recoverable (Year Round) (ML-A)	N/A	N/A	N/A	N/A	Rpt Only Avg. Monthly	Rpt Only Max. Daily	mg/l	1/month	8 hr comp

Samples taken in compliance with the monitoring requirements specified above shall be taken at the following location(s):
All effluent samples shall be collected at or as near as possible to the point of discharge.

This discharge shall not cause violation of Title 47, Series 2, Section 3, of the West Virginia Legislative Rules issued pursuant to Chapter 22B, Article 3.

A.007 DISCHARGE LIMITATIONS AND MONITORING REQUIREMENTS:

Final Limitations

Year Round

During the period beginning [Upon start-up of new WWTP] and lasting through midnight June 30, 2008 the permittee is authorized to discharge from Outlet Number(s) 007 (Sanitary)

Such discharges shall be limited and monitored by the permittee as specified below:

Effluent Characteristic	Discharge Limitations							Monitoring Requirements	
	Quantity		Units		Other Units		Units	Measurement Frequency	Sample Type
Silver, Total Recoverable (Year Round) (ML-A)	N/A	N/A	N/A	N/A	Rpt Only Avg. Monthly	Rpt Only Max. Daily	mg/l	1/month	8 hr comp
Hardness, Total (as CaCO3) (Year Round) (ML-A)	N/A	N/A	N/A	N/A	Rpt Only Avg. Monthly	Rpt Only Max. Daily	mg/l	1/month	8 hr comp
Toxicity, Chronic Daphnia (Year Round) (ML-A)	N/A	N/A	N/A	N/A	N/A	1 Max. Daily	TUc	1/year	8 hr comp
Toxicity, Chronic Pimephales (Year Round) (ML-A)	N/A	N/A	N/A	N/A	N/A	1 Max. Daily	TUc	1/year	8 hr comp

Samples taken in compliance with the monitoring requirements specified above shall be taken at the following location(s):
All effluent samples shall be collected at or as near as possible to the point of discharge.

This discharge shall not cause violation of Title 47, Series 2, Section 3, of the West Virginia Legislative Rules issued pursuant to Chapter 22B, Article 3.

Section C - Other Requirements

1. The herein-described treatment works, structures, electrical and mechanical equipment shall be adequately protected from physical damage by the maximum expected one hundred (100) year flood level, and operability shall be maintained during the twenty-five (25) year flood level.
2. The entire sewage treatment facility shall be adequately protected by fencing.
3. An instantaneous flow from the sewage disposal system shall not exceed the peak design flow at any given time.
4. The proper operation and maintenance of the listed sewage treatment facility shall be performed, or supervised, by a certified operator possessing at least a Class II certificate for Waste Water Treatment Plant Operators as issued by the State of West Virginia. The on-site attendance of this facility's Class II operator shall be determined and directed by the Bureau for Public Health, Office of Environmental Health Services.
5. The arithmetic mean of values for effluent samples collected in a period of seven (7) consecutive days shall not exceed 45.0 mg/l for BOD5 and TSS. Furthermore, the permittee may submit mitigating factors as an attachment to its DMRs related to an excursion of this requirement. The Director may choose to take those mitigating factors into consideration in determining whether enforcement action is required.
6. The permittee shall not accept any new nondomestic discharges without first obtaining approval from the Director of the Division of Water Resources as provided in Title 47, Series 10, Section 14 of the West Virginia Legislative Rules.
7. If any existing nondomestic discharge causes, or is suspected of causing, interference or pass through, as defined by 40 CFR Part 403.3, or otherwise violates any provision of 40 CFR Part 403, the permittee shall notify the Director of such violation or suspected violation.
8. If any existing nondomestic discharge is identified as being subject to Categorical Pretreatment Standard under 40 CFR Chapter 1, Subchapter N, and the discharge is not regulated by this permit, the permittee shall notify the Director of such identification.
9. The permittee shall submit each month according to the enclosed format, a Discharge Monitoring Report (DMR) indicating in terms of concentration and/or quantities the values of the constituents listed in Section A analytically determined to be in the plant effluent(s). Additional information pertaining to effluent monitoring and reporting can be found in Appendix A, Part III.
10. The required DMRs should be received no later than 20 days following the end of the reporting period and be addressed to:

Director Division of Water and Waste Management 601 57th Street, SE Charleston, West Virginia 25304 Attention: Permitting Branch	NPDES Branch (3WP42) Water Protection Division EPA, Region III 1650 Arch Street Philadelphia, PA 19103-2029

11. For any noncompliance reports required to be submitted in writing by Appendix A, Part IV, of this Permit, a copy shall also be forwarded to the Environmental Protection Agency at the location specified in Section C.10, above.
12. For Outlet No. 001:
    The average daily design flow of the existing Publicly Owned Treatment Works has been established at 1.08 million gallons per day. When the average monthly effluent flow reported on Discharge Monitoring Reports reaches, or exceeds, 90 percent of the average design flow (0.972 million gallons per day) during three(3) consecutive monthly periods, the permittee shall submit a Plan of Action to the Director. The Plan of Action shall present, at a minimum, an analysis of current hydraulic and organic loadings on the plant, an analysis of the future projected loadings, and a Schedule of Tasks to accomplish procedures necessary to maintain required treatment levels.

    For Outlet No. 007:
    The average daily design flow of the existing Publicly Owned Treatment Works has been established at 1.5 million gallons per day. When the average monthly effluent flow reported on Discharge Monitoring Reports reaches, or exceeds, 90 percent of the average design flow (1.35 million gallons per day) during three(3) consecutive monthly periods, the permittee shall submit a Plan of Action to the Director. The Plan of Action shall present, at a minimum, an analysis of current hydraulic and organic loadings on the plant, an analysis of the future projected loadings, and a Schedule of Tasks to accomplish procedures necessary to maintain required treatment levels.

Section C - Other Requirements

13. For Outlet No. 001:
    Any future collection system extensions projected to cause an increase in the wastewater flow, equal to, or greater than, 54,000 gallons per day (five (5)percent of the design flow) shall require the permittee to contact the Director to secure approval of the extension. After consideration of the complexity of the project, and the available treatment capacity of the facility, the Director may require the permittee to seek approval through Modification of the Permit.

    For Outlet No. 007:
    Any future collection system extensions projected to cause an increase in the wastewater flow, equal to, or greater than, 75,000 gallons per day (five (5)percent of the design flow) shall require the permittee to contact the Director to secure approval of the extension. After consideration of the complexity of the project, and the available treatment capacity of the facility, the Director may require the permittee to seek approval through Modification of the Permit.

14. The analytical test procedures, set forth in 40 CFR Part 136, prescribe colorimetric methods for certain parameters. The digestion process for the performance of total recoverable is not sufficient for the utilization of a colorimetric procedure. Therefore, colorimetric procedures shall not be acceptable for the analysis of parameters prescribed as total recoverable.

Section C - Other Requirements

28. Monitoring benchmark concentrations for Stormwater Outlets No. 004, 005 and 006 stormwater pollutants are as follows:

Pollutant	Monitoring Cut-Off Concentration	Sampling Frequency	Sample Type
Biological Oxygen Demand	30.0 mg/l	1/6 Months	Grab
Chemical Oxygen Demand	120.0 mg/l	1/6 Months	Grab
Total Suspended Solids	100.0 mg/l	1/6 Months	Grab
Ammonia Nitrogen	4.0 mg/l	1/6 Months	Grab
Fecal Coliform	400 counts/100ml	1/6 Months	Grab
pH	6.0 - 9.0 SU	1/6 Months	Grab
Oil & Grease	15.0 mg/l	1/6 Months	Grab

a. When the average concentration of a pollutant calculated from all monitoring data, minimum of four(4) consecutive samples, is less than the corresponding bench mark value for the pollutant, additional monitoring for the pollutant is not required (all pH values of the samples must be within the range 6.0 to 9.0 S.U.). The permittee shall submit, twice per year, to the Division of Water Resources, in lieu of the monitoring data, a certification (form will be provided upon request) that there has not been a significant change in the industrial activity or the pollution prevention measures in the area of the facility that drains to the outlets for which sampling is to be waived. If the average concentration of a pollutant exceeds the corresponding benchmark concentration or pH values of all samples are not within the range of 6.0 to 9.0 S.U., monitoring shall continue and storm water pollution prevention measures shall be revised and the revised plan implemented.

b. When a facility has two or more stormwater outlets that, based on a consideration of the activities within the area drained by the stormwater outlet, the permittee reasonably believes discharges are essentially identical effluents, the permittee may test the effluent of one of these stormwater outlets and report that the quantitative data also applies to the essentially identical stormwater outlet(s) provided that the permittee includes in the storm water pollution prevention plan a description of the location of the stormwater outlets and explains in detail why the stormwater outlets are expected to discharge essentially identical effluents.

29. If there is evidence indicating potential or realized impacts on water quality due to any stormwater discharge associated with the wastewater treatment facility covered by this permit, the permit may be promptly modified and/or reissued to include effluent limitations and/or other requirements to control such storm water discharges.

30. Within six (6) months of the issuance of this permit, the permittee shall develop and implement a storm water pollution prevention plan (SWPPP) for the wastewater treatment facility site. The SWPPP shall be prepared in accordance with good engineering practices. The SWPPP shall identify potential sources of pollution which may reasonably be expected to affect the quality of storm water discharges associated with the industrial activity. In addition, the plan shall describe and ensure the implementation of practices which are to be used to reduce the pollutants in storm water discharges associated with the industrial activity at the facility and to assure compliance with the terms and conditions of this permit. A copy of the plan shall be retained at the site for review upon request.

31. For Outlet No. 001:
Facility shall operate and maintain their plant flow up to 0.7625 MGD in the plug flow mode prior to switching into the contact stabilization mode. On contact stabilization mode, facility shall operate and maintain their plant flow up to 1.08 MGD.

32. For Outlet No. 007:
Because the permittee is using ultraviolet light as their disinfection method, no Total Residual Chlorine (TRC) effluent limitation shall currently be imposed. Should the permittee in the future decide to use chlorine as a disinfection method, a TRC effluent limitation shall be promulgated and imposed.

WRD 2A-82

STATE OF WEST VIRGINIA
NATIONAL POLLUTANT DISCHARGE ELIMINATION SYSTEM
DISCHARGE MONITORING REPORT

Final Limitations
Year Round

FACILITY NAME: (City of Summersville) SUMMERSVILLE, CITY OF
LOCATION OF FACILITY: SUMMERSVILLE; Nicholas County
PERMIT NO.: WV0020630 OUTLET NO.: 007
WASTELOAD FOR THE MONTH OF:

CERTIFIED LABORATORY NAME:
CERTIFIED LABORATORY ADDRESS:
INDIVIDUAL PERFORMING ANALYSIS:

Parameter		Quantity				Other Units						Measurement Frequency	Sample Type
				Units	N.E.				CEL*	Units	N.E.		
50050 (ML-1) RF-A	Reported												
Flow,in Conduit or thru plant	Permit Limits	N/A	N/A			N/A	Rpt Only Avg. Monthly	Rpt Only Max. Daily	N/A	mgd		Continuous	measured
Year Round													
00310 (ML-A) RF-A	Reported												
BOD, 5-Day 20 Deg.C	Permit Limits	375.5 Avg. Monthly	751 Max. Daily	Lbs/Day		N/A	30 Avg. Monthly	60 Max. Daily	N/A	mg/l		1/week	8 hr comp
Year Round													
00530 (ML-A) RF-A	Reported												
Total Suspended Solids	Permit Limits	375.5 Avg. Monthly	751 Max. Daily	Lbs/Day		N/A	30 Avg. Monthly	60 Max. Daily	N/A	mg/l		1/week	8 hr comp
Year Round													
81010 (ML-K) RF-A	Reported												
BOD, % Removal	Permit Limits	N/A	N/A			85 Month. Avg. Min.	N/A	N/A	N/A	Percent		1/week	Calculated
Year Round													
81011 (ML-K) RF-A	Reported												
Suspended Solids, % Removal	Permit Limits	N/A	N/A			85 Month. Avg. Min.	N/A	N/A	N/A	Percent		1/week	Calculated
Year Round													
74055 (ML-A) RF-A	Reported												
Coliform, Fecal	Permit Limits	N/A	N/A			N/A	200 Mo. Geo. Mean	400 Max. Daily	N/A	Cnts/100m		1/week	Grab
Year Round													
00400 (ML-A) RF-A	Reported												
pH	Permit Limits	N/A	N/A			6 Inst. Min.	N/A	9 Inst. Max.	N/A	S.U.		1/week	Grab
Year Round													
00300 (ML-A) RF-A	Reported												
Dissolved Oxygen	Permit Limits	N/A	N/A			6 Inst. Min.	N/A	N/A	N/A	mg/l		1/week	Grab
Year Round													

* CEL = Compliance Evaluation Level

Name of Principal Executive Officer	I certify under penalty of law that this document and all attachments were prepared under my direction or supervision in accordance with a system designed to assure that qualified personnel properly gather and evaluate the information submitted. Based on my inquiry of the person or persons who manage the system, or those persons directly responsible for gathering the information, the information submitted is, to the best of my knowledge and belief, true, accurate, and complete. I am aware that there are significant penalties for submitting false information including the possibility of a fine and imprisonment for knowing violations.	Date Completed
Title of Officer		Signature of Principal Executive Officer or Authorized Agent

WRD 2A-82

STATE OF WEST VIRGINIA
NATIONAL POLLUTANT DISCHARGE ELIMINATION SYSTEM
DISCHARGE MONITORING REPORT

Final Limitations
Year Round

FACILITY NAME: (City of Summersville) SUMMERSVILLE, CITY OF
LOCATION OF FACILITY: SUMMERSVILLE; Nicholas County
PERMIT NO.: WV0020630 OUTLET NO.: 007
WASTELOAD FOR THE MONTH OF:

CERTIFIED LABORATORY NAME:
CERTIFIED LABORATORY ADDRESS:
INDIVIDUAL PERFORMING ANALYSIS:

Parameter		Quantity		Units	N.E.	Other Units			CEL*	Units	N.E.	Measurement Frequency	Sample Type
00610 (ML-A) RF-A	Reported												
Ammonia Nitrogen	Permit Limits	187.8 Avg. Monthly	375.5 Max. Daily	Lbs/Day		N/A	15 Avg. Monthly	30 Max. Daily	N/A	mg/l		1/week	8 hr comp
Year Round													
01119 (ML-A) RF-A	Reported												
Copper, Total Recoverable	Permit Limits	N/A	N/A			N/A	Rpt Only Avg. Monthly	Rpt Only Max. Daily	N/A	mg/l		1/month	8 hr comp
Year Round													
01114 (ML-A) RF-A	Reported												
Lead, Total Recoverable	Permit Limits	N/A	N/A			N/A	Rpt Only Avg. Monthly	Rpt Only Max. Daily	N/A	mg/l		1/month	8 hr comp
Year Round													
01094 (ML-A) RF-A	Reported												
Zinc, Total Recoverable	Permit Limits	N/A	N/A			N/A	Rpt Only Avg. Monthly	Rpt Only Max. Daily	N/A	mg/l		1/month	8 hr comp
Year Round													
01002 (ML-A) RF-A	Reported												
Arsenic, Total (As AS)	Permit Limits	N/A	N/A			N/A	Rpt Only Avg. Monthly	Rpt Only Max. Daily	N/A	mg/l		1/month	8 hr comp
Year Round													
01113 (ML-A) RF-A	Reported												
Cadmium, Total Recoverable	Permit Limits	N/A	N/A			N/A	Rpt Only Avg. Monthly	Rpt Only Max. Daily	N/A	mg/l		1/month	8 hr comp
Year Round													
01032 (ML-A) RF-A	Reported												
Chromium, Hexavalent	Permit Limits	N/A	N/A			N/A	Rpt Only Avg. Monthly	Rpt Only Max. Daily	N/A	mg/l		1/month	8 hr comp
Year Round													
00718 (ML-A) RF-A	Reported												
Cyanide, Weak Acid Dissociable	Permit Limits	N/A	N/A			N/A	0.005 Avg. Monthly	0.0073 Max. Daily	N/A	mg/l		1/month	Grab
Year Round													

* CEL = Compliance Evaluation Level

Name of Principal Executive Officer:

Title of Officer:

I certify under penalty of law that this document and all attachments were prepared under my direction or supervision in accordance with a system designed to assure that qualified personnel properly gather and evaluate the information submitted. Based on my inquiry of the person or persons who manage the system, or those persons directly responsible for gathering the information, the information submitted is, to the best of my knowledge and belief, true, accurate, and complete. I am aware that there are significant penalties for submitting false information including the possibility of a fine and imprisonment for knowing violations.

Date Completed

Signature of Principal Executive Officer or Authorized Agent

WRD 2A-82

STATE OF WEST VIRGINIA
NATIONAL POLLUTANT DISCHARGE ELIMINATION SYSTEM
DISCHARGE MONITORING REPORT

Final Limitations
Year Round

FACILITY NAME: (City of Summersville) SUMMERSVILLE, CITY OF
LOCATION OF FACILITY: SUMMERSVILLE; Nicholas County
PERMIT NO.: WV0020630 OUTLET NO.: 007
WASTELOAD FOR THE MONTH OF:

CERTIFIED LABORATORY NAME:
CERTIFIED LABORATORY ADDRESS:
INDIVIDUAL PERFORMING ANALYSIS:

Parameter		Quantity		Units	N.E.	Other Units			CEL*	Units	N.E.	Measurement Frequency	Sample Type
71900 (ML-A) RF-A	Reported												
Mercury, Total (As Hg)	Permit Limits	N/A	N/A			N/A	0.00014 Avg. Monthly	0.0002 Max. Daily	0	mg/l		1/month	8 hr comp
Year Round													
01074 (ML-A) RF-A	Reported												
Nickel, Total Recoverable	Permit Limits	N/A	N/A			N/A	Rpt Only Avg. Monthly	Rpt Only Max. Daily	N/A	mg/l		1/month	8 hr comp
Year Round													
01079 (ML-A) RF-A	Reported												
Silver, Total Recoverable	Permit Limits	N/A	N/A			N/A	Rpt Only Avg. Monthly	Rpt Only Max. Daily	N/A	mg/l		1/month	8 hr comp
Year Round													
00900 (ML-A) RF-A	Reported												
Hardness, Total (as CaCO3)	Permit Limits	N/A	N/A			N/A	Rpt Only Avg. Monthly	Rpt Only Max. Daily	N/A	mg/l		1/month	8 hr comp
Year Round													
61426 (ML-A) RF-D	Reported												
Toxicity, Chronic Daphnia	Permit Limits	N/A	N/A			N/A	N/A	1 Max. Daily	N/A	TUc		1/year	8 hr comp
Year Round													
61428 (ML-A) RF-D	Reported												
Toxicity, Chronic Pimephales	Permit Limits	N/A	N/A			N/A	N/A	1 Max. Daily	N/A	TUc		1/year	8 hr comp
Year Round													
									N/A				
									N/A				

* CEL = Compliance Evaluation Level

Name of Principal Executive Officer

Title of Officer

I certify under penalty of law that this document and all attachments were prepared under my direction or supervision in accordance with a system designed to assure that qualified personnel properly gather and evaluate the information submitted. Based on my inquiry of the person or persons who manage the system, or those persons directly responsible for gathering the information, the information submitted is, to the best of my knowledge and belief, true, accurate, and complete. I am aware that there are significant penalties for submitting false information including the possibility of a fine and imprisonment for knowing violations.

Date Completed

Signature of Principal Executive Officer or Authorized Agent

CITY OF SUMMERSVILLE

COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2002 A (WEST VIRGINIA INFRASTRUCTURE FUND) AND SERIES 2002 B (WEST VIRGINIA DWTRF PROGRAM)

BOND ORDINANCE

Table of Contents

Subject **Page**

ARTICLE I
STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

Section 1.01	Authority for this Ordinance	2
Section 1.02	Findings	2
Section 1.03	Bond Legislation Constitutes Contract	5
Section 1.04	Definitions	5

ARTICLE II
AUTHORIZATION OF ACQUISITION AND CONSTRUCTION OF THE PROJECT

Section 2.01	Authorization of Acquisition and Construction of the Project	14

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

Section 3.01	Authorization of Bonds	15
Section 3.02	Terms of Bonds	15
Section 3.03	Execution of Bonds	16

Section 3.04	Authentication and Registration	16
Section 3.05	Negotiability, Transfer and Registration	16
Section 3.06	Bonds Mutilated, Destroyed, Stolen or Lost	17
Section 3.07	Bonds not to be Indebtedness of the Issuer	17
Section 3.08	Bonds Secured by Pledge of Net Revenues; Lien Position with Respect to Prior Bonds	18
Section 3.09	Delivery of Bonds	18
Section 3.10	Form of Bonds	18
	FORM OF SERIES 2002 A BOND	19
	FORM OF SERIES 2002 B BOND	28
Section 3.11	Sale of Bonds; Approval and Ratification of Execution of Loan Agreement	37
Section 3.12	"Amended Schedule" Filing	37

ARTICLE IV
[RESERVED] 38

ARTICLE V
FUNDS AND ACCOUNTS; SYSTEM REVENUES AND APPLICATION THEREOF

Section 5.01	Establishment of Funds and Accounts with Depository Bank	39
Section 5.02	Establishment of Funds and Accounts with Commission	39
Section 5.03	System Revenues; Flow of Funds	39

ARTICLE VI
BOND PROCEEDS; CONSTRUCTION DISBURSEMENTS

Section 6.01	Application of Bond Proceeds; Pledge of Unexpended Bond Proceeds	45
Section 6.02	Disbursements From the Bond Construction Trust Funds	45

ARTICLE VII
ADDITIONAL COVENANTS OF THE ISSUER

Section 7.01	General Covenants of the Issuer	48
Section 7.02	Bonds not to be Indebtedness of the Issuer	48
Section 7.03	Bonds Secured by Pledge of Net Revenues; Lien Position with respect to Prior Bonds	48
Section 7.04	Initial Schedule of Rates and Charges	48
Section 7.05	Sale of the System	49

Section 7.06	Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances	50
Section 7.07	Parity Bonds	51
Section 7.08	Books; Records and Audit	53
Section 7.09	Rates	55
Section 7.10	Operating Budget and Monthly Financial Report	55
Section 7.11	Engineering Services and Operating Personnel	56
Section 7.12	No Competing Franchise	57
Section 7.13	Enforcement of Collections	57
Section 7.14	No Free Services	57
Section 7.15	Insurance and Construction Bonds	58
Section 7.16	Connections	59
Section 7.17	Completion, Operation and Maintenance of Project; Permits and Orders	59
Section 7.18	Statutory Mortgage Lien	60
Section 7.19	Compliance with Loan Agreement and Law	60
Section 7.20	Securities Laws Compliance	60
Section 7.21	Contracts; Public Releases	60

ARTICLE VIII
INVESTMENT OF FUNDS; USE OF PROCEEDS

Section 8.01	Investments	62
Section 8.02	Certificate as to Use of Proceeds; Covenants as to Use of Proceeds	62

ARTICLE IX
DEFAULT AND REMEDIES

Section 9.01	Events of Default	64
Section 9.02	Remedies	64
Section 9.03	Appointment of Receiver	65

ARTICLE X
PAYMENT OF BONDS

Section 10.01	Payment of Bonds	67

ARTICLE XI
MISCELLANEOUS

Section 11.01	Amendment or Modification of Bond Legislation	68

Section 11.02	Bond Legislation Constitutes Contract	68
Section 11.03	Severability of Invalid Provisions	68
Section 11.04	Headings, Etc.	68
Section 11.05	Notices	68
Section 11.06	Conflicting Provisions Repealed	69
Section 11.07	Covenant of Due Procedure, Etc.	69
Section 11.08	Statutory Notice and Public Hearing	70
Section 11.09.	Effective Date	70
	SIGNATURES	70
	CERTIFICATION	71
	EXHIBIT A	72

CITY OF SUMMERSVILLE

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN EXTENSIONS, ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE WATERWORKS PORTION OF THE EXISTING PUBLIC COMBINED WATERWORKS AND SEWERAGE SYSTEM OF THE CITY OF SUMMERSVILLE AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE CITY OF NOT MORE THAN $6,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2002 A (WEST VIRGINIA INFRASTRUCTURE FUND), AND NOT MORE THAN $6,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2002 B (WEST VIRGINIA DWTRF PROGRAM); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; MODIFYING THE LIEN POSITION OF THE ISSUER'S SERIES 1977 BOND; APPROVING, RATIFYING AND CONFIRMING THE LOAN AGREEMENTS RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

BE IT ORDAINED AND ENACTED BY THE COUNCIL OF THE CITY OF SUMMERSVILLE:

ARTICLE I

STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

Section 1.01. Authority for this Ordinance. This Ordinance (together with any ordinance, order or resolution supplemental hereto or amendatory hereof, the "Bond Legislation") is enacted pursuant to the provisions of Chapter 8, Article 20, Chapter 16, Article 13C, and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"), and other applicable provisions of law.

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

A. The City of Summersville (the "Issuer") is a municipal corporation and political subdivision of the State of West Virginia in Nicholas County of said State.

B. The Issuer presently owns and operates a public combined waterworks and sewerage system. However, it is deemed necessary and desirable for the health and welfare of the inhabitants of the Issuer that there be acquired and constructed certain extensions, additions, betterments and improvements to the waterworks portion of the existing public combined waterworks and sewerage system of the Issuer, consisting of a new water treatment plant, connection of the new plant to the System and a raw water intake on Summersville Lake, together with all appurtenant facilities (collectively, the "Project") (the existing public combined waterworks and sewerage system of the Issuer, the Project and any further extensions, additions, betterments and improvements thereto are herein called the "System"), in accordance with the plans and specifications prepared by the Consulting Engineers, which plans and specifications have heretofore been filed with the Issuer.

C. The Issuer intends to permanently finance a portion of the costs of acquisition and construction of the Project through the issuance of its revenue bonds to the West Virginia Water Development Authority (the "Authority"), which administers the West Virginia Drinking Water Treatment Revolving Fund and the West Virginia Infrastructure Fund pursuant to the Act.

D. It is deemed necessary for the Issuer to issue its Combined Waterworks and Sewerage System Revenue Bonds in the total aggregate principal amount of not more than $12,000,000 in two series (collectively, the "Series 2002 Bonds"), being the Combined Waterworks and Sewerage System Revenue Bonds, Series 2002 A (West Virginia Infrastructure Fund), in the aggregate principal amount of not more than $6,000,000 (the "Series 2002 A Bonds"), and the Combined Waterworks and Sewerage System Revenue Bonds, Series 2002 B (West Virginia DWTRF Program), in the aggregate principal amount of not more than $6,000,000 (the "Series 2002 B Bonds"), to permanently finance a portion of the costs of acquisition and construction of the Project. The remaining costs of the Project shall be funded from the sources set forth in Section 2.01 hereof. Said costs shall be deemed

to include the cost of all property rights, easements and franchises deemed necessary or convenient therefor; interest, if any, upon the Series 2002 Bonds prior to and during acquisition and construction of the Project and for a period not exceeding 6 months after completion of acquisition and construction of the Project; amounts which may be deposited in the Reserve Accounts (as hereinafter defined); engineering and legal expenses; expenses for estimates of costs and revenues, expenses for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the enterprise, administrative expense, commitment fees, fees and expenses of the Authority, including the Administrative Fee (as hereinafter defined) for the Series 2002 B Bonds, discount, initial fees for the services of registrars, paying agents, depositories or trustees or other costs in connection with the sale of the Series 2002 Bonds and such other expenses as may be necessary or incidental to the financing herein authorized, the acquisition or construction of the Project and the placing of same in operation, and the performance of the things herein required or permitted, in connection with any thereof; provided, that reimbursement to the Issuer for any amounts expended by it for allowable costs prior to the issuance of the Series 2002 Bonds or the repayment of indebtedness incurred by the Issuer for such purposes shall be deemed Costs of the Project, as hereinafter defined.

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

F. It is in the best interests of the Issuer that its Series 2002 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"), and its Series 2002 B 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 Bureau for Public Health (the "BPH"), both loan agreements in form satisfactory to the respective parties (collectively, the "Loan Agreement"), approved hereby if not previously approved by resolution of the Issuer.

G. The holder of the Series 1977 Bonds (has hereinafter defined) has requested, and Issuer and the holders of the other Prior Bonds have agreed, that the Series 1977 Bonds shall be modified so as to have a first lien on the System and the Revenues therefrom. By enacting this Ordinance, the Issuer hereby modifies the Series 1977 Bonds to provide that such Bonds have a first lien on the System and the Revenues therefrom.

H. There are outstanding bonds or obligations of the Issuer which will rank on a parity with the Series 2002 A Bonds and the Series 2002 B Bonds as to liens, pledge and source of and security for payment, being the Issuer's Water and Sewer Revenue Note, Series 1967, dated November 22, 1967, issued in the original principal amount of $58,250 (the "Series 1967 Note"),Water and Sewer System Revenue Bonds, Series 1977, dated August 4, 1981 issued in the original principal amount of $290,000, (the "Series 1977 Bonds"), Water and Sewer System Revenue Bonds, Series 1990 A, dated April 6, 1990,

issued in the original principal amount of $281,848 (the "Series 1990 A Bonds"), Water and Sewer System Revenue Bonds, Series 1991 A, dated August 13, 1991, issued in the original principal amount of $790,057 (the "Series 1991 A Bonds"), and Water and Sewer System Revenue Bonds, Series 1998 A (West Virginia Infrastructure and Jobs Development Council), dated January 6, 1998, issued in the original principal amount of $639,000 (the "Series 1998 A Bonds") (collectively, the "First Lien Bonds") and senior to the Issuer's Water and Sewer System Revenue Bonds, Series 1990 B, dated April 6, 1990, issued in the original principal amount of $13,152 (the "Series 1990 B Bonds"), and Water and Sewer System Revenue Bonds, Series 1991 B, dated August 13, 1991, issued in the original principal amount of $35,671 (the "Series 1991 B Bonds") (collectively, the "Second Lien Bonds"). The First Lien Bonds and the Second Lien Bonds are collectively hereinafter sometimes referred to as the "Prior Bonds."

Prior to the issuance of the Series 2002 Bonds, the Issuer will obtain (i) the certificate of an Independent Certified Public Accountant stating that the coverage and parity tests of the First Lien Bonds are met; (ii) the written consents of the Holders of the First Lien Bonds to the issuance of the Series 2002 Bonds on a parity with the First Lien Bonds; and (iii) the written consents of the Holders of Second Lien Bonds to the issuance of the Series 2002 Bonds senior to the Second Lien 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.

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

J. The Issuer has complied with all requirements of West Virginia law and the Loan Agreement relating to authorization of the acquisition, construction and operation of the Project and the System and issuance of the Series 2002 A Bonds and the Series 2002 B Bonds, or will have so complied prior to issuance of any thereof, including, among other things and without limitation, the obtaining of a certificate of public convenience and necessity and approval of this financing and necessary user rates and charges described herein from the Public Service Commission of West Virginia by final order, the time for rehearing and appeal of which will either have expired prior to the issuance of the Series 2002 A Bonds and the Series 2002 B Bonds or such final order will not be subject to appeal or rehearing.

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

Section 1.03. Bond Legislation Constitutes Contract. In consideration of the acceptance of the Series 2002 A Bonds and the Series 2002 B Bonds by those who shall be the Registered Owners of the same from time to time, this Bond Legislation shall be deemed to be and shall constitute a contract between the Issuer and such Registered Owners, and the covenants and agreements herein set forth to be performed by the Issuer shall be for the equal benefit, protection and security of the Registered Owners of any and all of such Series 2002 A Bonds and the Series 2002 B Bonds, all which shall be of equal rank and without preference, priority or distinction between any one Bond of a series and any other Bonds of the same series, by reason of priority of issuance or otherwise, except as expressly provided therein and herein.

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

"Act" means, collectively, Chapter 8, Article 20, Chapter 16, Article 13C, and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended and in effect on the date of enactment hereof.

"Administrative Fee" means the Administrative Fee required to be paid pursuant to the Loan Agreement for the Series 2002 B Bonds.

"Authority" means the West Virginia Water Development Authority, which is expected to be the original purchaser and Registered Owner of the Series 2002 A Bonds and the Series 2002 B Bonds, or any other agency, board or department of the State of West Virginia that succeeds to the functions of the Authority, acting in its administrative capacity and upon authorization from the BPH and the Council under the Act.

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

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

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

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

"Bonds" means, collectively, the Series 2002 A Bonds, the Series 2002 B Bonds, the Prior Bonds and, where appropriate, any bonds on a parity therewith subsequently authorized to be issued hereunder or by another resolution 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.

"BPH" means the West Virginia Bureau for Public Health, a division of the West Virginia Department of Health and Human Resources, or any successor thereto.

"Closing Date" means the date upon which there is an exchange of the Series 2002 A Bonds and the Series 2002 B Bonds for all or a portion of the proceeds of the Series 2002 A Bonds and the Series 2002 B Bonds, respectively, from the Authority.

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

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

"Consulting Engineers" means Stafford Consultants, Incorporated, Princeton, West Virginia, or any qualified engineer or firm of engineers, licensed by the State, that shall at any time hereafter be procured by the Issuer as Consulting Engineers for the System or portion thereof in accordance with Chapter 5G, Article 1 of the West Virginia Code of 1931, as amended; provided however, that the Consulting Engineers shall not be a regular, full-time employee of the State or any of its agencies, commissions, or political subdivisions.

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

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

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

"DWTRF Regulations" means the DWTRF regulations set forth in the West Virginia Code of State Regulations.

"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 or any other governing body of the Issuer that succeeds to the functions of the council as presently 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.

"Grants" means all monies received by the Issuer on account of any Grant for the Project.

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

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

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

"Investment Property" means:

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

(B) any obligation,

(C) any annuity contract,

(D) any investment-type property, or

(E) in the case of a bond other than a private activity bond, any residential rental property for family units which is not located within the jurisdiction of the

Issuer and which is not acquired to implement a court ordered or approved housing desegregation plan.

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

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

"Loan Agreement" means, collectively, the respective Loan Agreement heretofore entered, or to be entered, into by and between the Issuer and the Authority, on behalf of the Council, providing for the purchase of the Series 2002 A Bonds from the Issuer by the Authority, and by and between the Issuer and the Authority, on behalf of the BPH, providing for the purchase of the Series 2002 B Bonds from the Issuer by the Authority, the forms 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 2002 A Bonds and the Series 2002 B Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds, if any, deposited in the Series 2002 A Bonds Reserve Account and the Series 2002 B Bonds Reserve Account, respectively. For purposes of the Private Business Use limitations set forth herein, the term Net Proceeds shall include any amounts resulting from the investment of proceeds of the Series 2002 A Bonds and the Series 2002 B Bonds, respectively, without regard to whether or not such investment is made in tax-exempt obligations.

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

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

"Operating Expenses" means the reasonable, proper and necessary costs of repair, maintenance and operation of the System and includes, without limiting the generality of the foregoing, administrative, engineering, legal, auditing and insurance expenses, other than those capitalized as part of the costs, the Administrative Fee, fees and expenses of the Authority, fiscal agents, the Depository Bank, the Registrar and the Paying Agent (all as herein defined), other than those capitalized as part of the costs, payments to pension or

retirement funds, taxes and such other reasonable operating costs and expenses as should normally and regularly be included under generally accepted accounting principles; provided, that "Operating Expenses" does not include payments on account of the principal of or redemption premium, if any, or interest on the Bonds, charges for depreciation, losses from the sale or other disposition of, or from any decrease in the value of, capital assets, amortization of debt discount or such miscellaneous deductions as are applicable to prior accounting periods.

"Outstanding," when used with reference to Bonds and as of any particular date, describes 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 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, any Bonds registered to the Issuer.

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

"Paying Agent" means the Commission or other entity designated as such for the Bonds in the Supplemental Resolution.

"Prior Bonds" means, collectively, the Series 1967 Note, the Series 1977 Bonds, the 1990 A Bonds, the Series 1990 B Series Bonds, the Series 1991 A Bonds, the Series 1991 B Bonds and the Series 1998 A Bonds, as more fully defined in Section 1.02(7).

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

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

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

(a) Government Obligations;

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

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

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

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

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

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

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

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

"Recorder" means the Recorder of the Issuer.

"Registrar" means the Bond Registrar.

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

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

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

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

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

"Series 2002 A Bonds" means the Combined Waterworks and Sewerage System Revenue Bonds, Series 2002 A (West Virginia Infrastructure Fund) of the Issuer, authorized by this Ordinance.

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

"Series 2002 A Bonds Reserve Account" means the Series 2002 A Bonds Reserve Account established by Section 5.02 hereof.

"Series 2002 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 2002 A Bonds in the then current or any succeeding year.

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

"Series 2002 B Bonds" means the Combined Waterworks and Sewerage System Revenue Bonds, Series 2002 B (West Virginia DWTRF Program) of the Issuer, authorized by this Ordinance.

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

"Series 2002 B Bonds Reserve Account" means the Series 2002 B Bonds Reserve Account established by Section 5.02 hereof.

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

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

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

"State" means the State of West Virginia.

"Supplemental Resolution" means any resolution, ordinance or order of the Issuer supplementing or amending this Ordinance and, when preceded by the article "the," refers specifically to the supplemental resolution or resolutions authorizing the sale of the Series 2002 A Bonds and the Series 2002 B Bonds; provided, that any matter intended by this Ordinance to be included in the Supplemental Resolution with respect to the Series 2002 A Bonds and the Series 2002 B Bonds, and not so included, may be included in another Supplemental Resolution.

"Surplus Revenues" means the Net Revenues not required by the Bond Legislation to be set aside and held for the payment of or security for the Series 2002 A Bonds, the Series 2002 B Bonds, the Prior Bonds or any other obligations of the Issuer, including, without limitation, the Sinking Funds, Reserve Accounts and the Renewal and Replacement Fund.

"System" means the complete combined waterworks and sewerage system of the Issuer, as extended and improved by the Project, including the existing waterworks and sewerage system owned by the Issuer and all facilities and other property of every nature, real or personal, now or hereafter owned, held or used in connection with the System; and shall also include any and all extensions, additions, betterments and improvements thereto hereafter acquired or constructed for the combined waterworks and sewerage system from any sources whatsoever.

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

"West Virginia DWTRF Program" means the West Virginia Drinking Water Treatment Revolving Fund program established by the State, administered by the BPH and funded by capitalization grants awarded to the State pursuant to the federal Safe Drinking Water Act, as amended, for the purpose of establishing and maintaining a permanent perpetual fund for the acquisition, construction and improvement of drinking water projects.

"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 adoption 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; and any requirement for execution or attestation of the Bonds or any certificate or other document by the Mayor or the Recorder shall mean that such Bonds, certificate or other document may be executed or attested by an Acting Mayor or Acting Recorder.

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 $15,950,000, 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 2002 A Bonds and the Series 2002 B Bonds shall be applied as provided in Article VI hereof. The Issuer has received bids and will enter into contracts for the acquisition and construction of the Project, in an amount and otherwise compatible with the financing plan submitted to the Authority, the BPH and the Council.

The cost of the Project is estimated to be $15,950,000, of which approximately $6,000,000 will be obtained from proceeds of the Series 2002 A Bonds, approximately $6,000,000 will be obtained from proceeds of the Series 2002 B Bonds, approximately $1,500,000 will be obtained from an EDA grant, approximately $1,500,000 will be obtained from an ARC grant, and approximately $950,000 will be obtained from funds of the Issuer.

ARTICLE III

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

Section 3.01. Authorization of Bonds. For the purposes of capitalizing interest on the Series 2002 A Bonds and the Series 2002 B Bonds, paying Costs of the Project not otherwise provided for and paying certain costs of issuance of the Series 2002 A Bonds and the Series 2002 B Bonds and related costs, or any or all of such purposes, as determined by the Supplemental Resolution, there shall be and hereby are authorized to be issued the Series 2002 A Bonds and the Series 2002 B Bonds of the Issuer. The Series 2002 Bonds shall be issued in two series, each as a single bond, designated respectively as "Combined Waterworks and Sewerage System Revenue Bonds, Series 2002 A (West Virginia Infrastructure Fund)," in the principal amount of not more than $6,000,000, and "Combined Waterworks and Sewerage System Revenue Bonds, Series 2002 B (West Virginia DWTRF Program)," in the principal amount of not more than $6,000,000, and both shall have such terms as set forth hereinafter and in the Supplemental Resolution. The proceeds of the Series 2002 A Bonds and the Series 2002 B Bonds remaining after capitalizing interest, if any, on the Series 2002 A Bonds and the Series 2002 B Bonds, and funding the Series 2002 A Bonds Reserve Account and the Series 2002 B Bonds Reserve Account shall be deposited in or credited to the respective Bond Construction Trust Funds established by Section 5.01 hereof and applied as set forth in Article VI hereof.

Section 3.02. Terms of Bonds. The Series 2002 A Bonds and the Series 2002 B Bonds shall be issued in such principal amounts; shall bear interest, if any, at such rate or rates, not exceeding the then legal maximum rate, payable quarterly on such dates; shall mature on such dates and in such amounts; and shall be redeemable, in whole or in part, all as the Issuer shall prescribe in a Supplemental Resolution or as specifically provided in the Loan Agreement. The Series 2002 A Bonds and the Series 2002 B Bonds shall be payable as to principal at the office of the Paying Agent, in any coin or currency which, on the dates of payment of principal is legal tender for the payment of public or private debts under the laws of the United States of America. Interest, if any, on the Series 2002 A Bonds and the Series 2002 B Bonds shall be paid by check or draft of the Paying Agent mailed to the Registered Owner thereof at the address as it appears on the books of the Bond Registrar, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner thereof.

Unless otherwise provided by the Supplemental Resolution, the Series 2002 A Bonds and the Series 2002 B Bonds shall be issued in the form of a single bond for each series, fully registered to the Authority, with a record of advances and a debt service schedule attached, representing the aggregate principal amount of the Series 2002 A Bonds and the Series 2002 B Bonds. The Series 2002 A Bonds and the Series 2002 B Bonds shall be exchangeable at the option and expense of the Registered Owner for another fully registered

Bond or Bonds of the same series in aggregate principal amount equal to the amount of said Bonds then Outstanding and being exchanged, with principal installments or maturities, as applicable, corresponding to the dates of payment of principal installments of said Bonds; provided, that the Authority shall not be obligated to pay any expenses of such exchange.

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

Section 3.03. Execution of Bonds. The Series 2002 A Bonds and the Series 2002 B Bonds shall be executed in the name of the Issuer by the Mayor, and the seal of the Issuer shall be affixed thereto or imprinted thereon and attested by the Recorder. In case any one or more of the officers who shall have signed or sealed the Series 2002 A Bonds and the Series 2002 B Bonds shall cease to be such officer of the Issuer before the Series 2002 A Bonds and the Series 2002 B Bonds so signed and sealed have been actually sold and delivered, such Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bonds had not ceased to hold such office. Any such Bonds may be signed and sealed on behalf of the Issuer by such person as at the actual time of the execution of such Bonds shall hold the proper office in the Issuer, although at the date of such Bonds such person may not have held such office or may not have been so authorized.

Section 3.04. Authentication and Registration. No Series 2002 A Bond nor Series 2002 B Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under this Bond Legislation unless and until the Certificate of Authentication and Registration on such Bond, substantially in the form set forth in Section 3.10 hereof shall have been manually executed by the Bond Registrar. Any such executed Certificate of Authentication and Registration upon any such Bond shall be conclusive evidence that such Bond has been authenticated, registered and delivered under this Bond Legislation. The Certificate of Authentication and Registration on any Series 2002 A Bond and the Series 2002 B Bond shall be deemed to have been executed by the Bond Registrar if manually signed by an authorized officer of the Bond Registrar, but it shall not be necessary that the same officer sign the Certificate of Authentication and Registration on all of the Series 2002 A Bonds and the Series 2002 B Bonds issued hereunder.

Section 3.05. Negotiability, Transfer and Registration. Subject to the provisions for transfer of registration set forth below, the Series 2002 A Bonds and the Series 2002 B Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder, in accepting the Series 2002 A Bonds and the Series 2002 B Bonds shall be conclusively deemed to have agreed that such Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder shall further be conclusively deemed to have agreed that such Bonds shall be incontestable in the hands of a bona fide holder for value.

So long as the Series 2002 A Bonds and the Series 2002 B Bonds remain outstanding, the Issuer, through the Bond Registrar as its agent, shall keep and maintain books for the registration and transfer of the Series 2002 A Bonds and the Series 2002 B Bonds.

The registered Series 2002 A Bonds and the Series 2002 B Bonds shall be transferable only upon the books of the Bond Registrar, by the registered owner thereof in person or by his attorney duly authorized in writing, upon surrender thereto together with a written instrument of transfer satisfactory to the Bond Registrar duly executed by the registered owner or his duly authorized attorney.

In all cases in which the privilege of exchanging the Series 2002 A Bonds and the Series 2002 B 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 next preceding an interest payment date on the Bonds or, in the case of any proposed redemption of Bonds, next preceding the date of the selection of Bonds to be redeemed, and ending on such interest payment date or redemption date.

Section 3.06. Bonds Mutilated, Destroyed, Stolen or Lost. In case any Series 2002 A Bond or Series 2002 B Bond shall become mutilated or be destroyed, stolen or lost, the Issuer may, in its discretion, issue, and the Bond Registrar shall, if so advised by the Issuer, authenticate and deliver, a new Bond of the same series and of like tenor as the Bonds so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond, upon surrender and cancellation of such mutilated Bond, or in lieu of and substitution for the Bond destroyed, stolen or lost, and upon the Holder's furnishing satisfactory indemnity and complying with such other reasonable regulations and conditions as the Issuer may prescribe and paying such expenses as the Issuer and the Bond Registrar may incur. All Bonds so surrendered shall be canceled by the Bond Registrar and held for the account of the Issuer. If any such Bond shall have matured or be about to mature, instead of issuing a substitute Bond, the Issuer may pay the same, upon being indemnified as aforesaid, and if such Bond be lost, stolen or destroyed, without surrender thereof.

Section 3.07. Bonds not to be Indebtedness of the Issuer. The Series 2002 A Bonds and the Series 2002 B Bonds shall not, in any event, be or constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provision or limitation, but shall be payable solely from the Net Revenues derived from the operation of the System as herein provided. No holder or holders of the Series 2002 A Bonds and the Series 2002 B Bonds shall ever have the right to compel the exercise of the taxing power of

the Issuer, if any, to pay the Series 2002 A Bonds and the Series 2002 B Bonds or the interest, if any, thereon.

Section 3.08. Bonds Secured by Pledge of Net Revenues; Lien Position with Respect to Prior Bonds. The payment of the debt service of the Series 2002 A Bonds and the Series 2002 B Bonds shall be secured forthwith equally and ratably with each other by a first lien on the Net Revenues derived from the System, on a parity with the lien on the Net Revenues in favor of the Holders of the First Lien Bonds and senior to the lien on the Net Revenues in favor of the Holders of the Second Lien Bonds. Such Net Revenues in an amount sufficient to pay the principal of and interest, if any, on and other payments for the Prior Bonds, the Series 2002 A Bonds and the Series 2002 B Bonds and to make all other payments provided for in the Bond Legislation, are hereby irrevocably pledged to such payments as they become due.

Section 3.09. Delivery of Bonds. The Issuer shall execute and deliver the Series 2002 A Bonds and the Series 2002 B Bonds to the Bond Registrar, and the Bond Registrar shall authenticate, register and deliver the Series 2002 A Bonds and the Series 2002 B Bonds to the original purchasers upon receipt of the documents set forth below:

(i) If other than the Authority, a list of the names in which the Series 2002 A Bonds and the Series 2002 B Bonds are to be registered upon original issuance, together with such taxpayer identification and other information as the Bond Registrar may reasonably require;

(ii) A request and authorization to the Bond Registrar on behalf of the Issuer, signed by an Authorized Officer, to authenticate and deliver the Series 2002 A Bonds and the Series 2002 B Bonds to the original purchasers;

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

(iv) An executed copy of the Loan Agreement;

(v) The unqualified approving opinion of bond counsel on the Series 2002 A Bonds and the Series 2002 B Bonds.

Section 3.10. Form of Bonds. The text of the Series 2002 A Bonds and the Series 2002 B Bonds shall be in substantially the following form, with such omissions, insertions and variations as may be necessary and desirable and authorized or permitted hereby, or by any Supplemental Resolution adopted prior to the issuance thereof:

(FORM OF SERIES 2002 A BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
CITY OF SUMMERSVILLE
COMBINED WATERWORKS AND
SEWERAGE SYSTEM REVENUE BONDS, SERIES 2002 A
(WEST VIRGINIA INFRASTRUCTURE FUND)

No. AR-____ $_____

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

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

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the West Virginia Infrastructure and Jobs Development Council (the "Council"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement by and between the Issuer and the Authority, on behalf of the Council, dated _____, 2002.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain extensions, additions, betterments and improvements to the waterworks portion of the existing public combined waterworks and sewerage system of the Issuer (the "Project"); and (ii) to pay certain costs of issuance for the Bonds of this Series (the "Bonds")

and related costs. The existing public combined waterworks and sewerage system of the Issuer, the Project and any further extensions, additions, betterments and improvements thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 8, Article 20 and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"), a Bond Ordinance duly enacted by the Issuer on _____, 2002, and a Supplemental Resolution duly adopted by the Issuer on _____, 2002 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S (1) WATER AND SEWER REVENUE NOTE, SERIES 1967, DATED NOVEMBER 22, 1967, (2) WATER AND SEWER SYSTEM REVENUE BONDS, SERIES 1977, DATED AUGUST 4, 1981, (3) WATER AND SEWER SYSTEM REVENUE BONDS, SERIES 1990 A, DATED APRIL 6, 1990, (4) WATER AND SEWER SYSTEM REVENUE BONDS, SERIES 1991 A, DATED AUGUST 13, 1991, (5) WATER AND SEWER SYSTEM REVENUE BONDS, SERIES 1998 A (WEST VIRGINIA INFRASTRUCTURE AND JOBS DEVELOPMENT COUNCIL), DATED JANUARY 6, 1998 (COLLECTIVELY, THE "FIRST LIEN BONDS"), AND (6) COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2002 B (WEST VIRGINIA DWTRF PROGRAM), ISSUED SIMULTANEOUSLY HEREWITH (THE "SERIES 2002 B BONDS").

THIS BOND IS ISSUED SENIOR AND PRIOR WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS TO THE ISSUER'S (1) WATER AND SEWER SYSTEM REVENUE BONDS, SERIES 1990 B, DATED APRIL 6, 1990, AND (2) WATER AND SEWER SYSTEM REVENUE BONDS, SERIES 1991 B, DATED AUGUST 13, 1991 (COLLECTIVELY, THE "SECOND LIEN BONDS").

THE FIRST LIEN BONDS AND THE SECOND LIEN BONDS ARE COLLECTIVELY HEREINAFTER SOMETIMES REFERRED TO AS THE "PRIOR BONDS."

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Net Revenues in favor of the holders of the First Lien Bonds and the Series 2002 B Bonds and senior to the pledge of Net Revenues in favor of the holders of the Second Lien Bonds, and from monies in the reserve account created under the Bond

Legislation for the Bonds (the "Series 2002 A Bonds Reserve Account") and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest, if any, on all bonds which may be issued pursuant to the Act and shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same, except from said special fund provided from the Net Revenues, the monies in the Series 2002 A Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest, if any, on the Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with or junior to the Bonds, including the Series 2002 B Bonds and the Prior Bonds; provided however, that so long as there exists in the Series 2002 A Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest, if any, which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with or junior to the Bonds, including the Series 2002 B Bonds and the Prior Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

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

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

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

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

IN WITNESS WHEREOF, the CITY OF SUMMERSVILLE 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 _____, 2002.

[SEAL]

_____
Mayor

ATTEST:

_____
Recorder

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

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

HUNTINGTON NATIONAL BANK,
as Registrar

_____
Authorized Officer

(Form of)

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:

_____

(FORM OF SERIES 2002 B BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
CITY OF SUMMERSVILLE
COMBINED WATERWORKS AND
SEWERAGE SYSTEM REVENUE BONDS, SERIES 2002 B
(WEST VIRGINIA DWTRF PROGRAM)

No. BR-____ $_____

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

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

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the West Virginia Bureau for Public Health (the "BPH"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement by and between the Issuer and the Authority, on behalf of the BPH, dated _____, 2002.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain extensions, additions, betterments and improvements to the waterworks portion of the existing public combined waterworks and sewerage system of the Issuer (the "Project"); and (ii) to pay certain costs of issuance for the Bonds of this Series (the "Bonds") and related costs. The existing public combined waterworks and sewerage system of the Issuer, the Project and any further extensions, additions, betterments and improvements thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 8, Article 20 and Chapter 16, Article 13C of the West Virginia Code of 1931, as amended (collectively, the "Act"), a Bond Ordinance duly enacted by the Issuer on _____, 2002, and a Supplemental Resolution duly adopted by the Issuer on _____, 2002 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S (1) WATER AND SEWER REVENUE NOTE, SERIES 1967, DATED NOVEMBER 22, 1967, (2) WATER AND SEWER SYSTEM REVENUE BONDS, SERIES 1977, DATED AUGUST 4, 1981, (3) WATER AND SEWER SYSTEM REVENUE BONDS, SERIES 1990 A, DATED APRIL 6, 1990, (4) WATER AND SEWER SYSTEM REVENUE BONDS, SERIES 1991 A, DATED AUGUST 13, 1991, (5) WATER AND SEWER SYSTEM REVENUE BONDS, SERIES 1998 A (WEST VIRGINIA INFRASTRUCTURE AND JOBS DEVELOPMENT COUNCIL), DATED JANUARY 6, 1998 (COLLECTIVELY, THE "FIRST LIEN BONDS"), AND (6) COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2002 A (WEST VIRGINIA INFRASTRUCTURE FUND), ISSUED SIMULTANEOUSLY HEREWITH (THE "SERIES 2002 A BONDS").

THIS BOND IS ISSUED SENIOR AND PRIOR WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF SECURITY FOR PAYMENT, AND IN ALL RESPECTS, TO THE ISSUER'S (1) WATER AND SEWER SYSTEM REVENUE BONDS, SERIES 1990 B, DATED APRIL 6, 1990, AND (2) WATER AND SEWER SYSTEM REVENUE BONDS, SERIES 1991 B, DATED AUGUST 13, 1991 (COLLECTIVELY, THE "SECOND LIEN BONDS").

THE FIRST LIEN BONDS AND THE SECOND LIEN BONDS ARE COLLECTIVELY HEREINAFTER SOMETIMES REFERRED TO AS THE "PRIOR BONDS."

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Net Revenues in favor of the holders of the First Lien Bonds and the Series 2002 A Bonds and senior to the pledge of Net Revenues in favor of the holders of the Second Lien Bonds, and from monies in the reserve account created under the Bond Legislation for the Bonds (the "Series 2002 B Bonds Reserve Account") and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest, if any, on all bonds which may be issued pursuant to the Act and shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same, except from said special fund provided from the Net Revenues, the monies in the Series 2002 B Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest, if any, on the Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with or junior to the Bonds, including the Series 2002 A Bonds and the Prior Bonds; provided however, that so long as there exists in the Series 2002 B Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest, if any, which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with or junior to the Bonds, including the Series 2002 A Bonds and the Prior Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

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

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

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

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

IN WITNESS WHEREOF, the CITY OF SUMMERSVILLE 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 _____, 2002.

[SEAL]

_____
Mayor

ATTEST:

_____
Recorder

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

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

Date: _____, 2002.

HUNTINGTON NATIONAL BANK,
as Registrar

_____
Authorized Officer

(Form of)

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 2002 A Bonds and the Series 2002 B Bonds shall be sold to the Authority, pursuant to the terms and conditions of the respective Loan Agreement. If not so authorized by previous resolution, the Mayor is specifically authorized and directed to execute the Loan Agreement in the form attached hereto as "EXHIBIT A" and made a part hereof, and the Recorder is directed to affix the seal of the Issuer, attest the same and deliver the Loan Agreement to the Authority, and any such prior execution and delivery is hereby authorized, approved, ratified and confirmed. The Loan Agreement, including all schedules and exhibits attached thereto, are hereby approved and incorporated into this Bond Legislation.

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

ARTICLE IV

[RESERVED]

ARTICLE V

FUNDS AND ACCOUNTS; SYSTEM REVENUES AND APPLICATION THEREOF

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

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

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

(3) Series 2002 A Bonds Construction Trust Fund; and

(4) Series 2002 B Bonds Construction Trust Fund.

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

(1) Series 2002 A Bonds Sinking Fund;

(2) Series 2002 A Bonds Reserve Account;

(3) Series 2002 B Bonds Sinking Fund; and

(4) Series 2002 B Bonds Reserve Account.

Section 5.03. System Revenues; Flow of Funds. A. The entire Gross Revenues derived from the operation of the System shall be deposited upon receipt in the Revenue Fund. The Revenue Fund shall constitute a trust fund for the purposes provided in this Bond Legislation and 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. All revenues at any time on deposit in the Revenue Fund shall be disposed of only in the following order of priority:

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

(2) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously (i) remit to the Commission, for deposit in the respective Sinking Funds, the amounts required by the Prior Ordinances to pay interest on the Series 1967 Note, the Series 1990 A Bonds and the Series 1991 A Bonds; and (ii) remit to the National Finance Office the amount required by the Prior Ordinances to pay interest on the Series 1977 Bonds.

(3) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously (i) remit to the Commission, for deposit in the respective Sinking Funds, the amounts required by the Prior Ordinances to pay principal of the Series 1967 Note, the Series 1990 A Bonds, the Series 1991 A Bonds and the Series 1998 A Bonds; (ii) remit to the National Finance Office the amount required by the Prior Ordinances to pay principal of the Series 1977 Bonds; (iii) remit to the Commission, commencing 3 months prior to the first date of payment of principal of the Series 2002 A Bonds, for deposit in the Series 2002 A Bonds Sinking Fund, an amount equal to 1/3rd of the amount of principal which will mature and come due on the Series 2002 A Bonds on the next ensuing quarterly principal payment date; and (iv) remit to the Commission, commencing 3 months prior to the first date of payment of principal of the Series 2002 B Bonds, for deposit in the Series 2002 B Bonds Sinking Fund, an amount equal to 1/3rd of the amount of principal which will mature and come due on the Series 2002 B Bonds on the next ensuing quarterly principal payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 2002 A Bonds Sinking Fund and the Series 2002 B Bonds Sinking Fund and the next quarterly principal payment date is less than 3 months, then such monthly payments shall be increased proportionately to provide, 1 month prior to the next quarterly principal payment date, the required amount of principal coming due on such date.

(4) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit (i) to the Commission for deposit in the respective Reserve Accounts, the amounts required by the Prior Ordinances for the Series 1967 Note, the Series 1990 A Bonds, the Series 1991 A Bonds and the Series 1998 A Bonds; (ii) to the Depository Bank for deposit in the Reserve Account, the amount required by the Prior Ordinance

for the Series 1977 Bonds; (iii) to the Commission commencing 3 months prior to the first date of payment of principal of the Series 2002 A Bonds, if not fully funded upon issuance of the Series 2002 A Bonds, for deposit in the Series 2002 A Bonds Reserve Account, an amount equal to 1/120th of the Series 2002 A Bonds Reserve Requirement; provided that, no further payments shall be made into the Series 2002 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 2002 A Bonds Reserve Requirement; and (iv) to the Commission commencing 3 months prior to the first date of payment of principal of the Series 2002 B Bonds, if not fully funded upon issuance of the Series 2002 B Bonds, for deposit in the Series 2002 B Bonds Reserve Account, an amount equal to 1/120th of the Series 2002 B Bonds Reserve Requirement; provided that, no further payments shall be made into the Series 2002 B Bonds Reserve Account when there shall have been deposited therein, and as long as there shall remain on deposit therein, an amount equal to the Series 2002 B Bonds Reserve Requirement.

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

(6) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and remit to the Commission, the amounts required by the Prior Ordinances to pay principal of the Series 1990 B Bonds and the Series 1991 B Bonds.

(7) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the Commission, for deposit in the Reserve Accounts for the Series 1990 B Bonds and the Series 1991 B Bonds, the amount required by the Prior Ordinances to be deposited therein.

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

All investment earnings on monies in the Series 2002 A Bonds Sinking Fund, the Series 2002 B Bonds Sinking Fund, the Series 2002 A Bonds Reserve Account and the Series 2002 B Bonds Reserve Account shall be returned, not less than once each year, by the Commission to the Issuer, and such amounts shall, during construction of the Project, be deposited in the respective Bond Construction Trust Funds, and following completion of construction of the Project, shall be deposited in the Revenue Fund and applied in full, first to the next ensuing interest payment, if any, due on the Series 2002 A Bonds and the Series 2002 B Bonds, respectively, and then to the next ensuing principal payment due thereon, all on a pro rata basis.

Any withdrawals from the Series 2002 A Bonds Reserve Account and the Series 2002 B Bonds Account Reserve which result in a reduction in the balance of the Series 2002 A Bonds Reserve Account and the Series 2002 B Bonds Reserve Account to below the Series 2002 A Bonds Reserve Requirement and the Series 2002 B Bonds Reserve Requirement, respectively, shall be subsequently restored from the first Net Revenues available after all required payments have been made in full in the order set forth above.

As and when additional Bonds ranking on a parity with the Series 2002 A Bonds and the Series 2002 B Bonds are issued, provision shall be made for additional payments into the respective sinking funds sufficient to pay the interest on such additional parity Bonds and accomplish retirement thereof at maturity and to accumulate a balance in the respective reserve accounts in an amount equal to the requirement thereof.

The Issuer shall not be required to make any further payments into the Series 2002 A Bonds Sinking Fund, the Series 2002 A Bonds Reserve Account, the Series 2002 B Bonds Sinking Fund and the Series 2002 B Bonds Reserve Account when the aggregate amount of funds therein are at least equal to the aggregate principal amount of the Series

2002 A Bonds and the Series 2002 B Bonds issued pursuant to this Bond Legislation then Outstanding and all interest, if any, to accrue until the maturity thereof.

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

The Commission is hereby designated as the fiscal agent for the administration of the Series 2002 A Bonds Sinking Fund, the Series 2002 A Bonds Reserve Account, the Series 2002 B Bonds Sinking Fund and the Series 2002 B Bonds Reserve Account created hereunder, and all amounts required for said accounts shall be remitted to the Commission from the Revenue Fund by the Issuer at the times provided herein. If required by the Authority at anytime, the Issuer shall make the necessary arrangements whereby required payments into said accounts shall be automatically debited from the Revenue Fund and electronically transferred to the Commission on the dates required hereunder.

Monies in the Series 2002 A Bonds Sinking Fund, the Series 2002 A Bonds Reserve Account, the Series 2002 B Bonds Sinking Fund and the Series 2002 B Bonds Reserve Account shall be invested and reinvested by the Commission in accordance with Section 8.01 hereof.

The Series 2002 A Bonds Sinking Fund, the Series 2002 A Bonds Reserve Account, the Series 2002 B Bonds Sinking Fund and the Series 2002 B Bonds Reserve Account shall be used solely and only for, and are hereby pledged for, the purpose of servicing the Series 2002 A Bonds and the Series 2002 B Bonds, respectively, under the conditions and restrictions set forth herein.

B. The Issuer shall on the first day of each month (if the first day is not a business day, then the first business day of each month) deposit with the Commission the required principal, interest and reserve account payments with respect to the Series 2002 A Bonds and the Series 2002 B Bonds and all such payments shall be remitted to the Commission with appropriate instructions as to the custody, use and application thereof consistent with the provisions of this Bond Legislation. The Issuer shall also on the first day of each month (if the first day is not a business day, then the first business day of each month) deposit with the Commission the Administrative Fee as set forth in the Schedule Y attached to the Loan Agreement for the Series 2002 B Bonds.

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

D. Whenever all of the required and provided transfers and payments from the Revenue Fund into the several special funds, as hereinbefore provided, are current and there remains in the Revenue Fund a balance in excess of the estimated amounts required to be so transferred and paid into such funds during the following month or such other period as required by law, such excess shall be considered Surplus Revenues. Surplus Revenues may be used for any lawful purpose of the System.

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

F. The monies in excess of the 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 any other payments hereunder.

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

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

ARTICLE VI

BOND PROCEEDS; CONSTRUCTION DISBURSEMENTS

Section 6.01. Application of Bond Proceeds; Pledge of Unexpended Bond Proceeds. From the monies received from the sale of the Series 2002 A Bonds and the Series 2002 B Bonds, the following amounts shall be first deducted and deposited in the order set forth below:

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

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

C. As the Issuer receives advances of the remaining monies derived from the sale of the Series 2002 A Bonds, such monies shall be deposited with the Depository Bank in the Series 2002 A Bonds Construction Trust Fund and applied solely to payment of costs of the Project in the manner set forth in Section 6.02 and until so expended, are hereby pledged as additional security for the Series 2002 A Bonds.

D. As the Issuer receives advances of the remaining monies derived from the sale of the Series 2002 B Bonds, such monies shall be deposited with the Depository Bank in the Series 2002 B Bonds Construction Trust Fund and applied solely to payment of costs of the Project in the manner set forth in Section 6.02 and until so expended, are hereby pledged as additional security for the Series 2002 B Bonds.

E. After completion of construction of the Project, as certified by the Consulting Engineers, and all costs have been paid, any remaining proceeds of the Series 2002 A Bonds shall be applied as directed by the Council and any remaining proceeds of the Series 2002 B Bonds shall be applied as directed by the BPH.

Section 6.02. Disbursements From the Bond Construction Trust Funds. A. The Issuer shall each month provide the Council with a requisition for the costs incurred for the Project, together with such documentation as the Council shall require. Payments of all costs of the Project shall be made monthly.

Except as provided in Section 6.01 hereof, disbursements from the Series 2002 A Bonds Construction Trust Fund shall be made only after submission to and

approval from the Council, of a certificate, signed by an Authorized Officer and the Consulting Engineers, as appropriate, 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.

The Issuer shall expend all proceeds of the Series 2002 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.

B. On or before the Closing Date, the Issuer shall have delivered to the Authority and the BPH a report listing the specific purposes for which the proceeds of the Series 2002 B Bonds will be expended and the disbursement procedures for such proceeds, including an estimated monthly draw schedule. Payments for the costs of the Project shall be made monthly.

Except as provided in Section 6.01 hereof, disbursements from the Series 2002 B Bonds Construction Trust Fund shall be made only after submission to and approval from the BPH, of the following:

(1) a completed and signed "Payment Requisition Form," a form of which is attached to the Loan Agreement as Exhibit B, in compliance with the Issuer's construction schedule, and

(2) a certificate, signed by an Authorized Officer and the Consulting Engineers, as appropriate 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 respective Bonds Construction Trust Funds shall be invested and reinvested in Qualified Investments at the written direction of the Issuer.

ARTICLE VII

ADDITIONAL COVENANTS OF THE ISSUER

Section 7.01. General Covenants of the Issuer. All the covenants, agreements and provisions of this Bond Legislation shall be and constitute valid and legally binding covenants of the Issuer and shall be enforceable in any court of competent jurisdiction by any Holder or Holders of the Series 2002 A Bonds and the Series 2002 B Bonds. In addition to the other covenants, agreements and provisions of this Bond Legislation, the Issuer hereby covenants and agrees with the Holders of the Series 2002 A Bonds and the Series 2002 B Bonds as hereinafter provided in this Article VII. All such covenants, agreements and provisions shall be irrevocable, except as provided herein, as long as any of the Series 2002 A Bonds and the Series 2002 B Bonds or the interest, if any, thereon is Outstanding and unpaid. not to

Section 7.02. Bonds be Indebtedness of the Issuer. The Series 2002 A Bonds and the Series 2002 B Bonds shall not be nor constitute an indebtedness of the Issuer within the meaning of any constitutional, statutory or charter limitation of indebtedness, but shall be payable solely from the funds pledged for such payment by this Bond Legislation. No Holder or Holders of any Series 2002 A Bonds and the Series 2002 B Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Series 2002 A Bonds and the Series 2002 B Bonds or the interest, if any, thereon.

Section 7.03. Bonds Secured by Pledge of Net Revenues; Lien Position with Respect to Prior Bonds. The payment of the debt service of the Series 2002 A Bonds and the Series 2002 B Bonds shall be secured forthwith equally and ratably with each other by a first lien on the Net Revenues derived from the System, on a parity with the lien on the Net Revenues in favor of the Holders of the First Lien Bonds and senior to the lien on the Net Revenues in favor of the Holders of the Second Lien Bonds. The Net Revenues in an amount sufficient to pay the principal of and interest, if any, on the Series 2002 A Bonds and the Series 2002 B Bonds and the Prior Bonds and to make the payments into all funds and accounts and all other payments provided for in the Bond Legislation are hereby irrevocably pledged, 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. Initial Schedule of Rates and Charges. The Issuer has obtained any and all approvals of rates and charges required by State law and has taken any other action required to establish and impose such rates and charges, with all requisite appeal periods having expired without successful appeal. Such rates and charges shall be sufficient to comply with the requirements of the Loan Agreement. The initial schedule of rates and charges for the services and facilities of the System shall be as set forth in the sewer rate ordinance of the Issuer enacted on January 28, 2002, and the water rate ordinance enacted November 12, 2002, which rates are incorporated herein.

So long as the Series 2002 A Bonds and the Series 2002 B Bonds are outstanding, the Issuer covenants and agrees to fix and collect rates, fees and other charges for the use of the System and to take all such actions necessary to provide funds sufficient to produce the required sums set forth in the Bond Legislation and in compliance with the Loan Agreement. In the event the schedule of rates, fees and charges initially established for the System in connection with the Series 2002 A Bonds and the Series 2002 B Bonds shall prove to be insufficient to produce the required sums set forth in this Bond Legislation and the Loan Agreement, the Issuer hereby covenants and agrees that it will, to the extent or in the manner authorized by law, immediately adjust and increase such schedule of rates, fees and charges and take all such actions necessary to provide funds sufficient to produce the required sums set forth in this Bond Legislation and the Loan Agreement.

Section 7.05. Sale of the System. So long as the Prior Bonds are outstanding, the Issuer shall not sell, mortgage, lease or otherwise dispose of or encumber the System, or any part thereof, except as provided in the Prior Ordinances. Additionally, so long as the Series 2002 A Bonds and the Series 2002 B Bonds are outstanding and except as otherwise required by law or with the written consent of the Authority, the BPH 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 2002 A Bonds and the Series 2002 B Bonds, immediately be remitted to the Commission for deposit in the respective Sinking Funds, and, with the written permission of the Authority and the BPH and the Council, or, in the event the Authority is no longer a Bondholder, the Issuer shall direct the Commission to apply such proceeds to the payment of principal of and interest, if any, on the Series 2002 A Bonds and the Series 2002 B Bonds. Any balance remaining after the payment of the Series 2002 A Bonds and the Series 2002 B Bonds and interest, if any, thereon shall be remitted to the Issuer by the Commission unless necessary for the payment of other obligations of the Issuer payable out of the revenues of the System.

The foregoing provision notwithstanding, the Issuer shall have and hereby reserves the right to sell, lease or otherwise dispose of any of the property comprising a part of the System hereinafter determined in the manner provided herein to be no longer necessary, useful or profitable in the operation thereof. Prior to any such sale, lease or other disposition of such property, if the amount to be received therefor, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, is not in excess of $50,000, 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 $50,000 but not in excess of $200,000, 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 derived from any such sale, lease or other disposition of such property, aggregating during such Fiscal Year in excess of $50,000 and not in excess of $200,000, shall be deposited in the Renewal and Replacement Fund. Payment of such proceeds into the Renewal and Replacement Fund shall not reduce the amounts required to be paid into such fund by other provisions of this Bond Legislation.

No sale, lease or other disposition of the properties of the System shall be made by the Issuer if the proceeds to be derived therefrom, together with all other amounts received during the same Fiscal Year for such sales, leases, or other dispositions of such properties, shall be in excess of $200,000 and insufficient to pay all Bonds then Outstanding without the prior approval and consent in writing of the Holders of the Bonds then Outstanding. The Issuer shall prepare the form of such approval and consent for execution by the then Holders of the Bonds for the disposition of the proceeds of the sale, lease or other disposition of such properties of the System.

Section 7.06. Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances. Except as provided in this Section 7.06 and Section 7.07 hereof, the Issuer shall not issue any obligations whatsoever payable from the revenues of the System which rank prior to, or equally, as to lien on and source of and security for payment from such revenues with the Series 2002 A Bonds and the Series 2002 B Bonds. All obligations issued by the Issuer after the issuance of the Series 2002 A Bonds and the Series 2002 B Bonds and payable from the revenues of the System, except such additional parity Bonds, shall contain an express statement that such obligations are junior and subordinate, as to lien on, pledge and source of and security for payment from such revenues and in all other respects, to the Series 2002 A Bonds and the Series 2002 B Bonds; provided, that no such subordinate obligations shall be issued unless all payments required to be made into all funds and accounts set forth herein have been made and are current at the time of the issuance of such subordinate obligations.

Except as provided above, the Issuer shall not create, or cause or permit to be created, any debt, lien, pledge, assignment, encumbrance or any other charge having priority over or being on a parity with the lien of the Series 2002 A Bonds and the Series 2002 B Bonds, and the interest thereon, if any, upon any or all of the income and revenues of the System pledged for payment of the Series 2002 A Bonds and the Series 2002 B Bonds and the interest thereon, if any, in this Bond Legislation, or upon the System or any part thereof.

The Issuer shall give the Authority, the BPH 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, or any other obligations related to the Project or the System.

Section 7.07. Parity Bonds. So long as the Prior Bonds are outstanding, the limitations on the issuance of parity obligations set forth in the Prior Ordinances shall be applicable. In addition, no Parity Bonds, payable out of the revenues of the System, shall be issued after the issuance of the Series 2002 A Bonds and the Series 2002 B Bonds pursuant to this Bond Legislation, except with the prior written consent of the Authority, the BPH and the Council under the conditions and in the manner herein provided (unless less restrictive than the provisions of the Prior Ordinances).

All Parity Bonds issued hereunder shall be on a parity in all respects with the Series 2002 A Bonds and the Series 2002 B Bonds.

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

So long as the Series 1967 Note and the Series 1977 Bonds are outstanding, 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, reciting the conclusion that the Net Revenues for the Fiscal Year following the year in which such Parity Bonds are to be issued shall be at least 120% of the average annual debt service requirements on the following:

(1) The Bonds then Outstanding;

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

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

The foregoing limitation may be waived or modified by the written consent of the Holders of the Series 1967 Notes and the Series 1977 Bonds, representing 75% of the then-outstanding principal indebtedness.

In the event the foregoing limitation is waived or when the Series 1967 Note and the Series 1977 Bonds are no longer outstanding, 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, reciting the conclusion that the Net Revenues actually derived, subject to the adjustments hereinafter provided for, from the System during any 12 consecutive months, within the 18 months immediately preceding the date of the actual issuance of such Parity Bonds, plus the estimated average increased annual Net Revenues to

be received in each of the 3 succeeding years after the completion of the improvements to be financed by such Parity Bonds, if any, shall not be less than 115% of the largest aggregate amount that will mature and become due in any succeeding Fiscal Year for principal of and interest, if any, on the following:

(1) The Bonds then Outstanding;

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

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

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

The Net Revenues actually derived from the System during the 12-consecutive-month period hereinabove referred to may be adjusted by adding to such Net Revenues such additional Net Revenues which would have been received, in the opinion of the Independent Certified Public Accountants, on account of increased rates, rentals, fees and charges for the System enacted by the Issuer, the period for appeal of which has expired prior to issuance of such Parity Bonds.

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

Parity Bonds shall not be deemed to include bonds, notes, certificates or other obligations subsequently issued, the lien of which on revenues of the System is subject to the prior and superior liens of the Series 2002 A Bonds and the Series 2002 B Bonds on such

revenues. The Issuer shall not issue any obligations whatsoever payable from revenues of the System, or any part thereof, which rank prior to or, except in the manner and under the conditions provided in this section, equally, as to lien on and source of and security for payment from such revenues, with the Series 2002 A Bonds and the Series 2002 B Bonds.

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

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

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

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

of the Governing Body shall be reported to such agent of the Issuer as the Governing Body shall direct.

The Issuer shall file with the Council, the BPH, the Authority, or any other original purchaser of the Series 2002 A Bonds and the Series 2002 B Bonds, and shall mail in each year to any Holder or Holders of the Series 2002 A Bonds and the Series 2002 B Bonds, requesting the same, an annual report containing the following:

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

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

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

The Issuer shall also, at least once a year, cause the books, records and accounts of the System to be audited by Independent Certified Public Accountants 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 the Independent Certified Public Accountants, or a summary thereof, to any Holder or Holders of the Series 2002 A Bonds and the Series 2002 B Bonds, and shall submit said report to the BPH, the Council and the Authority, or any other original purchaser of the Series 2002 A Bonds and the Series 2002 B Bonds. Such audit report submitted to the Authority, the Council and the BPH 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, the Council and the BPH, or their agents and representatives, to enter and inspect the Project site and Project facilities at all reasonable times. Prior to, during and after completion of construction and commencement of operation of the Project, the Issuer shall also provide the Authority, the Council and the BPH, 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 Purchaser, the Authority, the Council and the BPH with respect to the System pursuant to the Act.

The Issuer shall provide the BPH with all appropriate documentation to comply with any special conditions established by federal and/or state regulations as set forth in Exhibit D of the Loan Agreement for the Series 2002 B Bonds or as promulgated from time to time.

Section 7.09. Rates. Prior to the issuance of the Series 2002 A Bonds and the Series 2002 B Bonds, equitable rates or charges for the use of and service rendered by the System shall be established all in the manner and form required by law, and copies of such rates and charges so established will be continuously on file with the Recorder, which copies will be open to inspection by all interested parties. The schedule of rates and charges shall at all times be adequate to produce Gross Revenues from the System sufficient to pay Operating Expenses and to make the prescribed payments into the funds created hereunder. Such schedule of rates and charges shall be changed and readjusted whenever necessary so that the aggregate of the rates and charges will be sufficient for such purposes. In order to assure full and continuous performance of this covenant, with a margin for contingencies and temporary unanticipated reduction in income and revenues, the Issuer hereby covenants and agrees that the schedule of rates or charges from time to time in effect shall be sufficient, together with other revenues of the System (i) to provide for all Operating Expenses of the System and (ii) to leave a balance each year equal to at least 115% of the maximum amount required in any year for payment of principal of and interest, if any, on the Series 2002 A Bonds and the Series 2002 B Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with or junior to the Series 2002 A Bonds and the Series 2002 B Bonds, including the Prior Bonds; provided that, so long as the Series 1967 Note and the Series 1977 Bonds are no longer outstanding, and in the event amounts equal to or in excess of the reserve requirements are on deposit respectively in the Series 2002 A Bonds Reserve Account and the Series 2002 B Bonds Reserve Account and any reserve accounts for obligations on a parity with or junior to the Series 2002 A Bonds and the Series 2002 B Bonds, including the Prior Bonds, are funded at least at the requirement therefor, such balance each year need only equal at least 110% of the maximum amount required in any year for payment of principal of and interest, if any, on the Series 2002 A Bonds and the Series 2002 B Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with or junior to the Series 2002 A Bonds and the Series 2002 B Bonds, including the Prior Bonds. In any event, the Issuer shall not reduce the rates or charges for services described in Section 7.04.

Section 7.10. Operating Budget and Monthly Financial Report. The Issuer shall annually, at least 45 days preceding the beginning of each Fiscal Year, prepare and adopt by resolution a detailed, balanced budget of the estimated revenues and expenditures for operation and maintenance of the System during the succeeding Fiscal Year and shall submit a copy of such budget to the Authority, the BPH and the Council within 30 days of

adoption thereof. No expenditures for the operation and maintenance of the System shall be made in any Fiscal Year in excess of the amounts provided therefor in such budget without a written finding and recommendation by a 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 professional engineer that such increased expenditures are necessary for the continued operation of the System. The Issuer shall mail copies of such annual budget and all resolutions authorizing increased expenditures for operation and maintenance to the Authority, the BPH and the Council and to any Holder of any Bonds, within 30 days of adoption thereof, and shall make available such budgets and all resolutions authorizing increased expenditures for operation and maintenance of the System at all reasonable times to the Authority, the BPH and the Council 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 respective Loan Agreements, and forward a copy of such report to the Authority, the BPH and the Council by the 10th day of each month.

Section 7.11. Engineering Services and Operating Personnel. The Issuer will obtain a certificate of the Consulting Engineers in the form attached to the Loan Agreement, stating, among other things, that the Project has been or will be constructed in accordance with the approved plans, specifications and designs as submitted to the Authority, the BPH and the Council, the Project is adequate for the purposes for which it was designed, the funding plan as submitted to the Authority, the BPH 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, the BPH and the Council covering the construction, administration and resident project representation of the development and construction of the Project, in accordance with the Professional Engineering Agreement by and between the Consulting Engineers and the Issuer for the Project. The Consulting Engineers shall provide Notice of Acceptability of Work, the form of which is attached to the Certificate of Consulting Engineer provided at closing to the Authority, the BPH, the Council and the Issuer at the completion of construction that the Project is acceptable and in accordance with the approved plans, specifications and designs, or amendments thereto, approved by all necessary governmental bodies.

The Issuer shall require the Consulting Engineers to submit record drawings to the Issuer within 60 days of the completion of the Project. The Issuer shall notify the BPH in writing of such receipt.

The Issuer shall require the Consulting Engineers to provide the appropriate operation and maintenance manuals to the Issuer when the Project is 90% completed. The Issuer shall notify the BPH in writing of such receipt. The Issuer shall at all times provide operation and maintenance of the System in compliance with all State and federal standards.

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

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

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

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

Section 7.14. No Free Services. The Issuer will not render or cause to be rendered any free services of any nature by the System, nor will any preferential rates be

established for users of the same class; and in the event the Issuer, or any department, agency, instrumentality, officer or employee of the Issuer shall avail itself or themselves of the facilities or services provided by the System, or any part thereof, the same rates, fees or charges applicable to other customers receiving like services under similar circumstances shall be charged the Issuer and any such department, agency, instrumentality, officer or employee. The revenues so received shall be deemed to be revenues derived from the operation of the System, and shall be deposited and accounted for in the same manner as other revenues derived from such operation of the System.

Section 7.15. Insurance and Construction Bonds. A. The Issuer hereby covenants and agrees that so long as the Series 2002 A Bonds and the Series 2002 B Bonds remain Outstanding, the Issuer will, as an Operating Expense, procure, carry and maintain insurance with a reputable insurance carrier or carriers as is customarily covered with respect to works and properties similar to the System. Such insurance shall initially cover the following risks and be in the following amounts:

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

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

(3) WORKER'S COMPENSATION COVERAGE FOR ALL EMPLOYEES OF OR FOR THE SYSTEM ELIGIBLE THEREFOR; AND PERFORMANCE AND PAYMENT BONDS, such bonds to be in the amounts of 100% of the construction

contract and to be required of each contractor contracting directly with the Issuer, and such payment bonds will be filed with the Clerk of The County Commission of the County in which such work is to be performed prior to commencement of construction of the Project in compliance with West Virginia Code, Chapter 38, Article 2, Section 39.

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

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

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

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

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

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

Section 7.17. Completion, Operation and Maintenance 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 shall take all steps to properly operate and maintain the System and make the necessary replacements due to normal wear and tear so long as the Series 2002 A Bonds and the Series 2002 B Bonds are outstanding.

The Issuer has obtained all permits required by State and federal laws for the acquisition and construction of the Project, all orders and approvals from the Public Service Commission of West Virginia and the Council necessary for the financing, acquisition and construction of the Project and the operation of the System and all approvals for issuance of the Series 2002 A Bonds and the Series 2002 B Bonds required by State law, with all requisite appeal periods having expired without successful appeal.

Section 7.18. Statutory Mortgage Lien. For the further protection of the Holders of the Series 2002 A Bonds and the Series 2002 B Bonds, a statutory mortgage lien upon the System is granted and created by the Act, which statutory mortgage lien is hereby recognized and declared to be valid and binding, shall take effect immediately upon delivery of the Series 2002 A Bonds and the Series 2002 B Bonds, which statutory mortgage lien shall be on a parity with the statutory mortgage lien in favor of the Holders of the First Lien Bonds and senior to the statutory mortgage lien in favor of the Holders of the Second Lien Bonds.

Section 7.19. 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 will provide the BPH and 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, the BPH and the Council or other state, federal or local bodies in regard to the acquisition and construction of the Project and the operation, maintenance and use of the System.

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

Section 7.21. Contracts; Public Releases. A. The Issuer shall, simultaneously with the delivery of the Series 2002 A Bonds and the Series 2002 B Bonds or immediately thereafter, enter into written contracts for the immediate acquisition or construction of the Project.

B. The Issuer shall submit all proposed change orders to the Council and the BPH for written approval. The Issuer shall obtain the written approval of the Council and

the BPH before expending any proceeds of the Series 2002 A Bonds and the Series 2002 B Bonds held in "contingency" as set forth in the respective schedules attached to the certificate of the Consulting Engineer. The Issuer shall also obtain the written approval of the Council and the BPH before expending any proceeds of the Series 2002 A Bonds and the Series 2002 B Bonds made available due to bid or construction or project underruns.

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

ARTICLE VIII

INVESTMENT OF FUNDS; USE OF PROCEEDS

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

Any investment shall be held in and at all times deemed a part of the fund or account in which such monies were originally held, and the interest accruing thereon and any profit or loss realized from such investment shall be credited or charged to the appropriate fund or account. The investments held for any fund or account shall be valued at the lower of cost or then current market value, or at the redemption price thereof if then redeemable at the option of the holder, including the value of accrued interest and giving effect to the amortization of discount, or at par if such investment is held in the "Consolidated Fund." The Commission, 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, or more often as reasonably requested by the Issuer, a summary of such funds, accounts and investment earnings. The Issuer shall retain all such records and any additional records with respect to such funds, accounts and investment earnings so long as any of the Series 2002 A Bonds and the Series 2002 B Bonds are Outstanding.

Section 8.02. Certificate as to Use of Proceeds; Covenants as to Use of Proceeds. The Issuer shall deliver a certificate as to use of proceeds or other similar certificate to be prepared by nationally recognized bond counsel relating to restrictions on the use of proceeds of the Series 2002 A Bonds and the Series 2002 B Bonds as a condition to issuance of the Series 2002 A Bonds and the Series 2002 B Bonds. In addition, the Issuer covenants (i) to comply with the Code and all Regulations from time to time in effect and

applicable to the Series 2002 A Bonds and the Series 2002 B Bonds as may be necessary in order to maintain the status of the Series 2002 A Bonds and the Series 2002 B Bonds as governmental bonds; (ii) that it shall not take, or permit or suffer to be taken, any action with respect to the Issuer's use of the proceeds of the Series 2002 A Bonds and the Series 2002 B Bonds which would cause any bonds, the interest on which is exempt from federal income taxation under Section 103(a) of the Code, issued by the Authority, the BPH or the Council, as the case may be, from which the proceeds of the Series 2002 A Bonds and the Series 2002 B Bonds are derived, to lose their status as tax-exempt bonds; and (iii) to take such action, or refrain from taking such action, as shall be deemed necessary by the Issuer, or requested by the Authority, the Council or the BPH, to ensure compliance with the covenants and agreements set forth in this Section, regardless of whether such actions may be contrary to any of the provisions of this Ordinance.

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

ARTICLE IX

DEFAULT AND REMEDIES

Section 9.01. Events of Default. Each of the following events shall constitute an "Event of Default" with respect to the Series 2002 A Bonds and the Series 2002 B Bonds:

(1) If default occurs in the due and punctual payment of the principal of or interest, if any, on any series of the Series 2002 A Bonds and the Series 2002 B Bonds; or

(2) If default occurs in the Issuer's observance of any of the covenants, agreements or conditions on its part relating to the Series 2002 A Bonds and the Series 2002 B Bonds set forth in this Bond Legislation, any supplemental resolution or in the Series 2002 A Bonds and the Series 2002 B Bonds, and such default shall have continued for a period of 30 days after the Issuer shall have been given written notice of such default by the Commission, the Depository Bank, the Registrar or any other Paying Agent or a Holder of a Bond; or

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

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

Section 9.02. Remedies. Upon the happening and continuance of any Event of Default, any Registered Owner of a Bond may exercise any available remedy and bring any appropriate action, suit or proceeding to enforce his or her rights and, in particular, (i) bring suit for any unpaid principal or interest then due, (ii) by mandamus or other appropriate proceeding enforce all rights of such Registered Owners including the right to require the Issuer to perform its duties under the Act and the Bond Legislation relating thereto, including but not limited to the making and collection of sufficient rates or charges for services rendered by the System, (iii) bring suit upon the Series 2002 A Bonds and the Series 2002 B Bonds, (iv) by action at law or bill in equity require the Issuer to account as if it were the trustee of an express trust for the Registered Owners of the Series 2002 A Bonds and the Series 2002 B Bonds, and (v) by action or bill in equity enjoin any acts in violation of the Bond Legislation with respect to the Series 2002 A Bonds and the Series 2002 B Bonds,

or the rights of such Registered Owners; provided that, all rights and remedies of the Holders of the Series 2002 A Bonds and the Series 2002 B Bonds shall be on a parity with each other and with those of the Holders of the First Lien Bonds and senior to the Second Lien Bonds.

Section 9.03. Appointment of Receiver. Any Registered Owner of the Series 2002 A Bonds and the Series 2002 B Bonds 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 the Series 2002 A Bonds and the Series 2002 B Bonds shall, in addition to all other remedies or rights, have the right by appropriate legal proceedings to obtain the appointment of a receiver to administer the System or to complete the acquisition and construction of the Project on behalf of the Issuer, with power to charge rates, rentals, fees and other charges sufficient to provide for the payment of Operating Expenses of the System, the payment of the Series 2002 A Bonds and the Series 2002 B 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 Series 2002 A Bonds and the Series 2002 B 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 Series 2002 A Bonds and the Series 2002 B Bonds. Such receiver shall have no power to sell, assign, mortgage or otherwise dispose of any assets of any kind or character belonging or pertaining to the System, but the authority of such receiver shall be limited to the completion of the Project and the possession, operation and maintenance of the System for the sole purpose of the protection of both the Issuer and Registered Owners of such Bonds and the curing and making good of any Event of Default with respect thereto under the provisions of this Bond Legislation, and the title to and ownership of the System shall remain in the Issuer, and no court shall have any jurisdiction to enter any order or decree permitting or requiring such receiver to sell, assign, mortgage or otherwise dispose of any assets of the System.

ARTICLE X

PAYMENT OF BONDS

Section 10.01. Payment of Bonds. If the Issuer shall pay or there shall otherwise be paid to the Holders of the Series 2002 A Bonds and the Series 2002 B Bonds, the principal of and interest, if any, due or to become due thereon, at the times and in the manner stipulated therein and in this Bond Legislation, then the pledge of Net Revenues and other monies and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Registered Owners of the Series 2002 A Bonds and the Series 2002 B Bonds shall thereupon cease, terminate and become void and be discharged and satisfied.

ARTICLE XI

MISCELLANEOUS

Section 11.01. Amendment or Modification of Bond Legislation. Prior to issuance of the Series 2002 A Bonds and the Series 2002 B Bonds, this Ordinance may be amended or supplemented in any way by the Supplemental Resolution. Following issuance of the Series 2002 A Bonds and the Series 2002 B Bonds, no material modification or amendment of this Ordinance, or of any resolution amendatory or supplemental hereto, that would materially and adversely affect the rights of Registered Owners of the Series 2002 A Bonds and the Series 2002 B Bonds shall be made without the consent in writing of the Registered Owners of the Series 2002 A Bonds and the Series 2002 B Bonds so affected and then Outstanding; provided, that no change shall be made in the maturity of any Bond or Bonds or the rate of interest thereon, or in the principal amount thereof, or affecting the unconditional promise of the Issuer to pay such principal and interest, if any, out of the funds herein respectively pledged therefor without the consent of the Registered Owner thereof. No amendment or modification shall be made that would reduce the percentage of the principal amount of Series 2002 A Bonds and the Series 2002 B Bonds, required for consent to the above-permitted amendments or modifications.

Section 11.02. Bond Legislation Constitutes Contract. The provisions of the Bond Legislation shall constitute a contract between the Issuer and the Registered Owners of the Series 2002 A Bonds and the Series 2002 B Bonds, and no change, variation or alteration of any kind of the provisions of the Bond Legislation shall be made in any manner, except as in this Bond Legislation provided.

Section 11.03. Severability of Invalid Provisions. If any section, paragraph, clause or provision of this Ordinance should be held invalid by any court of competent jurisdiction, the invalidity of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Ordinance, the Supplemental Resolution, or the Series 2002 A Bonds and the Series 2002 B Bonds.

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

Section 11.05. Notices. All notices to be sent to the Issuer, the Authority, the BPH or the Council shall be in writing and shall be deemed to have been given when delivered in person or mailed by first class mail, postage prepaid, addressed as follows:

ISSUER:

City of Summersville
Post Office Box 525
Summersville, West Virginia 26588
Attention: Mayor

AUTHORITY:

Water Development Authority
180 Association Drive
Charleston, West Virginia 25311-1571
Attention: Director

BPH:

West Virginia Bureau for Public Health
815 Quarrier Street, Suite 418
Charleston, West Virginia 25301
Attention: Environmental Engineering

COUNCIL:

West Virginia Infrastructure Council
300 Summers Street, Suite 980
Charleston, WV 25301
Attention: Executive Secretary

All notices to be sent to the BPH or the Council hereunder, shall also be sent to the Authority.

Section 11.06. Conflicting Provisions Repealed. Except for the Prior Ordinances, all orders, ordinances or resolutions, or parts thereof, in conflict with the provisions of this Ordinance are to the extent of such conflict, hereby repealed; provided that, this Section shall not be applicable to the Prior Ordinances. In the event of any conflict between this Ordinance and the Prior Ordinances , the Prior Ordinances shall control (unless less restrictive), so long as the Prior Bonds are outstanding.

Section 11.07. Covenant of Due Procedure, Etc. The Issuer covenants that all acts, conditions, things and procedures required to exist, to happen, to be performed or to be taken precedent to and in the adoption 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 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 Nicholas Chronicle, a newspaper published and of general circulation in the City of Summersville, there being no newspaper published therein, together with a notice stating that this Ordinance has been adopted and that the Issuer contemplates the issuance of the Series 2002 A Bonds and the Series 2002 B Bonds, and that any person interested may appear before the Governing Body upon a date certain, not less than ten days subsequent to the date of the first publication of such abstract of this Ordinance and notice, and present protests, and that a certified copy of this Ordinance is on file with the Governing Body for review by interested persons during office hours of the Governing Body. At such hearing, all objections and suggestions shall be heard and the Governing Body shall take such action as it shall deem proper in the premises.

Section 11.09. Effective Date. This Ordinance shall take effect immediately following the public hearing and final reading.

Passed on First Reading:	September 23, 2002
Passed on Second Reading:	October 28, 2002
Passed on Final Reading Following Public Hearing:	November 12, 2002

Mayor

CERTIFICATION

Certified a true copy of a Ordinance duly enacted by the City Council of the CITY OF SUMMERSVILLE on the 12th day of November, 2002.

Dated: December 18, 2002.

[SEAL]

Michael D. Brown
Recorder

12/05/02
878730.00002

EXHIBIT A

Loan Agreement included in bond transcript as Documents 3 and 4.

CITY OF SUMMERSVILLE

Combined Waterworks and Sewerage System Revenue Bonds,
Series 2002 A
(West Virginia Infrastructure Fund) and
Series 2002 B
(West Virginia DWTRF Program)

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNTS, DATES, MATURITY DATES, REDEMPTION PROVISIONS, INTEREST RATES, INTEREST AND PRINCIPAL PAYMENT DATES, SALE PRICES AND OTHER TERMS OF THE COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2002 A (WEST VIRGINIA INFRASTRUCTURE FUND) AND COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2002 B (WEST VIRGINIA DWTRF PROGRAM), OF THE CITY OF SUMMERSVILLE; AUTHORIZING AND APPROVING THE LOAN AGREEMENTS RELATING TO SUCH BONDS AND THE SALE AND DELIVERY OF SUCH BONDS TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

WHEREAS, the City Council (the "Governing Body") of the City of Summersville (the "Issuer") has duly and officially adopted a bond resolution, effective the 12th day of November, 2002 (the "Bond Ordinance") entitled:

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN EXTENSIONS, ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE WATERWORKS PORTION OF THE EXISTING PUBLIC COMBINED WATERWORKS AND SEWERAGE SYSTEM OF THE CITY OF SUMMERSVILLE AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE CITY OF NOT MORE THAN $6,000,000 IN

AGGREGATE PRINCIPAL AMOUNT OF COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2002 A (WEST VIRGINIA INFRASTRUCTURE FUND), AND NOT MORE THAN $6,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2002 B (WEST VIRGINIA DWTRF PROGRAM); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; MODIFYING THE LIEN POSITION OF THE ISSUER'S SERIES 1977 BOND; APPROVING, RATIFYING AND CONFIRMING THE LOAN AGREEMENTS 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 meanings set forth in the Bond Ordinance when used herein;

WHEREAS, the Bond Ordinance provides for the issuance of Combined Waterworks and Sewerage System Revenue Bonds, Series 2002 A (West Virginia Infrastructure Fund) and Series 2002 B (West Virginia DWTRF Program) of the Issuer (collectively, the "Bonds" and individually, the "Series 2002 A Bonds" and the "Series 2002 B Bonds"), in the respective aggregate principal amounts not to exceed $6,000,000 and $6,000,000, and has authorized the execution and delivery of the loan agreement relating to the Series 2002 A Bonds, by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council") and the loan agreement relating to the Series 2002 B Bonds, by and between the Issuer and the Authority, on behalf of the West Virginia Bureau for Public Health (the "BPH") (collectively, the "Loan Agreements" and individually, the "Series 2002 A Loan Agreement" and the "Series 2002 B Loan Agreement"), all in accordance with Chapter 8, Article 20, Chapter 16, Article 13C 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 Agreements and the exact principal amounts, dates, maturity dates, redemption provisions, interest rates, interest and principal payment dates, sale prices and other terms of the Bonds should be established by a

supplemental resolution pertaining to the Bonds; and that other matters relating to the Bonds be herein provided for;

WHEREAS, the Loan Agreements have been presented to the Issuer at this meeting;

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

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

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

Section 1. Pursuant to the Bond Ordinance and the Act, this Supplemental Resolution is adopted and there are hereby authorized and ordered to be issued the following bonds of the Issuer:

A. Combined Waterworks and Sewerage System Revenue Bonds, Series 2002 A (West Virginia Infrastructure Fund), of the Issuer, originally represented by a single Bond, numbered AR-1, in the principal amount of $4,661,505. The Series 2002 A Bonds shall be dated the date of delivery thereof, shall finally mature December 1, 2042, and shall bear no interest. The principal of the Series 2002 A Bonds shall be payable quarterly, on March 1, June 1, September 1 and December 1 of each year, commencing March 1, 2005, and ending December 1, 2042, and in the amounts as set forth in the "Schedule Y" attached to the Series 2002 A Loan Agreement and incorporated in and made a part of the Series 2002 A Bonds. The Series 2002 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 2002 A Loan Agreement, so long as the Authority shall be the registered owner of the Series 2002 A Bonds.

B. Combined Waterworks and Sewerage System Revenue Bonds, Series 2002 B (West Virginia DWTRF Program), of the Issuer, originally represented by a single Bond, numbered BR-1, in the principal amount of $2,388,495. The Series 2002 B

Bonds shall be dated the date of delivery thereof, shall finally mature on December 1, 2034, and shall bear no interest. The principal of the Series 2002 B Bonds shall be payable quarterly, on March 1, June 1, September 1 and December 1 of each year, commencing on March 1, 2005, and ending on December 1, 2034 , and in the amounts as set forth in the "Schedule Y" attached to the Series 2002 B Loan Agreement and incorporated in and made a part of the Series 2002 B Bonds. The Series 2002 B Bonds shall be subject to redemption upon the written consent of the Authority and the BPH, and upon payment of the redemption premium, if any, and otherwise in compliance with the Series 2002 B Loan Agreement, so long as the Authority shall be the registered owner of the Series 2002 B Bonds. The Issuer does hereby approve and shall pay the Administrative Fee equal to 1% of the principal amount of the Series 2002 B Bonds set forth in the "Schedule Y" attached to the Series 2002 B Loan Agreement.

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

Section 3. The Issuer does hereby authorize, ratify, approve and accept the Loan Agreements, copies of which are incorporated herein by reference, and the execution and delivery of the Loan Agreements 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 BPH, 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 will be advanced from time to time as requisitioned by the Issuer.

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

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

Section 6. The Issuer does hereby appoint and designate Branch Banking and Trust Company, Summersville, West Virginia, to serve as Depository Bank under the Bond Ordinance.

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

Section 8. Series 2002 B Bonds proceeds in the amount of $-0- shall be deposited in the Series 2002 B Bonds Sinking Fund as capitalized interest.

Section 9. Series 2002 A Bonds proceeds in the amount of $-0- shall be deposited in the Series 2002 A Bonds Reserve Account.

Section 10. Series 2002 B Bonds proceeds in the amount of $-0- shall be deposited in the Series 2002 B Bonds Reserve Account.

Section 11. The balance of the proceeds of the Series 2002 A Bonds and the Series 2002 B Bonds shall be deposited in or credited to the respective Bonds Construction Trust Funds as received from time to time for payment of costs of the Project, including, without limitation, costs of issuance of the Series 2002 A Bonds and the Series 2002 B Bonds and related costs.

Section 12. The Mayor and Recorder are hereby authorized and directed to execute and deliver such other documents, agreements, instruments and certificates required or desirable in connection with the Bonds hereby and by the Bond Ordinance approved and provided for, to the end that the Bonds may be delivered to the Authority pursuant to the Loan Agreements on or about December 18, 2002.

Section 13. 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 14. The Issuer does hereby ratify, approve and accept all contracts relating to the financing, acquisition and construction of the Project.

Section 15. The Issuer hereby determines that it is in the best interest of the Issuer to invest all monies in the funds and accounts established by the Bond Ordinance held by the Depository Bank until expended, 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 by the Issuer. Monies in the Sinking Funds and the Reserve Accounts for the Bonds shall be invested by the West Virginia Municipal Bond Commission in the West Virginia Consolidated Fund.

Section 16. The Issuer hereby approves payment of all invoices and bills for the Project which have been received to date from the proceeds of the Bonds.

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

Adopted this 25th day of November, 2002.

By: _____
Its: Mayor

CERTIFICATION

Certified a true copy of a Supplemental Resolution duly adopted by the City Council of the CITY OF SUMMERSVILLE on the 25th day of November, 2002.

Dated: December 18, 2002.

[SEAL]

Michael D. Brown
Recorder

11/21/02
878730.00002

CITY OF SUMMERSVILLE

ORDINANCE

AN ORDINANCE AMENDING AND SUPPLEMENTING AN ORDINANCE ENTITLED "ORDINANCE AUTHORIZING THE ACQUISITION, CONSTRUCTION, IMPROVEMENT AND BETTERMENT TO THE PUBLIC WATERWORKS AND SEWERAGE SYSTEM FACILITIES OF THE CITY OF SUMMERSVILLE AND THE FINANCING OF THE COSTS, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE CITY OF NOT MORE THAN $900,000.00 IN AGGREGATE PRINCIPAL AMOUNT OF WATER AND SEWER REVENUE BONDS, SERIES 1991 A, NOT MORE THAN $100,000.00 IN AGGREGATE PRINCIPAL AMOUNT OF WATER AND SEWER REVENUE BONDS, SERIES 1991 B, AND NOT MORE THAN $900,000.00 INTERIM CONSTRUCTION FINANCING, CONSISTING OF NOTES OR A LINE OF CREDIT EVIDENCED BY NOTES OR ANY COMBINATION OF THE FOREGOING; PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS AND NOTES; AUTHORIZING EXECUTION AND DELIEVERY OF A TRUST INDENTURE SECURING THE NOTES; APPROVING AND RATIFYING A LOAN AGREEMENT AND SUPPLEMENTAL LOAN AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND NOTES AND ADOPTING OTHER PROVISIONS RELATING THERETO" BY AUTHORIZING THE ACQUISITION, CONSTRUCTION, IMPROVEMENT AND BETTERMENT TO THE PUBLIC WATER WATERWORKS AND SEWERAGE SYSTEM FACILITIES OF THE CITY OF SUMMERSVILLE AND THE FINANCING CERTAIN COSTS THEREOF THROUGH THE ISSUANCE BY THE CITY OF NOT MORE THAN $700,000.00 IN AGGREGATE PRINCIPAL AMOUNT OF WATER AND SEWER SYSTEM REVENUE BONDS, SERIES 1997 A, PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; APPROVING AND RATIFYING A LOAN AGREEMENT RELATING TO THE SERIES 1997 A BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

BE IT ORDAINED AND ENACTED BY THE COUNCIL OF THE CITY OF SUMMERSVILLE:

I, Ron E Hancock, Recorder for the City of Summersville, do hereby certify that this ordinance is a true copy on this 2nd day of January, 1998.

Signed: Ron E Hancock
Ron E. Hancock

ARTICLE I

STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

Section 1.01. Authority for this Ordinance. This Ordinance (together with any ordinance, order or resolution supplemental hereto or amendatory hereof, the "Bond Legislation") is adopted pursuant to the provisions of Chapter 8, Article 20 and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (the "Act"), and other applicable provisions of law.

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

A. The City of Summersville (the "Issuer") is a municipal corporation and political subdivision of the State of West Virginia in Nicholas County of said State.

B. The Issuer presently owns and operates a public combined water and sewer system. However, it is deemed necessary and desirable for the health and welfare of the inhabitants of the Issuer and its environs that there be designed and constructed certain additions, betterments and improvements for the existing waterworks facilities of the Issuer consisting of the extension of water lines to the Glade Creek Area and surrounding communities, by constructing 4,700 lineal feet of 16" waterline, 24,200 lineal feet of 8" waterline, 9,100 lineal feet of 6" waterline and 4,100 lineal feet of 2" waterline, together with valves, hydrants, air releases, service lines, meter settings and all appurtenant facilities (the "Project") which constitute properties for the distribution of water (the existing water and sewer system facilities of the Issuer, the Project and any further additions thereto or extensions thereof is herein called the "System") at an estimated cost of $1,711,000.00, in accordance with the plans and specifications prepared by the Consulting Engineers, which plans and specifications have been approved by the Issuer.

C. The Issuer intends to issue its Water and Sewer System Revenue Bonds, Series 1997 A, in order to pay a portion of the costs of the Project, to provide funds to reimburse itself for costs of Project previously incurred and paid by the Issuer and to pay the costs of issuance of the Series 1997 A Bonds

D. The estimated revenues to be derived in each year after completion of the Project from the operation of the System will be sufficient to pay all the costs of the operation and maintenance of said System, the principal of and interest on the Bonds and all Sinking Fund, Reserve Account and other payments provided for herein, all as such terms are hereinafter defined.

E. It is deemed necessary for the Issuer to issue its Water and Sewer System Revenue Bonds Series 1997 A in the total aggregate principal amount of not more than $700,000.00 (the "Series 1997 A Bonds"). The proceeds of the Series 1997 A Bonds will used to finance certain costs for the construction and acquisition of the Project and to reimburse the Issuer for certain costs already incurred. Said costs shall be deemed to include the cost of all property rights, easements and franchises deemed necessary or convenient therefor; interest upon

the Bonds prior to and during construction or acquisition and for a period not exceeding 6 months after completion of construction of the Project; amounts which may be deposited in the 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 Bonds and such other expenses as may be necessary or incidental to the financing herein authorized, the construction or acquisition of the Project and the placing of same in operation, and the performance of the things herein required or permitted, in connection with any thereof; provided, that reimbursement to the Issuer for any amounts expended by it for allowable costs prior to the issuance of the Bonds or the repayment of indebtedness incurred by the Issuer for such purposes, shall be deemed Costs of the Project, as hereinafter defined.

F. The Issuer intends to finance such costs of acquisition and construction of the Project through the issuance of its revenue bonds to the West Virginia Water Development Authority (the "Authority") which administers the West Virginia Infrastructure Fund pursuant to the Act.

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

H. It is in the best interests of the Issuer that its Series 1997 A Bonds be sold to the Authority (as hereinafter defined) pursuant to the terms and provisions of a loan agreement to be entered into by and between the Issuer, the Authority, acting for and on behalf of the West Virginia Infrastructure and Jobs Development Council, in form satisfactory to the Issuer and the Authority, as shall be approved herein.

I. The following obligations which are secured by revenues of the System are currently outstanding:

First lien bonds:

a. 1967 Water and Sewer Revenue Note owned by the United States Department of Agriculture, originally in principal amount of $58,250.00, with a current outstanding balance of $21,752.00.

b. Series 1990 A Water and Sewer Revenue Bonds owned by the Authority, originally in principal amount of $281,843.00, with a current outstanding balance of $272,890.00.

c. Series 1991 A Water and Sewer Revenue Bonds owned by the Authority, originally in principal amount of $790,057.00, with a current outstanding balance of $769,492.00.

Second lien bonds

d. 1977 Water and Sewer Revenue Bonds owned by the United States Department of Agriculture, originally in principal amount of $290,000.00, with a current outstanding balance of $_____.

e. Series 1990 B Water and Sewer Revenue Bonds owned by the Authority, originally in principal amount of $13,157.00, with a current outstanding balance of $11,129.

f. Series 1991 B Water and Sewer Revenue Bonds owned by the Authority, originally in principal amount of $35,671.00, with a current outstanding balance of $30,977.00.

Other than as set forth above, there are no outstanding obligations of the Issuer which will rank prior to or on a parity with the Bonds as to lien and source of and security for payment. The Series 1997 A Bonds shall be secured by a first lien on the revenues of the System, which lien shall be shared on a proportionate basis with the Issuer's 1967 Water and Sewer Revenue Note, the Series 1990 A Bonds and the Series 1991 A Bonds.

J. The Issuer has complied with all requirements of West Virginia law relating to authorization of the construction, acquisition and operation of the Project and issuance of the Bonds, or will have so complied prior to issuance of any thereof, including obtaining of a Certificate of Convenience and Necessity from the Public Service Commission of West Virginia, by final order, the time for rehearing and appeal will have expired prior to the issuance of the Bonds or such final order shall not be subject to appeal.

K. The Issuer is a governmental unit which has general taxing powers to finance operations of or facilities of the nature of the Project and System; at least 95% of the Net Proceeds of the Bonds are to be used for the local governmental activities of the Issuer; and the Issuer, all subordinate entities, all entities which issue obligations on behalf of the Issuer, and all entities formed or, to the extent provided under Section 148 of the Code, herein defined, availed of, to avoid the purposes of Section 148(f)(4)(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 (other than private activity bonds) during the calendar year 1997.

L. The Project has been approved 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, and the Council has authorized the Authority to make a loan to the Issuer from the West Virginia Infrastructure Fund.

Section 1.03. Bond Legislation Constitutes Contract. In consideration of the acceptance of the 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 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 8, Article 20 and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended and in effect on the date of enactment hereof.

"Authority" means the West Virginia Water Development Authority, which is expected to be the original purchaser of the Series 1997 A Bonds, or any other agency 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 acting Mayor duly appointed by the Governing Body.

"Bond Construction Trust Fund" means the Bond Construction Trust Fund established by Section 4.01 hereof.

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

"Bond Legislation," "Ordinance," "Bond 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.

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

"Bonds" means the Series 1997 A and any bonds on a parity therewith authorized to be issued hereunder.

"Closing Date" means, with respect to the Series 1997 A Bonds, the date upon which there is an exchange of the Bonds for the proceeds or at least a de minimis portion thereof, representing the purchase of the Bonds by the Authority.

"Code" means the Internal Revenue Code of 1986, as amended, and 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 Stafford Consultants, Incorporated, Princeton, 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 1.02E hereof to be a part of the cost of construction and acquisition of the Project.

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

"Debt Service" means the scheduled amount of interest and amortization of principal payable on the Bonds during the period of computation, excluding amounts scheduled during such period which relate to principal which has been retired before the beginning of such period.

"Depository Bank" means the bank designated as such in the Supplemental Resolution, and its successors and assigns.

"Excess Investment Earnings" means an amount equal to the sum of:

(A) The excess of

(i) The aggregate amount earned from the Closing Date on all Nonpurpose Investments in which Gross Proceeds of the Series 1997 A Bonds are invested [other than amounts attributable to an excess described in this clause (A) of this definition of Excess Investment Earnings], over

(ii) The amount that would have been earned if the Yield on such Nonpurpose Investments [other than amounts attributable to an excess described in this clause (A) of this definition of Excess Investment Earnings] had been equal to the Yield on the Series 1997 A Bonds, plus

(B) Any income attributable to the excess described in clause (A) of this definition of Excess Investment Earnings.

"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 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 Proceeds" means the sum of the following amounts:

(i) Original proceeds, namely, net amounts received by or for the Issuer as a result of the sale of the Series 1997 A Bonds, excluding original proceeds which become transferred proceeds (determined in accordance with applicable Regulations) of obligations issued to refund in whole or in part the Series 1997 A Bonds;

(ii) Investment proceeds, namely, amounts received at any time by or for the Issuer, such as interest and dividends, resulting from the investment of any original proceeds (as referenced in clause (i) above) or investment proceeds (as referenced in this clause (ii)) in Nonpurpose Investments, increased by any profits and decreased (if necessary, below zero) by any losses on such investments, excluding investment proceeds which become transferred proceeds (determined in accordance with applicable Regulations) of obligations issued to refund in whole or in part the Series 1997 A Bonds;

(iii) Transferred proceeds, namely, original proceeds of any prior obligations, and interest earnings and profits less losses resulting from investment of such original proceeds in Nonpurpose Investments, which are used to discharge the outstanding principal of any prior bonds and which are deemed to become proceeds of the Series 1997 A Bonds, ratably as original proceeds of the Series 1997 A Bonds, and interest earnings and profits resulting from investment of such original proceeds in Nonpurpose Investments, which are used to discharge the outstanding principal of any such prior obligations, all on the date of such ratable discharge;

(iv) Sinking fund proceeds, namely, amounts, other than original proceeds, investment proceeds or transferred proceeds (as referenced in clauses (i) through (iii) above) of the Series 1997 A Bonds, which are held in any fund to the extent that the Issuer reasonably expects to use such other fund to pay Debt Service;

(v) Amounts in the Series 1997 A Bonds Reserve Account and in any other fund established as a reasonably required reserve or replacement fund;

(vi) Investment Property pledged as security for payment of Debt Service on the Series 1997 A Bonds by the Issuer;

(vii) Amounts, other than as specified in this definition, used to pay Debt Service on the Series 1997 A Bonds; and

(viii) Amounts received as a result of investing amounts described in this definition.

"Gross Revenues" means the aggregate gross operating and non-operating revenues of the System, as hereinafter defined, determined in accordance with generally accepted accounting principles, after deduction of prompt payment discounts, if any, and reasonable provision for uncollectible accounts; provided, that "Gross Revenues" does not include any gains from the sale or other disposition of, or from any increase in the value of, capital assets (including Qualified Investments, as hereinafter defined, purchased pursuant to Article 7.01 hereof).

"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.

"Investment Property" means any security (as said term is defined in Section 165(g)(2)(A) or (B) of the Code), obligation, annuity contract or investment-type property, excluding, however, obligations the interest on which is excluded from gross income, under Section 103 of the Code, for federal income tax purposes.

"Issuer" means The City of Summersville, in Nicholas County, West Virginia, and, unless the context clearly indicates otherwise, includes the Governing Body of the Issuer.

"Loan Agreement" means the Loan Agreement to be entered into by and between the Authority and the Issuer providing for the purchase of the Series 1997 A Bonds from the Issuer by the Authority, the forms of which shall be approved, and the execution and delivery by the Issuer authorized and directed by the Supplemental Resolution.

"Mayor" means the Mayor of the Issuer.

"Net Proceeds" means the face amount of the Series 1997 A Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds deposited in the Series 1997 A Bonds Reserve Account. For purpose 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 1997 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.

"1967 Water and Sewer Note" means the Issuer's 1967 Water and Sewer Revenue Note described in Section 1.02I hereof.

"1977 Bonds" means the Issuer's 1977 Water and Sewer Revenue Bonds described in Section 1.02I hereof.

"Nonpurpose Investment" means any Investment Property which is acquired with the Gross Proceeds of the Bonds and is not acquired in order to carry out the governmental purpose of the Bonds.

"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 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 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, any Bonds registered to the Issuer.

"Parity Bonds" means additional Bonds issued under the provisions and within the limitations prescribed by Section 6.07 hereof.

"Paying Agent" means the West Virginia Municipal Bond Commission, as paying agent for the Series 1997 A Bonds.

"Prior Bonds" means those bonds set forth in Section 1.02I hereof.

"Prior Ordinance" means the Ordinance enacted by the council of the Issuer on May 28, 1991.

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

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

"Purchase Price," for the purpose of computation of the Yield of the Series 1997 A Bonds, has the same meaning as the term "issue price" in Sections 1273(b) and 1274 of the Code, and, in general, means the initial offering price of the Series 1997 A Bonds to the public (not including bond houses and brokers, or similar persons or organizations acting in the capacity of underwriters or wholesalers) at which price a substantial amount of the Series 1997 A Bonds of each maturity is sold or, if the Series 1997 A Bonds are privately placed, the price paid by the first buyer of the Series 1997 A Bonds or the acquisition cost of the first buyer. "Purchase

Price," for purposes of computing Yield of Nonpurpose Investments, means the fair market value of the Nonpurpose Investments on the date of use of Gross Proceeds of the Series 1997 A Bonds for acquisition thereof, or if later, on the date that Investment Property constituting a Nonpurpose Investment becomes a Nonpurpose Investment of the Series 1997 A Bonds.

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

(a) Government Obligations;

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

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

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

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

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

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

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

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

"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 or Bonds is registered.

"Registrar" means the Bond Registrar.

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

"Renewal and Replacement Fund" means the Renewal and Replacement Fund established or continued by Section 5.01 of the Prior Ordinance.

"Revenue Fund" means the Revenue Fund established or continued by Section 5.01 of the Prior Ordinance.

"Series 1990 A Bonds" means Issuer's Water and Sewer Revenue Bond Series 1990 A described in Section 1.02I hereof.

"Series 1990 B Bonds" means Issuer's Water and Sewer Revenue Bond Series 1990 B described in Section 1.02I hereof.

"Series 1991 A Bonds" means Issuer's Water and Sewer Revenue Bond Series 1991 A described in Section 1.02I hereof.

"Series 1991 B Bonds" means Issuer's Water and Sewer Revenue Bond Series 1991 B described in Section 1.02I hereof.

"Series 1997 A Bonds" means the not more than $700,000.00 in aggregate principal amount of Water and Sewer System Revenue Bonds, Series 1997 A, of the Issuer issued pursuant to this Ordinance.

"Series 1990 A Bonds Reserve Account" means the Series 1990 A Bonds Reserve Account continued or established in the Series 1990 A Bonds Sinking Fund pursuant to Section 5.02 of the Prior Ordinance.

"Series 1990 B Bonds Reserve Account" means the Series 1990 B Bonds Reserve Account continued or established in the Series 1990 B Bonds Sinking Fund pursuant to Section 5.02 of the Prior Ordinance.

"Series 1991 A Bonds Reserve Account" means the Series 1991 A Bonds Reserve Account established in the Series 1991 A Bonds Sinking Fund pursuant to Section 5.02 of the Prior Ordinance.

"Series 1991 B Bonds Reserve Account" means the Series 1991 B Bonds Reserve Account established in the Series 1991 B Bonds Sinking Fund pursuant to Section 5.02 of the Prior Ordinance.

"Series 1997 A Bonds Reserve Account" means the Series 1997 A Bonds Reserve Account established in the Series 1997 A Bonds Sinking Fund pursuant to Section 4.02 hereof.

"Series 1990 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 1990 A Bonds in the then current or any succeeding year.

"Series 1990 B Bonds Reserve Requirement" means, as of any date of calculation, the maximum amount of principal and interest which will become due on the Series 1990 B Bonds in the then current or any succeeding year.

"Series 1991 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 1991 A Bonds in the then current or any succeeding year.

"Series 1991 B Bonds Reserve Requirement" means, as of any date of calculation, the maximum amount of principal and interest which will become due on the Series 1991 B Bonds in the then current or any succeeding year.

"Series 1997 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 1997 A Bonds in the then current or any succeeding year.

"Series 1990 A Bonds Sinking Fund" means the Series 1990 A Bonds Sinking Fund continued or established by Section 5.02 of the Prior Ordinance.

"Series 1990 B Bonds Sinking Fund" means the Series 1990 B Bonds Sinking Fund continued or established by Section 5.02 of the Prior Ordinance.

"Series 1991 A Bonds Sinking Fund" means the Series 1991 A Bonds Sinking Fund continued or established by Section 5.02 of the Prior Ordinance.

"Series 1991 B Bonds Sinking Fund" means the Series 1991 B Bonds Sinking Fund continued or established by Section 5.02 of the Prior Ordinance.

"Series 1997 A Bonds Sinking Fund" means the Series 1997 A Bonds Sinking Fund established by Section 4.02 hereof.

"State" means the State of West Virginia.

"Supplemental Resolution" means any resolution, ordinance or order of the Issuer supplementing or amending this Ordinance and, when preceded by the article "the," refers specifically to the supplemental resolutions authorizing the sale of the Notes or the Original Bonds; provided, that any matter intended by this Ordinance to be included in the Supplemental Resolution with respect to the Original 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 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" means the existing water and sewer system facilities of the Issuer as expanded by the Project, and all facilities and other property of every nature, real or personal, now or hereafter owned, held or used in connection with said water and sewer system; and shall 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.

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

"Yield" means that yield which, when used in computing the present worth of all payments of principal and interest (or other payments in the case of Nonpurpose Investments which require payments in a form not characterized as principal and interest) on a Nonpurpose Investment or on the Series 1997 A Bonds produces an amount equal to the Purchase Price of such Nonpurpose Investment or the Bonds, all computed as prescribed in applicable Regulations.

Words importing singular number shall include the plural number in each case and vice versa; words importing persons shall include firms and corporations; 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 for the Construction and Acquisition of the Project. There is hereby authorized acquisition and construction of the Project in accordance with the plans and specifications prepared by the Consulting Engineers. The Project consists generally of the

extension of water lines to the Glade Creek Area and surrounding communities, by constructing 4,700 lineal feet of 16" waterline, 24,200 lineal feet of 8" waterline, 9,100 lineal feet of 6" waterline and 4,100 lineal feet of 2" waterline, together with valves, hydrants, air releases, service lines, meter settings and all appurtenant facilities. The proceeds of the Bonds hereby authorized shall be applied as provided in Article V hereof.

It is estimated that the proposed construction will cost approximately $1,711,000.00, and will consist of the following:

Total Construction	$1,357,000.00
Legal	15,000.00
Land and Right-of-way	20,000.00
Bond Counsel	15,000.00
Basic Engineering	78,000.00
Inspection	66,500.00
Special Services – Engineering	12,000.00
Administration	20,000.00
Accountant	4,500.00
Craigsville PSD – Tank Allocation	70,000.00
Capitalized Interest	20,000.00
Interim Financing	10,000.00
Project Contingency	23,000.00
Total Costs	$354,000.00
Total Project	$1,711,000.00

Project costs will be paid for as follows:

Infrastructure Grant	743,000.00
Infrastructure Loan	639,000.00
HUD SCCD Grant	329,000.00
Total Funds	1,711,000.00

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.

ARTICLE III

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

Section 3.01. Authorization of Series 1997 A Bonds. For the purposes of paying certain Costs of the Project not otherwise provided for and paying certain costs of issuance of the Series 1997 A Bonds and related costs, there shall be issued negotiable Series 1997 A Bonds of the Issuer, in an aggregate principal amount of not more than $700,000.00. Said Series 1997 A Bonds shall be issued as a single bond and designated as "Water and Sewer System Revenue Bonds, Series 1997 A." The Series 1997 A Bonds shall have such terms as set forth hereinafter and in the Supplemental Resolution. The proceeds of the Series 1997 A Bonds shall be deposited in the Bond Construction Trust Fund.

Section 3.02. Terms of the Series 1997 A Bonds. The Series 1997 A Bonds shall bear interest at such rate or rates, shall be payable and 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 1997 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 1997 A Bonds shall be paid by check or draft of the Paying Agent mailed to the registered owner thereof at the address as it appears on the books of the Bond Registrar, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner thereof.

Unless otherwise provided by the Supplemental Resolution, the Series 1997 A Bonds shall 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 1997 A Bonds, and shall mature in principal installments, all as provided in the Supplemental Resolution. The Series 1997 A Bonds shall be exchangeable at the option and expense of the Holder for other fully registered Bonds of the same series in aggregate principal amount equal to the amount of said Bonds then Outstanding and being exchanged, with principal installments or maturities, as applicable, corresponding to the dates of payment of principal installments of said Bonds; provided, that the Authority shall not be obligated to pay any expenses of such exchange.

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

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

Section 3.04. Authentication and Registration. No Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under this Bond Legislation unless and until the Certificate of Authentication and Registration on such Bond, substantially in the forms set forth in Section 3.09 shall have been manually executed by the Bond Registrar. Any such executed Certificate of Authentication and Registration upon any such Bond shall be conclusive evidence that such Bond has been authenticated, registered and delivered under this Bond Legislation. The Certificate of Authentication and Registration on any Bond shall be deemed to have been executed by the Bond Registrar if manually signed by an authorized officer of the Bond Registrar, but it shall not be necessary that the same officer sign the Certificate of Authentication and Registration on all of the Bonds issued hereunder.

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

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

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

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

in the case of any proposed redemption of Bonds, next preceding the date of the selection of Bonds to be redeemed, and ending on such interest payment date or redemption date.

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

Section 3.07. Bonds not to be Indebtedness of the Issuer. The Series 1997 A Bonds shall not, in any event, be or constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provision or limitation, but shall be payable solely from the Net Revenues derived from the operation of the System as herein provided and amounts, if any, in the Series 1997 A Bonds Reserve Account. No holder or holders of any of the Series 1997 A Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Series 1997 A Bonds or the interest thereon.

Section 3.08. Bonds Secured by Pledge of Net Revenues; Series 1997 A Bonds to be on Parity with the 1967 Water and Sewer Note, the Series 1990 A Bonds and the Series 1991 A Bonds. The payment of the debt service of all the 1997 A Bonds shall be secured forthwith equally and ratably with each other, by a first lien on the Net Revenues derived from the System, which first lien shall be shared prorata among the 1967 Water and Sewer Note, the Series 1990 A Bonds, the Series 1991 A Bonds and the Series 1997 A Bonds. Such Net Revenues in an amount sufficient to pay the principal of and interest on and other payments for the Bonds and to make the payments into the Sinking Funds, the Reserve Accounts therein and the Renewal and Replacement Fund hereinafter established, are hereby irrevocably pledged to the payment of the principal of and interest on the Bonds as the same become due.

Section 3.09. Delivery of Bonds. The Issuer shall execute and deliver the Series 1997 A Bonds to the Bond Registrar, and the Registrar shall authenticate, register and deliver the Bonds to the original purchasers thereof upon receipt of the documents set forth below:

A. If other than the Authority, a list of the names in which the 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 Bonds to the original purchasers;

C. A 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 Bonds.

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

[Form of Series 1997 A Bond]

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE CITY OF SUMMERSVILLE
WATER AND SEWER SYSTEM REVENUE BOND
SERIES 1997 A

No. AR-__ $_____

KNOW ALL MEN BY THESE PRESENTS: That THE CITY OF SUMMERSVILLE, a municipal corporation and political subdivision of the State of West Virginia in Nicholas 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 hereto as Exhibit A and incorporated herein by reference, without interest, in installments on March 1, June 1, September 1 and December 1 of each year, beginning _____, as set forth on the "Schedule of Annual Debt Service" attached as Exhibit B hereto and incorporated herein by reference with interest on each installment at the rate per annum set forth on said Exhibit B.

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 _____, West Virginia, as registrar (the "Registrar") on the 15th day of the month next preceding an interest payment date, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner hereof.

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority, and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement by and among the Issuer and the Authority, dated _____, 1997.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain additions, improvements and betterments to the water and sewer system facilities of the Issuer (the "Project"); and (ii) to pay certain costs of issuance hereof and related costs. This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 8, Article 20 of the West Virginia Code of 1931, as amended (the "Act"), and an Ordinance and Supplemental Resolution, duly

enacted and adopted, respectively, by the Issuer on _____, 1997, and _____, 1997, (collectively called the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY WITH THE 1967 WATER AND SEWER SYSTEM NOTE OF THE ISSUER (THE "1967 WATER AND SEWER NOTE"), ISSUED IN THE AGGREGATE PRINCIPAL AMOUNT OF $58,250, THE WATER AND SEWER SYSTEM REVENUE BONDS SERIES 1990 A (THE "SERIES 1990 A BONDS") ISSUED IN THE AGGREGATE PRINCIPAL AMOUNT OF 281,843.00 AND THE WATER AND SEWER SYSTEM REVENUE BONDS SERIES 1991 A (THE "SERIES 1991 A BONDS") ISSUED IN THE AGGREGATE PRINCIPAL AMOUNT OF 790,057, WITH RESPECT TO LIENS AND SOURCES OF AND SECURITY FOR PAYMENT OF THE SERIES 1997 A BONDS.

This Bond is payable only from and secured by a first lien pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, moneys in the Reserve Account created under the Bond Legislation for the Bonds (the "Series 1997 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 moneys in the Series 1997 A 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 maximum amount required in any year for principal of and interest on the Series 1997 A Bonds and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with the Series 1997 A Bonds, provided however, that so long as there exists in the Series 1997 A Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest which will become due on the Series 1997 A Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding prior to or on a parity with the Series 1997 A Bonds, or 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 Bond Registrar duly executed by the registered owner or its attorney duly authorized in writing.

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

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

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

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

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

IN WITNESS WHEREOF, THE CITY OF SUMMERSVILLE 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 _____, 1997.

[SEAL]

_____
Mayor

ATTEST:

_____
Recorder

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of The City of Summersville Water and Sewer System Revenue Bonds, Series 1997 A, 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: _____

_____,
as Registrar

By _____
Its Authorized Officer

EXHIBIT A

SCHEDULE OF ADVANCES

Date	Amount

EXHIBIT B

SCHEDULE OF ANNUAL DEBT SERVICE

(Form of)

ASSIGNMENT

FOR VALUE RECEIVED the undersigned sells, assigns, and transfers unto

the within Bond and does hereby irrevocably constitute and appoint _____, Attorney to transfer the said Bond on the books kept for registration of the within Bond of the said Issuer with full power of substitution in the premises.

Dated: _____, ___.

_____

In the presence of:

_____

Section 3.11. Sale of Series 1997 A Bonds; Ratification of Execution of Loan Agreement with Authority. The Series 1997 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, ratified and approved.

Section 3.12. "Amended Schedule A" Filing. Upon completion of acquisition and construction of the Project, the Issuer will file with the Authority a schedule substantially in the form of the "Amended Schedule A" to the Loan Agreement, setting forth the actual costs of the Project and sources of funding therefor.

ARTICLE IV

SYSTEM REVENUES AND APPLICATION THEREOF

Section 4.01. Continuation or Establishment of Fund and Accounts with Depository Bank. The following special funds or accounts are hereby continued or 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 Fund;

(2) Renewal and Replacement Fund; and

(3) Bond Construction Trust Fund.

Section 4.02. Continuation or Establishment of Funds and Accounts with Commission. The following special funds or accounts are hereby continued or established with the Commission:

Series 1997 A Bonds Sinking Fund; and

Within the Series 1997 A Bonds Sinking Fund, the Series 1997 A 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, each month, pay from the Revenue Fund, all current Operating Expenses of the System.

(2) From the moneys remaining in the Revenue Fund, the Issuer shall next transfer and, simultaneously (i) remit to the National Finance Office the amount required to pay the monthly principal and interest payment on the 1967 Water and Sewer Note, (ii) remit to the Commission 1/6th of the interest and 1/12th of the principal next ensuing on the Series 1990 A Bonds, (iii) remit to the Commission 1/6th of the interest and 1/12th of the principal next ensuing on the Series 1991 A Bonds, and (iv) commencing 3 months prior to the first date of payment of principal on the Series 1997 A Bonds, apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in the Series 1997 A Bonds Sinking Fund, a sum equal to 1/3rd of the amount of principal which will mature and become due on said Series 1997 A Bonds on the next ensuing principal payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 1997 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, one month prior to the next quarterly principal payment date, the required amount of principal coming due on such date.

In the event there is insufficient money in the Revenue Fund to make the payments described in the paragraph above, the Issuer shall use the available moneys and make the payments provided for on a prorata basis as to each series of bonds.

(3) Next, from the moneys remaining in the Revenue Fund, the Issuer shall next transfer and, simultaneously (i) remit to the National Finance Office the amount required to pay the monthly principal and interest payment on the 1977 Water and Sewer Revenue Bonds, (ii) remit to the Commission 1/12th of the principal next ensuing on the Series 1990 B Bonds, (iii) remit to the Commission 1/12th of the principal next ensuing on the Series 1991 B Bonds.

In the event there is insufficient money in the Revenue Fund to make the payments described in the paragraph above, the Issuer shall use the available moneys and make the payments provided for on a prorata basis as to each series of bonds.

(4) Thereafter, the Issuer shall, remit to the Commission (i) an amount equal to 1/120th of the Series 1990 A Bonds Reserve Requirement, (ii) an amount equal to 1/120th of the Series 1991 A Bonds Reserve Requirement and (iii) commencing 3 months prior to the first date of payment of principal of the Series 1997 A Bonds apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in the Series 1997 A Bonds Reserve Account, an amount equal to 1/120th of the Series 1997 A Bonds Reserve Requirement; provided, that no further payments shall be made into the Series 1990 A Bonds Reserve Account, Series 1991 A Bonds Reserve Account or the Series 1997 A Bonds Reserve Account when there shall have been deposited therein, and as long as there shall remain on deposit in each respective account, an amount equal to the Series 1990 A Bonds Reserve Requirement, the Series 1991 A Bonds Reserve Requirement or the Series 1997 A Bonds Reserve Requirement, as the case may be.

In the event there is insufficient money in the Revenue Fund to make the payments described in the paragraph above, the Issuer shall use the available moneys and make the payments provided for on a prorata basis as to each series of bonds.

(5) Thereafter, the Issuer shall, remit to the Commission (i) an amount equal to 1/120th of the Series 1990 B Bonds Reserve Requirement and (ii) an amount equal to 1/120th of the Series 1991 B Bonds Reserve Requirement; provided, that no further payments shall be made into the Series 1990 B Bonds Reserve Account or Series 1991 B Bonds Reserve Account when there shall have been deposited therein, and as long as there shall remain on deposit in each respective account, an amount equal to the Series 1990 B Bonds Reserve Requirement or the Series 1991 B Bonds Reserve Requirement, as the case may be.

In the event there is insufficient money in the Revenue Fund to make the payments described in the paragraph above, the Issuer shall use the available moneys and make the payments provided for on a prorata basis as to each series of bonds.

(6) From the moneys remaining in the Revenue Fund, the Issuer shall next, on the first day of each month, commencing with the month succeeding the first full calendar month after completion of the Project, transfer to the Renewal and Replacement Fund a sum equal to 2 1/2% of the Gross Revenues each month, exclusive of any payments for account of the Series 1990 A Bonds Reserve Account, the Series 1991 A Bonds Reserve Account, the Series 1990 B Bonds Reserve Account, the Series 1991 B Bonds Reserve Account, or the Series 1997 A Bonds Reserve Account. All funds in the Renewal and Replacement Fund shall be kept apart from all other funds of the Issuer or of the Depository Bank and shall be invested and reinvested in accordance with Article 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 1991 A Bonds Reserve Account, the Series 1990 B Bonds Reserve Account, the Series 1991 B Bonds Reserve Account, or the Series 1997 A Bonds Reserve Account [except to the extent such deficiency exists because the required payments into such account have not, as of the date of determination of a deficiency, funded such account to the maximum extent required by Subsection 4.03(A)(2)(d)] shall be promptly eliminated with moneys from the Renewal and Replacement Fund.

Moneys in the various Sinking Funds shall be used only for the purposes of paying principal of and interest, if any, on the respective series of Bonds for which it was deposited, as the same shall become due. Moneys in the respective Reserve Accounts shall be used only for the purpose of paying principal of and interest, if any, on the respective series of bonds for which it was deposited, as the same shall come due, when other moneys in respective Sinking Fund are insufficient therefor, and for no other purpose.

All investment earnings on moneys in the various Sinking Funds and respective Reserve Accounts 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 Bond Construction Trust Fund, and following completion of construction of the Project, shall be deposited in the respective Sinking Fund to which it relates and applied to the next ensuing interest payments, if

any, due on the respective series of bonds for which it was deposited, and then to the next ensuing principal payments due thereon.

Any withdrawals from the any of the respective Reserve Accounts which result in a reduction in the balance of such Reserve Account to below the respective bond Reserve Requirement shall be subsequently restored from the first Net Revenues available after all required payments set forth in Section 4.03 (A) (1) – (5) above have been made in full.

As and when additional Bonds ranking on a parity with the Bonds are issued, provision shall be made for additional payments into the respective Sinking Fund sufficient to pay the interest on such additional parity Bonds and accomplish retirement thereof at maturity and to accumulate a balance in the appropriate Reserve Account in an amount equal to the maximum provided and required to be paid into the concomitant Sinking Fund in any year for account of the Bonds of such series, 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 1990 A Bonds Sinking Fund or into the Reserve Account therein when the aggregate amount of funds in said Series 1990 A Bonds Sinking Fund and Reserve Account are at least equal to the aggregate principal amount of the Series 1990 A Bonds then Outstanding and all interest to accrue until the maturity thereof.

The Issuer shall not be required to make any further payments into the Series 1991 A Bonds Sinking Fund or into the Reserve Account therein when the aggregate amount of funds in said Series 1991 A Bonds Sinking Fund and Reserve Account are at least equal to the aggregate principal amount of the Series 1991 A Bonds then Outstanding and all interest to accrue until the maturity thereof.

The Issuer shall not be required to make any further payments into the Series 1990 B Bonds Sinking Fund or into the Reserve Account therein when the aggregate amount of funds in said Series 1990 B Bonds Sinking Fund and Reserve Account are at least equal to the aggregate principal amount of the Series 1990 B Bonds Outstanding and all interest to accrue until the maturity thereof.

The Issuer shall not be required to make any further payments into the Series 1991 B Bonds Sinking Fund or into the Reserve Account therein when the aggregate amount of funds in said Series 1991 B Bonds Sinking Fund and Reserve Account are at least equal to the aggregate principal amount of the Series 1991 B Bonds then Outstanding and all interest to accrue until the maturity thereof.

The Issuer shall not be required to make any further payments into the Series 1997 A Bonds Sinking Fund or into the Reserve Account therein when the aggregate amount of funds in said Series 1997 A Bonds Sinking Fund and Reserve Account are at least equal to the aggregate principal amount of the Series 1997 A 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 respective Reserve Accounts shall be invested and reinvested by the Commission in accordance with Section 7.01 hereof.

The Series 1997 A Bonds Sinking Fund, including the Reserve Account therein, shall be used solely and only for, and are hereby pledged for, the purpose of servicing the Series 1997 A Bonds and any additional Bonds ranking on a parity therewith that may be issued and Outstanding under the conditions and restrictions hereinafter set forth.

B. 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 Accounts therein, and the Renewal and Replacement Fund during the following month or such other period as required by law, such excess shall be considered Surplus Revenues. Surplus Revenues may be used for any lawful purpose of the System.

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

D. The Issuer shall remit from the Revenue Fund to the Commission, the Registrar or the Depository Bank, on such dates as the Commission, the Registrar or the Depository Bank, as the case may be, shall require, such additional sums as shall be necessary to pay their respective charges fees and expenses then due.

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

F. If on any monthly payment date the revenues are insufficient to place the required amount in any of the funds and accounts as hereinabove provided, the deficiency shall be made up in the subsequent payments in addition to the payments which would otherwise be required to be made into the funds and accounts on the subsequent payment dates.

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

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

ARTICLE V

BOND PROCEEDS; FUNDS AND ACCOUNTS

Section 5.01. Application of Series 1997 A Bond Proceeds; Pledge of Unexpended Bond Proceeds. The moneys received from the sale of the Series 1997 A Bonds, as requisitioned by the Issuer, shall be deposited in the Bond Construction Trust Fund and applied solely to payment of Costs of the Project in the manner set forth in Section 5.02.

The Depository Bank shall act as a trustee and fiduciary for the Bondholder with respect to the Bond Construction Trust Fund and shall comply with all requirements with respect to the disposition of the Bond Construction Trust Fund set forth in the Bond Legislation. Moneys in the Bond Construction Trust Fund shall be used solely to pay Costs of the Project and until so expended, are hereby pledged as additional security for the Series 1997 A Bonds.

Section 5.02. Disbursements From the Bond Construction Trust Fund. The Issuer shall each month provide the Council and the Authority with a requisition for the costs incurred for the Project, together with such documentation as the Council shall require. Payments for Costs of the Project shall be made monthly.

Disbursements from the Bond Construction Trust Fund shall be made only after submission to, and approval from the Authority and the Council of the following:

(1) 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, or that Issuer has previously paid such item in connection with the Project is being reimbursed for such payment.

In case any contract provides for the retention of a portion of the contract price, the Depository Bank shall disburse from the Bond Construction Trust Fund only the net amount remaining after deduction of any such portion. All payments made from the Bond Construction Trust Fund shall be presumed by the Depository Bank to be made for the purposes set forth in

said certificate, and the Depository Bank shall not be required to monitor the application of disbursements from the Bond Construction Trust Fund. The Consulting Engineers shall from time to time file with the Depository Bank written statements advising the Depository Bank of its then authorized representative.

Pending such application, moneys in the Bond Construction Trust Fund, including any accounts therein, shall be invested and reinvested in Qualified Investments at the written 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 Bond Construction Trust Fund to the Series 1997 A Bonds Reserve Account, and when 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 Series 1997 A 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 Bonds. In addition to the other covenants, agreements and provisions of this Bond Legislation, the Issuer hereby covenants and agrees with the Holders of the Bonds as hereinafter provided in this Article 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 not be nor constitute an indebtedness of the Issuer within the meaning of any constitutional, statutory or charter limitation of indebtedness, but shall be payable solely from the funds pledged for such payment by this Bond Legislation. No Holder or Holders of any 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 1997 A Bonds issued hereunder shall be secured forthwith equally and ratably by a shared first lien on the Net Revenues derived from the operation of the System, which first lien is shared with the Issuer's 1967 Water and Sewer Revenue Note, the Series 1990 A Bonds and the Series 1991 A Bonds. The revenues derived from the System, in an amount sufficient to pay the principal of and interest on the Bonds and to make the payments into the Sinking Funds, including the Reserve Accounts therein, and all other payments provided for in the Bond Legislation are hereby irrevocably pledged, in the manner provided herein, to the payment of the principal of and interest on the Bonds as the same become due, and for the other purposes provided in the Bond Legislation.

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 ordinance of the Issuer enacted _____.

Section 6.05. Sale of the System. Except as otherwise required by law, the System may not be sold, mortgaged, leased or otherwise disposed of except as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to pay fully all the Bonds Outstanding, or to effectively defease this Bond Legislation in accordance with 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 Funds, and, with the written permission of the Authority, or in the event the Authority is no longer a Bondholder, the Issuer shall direct the Commission to apply such proceeds to the payment of principal at maturity of and interest on the Bonds. Any balance remaining after the payment of 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 $50,000, 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 $50,000 but not in excess of $200,000, the Issuer shall first, in writing determine with the written approval of 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 $50,000 and not in excess of $200,000, 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 $200,000 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 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 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 other obligations whatsoever payable from the revenues of the System which rank prior to, or equally, as to lien on and source of and security for payment from such revenues with the Bonds; provided, however, that additional Bonds on a parity with the Bonds may be issued as provided for in Section 6.07 hereof. All obligations issued by the Issuer after the issuance of the Bonds and payable from the revenues of the System, except such additional parity Bonds, shall contain an express statement that such obligations are junior and subordinate, as to lien on and source of and security for payment from such revenues and in all other respects, to the Series 1997 A Bonds; provided, that no such subordinate obligations shall be issued unless all payments required to be made into the Reserve Accounts and the Renewal and Replacement Fund at the time of the issuance of such subordinate obligations have been made and are current.

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

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 from any grants for the Project, or any other obligations related to the Project or the System.

Section 6.07. Parity Bonds A. No Parity Bonds, payable out of the revenues of the System, shall be issued after the issuance of any Bonds pursuant to this Bond Legislation, except under the conditions and in the manner herein provided and with the written consent of the Authority and the Council.

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 Authority and the Bank 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 Resolution 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 the time or times of their issuance, shall rank equally with respect to their lien on the revenues of the System and their source of and security for payment from said revenues, without preference of any Bond of one series over any other Bond of the same series. The Issuer shall comply fully with all the increased payments into the various funds and accounts created in this Bond Legislation required for and on account of such Parity Bonds, in addition to the payments required for Bonds theretofore issued pursuant to this Bond Legislation.

All Parity Bonds shall mature on the day of the years of maturities, and the semiannual interest thereon shall be payable on the days of each year, specified in a Supplemental Resolution.

Parity Bonds shall not be deemed to include bonds, notes, certificates or other obligations subsequently issued, the lien of which on the revenues of the System is subject to the prior and superior liens of the Series 1997 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 1997 A Bonds.

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

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 and the Council to the issuance of bonds on a parity with the Bonds.

Section 6.08. Books and Records. The Issuer shall keep complete and accurate records of the cost of acquiring the Project Site and the costs of acquiring, constructing and installing the Project. The Issuer shall permit the Authority or its agents and representatives, to inspect all books, documents, papers and records relating to the Project and the System at all reasonable times for the purpose of audit and examination. The Issuer shall submit to the Authority 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 or its agents and representatives, to inspect all records pertaining to the operation of the System at all reasonable times following completion of construction of the Project and commencement of operation thereof, or, if the Project is an improvement to an existing System, at any reasonable time following commencement of construction.

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

The accounting system for the System shall follow current generally accepted accounting principles and safeguards to the extent allowed and as prescribed by the Public Service Commission of West Virginia. Separate control accounting records shall be maintained by the Issuer. Subsidiary records as may be required shall be kept in the manner and on the forms,

books and other bookkeeping records as prescribed by the Governing Body. The Governing Body shall prescribe and institute the manner by which subsidiary records of the accounting system which may be installed remote from the direct supervision of the Governing Body shall be reported to such agent of the Issuer as the Governing Body shall direct.

The Issuer shall file with the Council 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 and the Council, or any other original purchaser of the Bonds. Such audit report submitted to the Authority and Council shall include a statement that the Issuer is in compliance with the terms and provisions of the Loan Agreement and this Bond Legislation, and the Issuer's Revenues are adequate to meet its operation and maintenance expenses and debt service requirements.

Commencing on the date contracts are executed for the acquisition and construction of the Project and for 2 years following completion of the Project, the Issuer shall each month complete a "Monthly Financial Report," a form of which is attached to the Loan Agreement as Exhibit C, and forward a copy to the Authority and the Council by the 15th day of each month.

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

Section 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 an amount equal to or in excess of the Reserve Requirement is on deposit in the Reserve Account and reserve accounts for obligations prior to or on a parity with the Bonds are funded at least at the requirement therefor, such balance each year need only equal at least 110% of the maximum amount required in any year for payment of principal of and interest on the Bonds and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with the Bonds. In any event, subject to any requirements of law, the Issuer shall not reduce the rates and charges for services set forth in the rate ordinance described in the Section 6.04 hereof.

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

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. Engineering Services and Operating Personnel. The Issuer shall provide and maintain competent and adequate resident engineering services satisfactory to the Authority and the Council covering the supervision and inspection of the development and construction of

the Project and bearing responsibility of assuring that construction conforms to the plans, specifications and designs prepared by the Consulting Engineers, which have been approved by all necessary governmental bodies. Such resident engineer shall certify to the Authority, the Council and the Issuer that the Project is adequate for the purposes for which it was designed, the funding plan 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. At the completion of construction such engineer shall certify that construction of the Project is in accordance with the approved plans, specifications and designs, or amendments thereto, approved by all necessary governmental bodies.

The Issuer agrees that qualified operating personnel properly certified by the State will be employed to operate the System during the entire term of the Loan Agreement.

Section 6.13. 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 of the Issuer, the rules and regulations of the Public Service Commission of West Virginia and other laws of the State of West Virginia.

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

Section 6.14. 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 6.15. Insurance and Construction Bonds. A. The Issuer hereby covenants and agrees that so long as any of the Bonds remain Outstanding, the Issuer will, as an Operating Expense, procure, carry and maintain insurance with a reputable insurance carrier or carriers as is customarily covered with respect to works and properties similar to the System. Such insurance shall initially cover the following risks and be in the following amounts:

(1) FIRE, LIGHTNING, VANDALISM, MALICIOUS MISCHIEF AND EXTENDED COVERAGE INSURANCE, on all above-ground insurable portions of the System in an amount equal to the actual cost thereof. In time of war the Issuer will also carry and maintain insurance to the extent available against the risks and hazards of war. The proceeds of all such insurance policies shall be placed in the Renewal and Replacement Fund and used only for the repairs and restoration of the damaged or destroyed properties or for the other purposes provided herein for 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 Bank, 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 Bank, the contractors and subcontractors, as their interests may appear.

(2) PUBLIC LIABILITY INSURANCE, with limits of not less than $1,000,000 per occurrence to protect the Issuer from claims for bodily injury and/or death and not less than $100,000 per occurrence from claims for damage to property of others which may arise from the operation of the System, and insurance with the same limits to protect the Issuer from claims arising out of operation or ownership of motor vehicles of or for the System.

(3) WORKER'S COMPENSATION COVERAGE FOR ALL EMPLOYEES OF OR FOR THE SYSTEM ELIGIBLE THEREFOR; AND PERFORMANCE AND PAYMENT BONDS, such bonds to be in the amounts of 100% of the construction contract and to be required of each contractor contracting directly with the Issuer, and such payment bonds will be filed with the Clerk of The County Commission of the County in which such work is to be performed prior to commencement of construction of the Project in compliance with West Virginia Code, Chapter 38, Article 2, Section 39.

(4) FLOOD INSURANCE, to the extent available at reasonable cost to the Issuer.

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

(6) FIDELITY BONDS will be provided as to every officer, member and employee of the Issuer or the Governing Body having custody of the revenues or of any other funds of the

System, in an amount at least equal to the total funds in the custody of any such person at any one time.

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

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 at least 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.

Section 6.16. Completion of Project. The Issuer will complete the Project as promptly as possible and operate and maintain the System in good condition and in compliance with all federal and state requirements and standards.

The Issuer will obtain all permits required by state and federal laws for the acquisition and construction of the Project, and all orders and approvals from the Public Service Commission of West Virginia necessary for the acquisition and construction of the Project and the operation of the System.

Section 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% of Net Proceeds of the Bonds used for a Private Business Use shall be used for a Private Business Use related to the governmental use of the Project, or if the Bonds are for the purpose of financing more than one project, a portion of

the Project, and shall not exceed the proceeds used for the governmental use of that portion of the Project to which such Private Business Use is related.

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

Section 6.19. Compliance with Loan Agreement and Law. The Issuer agrees to comply with all the terms and conditions of the Loan Agreement. Notwithstanding anything herein to the contrary, the Issuer will provide the Council with copies of all documents submitted to the Authority.

The Issuer also agrees to comply with all applicable laws, rules and regulations issued by the Authority, the 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.

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 reinvested by the Commission, the Depository Bank, or such other bank or national banking association holding such fund or account, as the case may be, at the written direction of the Issuer in any Qualified Investments to the fullest extent possible under applicable laws, this Bond Legislation,

the need for such moneys for the purposes set forth herein and the specific restrictions and provisions set forth in this Section 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 (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. Rebate of Excess Investment Earnings to the United States. In accordance with Section 148(f)(4)(C) of the Code, the Issuer covenants that it is a governmental unit with general taxing powers; that the Bonds are not private activity bonds as defined in Section 141 of the Code; that 95% or more of the Net Proceeds of the Bonds are to be used for local governmental activities of the Issuer (or of a governmental unit the jurisdiction of which is entirely within the jurisdiction of the Issuer); and that the aggregate face amount of all the tax-exempt obligations (other than private activity bonds as defined in Section 141 of the Code) issued by the Issuer during the calendar year in which the Bonds are issued will not exceed $5,000,000, determined in accordance with Section 148(f)(4)(C) of the Code and the Regulations promulgated thereunder. For purposes of this Section 7.03 and for purposes of applying Section 148(f)(4)(C) of the Code, the Issuer and all entities which issue obligations on behalf of the Issuer shall be treated as one issuer; all obligations issued by a subordinate entity shall, for purposes of applying this Section 7.03 and Section 148(f)(4)(C) of the Code to any other entity to

which such entity is subordinate, be treated as issued by such other entity; and an entity formed (or, to the extent provided by the Secretary, as set forth in the Code, availed of) to avoid the purposes of such Section 148(f)(4)(C) of the Code and all other entities benefiting thereby shall be treated as one issuer.

Notwithstanding the foregoing, if in fact the Issuer is subject to the rebate requirements of Section 148(f) of the Code, and not exempted from such requirements, the Issuer shall take the following actions:

A. CREATION OF FUNDS. There are hereby created, to be held by the Depository Bank as separate funds distinct from all other funds and accounts held by the Depository Bank under this Bond Legislation, the Earnings Fund and the Rebate Fund. All interest earnings and profits on amounts in all funds and accounts established under this Bond Legislation, other than (i) interest earnings and profits on any funds referenced in Subsection C(5) of this Section if such earnings in any Bond Year are less than $100,000, (ii) interest earnings and profits on amounts in funds and accounts which do not constitute Gross Proceeds, and (iii) interest earnings and profits on the Rebate Fund shall, upon receipt by the Depository Bank, be deposited in the Earnings Fund. In addition, all interest earnings and profits on Gross Proceeds in funds held by the Issuer shall, upon receipt, be paid to the Depository Bank for deposit in the Earnings Fund. Annually, on or before the 30th day following the end of each Bond Year or on the preceding business day in the event that such last day is not a business day, or such earlier date as may be required under the Code, the Depository Bank shall transfer from the Earnings Fund to the Rebate Fund for purposes of ultimate payment to the United States an amount equal to Excess Investment Earnings, all as more particularly described in this Section. Following the transfer referenced in the preceding sentence, the Depository Bank shall transfer all amounts remaining in the Earnings Fund to be used for the payment of Debt Service on the next interest payment date and for such purpose, Debt Service due from the Issuer on such date shall be credited by an amount equal to the amount so transferred.

B. DUTIES OF ISSUER IN GENERAL. The Issuer shall calculate Excess Investment Earnings in accordance with Subsection C and shall assure payment of an amount equal to Excess Investment Earnings to the United States in accordance with Subsections D and E.

C. CALCULATION OF EXCESS INVESTMENT EARNINGS. Within 15 days following the last day of the first Bond Year, the Issuer shall calculate, and shall provide written notice to the Authority and Depository Bank of, the Excess Investment Earnings referenced in clause (A) of the definition of Excess Investment Earnings. Thereafter, within 15 days following the last day of each Bond Year and within 15 days following the date of the retirement of the Bond, the Issuer shall calculate, and shall provide written notice to the Authority and Depository Bank of, the amount of Excess Investment Earnings. Said calculations shall be made or caused to be made by the Issuer in accordance with the following:

(1) Except as provided in (2), in determining the amount described in clause A(i) the definition of Excess Investment Earnings, the aggregate amount earned on Nonpurpose Investments shall include (i) all income realized under federal income tax accounting principles (whether or not the person earning such income is subject to federal income tax) with respect to

such Nonpurpose Investments and with respect to the reinvestment of investment receipts from such Nonpurpose Investments (without regard to the transaction costs incurred in acquiring, carrying, selling or redeeming such Nonpurpose Investments), including, but not limited to, gain or loss realized on the disposition of such Nonpurpose Investments (without regard to when such gains are taken into account under Section 453 of the Code relating to taxable year of inclusion of gross income), and income under Section 1272 of the Code (relating to original issue discount) and (ii) any unrealized gain or loss as of the date of retirement of the Bonds in the event that any Nonpurpose Investment is retained after such date.

(2) In determining the amount described in clause (A) of the definition of Excess Investment Earnings, Investment Property shall be treated as acquired for its fair market value at the time it becomes a Nonpurpose Investment, so that gain or loss on the disposition of such Investment Property shall be computed with reference to such fair market value as its adjusted basis.

(3) In determining the amount described in clause (A)(ii) of the definition of Excess Investment Earnings, the Yield on the Bonds shall be determined based on the actual Yield of the Bonds during the period between the Closing Date of the Bonds and the date the computation is made (with adjustments for original issue discount or premium).

(4) In determining the amount described in clause (B) of the definition of Excess Investment Earnings, all income attributable to the excess described in clause (A) of said definition must be taken into account, whether or not that income exceeds the Yield of the Bond, and no amount may be treated as "negative arbitrage."

(5) In determining the amount of Excess Investment Earnings, there shall be excluded any amount earned on any fund or account which is used primarily to achieve a proper matching of revenues and Debt Service within each Bond Year and which is depleted at least once a year except for a reasonable carryover amount not in excess of the greater of 1 year's earnings on such fund or account or 1/12th of annual Debt Service as well as amounts earned on said earnings if the gross earnings on such fund or account for the Bond Year is less than $100,000.

D. PAYMENT TO THE UNITED STATES. The Issuer shall direct the Depository Bank to pay from the Rebate Fund an amount equal to Excess Investment Earnings to the United States in installments with the first payment to be made not later than 30 days after the end of the 5th Bond Year and with subsequent payments to be made not later than 5 years after the preceding payment was due. The Issuer shall assure that each such installment is in an amount equal to at least 90% of the Excess Investment Earnings with respect to the Gross Proceeds as of the close of the computation period. Not later than 60 days after the retirement of the Bonds, the Issuer shall direct the Depository Bank to pay from the Rebate Fund to the United States 100% of the theretofore unpaid Excess Investment Earnings in the Rebate Fund. In the event that there are any amounts remaining in the Rebate Fund following the payment 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 at the address prescribed by the Regulations as the same may be in 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 by this Subsection D, 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 the event of a failure to pay any such amount or amounts, the Issuer will pay, from any lawful sources available therefor, to the United States, an amount equal to the sum of 50% of the amount not paid, plus interest at the required rate on the portion of the amount which was not paid on the required date, beginning on such date, unless waived.

E. FURTHER OBLIGATIONS OF ISSUER. The Issuer shall assure that Excess Investment Earnings are not paid or disbursed except as required in this Section. To that end the Issuer shall assure that investment transactions are on an arm's length basis and that Nonpurpose Investments are acquired at their fair market value. In the event that Nonpurpose Investments consist of certificates of deposit or investment contracts, investment in such Nonpurpose Investments shall be made in accordance with the procedures described in applicable Regulations as from time to time in effect. The Depository Bank shall keep the moneys in the Earnings Fund and Rebate Fund invested and reinvested to the fullest extent practicable in Government Obligations with maturities consonant with the required use thereof and investment profits and earnings shall be credited to the account of such fund on which earned.

F. MAINTENANCE OF RECORDS. The Issuer shall keep and retain for a period of 6 years following the retirement of the Bonds, records of the determinations made pursuant to this Section 7.03.

G. INDEPENDENT CONSULTANTS. In order to provide for the administration of this Section 7.03, 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.

H. FURTHER AGREEMENT. Notwithstanding the foregoing, the Issuer further 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.

I. REPORTING TO AUTHORITY. The Issuer shall furnish to the Authority, annually, 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, including, without limitation, information with respect to earnings on all funds constituting "gross proceeds" of the Series 1997 A Bonds (as such term "gross proceeds" is defined in the Code). 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.

Section 7.04. 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 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).

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 the 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 1997 A Bonds set forth in this Bond Legislation, any supplemental resolution or in the Bonds, and such default shall have continued for a period of 30 days after the Issuer shall have been given written notice of such default by the Commission, the Depository Bank, Registrar or any other Paying Agent or a Holder of a Bond; or

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

Section 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 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.

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 with respect to such Bonds any Registered Owner of a Bond shall, in addition to all other remedies or rights, have the right by appropriate legal proceedings to obtain the appointment of a receiver to administer the System or to complete the acquisition and construction of the Project on behalf of the Issuer with power to charge rates, rentals, fees and other charges sufficient to provide for the payment of Operating Expenses of the System, the payment of the Bonds and interest and the

deposits into the funds and accounts hereby established, and to apply such rates, rentals, fees, charges or other revenues in conformity with the provisions of this Bond Legislation and the Act.

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

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

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

Any receiver appointed as provided herein shall hold and operate the System in the name of the Issuer and for the joint protection and benefit of the Issuer and Registered Owners of the Bonds. Such receiver shall have no power to sell, assign, mortgage or otherwise dispose of any assets of any kind or character belonging or pertaining to the System, but the authority of such receiver shall be limited to the 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 IX

DEFEASANCE

Section 9.01. Defeasance of Series 1997 A Bonds. If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the respective Holders of all Series 1997 A Bonds, the principal of and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Bond Legislation, then with respect to the Series 1997 A Bonds only, the pledge of Net Revenues and other moneys and securities pledged under this Bond Legislation

and all covenants, agreements and other obligations of the Issuer to the Registered Owners of the Series 1997 A Bonds shall thereupon cease, terminate and become void and be discharged and satisfied.

Series 1997 A Bonds for the payment of which either moneys in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide moneys which, together with the moneys, if any, deposited with the Paying Agents at the same or earlier time, shall be sufficient, to pay as and when due either at maturity or at the next redemption date, the principal installments of and interest on such Series 1997 A Bonds shall be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section. All Series 1997 A Bonds shall, prior to the maturity thereof, be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section if there shall have been deposited with the Commission or its agent, either moneys in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide moneys which, together with other moneys, if any, deposited with the Commission at the same time, shall be sufficient to pay when due the principal installments of and interest due and to become due on said Series 1997 A Bonds on and prior to the next redemption date or the maturity dates thereof. Neither securities nor moneys deposited with the Commission pursuant to this section nor principal or interest payments on any such securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal installments of and interest on said Series 1997 A Bonds; provided, that any cash received from such principal or interest payments on such securities deposited with the Commission or its agent, if not then needed for such purpose, shall, to the extent practicable, be reinvested in securities maturing at times and in amounts sufficient to pay when due the principal installments of and interest to become due on said Bonds on and prior to the next redemption date or the maturity dates thereof, and interest earned from such reinvestments shall be paid over to the Issuer as received by the Commission or its agent, free and clear of any trust, lien or pledge. For the purpose of this section, securities shall mean and include only Government Obligations.

ARTICLE 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 Series 1997 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 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 Bonds.

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.

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 2 successive weeks within a period of fourteen consecutive days, with at least 6 full days intervening between each publication, in the Nicholas Chronicle, which is a qualified newspaper of general circulation in The City of Summersville, together with a notice stating that this Bond Legislation has been adopted and that the Issuer contemplates the issuance of the Bonds, and that any person interested may appear before the City Council upon a date certain, not less than ten days subsequent to the date of the first publication of the abstract 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 - July 28, 1997

Passed on Second Reading - August 11, 1997

Effective Date Following Public Hearing - August 25, 1997

Mayor

Recorder

WEST VIRGINIA
Water Development Authority
Celebrating 32 Years of Service 1974 - 2006

CITY OF SUMMERSVILLE
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS
SERIES 2007 A (WEST VIRGINIA INFRASTRUCTURE FUND)
AND
SERIES 2007 B (WEST VIRGINIA SRF PROGRAM)

TO WHOM IT MAY CONCERN:

In reliance upon the certificate of Smith, Cochran and Hicks, P.L.L.C., the independent certified public accountant and the opinion of Bowles Rice McDavid Graff & Love LLP, Bond Counsel, that the applicable coverage and parity tests have been met on behalf of the City of Summersville (the "Issuer"), the undersigned authorized representative of the West Virginia Water Development Authority (the "Authority"), for the Authority, as the registered owner of the Issuer's Water and Sewer System Revenue Bonds, Series 1990 A, dated April 6, 1990, issued in the original principal amount of $281,848, Water and Sewer System Revenue Bonds, Series 1991 A, dated August 13, 1991, issued in the original principal amount of $790,057, Water and Sewer System Revenue Bonds, Series 1998 A (West Virginia Infrastructure and Jobs Development Council), dated January 6, 1998, issued in the original principal amount of $639,000, Waterworks and Sewerage System Revenue Bonds, Series 2002 A (West Virginia Infrastructure Fund), dated December 18, 2002, issued in the original principal amount of $4,661,505, and Waterworks and Sewerage System Revenue Bonds, Series 2002 B (West Virginia DWTRF Program), dated December 18, 2002, issued in the original principal amount of $2,388,495 (collectively, the "First Lien Bonds") and the Issuer's Water and Sewer System Revenue Bonds, Series 1990 B, dated April 6, 1990, issued in the original principal amount of $13,152, and Water and Sewer System Revenue Bonds, Series 1991 B, dated August 13, 1991, issued in the original principal amount of $35,671 (collectively, the "Second Lien Bonds"), hereby consents to the issuance of the Issuer's Combined Waterworks and Sewerage System Revenue Bonds, Series 2007 A (West Virginia Infrastructure Fund), dated May 15, 2007, in the aggregate principal amount of $8,682,265, and Combined Waterworks and Sewerage System Revenue Bonds, Series 2007 B (West Virginia SRF Program), dated May 15, 2007, in the aggregate principal amount of $2,000,000, on a parity with respect to liens, pledges and sources of and security for payment with the First Lien Bonds and senior with respect to liens, pledges and sources of and security for payment with the Second Lien Bonds.

Dated this 15th day of May, 2007.

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

Daniel B. Yoskosky

Authorized Representative

180 Association Drive, Charleston, WV 25311-1217
phone (304) 558-3612 / fax (304) 558-0299
www.wwda.org

United States Department of Agriculture
Rural Development
West Virginia State Office

CITY OF SUMMERSVILLE

COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2007 A (WEST VIRGINIA INFRASTRUCTURE FUND) AND SERIES 2007 B (WEST VIRGINIA SRF PROGRAM)

TO WHOM IT MAY CONCERN:

The undersigned State Director for the United States Department of Agriculture, Rural Development (formerly the United States of America, Farmers Home Administration), as sole present holder of the City of Summersville Water and Sewer System Revenue Bonds, Series 1977, dated August 4, 1981, (the "Series 1977 Bonds"), hereby consents to the issuance of the Issuer's Combined Waterworks and Sewerage System Revenue Bonds, Series 2007 A (West Virginia Infrastructure Fund) and Combined Waterworks and Sewerage System Revenue Bonds, Series 2007 B (West Virginia SRF Program) (collectively, the "Series 2007 Bonds") in an aggregate principal amount not to exceed $10,682,265, on parity with respect to liens, pledges and sources of and security for payment, with the Series 1977 Bonds, under the terms of the Bond Ordinance authorizing such Series 2007 Bonds, and hereby waives any requirements imposed by the Series 1977 Bonds or the Bond Ordinance authorizing the same regarding the issuance of parity bonds which are not met by the Series 2007 Bonds.

Dated this 18th day of April, 2007.

By:_____
Its: State Director

75 High Street Federal Building • Suite 320 • Morgantown, WV 26505-7500
Phone: 304.284.4860 • 1.800.295.8228 • Fax: 304.284.4893 • TTY/TDD: 304.284.4836 • Web: http://www.rurdev.usda.gov/wv

Committed to the future of rural communities.

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

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

February 3, 2005

RECEIVED
FEB 07 2005
Region 4 Planning & Development Council

The Honorable Stanley Adkins
Mayor, City of Summersville
P.O. Box 525
Summersville, West Virginia 26651

Re: City of Summersville
Sewer Project 2004S-829

Dear Mayor Adkins:

The West Virginia Infrastructure and Jobs Development Council (the "Infrastructure Council") has reviewed the City of Summersville's (the "City") preliminary application regarding its proposed project to construct gravity sewer, new influent pretreatment building and aeration system (the "Project").

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

Upon consideration of the preliminary application, the Infrastructure Council determined the City pursue a $6,360,000 Clean Water State Revolving Fund (CWSRF) loan to fund this project. Please contact the WV Department of Environmental Protection at 926-0495 for specific information on the steps the City needs to follow to apply for these funds. **Please note that this letter <u>does not</u> constitute funding approval from this agency.**

The Infrastructure Council also determined that the City, in lieu of the CWSRF loan, may be eligible for an Infrastructure Fund loan of up to $6,360,000 to fund this project pending the City'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,

Mark Prince

Enclosure
cc: Mike Johnson, DEP (w/o enclosure)
Region IV Planning & Development Council
Scott Ankrom, ATS Engineering, Inc.

West Virginia Infrastructure & Jobs Development Council

Public Members:
Mark Prince
Hurricane
Dwight Calhoun
Petersburg
C. R. "Rennie" Hill, III
Beckley
Tim Stranko
Morgantown

RECEIVED
JUL 1 1 2005
Region 4 Planning & Development Council

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

Katy Mallory, PE
Executive Secretary

Katy.Mallory@verizon.net

July 7, 2005

The Honorable Stanley Adkins
Mayor, City of Summersville
P.O. Box 525
Summersville, West Virginia 26651

Re: City of Summersville
Sewer Project 2004S-829

Dear Mayor Adkins:

The West Virginia Infrastructure and Jobs Development Council, at its July 6, 2005 meeting, determined that the City of Summersville (the "City") should utilize a $2,000,000 Clean Water State Revolving Fund loan and voted to offer a binding commitment for an Infrastructure Fund loan of $4,360,000 (0%, 27 yrs) to finance this $6,360,000 project. This project consists of constructing gravity sewer, new Influent Pretreatment Building and aeration system.

In order to receive the proposed binding commitment the City must adhere to a certain project schedule. Please contact Katy Mallory at 558-4607 by **August 29, 2005** to establish the necessary schedule and finalize the proposed binding commitment.

Sincerely,

Mark Prince

cc: Mike Johnson, DEP
[redacted]
Scott Ankrom, ATS Engineering, Inc.

ACORD CERTIFICATE OF LIABILITY INSURANCE

OP ID AH
SUMME-4

DATE (MM/DD/YYYY) 05/14/07

PRODUCER

Commercial Insurance Services
340 MacCorkle Ave. Ste #200
Charleston WV 25314
Phone: 304-345-8000 Fax: 304-345-8014

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.

INSURED

City of Summersville
Kim Shrewsberry, Finance Dir.
P. O. Box 525
Summersville WV 26651

INSURERS AFFORDING COVERAGE	NAIC #
INSURER A: Argonaut Great Central Ins. Co	
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	ADD'L INSRD	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 GEN'L AGGREGATE LIMIT APPLIES PER: POLICY PRO-JECT LOC	PE-4613876-00	07/01/06	07/01/07	EACH OCCURRENCE	$ 1,000,000
						DAMAGE TO RENTED PREMISES (Ea occurence)	$ 500,000
						MED EXP (Any one person)	$ N/A
						PERSONAL & ADV INJURY	$ 1,000,000
						GENERAL AGGREGATE	$ 2,000,000
						PRODUCTS - COMP/OP AGG	$ 2,000,000
						Emp Ben.	1,000,000
A		AUTOMOBILE LIABILITY X ANY AUTO ALL OWNED AUTOS SCHEDULED AUTOS X HIRED AUTOS X NON-OWNED AUTOS	PE-4613876-00	07/01/06	07/01/07	COMBINED SINGLE LIMIT (Ea accident)	$ 1,000,000
						BODILY INJURY (Per person)	$
						BODILY INJURY (Per accident)	$
						PROPERTY DAMAGE (Per accident)	$
		GARAGE LIABILITY ANY AUTO				AUTO ONLY - EA ACCIDENT	$
						OTHER THAN AUTO ONLY: EA ACC	$
						AGG	$
A		EXCESS/UMBRELLA LIABILITY X OCCUR CLAIMS MADE DEDUCTIBLE X RETENTION $ 0	PE-4613876-00	07/01/06	07/01/07	EACH OCCURRENCE	$ 2,000,000
						AGGREGATE	$ 2,000,000
							$
							$
							$
A		WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? If yes, describe under SPECIAL PROVISIONS below	PE-4613876-00	07/01/06	07/01/07	X WC STATU-TORY LIMITS OTH-ER	
						E.L. EACH ACCIDENT	$ 1,000,000
						E.L. DISEASE - EA EMPLOYEE	$ 1,000,000
						E.L. DISEASE - POLICY LIMIT	$ 1,000,000
A		OTHER Property Section	PE-4613876-00	07/01/06	07/01/07	Building Contents	3,163,169 1,485,260

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES / EXCLUSIONS ADDED BY ENDORSEMENT / SPECIAL PROVISIONS

Certificate holder is named as mortgagee as respects Sewer Plant@1191 Arbuckle Road with a Building limit of $1,041,369 and Water Plant@507 Gauley River Road with Building limit of $2,121,800 and Contents of $1,485,260 subject to $1,000 deductible.

CERTIFICATE HOLDER

WVWDCHA

WV Water Development Authority
180 Association Drive
Charleston WV 25311

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING INSURER WILL ENDEAVOR TO MAIL 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

©ACORD CORPORATION 1988

IMPORTANT

If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

DISCLAIMER

The Certificate of Insurance on the reverse side of this form does not constitute a contract between the issuing insurer(s), authorized representative or producer, and the certificate holder, nor does it affirmatively or negatively amend, extend or alter the coverage afforded by the policies listed thereon.

The
TINNEY
LAW FIRM
PLLC

October 13, 2006

Camden P. Siegrist, Esquire
Bowles Rice McDavid Graff & Love
P. O. Box 1386
Charleston, West Virginia 25325-1386

**Re: Affolder, Inc. v. North American Drillers, Inc., et al.
and North American Drillers, Inc. v. City of Summersville
and Stafford Consultants, Inc. v. Engineering Tectonics, P.A.
Case No. 2:04-0952**

Dear Mr. Siegrist:

I am writing in response to your email dated October 5, 2006, in which you posed a series of questions regarding the above referenced action. I understand that your interest stems from your work with the City of Summersville to secure funding for another upcoming municipal project. In fact, I understand that these questions were initially asked by Samme Gee, counsel to the West Virginia Infrastructure and Jobs Development Council and the West Virginia Department of Environmental Protection, the upcoming project's potential funding sources. To the extent that I can, I will try to answer your questions below.

The above referenced action stems from the construction of the water treatment plant for the City of Summersville.

Insurance

I am not aware of any insurance coverage that the City of Summersville has for the claims which are the subject of this litigation. Stafford Consultant's insurance policy is a self-reducing policy, with attorney fees and expenses subtracted from coverage. Unfortunately, this means the coverage provided by Stafford decreases, as the case progresses toward trial. The length of this case thus far has certainly cut significantly into this coverage. Regarding Engineering Tectonics, the last information I had regarding its insurance coverage was a question regarding the existence of coverage in this matter, as a result of agent negligence, creating a potential gap in coverage for the applicable time period. John Riley, president of Engineering Tectonics, and a party individually named by Stafford, has also filed bankruptcy in North Carolina. The court in North Carolina granted Stafford's motion to lift the automatic stay, allowing the case to proceed with Mr. Riley's participation.

Bank One Center, 14th Floor, 707 Virginia Street, East, Post Office Box 3752, Charleston, WV 25337-3752
304-720-3310 • Fax: 304-720-3315 • www.tinneylawfirm.com

Claims Against the City of Summersville

The City of Summersville has been named in this action, as a third party defendant, by the City's engineer, Stafford Consultants, Inc.[1] Stafford's claim is an unjust enrichment claim. This claim essentially alleges that if Stafford mistakenly misrepresented site conditions to contractors bidding on the project, and this led to artificially low bids, then the City received the project at a lower price than it should have received. Stafford asserts that allowing the City to retain this completed project at a lesser cost would be equivalent to a "windfall" at the expense of Stafford and would therefore be unjust.

The City denies any unjust enrichment and asserts if the City is ultimately held responsible to pay the damages of the contractors in this action, North American Drillers, Inc. and Affholder, Inc., then the City is entitled to implied indemnity from Stafford. As the City's engineer on this project, Stafford owed a professional duty and a contractual duty of care to the City. To the extent that Stafford was negligent in its performance of its duties, Stafford should indemnify the City for the contractors' claims.

Damages/Amounts Claimed to be Owed by the City

North American Drillers, Inc. itemizes its damage claim, as of October 2006 as follows:

1. $1,690,555 of additional costs and expenses
2. Amount due to Affholder, (subcontractor), if any (unspecified amount) (*measured by the unpaid balance of Change Order 3)
3. Attorney's fees incurred during this litigation (unspecified amount)
4. Cost and expenses incurred during this litigation (unspecified amount)

Affholder lists its damages as of October 2006 as follows:

Change Order 3 sets the value of Affholder's work at $2,082,649.00
Of that amount, Affholder has been paid $1,562,278.48
Affholder lists the remaining $520,370.52 balance as its measure of direct damages.

---

[1] Please note that the primary contractor, North American Drillers, Inc. initially named the City of Summersville in this action as well. However, the City's contract with NAD included a forum selection clause which required that claims between these parties be heard in the Circuit Court of Nicholas County, West Virginia. Thus, Judge Copenhaver remanded this claim to that court, where it is pending before Judge Gary Johnson. The action in Nicholas County has been effectively stayed while the current case is heard in the U. S. District Court for the Southern District of West Virginia. Any determination in federal court may potentially render the Nicholas County, West Virginia action moot.

However, as the case currently stands in this court, Plaintiff has not sued the City. Stafford has only pled the City in as a third party defendant. Therefore, liability would theoretically have to be first determined against Stafford, before Stafford could collect from the City on its unjust enrichment claim. And, if this scenario occurred, the City would seek implied indemnity from Stafford with respect to its negligence as the City's Engineer on the project.

Assessment of City's Exposure

As you are no doubt aware, any assessment of a litigant's exposure is speculative. Here, the Plaintiff has not brought a claim against the City; the general contractor's claim has been dismissed pursuant to the contract's forum selection clause, and the engineer's unjust enrichment claim appears novel. Obviously, the damages claimed are large; however, we believe the City has limited exposure due to its reliance on professional engineers.

I have also taken the liberty of attaching the parties' Integrated Pretrial Memorandum which sets forth the parties' various positions.

Sincerely,

Meridith Osborne

Meridith A. Osborne

MAO/abm:127
Enclosure

(w/o enc.)
cc: Gregory A. Tucker, Esquire
The Hon. Stanley Adkins

The
TINNEY
LAW FIRM
PLLC

May 14, 2007

VIA FACSIMILE and U.S. MAIL

Camden P. Siegrist, Esquire
Bowles Rice McDavid Graff & Love
P. O. Box 1386
Charleston, WV 25325-1386

**Re: Affolder, Inc. v. North American Drillers, Inc., et al.
and North American Drillers, Inc. v. City of Summersville
and Stafford Consultants, Inc. v. Engineering Tectonics, P.A.
Case No. 2:04-0952**

Dear Mr. Siegrist:

I am writing to provide you with an update regarding the above-referenced matter since our last correspondence on October 10, 2006. As I recall, the purpose of your inquiry is your work with the City of Summersville to secure funding for another upcoming municipal project.

Insurance

Regarding the issue of insurance, I am not aware of any changes since our last correspondence. No additional or different insurance coverage has been found. I am not aware of any insurance coverage that the City of Summersville has for the claims which are the subject of this litigation.

Claims Against the City of Summersville

As you may recall, the City of Summersville has been named in this action, as a third party defendant, by the City's engineer, Stafford Consultants, Inc. Stafford's claim is an unjust enrichment claim. Of course, the City denies any unjust enrichment and asserts if the City is held responsible to pay damages to the contractors, North American Drillers, Inc. and Affholder, Inc., then the City is entitled to implied indemnity from Stafford. Therefore, liability must first be determined against Stafford, before Stafford could collect from the City on its unjust enrichment claim. And, if this scenario occurred, the City would seek implied indemnity from Stafford with respect to its negligence as the City's Engineer on the project.

Bank One Center, 14th Floor, 707 Virginia Street, East, Post Office Box 3752, Charleston, WV 25337-3752
304-720-3310 • Fax: 304-720-3315 • www.tinneylawfirm.com

Updated Posture of Case

The federal court case in the Southern District of West Virginia, was previously pending before Judge John Copenhaver, with a trial set for November 13, 2006. This trial was postponed until November 20, 2006 to allow Stafford Consultants, Affholder, and North American Drillers additional time to discuss possible settlement. Shortly thereafter, these parties arrived at a settlement and requested a hearing to approve this settlement. Judge Copenhaver approved the settlement, dismissing the settling parties' claims with prejudice, and the non-settling parties' claims without prejudice. The City preserved its right to pursue indemnity claims against Stafford in the state court case, pending in Nicholas County, West Virginia. This concluded the portion of the action which would be heard in federal court, but left the state court action pending in Nicholas County before Judge Gary Johnson (Civil Action No. 05-C-01).

A hearing was held before Judge Gary Johnson on January 11, 2007 during which he considered various motions. Among those motions were Motion to Approve Settlement, City of Summersville's Motion for Summary Judgment, Stafford's Counter-Motion for Summary Judgment Against the City of Summersville, and North American's Motion to Dismiss its tort claim against the City, leaving only its contract claims against the City. Stafford and North American argued that West Virginia law does not permit the City to pursue implied indemnity claims against Stafford where the City was not held responsible for the torts of Stafford. Stafford's position was that one must be held jointly and severally liable to the plaintiff for tort liability to assert a claim for implied indemnity.

Judge Johnson approved the settlement between Stafford, Affholder and North American Drillers, over the City's objections that it should be permitted to preserve its indemnity claim against Stafford. Judge Johnson did not find a basis to disagree with Judge Copenhaver's approval of the same settlement. The City argued that it should be permitted to pursue its claim for implied indemnity against Stafford, because the City's alleged liability stemmed from the acts of Stafford. Judge Johnson ruled in North American's and Stafford's favor based on his interpretation of current West Virginia law.

However, because this case created a unique question of law in West Virginia, Judge Johnson and the parties agreed that sending a certified question to the West Virginia Supreme Court of Appeals regarding this issue of implied indemnity was appropriate. Therefore, Judge Johnson entered an Order on April 24, 2007, submitting the parties' certified question to the West Virginia Supreme Court of Appeals for consideration. The case is on hold until a decision is received from the court on this issue. If you have any further questions, please contact myself or Michael O. Callaghan.

Sincerely,

Meridith Osborne

Meridith A. Osborne

MAO/abm:150

cc: Gregory A. Tucker, Esquire
The Hon. Stanley Adkins

CLOSING MEMORANDUM

		Fax No.
To:	Kim Shrewsberry	872-2236
	W. D. Smith/Alice King	872-1012
	Rosalie Brodersen	558-3778
	Carrie Grimm	558-3778
	Jefferson E. Brady, P.E.	558-4609
	Barbara Meadows	558-0299
	Sara L. Boardman	558-1280
	Samme Gee	340-1272

From: Camden P. Siegrist

Closing Date: May 15, 2007

Re: City of Summersville Combined Waterworks and Sewerage System Revenue Bonds Series 2007 A (West Virginia Infrastructure Fund) and Series 2007 B (West Virginia SRF Program)

1. DISBURSEMENTS TO DISTRICT:

A.

Payor:	West Virginia Infrastructure and Jobs Development Council
Source:	Series 2007 A Bonds Proceeds
Amount:	$471,697.00
Form:	Wire
Payee:	City of Summersville
Account:	Series 2007 A Bonds Construction Trust Fund
Wire Instructions:	Bank Name: Branch Banking and Trust Company
	Bank Address: 811 Main Street Summersville, WV 26651
	ABA Number: 051503394
	Account Number: 0005174436489
	Contact: Della J. Clemens
	Phone Number: 872-3131

B.

Payor:	West Virginia Department of Environmental Protection
Source:	Series 2007 B Bonds Proceeds
Amount:	$100,000.00
Form:	Check
Payee:	City of Summersville
Account:	Series 2007 B Bonds Construction Trust Fund
Account No.:	0005174436489 Bank, No. 051503394

2. DISBURSEMENTS BY DISTRICT FROM SERIES 2007 A BONDS CONSTRUCTION TRUST FUND

A.

Payor:	City of Summersville
Source:	Series 2007 A Bonds Construction Trust Fund
Amount:	$4,918.00
Form:	Check
Payee:	ATS Engineering, Inc.
Memo:	Engineering services to be financed with proceeds of Series 2007 A Bonds

B.

Payor:	City of Summersville
Source:	Series 2007 A Bonds Construction Trust Fund
Amount:	$386,194.64
Form:	Check
Payee:	Branch Banking and Trust Company
Memo:	Repayment of Interim Financing

C.

Payor:	City of Summersville
Source:	Series 2007 A Bonds Construction Trust Fund
Amount:	$7,716.87
Form:	Check
Payee:	Gregory A. Tucker, P.L.L.C.
Memo:	Legal Services

D.

Payor:	City of Summersville
Source:	Series 2007 A Bonds Construction Trust Fund
Amount:	$20,500.00
Form:	Check
Payee:	Bowles Rice McDavid Graff & Love LLP
Memo:	Bond Counsel Fees and Expenses

E.

Payor:	City of Summersville
Source:	Series 2007 A Bonds Construction Trust Fund
Amount:	$13,238.62
Form:	Check
Payee:	Region 4 Planning & Development Council
Memo:	Administration Expenses

F.

Payor:	City of Summersville
Source:	Series 2007 A Bonds Construction Trust Fund
Amount:	$38,128.69
Form:	Check
Payee:	City of Summersville
Memo:	Reimbursement for Project Costs to be paid with proceeds of Series 2007 A Bonds

G.	Payor:	City of Summersville
	Source:	Series 2007 A Bonds Construction Trust Fund
	Amount:	$1,000.00
	Form:	Check
	Payee:	BB&T/Trust Dept. Fee Processing Group
	Memo:	Registrar Fee