**THE CITY OF MORGANTOWN**

**ASSUMPTION OF**
**CANYON PUBLIC SERVICE DISTRICT, SEWER REVENUE BONDS, SERIES 2008 A**
**(WEST VIRGINIA INFRASTRUCTURE FUND)**

**AND RE-DESIGNATION AND REPLACEMENT AS**

**COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2013 A**
**(WEST VIRGINIA INFRASTRUCTURE FUND)**

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**CONFORMED BOND ORDINANCE**

**THE CITY OF MORGANTOWN**

ORDINANCE AUTHORIZING THE ACQUISITION OF THE SEWER SYSTEM OF CANYON PUBLIC SERVICE DISTRICT; AUTHORIZING THE ASSUMPTION OF THE CANYON PUBLIC SERVICE DISTRICT SEWER REVENUE BONDS, SERIES 2008 A (WEST VIRGINIA INFRASTRUCTURE FUND) IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED $5,000,000 IN CONNECTION WITH THE ACQUISITION OF THE SEWER SYSTEM AND THE RE-DESIGNATION BY THE CITY OF MORGANTOWN OF THE CANYON PUBLIC SERVICE DISTRICT SEWER REVENUE BONDS, SERIES 2008 A (WEST VIRGINIA INFRASTRUCTURE FUND) AS THE CITY OF MORGANTOWN COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2013 A (WEST VIRGINIA INFRASTRUCTURE FUND); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ASSUMPTION AND RE-DESIGNATION OF SUCH BONDS; ASSUMING, APPROVING, RATIFYING AND CONFIRMING A LOAN AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE ASSUMPTION AND RE-DESIGNATION 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 MORGANTOWN:**

## 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 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 Morgantown (the "Issuer") is a municipal corporation and political subdivision of the State of West Virginia in Monongalia County of said State.

B. The Issuer presently owns and operates, through the Morgantown Utility Board (the "Board"), a public combined waterworks, sewerage, and stormwater system. It is deemed necessary and desirable for the health and welfare of the inhabitants of the Issuer that there be acquired from the Canyon Public Service District (the "District") the existing sewer system of the District (collectively, the "District Assets") from the District, which District Assets constitute properties for the collection, transportation, treatment, purification, or disposal of liquid or solid wastes, residential sewage or industrial waste (the existing combined waterworks, sewerage and stormwater system of the Issuer, and any further additions, betterments and improvements thereto are herein called the "System"), pursuant to an Acquisition Agreement by and among the Issuer, the Board and the District, substantially in the form attached hereto as Exhibit A (the "Acquisition Agreement"). The form of the Acquisition Agreement is hereby approved.

C. The District has heretofore financed a portion the acquisition and construction of public sewerage facilities consisting of a new sanitary sewer collection system to provide sewer service to approximately 125 new customers in Monongalia County, by the issuance of its Sewer Revenue Bonds, Series 2008 A, dated June 26, 2008 issued in the original aggregate principal amount of $5,000,000 (the "District Bonds").

D. The District Bonds were issued pursuant to a Resolution of the District previously adopted for such purpose (such resolution, as amended and supplemented, is herein called the "District Resolution").

E. It is deemed necessary and desirable for the Issuer to provide for the acquisition of the System and the Assumption, Re-designation and Replacement of the District Bonds.

F. The District permanently financed a portion of the District Assets through the issuance of the District Bonds to the West Virginia Water Development Authority (the "Authority"), in connection with the West Virginia Infrastructure Fund (the "West Virginia Infrastructure Fund"), which the Authority administers pursuant to the Act on behalf of the West Virginia Infrastructure and Jobs Development Council.

G. It is deemed necessary for the Issuer to assume the District Bonds and re-Designate and replace them as its Combined Utility System Revenue Bonds, Series 2013 A (West Virginia Infrastructure Fund), in the aggregate principal amount of not more than $5,000,000 (the "Series 2013 A Bonds"), as consideration for acquisition of the District Assets.

H. The period of usefulness of the System is not less than 35 years.

I. It is in the best interests of the Issuer that the Series 2013 A Bonds continue to be held by the Authority pursuant to the terms and provisions of a Loan Agreement by and between the District and the Authority on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), in form satisfactory to the respective parties (the "Loan Agreement"), which Loan Agreement shall be assumed by the Issuer contemporaneously with the acquisition of the District Assets and assumption and replacement of the District Bonds, and which assumption is specifically approved hereby.

J. There are outstanding obligations of the Issuer which will rank on a parity with the Series 2013 A Bonds as to liens, pledge, source of and security for payment, being the Issuer's: (1) Combined Utility System Revenue Bonds, Series 1995 (West Virginia SRF Program), dated April 27, 1995, issued in the original aggregate principal amount of $1,601,477 (the "Series 1995 Bonds"); (2) Combined Utility System Revenue Bonds, Series 2000 A (West Virginia SRF Program), dated February 29, 2000, issued in the original aggregate principal amount of $7,842,000 (the "Series 2000 A Bonds"); (3) Combined Utility System Revenue Bonds, Series 2000 B (West Virginia Infrastructure Fund), dated February 29, 2000, issued in the original aggregate principal amount of $2,488,000 (the "Series 2000 B Bonds"); (4) Combined Utility System Revenue Bonds, Series 2001 A (West Virginia Infrastructure Fund), dated February 8, 2001, issued in the original aggregate principal amount of $3,812,470 (the "Series 2001 A Bonds"); (5) Combined Utility System Revenue Bonds, Series 2006 A (West Virginia SRF Program), dated June 30, 2006, issued in the original aggregate principal amount of $6,410,191 (the "Series 2006 A Bonds"); (6) Combined Utility System Revenue Bonds, Series 2007 A (West Virginia SRF Program), dated August 14, 2007, issued in the original aggregate principal amount of $8,500,000 (the "Series 2007 A Bonds"); (7) Combined Utility System Revenue Bonds, Series 2010 A (Direct Payment Build America Bonds), dated January 28, 2010, issued in the original aggregate principal amount of $37,950,000 (the "Series 2010 A Bonds"); (8) Combined Utility System Revenue Bonds, Series 2010 B (West Virginia SRF Program/ARRA), dated January 28, 2010, issued in the original aggregate principal amount of $81,600 (the "Series 2010 B Bonds"); (9) Combined Utility System Revenue Bonds, Series 2010 C (West Virginia SRF Program), dated January 28, 2010, issued in the original aggregate principal amount of $15,380,227 (the "Series 2010 C Bonds"); (10) Combined Utility System Revenue Bonds, Series 2010 D (West Virginia DWTRF Program), dated January 28, 2010, issued in the original aggregate principal amount of $9,317,286 (the "Series 2010 D Bonds"); (11) Combined Utility System Revenue Bonds, Series 2010 E (West Virginia DWTRF Program/ARRA), dated January 28, 2010, issued in the original aggregate principal amount of $100,000 (the "Series 2010 E Bonds"); (12) Combined Utility System Revenue Bonds, Series 2010 F (Bank Qualified), dated January 28, 2010, issued in the original aggregate amount of $7,250,000 (the "Series 2010 F Bonds"), (13) Combined Utility System Revenue Bonds, Series 2012 A (West Virginia DWTRF Program), dated August 24, 2012, issued in the original aggregate principal amount of $570,000 (the "Series 2012 A Bonds"); (14) Combined Utility System Revenue Bonds, Series 2012 B (West Virginia DWTRF Program), dated August 24, 2012, issued in the original aggregate principal amount of $444,835 (the "Series 2012 B Bonds"); and (15) Combined Utility System Revenue Bonds, Series 2012 C (Bank Qualified), dated October 5, 2012, issued in the original aggregate principal amount of $2,330,000 (the "Series 2012 C Bonds"), (collectively, the "Prior Bonds").

K. Prior to the assumption, re-designation and replacement of the District Bonds, the Issuer will obtain (i) the certificate of an Independent Certified Public Accountant stating that the coverage and parity tests of the Prior Bonds are met, and (ii) the written consent of the Holders of the Series 1995 Bonds, Series 2000 A Bonds, Series 2000 B Bonds, Series 2001 A Bonds, Series 2006 A Bonds, Series 2007 A Bonds, Series 2010 B Bonds, Series 2010 C Bonds, Series 2010 D Bonds, Series 2010 E Bonds, Series 2012 A Bonds and Series 2012 B Bonds to the assumption, re-designation and replacement of the District Bonds on a parity with the Prior Bonds. The Series 2010 A Bonds, Series 2010 F Bonds and Series 2012 C Bonds do not require consent. 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. The Issuer is in compliance with all the covenants of the Prior Bonds and the Prior Ordinances.

L. The estimated revenues to be derived in each year after completion of the acquisition of the District Assets and assumption and re-designation of the District Bonds from the operation of the System will be sufficient to pay all costs of operation and maintenance of the System and the principal of and interest on the Series 2013 A Bonds and the Prior Bonds and to make payments into all funds and accounts and other payments provided for herein.

M. The Issuer has complied with all requirements of West Virginia law and the Loan Agreement relating to authorization of the acquisition of the District Assets and the assumption and re-designation of the District Bonds, or will have so complied prior to the assumption and re-designation of the District Bonds of any thereof, including, among other things, the approval of the acquisition of the District Assets and the assumption and re-designation of the District Bonds by Public Service Commission of West Virginia.

Section 1.03. Bond Legislation Constitutes Contract. In consideration of the acceptance of the Series 2013 A Bonds by the Registered Owners of the same from time to time, this Bond Legislation shall be deemed to be and shall constitute a contract between the Issuer and such Bondholders, and the covenants and agreements herein set forth to be performed by the Issuer shall be for the equal benefit, protection and security of the Bondholders of any and all of such Series 2013 A Bonds, all of which shall be of equal rank and without preference, priority or distinction between any one Bond and any other Bonds and by reason of priority of issuance or otherwise, except as expressly provided therein and herein.

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

"Acquisition Agreement" means the Acquisition Agreement heretofore entered, or to be entered, into by and among the Issuer, the Board and the District, providing for the purchase of the District Assets from the District by the Issuer, the form of which shall be approved, and the execution and delivery by the Issuer authorized and directed or ratified, by the Supplemental Resolution.

"Act" means, collectively, 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 the original purchaser and Registered Owner of the Series 2013 A Bonds, or any other agency, board or department of the State that succeeds to the functions of the Authority, acting in its administrative capacity and upon authorization from the Council under the Act.

"Authorized Officer" means the Mayor or the City Manager of the Issuer, and, in the instance of the Board, the Chairman, the General Manager or the Assistant General Manager, or any other officer of the Issuer or Board specifically designated by resolution of the Governing Body or the Board, as appropriate.

"Board" means the Morgantown Utility Board.

"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 2013 A Bonds, the Prior Bonds and, where appropriate, any bonds on a parity therewith subsequently authorized to be issued hereunder or by another ordinance of the Issuer.

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

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

"City Manager" means the City Manager of the Issuer.

"Closing Date" means the date upon which the District Assets are transferred to the Issuer and the Series 2013 A Bonds are assumed and re-designated by the Issuer.

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

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

"Consulting Engineers" means 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. "Consulting Engineer" shall also include a licensed professional engineer employed by the Board, who is responsible for design and/or supervision of improvements, additions or modifications to the System.

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

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

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

"District" means Canyon Public Service District.

"District Assets" means all assets of the District, including all property, real or personal, tangible or intangible, which is part of the sewerage collection and transportation system of the District.

"District Bonds" means the Canyon Public Service District Sewer Revenue Bonds, Series 2008 A (West Virginia Infrastructure Fund), dated June 26, 2008, issued in the original aggregate principal amount of $5,000,000.

"District Resolution" means the resolutions of the District authorizing the District Bonds.

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

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

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

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

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

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

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

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

"Loan Agreement" means the Loan Agreement heretofore entered into by and between the District and the Authority on behalf of the Council, providing for the purchase of the District Bonds from the District by the Authority, which Loan Agreement shall be assumed by the Issuer contemporaneously with the acquisition of the District Assets and the assumption of and re-designation of the District Bonds by the Issuer, the content of which is hereby approved (with any amendments or modifications required by the Authority as a result of the assumption of and re-designation of the District Bonds), and the assumption by the Issuer authorized and directed.

"Mayor" means the Mayor of the Issuer.

"Net Proceeds" means the face amount of the Series 2013 A Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds, if any, deposited in the Reserve Accounts.

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

"Operating Expenses" means the reasonable, proper and necessary costs of repair, operation and maintenance 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 fees and expenses of the Authority, fiscal agents, the Depository Bank, Registrar and Paying Agent or Paying Agents, 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 any decrease in the value of capital assets, amortization of debt discount or such miscellaneous deductions as are applicable to prior accounting periods.

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

"Outstanding" when used with reference to Bonds or Prior Bonds and as of any particular date, describes all Bonds or Prior Bonds theretofore and thereupon being authenticated and delivered, except (i) any Bond or Prior Bond cancelled by the Bond Registrar or Registrar for Prior Bonds, at or prior to said date; (ii) any Bond or Prior Bonds, for the payment of which 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 X hereof; (iv) any Prior Bond deemed to have been paid; and (v) for purposes of consents or other action by a specified percentage of Bondholders, or holders of Prior Bonds, any Bonds or Prior Bonds registered to the Issuer.

"Parity Bonds" means additional 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 Series 2013 A Bonds in the Supplemental Resolution.

"Prior Bonds" means, collectively, the Series 1995 Bonds, Series 2000 A Bonds, Series 2000 B Bonds, Series 2001 A Bonds, Series 2006 A Bonds, Series 2007 A Bonds, Series 2010 A Bonds, Series 2010 B Bonds, Series 2010 C Bonds, Series 2010 D Bonds, Series 2010 E Bonds, Series 2010 F Bonds, Series 2012 A Bonds, Series 2012 B Bonds and Series 2012 C Bonds.

"Prior Ordinances" means, collectively, the ordinances authorizing the Prior Bonds.

"Qualified Investments" means and includes any of the following or as otherwise authorized in Chapter 8, Article 13, Section 22a of the West Virginia Code of 1931, as amended:

(1) Any direct obligation of, or obligation guaranteed as to the payment of both principal and interest by, the United States of America;

(2) Any evidence of indebtedness issued by any United States government agency guaranteed as to the payment of both principal and interest, directly or indirectly, by the United States of America including, but not limited to, the following: Government National Mortgage Association, federal land banks, federal home loan banks, federal intermediate credit banks, banks for cooperatives, Tennessee Valley Authority, United States postal service, farmers home administration, export-import bank, federal financing bank, federal home loan mortgage corporation, student loan marketing association and federal farm credit banks;

(3) Any evidence of indebtedness issued by the Federal National Mortgage Association to the extent such indebtedness is guaranteed by the government National Mortgage Association;

(4) Any evidence of indebtedness that is secured by a first lien deed of trust or mortgage upon real property situate within this state, if the payment thereof is substantially insured or guaranteed by the United States of America or any agency thereof;

(5) Direct and general obligations of this state;

(6) Any undivided interest in a trust, the corpus of which is restricted to mortgages on real property and, unless all of such property is situate within the state and insured, the trust at the time of the acquisition of the undivided interest, is rated in one of the three highest rating grades by an agency which is nationally known in the field of rating pooled mortgage trusts;

(7) Any bond, note, debenture, commercial paper or other evidence of indebtedness of any private corporation or association: *Provided,* That any such security is, at the time of its acquisition, rated in one of the three highest rating grades by an agency which is nationally known in the field of rating corporate securities: *Provided, however,* That if any commercial paper or any such security will mature within one

year from the date of its issuance, it shall, at the time of its acquisition, be rated in one of the two highest rating grades by any such nationally known agency and commercial paper or other evidence of indebtedness of any private corporation or association shall be purchased only upon the written recommendation from an investment advisor that has over $300 million in other funds under its management;

(8) Negotiable certificates of deposit issued by any bank, trust company, national banking association or savings institution which mature in less than one year and are fully collateralized;

(9) Interest earning deposits including certificates of deposit, with any duly designated state depository, which deposits are fully secured by a collaterally secured bond as provided in section four, article one, chapter twelve of this code: *Provided,* That a banking institution is not required to provide this collaterally secured bond, or other security in lieu of bond, if the deposits accepted are placed in certificates of deposit meeting the following requirements: (A) The funds are invested through a designated state depository selected by the municipality; (B) the selected depository arranges for the deposit of the funds in certificates of deposit in one or more banks or savings and loan associations wherever located in the United States, for the account of the municipality; (C) the full amount of principal and accrued interest of each certificate of deposit is insured by the Federal Deposit Insurance Corporation; (D) the selected depository acts as custodian for the municipality with respect to such certificates of deposit issued for the municipality's account; and (E) at the same time that the municipality's funds are deposited and the certificates of deposit are issued, the selected depository receives an amount of deposits from customers of other financial institutions wherever located in the United States equal to or greater than the amount of the funds invested by the municipality through the selected depository;

(10) Mutual funds registered with the Securities and Exchange Commission which have assets in excess of $300 million; and

(11) Deposits with any duly designated state depository that is selected and authorized by the municipality to arrange for the redeposit of the funds through a deposit placement program that meets the following conditions:

(a) On or after the date that the municipal funds are received the selected depository: (i) Arranges for the redeposit of the funds into deposit accounts in one or more federally insured banks or savings and loan associations that are located in the United States; and (ii) serves as custodian for the municipality with respect to the funds deposited into such accounts.

(b) Municipal funds deposited in a selected depository in accordance with this section and held at the close of business in the selected depository in excess of the amount insured by the Federal Deposit Insurance Corporation shall be secured in accordance with section four, article one, chapter twelve of this code.

(c) The full amount of the funds of the municipality redeposited by the selected depository into deposit accounts in banks or savings and loan associations pursuant to this subsection (plus accrued interest, if any) shall be insured by the Federal Deposit Insurance Corporation.

(d) On the same date that the funds of the municipality are redeposited pursuant to this subsection, the selected depository receives an amount of deposits from customers of other financial institutions through the direct placement program that are equal to the amount of the municipality's funds redeposited by the selected depository.

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

"Registrar" means the Bond Registrar.

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

"Reserve Accounts" means, collectively, the respective Reserve Accounts established for the Series 2013 A Bonds and the Prior Bonds.

"Reserve Requirement" means, collectively, the respective amounts required to be on deposit in any Reserve Account for the Prior Bonds and the Series 2013 A Bonds.

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

"Series 1995 Bonds" means the Combined Utility System Revenue Bonds, Series 1995 (West Virginia SRF Program), of the Issuer, dated April 27, 1995, issued in the original aggregate principal amount of $1,601,477.

"Series 2000 A Bonds" means the Combined Utility System Revenue Bonds, Series 2000 A (West Virginia SRF Program), of the Issuer, dated February 29, 2000, issued in the original aggregate principal amount of $7,842,000.

"Series 2000 B Bonds" means the Combined Utility System Revenue Bonds, Series 2000 B (West Virginia Infrastructure Fund), of the Issuer, dated February 29, 2000, issued in the original aggregate principal amount of $2,488,000.

"Series 2001 A Bonds" means the Combined Utility System Revenue Bonds, Series 2001 A (West Virginia Infrastructure Fund), of the Issuer, dated February 8, 2001, issued in the original aggregate principal amount of $3,812,470.

"Series 2006 A Bonds" means the Combined Utility System Revenue Bonds, Series 2006 A (West Virginia SRF Program), of the Issuer, dated June 30, 2006, issued in the original aggregate principal amount of $6,410,191.

"Series 2007 A Bonds" means the Combined Utility System Revenue Bonds, Series 2007 A (West Virginia SRF Program), of the Issuer, dated August 14, 2007, issued in the original aggregate principal amount of $8,500,000.

"Series 2010 A Bonds" means the Combined Utility System Revenue Bonds, Series 2010 A (Direct Payment Build America Bonds), of the Issuer, dated January 28, 2010, issued in the original aggregate principal amount of $37,950,000.

"Series 2010 B Bonds" means the Combined Utility System Revenue Bonds, Series 2010 B (West Virginia SRF Program/ARRA), of the Issuer, dated January 28, 2010, issued in the original aggregate principal amount of $81,600.

"Series 2010 C Bonds" means the Combined Utility System Revenue Bonds, Series 2010 C (West Virginia SRF Program), of the Issuer, dated January 28, 2010, issued in the original aggregate principal amount of $15,380,227.

"Series 2010 D Bonds" means the Combined Utility System Revenue Bonds, Series 2010 D (West Virginia DWTRF Program), of the Issuer, dated January 28, 2010, issued in the original aggregate principal amount of $9,317,286.

"Series 2010 E Bonds" means the Combined Utility System Revenue Bonds, Series 2010 E (West Virginia DWTRF Program/ARRA), of the Issuer, dated January 28, 2010, issued in the original aggregate principal amount of $100,000.

"Series 2010 F Bonds" means the Combined Utility System Revenue Bonds, Series 2010 F (Bank Qualified), of the Issuer, dated January 28, 2010, issued in the original aggregate principal amount of $7,250,000.

"Series 2012 A Bonds" means the Combined Utility System Revenue Bonds, Series 2012 A (West Virginia DWTRF Program), dated August 24, 2012, issued in the original aggregate principal amount of $570,000.

"Series 2012 B Bonds" means the Combined Utility System Revenue Bonds, Series 2012 B (West Virginia DWTRF Program), dated August 24, 2012, issued in the original aggregate principal amount of $444,835.

"Series 2012 C Bonds" means the Combined Utility System Revenue Bonds, Series 2012 C (Bank Qualified), dated October 5, 2012, issued in the original aggregate principal amount of $2,330,000.

"Series 2013 A Bonds" means the Combined Utility System Revenue Bonds, Series 2013 A (West Virginia Infrastructure Fund), of the Issuer, authorized by this Bond Legislation.

"Series 2013 A Bonds Reserve Account" means the Series 2013 A Bonds Reserve Account established by Section 5.02 hereof.

"Series 2013 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 2013 A Bonds in the then current or any succeeding year.

"Series 2013 A Bonds Sinking Fund" means the Series 2013 A Bonds Sinking Fund established by Section 5.02 hereof.

"Sinking Funds" means, collectively, the respective Sinking Funds established for the Series 2013 A 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 authorizing the sale of the Series 2013 A Bonds; provided, that any matter intended by this Ordinance to be included in the Supplemental Resolution with respect to the Series 2013 A Bonds, and not so included may be included in another Supplemental Resolution.

"Surplus Revenues" means the Net Revenues not required by the Bond Legislation to be set aside and held for the payment of or security for the Series 2013 A Bonds, the Prior Bonds or any other obligations of the Issuer, including, without limitation, the Depreciation Fund, the Sinking Funds and the Reserve Accounts.

"System" means, collectively, the District Assets and the complete existing public combined waterworks, sewerage, and stormwater system of the Issuer, as presently existing in its entirety or any integral part thereof, and shall include any additions, betterments and improvements thereto hereafter acquired or constructed for the System from any sources whatsoever, both within and without the Issuer.

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

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

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

## ARTICLE II

## AUTHORIZATION OF ACQUISITION OF THE DISTRICT ASSETS AND THE ASSUMPTION, RE-DESIGNATION AND REPLACEMENT OF THE DISTRICT BONDS

Section 2.01. Authorization of Acquisition of the District Assets. There is hereby authorized and ordered the acquisition of the District Assets pursuant to the terms of an Acquisition Agreement by and among the Issuer, the Board and the District.

Section 2.02. Authorization of Assumption and Re-designation of the District Bonds. There is hereby authorized and ordered the assumption by the Issuer in full of the entire outstanding principal of and the interest on the District Bonds on the Closing Date in an amount not to exceed $5,000,000. The Issuer also authorizes the re-designation and replacement of the District Bonds as The City of Morgantown Combined Utility Revenue Bonds, Series 2013 A (West Virginia Infrastructure Fund).

## ARTICLE III

## AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND ASSUMPTION AND REPLACEMENT OF DISTRICT BONDS; ASSUMPTION OF LOAN AGREEMENT

Section 3.01. Authorization of Assumption of District Bonds. For the purposes of serving as consideration for the acquisition of the District Assets, the Issuer hereby authorizes the assumption of the indebtedness evident by the District Bonds, and the substitution of a new bond of the Issuer for the District Bonds.

The District Bonds shall be assumed as one series of bonds and re-designated and replaced as "The City of Morgantown Combined Utility System Revenue Bonds, Series 2013 A (West Virginia Infrastructure Fund)," in the principal amount of not more than $5,000,000, and shall have such terms as set forth hereinafter and in the Supplemental Resolution.

Section 3.02. Terms of Bonds. The Series 2013 A Bonds shall be assumed in such principal amount; shall bear interest at such rate or rates, not exceeding the then legal maximum, payable quarterly on such dates; shall mature on such dates and in such amounts; and shall be redeemable, in whole or in part, all as exists on the Closing Date and as the Issuer shall prescribe in a Supplemental Resolution. The Series 2013 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.

As provided by the Supplemental Resolution, the Series 2013 A Bonds shall initially be one series, fully registered to the Authority, with a record of advances and a debt service schedule attached, representing the aggregate principal amount of the Series 2013 A Bonds. The Series 2013 A Bonds shall be exchangeable at the option and expense of the Registered Owner for another fully registered Bond or Bonds of the same series in aggregate

principal amount equal to the amount of said Bonds then Outstanding and being exchanged, with principal installments or maturities, as applicable, corresponding to the dates of payment of principal installments of said Bonds; provided, that the Authority shall not be obligated to pay any expenses of such exchange.

Section 3.03. Execution of Bonds. The Series 2013 A Bonds shall be executed in the name of the Issuer by the Mayor and the City Manager, and the seal of the Issuer shall be affixed thereto or imprinted thereon and attested by the City Clerk. In case any one or more of the officers who shall have signed or sealed the Series 2013 A Bonds shall cease to be such officer of the Issuer before the Series 2013 A Bonds so signed and sealed have been actually sold and delivered, such Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bonds had not ceased to hold such office. Any Series 2013 A Bonds may be signed and sealed on behalf of the Issuer by such person as at the actual time of the execution of such Bonds shall hold the proper office in the Issuer, although at the date of 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 2013 A Bonds shall be valid or obligatory for any purpose or entitled to any security or benefit under this Bond Legislation unless and until the Certificate of Authentication and Registration on such Bond, substantially in the form set forth in Section 3.10 hereof shall have been manually executed by the Bond Registrar. Any such executed Certificate of Authentication and Registration upon any such Bond shall be conclusive evidence that such Bond has been authenticated, registered and delivered under this Bond Legislation. The Certificate of Authentication and Registration on any Series 2013 A Bonds shall be deemed to have been executed by the Bond Registrar if manually signed by an authorized officer of the Bond Registrar, but it shall not be necessary that the same officer sign the Certificate of Authentication and Registration on all of the Bonds issued hereunder.

Section 3.05. Negotiability, Transfer and Registration. Subject to the provisions for transfer of registration set forth below, the Series 2013 A Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder, in accepting the Series 2013 A Bonds shall be conclusively deemed to have agreed that such Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder shall further be conclusively deemed to have agreed that said Bonds shall be incontestable in the hands of a bona fide holder for value.

So long as the Series 2013 A Bonds remain outstanding, the Issuer, through the Bond Registrar or its agent, shall keep and maintain books for the registration and transfer of such Bonds.

The registered Series 2013 A Bonds shall be transferable only upon the books of the Bond Registrar, by the registered owner thereof in person or by his attorney duly authorized in writing, upon surrender thereto together with a written instrument of transfer satisfactory to the Bond Registrar duly executed by the registered owner or his duly authorized attorney.

In all cases in which the privilege of exchanging Series 2013 A Bonds or transferring the registered Series 2013 A Bonds are exercised, all Series 2013 A Bonds shall be delivered in accordance with the provisions of this Bond Legislation. All Series 2013 A Bonds surrendered in any such exchanges or transfers shall forthwith be canceled by the Bond Registrar. For every such exchange or transfer of Series 2013 A Bonds, the Bond Registrar may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer and the cost of preparing each new Bond upon each exchange or transfer, and any other expenses of the Bond Registrar incurred in connection therewith, which sum or sums shall be paid by the Issuer. The Bond Registrar shall not be obliged to make any such exchange or transfer of Series 2013 A Bonds during the period commencing on the 15th day of the month next preceding an interest payment date on the Series 2013 A Bonds or, in the case of any proposed redemption of Series 2013 A Bonds, next preceding the date of the selection of Bonds to be redeemed, and ending on such interest payment date or redemption date.

Section 3.06. Bonds Mutilated, Destroyed, Stolen or Lost. In case any Series 2013 A Bonds shall become mutilated or be destroyed, stolen or lost, the Issuer may, in its discretion, issue, and the Bond Registrar shall, if so advised by the Issuer, authenticate and deliver, a new Bond of the same series and of like tenor as the Bonds so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond, upon surrender and cancellation of such mutilated Bond, or in lieu of and substitution for the Bond destroyed, stolen or lost, and upon the Holder's furnishing satisfactory indemnity and complying with such other reasonable regulations and conditions as the Issuer may prescribe and paying such expenses as the Issuer and the Bond Registrar may incur. All Bonds so surrendered shall be 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 2013 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 Gross Revenues derived from the System as herein provided. No Holder or Holders of the Series 2013 A Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Series 2013 A Bonds or the interest thereon.

Section 3.08. Bonds Secured by Pledge of Gross Revenues; Lien Position with respect to Prior Bonds. The payment of debt service of the Series 2013 A Bonds shall be secured by a first lien on the Gross Revenues derived from the System, on a parity with the lien on the Gross Revenues in favor of the Holders of the Prior Bonds. Such Gross Revenues in an amount sufficient to pay the principal of and interest, if any, on the Series 2013 A Bonds and the Prior Bonds and to make all other payments provided for in the Bond Legislation and Prior Ordinances are hereby irrevocably pledged to such payments as they become due.

Section 3.09. Delivery of Bonds. The Issuer shall execute and deliver as substitute the Series 2013 A Bonds to the Registrar, and the Registrar shall authenticate, register and deliver the Series 2013 A Bonds to the original purchasers upon receipt of the documents set forth below:

A. If other than the Authority, a list of the names in which the Series 2013 A Bonds are to be registered upon original issuance, together with such taxpayer identification and other information as the Bond Registrar may reasonably require;

B. A request and authorization to the Bond Registrar on behalf of the Issuer, signed by an Authorized Officer, to authenticate and deliver the Series 2013 A Bonds to the original purchasers;

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

D. An executed copy of the Loan Agreement; and

E. The unqualified approving opinion of bond counsel on the Series 2013 A Bonds.

Section 3.10. Form of Bonds. The text of the Series 2013 A Bonds shall be in substantially the following form, with such omissions, insertions and variations as may be necessary and desirable and authorized or permitted hereby, or by any Supplemental Resolution adopted prior to the assumption and re-designation thereof:

[Remainder of Page Intentionally Blank]

(FORM OF SERIES 2013 A BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE CITY OF MORGANTOWN
COMBINED UTILITY SYSTEM REVENUE BOND, SERIES 2013 A
(WEST VIRGINIA INFRASTRUCTURE FUND)

Replacement Bond
for
Canyon Public Service District
Sewer Revenue Bonds, Series 2008 A
(West Virginia Infrastructure Fund)

No. AR-1 $_____

KNOW ALL MEN BY THESE PRESENTS: That on this the _____ day of _____, 2013, THE CITY OF MORGANTOWN, a municipal corporation and political subdivision of the State of West Virginia in Monongalia 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 ($_____) which is the amount outstanding, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing _____ 1, 20___ to and including June 1, 2048 as set forth on the "Debt Service Schedule" attached as EXHIBIT A 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 Canyon Public Service District and the Authority on behalf of the Council, dated June 26, 2008, which Loan Agreement was assumed by the Issuer on _____, 2013.

The Issuer is simultaneously assuming the Canyon Public Service District Sewer Revenue Bonds, Series 2008 A (West Virginia Infrastructure Fund), (the "District Bonds") and has re-designating and replacing the District Bonds with this Bond to be known as "The City of Morgantown Combined Utility System Revenue Bonds, Series 2013 A (West Virginia Infrastructure Fund)" 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 July 5, 2011, and a Supplemental Resolution and Conformed Bond Ordinance duly adopted by the Issuer on August 6, 2013 (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 ASSUMED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S:

(1) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 1995 (WEST VIRGINIA SRF PROGRAM), DATED APRIL 27, 1995, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,601,477 (THE "SERIES 1995 BONDS");

(2) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2000 A (WEST VIRGINIA SRF PROGRAM), DATED FEBRUARY 29, 2000, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $7,842,000 (THE "SERIES 2000 A BONDS");

(3) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2000 B (WEST VIRGINIA INFRASTRUCTURE FUND), DATED FEBRUARY 29, 2000, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,488,000 (THE "SERIES 2000 B BONDS");

(4) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2001 A (WEST VIRGINIA INFRASTRUCTURE FUND), DATED FEBRUARY 8, 2001, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $3,812,470 (THE "SERIES 2001 A BONDS");

(5) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2006 A (WEST VIRGINIA SRF PROGRAM), DATED JUNE 30, 2006, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $6,410,191 (THE "SERIES 2006 A BONDS");

(6) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2007 A (WEST VIRGINIA SRF PROGRAM), DATED AUGUST 14, 2007, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $8,500,000 (THE "SERIES 2007 A BONDS");

(7) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 A (DIRECT PAYMENT BUILD AMERICA BONDS), DATED JANUARY 28, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $37,950,000 (THE "SERIES 2010 A BONDS");

(8) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 B (WEST VIRGINIA SRF PROGRAM/ARRA), DATED JANUARY 28, 2010, ISSUED IN THE

ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $81,600 (THE "SERIES 2010 B BONDS");

(9) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 C (WEST VIRGINIA SRF PROGRAM), DATED JANUARY 28, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $15,380,227 (THE "SERIES 2010 C BONDS");

(10) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 D (WEST VIRGINIA DWTRF PROGRAM), DATED JANUARY 28, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $9,317,286 (THE "SERIES 2010 D BONDS");

(11) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 E (WEST VIRGINIA DWTRF PROGRAM/ARRA), DATED JANUARY 28, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $100,000 (THE "SERIES 2010 E BONDS");

(12) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 F (BANK QUALIFIED), DATED JANUARY 28, 2010, ISSUED IN THE ORIGINAL AGGREGATE AMOUNT OF $7,250,000 (THE "SERIES 2010 F BONDS");

(13) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2012 A (WEST VIRGINIA DWTRF PROGRAM), DATED AUGUST 24, 2012, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $570,000 (THE "SERIES 2012 A BONDS");

(14) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2012 B (WEST VIRGINIA DWTRF PROGRAM), DATED AUGUST 24, 2012, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $444,835 (THE "SERIES 2012 B BONDS"); AND

(15) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2012 C (BANK QUALIFIED), DATED OCTOBER 5, 2012, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,330,000 (THE "SERIES 2012 C BONDS"), (COLLECTIVELY, THE "PRIOR BONDS").

This Bond is payable only from and secured by a pledge of the Gross Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Gross Revenues in favor of the holders of the Prior Bonds, and from moneys in the reserve account created under the Bond Legislation for the Bonds (the "Series 2013 A Bonds Reserve Account"). Such Gross 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 an indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest hereon, except from said special fund provided from the Gross Revenues, the moneys in the Series 2013 A Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted

and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest on the Bonds, and all other obligations secured by a lien on or payable from such revenues on a parity with the Bonds, including the Prior Bonds; provided, however, that so long as there exists in the Series 2013 A Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with the Bonds, including the Prior Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

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 assumption and re-designation 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 Gross 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.

[Remainder of Page Intentionally Blank]

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

[SEAL]

By: _____
Mayor

By: _____
City Manager

ATTEST:

By: _____
City Clerk

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2013 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: _____, 2013.

THE HUNTINGTON NATIONAL BANK,
as Registrar

By: _____
Its: Authorized Officer

EXHIBIT A

DEBT SERVICE SCHEDULE

(Form of)

ASSIGNMENT

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

Dated: _____, 20____.

In the presence of: _____

Section 3.11. Sale of Bonds; Approval and Ratification of Execution of Loan Agreement. The District Bonds were sold to the Authority, pursuant to the terms and conditions of the Loan Agreement. The Loan Agreement, including all schedules and exhibits attached thereto, and as assumed by the Issuer are hereby approved and incorporated into this Bond Legislation.

Section 3.12. Reserved.

## ARTICLE IV

## [RESERVED]

## ARTICLE V

## FUNDS AND ACCOUNTS; SYSTEM REVENUES AND APPLICATION THEREOF

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

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

(2) Depreciation Fund (established by the Prior Ordinances); and

(3) Operation and Maintenance Fund (established by the Prior Ordinances).

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 or the Issuer and from each other:

(1) Series 1995 Bonds Sinking Fund (established by Prior Ordinances);

(2) Series 1995 Bonds Reserve Account established by Prior Ordinances);

(3) Series 2000 A Bonds Sinking Fund (established by Prior Ordinances);

(4) Series 2000 A Bonds Reserve Account established by Prior Ordinances);

(5) Series 2000 B Bonds Sinking Fund (established by Prior Ordinances);

(6) Series 2000 B Bonds Reserve Account established by Prior Ordinances);

(7) Series 2001 A Bonds Sinking Fund (established by Prior Ordinances);

(8) Series 2001 A Bonds Reserve Account established by Prior Ordinances);

(9) Series 2006 A Bonds Sinking Fund (established by Prior Ordinances);

(10) Series 2006 A Bonds Reserve Account established by Prior Ordinances);

(11) Series 2007 A Bonds Sinking Fund (established by Prior Ordinances);

(12) Series 2007 A Bonds Reserve Account established by Prior Ordinances);

(13) Series 2010 A Bonds Sinking Fund (established by Prior Ordinances);

(14) Series 2010 A Bonds Reserve Account (established by Prior Ordinances);

(15) Series 2010 C Bonds Sinking Fund (established by Prior Ordinances);

(16) Series 2010 C Bonds Reserve Account (established by Prior Ordinances);

(17) Series 2010 D Bonds Sinking Fund (established by Prior Ordinances);

(18) Series 2010 D Bonds Reserve Account (established by Prior Ordinances);

(19) Series 2010 E Bonds Sinking Fund (established by Prior Ordinances);

(20) Series 2010 E Bonds Reserve Account (established by Prior Ordinances);

(21) Series 2010 F Bonds Sinking Fund (established by Prior Ordinances);

(22) Series 2010 F Bonds Reserve Account (established by Prior Ordinances);

(23) Series 2012 A Bonds Sinking Fund (established by Prior Ordinances);

(24) Series 2012 A Bonds Reserve Account (established by Prior Ordinances);

(25) Series 2012 B Bonds Sinking Fund (established by Prior Ordinances);

(26) Series 2012 B Bonds Reserve Account (established by Prior Ordinances);

(27) Series 2012 C Bonds Sinking Fund (established by Prior Ordinances);

(28) Series 2012 C Bonds Reserve Account (established by Prior Ordinances);

(29) Series 2013 A Bonds Sinking Fund; and

(30) Series 2013 A Bonds Reserve Account

Section 5.03. System Revenues; Flow of Funds. A. The entire Gross Revenues derived from the operation of the System and all parts thereof shall be deposited upon receipt by the Issuer in the Revenue Fund. The Revenue Fund shall constitute a trust fund for the purposes provided in the Prior Ordinances and this Bond Legislation and shall be kept separate and distinct from all other funds of the Issuer and the Depository Bank and used only for the purposes and in the manner provided in the Prior Ordinances and this Bond Legislation. All moneys at any time on deposit in the Revenue Fund shall be disposed of only in the following manner and order of priority:

(1) The Issuer shall first, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the Commission the amounts required by the Prior Ordinances to pay interest on the Series 1995 Bonds, Series 2001 A Bonds, Series 2006 A Bonds, Series 2007 A Bonds, Series 2010 A Bonds, Series 2010 C Bonds, Series 2010 D Bonds, Series 2010 E Bonds, Series 2010 F Bonds, Series 2012 A Bonds and Series 2010 C Bonds.

(2) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the Commission (i) the amounts required by the Prior Ordinances to pay the principal of the Prior Bonds; and (ii) for deposit in the Series 2013 A Bonds Sinking Fund, an amount equal to 1/3rd of the amount of principal which will mature and become due on the Series 2013 A

Bonds on the next ensuing quarterly principal payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 2013 A Bonds Sinking Fund and the next quarterly principal payment date is less than 3 months, then such monthly payments shall be increased proportionately to provide, 1 month prior to the next quarterly principal payment date, the required amount of principal coming due on such date.

(3) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the Commission (i) the amounts required by the Prior Ordinances to be deposited in the Reserve Accounts for the Prior Bonds; and (ii) for deposit in the Series 2013 A Bonds Reserve Account, an amount equal to $1/120^{th}$ of the Series 2013 A Bonds Reserve Requirement; provided that, no further payments shall be made into the Series 2013 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 2013 A Bonds Reserve Requirement.

(4) The Issuer shall next, each month, transfer from the Revenue Fund and deposit in the Operation and Maintenance Fund, an amount sufficient to pay the current Operating Expenses of the System.

(5) The Issuer shall next, from the moneys remaining in the Revenue Fund, on the first day of each month transfer to the Depreciation Fund, an amount equal to 2 ½% of the Gross Revenues each month (as previously set forth in the Prior Ordinances and not in addition thereto), exclusive of any payments for account of any Reserve Account. All funds in the Depreciation 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 Depreciation Fund for replacements, emergency repairs, improvements or extensions to the System; provided, that any deficiencies in the Reserve Accounts (except to the extent such deficiency exists because the required payments into such accounts have not, as of the date of determination of a deficiency, funded such accounts to the maximum extent required hereof) shall be promptly eliminated with moneys from the Depreciation Fund.

(6) After making all of the foregoing deposits and payments, any excess moneys then remaining in the Revenue Fund ("Surplus Revenues") may be used for any lawful purpose of the System.

Moneys in the Series 2013 A Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest on the Series 2013 A Bonds, as the same shall become due. Moneys in the Series 2013 A Bonds Reserve Account shall be used only for the purpose of paying principal of and interest on the Series 2013 A Bonds, as the same shall come due, when other moneys in the Series 2013 A Bonds Sinking Fund are insufficient therefor, and for no other purpose.

All investment earnings on moneys in the Series 2013 A Bonds Sinking Fund and the Series 2013 A Bonds Reserve Account shall be returned, not less than once each year, by the Commission to the Issuer, and such amounts shall be deposited in the Revenue Fund and applied in full, first to the next ensuing interest payment due on the Series 2013 A Bonds, and then to the next ensuing principal payment due thereon.

Any withdrawals from the Series 2013 A Bonds Reserve Account which results in a reduction in the balance therein to below the Series 2013 A Bonds Reserve Requirement shall be subsequently restored from the first Gross 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 2013 A Bonds are issued, provision shall be made for additional payments into the respective sinking fund sufficient to pay the interest on such additional parity Bonds and accomplish retirement thereof at maturity and to accumulate a balance in the respective reserve account in an amount equal to the requirement thereof.

The Issuer shall not be required to make any further payments into the Series 2013 A Bonds Sinking Fund or the Series 2013 A Bonds Reserve Account, when the aggregate amount of funds therein are at least equal to the aggregate principal amount of the Series 2013 A Bonds issued pursuant to this Bond Legislation then Outstanding and all interest to accrue until the maturity thereof.

Interest, principal or reserve payments, whether made for a deficiency or otherwise, shall be made on a parity and pro rata, with respect to the Prior Bonds and the Series 2013 A Bonds, in accordance with the respective principal amounts then Outstanding.

The Commission is hereby designated as the fiscal agent for the administration of the Series 2013 A Bonds Sinking Fund and the Series 2013 A Bonds Reserve Account created hereunder, and all amounts required for said accounts shall be remitted to the Commission from the Revenue Fund by the Issuer at the times provided herein. 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.

Moneys in the Series 2013 A Bonds Sinking Fund and the Series 2013 A Bonds Reserve Account shall be invested and reinvested by the Commission in accordance with Section 8.01 hereof.

The Series 2013 A Bonds Sinking Fund and the Series 2013 A Bonds Reserve Account shall be used solely and only for, and are hereby pledged for, the purpose of servicing the Series 2013 A Bonds under the conditions and restrictions set forth herein.

B. The Issuer shall on the first day of each month (if such day is not a business day, then the next succeeding business day), deposit with the Commission the required interest, principal and reserve payments with respect to the Series 2013 A Bonds and all such payments shall be remitted to the Commission with appropriate instructions as to the custody, use and application thereof consistent with the provisions of this Bond Legislation.

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

D. Whenever all of the required and provided transfers and payments from the Revenue Fund into the several special funds, as hereinabove provided, are current and there remains in the Revenue Fund a balance in excess of the estimated amounts required to be so transferred and paid into such funds during the following month or such other period as required by the Act, such excess shall be considered as surplus revenues (the "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 moneys in excess of the maximum amounts insured by FDIC in any of the 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 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 shall clearly identify the fund or account into which each amount is to be deposited.

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

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

## ARTICLE VI

## [RESERVED]

## 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 2013 A Bonds. In addition to the other covenants, agreements and provisions of this Bond Legislation, the Issuer hereby covenants and agrees with the Holders of the Series 2013 A Bonds as hereinafter provided in this Article VII. All such covenants, agreements and provisions shall be irrevocable, except as provided herein, as long as any of the Series 2013 A Bonds or the interest thereon is Outstanding and unpaid.

Section 7.02. Bonds not to be Indebtedness of the Issuer. The Series 2013 A Bonds shall not be nor constitute a corporate indebtedness of the Issuer within the meaning of any constitutional, statutory or charter limitation of indebtedness, but shall be payable solely from the funds pledged for such payment by this Bond Legislation. No Holder or Holders of the Series 2013 A Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Series 2013 A Bonds or the interest thereon.

Section 7.03. Bonds Secured by Pledge of Gross Revenues; Lien Position with respect to Prior Bonds. The payment of debt service of the Series 2013 A Bonds shall be secured by a first lien on the Gross Revenues derived from the System, on a parity with the lien on the Gross Revenues in favor of the Holders of the Prior Bonds. Such Gross Revenues in an amount sufficient to pay the principal of and interest on the Series 2013 A Bonds and the Prior Bonds and to make all other payments provided for in this Bond Legislation and the Prior Ordinances are hereby irrevocably pledged to such payments as they become due.

Section 7.04. Rates and Charges. The Issuer has obtained any and all approvals of rates and charges required by State law and has taken any other action required to establish and impose such rates and charges, with all requisite appeal periods having expired without successful appeal and the Issuer shall supply an opinion of counsel to such effect. Such rates and charges shall be sufficient to comply with the requirements of the Loan Agreement and the Issuer shall supply a certificate of certified public accountant to such effect. The initial schedule of rates and charges for the services and facilities of the System shall be as set forth in the water rate ordinance of the Issuer enacted June 21, 2011, the sewer rate ordinance of the Issuer enacted November 20, 2012, and the stormwater rate ordinance of the Issuer enacted December 6, 2011, which rates are incorporated herein by reference as a part hereof.

So long as the Series 2013 A Bonds are outstanding, the Issuer covenants and agrees to fix and collect rates, fees and other charges for the use of the System and to take all such actions necessary to provide funds sufficient to produce the required sums set forth in the Bond Legislation and in compliance with the Loan Agreement. In the event the schedule of rates,

fees and charges initially established for the System in connection with the Series 2013 A Bonds shall prove to be insufficient to produce the required sums set forth in this Bond Legislation and the Loan Agreement, the Issuer hereby covenants and agrees that it will, to the extent or in the manner authorized by law, immediately adjust and increase such schedule of rates, 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 2013 A Bonds are outstanding and except as otherwise required by 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 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 2013 A Bonds, immediately be remitted to the Commission for deposit in the Series 2013 A Bonds Sinking Fund and, with the written permission of the Council and the Authority, or in the event the Authority is no longer a Bondholder, the Issuer shall direct the Commission to apply such proceeds to the payment of principal of and interest on the Series 2013 A Bonds. Any balance remaining after the payment of the Series 2013 A 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 Board 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 Revenue 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 Board shall first, determine, that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then, if it be so advised, by resolution duly adopted, authorize such sale, lease or other disposition of such property upon public bidding. The proceeds of any such sale shall be deposited in the Depreciation Fund. The payment of such proceeds into the Depreciation Fund shall not reduce the amount required to be paid into such account by other provisions of this Bond Legislation.

No sale, lease or other disposition of the properties of the System shall be made by the Issuer if the proceeds to be derived therefrom, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, shall be in excess of $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 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.

Moneys received upon any such sale under this paragraph, after deduction of all costs of such sale, shall be deposited in the Revenue Fund.

Section 7.06. Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances. Except as provided for in Section 7.06 and Section 7.07 hereof, the Issuer shall not issue any other obligations whatsoever payable from the revenues of the System which rank prior to, or equally, as to lien on and source of and security for payment from such revenues with the Series 2013 A Bonds and the Prior Bonds. All obligations issued by the Issuer after the assumption and re-designation of the Series 2013 A Bonds and payable from the revenues of the System, except such additional parity Bonds, shall contain an express statement that such obligations are junior and subordinate, as to lien on and source of and security for payment from such revenues and in all other respects, to the Series 2013 A Bonds; provided, that no such subordinate obligations shall be issued unless all payments required to be made into all funds and accounts established by this Bond Legislation have been made and are current at the time of the issuance of such subordinate obligations.

Except as provided above, the Issuer shall not create, or cause or permit to be created, any debt, lien, pledge, assignment, encumbrance or any other charge having priority over or being on a parity with the lien of the Series 2013 A Bonds, and the interest thereon, upon any of the income and revenues of the System pledged for payment of the Series 2013 A Bonds and the interest thereon in this Bond Legislation, or upon the System or any part thereof.

The Issuer shall give the Authority and the Council prior written notice of its issuance of any other obligations to be used for the System, payable from the revenues of the System or from any grants for the 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 assumption and re-designation of the Series 2013 A Bonds pursuant to this Bond Legislation, without the prior written consent of the Authority and the Council and without complying with the conditions and requirements 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 2013 A Bonds.

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

No Parity Bonds shall be issued at any time, however, unless and until there has been procured and filed with the City Clerk a written statement by the Independent Certified Public Accountants, reciting the conclusion that the Net Revenues actually derived, subject to the adjustments hereinafter provided for, from the System during any 12 consecutive months, within

the 18 months immediately preceding the date of the actual issuance of such Parity Bonds, plus the estimated average increased annual Net Revenues expected to be received in each of the 3 succeeding years after the completion of the improvements to be financed by such Parity Bonds, if any, shall not be less than 115% of the largest aggregate amount that will mature and become due in any succeeding Fiscal Year for principal of and interest on the following:

(1) The Bonds then Outstanding;

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

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

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

The Net Revenues actually derived from the System during the 12 consecutive month period hereinabove referred to may be adjusted by adding to such Net Revenues such additional Net Revenues which would have been received, in the opinion of the Independent Certified Public Accountants, on account of increased rates, rentals, fees and charges for the System enacted by the Issuer, the time for appeal of which shall have expired (without successful appeal) prior to the issuance of such Parity Bonds. For purposes of this test, the terms "Gross Revenues" and "Net Revenues" shall not include proceeds from the sale of capital assets.

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 theretofore or subsequently issued from time to time within the limitations of and in compliance with this section. All Bonds, regardless of the time or times of their issuance, shall rank equally with respect to their lien on the Gross Revenues of the System, and their source of and security for payment from the Gross Revenues, without preference of any Bond over any other. The Issuer shall comply fully with all the increased payments into the various funds and accounts created in this Bond Legislation required for and on account of such Parity Bonds, in addition to the payments required for Bonds theretofore issued pursuant to this Bond Legislation.

Parity Bonds shall not be deemed to include bonds, notes, certificates or other obligations subsequently issued, the lien of which on the revenues of the System is subject to the prior and superior lien of the Series 2013 A 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 2013 A Bonds.

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

Section 7.08. Books; Records and Audit. The Board shall permit the Authority and the Council, or their agents and representatives, to inspect all books, documents, papers and records relating to the System at all reasonable times for the purpose of audit and examination. The Board shall submit to the Authority and the Council such documents and information as they may reasonably require in connection with the operation and maintenance of the System.

The Board shall permit the Authority and the Council, or their agents and representatives, to inspect all records pertaining to the operation and maintenance of the System at all reasonable times.

The Board 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 Board. 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 Board. The Board 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 Board shall be reported to such agent of the Issuer as the Board shall direct.

The Board shall file with the Authority and the Council, or any other original purchaser of the Series 2013 A Bonds, and shall mail in each year to any Holder or Holders of the Series 2013 A Bonds, requesting the same, an annual report containing the following:

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

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

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

The Board shall also, at least once a year, cause the books, records and accounts of the System to be audited by Independent Certified Public Accountant (and to the extent legally required, in compliance with the applicable OMB Circular, or any successor thereof, and the Single Audit Act, or any successor thereof), and shall mail upon request, and make available generally, the report of the Independent Certified Public Accountant, or a summary thereof, to any Holder or Holders of the Series 2013 A Bonds and shall submit said report to the Authority and the Council, or any other original purchaser of the Series 2013 A Bonds. Such audit report submitted to the Authority and the Council shall include a statement that notes whether the results of tests disclosed instances of noncompliance that are required to be reported under government auditing standards and, if there are, describes the instances of noncompliance and the audited financial statements shall include a statement that notes whether the revenues of the System are adequate to meet the Issuer's Operating Expenses and debt service and reserve requirements.

The Board shall provide the Authority and the Council, or their agents and representatives, with access to the System site and System facilities as may be reasonably necessary to accomplish all of the powers and rights of the Authority and the Council with respect to the System pursuant to the Act.

Section 7.09. Rates. Prior to the assumption and re-designation of the Series 2013 A 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 City Clerk, which copies will be open to inspection by all interested parties. The schedule of rates and charges shall at all times be adequate to produce Gross Revenues from the System sufficient to pay Operating Expenses and to make the prescribed payments into the funds created hereunder. Such schedule of rates and charges shall be changed and readjusted whenever necessary so that the aggregate of the rates and charges will be sufficient for such purposes. In order to assure full and continuous performance of this covenant, with a margin for contingencies and temporary unanticipated reduction in income and revenues, the Issuer hereby covenants and agrees that the schedule of rates or charges from time to time in effect shall be sufficient, together with other revenues of the System (i) to provide for all Operating Expenses of the System and (ii) to leave a balance each year equal to at least 115% of the maximum amount required in any year for payment of principal of and interest on the Series 2013 A Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2013 A Bonds, including the Prior Bonds; provided that, in the event that amounts equal to or in excess of the reserve requirements are on deposit in the Series 2013 A Bonds Reserve Account and any reserve accounts for obligations on a parity with the Series 2013 A Bonds are funded at least at the requirement therefor, such balance each year need only equal at least 110% of the maximum amount required in any year for payment of principal of and interest, if any, on the Series 2013 A Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2013 A Bonds, including the Prior Bonds. In any event, the Issuer shall not reduce the rates or charges for services set forth in the rate ordinances described in Section 7.04.

The Issuer hereby covenants to commence enactment of such ordinance or ordinances as shall be required to increase the rates and charges for the services and facilities of the System within 30 days following a determination of the Independent Certified Public Accountant that less than the above-required coverage exists or in the event that the annual audit

report shows less than the above-required coverage, such increase to provide rates and charges sufficient to produce such required coverage.

Section 7.10. Operating Budget and Monthly Financial Report. The Board shall annually, at least 45 days preceding the beginning of each Fiscal Year, prepare and adopt by resolution a detailed, balanced budget of the estimated revenues and expenditures for operation and maintenance of the System during the succeeding Fiscal Year and shall submit a copy of such budget to the Authority and the Council within 30 days of adoption thereof.

Section 7.11. Engineering Services and Operating Personnel. The Issuer shall employ qualified operating personnel properly certified by the State to operate the System during the entire term of the Loan Agreement.

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

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

Whenever any fees, rates, rentals or other charges for the services and facilities of the System shall remain unpaid for a period of 20 days after the same shall become due and payable, the user of the services and facilities shall be delinquent until such time as all such rates and charges are fully paid. To the extent authorized by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, rates, rentals and other charges, if not paid, when due, shall become a lien on the premises served by the System. The Issuer further covenants and agrees that, it will, to the full extent permitted by law and the rules and regulations promulgated by the Public Service Commission of West Virginia, discontinue and shut off the services of the stormwater portion of the System and any services and facilities of the waterworks portion of the System, to all users of the services of the stormwater system delinquent in payment of charges for the services of the stormwater system and will not restore such services of either the waterworks system or the stormwater system until all delinquent charges for the services of the stormwater system, plus reasonable interest and penalty charges for the restoration of service, have been fully paid and shall take all further actions to enforce collections to the maximum extent permitted by law. If the waterworks facilities are not owned by the Issuer, the Issuer shall use diligent efforts to enter into a termination agreement with the provider of such water services, subject to any required approval of such agreements by the Public Service Commission of West Virginia.

Section 7.14. No Free Services. The Board 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 the Board, or any department, agency, instrumentality, officer or employee of either shall avail itself or themselves of the facilities or

services provided by the System, or any part thereof, the same rates, fees or charges applicable to other customers receiving like services under similar circumstances shall be charged the Issuer, the Board 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 A. The Board hereby covenants and agrees that so long as the Series 2013 A Bonds remain Outstanding, the Board 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 Board 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 Depreciation Fund and used only for the repairs and restoration of the damaged or destroyed properties or for the other purposes provided herein for the Depreciation Fund.

(2) PUBLIC LIABILITY INSURANCE, with limits of not less than $1,000,000 per occurrence to protect the Board 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 and the Board from claims arising out of operation or ownership of motor vehicles of or for the System.

(3) WORKERS' COMPENSATION COVERAGE FOR ALL EMPLOYEES OF OR FOR THE SYSTEM ELIGIBLE THEREFOR; AND PERFORMANCE AND PAYMENT OR COMPLETION BONDS, such bonds to be in the amounts of not less than 100% of the amount of any construction contract and to be required of each contractor dealing directly with the Board 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 any additions, extensions or improvements for the System in compliance with West Virginia Code, Section 38-2-39.

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

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

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

Section 7.16. Mandatory Use. The mandatory use of the sewer facilities of the System is essential and necessary for the protection and preservation of the public health, comfort, safety, convenience and welfare of the inhabitants and residents of, and the economy of, the Issuer. Accordingly, to the extent permitted by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, every owner, tenant or occupant of any real property located near the sewer portion of the System, and where sewer from real property affects or drains into the sewer portion of the System, shall be deemed to be a user served by the sewer portion of the System and it is declared that the mandatory use of the sewer portion of the System by such real property owner is necessary and essential for the health and welfare of the inhabitants and residents of the Issuer and the State. To the extent permitted by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, every such owner, tenant or occupant shall, after a 30-day notice of the availability of the sewer portion of the System, pay the rates and charges established therefor.

Section 7.17. Operation and Maintenance; Permits and Orders. The Board shall 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 Board has obtained all permits required by state and federal laws for the acquisition of the District Assets and assumption and re-designation of the District Bonds and all approvals for acquisition of the District Assets and assumption and re-designation of the Series 2013 A Bonds required by state law, with all requisite appeal periods having expired without successful appeal and the Issuer shall supple an opinion of counsel to such effect.

Section 7.18. Compliance with Loan Agreement and Law. The Issuer and the Board 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 and the Board shall provide the Council with copies of all documents submitted to the Authority.

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

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

Section 7.19. Reserved.

Section 7.20. Securities Laws Compliance. The Issuer shall 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. Reserved..

Section 7.22. Statutory Mortgage Lien. For the further protection of the Holders of the Series 2013 A Bonds, a statutory mortgage lien upon the System is granted and created by the Act, which statutory mortgage lien is hereby recognized and declared to be valid and binding, shall take effect immediately upon delivery of the Series 2013 A Bonds, and shall be on a parity with the statutory mortgage lien in favor of the Holders of the Prior Bonds.

## ARTICLE VIII

## INVESTMENT OF FUNDS

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

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

The Depository Bank shall keep complete and accurate records of all funds, accounts and investments, and shall distribute to the Issuer, at least once each year, or more often as reasonably requested by the Issuer, a summary of such funds, accounts and investment earnings. The Issuer shall retain all such records and any additional records with respect to such funds, accounts and investment earnings so long as any of the Series 2013 A Bonds are Outstanding and as long thereafter as necessary to assure the exclusion of interest, if any, on the Series 2013 A Bonds from gross income for federal income tax purposes.

Section 8.02. Covenants as to Use of Proceeds. The Issuer covenants (i) to comply with the Code and all Regulations from time to time in effect and applicable to the Series 2013 A Bonds as may be necessary in order to maintain the status of the Series 2013 A 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 2013 A Bonds which would cause any

bonds, the interest on which is exempt from federal income taxation under Section 103(a) of the Code, issued by the Authority or the Council, as the case may be, from which the proceeds of the Series 2013 A Bonds are derived, to lose their status as tax-exempt bonds; and (iii) to take such action, or refrain from taking such action, as shall be deemed necessary by the Issuer, or requested by the Authority or the Council, to ensure compliance with the covenants and agreements set forth in this Section, regardless of whether such actions may be contrary to any of the provisions of this Ordinance.

The Issuer shall annually furnish to the Authority, information with respect to the Issuer's use of the proceeds of the Series 2013 A 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 2013 A Bonds:

(1) If default occurs in the due and punctual payment of the principal of or interest on any Series 2013 A Bonds; or

(2) If default occurs in the Issuer's observance of any of the covenants, agreements or conditions on its part relating to the Series 2013 A Bonds set forth in this Bond Legislation, any supplemental resolution or in the Series 2013 A Bonds and such default shall have continued for a period of 30 days after the Issuer shall have been given written notice of such default by the Commission, the Depository Bank, the Registrar, the Paying Agent or any other Paying Agent or a Holder of a Bond; or

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

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

Section 9.02. Remedies. Upon the happening and continuance of any Event of Default, any Registered Owner of a Bond may exercise any available remedy and bring any appropriate action, suit or proceeding to enforce his or her rights and, in particular, (i) bring suit for any unpaid principal or interest then due, (ii) by mandamus or other appropriate proceeding enforce all rights of such Registered Owners including the right to require the Issuer to perform its duties under the Act and the Bond Legislation relating thereto, including but not limited to the making and collection of sufficient rates or charges for services rendered by the System, (iii) bring suit upon the Bonds; (iv) by action at law or bill in equity require the Issuer to account as if it were the trustee of an express trust for the Registered Owners of the Bonds, and (v) by action or bill in equity enjoin any acts in violation of the Bond Legislation with respect to the Bonds, or the rights of such Registered Owners; provided however, that all rights and remedies of the Holders of the Series 2013 A Bonds shall be on a parity with those of the Holders of the Prior Bonds.

Section 9.03. Appointment of Receiver. Any Registered Owner of a Bond may, by proper legal action, compel the performance of the duties of the Issuer under the Bond Legislation and the Act, including, the 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 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 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 2013 A Bonds, the principal of and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Bond Legislation, then the pledge of Gross 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 2013 A Bonds shall thereupon cease, terminate and become void and be discharged and satisfied, except as may otherwise be necessary to assure the exclusion of interest on the Series 2013 A Bonds from gross income for federal income tax purposes.

## ARTICLE XI

## MISCELLANEOUS

Section 11.01. Amendment or Modification of Bond Legislation. Prior to the assumption and re-designation of the Series 2013 A Bonds, this Ordinance may be amended or supplemented in any way by the Supplemental Resolution. Following assumption and re-designation of the Series 2013 A Bonds, no material modification or amendment of this Ordinance, or of any ordinance, resolution or order amendatory or supplemental hereto, that would materially and adversely affect the rights of Registered Owners of the Series 2013 A Bonds shall be made without the consent in writing of the Registered Owners of the Series 2013 A Bonds so affected and then Outstanding; provided, that no change shall be made in the maturity of any Bond or Bonds or the rate of interest thereon, or in the principal amount thereof, or affecting the unconditional promise of the Issuer to pay such principal and interest out of the funds herein pledged therefor without the consent of the Registered Owner thereof. No amendment or modification shall be made that would reduce the percentage of the principal amount of the Series 2013 A Bonds required for consent to the above-permitted amendments or modifications. Notwithstanding the foregoing, this Bond Legislation may be amended without the consent of any Bondholder as may be necessary to assure compliance with Section 148(f) of the Code relating to rebate requirements or otherwise as may be necessary to assure the excludability of interest on the Series 2013 A Bonds from gross income of the holders thereof.

Section 11.02. Bond Legislation Constitutes Contract. The provisions of the Bond Legislation shall constitute a contract between the Issuer and the Registered Owners of the 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 2013 A Bonds.

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

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

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

Section 11.07. Appointment. The Issuer does hereby appoint, designate and approve the hiring of Steptoe & Johnson PLLC, Charleston, West Virginia, as bond counsel to the Issuer and the Board in connection with the assumption and re-designation by the Issuer of the Series 2013 A Bonds.

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 *Dominion Post*, a newspaper published and of general circulation in The City of Morgantown, together with a notice stating that this Ordinance has been adopted and that the Issuer contemplates the assumption and re-designation of the Series 2013 A Bonds, and that any person interested may appear before the Governing Body upon a date certain, not less than ten days subsequent to the date of the first publication of such abstract of this Ordinance and notice, and present protests, and that a certified copy of this Ordinance is on file with the Governing Body for review by interested persons during office hours of the Governing Body. At such hearing, all objections and suggestions shall be heard and the Governing Body shall take such action as it shall deem proper in the premises.

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

Passed on First Reading: June 7, 2011

Passed on Second Reading: June 21, 2011

Passed on Final Reading
Following Public Hearing: July 5, 2011

By: _____
Mayor

ATTEST:

By: _____
City Clerk

627490.00043



5753978

CERTIFICATION

Certified a true copy of an Ordinance duly enacted by the Council of THE CITY OF MORGANTOWN on the 5th day of July, 2011 as supplemented by Supplemental Resolution dated August 6, 2013.

Dated: August 22, 2013.

[SEAL]

Linda L. Little
City Clerk

**EXHIBIT A**

Form of Acquisition Agreement

THE CITY OF MORGANTOWN

Combined Utility System Revenue Bonds, Series 2013 A
(West Virginia Infrastructure Fund)

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNTS, DATES, MATURITY DATES, REDEMPTION PROVISIONS, INTEREST RATES, INTEREST AND PRINCIPAL PAYMENT DATES, SALE PRICES AND OTHER TERMS OF THE COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2013 A (WEST VIRGINIA INFRASTRUCTURE FUND) OF THE CITY OF MORGANTOWN; APPROVING THE ASSUMPTION OF THE LOAN AGREEMENT RELATING TO SUCH BONDS AND THE ASSUMPTION, REDESIGNATION, REPLACEMENT AND DELIVERY OF SUCH BONDS TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; APPROVING A CONFORMED ORDINANCE; DESIGNATING A REGISTRAR, AND PAYING AGENT; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

WHEREAS, the City council (the "Governing Body") of The City of Morgantown (the "Issuer" or "Governmental Agency") has duly and officially adopted and enacted a bond ordinance, effective July 5, 2011 (the "Bond Ordinance"), entitled:

ORDINANCE AUTHORIZING THE ACQUISITION OF THE SEWER SYSTEM OF CANYON PUBLIC SERVICE DISTRICT; AUTHORIZING THE ASSUMPTION OF THE CANYON PUBLIC SERVICE DISTRICT'S SEWER REVENUE BONDS, SERIES 2008 A (WEST VIRGINIA INFRASTRUCTURE FUND) IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED $5,000,000 IN CONNECTION WITH THE ACQUISITION OF THE SEWER SYSTEM AND THE RE-DESIGNATION BY THE CITY OF MORGANTOWN OF THE CANYON PUBLIC SERVICE DISTRICT SEWER REVENUE BONDS, SERIES 2008 A (WEST VIRGINIA INFRASTRUCTURE FUND) AS THE CITY OF MORGANTOWN COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2011 A (WEST VIRGINIA INFRASTRUCTURE FUND); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ASSUMPTION AND RE-DESIGNATION OF SUCH BONDS; ASSUMING, APPROVING, RATIFYING AND CONFIRMING A LOAN

AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE ASSUMPTION AND RE-DESIGNATION AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

WHEREAS, since the enactment of the Bond Ordinance the City has issued additional bonds, particularly the Series 2012 A Bonds, Series 2012 B Bonds and Series 2012 C Bonds. In addition, the Series 1992 Bonds have matured.

WHEREAS, the acquisition of the District Bonds, hereinafter defined, did not occur in 2011, but will occur in 2013;

WHEREAS, the Issuer desires to amend the Bond Ordinance through this Supplemental Resolution and Conformed Bond Ordinance (collectively, the "Bond Legislation")

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

WHEREAS, the Bond Ordinance provides for the assumption of the Canyon Public Service District Sewer Revenue Bonds, Series 2008 A (West Virginia Infrastructure Fund), dated June 26, 2008, issued in the original aggregate principal amount of $5,000,000 (the "District Bonds") and re-designation and replacement as The City of Morgantown Combined Utility Revenue Bonds, Series 2013 A (West Virginia Infrastructure Fund) in an aggregate principal amount not to exceed $5,000,000 (the "Series 2013 A Bonds");

WHEREAS, as of June 30, 2013, an amount of $4,605,260 was outstanding on the District Bonds.

WHEREAS, the Bond Ordinance has authorized the assumption of a loan agreement relating to the District Bonds, by and between the District and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), including all schedules and exhibits attached thereto, by and among the District and the Authority (the "Loan Agreement");

WHEREAS, in the Bond Ordinance it is provided that the District Bonds be re-designated and replaced with the Series 2013 A Bonds and the exact principal amounts, dates, maturity dates, redemption provisions, interest rates, interest and principal payment dates, sale prices and other terms of the Series 2013 A Bonds should be established by a supplemental resolution pertaining to the Series 2013 A Bonds; and that other matters relating to the Series 2013 A Bonds be herein provided for;

WHEREAS, the Governing Body deems it essential and desirable that this supplemental resolution (the "Supplemental Resolution") be adopted, that the Loan Agreement be assumed by the Issuer, that the exact principal amount, the dates, the maturity date, the redemption provisions, the interest rates, if any, the interest and principal payment dates of the Series 2013 A Bonds be fixed hereby in the manner stated herein, and that other matters relating to the Series 2013 A Bonds be herein provided for;

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

Section 1. The Issuer hereby approves the Conformed Bond Ordinance attached hereto as Exhibit A. The changes include designating the District Bonds as Series 2013 A Bonds and incorporating the Series 2012 A Bonds, Series 2012 B Bonds and Series 2012 C Bonds issued since the adoption of the ordinance.

Section 2. Pursuant to the Bond Ordinance and the Act, this Supplemental Resolution is adopted and there are hereby authorized and ordered the assumption of the District Bonds and replacement of the District Bonds with The City of Morgantown Combined Utility Revenue Bonds, Series 2013 A (West Virginia Infrastructure Fund), originally represented by a single Bond, numbered AR-1, in the original aggregate principal amount of $$4,605,260 which is the amount outstanding. The Series 2013 A Bonds shall be dated August 22, 2013, shall finally mature on June 1, 2048 and shall bear no interest. The principal of the Series 2013 A Bonds shall be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing September 1, 2013 to and including June 1, 2048 and in the amounts as set forth in Exhibit B of the Series 2013 A Bonds. The Series 2013 A Bonds shall be subject to redemption upon the written consent of the Authority and the Council, and upon payment of the interest and redemption premium, if any, and otherwise in compliance with the Loan Agreement, so long as the Authority shall be the registered owner of the Series 2013 A Bonds.

Section 3. All other provisions relating to the Series 2013 A Bonds and the text of the Series 2013 A Bonds shall be in substantially the forms provided in the Bond Ordinance.

Section 4. The Issuer does hereby authorize, approve, ratify and accept the Loan Agreement and Acquisition Agreement, copies of which are incorporated herein by reference, and the performance of the obligations contained therein, on behalf of the Issuer, are hereby authorized, directed, ratified and approved. The Issuer hereby affirms all covenants and representations made in the Loan Agreement and in the applications to the Council and the Authority.

Section 5. The Issuer does hereby appoint and designate The Huntington National Bank, Charleston, West Virginia, to serve as Registrar (the "Registrar") for the Series 2013 A Bonds under the Bond Ordinance and does approve and accept the Registrar's Agreement to be dated the date of delivery of the Series 2013 A Bonds, by and between the Issuer and the Registrar, and the execution and delivery of the Registrar's Agreement by the Mayor, and the performance of the obligations contained therein, on behalf of the Issuer, are hereby authorized, approved and directed.

Section 6. The Issuer does hereby appoint and designate the West Virginia Municipal Bond Commission, Charleston, West Virginia, to serve as Paying Agent for the Series 2013 A Bonds under the Bond Ordinance.

Section 7. The District's Series 2008 A Bonds Sinking Fund is hereby assumed by the Issuer and renamed as The City of Morgantown, Series 2013 A Bonds Sinking Fund.

Section 8. The District's Series 2008 A Bonds Reserve Account is hereby assumed by the Issuer and renamed as The City of Morgantown, Series 2013 A Bonds Reserve Account. The Series 2013 A Bonds Reserve Account Requirement is $131,580. Any amount in the Series 2013 A Bonds Reserve Account in excess of the Series 2013 A Bonds Reserve Account Requirement shall be disbursed by the Commission to the Issuer.

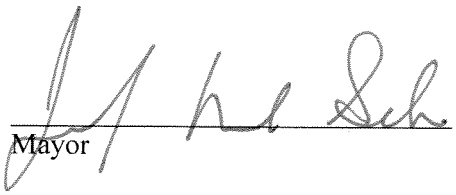
Section 9. The Mayor and the Clerk are hereby authorized and directed to execute and deliver such other documents and certificates required or desirable in connection with the Series 2013 A Bonds hereby and by the Bond Ordinance approved and provided for, to the end that the Series 2013 A Bonds may be delivered on or about August 22, 2013, to the Authority.

Section 10. The assumption of the District Bonds is in the public interest, serves a public purpose of the Issuer and will promote the health, welfare and safety of the residents of the Issuer.

Section 11. This Supplemental Resolution shall be effective immediately following adoption hereof.

[Remainder of Page Intentionally Blank]

Adopted this 6th day of August, 2013.



Mayor

CERTIFICATION

Certified a true copy of a Supplemental Resolution duly adopted by the Council of The City of Morgantown on the 6th day of August, 2013.

Dated: August 22, 2013.

[SEAL]

Linda L. Lucas
Clerk

627490.00042

EXHIBIT A
CONFORMED BOND ORDINANCE [TAB 1]

**BOND ORDINANCE**

**THE CITY OF MORGANTOWN**

**ASSUMPTION OF**
**CANYON PUBLIC SERVICE DISTRIC SEWER REVENUE BONDS, SERIES 2008**
**(WEST VIRGINIA INFRASTRUCTURE FUND)**

**AND RE-DESIGNATED AS**

**COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2011 A**
**(WEST VIRGINIA INFRASTRUCTUTRE FUND)**

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**BOND ORDINANCE**

**THE CITY OF MORGANTOWN**

ORDINANCE AUTHORIZING THE ACQUISITION OF THE SEWER SYSTEM OF CANYON PUBLIC SERVICE DISTRICT; AUTHORIZING THE ASSUMPTION OF THE CANYON PUBLIC SERVICE DISTRICT'S SEWER REVENUE BONDS, SERIES 2008 A (WEST VIRGINIA INFRASTRUCTURE FUND) IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED $5,000,000 IN CONNECTION WITH THE ACQUISITION OF THE SEWER SYSTEM AND THE RE-DESIGNATION BY THE CITY OF MORGANTOWN OF THE CANYON PUBLIC SERVICE DISTRICT SEWER REVENUE BONDS, SERIES 2008 A (WEST VIRGINIA INFRASTRUCTURE FUND) AS THE CITY OF MORGANTOWN COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2011 A (WEST VIRGINIA INFRASTRUCTURE FUND); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ASSUMPTION AND RE-DESIGNATION OF SUCH BONDS; ASSUMING, APPROVING, RATIFYING AND CONFIRMING A LOAN AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE ASSUMPTION AND RE-DESIGNATION 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 MORGANTOWN:

## 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 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 Morgantown (the "Issuer") is a municipal corporation and political subdivision of the State of West Virginia in Monongalia County of said State.

B. The Issuer presently owns and operates, through the Morgantown Utility Board (the "Board"), a public combined waterworks, sewerage, and stormwater system. It is deemed necessary and desirable for the health and welfare of the inhabitants of the Issuer that there be acquired from the Canyon Public Service District (the "District") the existing sewer system of the District (collectively, the "District Assets") from the District (the "Project"), which District Assets constitute properties for the collection, transportation, treatment, purification, or disposal of liquid or solid wastes, residential sewage or industrial waste (the existing combined waterworks, sewerage and stormwater system of the Issuer, the Project and any further additions, betterments and improvements thereto are herein called the "System"), pursuant to an Acquisition Agreement by and among the Issuer, the Board and the District, substantially in the form attached hereto as Exhibit A (the " Acquisition Agreement").

C. The District has heretofore financed the acquisition and construction of public sewerage facilities consisting of a new sanitary sewer collection system to provide sewer service to approximately 125 new customers in Monongalia County, by the issuance of its Sewer Revenue Bonds, Series 2008 A, dated June 26, 2008 issued in the original aggregate principal amount of $5,000,000 (the "District Bonds").

D. The District Bonds were issued pursuant to a Resolution of the District previously enacted for such purpose (such resolution, as amended and supplemented, is herein called the "District Resolution").

E. It is deemed necessary and desirable for the Issuer to provide for the acquisition of the System and the Assumption and Re-designation of the District Bonds. The form of the Acquisition Agreement is hereby approved.

F. The District permanently financed the acquisition of the District Assets through the issuance of the District Bonds to the West Virginia Water Development Authority (the "Authority"), in connection with the West Virginia Infrastructure Fund (the "Infrastructure Fund"), which the Authority administers pursuant to the Act on behalf of the West Virginia Infrastructure and Jobs Development Council.

G. It is deemed necessary for the Issuer to assume the District Bonds and Re-Designate them its Combined Utility System Revenue Bonds, Series 2011 A (West Virginia Infrastructure Fund), in the aggregate principal amount of not more than $5,000,000 (the "Series 2011 A Bonds"), as consideration for acquisition of the District Assets.

H. The period of usefulness of the System after completion of the Project is not less than 38 years.

I. It is in the best interests of the Issuer that the Series 2011 A Bonds continue to be held by the Authority pursuant to the terms and provisions of a Loan Agreement by and between the District and the Authority on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), in form satisfactory to the respective parties (the "Loan

Agreement"), which Loan Agreement shall be assumed by the Issuer contemporaneously with the acquisition of the District Assets and assumption of the District Bonds, and which assumption is specifically approved hereby.

J. There are outstanding obligations of the Issuer which will rank on a parity with the Series 2011 A Bonds as to liens, pledge, source of and security for payment, being the Issuer's: (1) Combined Utility System Revenue Bonds, Series 1992 (West Virginia SRF Program), dated September 8, 1992, issued in the original aggregate principal amount of $11,900,000 (the "Series 1992 Bonds"); (2) Combined Utility System Revenue Bonds, Series 1995 (West Virginia SRF Program), dated April 27, 1995, issued in the original aggregate principal amount of $1,601,477 (the "Series 1995 Bonds"); (3) Combined Utility System Revenue Bonds, Series 2000 A (West Virginia SRF Program), dated February 29, 2000, issued in the original aggregate principal amount of $7,842,000 (the "Series 2000 A Bonds"); (4) Combined Utility System Revenue Bonds, Series 2000 B (West Virginia Infrastructure Fund), dated February 29, 2000, issued in the original aggregate principal amount of $2,488,000 (the "Series 2000 B Bonds"); (5) Combined Utility System Revenue Bonds, Series 2001 A (West Virginia Infrastructure Fund), dated February 8, 2001, issued in the original aggregate principal amount of $3,812,470 (the "Series 2001 A Bonds"); (6) Combined Utility System Revenue Bonds, Series 2006 A (West Virginia SRF Program), dated June 30, 2006, issued in the original aggregate principal amount of $6,410,191 (the "Series 2006 A Bonds"); (7) Combined Utility System Revenue Bonds, Series 2007 A (West Virginia SRF Program), dated August 14, 2007, issued in the original aggregate principal amount of $8,500,000 (the "Series 2007 A Bonds"); (8) Combined Utility System Revenue Bonds, Series 2010 A (Direct Payment Build America Bonds), dated January 28, 2010, issued in the original aggregate principal amount of $37,950,000 (the "Series 2010 A Bonds"); (9) Combined Utility System Revenue Bonds, Series 2010 B (West Virginia SRF Program/ARRA), dated January 28, 2010, issued in the original aggregate principal amount of $81,600 (the "Series 2010 B Bonds"); (10) Combined Utility System Revenue Bonds, Series 2010 C (West Virginia SRF Program), dated January 28, 2010, issued in the original aggregate principal amount of $15,380,227 (the "Series 2010 C Bonds"); (11) Combined Utility System Revenue Bonds, Series 2010 D (West Virginia DWTRF Program), dated January 28, 2010, issued in the original aggregate principal amount of $9,317,286 (the "Series 2010 D Bonds"); (12) Combined Utility System Revenue Bonds, Series 2010 E (West Virginia DWTRF Program/ARRA), dated January 28, 2010, issued in the original aggregate principal amount of $100,000 (the "Series 2010 E Bonds"); and (13) Combined Utility System Revenue Bonds, Series 2010 F (Bank Qualified), dated January 28, 2010, issued in the original aggregate amount of $7,250,000 (the "Series 2010 F Bonds"), (collectively, the "Prior Bonds").

K. Prior to the assumption and re-designation of the District's Bonds, the Issuer will obtain (i) the certificate of an Independent Certified Public Accountant stating that the coverage and parity tests of the Prior Bonds are met, and (ii) the written consent of the Holders of the Series 1992 Bonds, Series 1995 Bonds, Series 2000 A Bonds, Series 2000 B Bonds, Series 2001 A Bonds, Series 2006 A Bonds, Series 2007 A Bonds, Series 2010 B Bonds, Series 2010 C Bonds, Series 2010 D Bonds and Series 2010 E Bonds to the assumption and re-designation of the District's Bonds on a parity with the Prior Bonds. The Series 2010 A Bonds and Series 2010 F Bonds do not require consent. 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. The Issuer is in compliance with all the covenants of the Prior Bonds and the Prior Ordinances.

L. The estimated revenues to be derived in each year after completion of the acquisition of the District's Assets and assumption and re-designation of the District Bonds from the operation of the System will be sufficient to pay all costs of operation and maintenance of the System and the principal of and interest on the Series 2011 A Bonds and the Prior Bonds and to make payments into all funds and accounts and other payments provided for herein.

M. The Issuer has complied with all requirements of West Virginia law and the Loan Agreement relating to authorization of the acquisition of the District's Assets and the assumption and re-designation of the District Bonds, or will have so complied prior to the assumption and re-designation of the District Bonds of any thereof, including, among other things, the approval of the acquisition of the District's Assets and the assumption and re-designation of the District Bonds by Public Service Commission of West Virginia.

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

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

"Act" means, collectively, Chapter 8, Article 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 the original purchaser and Registered Owner of the Series 2011 A Bonds, or any other agency, board or department of the State that succeeds to the functions of the Authority, acting in its administrative capacity and upon authorization from the Council under the Act.

"Authorized Officer" means the Mayor or the City Manager of the Issuer, and, in the instance of the Board, the Chairman, the General Manager or the Assistant General Manager, or any other officer of the Issuer or Board specifically designated by resolution of the Governing Body or the Board, as appropriate.

"Board" means the Morgantown Utility Board.

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

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

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

"City Manager" means the City Manager of the Issuer.

"Closing Date" means the date upon which the District Assets are transferred to the Issuer and the Series 2011 A Bonds are assumed and re-designated by the Issuer.

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

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

"Consulting Engineers" means 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. "Consulting Engineer" shall also include a licensed professional engineer employed by the Board, who is responsible for design and/or supervision of improvements, additions or modifications to the System.

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

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

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

"District Assets" means all assets of the District, including all property, real or personal, tangible or intangible, which is part of the sewerage collection and transportation system of the District.

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

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

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

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

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

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

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

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

"Loan Agreement" means the Loan Agreement heretofore entered into by and between the District and the Authority on behalf of the Council, providing for the purchase of the District's Bonds from the District by the Authority, which Loan Agreement shall be assumed by the Issuer contemporaneously with the acquisition of the District Assets and the assumption of and re-designation of the District's Bonds by the Issuer, the content of which is hereby approved (with any amendments or modifications required by the Authority as a result of the assumption of and re-designation of the District's Bonds), and the assumption by the Issuer authorized and directed.

"Mayor" means the Mayor of the Issuer.

"Net Proceeds" means the face amount of the Series 2011 A Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds, if any, deposited in the Reserve Accounts. For purposes of the Private Business Use limitations set forth herein, the term Net Proceeds shall include any amounts resulting from the investment of proceeds of the Series 2011 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.

"Operating Expenses" means the reasonable, proper and necessary costs of repair, operation and maintenance of the System, and includes, without limiting the generality of the foregoing, administrative, engineering, legal, auditing and insurance expenses (other than those capitalized as part of the Costs, fees and expenses of the Authority, fiscal agents, the Depository Bank, Registrar and Paying Agent or Paying Agents, 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 any decrease in the value of capital assets, amortization of debt discount or such miscellaneous deductions as are applicable to prior accounting periods.

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

"Outstanding" when used with reference to Bonds or Prior Bonds and as of any particular date, describes all Bonds or Prior Bonds theretofore and thereupon being authenticated and delivered, except (i) any Bond or Prior Bond cancelled by the Bond Registrar or Registrar for Prior Bonds, at or prior to said date; (ii) any Bond or Prior Bonds, for the payment of which 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 X hereof; (iv) any Prior Bond deemed to have been paid; and (v) for purposes of consents or other action by a specified percentage of Bondholders, or holders of Prior Bonds, any Bonds or Prior Bonds registered to the Issuer.

"Parity Bonds" means additional 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 Series 2011 A Bonds in the Supplemental Resolution.

"Prior Bonds" means, collectively, the Series 1992 Bonds, Series 1995 Bonds, Series 2000 A Bonds, Series 2000 B Bonds, Series 2001 A Bonds, Series 2006 A Bonds, Series 2007 A Bonds, Series 2010 A Bonds, Series 2010 B Bonds, Series 2010 C Bonds, Series 2010 D Bonds, Series 2010 E Bonds and Series 2010 F Bonds.

"Prior Ordinances" means, collectively, the ordinances authorizing the Prior Bonds.

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

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

(a) Government Obligations;

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

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

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

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

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

(g) Repurchase agreements, fully secured by investments of the types described in paragraphs (a) through (e) above, with banks or national banking associations which are members of FDIC or with government bond dealers recognized as primary dealers by the Federal Reserve Bank of New York, provided, that said investments securing said repurchase agreements either must mature as nearly as practicable coincident with the maturity of said repurchase

agreements or must be replaced or increased so that the market value thereof is always at least equal to the principal amount of said repurchase agreements, and provided further that the holder of such repurchase agreement shall have a prior perfected security interest in the collateral therefor; must have (or its agent must have) possession of such collateral; and such collateral must be free of all claims by third parties;

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

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

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

"Registrar" means the Bond Registrar.

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

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

"Reserve Requirement" means, collectively, the respective amounts required to be on deposit in any Reserve Account for the Prior Bonds and the Series 2011 A Bonds.

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

"Series 1992 Bonds" means the Combined Utility System Revenue Bonds, Series 1992 (West Virginia SRF Program), of the Issuer, dated September 8, 1992, issued in the original aggregate principal amount of $11,900,000.

"Series 1995 Bonds" means the Combined Utility System Revenue Bonds, Series 1995 (West Virginia SRF Program), of the Issuer, dated April 27, 1995, issued in the original aggregate principal amount of $1,601,477.

"Series 2000 A Bonds" means the Combined Utility System Revenue Bonds, Series 2000 A (West Virginia SRF Program), of the Issuer, dated February 29, 2000, issued in the original aggregate principal amount of $7,842,000.

"Series 2000 B Bonds" means the Combined Utility System Revenue Bonds, Series 2000 B (West Virginia Infrastructure Fund), of the Issuer, dated February 29, 2000, issued in the original aggregate principal amount of $2,488,000.

"Series 2001 A Bonds" means the Combined Utility System Revenue Bonds, Series 2001 A (West Virginia Infrastructure Fund), of the Issuer, dated February 8, 2001, issued in the original aggregate principal amount of $3,812,470.

"Series 2006 A Bonds" means the Combined Utility System Revenue Bonds, Series 2006 A (West Virginia SRF Program), of the Issuer, dated June 30, 2006, issued in the original aggregate principal amount of $6,410,191.

"Series 2007 A Bonds" means the Combined Utility System Revenue Bonds, Series 2007 A (West Virginia SRF Program), of the Issuer, dated August 14, 2007, issued in the original aggregate principal amount of $8,500,000.

"Series 2010 A Bonds" means the Combined Utility System Revenue Bonds, Series 2010 A (Direct Payment Build America Bonds), of the Issuer, dated January 28, 2010, issued in the original aggregate principal amount of $37,950,000.

"Series 2010 B Bonds" means the Combined Utility System Revenue Bonds, Series 2010 B (West Virginia SRF Program/ARRA), of the Issuer, dated January 28, 2010, issued in the original aggregate principal amount of $81,600.

"Series 2010 C Bonds" means the Combined Utility System Revenue Bonds, Series 2010 C (West Virginia SRF Program), of the Issuer, dated January 28, 2010, issued in the original aggregate principal amount of $15,380,227.

"Series 2010 D Bonds" means the Combined Utility System Revenue Bonds, Series 2010 D (West Virginia DWTRF Program), of the Issuer, dated January 28, 2010, issued in the original aggregate principal amount of $9,317,286.

"Series 2010 E Bonds" means the Combined Utility System Revenue Bonds, Series 2010 E (West Virginia DWTRF Program/ARRA), of the Issuer, dated January 28, 2010, issued in the original aggregate principal amount of $100,000.

"Series 2010 F Bonds" means the Combined Utility System Revenue Bonds, Series 2010 F (Bank Qualified), of the Issuer, dated January 28, 2010, issued in the original aggregate principal amount of $7,250,000.

"Series 2011 A Bonds" means the Combined Utility System Revenue Bonds, Series 2011 A (West Virginia Infrastructure Fund), of the Issuer, authorized by this Bond Legislation.

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

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

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

"Sinking Funds" means, collectively, the respective Sinking Funds established for the Series 2011 A 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 authorizing the sale of the Series 2011 A Bonds; provided, that any matter intended by this Ordinance to be included in the Supplemental Resolution with respect to the Series 2011 A Bonds, and not so included may be included in another Supplemental Resolution.

"Surplus Revenues" means the Net Revenues not required by the Bond Legislation to be set aside and held for the payment of or security for the Series 2011 A Bonds, the Prior Bonds or any other obligations of the Issuer, including, without limitation, the Depreciation Fund, the Sinking Funds and the Reserve Accounts.

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

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

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

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

## ARTICLE II

## AUTHORIZATION OF ACQUISITION OF THE DISTRICT ASSETS AND THE

## ASSUMPTION AND RE-DESIGNATION OF THE DISTRICT BONDS

Section 2.01. Authorization of Acquisition of the District Assests. There is hereby authorized and ordered the acquisition of the District Assets pursuant to the terms of an Acquisition Agreement by and between the Issuer and the District.

Section 2.02. Authorization of Assumption and Re-designation of the District Bonds. There is hereby authorized and ordered the assumption by the City in full of the entire outstanding principal of and the interest on the District Bonds on the Closing Date in an amount not to exceed $5,000,000. The City also authorizes the re-designation of the District Bonds as The City of Morgantown Combined Utility Revenue Bonds, Series 2011 A (West Virginia Infrastructure Fund).

## ARTICLE III

## AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND ASSUMPTION OF DISTRICT BONDS; ASSUMPTION OF LOAN AGREEMENT

Section 3.01. Authorization of Assumption of District Bonds. For the purposes of serving as consideration for the acquisition of the District Assets, the Issuer hereby authorizes the assumption of the indebtedness evident by the District Bonds, and the substitution of a new bond of the Issuer for the District Bonds.

The District Bonds shall be assumed as one series of bonds and re-designated as "The City of Morgantown Combined Utility System Revenue Bonds, Series 2011 A (West Virginia Infrastructure Fund)," in the principal amount of not more than $5,000,000, and shall have such terms as set forth hereinafter and in the Supplemental Resolution.

Section 3.02. Terms of Bonds. The Series 2011 A Bonds shall be assumed in such principal amount; shall bear interest at such rate or rates, not exceeding the then legal maximum, payable quarterly on such dates; shall mature on such dates and in such amounts; and shall be redeemable, in whole or in part, all as exists on the Closing Date and as the Issuer shall prescribe in a Supplemental Resolution. The Series 2011 A Bonds shall be payable as to principal at the office of the Paying Agent, in any coin or currency which, on the dates of payment of principal is legal tender for the payment of public or private debts under the laws of the United States of America. Interest, if any, on the Series 2011 A Bonds shall be paid by check or draft of the Paying Agent or its agent, mailed to the Registered Owner thereof at the address as it appears on the books of the Bond Registrar, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner thereof.

As provided by the Supplemental Resolution, the Series 2011 A Bonds shall initially be one series, fully registered to the Authority, with a record of advances and a debt service schedule attached, representing the aggregate principal amount of the Series 2011 A Bonds. The Series 2011 A Bonds shall be exchangeable at the option and expense of the

Registered Owner for another fully registered Bond or Bonds of the same series in aggregate principal amount equal to the amount of said Bonds then Outstanding and being exchanged, with principal installments or maturities, as applicable, corresponding to the dates of payment of principal installments of said Bonds; provided, that the Authority shall not be obligated to pay any expenses of such exchange.

Section 3.03. Execution of Bonds. The Series 2011 A Bonds shall be executed in the name of the Issuer by the Mayor and the City Manager, and the seal of the Issuer shall be affixed thereto or imprinted thereon and attested by the City Clerk. In case any one or more of the officers who shall have signed or sealed the Series 2011 A Bonds shall cease to be such officer of the Issuer before the Series 2011 A Bonds so signed and sealed have been actually sold and delivered, such Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bonds had not ceased to hold such office. Any Series 2011 A Bonds may be signed and sealed on behalf of the Issuer by such person as at the actual time of the execution of such Bonds shall hold the proper office in the Issuer, although at the date of 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 2011 A Bonds shall be valid or obligatory for any purpose or entitled to any security or benefit under this Bond Legislation unless and until the Certificate of Authentication and Registration on such Bond, substantially in the form set forth in Section 3.10 hereof shall have been manually executed by the Bond Registrar. Any such executed Certificate of Authentication and Registration upon any such Bond shall be conclusive evidence that such Bond has been authenticated, registered and delivered under this Bond Legislation. The Certificate of Authentication and Registration on any Series 2011 A Bonds shall be deemed to have been executed by the Bond Registrar if manually signed by an authorized officer of the Bond Registrar, but it shall not be necessary that the same officer sign the Certificate of Authentication and Registration on all of the Bonds issued hereunder.

Section 3.05. Negotiability, Transfer and Registration. Subject to the provisions for transfer of registration set forth below, the Series 2011 A Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder, in accepting the Series 2011 A Bonds shall be conclusively deemed to have agreed that such Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder shall further be conclusively deemed to have agreed that said Bonds shall be incontestable in the hands of a bona fide holder for value.

So long as the Series 2011 A Bonds remain outstanding, the Issuer, through the Bond Registrar or its agent, shall keep and maintain books for the registration and transfer of such Bonds.

The registered Series 2011 A Bonds shall be transferable only upon the books of the Bond Registrar, by the registered owner thereof in person or by his attorney duly authorized in writing, upon surrender thereto together with a written instrument of transfer satisfactory to the Bond Registrar duly executed by the registered owner or his duly authorized attorney.

In all cases in which the privilege of exchanging Series 2011 A Bonds or transferring the registered Series 2011 A Bonds are exercised, all Series 2011 A Bonds shall be delivered in accordance with the provisions of this Bond Legislation. All Series 2011 A Bonds surrendered in any such exchanges or transfers shall forthwith be canceled by the Bond Registrar. For every such exchange or transfer of Series 2011 A Bonds, the Bond Registrar may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer and the cost of preparing each new Bond upon each exchange or transfer, and any other expenses of the Bond Registrar incurred in connection therewith, which sum or sums shall be paid by the Issuer. The Bond Registrar shall not be obliged to make any such exchange or transfer of Series 2011 A Bonds during the period commencing on the 15th day of the month next preceding an interest payment date on the Series 2011 A Bonds or, in the case of any proposed redemption of Series 2011 A Bonds, next preceding the date of the selection of Bonds to be redeemed, and ending on such interest payment date or redemption date.

Section 3.06. Bonds Mutilated, Destroyed, Stolen or Lost. In case any Series 2011 A Bonds shall become mutilated or be destroyed, stolen or lost, the Issuer may, in its discretion, issue, and the Bond Registrar shall, if so advised by the Issuer, authenticate and deliver, a new Bond of the same series and of like tenor as the Bonds so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond, upon surrender and cancellation of such mutilated Bond, or in lieu of and substitution for the Bond destroyed, stolen or lost, and upon the Holder's furnishing satisfactory indemnity and complying with such other reasonable regulations and conditions as the Issuer may prescribe and paying such expenses as the Issuer and the Bond Registrar may incur. All Bonds so surrendered shall be 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 2011 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 Gross Revenues derived from the System as herein provided. No Holder or Holders of the Series 2011 A Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Series 2011 A Bonds or the interest thereon.

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

Section 3.09. Delivery of Bonds. The Issuer shall execute and deliver as substitute the Series 2011 A Bonds to the Registrar, and the Registrar shall authenticate, register and

deliver the Series 2011 A Bonds to the original purchasers upon receipt of the documents set forth below:

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

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

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

D. An executed copy of the Loan Agreement; and

E. The unqualified approving opinion of bond counsel on the Series 2011 A Bonds.

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

[Remainder of Page Intentionally Blank]

(FORM OF SERIES 2011 A BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE CITY OF MORGANTOWN
COMBINED UTILITYSYSTEM REVENUE BOND, SERIES 2011 A
(WEST VIRGINIA INFASTRUCTURE FUND)

No. AR-1 $_____

KNOW ALL MEN BY THESE PRESENTS: That on this the _____ day of _____, 2011, THE CITY OF MORGANTOWN, a municipal corporation and political subdivision of the State of West Virginia in Monongalia 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 ($_____) in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing _____ 1, 20___ to and including _____ 1, 20____ as set forth on the "Debt Service Schedule" attached as EXHIBIT A hereto and incorporated herein by reference, with interest on each installment at the rate per annum set forth on said EXHIBIT A. The interest on this Bond shall be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing _____ 1, 20___, as set forth on EXHIBIT A attached hereto.

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

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

This Bond has been assumed from the District by the Issuer in consideration for the acquisition of the assets of the District comprising the District's sewerage collection and transportation system (the "District Assets") from the District (the "Project"). The existing

public combined waterworks, sewerage, and stormwater system of the Issuer, the Project, and any further extensions, additions, betterments or improvements thereto are herein called the "System." The Issuer has re-designated the District Bonds as "The City of Morgantown Combined Utility System Revenue Bonds, Series 2011 A (West Virginia Infrastructure Fund)." This Bond is assumed and re-designated 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 _____, 2011, and a Supplemental Resolution duly adopted by the Issuer on _____, 2011 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS ASSUMED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S: (1) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 1992 (WEST VIRGINIA SRF PROGRAM), DATED SEPTEMBER 8, 1992, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $11,900,000 (THE "SERIES 1992 BONDS"); (2) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 1995 (WEST VIRGINIA SRF PROGRAM), DATED APRIL 27, 1995, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,601,477 (THE "SERIES 1995 BONDS"); (3) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2000 A (WEST VIRGINIA SRF PROGRAM), DATED FEBRUARY 29, 2000, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $7,842,000 (THE "SERIES 2000 A BONDS"); (4) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2000 B (WEST VIRGINIA INFRASTRUCTURE FUND), DATED FEBRUARY 29, 2000, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,488,000 (THE "SERIES 2000 B BONDS"); (5) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2001 A (WEST VIRGINIA INFRASTRUCTURE FUND), DATED FEBRUARY 8, 2001, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $3,812,470 (THE "SERIES 2001 A BONDS"); (6) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2006 A (WEST VIRGINIA SRF PROGRAM), DATED JUNE 30, 2006, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $6,410,191 (THE "SERIES 2006 A BONDS"); (7) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2007 A (WEST VIRGINIA SRF PROGRAM), DATED AUGUST 14, 2007, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $8,500,000 (THE "SERIES 2007 A BONDS"); (8) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 A (DIRECT PAYMENT BUILD AMERICA BONDS), DATED JANUARY 28, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $37,950,000 (THE "SERIES 2010 A BONDS"); (9) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 B (WEST VIRGINIA SRF PROGRAM/ARRA), DATED JANUARY 28, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $81,600 (THE "SERIES 2010 B BONDS"); (10) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 C (WEST VIRGINIA SRF PROGRAM), DATED JANUARY 28, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $15,380,227 (THE "SERIES 2010 C BONDS"); (11) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 D (WEST VIRGINIA DWTRF

PROGRAM), DATED JANUARY 28, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $9,317,286 (THE "SERIES 2010 D BONDS"); (12) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 E (WEST VIRGINIA DWTRF PROGRAM/ARRA), DATED JANUARY 28, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $100,000 (THE "SERIES 2010 E BONDS"); AND (13) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 F (BANK QUALIFIED), DATED JANUARY 28, 2010, ISSUED IN THE ORIGINAL AGGREGATE AMOUNT OF $7,250,000 (THE "SERIES 2010 F BONDS") (COLLECTIVELY, THE "PRIOR BONDS").

This Bond is payable only from and secured by a pledge of the Gross Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Gross Revenues in favor of the holders of the Prior Bonds, and from moneys in the reserve account created under the Bond Legislation for the Bonds (the "Series 2011 A Bonds Reserve Account"). Such Gross 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 an indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest hereon, except from said special fund provided from the Gross Revenues, the moneys in the Series 2011 A Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest on the Bonds, and all other obligations secured by a lien on or payable from such revenues on a parity with the Bonds, including the Prior Bonds; provided, however, that so long as there exists in the Series 2011 A Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with the Bonds, including the Prior Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

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 assumption and re-designation 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 Gross 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.

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

[SEAL]

By: _____
Mayor

By: _____
City Manager

ATTEST:

By: _____
City Clerk

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

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

THE HUNTINGTON NATIONAL BANK,
as Registrar

By: _____
Its: Authorized Officer

EXHIBIT A

DEBT SERVICE SCHEDULE

(Form of)

ASSIGNMENT

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

Dated: _____, 20____.

_____
In the presence of:

Section 3.11. Sale of Bonds; Approval and Ratification of Execution of Loan Agreement. The District Bonds were sold to the Authority, pursuant to the terms and conditions of the Loan Agreement. The Loan Agreement, including all schedules and exhibits attached thereto, and as assumed by the Issuer are hereby approved and incorporated into this Bond Legislation.

Section 3.12. Reserved.

## ARTICLE IV

## [RESERVED]

## ARTICLE V

## FUNDS AND ACCOUNTS; SYSTEM REVENUES AND APPLICATION THEREOF

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

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

(2) Depreciation Fund (established by the Prior Ordinances); and

(3) Operation and Maintenance Fund (established by the Prior Ordinances).

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 or the Issuer and from each other:

(1) Series 1992 Bonds Sinking Fund (established by Prior Ordinances);

(2) Series 1992 Bonds Reserve Account established by Prior Ordinances);

(3) Series 1995 Bonds Sinking Fund (established by Prior Ordinances);

(4) Series 1995 Bonds Reserve Account established by Prior Ordinances);

(5) Series 2000 A Bonds Sinking Fund (established by Prior Ordinances);

(6) Series 2000 A Bonds Reserve Account established by Prior Ordinances);

(7) Series 2000 B Bonds Sinking Fund (established by Prior Ordinances);

(8) Series 2000 B Bonds Reserve Account established by Prior Ordinances);

(9) Series 2001 A Bonds Sinking Fund (established by Prior Ordinances);

(10) Series 2001 A Bonds Reserve Account established by Prior Ordinances);

(11) Series 2006 A Bonds Sinking Fund (established by Prior Ordinances);

(12) Series 2006 A Bonds Reserve Account established by Prior Ordinances);

(13) Series 2007 A Bonds Sinking Fund (established by Prior Ordinances);

(14) Series 2007 A Bonds Reserve Account established by Prior Ordinances);

(15) Series 2010 A Bonds Sinking Fund (established by Prior Ordinance);

(16) Series 2010 A Bonds Reserve Account (established by Prior Ordinance);

(17) Series 2010 C Bonds Sinking Fund (established by Prior Ordinance);

(18) Series 2010 C Bonds Reserve Account (established by Prior Ordinance);

(19) Series 2010 D Bonds Sinking Fund (established by Prior Ordinance);

(20) Series 2010 D Bonds Reserve Account (established by Prior Ordinance);

(21) Series 2010 E Bonds Sinking Fund (established by Prior Ordinance);

(22) Series 2010 E Bonds Reserve Account (established by Prior Ordinance);

(23) Series 2010 F Bonds Sinking Fund (established by Prior Ordinance);

(24) Series 2010 F Bonds Reserve Account (established by Prior Ordinance);

(25) Series 2011 A Bonds Sinking Fund; and

(26) Series 2011 A Bonds Reserve Account

Section 5.03. System Revenues; Flow of Funds.

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

(1) The Issuer shall first, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the Commission (i) for deposit in the respective Sinking Funds for the Prior Bonds, the amounts required by the respective Prior Ordinances to pay interest on the Prior Bonds; and (ii) for deposit in the Series 2011 A Bonds Sinking Fund, an amount equal to 1/3rd of the amount of interest which will become due on the Series 2011 A Bonds on the next ensuing quarterly interest payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 2011 A Bonds Sinking Fund and the next quarterly interest payment date is less than 3 months, then such monthly payments shall be increased proportionately to provide, 1 month prior to the next quarterly interest payment date, the required amount of interest coming due on such date.

(2) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the Commission (i) for deposit in the respective Sinking Funds for the Prior Bonds, the amounts required by the respective Prior Ordinances to pay the principal of the Prior Bonds; and (ii) for deposit in the Series 2011 A Bonds Sinking Fund, an amount equal to 1/3rd of the amount of principal which will mature and become due on the Series 2011 A

Bonds on the next ensuing quarterly principal payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 2011 A Bonds Sinking Fund and the next quarterly principal payment date is less than 3 months, then such monthly payments shall be increased proportionately to provide, 1 month prior to the next quarterly principal payment date, the required amount of principal coming due on such date.

(3) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the Commission (i) for deposit in the respective Reserve Accounts for the Prior Bonds, the amounts required by the respective Prior Ordinances to be deposited therein; and (ii) for deposit in the Series 2011 A Bonds Reserve Account, an amount equal to $1/120^{th}$ of the Series 2011 A Bonds Reserve Requirement; provided that, no further payments shall be made into the Series 2011 A Bonds Reserve Account when there shall have been deposited therein, and as long as there shall remain on deposit therein, an amount equal to the Series 2011 A Bonds Reserve Requirement.

(4) The Issuer shall next, each month, transfer from the Revenue Fund and deposit in the Operation and Maintenance Fund, an amount sufficient to pay the current Operating Expenses of the System.

(5) The Issuer shall next, from the moneys remaining in the Revenue Fund, on the first day of each month transfer to the Depreciation Fund, an amount equal to 2 ½% of the Gross Revenues each month (as previously set forth in the Prior Ordinances and not in addition thereto), exclusive of any payments for account of any Reserve Account. All funds in the Depreciation 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 Depreciation Fund for replacements, emergency repairs, improvements or extensions to the System; provided, that any deficiencies in the Reserve Accounts (except to the extent such deficiency exists because the required payments into such accounts have not, as of the date of determination of a deficiency, funded such accounts to the maximum extent required hereof) shall be promptly eliminated with moneys from the Depreciation Fund.

(6) After making all of the foregoing deposits and payments, any excess moneys then remaining in the Revenue Fund ("Surplus Revenues") may be used for any lawful purpose of the System.

Moneys in the Series 2011 A Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest on the Series 2011 A Bonds, as the same shall become due. Moneys in the Series 2011 A Bonds Reserve Account shall be used only for the purpose of paying principal of and interest on the Series 2011 A Bonds, as the same shall come due, when other moneys in the Series 2011 A Bonds Sinking Fund are insufficient therefor, and for no other purpose.

All investment earnings on moneys in the Series 2011 A Bonds Sinking Fund and the Series 2011 A Bonds Reserve Account shall be returned, not less than once each year, by the Commission to the Issuer, and such amounts shall be deposited in the Revenue Fund and applied in full, first to the next ensuing interest payment due on the Series 2011 A Bonds, and then to the next ensuing principal payment due thereon.

Any withdrawals from the Series 2011 A Bonds Reserve Account which results in a reduction in the balance therein to below the Series 2011 A Bonds Reserve Requirement shall be subsequently restored from the first Gross 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 2011 A Bonds are issued, provision shall be made for additional payments into the respective sinking fund sufficient to pay the interest on such additional parity Bonds and accomplish retirement thereof at maturity and to accumulate a balance in the respective reserve account in an amount equal to the requirement thereof.

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

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

The Commission is hereby designated as the fiscal agent for the administration of the Series 2011 A Bonds Sinking Fund and the Series 2011 A Bonds Reserve Account created hereunder, and all amounts required for said accounts shall be remitted to the Commission from the Revenue Fund by the Issuer at the times provided herein. 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.

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

The Series 2011 A Bonds Sinking Fund and the Series 2011 A Bonds Reserve Account shall be used solely and only for, and are hereby pledged for, the purpose of servicing the Series 2011 A Bonds under the conditions and restrictions set forth herein.

B. The Issuer shall on the first day of each month (if such day is not a business day, then the next succeeding business day), deposit with the Commission the required interest, principal and reserve payments with respect to the Series 2011 A Bonds and all such payments

shall be remitted to the Commission with appropriate instructions as to the custody, use and application thereof consistent with the provisions of this Bond Legislation.

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

D. Whenever all of the required and provided transfers and payments from the Revenue Fund into the several special funds, as hereinabove provided, are current and there remains in the Revenue Fund a balance in excess of the estimated amounts required to be so transferred and paid into such funds during the following month or such other period as required by the Act, such excess shall be considered as surplus revenues (the "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 moneys in excess of the maximum amounts insured by FDIC in any of the 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 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 shall clearly identify the fund or account into which each amount is to be deposited.

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

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

## ARTICLE VI

## [RESERVED]

## ARTICLE VII

## ADDITIONAL COVENANTS OF THE ISSUER

Section 7.01. General Covenants of the Issuer. All the covenants, agreements and provisions of this Bond Legislation shall be and constitute valid and legally binding covenants of the Issuer and shall be enforceable in any court of competent jurisdiction by any Holder or Holders of the Series 2011 A Bonds. In addition to the other covenants, agreements and provisions of this Bond Legislation, the Issuer hereby covenants and agrees with the Holders of the Series 2011 A Bonds as hereinafter provided in this Article VII. All such covenants, agreements and provisions shall be irrevocable, except as provided herein, as long as any of the Series 2011 A Bonds or the interest thereon is Outstanding and unpaid.

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

Section 7.03. Bonds Secured by Pledge of Gross Revenues; Lien Position with respect to Prior Bonds. The payment of debt service of the Series 2011 A Bonds shall be secured by a first lien on the Gross Revenues derived from the System, on a parity with the lien on the Gross Revenues in favor of the Holders of the Prior Bonds. Such Gross Revenues in an amount sufficient to pay the principal of and interest on the Series 2011 A Bonds and the Prior Bonds and to make all other payments provided for in this Bond Legislation and the Prior Ordinance are hereby irrevocably pledged to such payments as they become due.

Section 7.04. Rates and Charges. The Issuer has obtained any and all approvals of rates and charges required by State law and has taken any other action required to establish and impose such rates and charges, with all requisite appeal periods having expired without successful appeal and the Issuer shall supply an opinion of counsel to such effect. Such rates and charges shall be sufficient to comply with the requirements of the Loan Agreement and the Issuer shall supply a certificate of certified public accountant to such effect. The initial schedule of rates and charges for the services and facilities of the System shall be as set forth in the water rate ordinance of the Issuer enacted _____, 2011, the sewer rate ordinance of the Issuer enacted _____, 2011, and the stormwater rate ordinance of the Issuer enacted April 17, 2008, which rates are incorporated herein by reference as a part hereof.

So long as the Series 2011 A Bonds are outstanding, the Issuer covenants and agrees to fix and collect rates, fees and other charges for the use of the System and to take all such actions necessary to provide funds sufficient to produce the required sums set forth in the

Bond Legislation and in compliance with the Loan Agreement. In the event the schedule of rates, fees and charges initially established for the System in connection with the Series 2011 A Bonds shall prove to be insufficient to produce the required sums set forth in this Bond Legislation and the Loan Agreement, the Issuer hereby covenants and agrees that it will, to the extent or in the manner authorized by law, immediately adjust and increase such schedule of rates, 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 2011 A Bonds are outstanding and except as otherwise required by 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 fully pay all the Bonds Outstanding, in accordance with Article X hereof. The proceeds from any such sale, mortgage, lease or other disposition of the System shall, with respect to the Series 2011 A Bonds, immediately be remitted to the Commission for deposit in the Series 2011 A Bonds Sinking Fund and, with the written permission of the Council and the Authority, or in the event the Authority is no longer a Bondholder, the Issuer shall direct the Commission to apply such proceeds to the payment of principal of and interest on the Series 2011 A Bonds. Any balance remaining after the payment of the Series 2011 A 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 Board 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 Revenue 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 Board shall first, 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. The proceeds of any such sale shall be deposited in the Depreciation Fund. The payment of such proceeds into the Depreciation Fund shall not reduce the amount required to be paid into such account by other provisions of this Bond Legislation.

No sale, lease or other disposition of the properties of the System shall be made by the Issuer if the proceeds to be derived therefrom, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, shall

be in excess of $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 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.

Moneys received upon any such sale under this paragraph, after deduction of all costs of such sale, shall be deposited in the Revenue Fund.

Section 7.06. Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances. Except as provided for in Section 7.06 and Section 7.07 hereof, the Issuer shall not issue any other obligations whatsoever payable from the revenues of the System which rank prior to, or equally, as to lien on and source of and security for payment from such revenues with the Series 2011 A Bonds and the Prior Bonds. All obligations issued by the Issuer after the assumption and re-designation of the Series 2011 A Bonds and payable from the revenues of the System, except such additional parity Bonds, shall contain an express statement that such obligations are junior and subordinate, as to lien on and source of and security for payment from such revenues and in all other respects, to the Series 2011 A Bonds; provided, that no such subordinate obligations shall be issued unless all payments required to be made into all funds and accounts established by this Bond Legislation have been made and are current at the time of the issuance of such subordinate obligations.

Except as provided above, the Issuer shall not create, or cause or permit to be created, any debt, lien, pledge, assignment, encumbrance or any other charge having priority over or being on a parity with the lien of the Series 2011 A Bonds, and the interest thereon, upon any of the income and revenues of the System pledged for payment of the Series 2011 A Bonds and the interest thereon in this Bond Legislation, or upon the System or any part thereof.

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

Section 7.07. Parity Bonds. So long as the Prior Bonds are outstanding, the limitations 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 assumption and re-designation of the Series 2011 A Bonds pursuant to this Bond Legislation, without the prior written consent of the Authority and the Council and without complying with the conditions and requirements 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 2011 A Bonds.

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

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

(1) The Bonds then Outstanding;

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

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

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

The Net Revenues actually derived from the System during the 12 consecutive month period hereinabove referred to may be adjusted by adding to such Net Revenues such additional Net Revenues which would have been received, in the opinion of the Independent Certified Public Accountants, on account of increased rates, rentals, fees and charges for the System enacted by the Issuer, the time for appeal of which shall have expired (without successful appeal) prior to the issuance of such Parity Bonds. For purposes of this test, the terms "Gross Revenues" and "Net Revenues" shall not include proceeds from the sale of capital assets.

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 theretofore or subsequently issued from time to time within the limitations of and in compliance with this section. All Bonds, regardless of the time or times of their issuance, shall rank equally with respect to their lien on the Gross Revenues of the System, and their source of and security for payment from the Gross Revenues, without preference of any Bond over any other. The Issuer shall comply fully with all the increased payments into the various funds and accounts created in this Bond Legislation required for and on account of such Parity Bonds, in addition to the payments required for Bonds theretofore issued pursuant to this Bond Legislation.

Parity Bonds shall not be deemed to include bonds, notes, certificates or other obligations subsequently issued, the lien of which on the revenues of the System is subject to the prior and superior lien of the Series 2011 A Bonds on such revenues. The Issuer shall not issue any obligations whatsoever payable from revenues of the System, or any part thereof, which rank prior to or, except in the manner and under the conditions provided in this section, equally, as to lien on and source of and security for payment from such revenues, with the Series 2011 A Bonds.

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

Section 7.08. Books; Records and Audit. The Board shall permit the Authority and the Council, or their agents and representatives, to inspect all books, documents, papers and records relating to the Project and the System at all reasonable times for the purpose of audit and examination. The Board shall submit to the Authority and the Council such documents and information as they may reasonably require in connection with the Project and the operation and maintenance of the System.

The Board shall permit the Authority and the Council, or their agents and representatives, to inspect all records pertaining to the operation and maintenance of the System at all reasonable times following completion of the Project and commencement of operation.

The Board 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 Board. 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 Board. The Board 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 Board shall be reported to such agent of the Issuer as the Board shall direct.

The Board shall file with the Authority and the Council, or any other original purchaser of the Series 2011 A Bonds, and shall mail in each year to any Holder or Holders of the Series 2011 A Bonds, requesting the same, an annual report containing the following:

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

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

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

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

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

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

Section 7.09. Rates. Prior to the assumption and re-designation of the Series 2011 A 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 City Clerk, which copies will be open to inspection by all interested parties. The schedule of rates and charges shall at all times be adequate to produce Gross Revenues from the System sufficient to pay Operating Expenses and to make the prescribed payments into the funds created hereunder. Such schedule of rates and charges shall be changed and readjusted whenever necessary so that the aggregate of the rates and charges will be sufficient for such purposes. In order to assure full and continuous

performance of this covenant, with a margin for contingencies and temporary unanticipated reduction in income and revenues, the Issuer hereby covenants and agrees that the schedule of rates or charges from time to time in effect shall be sufficient, together with other revenues of the System (i) to provide for all Operating Expenses of the System and (ii) to leave a balance each year equal to at least 115% of the maximum amount required in any year for payment of principal of and interest on the Series 2011 A Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2011 A Bonds, including the Prior Bonds; provided that, in the event that amounts equal to or in excess of the reserve requirements are on deposit in the Series 2011 A Bonds Reserve Account and any reserve accounts for obligations on a parity with the Series 2011 A Bonds are funded at least at the requirement therefor, such balance each year need only equal at least 110% of the maximum amount required in any year for payment of principal of and interest, if any, on the Series 2011 A Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2011 A Bonds, including the Prior Bonds. In any event, the Issuer shall not reduce the rates or charges for services set forth in the rate ordinances described in Section 7.04.

The Issuer hereby covenants to commence enactment of such ordinance or ordinances as shall be required to increase the rates and charges for the services and facilities of the System within 30 days following a determination of the Independent Certified Public Accountant that less than the above-required coverage exists or in the event that the annual audit report shows less than the above-required coverage, such increase to provide rates and charges sufficient to produce such required coverage.

Section 7.10. Operating Budget and Monthly Financial Report. The Board shall annually, at least 45 days preceding the beginning of each Fiscal Year, prepare and adopt by resolution a detailed, balanced budget of the estimated revenues and expenditures for operation and maintenance of the System during the succeeding Fiscal Year and shall submit a copy of such budget to the Authority and the 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 Board 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 Board shall within 30 days of adoption thereof mail copies of such annual budget and all resolutions authorizing increased expenditures for operation and maintenance to the Authority and the Council 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 the Authority, the Council and any Holder of any Bonds or anyone acting for and on behalf of such Holder of any Bonds.

Section 7.11. Engineering Services and Operating Personnel. The Issuer shall employ qualified operating personnel properly certified by the State to operate the System during the entire term of the Loan Agreement.

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

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

Whenever any fees, rates, rentals or other charges for the services and facilities of the System shall remain unpaid for a period of 20 days after the same shall become due and payable, the user of the services and facilities shall be delinquent until such time as all such rates and charges are fully paid. To the extent authorized by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, rates, rentals and other charges, if not paid, when due, shall become a lien on the premises served by the System. The Issuer further covenants and agrees that, it will, to the full extent permitted by law and the rules and regulations promulgated by the Public Service Commission of West Virginia, discontinue and shut off the services of the stormwater portion of the System and any services and facilities of the waterworks portion of the System, to all users of the services of the stormwater system delinquent in payment of charges for the services of the stormwater system and will not restore such services of either the waterworks system or the stormwater system until all delinquent charges for the services of the stormwater system, plus reasonable interest and penalty charges for the restoration of service, have been fully paid and shall take all further actions to enforce collections to the maximum extent permitted by law. If the waterworks facilities are not owned by the Issuer, the Issuer shall use diligent efforts to enter into a termination agreement with the provider of such water services, subject to any required approval of such agreements by the Public Service Commission of West Virginia.

Section 7.14. No Free Services. The Board 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 the Board, or any department, agency, instrumentality, officer or employee of either shall avail itself or themselves of the facilities or services provided by the System, or any part thereof, the same rates, fees or charges applicable to other customers receiving like services under similar circumstances shall be charged the Issuer, the Board 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 A. The Board hereby covenants and agrees that so long as the Series 2011 A Bonds remain Outstanding, the Board 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 Board 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 Depreciation Fund and used only for the repairs and restoration of the damaged or destroyed properties or for the other purposes provided herein for the Depreciation Fund.

(2) PUBLIC LIABILITY INSURANCE, with limits of not less than $1,000,000 per occurrence to protect the Board 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 and the Board from claims arising out of operation or ownership of motor vehicles of or for the System.

(3) WORKERS' COMPENSATION COVERAGE FOR ALL EMPLOYEES OF OR FOR THE SYSTEM ELIGIBLE THEREFOR; AND PERFORMANCE AND PAYMENT OR COMPLETION BONDS, such bonds to be in the amounts of not less than 100% of the amount of any construction contract and to be required of each contractor dealing directly with the Board 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 any additions, extensions or improvements for the System in compliance with West Virginia Code, Section 38-2-39.

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

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

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

Section 7.16. Mandatory Use. The mandatory use of the sewer facilities of the System is essential and necessary for the protection and preservation of the public health, comfort, safety, convenience and welfare of the inhabitants and residents of, and the economy of,

the Issuer. Accordingly, to the extent permitted by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, every owner, tenant or occupant of any real property located near the sewer portion of the System, and where sewer from real property affects or drains into the sewer portion of the System, shall be deemed to be a user served by the sewer portion of the System and it is declared that the mandatory use of the sewer portion of the System by such real property owner is necessary and essential for the health and welfare of the inhabitants and residents of the Issuer and the State. To the extent permitted by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, every such owner, tenant or occupant shall, after a 30-day notice of the availability of the sewer portion of the System, pay the rates and charges established therefor.

Section 7.17. Operation and Maintenance; Permits and Orders. The Board shall 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 Board has obtained all permits required by state and federal laws for the acquisition of the District Assets and assumption and re-designation of the District Bonds and all approvals for acquisition of the District Assets and assumption and re-designation of the Series 2011 A Bonds required by state law, with all requisite appeal periods having expired without successful appeal and the Issuer shall supple an opinion of counsel to such effect.

Section 7.18. Compliance with Loan Agreement and Law. The Issuer and the Board 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 and the Board shall provide the Council with copies of all documents submitted to the Authority.

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

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

Section 7.19. Reserved.

Section 7.20. Securities Laws Compliance. The Issuer shall 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. Reserved..

Section 7.22. Statutory Mortgage Lien. For the further protection of the Holders of the Series 2011 A Bonds, a statutory mortgage lien upon the System is granted and created by the Act, which statutory mortgage lien is hereby recognized and declared to be valid and binding,

shall take effect immediately upon delivery of the Series 2011 A Bonds, and shall be on a parity with the statutory mortgage lien in favor of the Holders of the Prior Bonds.

## ARTICLE VIII

## INVESTMENT OF FUNDS

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

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

The Depository Bank shall keep complete and accurate records of all funds, accounts and investments, and shall distribute to the Issuer, at least once each year, or more often as reasonably requested by the Issuer, a summary of such funds, accounts and investment earnings. The Issuer shall retain all such records and any additional records with respect to such funds, accounts and investment earnings so long as any of the Series 2011 A Bonds are Outstanding and as long thereafter as necessary to assure the exclusion of interest, if any, on the Series 2011 A Bonds from gross income for federal income tax purposes.

Section 8.02. Covenants as to Use of Proceeds. The Issuer covenants (i) to comply with the Code and all Regulations from time to time in effect and applicable to the Series 2011 A Bonds as may be necessary in order to maintain the status of the Series 2011 A Bonds as governmental bonds; (ii) that it shall not take, or permit or suffer to be taken, any action with respect to the Issuer's use of the proceeds of the Series 2011 A Bonds which would cause any bonds, the interest on which is exempt from federal income taxation under Section 103(a) of the Code, issued by the Authority or the Council, as the case may be, from which the proceeds of the Series 2011 A Bonds are derived, to lose their status as tax-exempt bonds; and (iii) to take such

action, or refrain from taking such action, as shall be deemed necessary by the Issuer, or requested by the Authority or the Council, to ensure compliance with the covenants and agreements set forth in this Section, regardless of whether such actions may be contrary to any of the provisions of this Ordinance.

The Issuer shall annually furnish to the Authority, information with respect to the Issuer's use of the proceeds of the Series 2011 A Bonds and any additional information requested by the Authority.

## ARTICLE IX

## DEFAULT AND REMEDIES

Section 9.01. Events of Default. Each of the following events shall constitute an "Event of Default" with respect to the Series 2011 A Bonds:

(1) If default occurs in the due and punctual payment of the principal of or interest on any Series 2011 A Bonds; or

(2) If default occurs in the Issuer's observance of any of the covenants, agreements or conditions on its part relating to the Series 2011 A Bonds set forth in this Bond Legislation, any supplemental resolution or in the Series 2011 A Bonds and such default shall have continued for a period of 30 days after the Issuer shall have been given written notice of such default by the Commission, the Depository Bank, the Registrar, the Paying Agent or any other Paying Agent or a Holder of a Bond; or

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

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

Section 9.02. Remedies. Upon the happening and continuance of any Event of Default, any Registered Owner of a Bond may exercise any available remedy and bring any appropriate action, suit or proceeding to enforce his or her rights and, in particular, (i) bring suit for any unpaid principal or interest then due, (ii) by mandamus or other appropriate proceeding enforce all rights of such Registered Owners including the right to require the Issuer to perform its duties under the Act and the Bond Legislation relating thereto, including but not limited to the making and collection of sufficient rates or charges for services rendered by the System, (iii) bring suit upon the Bonds; (iv) by action at law or bill in equity require the Issuer to account as if it were the trustee of an express trust for the Registered Owners of the Bonds, and (v) by action or bill in equity enjoin any acts in violation of the Bond Legislation with respect to the Bonds, or the rights of such Registered Owners; provided however, that all rights and remedies of the Holders of the Series 2011 A Bonds shall be on a parity with those of the Holders of the Prior Bonds.

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

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

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

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

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

or decree permitting or requiring such receiver to sell, assign, mortgage or otherwise dispose of any assets of the System.

## ARTICLE X

## PAYMENT OF BONDS

Section 10.01. Payment of Bonds. If the Issuer shall pay or there shall otherwise be paid to the Holders of the Series 2011 A Bonds, the principal of and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Bond Legislation, then the pledge of Gross 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 2011 A Bonds shall thereupon cease, terminate and become void and be discharged and satisfied, except as may otherwise be necessary to assure the exclusion of interest on the Series 2011 A Bonds from gross income for federal income tax purposes.

## ARTICLE XI

## MISCELLANEOUS

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

Section 11.02. Bond Legislation Constitutes Contract. The provisions of the Bond Legislation shall constitute a contract between the Issuer and the Registered Owners of the 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 2011 A Bonds.

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

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

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

Section 11.07. Appointment. The Issuer does hereby appoint, designate and approve the hiring of Steptoe & Johnson PLLC, Charleston, West Virginia, as bond counsel to the Issuer and the Board in connection with the assumption and re-designation by the Issuer of the Series 2011 A Bonds.

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 *Dominion Post*, a newspaper published and of general circulation in The City of Morgantown, together with a notice stating that this Ordinance has been adopted and that the Issuer contemplates the assumption and re-designation of the Series 2011 A Bonds, and that any person interested may appear before the Governing Body upon a date certain, not less than ten days subsequent to the date of the first publication of such abstract of this Ordinance and notice, and present protests, and that a certified copy of this Ordinance is on file with the Governing Body for review by interested persons during office hours of the Governing Body. At such hearing, all objections and suggestions shall be heard and the Governing Body shall take such action as it shall deem proper in the premises.

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

Passed on First Reading: June 7, 2011

Passed on Second Reading: June 21, 2011

Passed on Final Reading
Following Public Hearing: July 5, 2011

By: _____
Mayor

ATTEST:

By: _____
City Clerk

CERTIFICATION

Certified a true copy of an Ordinance duly enacted by the Council of THE CITY OF MORGANTOWN on the 5th day of July, 2011.

Dated: August 22, 2013.

[SEAL]

Linda L. Little
City Clerk

**EXHIBIT A**

Form of Acquisition Agreement

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").

CANYON PUBLIC SERVICE DISTRICT

(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 10$^{th}$ 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.

CANYON PUBLIC SERVICE DISTRICT

(SEAL)

By: _____
Its: Chairperson
Date: June 26, 2008

Attest: _____
Its: Secretary

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

(SEAL)

By: _____
Its: Executive Director
Date: June 26, 2008

Attest: _____
Its: Secretary-Treasurer

{C1365771.1}

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. _____

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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 $5,000,000
Purchase Price of Local Bonds $5,000,000

The Local Bonds shall bear no interest. Commencing March 1, 2010, principal on the Local Bonds is payable quarterly. Quarterly payments will be made on March 1, June 1, September 1 and December 1 of each year as set forth on the Schedule Y attached hereto and incorporated herein by reference.

The Governmental Agency shall authorize the Commission to electronically debit its monthly payments. The Commission will make quarterly payments to the Authority at such address as is given to the Commission in writing by the Authority.

The Local Bonds are fully registered in the name of the Authority as to 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: None.

SCHEDULE Y

# $5,000,000
# Canyon Public Service District
# 0% Interest Rate; 40 Years
# Closing Date: June 26, 2008

## Debt Service Schedule

Part 1 of 4

| Date | Principal | Coupon | Total P+I |
|---|---|---|---|
| 09/01/2008 | - | - | - |
| 12/01/2008 | - | - | - |
| 03/01/2009 | - | - | - |
| 06/01/2009 | - | - | - |
| 09/01/2009 | - | - | - |
| 12/01/2009 | - | - | - |
| 03/01/2010 | 32,468.00 | - | 32,468.00 |
| 06/01/2010 | 32,468.00 | - | 32,468.00 |
| 09/01/2010 | 32,468.00 | - | 32,468.00 |
| 12/01/2010 | 32,468.00 | - | 32,468.00 |
| 03/01/2011 | 32,468.00 | - | 32,468.00 |
| 06/01/2011 | 32,468.00 | - | 32,468.00 |
| 09/01/2011 | 32,468.00 | - | 32,468.00 |
| 12/01/2011 | 32,468.00 | - | 32,468.00 |
| 03/01/2012 | 32,468.00 | - | 32,468.00 |
| 06/01/2012 | 32,468.00 | - | 32,468.00 |
| 09/01/2012 | 32,468.00 | - | 32,468.00 |
| 12/01/2012 | 32,468.00 | - | 32,468.00 |
| 03/01/2013 | 32,468.00 | - | 32,468.00 |
| 06/01/2013 | 32,468.00 | - | 32,468.00 |
| 09/01/2013 | 32,468.00 | - | 32,468.00 |
| 12/01/2013 | 32,468.00 | - | 32,468.00 |
| 03/01/2014 | 32,468.00 | - | 32,468.00 |
| 06/01/2014 | 32,468.00 | - | 32,468.00 |
| 09/01/2014 | 32,468.00 | - | 32,468.00 |
| 12/01/2014 | 32,468.00 | - | 32,468.00 |
| 03/01/2015 | 32,468.00 | - | 32,468.00 |
| 06/01/2015 | 32,468.00 | - | 32,468.00 |
| 09/01/2015 | 32,468.00 | - | 32,468.00 |
| 12/01/2015 | 32,468.00 | - | 32,468.00 |
| 03/01/2016 | 32,468.00 | - | 32,468.00 |
| 06/01/2016 | 32,468.00 | - | 32,468.00 |
| 09/01/2016 | 32,468.00 | - | 32,468.00 |
| 12/01/2016 | 32,468.00 | - | 32,468.00 |
| 03/01/2017 | 32,468.00 | - | 32,468.00 |
| 06/01/2017 | 32,468.00 | - | 32,468.00 |
| 09/01/2017 | 32,468.00 | - | 32,468.00 |
| 12/01/2017 | 32,468.00 | - | 32,468.00 |
| 03/01/2018 | 32,468.00 | - | 32,468.00 |
| 06/01/2018 | 32,468.00 | - | 32,468.00 |
| 09/01/2018 | 32,468.00 | - | 32,468.00 |
| 12/01/2018 | 32,468.00 | - | 32,468.00 |
| 03/01/2019 | 32,468.00 | - | 32,468.00 |
| 06/01/2019 | 32,468.00 | - | 32,468.00 |

SCHEDULE Y

**$5,000,000**
**Canyon Public Service District**
**0% Interest Rate; 40 Years**
**Closing Date: June 26, 2008**

# Debt Service Schedule

Part 2 of 4

| Date | Principal | Coupon | Total P+I |
|---|---|---|---|
| 09/01/2019 | 32,468.00 | - | 32,468.00 |
| 12/01/2019 | 32,468.00 | - | 32,468.00 |
| 03/01/2020 | 32,468.00 | - | 32,468.00 |
| 06/01/2020 | 32,468.00 | - | 32,468.00 |
| 09/01/2020 | 32,468.00 | - | 32,468.00 |
| 12/01/2020 | 32,468.00 | - | 32,468.00 |
| 03/01/2021 | 32,468.00 | - | 32,468.00 |
| 06/01/2021 | 32,468.00 | - | 32,468.00 |
| 09/01/2021 | 32,468.00 | - | 32,468.00 |
| 12/01/2021 | 32,468.00 | - | 32,468.00 |
| 03/01/2022 | 32,468.00 | - | 32,468.00 |
| 06/01/2022 | 32,468.00 | - | 32,468.00 |
| 09/01/2022 | 32,468.00 | - | 32,468.00 |
| 12/01/2022 | 32,468.00 | - | 32,468.00 |
| 03/01/2023 | 32,468.00 | - | 32,468.00 |
| 06/01/2023 | 32,468.00 | - | 32,468.00 |
| 09/01/2023 | 32,468.00 | - | 32,468.00 |
| 12/01/2023 | 32,468.00 | - | 32,468.00 |
| 03/01/2024 | 32,468.00 | - | 32,468.00 |
| 06/01/2024 | 32,468.00 | - | 32,468.00 |
| 09/01/2024 | 32,468.00 | - | 32,468.00 |
| 12/01/2024 | 32,468.00 | - | 32,468.00 |
| 03/01/2025 | 32,468.00 | - | 32,468.00 |
| 06/01/2025 | 32,468.00 | - | 32,468.00 |
| 09/01/2025 | 32,468.00 | - | 32,468.00 |
| 12/01/2025 | 32,468.00 | - | 32,468.00 |
| 03/01/2026 | 32,468.00 | - | 32,468.00 |
| 06/01/2026 | 32,468.00 | - | 32,468.00 |
| 09/01/2026 | 32,468.00 | - | 32,468.00 |
| 12/01/2026 | 32,468.00 | - | 32,468.00 |
| 03/01/2027 | 32,468.00 | - | 32,468.00 |
| 06/01/2027 | 32,468.00 | - | 32,468.00 |
| 09/01/2027 | 32,468.00 | - | 32,468.00 |
| 12/01/2027 | 32,468.00 | - | 32,468.00 |
| 03/01/2028 | 32,468.00 | - | 32,468.00 |
| 06/01/2028 | 32,468.00 | - | 32,468.00 |
| 09/01/2028 | 32,468.00 | - | 32,468.00 |
| 12/01/2028 | 32,468.00 | - | 32,468.00 |
| 03/01/2029 | 32,468.00 | - | 32,468.00 |
| 06/01/2029 | 32,468.00 | - | 32,468.00 |
| 09/01/2029 | 32,468.00 | - | 32,468.00 |
| 12/01/2029 | 32,468.00 | - | 32,468.00 |
| 03/01/2030 | 32,468.00 | - | 32,468.00 |
| 06/01/2030 | 32,468.00 | - | 32,468.00 |

# $5,000,000
# Canyon Public Service District
# 0% Interest Rate; 40 Years
# Closing Date: June 26, 2008

## Debt Service Schedule

Part 3 of 4

| Date | Principal | Coupon | Total P+I |
|---|---|---|---|
| 09/01/2030 | 32,467.00 | - | 32,467.00 |
| 12/01/2030 | 32,467.00 | - | 32,467.00 |
| 03/01/2031 | 32,467.00 | - | 32,467.00 |
| 06/01/2031 | 32,467.00 | - | 32,467.00 |
| 09/01/2031 | 32,467.00 | - | 32,467.00 |
| 12/01/2031 | 32,467.00 | - | 32,467.00 |
| 03/01/2032 | 32,467.00 | - | 32,467.00 |
| 06/01/2032 | 32,467.00 | - | 32,467.00 |
| 09/01/2032 | 32,467.00 | - | 32,467.00 |
| 12/01/2032 | 32,467.00 | - | 32,467.00 |
| 03/01/2033 | 32,467.00 | - | 32,467.00 |
| 06/01/2033 | 32,467.00 | - | 32,467.00 |
| 09/01/2033 | 32,467.00 | - | 32,467.00 |
| 12/01/2033 | 32,467.00 | - | 32,467.00 |
| 03/01/2034 | 32,467.00 | - | 32,467.00 |
| 06/01/2034 | 32,467.00 | - | 32,467.00 |
| 09/01/2034 | 32,467.00 | - | 32,467.00 |
| 12/01/2034 | 32,467.00 | - | 32,467.00 |
| 03/01/2035 | 32,467.00 | - | 32,467.00 |
| 06/01/2035 | 32,467.00 | - | 32,467.00 |
| 09/01/2035 | 32,467.00 | - | 32,467.00 |
| 12/01/2035 | 32,467.00 | - | 32,467.00 |
| 03/01/2036 | 32,467.00 | - | 32,467.00 |
| 06/01/2036 | 32,467.00 | - | 32,467.00 |
| 09/01/2036 | 32,467.00 | - | 32,467.00 |
| 12/01/2036 | 32,467.00 | - | 32,467.00 |
| 03/01/2037 | 32,467.00 | - | 32,467.00 |
| 06/01/2037 | 32,467.00 | - | 32,467.00 |
| 09/01/2037 | 32,467.00 | - | 32,467.00 |
| 12/01/2037 | 32,467.00 | - | 32,467.00 |
| 03/01/2038 | 32,467.00 | - | 32,467.00 |
| 06/01/2038 | 32,467.00 | - | 32,467.00 |
| 09/01/2038 | 32,467.00 | - | 32,467.00 |
| 12/01/2038 | 32,467.00 | - | 32,467.00 |
| 03/01/2039 | 32,467.00 | - | 32,467.00 |
| 06/01/2039 | 32,467.00 | - | 32,467.00 |
| 09/01/2039 | 32,467.00 | - | 32,467.00 |
| 12/01/2039 | 32,467.00 | - | 32,467.00 |
| 03/01/2040 | 32,467.00 | - | 32,467.00 |
| 06/01/2040 | 32,467.00 | - | 32,467.00 |
| 09/01/2040 | 32,467.00 | - | 32,467.00 |
| 12/01/2040 | 32,467.00 | - | 32,467.00 |
| 03/01/2041 | 32,467.00 | - | 32,467.00 |
| 06/01/2041 | 32,467.00 | - | 32,467.00 |

SCHEDULE Y

# $5,000,000
# Canyon Public Service District
# 0% Interest Rate; 40 Years
# Closing Date: June 26, 2008

## Debt Service Schedule

Part 4 of 4

| Date | Principal | Coupon | Total P+I |
|---|---|---|---|
| 09/01/2041 | 32,467.00 | - | 32,467.00 |
| 12/01/2041 | 32,467.00 | - | 32,467.00 |
| 03/01/2042 | 32,467.00 | - | 32,467.00 |
| 06/01/2042 | 32,467.00 | - | 32,467.00 |
| 09/01/2042 | 32,467.00 | - | 32,467.00 |
| 12/01/2042 | 32,467.00 | - | 32,467.00 |
| 03/01/2043 | 32,467.00 | - | 32,467.00 |
| 06/01/2043 | 32,467.00 | - | 32,467.00 |
| 09/01/2043 | 32,467.00 | - | 32,467.00 |
| 12/01/2043 | 32,467.00 | - | 32,467.00 |
| 03/01/2044 | 32,467.00 | - | 32,467.00 |
| 06/01/2044 | 32,467.00 | - | 32,467.00 |
| 09/01/2044 | 32,467.00 | - | 32,467.00 |
| 12/01/2044 | 32,467.00 | - | 32,467.00 |
| 03/01/2045 | 32,467.00 | - | 32,467.00 |
| 06/01/2045 | 32,467.00 | - | 32,467.00 |
| 09/01/2045 | 32,467.00 | - | 32,467.00 |
| 12/01/2045 | 32,467.00 | - | 32,467.00 |
| 03/01/2046 | 32,467.00 | - | 32,467.00 |
| 06/01/2046 | 32,467.00 | - | 32,467.00 |
| 09/01/2046 | 32,467.00 | - | 32,467.00 |
| 12/01/2046 | 32,467.00 | - | 32,467.00 |
| 03/01/2047 | 32,467.00 | - | 32,467.00 |
| 06/01/2047 | 32,467.00 | - | 32,467.00 |
| 09/01/2047 | 32,467.00 | - | 32,467.00 |
| 12/01/2047 | 32,467.00 | - | 32,467.00 |
| 03/01/2048 | 32,467.00 | - | 32,467.00 |
| 06/01/2048 | 32,467.00 | - | 32,467.00 |
| **Total** | **$5,000,000.00** | - | **$5,000,000.00** |

### Yield Statistics

| | |
|---|---|
| Bond Year Dollars | $104,027.04 |
| Average Life | 20.805 Years |
| Average Coupon | - |
| Net Interest Cost (NIC) | - |
| True Interest Cost (TIC) | 1.49E-10 |
| Bond Yield for Arbitrage Purposes | 1.49E-10 |
| All Inclusive Cost (AIC) | 1.49E-10 |

### IRS Form 8038

| | |
|---|---|
| Net Interest Cost | - |
| Weighted Average Maturity | 20.805 Years |

# SCHEDULE Z

None.

SPECIMEN

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE CITY OF MORGANTOWN
COMBINED UTILITY SYSTEM REVENUE BOND, SERIES 2013 A
(WEST VIRGINIA INFRASTRUCTURE FUND)

Replacement Bond
for
Canyon Public Service District
Sewer Revenue Bonds, Series 2008 A
(West Virginia Infrastructure Fund)

No. AR-1

$4,605,260

KNOW ALL MEN BY THESE PRESENTS: That on this the 22nd day of August, 2013, THE CITY OF MORGANTOWN, a municipal corporation and political subdivision of the State of West Virginia in Monongalia County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY (the "Authority") or registered assigns the sum of FOUR MILLION SIX HUNDRED AND FIVE THOUSAND TWO HUNDRED AND SIXTY DOLLARS ($4,605,260) which is the amount outstanding, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing September 1, 2013 to and including June 1, 2048 as set forth on the "Debt Service Schedule" attached as EXHIBIT A 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 Canyon Public Service District and the Authority on behalf of the Council, dated June 26, 2008, which Loan Agreement was assumed by the Issuer on August 22, 2013.

The Issuer is simultaneously assuming the Canyon Public Service District Sewer Revenue Bonds, Series 2008 A (West Virginia Infrastructure Fund), (the "District Bonds") and has re-designating and replacing the District Bonds with this Bond to be known as "The City of Morgantown Combined Utility System Revenue Bonds, Series 2013 A (West Virginia Infrastructure Fund)" 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 July 5, 2011, and a Supplemental Resolution and Conformed Bond Ordinance duly adopted by the Issuer on August 6, 2013 (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 ASSUMED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S:

(1) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 1995 (WEST VIRGINIA SRF PROGRAM), DATED APRIL 27, 1995, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,601,477 (THE "SERIES 1995 BONDS");

(2) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2000 A (WEST VIRGINIA SRF PROGRAM), DATED FEBRUARY 29, 2000, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $7,842,000 (THE "SERIES 2000 A BONDS");

(3) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2000 B (WEST VIRGINIA INFRASTRUCTURE FUND), DATED FEBRUARY 29, 2000, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,488,000 (THE "SERIES 2000 B BONDS");

(4) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2001 A (WEST VIRGINIA INFRASTRUCTURE FUND), DATED FEBRUARY 8, 2001, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $3,812,470 (THE "SERIES 2001 A BONDS");

(5) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2006 A (WEST VIRGINIA SRF PROGRAM), DATED JUNE 30, 2006, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $6,410,191 (THE "SERIES 2006 A BONDS");

(6) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2007 A (WEST VIRGINIA SRF PROGRAM), DATED AUGUST 14, 2007, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $8,500,000 (THE "SERIES 2007 A BONDS");

(7) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 A (DIRECT PAYMENT BUILD AMERICA BONDS), DATED JANUARY 28, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $37,950,000 (THE "SERIES 2010 A BONDS");

(8) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 B (WEST VIRGINIA SRF PROGRAM/ARRA), DATED JANUARY 28, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $81,600 (THE "SERIES 2010 B BONDS");

(9) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 C (WEST VIRGINIA SRF PROGRAM), DATED JANUARY 28, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $15,380,227 (THE "SERIES 2010 C BONDS");

(10) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 D (WEST VIRGINIA DWTRF PROGRAM), DATED JANUARY 28, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $9,317,286 (THE "SERIES 2010 D BONDS");

(11) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 E (WEST VIRGINIA DWTRF PROGRAM/ARRA), DATED JANUARY 28, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $100,000 (THE "SERIES 2010 E BONDS");

(12) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 F (BANK QUALIFIED), DATED JANUARY 28, 2010, ISSUED IN THE ORIGINAL AGGREGATE AMOUNT OF $7,250,000 (THE "SERIES 2010 F BONDS");

(13) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2012 A (WEST VIRGINIA DWTRF PROGRAM), DATED AUGUST 24, 2012, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $570,000 (THE "SERIES 2012 A BONDS");

(14) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2012 B (WEST VIRGINIA DWTRF PROGRAM), DATED AUGUST 24, 2012, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $444,835 (THE "SERIES 2012 B BONDS"); AND

(15) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2012 C (BANK QUALIFIED), DATED OCTOBER 5, 2012, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,330,000 (THE "SERIES 2012 C BONDS"), (COLLECTIVELY, THE "PRIOR BONDS").

This Bond is payable only from and secured by a pledge of the Gross Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Gross Revenues in favor of the holders of the Prior Bonds, and from moneys in the reserve account created under the Bond Legislation for the Bonds (the "Series 2013 A Bonds Reserve Account"). Such Gross 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 an indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the

Issuer be obligated to pay the same or the interest hereon, except from said special fund provided from the Gross Revenues, the moneys in the Series 2013 A Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest on the Bonds, and all other obligations secured by a lien on or payable from such revenues on a parity with the Bonds, including the Prior Bonds; provided, however, that so long as there exists in the Series 2013 A Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with the Bonds, including the Prior Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

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 assumption and re-designation 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 Gross 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.

[Remainder of Page Intentionally Blank]

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

[SEAL]

By: _____
Mayor

By: _____
City Manager

ATTEST:

By: _____
City Clerk

## CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2013 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: August 22, 2013.

THE HUNTINGTON NATIONAL BANK,
as Registrar

By: _____
Its: Authorized Officer

# EXHIBIT A

## DEBT SERVICE SCHEDULE

The City of Morgantown
Assumption and Replacement of Canyon Public Service District, Series 2008 A Bonds
0% Interest

# Debt Service Schedule

| Date | Principal | Total P+I |
|---|---|---|
| 06/01 2013 | | |
| 09/01 2013 | 32,895.00 | 32,895.00 |
| 12/01 2013 | 32,895.00 | 32,895.00 |
| 03/01 2013 | 32,895.00 | 32,895.00 |
| 06/01 2014 | 32,895.00 | 32,895.00 |
| 09/01 2014 | 32,895.00 | 32,895.00 |
| 12/01 2014 | 32,895.00 | 32,895.00 |
| 03/01 2014 | 32,895.00 | 32,895.00 |
| 06/01 2015 | 32,895.00 | 32,895.00 |
| 09/01 2015 | 32,895.00 | 32,895.00 |
| 12/01 2015 | 32,895.00 | 32,895.00 |
| 03/01 2015 | 32,895.00 | 32,895.00 |
| 06/01 2016 | 32,895.00 | 32,895.00 |
| 09/01 2016 | 32,895.00 | 32,895.00 |
| 12/01 2016 | 32,895.00 | 32,895.00 |
| 03/01 2016 | 32,895.00 | 32,895.00 |
| 06/01 2017 | 32,895.00 | 32,895.00 |
| 09/01 2017 | 32,895.00 | 32,895.00 |
| 12/01 2017 | 32,895.00 | 32,895.00 |
| 03/01 2017 | 32,895.00 | 32,895.00 |
| 06/01 2018 | 32,895.00 | 32,895.00 |
| 09/01 2018 | 32,895.00 | 32,895.00 |
| 12/01 2018 | 32,895.00 | 32,895.00 |
| 03/01 2018 | 32,895.00 | 32,895.00 |
| 06/01 2019 | 32,895.00 | 32,895.00 |
| 09/01 2019 | 32,895.00 | 32,895.00 |
| 12/01 2019 | 32,895.00 | 32,895.00 |
| 03/01 2019 | 32,895.00 | 32,895.00 |
| 06/01 2020 | 32,895.00 | 32,895.00 |
| 09/01 2020 | 32,895.00 | 32,895.00 |
| 12/01 2020 | 32,895.00 | 32,895.00 |
| 03/01 2020 | 32,895.00 | 32,895.00 |
| 06/01 2021 | 32,895.00 | 32,895.00 |
| 09/01 2021 | 32,895.00 | 32,895.00 |
| 12/01 2021 | 32,895.00 | 32,895.00 |
| 03/01 2021 | 32,895.00 | 32,895.00 |
| 06/01 2022 | 32,895.00 | 32,895.00 |
| 09/01 2022 | 32,895.00 | 32,895.00 |
| 12/01 2022 | 32,895.00 | 32,895.00 |

| | | |
|---|---|---|
| 03/01 2022 | 32,895.00 | 32,895.00 |
| 06/01 2023 | 32,895.00 | 32,895.00 |
| 09/01 2023 | 32,895.00 | 32,895.00 |
| 12/01 2023 | 32,895.00 | 32,895.00 |
| 03/01 2023 | 32,895.00 | 32,895.00 |
| 06/01 2024 | 32,895.00 | 32,895.00 |
| 09/01 2024 | 32,895.00 | 32,895.00 |
| 12/01 2024 | 32,895.00 | 32,895.00 |
| 03/01 2024 | 32,895.00 | 32,895.00 |
| 06/01 2025 | 32,895.00 | 32,895.00 |
| 09/01 2025 | 32,895.00 | 32,895.00 |
| 12/01 2025 | 32,895.00 | 32,895.00 |
| 03/01 2025 | 32,895.00 | 32,895.00 |
| 06/01 2026 | 32,895.00 | 32,895.00 |
| 09/01 2026 | 32,895.00 | 32,895.00 |
| 12/01 2026 | 32,895.00 | 32,895.00 |
| 03/01 2026 | 32,895.00 | 32,895.00 |
| 06/01 2027 | 32,895.00 | 32,895.00 |
| 09/01 2027 | 32,895.00 | 32,895.00 |
| 12/01 2027 | 32,895.00 | 32,895.00 |
| 03/01 2027 | 32,895.00 | 32,895.00 |
| 06/01 2028 | 32,895.00 | 32,895.00 |
| 09/01 2028 | 32,895.00 | 32,895.00 |
| 12/01 2028 | 32,895.00 | 32,895.00 |
| 03/01 2028 | 32,895.00 | 32,895.00 |
| 06/01 2029 | 32,895.00 | 32,895.00 |
| 09/01 2029 | 32,895.00 | 32,895.00 |
| 12/01 2029 | 32,895.00 | 32,895.00 |
| 03/01 2029 | 32,895.00 | 32,895.00 |
| 06/01 2030 | 32,895.00 | 32,895.00 |
| 09/01 2030 | 32,895.00 | 32,895.00 |
| 12/01 2030 | 32,895.00 | 32,895.00 |
| 03/01 2030 | 32,895.00 | 32,895.00 |
| 06/01 2031 | 32,895.00 | 32,895.00 |
| 09/01 2031 | 32,895.00 | 32,895.00 |
| 12/01 2031 | 32,895.00 | 32,895.00 |
| 03/01 2031 | 32,895.00 | 32,895.00 |
| 06/01 2032 | 32,895.00 | 32,895.00 |
| 09/01 2032 | 32,895.00 | 32,895.00 |
| 12/01 2032 | 32,895.00 | 32,895.00 |
| 03/01 2032 | 32,895.00 | 32,895.00 |
| 06/01 2033 | 32,895.00 | 32,895.00 |
| 09/01 2033 | 32,895.00 | 32,895.00 |
| 12/01 2033 | 32,895.00 | 32,895.00 |
| 03/01 2033 | 32,895.00 | 32,895.00 |
| 06/01 2034 | 32,895.00 | 32,895.00 |
| 09/01 2034 | 32,895.00 | 32,895.00 |

| | | |
|---|---|---|
| 12/01 2034 | 32,895.00 | 32,895.00 |
| 03/01 2034 | 32,895.00 | 32,895.00 |
| 06/01 2035 | 32,895.00 | 32,895.00 |
| 09/01 2035 | 32,895.00 | 32,895.00 |
| 12/01 2035 | 32,895.00 | 32,895.00 |
| 03/01 2035 | 32,895.00 | 32,895.00 |
| 06/01 2036 | 32,895.00 | 32,895.00 |
| 09/01 2036 | 32,895.00 | 32,895.00 |
| 12/01 2036 | 32,895.00 | 32,895.00 |
| 03/01 2036 | 32,895.00 | 32,895.00 |
| 06/01 2037 | 32,895.00 | 32,895.00 |
| 09/01 2037 | 32,895.00 | 32,895.00 |
| 12/01 2037 | 32,895.00 | 32,895.00 |
| 03/01 2037 | 32,895.00 | 32,895.00 |
| 06/01 2038 | 32,894.00 | 32,894.00 |
| 09/01 2038 | 32,894.00 | 32,894.00 |
| 12/01 2038 | 32,894.00 | 32,894.00 |
| 03/01 2038 | 32,894.00 | 32,894.00 |
| 06/01 2039 | 32,894.00 | 32,894.00 |
| 09/01 2039 | 32,894.00 | 32,894.00 |
| 12/01 2039 | 32,894.00 | 32,894.00 |
| 03/01 2039 | 32,894.00 | 32,894.00 |
| 06/01 2040 | 32,894.00 | 32,894.00 |
| 09/01 2040 | 32,894.00 | 32,894.00 |
| 12/01 2040 | 32,894.00 | 32,894.00 |
| 03/01 2040 | 32,894.00 | 32,894.00 |
| 06/01 2041 | 32,894.00 | 32,894.00 |
| 09/01 2041 | 32,894.00 | 32,894.00 |
| 12/01 2041 | 32,894.00 | 32,894.00 |
| 03/01 2041 | 32,894.00 | 32,894.00 |
| 06/01 2042 | 32,894.00 | 32,894.00 |
| 09/01 2042 | 32,894.00 | 32,894.00 |
| 12/01 2042 | 32,894.00 | 32,894.00 |
| 03/01 2042 | 32,894.00 | 32,894.00 |
| 06/01 2043 | 32,894.00 | 32,894.00 |
| 09/01 2043 | 32,894.00 | 32,894.00 |
| 12/01 2043 | 32,894.00 | 32,894.00 |
| 03/01 2043 | 32,894.00 | 32,894.00 |
| 06/01 2044 | 32,894.00 | 32,894.00 |
| 09/01 2044 | 32,894.00 | 32,894.00 |
| 12/01 2044 | 32,894.00 | 32,894.00 |
| 03/01 2044 | 32,894.00 | 32,894.00 |
| 06/01 2045 | 32,894.00 | 32,894.00 |
| 09/01 2045 | 32,894.00 | 32,894.00 |
| 12/01 2045 | 32,894.00 | 32,894.00 |
| 03/01 2045 | 32,894.00 | 32,894.00 |
| 06/01 2046 | 32,894.00 | 32,894.00 |

| | | |
|---|---|---|
| 09/01 2046 | 32,894.00 | 32,894.00 |
| 12/01 2046 | 32,894.00 | 32,894.00 |
| 03/01 2046 | 32,894.00 | 32,894.00 |
| 06/01 2047 | 32,894.00 | 32,894.00 |
| 09/01 2047 | 32,894.00 | 32,894.00 |
| 12/01 2047 | 32,894.00 | 32,894.00 |
| 03/01 2047 | 32,894.00 | 32,894.00 |
| 06/01 2048 | 32,895.00 | 32,895.00 |
| | 4,605,260.00 | 4,605,260.00 |

(Form of)

ASSIGNMENT

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

Dated: _____, 20____.

In the presence of: _____

STEPTOE & JOHNSON PLLC
ATTORNEYS AT LAW

Chase Tower, Eighth Floor
P.O. Box 1588
Charleston, WV 25326-1588
(304) 353-8000 (304) 353-8180 Fax
www.steptoe-johnson.com

Writer's Contact Information

August 22, 2013

The City of Morgantown
Combined Utility System Revenue Bonds, Series 2013 A
(West Virginia Infrastructure Fund)

The City of Morgantown
Morgantown, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

West Virginia Infrastructure and Jobs Development Council
Charleston, West Virginia

Ladies and Gentlemen:

We have served as bond counsel to The City of Morgantown (the "Issuer"), a municipal corporation and political subdivision of the State of West Virginia in connection with its assumption of the Canyon Public Service District Sewer Revenue Bonds, Series 2008 A (West Virginia Infrastructure Fund), dated June 26, 2008 in the aggregate principal amount of $5,000,000 (the "District Bonds") and the re-designation and replacement of the District Bonds with The City of Morgantown Combined Utility System Revenue Bonds, Series 2013 A (West Virginia Infrastructure Fund), dated August 22, 2013, in the aggregate principal amount of $4,605,260 which is the amount outstanding (the "Series 2013 A Bonds").

We have examined the law and a certified copy of proceedings and other papers relating to the authorization of (i) the assumption of a loan agreement dated June 26, 2008, including all schedules and exhibits attached thereto (the "Loan Agreement"), by and between the Canyon Public Service District 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 assumption by the Issuer of the District Bonds and the replacement of the District Bonds with the Series 2013 A Bonds and the delivery of the Series 2013 A Bonds to the Authority. The Series 2013 A Bonds are in the principal amount of $4,605,260, in the form of one bond, bearing no interest, registered as to principal only to the Authority, with principal payable quarterly on March 1, June 1, September 1, and December 1 of each year, beginning September 1, 2013 to and including June 1, 2048, all as set forth in "Exhibit A" attached to the Series 2013 A Bonds and made a part of the Series 2013 A Bonds.

We have also examined the applicable provisions of Chapter 8, Article 20 and Chapter 31, Article 15A of the Code of West Virginia, 1931, as amended (collectively, the "Act"), and the Bond Ordinance duly enacted by the Issuer on July 5, 2011, as supplemented by the Supplemental Resolution and Conformed Bond Ordinance duly adopted by the Issuer on August 6, 2013 (collectively, the "Bond Legislation"), pursuant to and under which Act and Bond Legislation the Series 2013 A Bonds are authorized and issued, and the Loan Agreement has been undertaken. The Series 2013 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 Bond Legislation and the Loan Agreement. All capitalized terms used herein and not defined herein shall have the same meanings set forth in the Bond Legislation.

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

1. The Loan Agreement has been duly authorized by 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 Council and cannot be amended so as to affect adversely the rights of the Authority or the Council or diminish the obligations of the Issuer without the written consent of the Authority and the Council.

3. The 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 operate and maintain the System, to adopt or enact the Bond Legislation and to assume and replace the District Bonds with the Series 2013 A Bonds, all under the Act and other applicable provisions of law.

4. The Bond Legislation and all other necessary ordinances and resolutions have been legally and effectively adopted or enacted by the Issuer and constitute valid and binding obligations of the Issuer enforceable against the Issuer in accordance with their terms. The Bond Legislation contains provisions and covenants in the form of those set forth in Section 4.1 of the Loan Agreement.

5. The Series 2013 A Bonds have been duly authorized, assumed, executed and delivered by the Issuer to the Authority and are valid, legally enforceable and binding special obligations of the Issuer, payable from the Gross Revenues of the System and secured by a first lien on and pledge of the Gross Revenues of the System, on a parity with the Issuer's: (1) Combined Utility System Revenue Bonds, Series 1995 (West Virginia SRF Program), dated April 27, 1995, issued in the original aggregate principal amount of $1,601,477 (the "Series 1995 Bonds"); (2) Combined Utility System Revenue Bonds, Series 2000 A (West Virginia SRF Program), dated February 29, 2000, issued in the original aggregate principal amount of $7,842,000 (the "Series 2000 A Bonds"); (3) Combined Utility System Revenue Bonds, Series 2000 B (West Virginia Infrastructure Fund), dated February 29, 2000, issued in the original aggregate principal amount of $2,488,000 (the "Series 2000 B Bonds"); (4) Combined Utility System Revenue Bonds, Series 2001 A (West Virginia Infrastructure Fund), dated February 8, 2001, issued in the original aggregate principal amount of $3,812,470 (the "Series 2001 A Bonds"); (5) Combined Utility System Revenue Bonds, Series 2006 A (West Virginia SRF Program), dated June 30, 2006, issued in the original aggregate principal amount of $6,410,191 (the "Series 2006 A Bonds"); (6) Combined Utility System Revenue Bonds, Series 2007 A (West Virginia SRF Program), dated August 14, 2007, issued in the original aggregate principal amount of $8,500,000 (the "Series 2007 A Bonds"); (7) Combined Utility System Revenue Bonds, Series 2010 A (Direct Payment Build America Bonds), dated January 28, 2010, issued in the original aggregate principal amount of $37,950,000 (the "Series 2010 A Bonds"); (8) Combined Utility System Revenue Bonds, Series 2010 B (West Virginia SRF Program/ARRA), dated January 28, 2010, issued in the original aggregate principal amount of $81,600 (the "Series 2010 B Bonds"); (9) Combined Utility System Revenue Bonds, Series 2010 C (West Virginia SRF Program), dated January 28, 2010, issued in the original aggregate principal amount of $15,380,227 (the "Series 2010 C Bonds"); (10) Combined Utility System Revenue Bonds, Series 2010 D (West Virginia DWTRF Program), dated January 28, 2010, issued in the original aggregate principal amount of $9,317,286 (the "Series 2010 D Bonds"); (11) Combined Utility System Revenue Bonds, Series 2010 E (West Virginia

DWTRF Program/ARRA), dated January 28, 2010, issued in the original aggregate principal amount of $100,000 (the "Series 2010 E Bonds"); (12) Combined Utility System Revenue Bonds, Series 2010 F (Bank Qualified), dated January 28, 2010, issued in the original aggregate amount of $7,250,000 (the "Series 2010 F Bonds"); (13) Combined Utility System Revenue Bonds, Series 2012 A (West Virginia DWTRF Program), dated August 24, 2012, issued in the original aggregate principal amount of $570,000 (the "Series 2012 A Bonds"); (14) Combined Utility System Revenue Bonds, Series 2012 B (West Virginia DWTRF Program), dated August 24, 2012, issued in the original aggregate principal amount of $444,835 (the "Series 2012 B Bonds"); and (15) Combined Utility System Revenue Bonds, Series 2012 C (Bank Qualified), dated October 5, 2012, issued in the original aggregate principal amount of $2,330,000 (the "Series 2012 C Bonds"), (collectively, the "Prior Bonds").

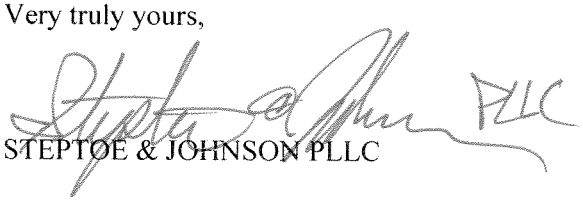
6. The Series 2013 A Bonds are, under the Act, exempt from all taxation by the State of West Virginia or any county, municipality, political subdivision or agency thereof.

7. The Series 2013 A Bonds have not been issued on the basis that the interest thereon, if any, is or will be excluded from the gross income of the owners thereof for federal income tax purposes. We express no opinion regarding the excludability of such interest from the gross income of the owners thereof for federal income tax purposes or other federal tax consequences arising with respect to the Series 2013 A Bonds.

No opinion is given herein as to the effect upon enforceability of the Series 2013 A Bonds of bankruptcy, insolvency, reorganization, moratorium and other laws affecting creditors' rights or in the exercise of judicial discretion in appropriate cases.

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

Very truly yours,



STEPTOE & JOHNSON PLLC

627490.00042

5727180

STEPTOE & JOHNSON PLLC
ATTORNEYS AT LAW

Chase Tower, Eighth Floor
P.O. Box 1588
Charleston, WV 25326-1588
(304) 353-8000 (304) 353-8180 Fax
www.steptoe-johnson.com

Writer's Contact Information

August 22, 2013

The City of Morgantown
Combined Utility System Revenue Bonds, Series 2013 A
(West Virginia Infrastructure Fund)

The City of Morgantown
Morgantown, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

West Virginia Infrastructure and Jobs Development Council
Charleston, West Virginia

Ladies and Gentlemen:

We are counsel to The City of Morgantown in Monongalia County, West Virginia (the "Issuer"). As such counsel, we have examined copies of the approving opinion of Steptoe & Johnson PLLC, as bond counsel, a Loan Agreement dated June 26, 2008, including all schedules and exhibits attached thereto, by and between Canyon Public Service District and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), (the "Loan Agreement"), a Bond Ordinance duly enacted by the Issuer on July 5, 2011, as supplemented by a Supplemental Resolution and Conformed Ordinance duly adopted by the Issuer on August 6, 2013 (collectively, the "Bond Legislation"), and other documents relating to the above-captioned Bonds of the Issuer (the "Bonds"). All capitalized terms used herein and not otherwise defined herein shall have the same meaning set forth in the Bond Legislation and the Loan Agreement when used herein.

We are of the opinion that:

1. The Issuer has been duly created and is validly existing as a municipal corporation and political subdivision of the State of West Virginia, and the Mayor, Clerk and members of the council of the Issuer have been duly and properly elected or appointed, as applicable, have taken the requisite oaths, and are authorized to act on behalf of the Issuer in their respective capacities.

2. The Loan Agreement has been assumed by Issuer and, constitutes valid and binding agreement of the Issuer enforceable in accordance with its terms.

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

4. The assumption, replacement and delivery of the Series 2013 A Bonds, the Loan Agreement and the consummation of the transactions contemplated by the Bonds and the Bond Legislation and the carrying out of the terms thereof, do not and will not, in any material respect, conflict with or constitute, on the part of the issuer, a breach of or default under any ordinance, order, resolution, agreement or other instrument to which the Issuer is a party or by which the Issuer or its properties are bound or any existing law, regulation, court order or consent decree to which the Issuer is subject.

5. The Issuer has received all permits, licenses, approvals, consents, exemptions, orders, certificates and authorizations necessary for the assumption and replacement of the Bonds, the operation of the System and the imposition of rates and charges for use of the System, including, without limitation, the receipt of all requisite orders and approvals from the Council and the Public Service Commission of West Virginia, and has taken any other action required for the imposition of such rates and charges, including, without limitation, the sewer rate ordinance enacted by The City of Morgantown (the "Issuer") on November 20, 2012, the water rate ordinance enacted June 21, 2011 and the stormwater rate ordinance enacted on December 6, 2011.

6. The Issuer has received the Recommended Decision of the Public Service Commission of West Virginia entered on February 7, 2012, which became Final Order on February 27, 2012 in Case No. 11-1001-PSD-S-PC, approving the acquisition of the assets of the Canyon Public Service District. The time for appeal of such Final Order has expired prior to the date hereof without any appeal. Such order remains in full force and effect.

7. To the best of our knowledge, there is no litigation, action, suit, proceeding or investigation at law or in equity before or by any court, public board or body, pending or threatened, wherein an unfavorable decision, ruling or finding would adversely affect the transactions contemplated by the Loan Agreement, the Bond Legislation, the operation of the System, the validity of the Bonds or the collection or pledge of the Gross Revenues therefor.

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

Very truly yours,



STEPTOE & JOHNSON PLLC

627490.00042

5727460

KAY CASTO & CHANEY PLLC
Attorneys at Law

The United Center • 1085 Van Voorhis Road, Suite 100 • Morgantown, WV 26505

(304) 225-0970 • Fax: (304) 225-0974

www.kaycasto.com

August 22, 2013

West Virginia Water Development Authority
Charleston, West Virginia

West Virginia Infrastructure and Jobs Development Council
Charleston, West Virginia

Re: City of Morgantown
Final Title Opinion

Dear Ladies and Gentlemen:

We represent the City of Morgantown (the "City") and the Morgantown Utility Board ("MUB") with regard to a proposed transaction in which the Canyon Public Service District, Monongalia County, West Virginia ("the PSD") is to be acquired by MUB. As part of this transaction, MUB is satisfying existing PSD debt obligations and reissuing same as part of the MUB portfolio.

In support of this transaction, we provide this final title opinion on behalf of the City and MUB to satisfy the requirements of the West Virginia Infrastructure and Jobs Development Council (the "WVIJDC") with regard to the financing proposed for this transaction. Please be advised of the following:

1. That we are of the opinion that the City is a duly created and existing municipality possessed with all the powers and authority granted to municipality under the laws of the State of West Virginia; that MUB is a duly created and existing combined public water and sewer utility, possessed with all the powers and authority granted to said entities under the laws of the State of West Virginia; and, that these entities have the full power and authority to acquire, operate and maintain the Canyon Public Service District as approved by the County Commission of Monongalia County and the Public Service Commission of West Virginia.

2. That MUB and the City have obtained all necessary approvals for this transaction.

3. That we 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 operation and maintenance by MUB of the former PSD system.

4. That we have examined the records on file in the Office of the Clerk of the County Commission of Monongalia County, West Virginia, the county in which the subject of the transaction is located, and, in our opinion, the PSD has conveyed to MUB legal title or such other estate or interest in the necessary site components sufficient to assure undisturbed use and possession for the purpose of operation and maintenance for the estimated life of the facilities to be constructed, with the following exception:

**The following listed defeasible interest in real property is being acquired by eminent domain. The necessary filings have been made in the Office of the Clerk of the Court of Monongalia County, West Virginia (Case No. CA 13-P-226), and the Court has entered an Order (dated June 11, 2013) permitting the PSD a right-of-entry for the purpose of operation and maintenance of the subject facilities on the subject property. The PSD's title thereto is defeasible in the event that it or its successor does not satisfy any resulting judgment and/or award in the proceedings for acquisition of said properties, and our certification is subject to the pending litigation in which MUB will succeed the PSD as the party asserting the power of eminent domain.**

**Union Tax District**
**Map 13, parcel 20**

5. That all deeds or other documents which have been acquired to date by the PSD have been duly recorded in the aforesaid Clerk's Office in order to protect the legal title to and interest of the PSD and its successor(s).

Sincerely,

**Kay Casto & Chaney PLLC**

by: _____
Timothy P. Stranko

The City of Morgantown
Combined Utility System Revenue Bonds, Series 2013 A
(West Virginia Infrastructure Fund)

GENERAL CERTIFICATE OF ISSUER AND ATTORNEY ON:

1. TERMS
2. NO LITIGATION
3. GOVERNMENTAL APPROVALS
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. LOAN AGREEMENT
10. RATES
11. INSURANCE
12. SIGNATURES AND DELIVERY
13. PUBLICATION AND PUBLIC HEARING ON BOND ORDINANCE
14. PUBLIC SERVICE COMMISSION ORDER
15. SPECIMEN BONDS
16. CONFLICT OF INTEREST
17. EXECUTION OF COUNTERPARTS

We, the undersigned MAYOR and CLERK of The City of Morgantown in Monongalia County, West Virginia (the "Issuer"), and the undersigned COUNSEL TO THE ISSUER hereby certifies on this 22nd day of August 2013 in connection with the Issuer's assumption of the Canyon Public Service District Sewer Revenue Bonds, Series 2008 A (West Virginia Infrastructure Fund) and the re-designation and replacement as The City of Morgantown Combined Utility System Revenue Bonds, Series 2013 A (West Virginia Infrastructure Fund) (the "Series 2013 A Bonds" or the "Bonds"), as follows:

1. TERMS: All capitalized words and terms used in this General Certificate and not otherwise defined herein shall have the same meaning as set forth in the Bond Ordinance of the Issuer duly enacted July 5, 2011, and the Supplemental Resolution and Conformed Bond Ordinance duly adopted August 6, 2013 (collectively, the "Bond Legislation").

2. NO LITIGATION: No controversy or litigation of any nature is now pending or threatened, restraining, enjoining or affecting in any manner the assumption and re-designation or delivery of the Series 2013 A Bonds, the operation of the System, the receipt of the Gross Revenues or any grants, or in any way contesting or affecting the validity of the Series 2013 A Bonds, or any proceedings of the Issuer taken with respect to the assumption and re-designation of the Series 2013 A Bonds, the pledge or application of the Gross Revenues or any other moneys or security provided for the

payment of the Series 2013 A Bonds or the existence or the powers of the Issuer insofar as they relate to the authorization of the assumption and re-designation of the Series 2013 A Bonds, the operation of the System, the pledge or application of moneys and security or the collection of the Gross Revenues or the pledge of Gross Revenues as security for the Series 2013 A Bonds.

3. GOVERNMENTAL APPROVALS: All applicable approvals, permits, exemptions, consents, authorizations, registrations and certificates required by law for the acquisition of the District, the assumption of the District Bonds and the operation of the have been obtained and remain in full force and effect.

4. NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS: There has been no adverse change in the financial condition of the Issuer since the assumption by the Issuer of the Loan Agreement and the Issuer has met all conditions prescribed in the Loan Agreement.

There are outstanding obligations of the Issuer which will rank on a parity with the Bonds as to liens, pledge, source of and security for payment, being the Issuer's: (1) Combined Utility System Revenue Bonds, Series 1995 (West Virginia SRF Program), dated April 27, 1995, issued in the original aggregate principal amount of $1,601,477 (the "Series 1995 Bonds"); (2) Combined Utility System Revenue Bonds, Series 2000 A (West Virginia SRF Program), dated February 29, 2000, issued in the original aggregate principal amount of $7,842,000 (the "Series 2000 A Bonds"); (3) Combined Utility System Revenue Bonds, Series 2000 B (West Virginia Infrastructure Fund), dated February 29, 2000, issued in the original aggregate principal amount of $2,488,000 (the "Series 2000 B Bonds"); (4) Combined Utility System Revenue Bonds, Series 2001 A (West Virginia Infrastructure Fund), dated February 8, 2001, issued in the original aggregate principal amount of $3,812,470 (the "Series 2001 A Bonds"); (5) Combined Utility System Revenue Bonds, Series 2006 A (West Virginia SRF Program), dated June 30, 2006, issued in the original aggregate principal amount of $6,410,191 (the "Series 2006 A Bonds"); (6) Combined Utility System Revenue Bonds, Series 2007 A (West Virginia SRF Program), dated August 14, 2007, issued in the original aggregate principal amount of $8,500,000 (the "Series 2007 A Bonds"); (7) Combined Utility System Revenue Bonds, Series 2010 A (Direct Payment Build America Bonds), dated January 28, 2010, issued in the original aggregate principal amount of $37,950,000 (the "Series 2010 A Bonds"); (8) Combined Utility System Revenue Bonds, Series 2010 B (West Virginia SRF Program/ARRA), dated January 28, 2010, issued in the original aggregate principal amount of $81,600 (the "Series 2010 B Bonds"); (9) Combined Utility System Revenue Bonds, Series 2010 C (West Virginia SRF Program), dated January 28, 2010, issued in the original aggregate principal amount of $15,380,227 (the "Series 2010 C Bonds"); (10) Combined Utility System Revenue Bonds, Series 2010 D (West Virginia DWTRF Program), dated January 28, 2010, issued in the original aggregate principal amount of $9,317,286 (the "Series 2010 D Bonds"); (11) Combined Utility System Revenue Bonds, Series 2010 E (West Virginia DWTRF Program/ARRA), dated January 28, 2010, issued in the original aggregate principal amount of $100,000 (the "Series 2010 E Bonds"); (12) Combined Utility System Revenue Bonds, Series 2010 F (Bank Qualified), dated January 28, 2010, issued in the original aggregate amount of $7,250,000 (the "Series 2010 F Bonds"); (13) Combined Utility System Revenue Bonds, Series 2012 A (West Virginia DWTRF Program), dated August 24, 2012, issued in the original aggregate principal amount of $570,000 (the "Series 2012 A Bonds"); (14) Combined Utility System Revenue Bonds, Series 2012 B (West Virginia DWTRF Program), dated August 24, 2012, issued in the original aggregate principal amount of $444,835 (the "Series 2012 B Bonds"); and (15) Combined Utility System

Revenue Bonds, Series 2012 C (Bank Qualified), dated October 5, 2012, issued in the original aggregate principal amount of $2,330,000 (the "Series 2012 C Bonds"), (collectively, the "Prior Bonds"). The Issuer is current on all Prior Bonds' payments and is in compliance with all covenants and requirements of the Prior Ordinances.

The Series 2013 A Bonds shall be issued on a parity with the Prior Bonds, with respect to liens, pledge, source of and security for payment and in all other respects. The Issuer has obtained (i) a certificate of an Independent Certified Public Accountant stating that the coverage and parity tests of the Prior Bonds are met, and (ii) the written consent of the registered owners of the Series 1995 Bonds, Series 2000 A Bonds, Series 2000 B Bonds, Series 2001 A Bonds, Series 2006 A Bonds, Series 2007 A Bonds, Series 2010 B Bonds, Series 2010 C Bonds, Series 2010 D Bonds, Series 2010 E Bonds, Series 2012 A Bonds and Series 2012 B Bonds to the assumption of the District Bonds and replacing the District Bonds with the Series 2013 A Bonds on a parity with the Prior Bonds. The Series 2010 A Bonds, Series 2010 F Bonds and Series 2012 C Bonds do not require consent. Other than the Prior Bonds, there are no other bonds, notes or other obligations of the Issuer which are secured by revenues or assets of the System.

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

Conformed Bond Ordinance

Supplemental Resolution

Loan Agreement

Public Service Commission Orders

City Charter

Oaths of Office of Officers and Councilmembers

Water Rate Ordinance

Sewer Rate Ordinance

Stormwater Rate Ordinance

Minutes on Enactment of Bond Ordinance and Adoption of Supplemental Resolution

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

Prior Ordinances

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

| Name | Date of Commencement of Office | Date of Termination of Office |
|---|---|---|
| Jenny Selin, Mayor | 07/01/2013 | 06/30/2017 |
| Ron Bane | 07/01/2013 | 06/30/2017 |
| Bill Kawecki | 07/01/2013 | 06/30/2017 |
| Wes Nugent | 07/01/2009 | 06/30/2017 |
| Marti Shamberger | 07/01/2013 | 06/30/2017 |
| Mike Fike | 07/01/2013 | 06/30/2017 |
| Nancy Ganz | 07/01/2013 | 06/30/2017 |

The duly appointed City Clerk is Linda Little and the duly appointed Counsel to the Issuer is Steptoe & Johnson PLLC, in Charleston, West Virginia.

7. LAND AND RIGHTS-OF-WAY: All land in fee simple and all rights-of-way and easements necessary for the operation and maintenance of the System have been acquired 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 are, in the opinion of all the undersigned, within the ability of the Issuer to pay for the same without jeopardizing the security of or payments on the Series 2013 A 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 assumption of the District Bonds, the replacement of the District Bonds with the Series 2013 A Bonds and the operation of the System were authorized or adopted at regular or special meetings of the Governing Body of the Issuer duly and regularly called and held pursuant to the Rules of Procedure of the Governing Body and all applicable statutes, including, particularly and without limitation, Chapter 6, Article 9A of the West Virginia Code of 1931, as amended, and a quorum of duly elected or appointed, as applicable, qualified and acting members of the Governing Body was present and acting at all times during all such meetings. All notices required to be posted and/or published were so posted and/or published.

9. LOAN AGREEMENT: As of the date hereof, the Issuer has assumed the loan agreement dated June 26, 2008 by and between the Canyon Public Service District and the West Virginia Water Development Authority on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Loan Agreement").

10. RATES: The Issuer has duly enacted a sewer rate ordinance on November 20, 2012, a water rate ordinance enacted June 21, 2011 and a stormwater rate ordinance enacted on December 6, 2011, setting rates and charges of the System. Such rates are currently in full force and effect.

11. INSURANCE. The Issuer will maintain or, as appropriate, will require all contractors to maintain worker's compensation, public liability, property damage insurance, standard hazard insurance, builder's risk insurance, flood insurance and business interruption insurance, where applicable, in accordance with the Bond Legislation and the Loan Agreement. All insurance for the System required by the Bond Legislation and the Loan Agreement are in full force and effect.

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

13. PUBLICATION AND PUBLIC HEARING ON BOND ORDINANCE: Upon adoption of the Bond Ordinance, an abstract thereof, determined by the Governing Body to contain sufficient information as to give notice of the contents thereof, was published once each week for 2 successive weeks, with not less than 6 full days between each publication, the first such publication occurring not less than 10 days before the date stated below for the public hearing, in *The Dominion Post,* a qualified newspaper of general circulation in The City of Morgantown, no newspaper being published therein, together with a notice to all persons concerned, stating that the Bond Ordinance had been adopted and that the Issuer contemplated the assumption of the Bonds described in such Bond Ordinance, stating that any person interested may appear before the Council at the public hearing held at a public meeting of Council on the 5th day of July, 2011, at 7:30 p.m., at the Morgantown City Hall and present protests, and stating that a certified copy of the Bond Ordinance was on file at the office of the Clerk of the Issuer for review by interested parties during the office hours of the Issuer. At such hearing all objections and suggestions were heard by the Governing Body and the Bond Ordinance became finally adopted, enacted and effective as of the date of such public hearing, and remains in full force and effect.

14. PUBLIC SERVICE COMMISSION ORDER: The Issuer has received the Recommended Decision entered on February 7, 2012, which became Final Order on February 27, 2012 of the Public Service Commission of West Virginia, in Case No. 11-1001-PSD-S-PC, approving the acquisition of the Assets of the Canyon Public Service District. The time for appeal of such Final Order has expired prior to the date hereof without any appeal. Such order remains in full force and effect.

15. SPECIMEN BONDS: Delivered concurrently herewith are true and accurate specimens of the Bonds.

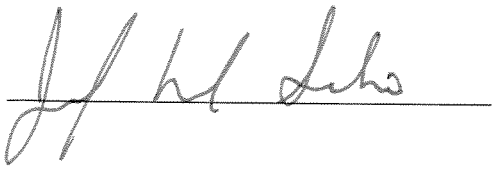
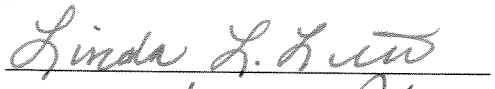
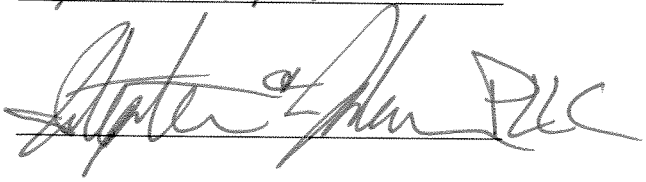
16. CONFLICT OF INTEREST: No member, officer or employee of the Issuer has a substantial financial interest, direct, indirect or by reason of ownership of stock in any corporation, in any contract with the Issuer or in the sale of any land, materials, supplies or services to the Issuer or to any contractor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

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

[Remainder of Page Intentionally Blank]

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

[CORPORATE SEAL]

| SIGNATURE | OFFICIAL TITLE |
| --- | --- |
|  | Mayor |
|  | Clerk |
|  | Counsel to Issuer |

627490.00043

# *Perry & Associates*
Certified Public Accountants, A.C.
www.perrycpas.com

MARIETTA
428 Second Street
Marietta, OH 45750
(740) 373-0056
(740) 373-2402 Fax

PARKERSBURG
1035 Murdoch Avenue
Parkersburg, WV 26101
(304) 422-2203
(304) 428-5587 Fax

ST. CLAIRSVILLE
121 E. Main Street
St. Clairsville, OH 43950
(740) 695-1569
(740) 695-5775 Fax


August 22, 2013

The City of Morgantown
Combined Utility System Revenue Bonds, Series 2013 A
(West Virginia Infrastructure Fund)

The City of Morgantown
Morgantown, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

West Virginia Infrastructure and Jobs Development Council
Charleston, West Virginia

Ladies and Gentlemen:

Based upon the rates and charges set forth in the sewer rate ordinance enacted by The City of Morgantown (the "Issuer") on November 20, 2012, the water rate ordinance enacted June 21, 2011 and the stormwater rate ordinance enacted on December 6, 2011, and projected operation and maintenance expenses and anticipated 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 combined waterworks, sewerage and stormwater system (the "System") of the Issuer, will pay all repair, operation and maintenance expenses of the System and leave a balance each year equal to at least 115% of the maximum amount required in any year for debt service on the Issuer's Combined Utility System Revenue Bonds, Series 2013 A (West Virginia Infrastructure Fund), dated August 22, 2013, in the original aggregate principal amount of $4,605,260 (the "Series 2013 A Bonds"), and all other obligations secured by a lien on or payable from such revenues, including the Issuer's:

(1) Combined Utility System Revenue Bonds, Series 1995 (West Virginia SRF Program), dated April 27, 1995, issued in the original aggregate principal amount of $1,601,477 (the "Series 1995 Bonds");

(2) Combined Utility System Revenue Bonds, Series 2000 A (West Virginia SRF Program), dated February 29, 2000, issued in the original aggregate principal amount of $7,842,000 (the "Series 2000 A Bonds");

(3) Combined Utility System Revenue Bonds, Series 2000 B (West Virginia Infrastructure Fund), dated February 29, 2000, issued in the original aggregate principal amount of $2,488,000 (the "Series 2000 B Bonds");

(4) Combined Utility System Revenue Bonds, Series 2001 A (West Virginia Infrastructure Fund), dated February 8, 2001, issued in the original aggregate principal amount of $3,812,470 (the "Series 2001 A Bonds");

(5) Combined Utility System Revenue Bonds, Series 2006 A (West Virginia SRF Program), dated June 30, 2006, issued in the original aggregate principal amount of $6,410,191 (the "Series 2006 A Bonds");

(6) Combined Utility System Revenue Bonds, Series 2007 A (West Virginia SRF Program), dated August 14, 2007, issued in the original aggregate principal amount of $8,500,000 (the "Series 2007 A Bonds");

(7) Combined Utility System Revenue Bonds, Series 2010 A (Direct Payment Build America Bonds), dated January 28, 2010, issued in the original aggregate principal amount of $37,950,000 (the "Series 2010 A Bonds");

(8) Combined Utility System Revenue Bonds, Series 2010 B (West Virginia SRF Program/ARRA), dated January 28, 2010, issued in the original aggregate principal amount of $81,600 (the "Series 2010 B Bonds");

(9) Combined Utility System Revenue Bonds, Series 2010 C (West Virginia SRF Program), dated January 28, 2010, issued in the original aggregate principal amount of $15,380,227 (the "Series 2010 C Bonds");

(10) Combined Utility System Revenue Bonds, Series 2010 D (West Virginia DWTRF Program), dated January 28, 2010, issued in the original aggregate principal amount of $9,317,286 (the "Series 2010 D Bonds");

(11) Combined Utility System Revenue Bonds, Series 2010 E (West Virginia DWTRF Program/ARRA), dated January 28, 2010, issued in the original aggregate principal amount of $100,000 (the "Series 2010 E Bonds");

(12) Combined Utility System Revenue Bonds, Series 2010 F (Bank Qualified), dated January 28, 2010, issued in the original aggregate amount of $7,250,000 (the "Series 2010 F Bonds");

(13) Combined Utility System Revenue Bonds, Series 2012 A (West Virginia DWTRF Program), dated August 24, 2012, issued in the original aggregate principal amount of $570,000 (the "Series 2012 A Bonds");

(14) Combined Utility System Revenue Bonds, Series 2012 B (West Virginia DWTRF Program), dated August 24, 2012, issued in the original aggregate principal amount of $444,835 (the "Series 2012 B Bonds"); and

(15) Combined Utility System Revenue Bonds, Series 2012 C (Bank Qualified), dated October 5, 2012, issued in the original aggregate principal amount of $2,330,000 (the "Series 2012 C Bonds"), (collectively, the "Prior Bonds").

It is our further opinion that the Net Revenues actually derived from the System during any 12 consecutive months, within the 18 months immediately preceding the date of the actual issuance of the Series 2013 A Bonds, plus the estimated average increased annual Net Revenues to be received in each of the 3 succeeding years after the assumption and re-designation of the Series 2013 A Bonds, if any, are not less than 115% of the largest aggregate amount that will mature and become due in any succeeding fiscal year for the principal of and interest on the Series 2013 A Bonds and the Prior Bonds.

Respectfully Submitted,

Perry & Associates CPA's A.C.

**Perry and Associates**
Certified Public Accountants, A.C.
Marietta, Ohio

**WV MUNICIPAL BOND COMMISSION**
900 Pennsylvania Ave
Suite 1117
Charleston, WV 25301
(304) 558-3971

**NEW ISSUE REPORT FORM**

Date of Report: August 22, 2013

ISSUE: The City of Morgantown
Combined Utility System Revenue Bonds, Series 2013 A (West Virginia Infrastructure Fund)

ADDRESS: 389 Spruce Street, Morgantown, WV 26505 COUNTY: Monongalia

PURPOSE OF ISSUE:
New Money: assumption and replacement
Refunding:

ISSUE DATE: August 22, 2013
ISSUE AMOUNT: $4,605,260
1ST DEBT SERVICE DUE: September 1, 2013
1ST DEBT SERVICE AMOUNT $32,895

REFUNDS ISSUE(S) DATED: NA
CLOSING DATE: August 22, 2013
RATE: 0%
1ST PRINCIPAL DUE September 1, 2013
PAYING AGENT: Municipal Bond Commission

BOND COUNSEL:
Firm: Steptoe & Johnson PLLC
Contact John Stump, Esquire
Phone: (304) 353.8196

CLOSING BANK:
Bank: United Bank, Inc
Contact: Jacquie Stanley
Phone: 304.598.3001

KNOWLEDGEABLE ISSUER CONTACT
Contact: Jenny Selin
Position: Mayor
Phone: 304.284.7405

UNDERWRITERS COUNSEL
Firm: Jackson Kelly PLLC
Contact: Samme L. Gee, Esquire
Phone: 304.340.1318

ESCROW TRUSTEE:
Firm:
Contact:
Phone:

OTHER:
Agency: W.V. Infrastructure and Jobs Development Council
Contact: Jim Ellars, P.E.
Position: Director
Phone: 304.414.6501

DEPOSITS TO MBC AT CLOSE
By: ____ Wire ____ Check

____ Accrued Interest: $
____ Capitalized Interest: $
____ Reserve Account: $
____ Other: Canyon 2008 A $

REFUNDS & TRANSFERS BY MBC AT CLOSE
By: ____ Wire ____ Check ____ IGT

____ To Escrow Trustee $
____ To Issuer $
____ To Cons. Invest. Fun $
____ To Other: ____ $

NOTES: The City of Morgantown has assumed the Canyon PSD Sewer Revenue Bonds, Series 2008 A and re-designated and replaced them as The City of Morgantown Combined Utility Revenue Bonds, Series 2013 A. The Series 2008 A Sinking Fund and 2008 A Reserve Account are also assumed and renamed as Series 2013 A Bonds Sinking Fund and Series 2013 A Bonds Reserve Account

FOR MUNICIPAL BOND COMMISSION USE ONLY:
DOCUMENTS REQUIRED:
TRANSFERS REQUIRED:

The City of Morgantown
Combined Utility System Revenue Bonds, Series 2013 A
(West Virginia Infrastructure Fund)

ACCEPTANCE OF DUTIES AS REGISTRAR

The Huntington National Bank, Charleston, West Virginia, hereby accepts appointment as Registrar in connection with The City of Morgantown Combined Utility System Revenue Bonds, Series 2013 A (West Virginia Infrastructure Fund), dated August 22, 2013, in the aggregate principal amount of $4,605,260 (the "Bonds"), and agrees to perform all duties of Registrar in connection with the Bonds, all as set forth in the Bond Legislation authorizing issuance of the Bonds.

WITNESS my signature on this 22nd day of August, 2013.

THE HUNTINGTON NATIONAL BANK

By: _____
Its: Authorized Officer

627490.00043

5726420

THE CITY OF MORGANTOWN

Combined Utility System Revenue Bonds, Series 2013 A
(West Virginia Infrastructure Fund)

CERTIFICATE OF REGISTRATION OF BONDS

The Huntington National Bank, Charleston, West Virginia, as Registrar under the Bond Legislation and Registrar's Agreement providing for the above-captioned Bonds of The City of Morgantown (the "Issuer"), hereby certifies that on the date hereof, the single, fully registered Combined Utility System Revenue Bonds, Series 2013 A (West Virginia Infrastructure Fund), of the Issuer, dated August 22, 2013, in the principal amount of $4,605,260, numbered AR-1 were registered as to principal only in the name of "West Virginia Water Development Authority" in the books of the Issuer kept for that purpose at our office, by a duly authorized officer on behalf of the Registrar.

WITNESS my signature on this 22nd day of August, 2013.

THE HUNTINGTON NATIONAL BANK

By: _____
Its: Authorized Officer

627490.00043

5726972

The City of Morgantown
Combined Utility System Revenue Bonds, Series 2013 A
(West Virginia Infrastructure Fund)

# REGISTRAR'S AGREEMENT

THIS REGISTRAR'S AGREEMENT, dated as of the 22nd day of August, 2013, by and between The City of Morgantown, a municipal corporation and political subdivision of the State of West Virginia (the "Issuer"), and THE HUNTINGTON NATIONAL BANK, Charleston, West Virginia (the "Registrar").

WHEREAS, the Issuer has, contemporaneously with the execution hereof, assumed the District Bonds and replaced the District Bonds with its $4,605,260 principal amount of Combined Utility System Revenue Bonds, Series 2013 A (West Virginia Infrastructure Fund), in fully registered form (the "Series 2013 A Bonds") pursuant to a Bond Ordinance of the Issuer duly enacted July 5, 2011, and a Supplemental Resolution and Conformed Bond Ordinance of the Issuer duly adopted August 6, 2013 (collectively, the "Bond Legislation");

WHEREAS, capitalized words and terms used in this Registrar's Agreement and not otherwise defined herein shall have the respective meanings given them in the Bond Legislation, a copy of which is attached as EXHIBIT A hereto and incorporated herein by reference;

WHEREAS, the Bond Legislation provides for an appointment by the Issuer of a Registrar for the Series 2013 A Bonds; and

WHEREAS, the Issuer desires to appoint, and by the Bond Legislation and this Registrar's Agreement does appoint, the Registrar to act as Registrar under the Bond Legislation and to take certain other actions hereinafter set forth;

NOW, THEREFORE, it is agreed by and between the parties hereto as follows:

1. Upon the execution of this Registrar's Agreement by the Issuer and the Registrar and during the term hereof, the Registrar does accept and shall have and carry out the powers and duties of Registrar for the Series 2013 A Bonds, all as set forth in the Bond Legislation, such duties including, among other things, the duties to authenticate, register and deliver the Series 2013 A Bonds upon original issuance and when properly presented for exchange or transfer, and shall do so with the intention of maintaining the exemption of interest, if any, on the Series 2013 A Bonds from federal income taxation, in accordance with any rules and regulations promulgated by the United States Treasury Department or by the Municipal Securities Rulemaking Board or similar regulatory bodies as the Issuer advises it of and with generally accepted industry standards.

2. The Registrar agrees to furnish the Issuer with appropriate records of all transactions carried out by it as Registrar and to furnish the Issuer with the names and specimen signatures of the Registrar's authorized officers for the purposes of acting as the Registrar and with such other information and reports as the Issuer may from time to time reasonably require.

3. The Registrar shall have no responsibility or liability for any action taken by it at the specific direction of the Issuer.

4. As compensation for acting as Registrar pursuant to this Registrar's Agreement, the Issuer hereby agrees to pay to the Registrar the compensation for services rendered as provided in the annexed schedule.

5. It is intended that this Registrar's Agreement shall carry out and implement provisions of the Bond Legislation with respect to the Registrar. In the event of any conflict between the terms of this Registrar's Agreement and the Bond Legislation, the terms of the Bond Legislation shall govern.

6. The Issuer and the Registrar each warrants and represents that it is duly authorized and empowered to execute and enter into this Registrar's Agreement and that neither such execution nor the performance of its duties hereunder or under the Bond Legislation will violate any order, decree or agreement to which it is a party or by which it is bound.

7. This Registrar's Agreement may be terminated by either party upon 60 days' written notice sent by registered or certified mail to the other party, at the following respective addresses:

ISSUER:
The City of Morgantown
389 Spruce Street
Morgantown, West Virginia 26505
Attention: Mayor

REGISTRAR:
The Huntington National Bank
One Huntington Square
Charleston, West Virginia 25301

8. The Registrar shall not discriminate on the basis of race, color, national origin or sex in the performance of this Agreement. The registrar shall carry out applicable requirements of 40 CFR part 33 in the award and administration of contracts awarded under EPA financial assistance agreements. Failure by the Registrar to carry out these requirements is a material breach of this Agreement which may result in the termination of this Agreement or other legal available remedies.

9. The Registrar is hereby requested and authorized to authenticate and deliver the Series 2013 A Bonds in accordance with the Bond Legislation.

IN WITNESS WHEREOF, the parties hereto have respectively caused this Registrar's Agreement to be signed in their names and on their behalf, all as of the day and year first above-written.

THE CITY OF MORGANTOWN

By: _____
Its: Mayor

THE HUNTINGTON NATIONAL BANK

By: _____
Its: Authorized Officer

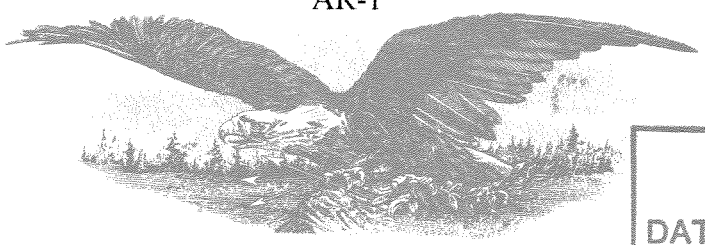
627490.00043

EXHIBIT A

Bond Legislation included in bond transcript as Documents No. 1 and No. 2

NUMBER

AR-1



CANCELLED
PAID IN FULL
DATE: 8/24/13
BY : MAM

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
CANYON PUBLIC SERVICE DISTRICT
SEWER REVENUE BOND, SERIES 2008 A
(WEST VIRGINIA INFRASTRUCTURE FUND)

No. AR-1 $5,000,000

KNOW ALL MEN BY THESE PRESENTS: That on this 26th day of June, 2008, CANYON PUBLIC SERVICE DISTRICT, a public service district, public corporation and political subdivision of the State of West Virginia in Monongalia 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 FIVE MILLION DOLLARS ($5,000,000), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing March 1, 2010, as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference.

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

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the West Virginia Infrastructure and Jobs Development Council (the "Council"), and upon the terms and

conditions prescribed by, and otherwise in compliance with, the Loan Agreement by and between the Issuer and the Authority, on behalf of the Council, dated June 26, 2008.

This Bond is issued (i) to pay in full the entire outstanding principal of and all accrued interest and administrative fees on the Issuer's Sewerage System Design Notes, Series 2006 A (West Virginia Infrastructure Fund) (the "Notes"), heretofore issued to pay the costs of design of the Project (hereinafter defined); (ii) to pay a portion of the costs of acquisition and construction of certain improvements and extensions to the existing public sewer facilities of the Issuer (the "Project"); and (iii) to pay certain costs of issuance of this Bond and related costs. The existing public sewer facilities of the Issuer, the Project and any further improvements or extensions thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A and Chapter 31, Article 15A of the Code of West Virginia, 1931, as amended (collectively, the "Act"), a Bond Resolution duly adopted by the Issuer on June 10, 2008 and a Supplemental Resolution duly adopted by the Issuer on June 10, 2008 (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 this Bond under the Bond Legislation.

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the System and from moneys in the reserve account created under the Bond Legislation for this Bond (the "Series 2008 A Bonds Reserve Account") and unexpended proceeds of this Bond. 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 moneys in the Series 2008 A Bonds Reserve Account and unexpended proceeds of this Bond. 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 of principal of and interest, if any, on this Bond payable in any year and all other obligations secured by a lien on or payable from such revenues on a parity with this Bond; provided however, that so long as there exists in the Series 2008 A Bonds Reserve Account, an amount at least equal to the maximum amount of principal and interest, if any, which will become due on this Bond in the

then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with this Bond, 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 Owner (as defined in the Bond Legislation) of this Bond for the terms of which reference is made to the Bond Legislation. Remedies provided the Registered Owner of this Bond are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

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

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

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

IN WITNESS WHEREOF, CANYON PUBLIC SERVICE DISTRICT has caused this Bond to be signed by its Chairperson and its corporate seal to be hereunto affixed and attested by its Secretary, and has caused this Bond to be dated as of the date first written above.

[SEAL]

Chairperson

ATTEST:

Secretary

NUMBER

AR-1

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2008 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: June 26, 2008.

UNITED BANK, INC., as Registrar

Authorized Officer

NUMBER

AR-1

# EXHIBIT A

## RECORD OF ADVANCES

| | AMOUNT | DATE | | AMOUNT | DATE |
|---|---|---|---|---|---|
| (1) | $ 789,692.00 | | (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 $

# WEST VIRGINIA INFRASTRUCTURE FUND

## WATER/WASTEWATER - VIDEO LOTTERY

Canyon PSD 97S-376

| Date Closed: | 06/26/08 | Record of Advances |
|---|---|---|

**Loan #1 Amount:** 5,000,000.00

| | Amount | Date |
|---|---|---|
| 1 | 789,692.00 | 06/26/2008 |
| 2 | 125,843.00 | 08/22/2008 |
| 3 | 320,016.00 | 09/19/2008 |
| 4 | 186,256.00 | 11/07/2008 |
| 5 | 157,865.00 | 11/21/2008 |
| 6 | 383,024.00 | 12/19/2008 |
| 7 | 364,217.00 | 02/13/2009 |
| 8 | 99,214.00 | 03/13/2009 |
| 9 | 422,071.00 | 03/13/2009 |
| 10 | 424,296.00 | 04/24/2009 |
| 11 | 432,012.00 | 05/15/2009 |
| 12 | 276,376.00 | 06/26/2009 |
| 13 | 384,596.00 | 07/24/2009 |
| 14 | 106,719.23 | 08/14/2009 |
| 15 | 92,789.23 | 09/25/2009 |
| 16 | 435,013.54 | 10/23/2009 |
| 17 | | |
| 18 | | |
| 19 | | |
| 20 | | |
| 21 | | |
| 22 | | |
| 23 | | |
| 24 | | |
| 25 | | |
| 26 | | |
| 27 | | |
| 28 | | |
| 29 | | |
| 30 | | |
| | 5,000,000.00 | 02/24/12 |
| | 0.00 | Available |

**Grant #1 Amount:** 843,230.88 *

| | Amount | Date |
|---|---|---|
| 1 | 201,557.36 | 10/23/2009 |
| 2 | 323,359.51 | 11/20/2009 |
| 3 | 33,765.91 | 12/18/2009 |
| 4 | 61,061.64 | 1/29/2010 |
| 5 | 37,843.60 | 2/19/2010 |
| 6 | 78,082.98 | 5/21/2010 |
| 7 | 2,389.88 | 8/13/2010 |
| 8 | 105,170.00 | 12/3/2010 |
| 9 | | |
| 10 | | |
| 11 | | |
| 12 | | |
| 13 | | |
| 14 | | |
| 15 | | |
| | 843,230.88 | 02/24/12 |
| | 0.00 | Available |

**Grant #2 Amount:**

| | | |
|---|---|---|
| 1 | | |
| 2 | | |
| 3 | | |
| 4 | | |
| 5 | | |
| 6 | | |
| 7 | | |
| 8 | | |
| 9 | | |
| 10 | | |
| | - | 02/24/12 |
| | - | Available |

* Original grant 1,500,000 reduced to 843,230.88; remaining put back into District 1 funds.

AR-1

EXHIBIT B - DEBT SERVICE SCHEDULE

**$5,000,000**

**Canyon Public Service District (West Virginia)**

**0% Interest Rate; 40 Years**

**Closing Date: June 26, 2008**

## Debt Service Schedule

Part 1 of 4

| Date | Principal | Coupon | Total P+I |
|---|---|---|---|
| 09/01/2008 | - | - | - |
| 12/01/2008 | - | - | - |
| 03/01/2009 | - | - | - |
| 06/01/2009 | - | - | - |
| 09/01/2009 | - | - | - |
| 12/01/2009 | - | - | - |
| 03/01/2010 | 32,468.00 | - | 32,468.00 |
| 06/01/2010 | 32,468.00 | - | 32,468.00 |
| 09/01/2010 | 32,468.00 | - | 32,468.00 |
| 12/01/2010 | 32,468.00 | - | 32,468.00 |
| 03/01/2011 | 32,468.00 | - | 32,468.00 |
| 06/01/2011 | 32,468.00 | - | 32,468.00 |
| 09/01/2011 | 32,468.00 | - | 32,468.00 |
| 12/01/2011 | 32,468.00 | - | 32,468.00 |
| 03/01/2012 | 32,468.00 | - | 32,468.00 |
| 06/01/2012 | 32,468.00 | - | 32,468.00 |
| 09/01/2012 | 32,468.00 | - | 32,468.00 |
| 12/01/2012 | 32,468.00 | - | 32,468.00 |
| 03/01/2013 | 32,468.00 | - | 32,468.00 |
| 06/01/2013 | 32,468.00 | - | 32,468.00 |
| 09/01/2013 | 32,468.00 | - | 32,468.00 |
| 12/01/2013 | 32,468.00 | - | 32,468.00 |
| 03/01/2014 | 32,468.00 | - | 32,468.00 |
| 06/01/2014 | 32,468.00 | - | 32,468.00 |
| 09/01/2014 | 32,468.00 | - | 32,468.00 |
| 12/01/2014 | 32,468.00 | - | 32,468.00 |
| 03/01/2015 | 32,468.00 | - | 32,468.00 |
| 06/01/2015 | 32,468.00 | - | 32,468.00 |
| 09/01/2015 | 32,468.00 | - | 32,468.00 |
| 12/01/2015 | 32,468.00 | - | 32,468.00 |
| 03/01/2016 | 32,468.00 | - | 32,468.00 |
| 06/01/2016 | 32,468.00 | - | 32,468.00 |
| 09/01/2016 | 32,468.00 | - | 32,468.00 |
| 12/01/2016 | 32,468.00 | - | 32,468.00 |
| 03/01/2017 | 32,468.00 | - | 32,468.00 |
| 06/01/2017 | 32,468.00 | - | 32,468.00 |
| 09/01/2017 | 32,468.00 | - | 32,468.00 |
| 12/01/2017 | 32,468.00 | - | 32,468.00 |
| 03/01/2018 | 32,468.00 | - | 32,468.00 |
| 06/01/2018 | 32,468.00 | - | 32,468.00 |
| 09/01/2018 | 32,468.00 | - | 32,468.00 |
| 12/01/2018 | 32,468.00 | - | 32,468.00 |
| 03/01/2019 | 32,468.00 | - | 32,468.00 |
| 06/01/2019 | 32,468.00 | - | 32,468.00 |

NUMBER

AR-1

**$5,000,000**
**Canyon Public Service District (West Virginia)**
**0% Interest Rate; 40 Years**
**Closing Date: June 26, 2008**

## Debt Service Schedule

Part 2 of 4

| Date | Principal | Coupon | Total P+I |
|---|---|---|---|
| 09/01/2019 | 32,468.00 | - | 32,468.00 |
| 12/01/2019 | 32,468.00 | - | 32,468.00 |
| 03/01/2020 | 32,468.00 | - | 32,468.00 |
| 06/01/2020 | 32,468.00 | - | 32,468.00 |
| 09/01/2020 | 32,468.00 | - | 32,468.00 |
| 12/01/2020 | 32,468.00 | - | 32,468.00 |
| 03/01/2021 | 32,468.00 | - | 32,468.00 |
| 06/01/2021 | 32,468.00 | - | 32,468.00 |
| 09/01/2021 | 32,468.00 | - | 32,468.00 |
| 12/01/2021 | 32,468.00 | - | 32,468.00 |
| 03/01/2022 | 32,468.00 | - | 32,468.00 |
| 06/01/2022 | 32,468.00 | - | 32,468.00 |
| 09/01/2022 | 32,468.00 | - | 32,468.00 |
| 12/01/2022 | 32,468.00 | - | 32,468.00 |
| 03/01/2023 | 32,468.00 | - | 32,468.00 |
| 06/01/2023 | 32,468.00 | - | 32,468.00 |
| 09/01/2023 | 32,468.00 | - | 32,468.00 |
| 12/01/2023 | 32,468.00 | - | 32,468.00 |
| 03/01/2024 | 32,468.00 | - | 32,468.00 |
| 06/01/2024 | 32,468.00 | - | 32,468.00 |
| 09/01/2024 | 32,468.00 | - | 32,468.00 |
| 12/01/2024 | 32,468.00 | - | 32,468.00 |
| 03/01/2025 | 32,468.00 | - | 32,468.00 |
| 06/01/2025 | 32,468.00 | - | 32,468.00 |
| 09/01/2025 | 32,468.00 | - | 32,468.00 |
| 12/01/2025 | 32,468.00 | - | 32,468.00 |
| 03/01/2026 | 32,468.00 | - | 32,468.00 |
| 06/01/2026 | 32,468.00 | - | 32,468.00 |
| 09/01/2026 | 32,468.00 | - | 32,468.00 |
| 12/01/2026 | 32,468.00 | - | 32,468.00 |
| 03/01/2027 | 32,468.00 | - | 32,468.00 |
| 06/01/2027 | 32,468.00 | - | 32,468.00 |
| 09/01/2027 | 32,468.00 | - | 32,468.00 |
| 12/01/2027 | 32,468.00 | - | 32,468.00 |
| 03/01/2028 | 32,468.00 | - | 32,468.00 |
| 06/01/2028 | 32,468.00 | - | 32,468.00 |
| 09/01/2028 | 32,468.00 | - | 32,468.00 |
| 12/01/2028 | 32,468.00 | - | 32,468.00 |
| 03/01/2029 | 32,468.00 | - | 32,468.00 |
| 06/01/2029 | 32,468.00 | - | 32,468.00 |
| 09/01/2029 | 32,468.00 | - | 32,468.00 |
| 12/01/2029 | 32,468.00 | - | 32,468.00 |
| 03/01/2030 | 32,468.00 | - | 32,468.00 |
| 06/01/2030 | 32,468.00 | - | 32,468.00 |

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**$5,000,000**
**Canyon Public Service District (West Virginia)**
**0% Interest Rate; 40 Years**
**Closing Date: June 26, 2008**

## Debt Service Schedule

Part 3 of 4

| Date | Principal | Coupon | Total P+I |
|---|---|---|---|
| 09/01/2030 | 32,467.00 | - | 32,467.00 |
| 12/01/2030 | 32,467.00 | - | 32,467.00 |
| 03/01/2031 | 32,467.00 | - | 32,467.00 |
| 06/01/2031 | 32,467.00 | - | 32,467.00 |
| 09/01/2031 | 32,467.00 | - | 32,467.00 |
| 12/01/2031 | 32,467.00 | - | 32,467.00 |
| 03/01/2032 | 32,467.00 | - | 32,467.00 |
| 06/01/2032 | 32,467.00 | - | 32,467.00 |
| 09/01/2032 | 32,467.00 | - | 32,467.00 |
| 12/01/2032 | 32,467.00 | - | 32,467.00 |
| 03/01/2033 | 32,467.00 | - | 32,467.00 |
| 06/01/2033 | 32,467.00 | - | 32,467.00 |
| 09/01/2033 | 32,467.00 | - | 32,467.00 |
| 12/01/2033 | 32,467.00 | - | 32,467.00 |
| 03/01/2034 | 32,467.00 | - | 32,467.00 |
| 06/01/2034 | 32,467.00 | - | 32,467.00 |
| 09/01/2034 | 32,467.00 | - | 32,467.00 |
| 12/01/2034 | 32,467.00 | - | 32,467.00 |
| 03/01/2035 | 32,467.00 | - | 32,467.00 |
| 06/01/2035 | 32,467.00 | - | 32,467.00 |
| 09/01/2035 | 32,467.00 | - | 32,467.00 |
| 12/01/2035 | 32,467.00 | - | 32,467.00 |
| 03/01/2036 | 32,467.00 | - | 32,467.00 |
| 06/01/2036 | 32,467.00 | - | 32,467.00 |
| 09/01/2036 | 32,467.00 | - | 32,467.00 |
| 12/01/2036 | 32,467.00 | - | 32,467.00 |
| 03/01/2037 | 32,467.00 | - | 32,467.00 |
| 06/01/2037 | 32,467.00 | - | 32,467.00 |
| 09/01/2037 | 32,467.00 | - | 32,467.00 |
| 12/01/2037 | 32,467.00 | - | 32,467.00 |
| 03/01/2038 | 32,467.00 | - | 32,467.00 |
| 06/01/2038 | 32,467.00 | - | 32,467.00 |
| 09/01/2038 | 32,467.00 | - | 32,467.00 |
| 12/01/2038 | 32,467.00 | - | 32,467.00 |
| 03/01/2039 | 32,467.00 | - | 32,467.00 |
| 06/01/2039 | 32,467.00 | - | 32,467.00 |
| 09/01/2039 | 32,467.00 | - | 32,467.00 |
| 12/01/2039 | 32,467.00 | - | 32,467.00 |
| 03/01/2040 | 32,467.00 | - | 32,467.00 |
| 06/01/2040 | 32,467.00 | - | 32,467.00 |
| 09/01/2040 | 32,467.00 | - | 32,467.00 |
| 12/01/2040 | 32,467.00 | - | 32,467.00 |
| 03/01/2041 | 32,467.00 | - | 32,467.00 |
| 06/01/2041 | 32,467.00 | - | 32,467.00 |

NUMBER

AR-1

**$5,000,000**
**Canyon Public Service District (West Virginia)**
**0% Interest Rate; 40 Years**
**Closing Date: June 26, 2008**

## Debt Service Schedule

Part 4 of 4

| Date | Principal | Coupon | Total P+I |
|---|---|---|---|
| 09/01/2041 | 32,467.00 | - | 32,467.00 |
| 12/01/2041 | 32,467.00 | - | 32,467.00 |
| 03/01/2042 | 32,467.00 | - | 32,467.00 |
| 06/01/2042 | 32,467.00 | - | 32,467.00 |
| 09/01/2042 | 32,467.00 | - | 32,467.00 |
| 12/01/2042 | 32,467.00 | - | 32,467.00 |
| 03/01/2043 | 32,467.00 | - | 32,467.00 |
| 06/01/2043 | 32,467.00 | - | 32,467.00 |
| 09/01/2043 | 32,467.00 | - | 32,467.00 |
| 12/01/2043 | 32,467.00 | - | 32,467.00 |
| 03/01/2044 | 32,467.00 | - | 32,467.00 |
| 06/01/2044 | 32,467.00 | - | 32,467.00 |
| 09/01/2044 | 32,467.00 | - | 32,467.00 |
| 12/01/2044 | 32,467.00 | - | 32,467.00 |
| 03/01/2045 | 32,467.00 | - | 32,467.00 |
| 06/01/2045 | 32,467.00 | - | 32,467.00 |
| 09/01/2045 | 32,467.00 | - | 32,467.00 |
| 12/01/2045 | 32,467.00 | - | 32,467.00 |
| 03/01/2046 | 32,467.00 | - | 32,467.00 |
| 06/01/2046 | 32,467.00 | - | 32,467.00 |
| 09/01/2046 | 32,467.00 | - | 32,467.00 |
| 12/01/2046 | 32,467.00 | - | 32,467.00 |
| 03/01/2047 | 32,467.00 | - | 32,467.00 |
| 06/01/2047 | 32,467.00 | - | 32,467.00 |
| 09/01/2047 | 32,467.00 | - | 32,467.00 |
| 12/01/2047 | 32,467.00 | - | 32,467.00 |
| 03/01/2048 | 32,467.00 | - | 32,467.00 |
| 06/01/2048 | 32,467.00 | - | 32,467.00 |
| **Total** | **$5,000,000.00** | - | **$5,000,000.00** |

### Yield Statistics

| | |
|---|---|
| Bond Year Dollars | $104,027.04 |
| Average Life | 20.805 Years |
| Average Coupon | - |
| Net Interest Cost (NIC) | - |
| True Interest Cost (TIC) | 1.49E-10 |
| Bond Yield for Arbitrage Purposes | 1.49E-10 |
| All Inclusive Cost (AIC) | 1.49E-10 |

### IRS Form 8038

| | |
|---|---|
| Net Interest Cost | - |
| Weighted Average Maturity | 20.805 Years |

NUMBER

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(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:

_____

{C1366773.1}

The City of Morgantown

Assumption of
Canyon Public Service District Sewer Revenue Bonds, Series 2008 A
(West Virginia Infrastructure Fund)

And Replacement as

The City of Morgantown
Combined Utility System Revenue Bonds, Series 2013 A
(West Virginia Infrastructure Fund)

NOTICE OF REPLACEMENT OF BONDS

West Virginia Water Development Authority
Charleston, West Virginia

West Virginia Municipal Bond Commission
Charleston, West Virginia

United Bank, Inc.
Charleston, West Virginia

**WHEREAS**, the West Virginia Water Development Authority (the "Authority") is the current registered owner and holder of the following outstanding bonds of the Canyon Public Service District Sewer Revenue Bonds, Series 2008 A (West Virginia Infrastructure Fund), dated June 26, 2008, issued in the original aggregate principal amount of $5,000,000 (the "District Bonds");

**WHEREAS**, United Bank, Inc, Charleston, West Virginia, (the "United Bank") is the registrar for the District Bonds.

**WHEREAS**, pursuant to the Ordinance enacted by the Issuer on July 5, 2011 as supplemented by Supplemental Resolution and Conformed Ordinance adopted August 6, 2013, The City of Morgantown (the "City") has assumed and replaced the District Bonds as The City of Morgantown Combined Utility System Revenue Bonds, Series 2013 A (West Virginia Infrastructure Fund), dated August 22, 2013, in the original aggregate principal amount of $4,605,260 (the "Series 2013 A Bonds"),

**WHEREAS**, pursuant to the Supplemental Resolution adopted by the City on August 6, 2013, the City has designated the registrar for the Series 2013 A Bonds as The Huntington National Bank (the "Huntington Bank");

**WHEREAS**, the City has presented the fully executed Series 2013 A Bonds to Huntington Bank on the date hereof for purposes of authentication and registration thereof in the name of the Authority, who continues to be the owner of same; and

**WHEREAS**, simultaneously with the authentication and registration of the Series 2013 A Bonds by Huntington Bank on the date hereof to reflect the continued ownership of the Authority, the City desires that the Authority transfer physical custody of the District Bonds to United Bank, and that United Bank forthwith destroy or cancel such District Bonds and issue its Certificate of Cancellation or Destruction indicating same.

**NOW, THEREFORE**, the City hereby determines as follows:

1. The City has delivered to the Authority on August 22, 2013 its fully executed Series 2013 A Bonds, which have been authenticated and registered by Huntington Bank, as the registrar thereof, in the name of the Authority, who shall be the owner and holder of same.

2. Upon receipt by the Authority of the fully executed, authenticated and registered Series 2013 A Bonds on August 22, 2013, the City requests that the Authority simultaneously transfer physical custody of the District Bonds to United Bank which shall immediately destroy or cancel the same and issue its Certificate of Destruction or Certificate of Cancellation to the Issuer.

[Remainder of Page Intentionally Blank]

Dated as of this 22nd day of August, 2013.

THE CITY OF MORGANTOWN

Mayor

# AMENDED ACQUISITION AGREEMENT

THIS AMENDED AGREEMENT, made and entered into this 22nd day of August, 2013, by and among the CITY OF MORGANTOWN, a municipal corporation organized and existing pursuant to the provisions of Chapter 8 of the West Virginia Code of 1931, as amended ("Code") (the "City"), the MORGANTOWN UTILITY BOARD, which board is duly appointed by the City and organized and existing pursuant to the provisions of Chapter 8 of the Code (the "Board"), and CANYON PUBLIC SERVICE DISTRICT, a public service district and a public corporation existing pursuant to the provision of Chapter 16, Article 13A of the Code (the "District") (collectively, the "Parties").

W I T N E S S E T H:

WHEREAS, the City currently provides sewerage collection and treatment services under the direction and supervision of the Board to approximately 18,274 sewerage customers and 6 resale customers within the corporate limits of the City and its environs in the surrounding unincorporated area pursuant to certificates of convenience and necessity issued by the Public Service Commission of West Virginia ("Commission");

WHEREAS, the District currently provides sewerage collection services under the direction and supervision of its Public Service Board (the "District's Public Service Board") to approximately 402 sewerage customers within Monongalia County pursuant to certificates of convenience and necessity issued by the Commission;

WHEREAS, the sewerage facilities of the District consists of a sewerage collection system, including associated pumps, filters, basins, tanks, lift stations, laterals, valves, connections, and all other equipment used and useful in providing sewerage services to customers of the District (the "Sewerage System");

WHEREAS, the Board and the District are parties to a (i) Sewer Service Agreement, whereby the Board provides sewerage treatment services for wastewater from the District's Sewerage System, and (ii) System Operation and Maintenance Agreement, whereby the Board operates and maintains the District's Sewerage System and provides ancillary business support services (collectively, the "Agreements");

WHEREAS, the District has been unable to fully compensate the Board for services provided under the Agreements, and currently owes the Board in excess of $93,361.72 for services rendered pursuant to the Agreements (the "District's Debt");

WHEREAS, the District faces considerable cost and expense to continue to own, operate and maintain and to make necessary upgrades to the Sewerage System, including, but not limited to, routine renewal and replacement of the facilities that currently provide sewerage services to the District's customers;

WHEREAS, the City is willing to acquire and have its Board operate and maintain the Sewerage System as provided herein in order to provide sewerage collection and

treatment service to the current customers of the Sewerage System as well as further growth in the need for sewerage collection and treatment service in the area; and

WHEREAS, the District has determined that it is in the best interests of the District to convey the Sewerage System to the City on the terms, conditions and limitations set forth in this Acquisition Agreement ("Agreement").

NOW, THEREFORE, for and in consideration of the premises and the mutual covenants as contained herein, the Parties agree as follows:

1. PURCHASE AGREEMENT. the City hereby agrees to acquire from the District and the District hereby agrees to convey to the City, for the consideration and upon the terms and conditions hereinafter set forth, the Sewerage System, including any and all sewerage collection systems, including associated pumps, filters, basins, tanks, lift stations, laterals, valves, connections, and all other equipment of the District used or useful in the rendition of sewerage service to the customers of the District, including all extensions of the Sewerage System made after the date hereof and prior to the Closing (hereinafter defined), together with all lands, together with all easements, rights of way, permits, rights, certificates of convenience and necessity, and, all other tangible and intangible assets owned or held by the District and used or useful in providing sewerage services to the customers of the District, such property and facilities to be conveyed by the District to the City being more specifically described in the following exhibits attached to and incorporated herein by reference:

Exhibit 1 – General Description of Sewerage System

Exhibit 2 – Tangible and Intangible Personal Property Associated with Sewerage System

Exhibit 3 – Real Property, Including Leaseholds, Rights of Way, Easements and Other Interests in Real Property Associated with Sewerage System

Exhibit 4 – Schedule of Pending Claims, Actions, Etc. Pursuant to Section 10.A.(iv)

Exhibit 5 – Disclosure Pursuant to Section 10.A.(vii) Regarding Knowledge of or Grounds to Know Basis for Assertion of Claims

2. CONSIDERATION FOR CONVEYANCE OF THE DISTRICT SEWERAGE SYSTEM. As consideration for the conveyance of the Sewerage System to the City (subject to the exceptions and reservations provided for herein), the City and the District agree as follows:

A. Fair Market Value. The City, the Board and the District agree and each hereby acknowledge and represent that the consideration for the conveyance of the Sewerage System to the City, as set forth in this Agreement, was reached through arms-length negotiations and represents the fair market value of the assets conveyed by the terms of this Agreement.

B. Payment, Assumption or Defeasance of Indebtedness. At Closing, the City shall pay, assume or defease the following long term indebtedness relating to the Sewerage System: Sewer Revenue Bonds, Series 2008 A (West Virginia Infrastructure Fund), dated June

26, 2008, issued in the original aggregate principal amount of $5,000,000 (the "Bonds"). Notwithstanding the foregoing, the District will continue to make all payments of principal, interest and administrative fees, if any, on the Bonds until Closing, at which time the City will assume, pay or defease the Bonds.

C. Review of Facilities. In addition to the other consideration described herein, the City shall undertake a review (the "Review") of the Sewerage System's current facilities and lines to determine how to assist in providing quality sewerage service to the Sewerage System's customers, subject to review and approval of the West Virginia Department of Environmental Protection ("WVDEP"). Other than the Review, the customers of the sewerage system post-Closing shall remain solely responsible for any further capital and operations costs associated with the Sewerage System, including any costs incurred in complying with the NPDES permit (as modified, to the extent applicable) and any relevant Consent Order issued by the WVDEP.

D. Conveyance of Sewerage Systems. At Closing, the District shall convey to the City the Sewerage System, by executing and delivering to the City deeds, assignments and/or bills of sale, as appropriate, in form and substance acceptable to the City, for all of the real and personal property and rights associated with the Sewerage System, including, but not limited to, all property and rights identified and described in Exhibits 1, Exhibit 2, and Exhibit 3 to this Agreement.

3. OPERATION OF SEWERAGE SYSTEM; RATES.

A. Operation of System. Unless otherwise agreed by the City and the District in writing, until Closing, day-to-day operation of the Sewerage System shall continue to be the responsibility of the District. From and after Closing, the City shall own and operate the Sewerage System through the Board, and all sewerage customers currently served by the District shall thereafter for all purposes be customers of the City.

B. Rates to be Charged. After Closing, the sewer rates charged to the former sewer customers of the District shall be the District's current sewer rates on file with the Commission at the time of Closing which shall have been enacted by municipal ordinance of the City. This rate structure shall remain in effect until otherwise changed by the City pursuant to municipal ordinance.

4. FINAL METER READING AND BILLING. Within two (2) weeks prior to the Closing, the District will provide the City with a complete and current list of the District's Sewerage System customers, including the name, telephone number (if known), mailing address, service address (if different from mailing address) and type of service (residential, commercial, wholesale, etc.) for each customer. Final billing by the District to customers of the Sewerage System will occur at the end of the month in which the Closing occurs, after which time the City will assume all responsibilities for billing customers of the Sewerage System. The District will, after satisfaction of all routine and customary expenses of the District through the date of Closing and the refund of customer deposits pursuant to Rule 4.2 of the Commission's *Rules for the Government of Water Utilities*, use any monies received from the final billings, in addition to all monies from accounts receivable from prior billings, for the payment of any liabilities of the District remaining at Closing. Except as provided in paragraph 6 (below), any funds of the

District remaining after all of the payments outlined above shall be transferred to the Board. The City will be entitled to all revenue from sewerage services provided by the Board on and after Closing.

5. NONASSUMPTION OF LIABILITIES AND UNDERTAKINGS OF THE DISTRICT AND THE CITY. The City and the District expressly agree that, except for the obligation to make refunds under routine extension agreements between the District and its current customers for as long as, and to the same extent as, the District would have been obligated if the District had continued to own the Sewerage System, the City is not assuming any other liabilities or debts of the District, including but not limited to, any liabilities or debts owed to vendors, consultants, attorneys, engineers, accountants, suppliers, governmental entities, repairmen and/or contractors. All other debts and liabilities of the District will be settled prior to or at Closing, and any debts not settled at Closing will remain solely the obligation of the District and will be paid by the District under this Agreement. The District will hold harmless and indemnify the City to the fullest extent permitted by law for any claim or liability incurred prior to the Closing of the acquisition of the Sewerage System.

6. POST CLOSING DISPOSITION OF CONTRIBUTIONS IN AID OF CONSTRUCTION. Any balance at closing held by the District as contributions in aid of construction will be conveyed to the City and thereafter be distributed according to the requirements of West Virginia Code § 16-13A-18a within thirty (30) days of final approval of this transaction by final order of the Public Service Commission of West Virginia.

7. REQUIRED CONSNENTS AND APPROVALS.

A. Statutory. The City, the Board, and the District agree to obtain the following consents and approvals:

(i) District Requirements. Pursuant to the provisions of W. VA. CODE § 16-13A-18a, the District will cause a resolution in proper form to be introduced to the District's Public Service Board which, if duly adopted, will (i) deem the sale of the Sewerage System to the City pursuant to this Agreement to be in the best interests of the District, (ii) approve the Agreement and authorize it to be executed in the name and on behalf of the District, and (iii) approve all other documents and matters in connection with this Agreement.

(ii) Municipal Requirement. Pursuant to the provisions of W. VA. CODE § 8-11-4, the City will cause an ordinance in proper form to be introduced to the Council of the City which, if duly adopted, will approve the Agreement and authorize it to be executed in the name and on behalf of the City.

(iii) County Commission Requirements. Pursuant to the provision of W. VA. CODE § 16-13A-18a, the District will cause an order in proper form to be introduced to the County Commission of Monongalia County which, if duly entered, will approve the City's acquisition of the District's Sewerage System.

(iv) Commission Requirements. Pursuant to the provisions of W. VA. CODE §§ 16-13A-18a, 24-2-12, and no later than ten (10) days after execution of this Agreement,

the Board and the District shall file and diligently pursue a joint petition to the Commission for consent and approval of the proposed sale of the Sewerage System and the material provisions of this Agreement. The joint petition will also seek Commission approval for any and all other related matters that may require Commission approval, including but not limited to any rate related issues and the dismissal or agreed disposition of any formal complaint cases pertaining to either the Sewerage System or other related proceedings then pending before the Commission.

B. Bond Holders. Pursuant to the covenants contained in the financing documents associated with the Bonds, and no later than ten (10) days after the execution of this Agreement, the District shall seek the written consent of the holders of the District's Bonds to the conveyance of the Sewerage System to the City.

8. COOPERATION OF PARTIES. The City, the Board, and the District agree to cooperate fully with one another and with third parties to ensure that all required filings are made, notices given, consents granted or obtained and in taking all such actions as may be necessary to timely seek and obtain any and all approvals or waivers required for the conveyance by the District and acquisition by the City of the Sewerage System under this Agreement.

9. CLOSING. Closing of the transaction contemplated by this Agreement, including delivery of all duly executed documents necessary to effect the conveyance of legal title to the Sewerage System from the District to the City ("Closing"), shall take place within sixty (60) days after the latest of (i) the issuance by the Commission of a final, non-appealable, Order approving this Agreement and the proposed sale of the Sewerage System to the City on the terms set forth herein, (ii) the receipt of any other required waivers, consents or approvals to the transfer of the Sewerage System, or (iii) the City's receipt of satisfactory results from such environmental assessments as the City deems prudent. Upon mutual agreement of the City and the District, the time of Closing may be extended.

10. CONVEYANCE AND TRANSFER. At Closing, the District shall deliver to the City an apt and proper deed, bill of sale, lease, assignment and other necessary or appropriate instruments, each duly executed and in a form acceptable to the City, transferring and conveying to the City, its successors and assigns forever, good title to the Sewerage System as described in Section 2.D of this Agreement, free and clear of liens and encumbrances, together with all files, plats, maps, plans, records, ledgers, and similar property, or copies thereof, in any way connected with the rendition of sewerage service by the District.

11. REPRESENTATIONS, WARRANTIES AND COVENANTS BY THE DISTRICT.

A. General Representations and Warranties of District. The District represents and warrants to and covenants with the City and the Board that as of the date of this Agreement and as of the date of the Closing:

(i) The District is a public service district, public corporation and political subdivision of the State of West Virginia.

(ii) The District, upon receipt of the prior consent and approval of the County Commission of Monongalia County, the Commission, the holders of the Bonds, has the

lawful right, power and authority and capacity to sell the assets to be conveyed pursuant to this Agreement in accordance with the terms, provisions and conditions of this Agreement.

(iii) The District is the owner of good and marketable fee simple title to the assets to be conveyed pursuant to this Agreement, free and clear of all liens, encumbrances or claims other than as provided herein.

(iv) Except as otherwise disclosed in Exhibit 4 hereto and made a part hereof, there are no claims, actions, judgments, bankruptcies, liens, executions, suits, decrees, proceedings or orders presently pending or threatened against, by or affecting the District relating to either of the Sewerage System or the assets to be conveyed pursuant to this Agreement, nor is there any litigation nor any other proceedings (including condemnation or similar proceedings) before any court or government or administrative department, commission, bureau, board or agency, domestic or foreign, which threaten or affect the assets to be conveyed pursuant to this Agreement or which may, in any one case or in the aggregate, result in any material decrease in the value of, or constitute a lien or claim against, the Sewerage System.

(v) No party, person or entity is in possession of any of the assets to be conveyed pursuant to this Agreement or any portion thereof, and no party, person or entity has any interest in such assets or any portion thereof, except the District.

(vi) This Agreement has been duly authorized, executed and delivered by the District and is a valid and legal obligation of the District.

(vii) Except as otherwise disclosed on Exhibit 5 attached hereto and made a part hereof, the District does not know or have reasonable grounds to know of any basis for the assertion against the District of any claims or liabilities which could materially adversely affect the value of the assets to be conveyed pursuant to this Agreement.

(viii) The books and records of the District relating to the Sewerage System (the "Financial Information") are correct and complete in all material respects, present fairly the results of operations included in such Financial Information and do not omit any information necessary to make such Financial Information not misleading.

(ix) Since the date of such Financial Information, there has been no material adverse change in the financial condition or operations of the Sewerage System that would make such Financial Information incorrect or misleading.

(x) The Sewerage System is not constructed, and is not occupied, used or operated in violation of, or is otherwise in violation of, and the District has received no notice of any violations or potential violation of any zoning, building, health, environmental or other laws, codes, ordinances, regulations, orders or requirements of any city, county, state, federal or other governmental authority having jurisdiction thereof, or any private restrictive covenants affecting the Sewerage System; and all certificates, licenses, permits, authorizations, consents and approvals required by any such governmental authority for the continued use, occupancy and operation of either of the Sewerage System have been obtained, are paid for and are free of restrictions.

(xi) From the date of this Agreement until Closing, the District will not sell, convey, lease or in any other way dispose of any of the assets to be conveyed pursuant to this Agreement.

(xii) All improvements, machinery, equipment, tools, furniture and other fixed tangible assets of the Sewerage System are in good operating condition and repair, reasonable wear and tear excepted, and are necessary to the continued operation of the Sewerage System by the City substantially in the manner as it was conducted prior to the date of this Agreement and the date of the Closing.

(xiii) All information and data furnished by the District to the City with respect to the Sewerage System and the assets to be conveyed pursuant to this Agreement are true, correct, complete and not misleading.

(xiv) The District will not cause or permit any action to be taken which will cause any of the foregoing representations, warranties and covenants to be untrue or unperformed on the date of the Closing.

(xv) The District will deliver at Closing all documents and instruments required by this Agreement and perform all acts necessary or appropriate for the consummation of the purchase and sale of the Sewerage System as contemplated by and provided for in this Agreement.

(xvi) The District shall deliver at Closing a certificate updating its representations, warranties and covenants herein as true and correct, in the same manner and with the same effect as though such representations and warranties had been made on and as of the date of the Closing.

(xvii) The District acknowledges and agrees that, except as specifically provided herein, the City, in entering into this Agreement, is not obligated to use, employ or hire any of the District's officers, agents or employees and that, except as otherwise provided in this Agreement, the City does not accept any responsibility for any contractual or legal obligations that the District might have to any other officers, agents or employees.

B. Environmental Representations, Warranties and Covenants of District.

(i) The District represents and warrants that the Sewerage System has never been operated in a manner as to be in violation of any Environmental Laws, as hereinafter defined. For the purposes of this Section, the term "Environmental Laws" shall mean any "Superfund" or "Super Lien" law, or any other federal, state or local statute, law, ordinance, code, rule, regulation, order or decree, as may now or at any time hereafter be in effect, regulating, relating to or imposing liability or standards of conduct concerning any Hazardous Substance or the release or threatened release of a Hazardous Substance. For the purposes of this Section 10.B.(i), the term "Hazardous Substance" shall mean and include a "hazardous substance", "pollutant", "contaminant" or "hazardous waste", as such terms are defined as such in (or for the purposes of) the Environmental Laws, petroleum products, asbestos and/or any hazardous, toxic or dangerous waste, substance or material.

(ii) The District agrees that it will not take any action or omit to take any action with respect to the Sewerage System prior to the date of the Closing that would be a violation of any Environmental Law or would result in the Sewerage System being in violation of any Environmental Law.

(iii) The District covenants that to the fullest extent permitted by law, it will indemnify, hold harmless, and defend the City and/or the Board from any and all claims, loss, damage, judgments, response costs, and expenses arising out of or in any way relating to a breach of these environmental representations, warranties and covenants contained herein, including, but not limited to: (a) costs of remediation or removal; (b) claims or judgments of third parties (including governmental agencies), for damages, penalties, response costs, injunctive or other relief; (c) expenses, including fees of attorneys and experts, for reporting the existence of hazardous substances or hazardous wastes to any governmental agency; and (d) any and all expenses or obligations, including attorneys' fees, incurred at, before and after any trial or appeal therefrom or administrative proceeding or appeal therefrom, whether or not taxable as costs, including, without limitation, attorneys' fees, paralegals' fees, witness fees (expert and otherwise), deposition costs, copying and telephone charges and other expenses, all of which shall be paid by the District when accrued.

12. REPRESENTATIONS, WARRANTIES AND COVENANTS BY THE CITY.

A. The City represents and warrants to and covenants with the District that as of the date of this Agreement and as of the date of the Closing:

(i) The City is a municipality and political subdivision of the State of West Virginia.

(ii) The City has the lawful right, power and authority and capacity to acquire the Sewerage System pursuant to this Agreement in accordance with the terms, provisions and conditions of this Agreement.

(iii) This Agreement has been duly authorized, executed and delivered by the City and is a valid and legal obligation of the City.

13. REPRESENTATIONS, WARRANTIES AND COVENANTS BY THE BOARD.

A. General Representations and Warranties of Board. The Board represents and warrants to and covenants with the District that as of the date of this Agreement and as of the date of the Closing:

(i) The Board was duly created pursuant to an ordinance of the City to operate and maintain the City's sewerage system.

(ii) Once acquired by the City pursuant to the terms of this Agreement, the Board has the lawful right, power and authority and capacity to operate and maintain the Sewerage System.

(iii) This Agreement has been duly authorized, executed and delivered by the Board and is a valid and legal obligation of the Board.

14. ACCESS TO BOOKS, RECORDS, AND FACILITIES; CUSTOMER LISTS TO BE PROVIDED BY DISTRICT. Between the date hereof and Closing, the City shall have the right to examine, and to obtain copies of, all books and records of the District relating to the Sewerage System operations of the District and the Sewerage System being conveyed under this Agreement and to inspect and inventory the utility assets, including the physical plants and all materials, supplies, spare parts, and the like, of the District used in the utility operation of the District at such reasonably convenient times as the City may require. In the event the transactions contemplated by this Agreement are not consummated, all of such copies and inventories shall be returned to the District.

The City shall have the right, at its sole cost and discretion, to perform a Phase I Environmental study, and further environmental studies if necessary, of any and all real property used or relevant to the operation of the Sewerage System, regardless of whether such real property is conveyed to the District under this Agreement.

If, prior to the Closing, (i) any material discrepancies are discovered in the books and records of the District, (ii) any claims, liabilities, liens, encumbrances or defects in title which would materially affect the value of the assets conveyed by this Agreement are discovered by, or disclosed to, the District, or (iii) any of the representations and warranties set forth in Section 10 of this Agreement are determined by the City to be untrue or incorrect, then, in that event, the City may, at its sole option, terminate this Agreement, and neither the City nor the District shall be further obligated hereunder or incur or be liable for any claim, loss, damages or expenses to the other as a result of such termination.

Between the date hereof and Closing, the District will provide the City with a complete list of the customers served by the Sewerage System, including the name, telephone number (if known), mailing address and service address (if different from the mailing address) for each customer and the type of service (residential, commercial, wholesale, etc.) being provided. The District further agrees to provide the customer list and related data in any available electronic format.

15. BINDING EFFECT. This Agreement shall be binding upon and shall inure to the benefit of the Parties hereto, their respective successors and assigns.

16. NOTICES. Any notice to be given hereunder to the District or the City shall be sent by registered mail to the following:

A. District. Canyon Public Service District, c/o Chairman, 2233 Lakeside Drive, Morgantown, West Virginia 26508, or to such other person and address as District may in writing direct.

B. City and Board. Morgantown Utility Board, c/o General Manager, 278 Greenbag Road, Morgantown, West Virginia 26501, with a copy to John C. Stump, Esquire, Steptoe & Johnson PLLC, Post Office Box 1588, Charleston, West Virginia 25326, or at such other person and address as the District may in writing direct.

17. AMENDMENTS. No amendments to this Agreement shall be effective until reduced to writing and executed by all of the Parties hereto.

18. FORCE MAJEURE. If the performance by any of the Parties of the covenants or agreements contained herein is delayed or prevented for reasons beyond the control of that, such as an act of God, act of war, strike, lockout, restraint of labor from whatever cause, either partial or general, riot or civil commotion, order of court or administrative tribunal having jurisdiction over either party hereto, then and in any of those events, that party shall be excused from such performance to the extent that it is necessarily prevented, hindered or delayed thereby, during the continuance of any such happening or event and the time for such performance shall be extended commensurate with such delays, provided, however, that party claiming an excuse from performance under this Section 17 shall notify the other party in writing of the occurrence of any such event of force majeure within a reasonable time after it becomes known.

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

20. CONDITIONS PRECEDENT TO EFFECTIVENESS OF AGREEMENT. The Parties hereto understand and agree that this Agreement, and the obligations of the Parties hereunder, are expressly conditioned upon the following, each of which is a condition precedent to the validity and enforceability of this Agreement:

A. This Agreement and the proposed acquisition by the City of the Sewerage System shall be approved by the District's Public Service Board at a properly noticed meeting of said board and by resolution enacted at a properly noticed meeting of said board.

B. This Agreement and the proposed acquisition by the City of the Sewerage System and assumption of the Bonds shall be approved by the Council of the City at properly noticed meetings of said Council by ordinance and supplemental resolution properly enacted and/or adopted.

C. This Agreement and the proposed acquisition by the City of the Sewerage System and assumption of the Bonds shall be approved by the Board at a properly noticed meeting of the Board and by resolution properly adopted.

D. The Commission shall have entered a final, non-appealable, Order that approves (i) a Joint Petition to be filed by the Board and the City, and (ii) this Agreement and the specific terms and conditions related to any ratemaking and regulatory treatments contained in this Agreement or in any Joint Stipulation among the Parties approving this Agreement.

E. The Order of the Public Service Commission shall not contain nor have attached to or otherwise incorporate into it any terms, conditions, or limitations that, in the sole opinion of either the District or the Board, shall adversely affect the economic feasibility of the Agreement.

F. The District has received written approval from the County Commission of Monongalia County approving the City's acquisition of the Sewerage System, and assumption of the Bonds.

G. The District has received written approval from the holders of the District's Bonds to the City's acquisition of the Sewerage System.

H. The District, the City and the Board shall have received all required consents or waivers to the sale and transfer of the Sewerage System to the District. If any required consent or waiver cannot be timely obtained, the District, the City and the Board may elect to waive this condition precedent and proceed to close the sale on such further or additional written terms as may be mutually agreed to.

I. Satisfactory results from such Environmental Studies as the City deems appropriate, such satisfaction to be determined at the City's sole discretion.

21. CITY AND BOARD AGREEMENT TERMINATION RIGHTS. The District, the Board and the City agree and understand that, notwithstanding any provision of this Agreement to the contrary, the Board and the City reserve the right to terminate this Agreement at any time prior to the acquisition of the Sewerage System if the Board and the City shall determine, in its sole discretion, that the transaction is not longer beneficial to the Board and the City, for any reason. In the event the City and the Board shall terminate this Agreement as provided in this paragraph, the District, and its agents and professionals, shall have no claim against the City or the Board for expenses or cost incurred in relation to this Agreement.

[Remainder of Page Intentionally Blank]

IN WITNESS WHEREOF, the City has caused this Agreement to be executed by its Mayor, the Board has caused this Agreement to be executed by its duly authorized Chairman, and the District has caused this Agreement to be executed by the Chairman of the District's Public Service Board, also duly authorized, all as of the day and year first above written.

**CITY OF MORGANTOWN**

By: _____
Mayor

**MORGANTOWN UTILITY BOARD**

By: _____
Chairman

**CANYON PUBLIC SERVICE DISTRICT**

By: _____
Chairman

EXHIBIT 1

GENERAL DESCRIPTION OF DISTRICT
SEWERAGE SYSTEM

The Sewerage System consists of all sewerage utility assets owned by the District situate in Monongalia County, West Virginia, used or useful in serving the District and its environs, including all real estate, rights-of-way, easements, and all other interests in said real estate, together with the improvements thereon and all appurtenances thereunto belonging, as well as all permits, franchises, treatment plant structures, equipment, and related facilities, transmission and collection lines and mains of every kind and description, any meters and services, and sewerage storage and pumping facilities, used or useful in providing sewerage service to the District's customers or otherwise used or useful in collecting, carrying away and treating domestic or industrial wastes and disposing of the effluents, as well as any and all other assets that are necessary, needed or incidental to the operation of the Sewerage System, including the tangible and intangible personal property as described in Exhibit 2.

EXHIBIT 2

TANGIBLE AND INTANGIBLE PERSONAL PROPERTY
ASSOCIATED WITH SEWERAGE SYSTEM

All tangible and intangible personal property necessary or incidental to the operation of the Sewerage System (as described in Exhibit 1) or used or useful for providing sewerage services to customers of the District that can be conveyed, assigned or otherwise transferred to the City at the Closing, including any and all contracts, licenses, franchises, permits, agreements, certificates of convenience and necessity, customer lists and all other tangible and intangible personal property of like kind and nature, including but not limited to all pipelines, pumps, mains, equipment and supplies.

EXHIBIT 3

REAL PROPERTY, INCLUDING LEASEHOLDS, RIGHTS-OF-WAY, EASEMENTS AND OTHER INTERESTS IN REAL PROPERTY ASSOCIATED WITH SEWERAGE SYSTEM

All of the real property used or useful in connection with the operation of the Sewerage System, and all land associated with treatment sites, pump stations and lift stations, together with the rights, easements, rights-of-way, leases and other licenses, permits or agreements, held by the District under which any and all of said sewerage utility property of the District is held and operated.

MORGANTOWN UTILITY BOARD

RESOLUTION RECOMMENDING THE ACQUISITION OF THE SEWERAGE COLLECTION AND TRANSPORTATION SYSTEM OF CANYON PUBLIC SERVICE DISTRICT AND RECOMMENDING APPROVAL OF AN ACQUISITION AGREEMENT BY AND AMONG THE DISTRICT, THE CITY OF MORGANTOWN AND MORGANTOWN UTILITY BOARD

WHEREAS, in accordance with Chapter 8, Article 20 of the West Virginia Code of 1931, as amended (the "Code"), and pursuant to an Ordinance duly enacted by the City of Morgantown, a municipal corporation and political subdivision of the State of West Virginia (the "City") on September 1, 1987, the City created the Morgantown Utility Board (the "Board") and vested in the Board the responsibility for the supervision, management, control and operation of the combined waterworks and sewerage system of the City;

WHEREAS, the Board currently provides sewerage collection and treatment services to approximately 18,274 sewerage customers and 6 resale customers within the corporate limits of the City and its environs in the surrounding unincorporated area pursuant to certificates of convenience and necessity issued by the Public Service Commission of West Virginia ("Commission");

WHEREAS, Canyon Public Service District (the "District") is a public service district and public corporation created by order of The County Commission of Monongalia County (the "County Commission") pursuant to the provisions of Chapter 16, Article 13A of the Code;

WHEREAS, the District currently provides sewerage collection and transportation service to approximately 402 customers in Monongalia County, West Virginia;

WHEREAS, by prior Order of the Commission, the District was granted certificates of convenience and necessity to construct and operate a sewerage collection and transportation system serving areas around the City;

WHEREAS, the District's public sewerage system consists of a collection and transportation system, including associated pumps, filters, basins, tanks, lift stations, laterals, valves, connections, and all other equipment and personal property used and useful in providing sewerage services to customers of the District, together with all, real property, lands, easements, rights-of-way, permits, certificates of convenience and necessity and all other tangible and intangible assets owned or held by the District and used or useful in providing sewerage collection and transportation service to the District's customers (collectively, the "Sewerage System");

WHEREAS, the District currently has outstanding the following indebtedness secured by the Sewerage System: Sewer Revenue Bonds, Series 2008 A (West Virginia Infrastructure Fund), dated June 26, 2008, issued in the original aggregate principal amount of $5,000,000 ("Bonds");

WHEREAS, the District faces considerable cost and expense to continue to own and upgrade the Sewerage System in a manner that will ensure continued reliable and adequate sewerage service;

WHEREAS, the Board and the District are parties to a (i) Sewer Service Agreement, whereby the Board provides sewerage treatment services for wastewater from the District's Sewerage System, and (ii) System Operation and Maintenance Agreement, whereby the Board operates and maintains the District's Sewerage System and provides ancillary business support services;

WHEREAS, the Board has determined that it is in the best interests of the City to acquire the Sewerage System;

WHEREAS, as the entity vested by the City with responsibility for the supervision, management, control and operation of the City's waterworks and sewerage system, pursuant to its adoption of this Resolution, the Board recommends to the City that it acquire the Sewerage System in order to provide sewerage collection and treatment service to the current customers of the Sewerage System ("Acquisition"), all on the terms, conditions, and limitations substantially as set forth in the form of an agreement attached hereto as Exhibit A and incorporated herein by reference ("Acquisition Agreement"); and

WHEREAS, pursuant to the Acquisition Agreement, the City shall pay a purchase price for the System that includes payment of the current outstanding balance associated with the Bonds or shall assume the outstanding principal amount of the Bonds as of the date of the Acquisition which assumption shall be consideration for the transfer of the Sewerage System.

NOW, THEREFORE, BE IT RESOLVED BY THE MORGANTOWN UTILITY BOARD:

Section 1. The Board hereby recommends that the City acquire the Sewerage System in order to provide sewerage collection and treatment service to the current customers of the Sewerage System.

Section 2. The Board hereby recommends that the City approve the Acquisition Agreement substantially in the form attached hereto and made a part hereof as Exhibit A, in connection with the Acquisition.

Section 3. Each member of the Board voting on this Resolution deems it to be in the best interests of the City to acquire the Sewerage System from the District.

Section 4. The Acquisition is in the public interest, serves a public purpose of the City and will promote the health, welfare and safety of the District's customers.

Section 5. This Resolution shall be effective immediately following adoption hereof.

[*Remainder of Page Intentionally Blank*]

Adopted this 17th day of May, 2011.

MORGANTOWN UTILITY BOARD

By: _____
Its: Chairman

05.13.11
627490.00042

## CERTIFICATION

Certified a true copy of a Resolution duly adopted by the Morgantown Utility Board on the 17th day of May, 2011.

Dated: August 22, 2013

By: _____
It: Secretary

# EXHIBIT A

## ACQUISITION AGREEMENT [TAB 33A]

## CANYON PUBLIC SERVICE DISTRICT

**A RESOLUTION AUTHORIZING THE CONVEYANCE OF THE SEWERAGE COLLECTION AND TRANSPORTATION SYSTEM OF CANYON PUBLIC SERVICE DISTRICT TO THE CITY OF MORGANTOWN AND APPROVING AN ACQUISITION AGREEMENT BY AND AMONG THE DISTRICT, THE CITY OF MORGANTOWN AND MORGANTOWN UTILITY BOARD**

WHEREAS, Canyon Public Service District (the "District") is a public service district and public corporation created by order of The County Commission of Monongalia County (the "County Commission") pursuant to the provisions of Chapter 16, Article 13A of the West Virginia Code of 1931, as amended (the "Code");

WHEREAS, the District currently provides sewerage collection and transportation service to approximately 402 customers in Monongalia County, West Virginia;

WHEREAS, by prior Order of the Public Service Commission of West Virginia ("Commission"), the District was granted certificates of convenience and necessity to construct and operate a sewerage collection and transportation system serving areas in and around the City of Morgantown, West Virginia (the "City");

WHEREAS, the District's public sewerage system consists of a collection and transportation system, including associated pumps, filters, basins, tanks, lift stations, laterals, valves, connections, and all other equipment and personal property used and useful in providing sewerage services to customers of the District, together with all, real property, lands, easements, rights-of-way, permits, certificates of convenience and necessity and all other tangible and intangible assets owned or held by the District and used or useful in providing sewerage collection and transportation service to the District's customers (collectively, the "Sewerage System");

WHEREAS, the District faces considerable cost and expense to continue to own and upgrade the Sewerage System in a manner that will ensure continued reliable and adequate sewerage service;

WHEREAS, the City of Morgantown (the "City"), acting by and through the Morgantown Utility Board (the "Board"), currently provides sewerage collection and treatment services under the direction and supervision of the Board to approximately 18,274 sewerage customers and 6 resale customers within the corporate limits of the City and its environs in the surrounding unincorporated area pursuant to certificates of convenience and necessity issued by the Commission;

WHEREAS, the Board and the District are parties to a (i) Sewer Service Agreement, whereby the Board provides sewerage treatment services for wastewater from the District's Sewerage System, and (ii) System Operation and Maintenance Agreement, whereby the Board operates and maintains the District's Sewerage System and provides ancillary business support services;

WHEREAS, the City is willing to acquire from the District, and have its Board operate and maintain, the Sewerage System in order to provide sewerage collection and treatment service to the current customers of the Sewerage System ("Acquisition"), all on the terms, conditions, and limitations set forth in the form of an agreement attached hereto as Exhibit A and incorporated herein by reference ("Acquisition Agreement");

WHEREAS, before the Acquisition can be accomplished, the District must comply with the requirements of W. VA. CODE § 16-13A-18a by holding a public hearing, obtaining the approval of the County Commission, and obtaining the consent and approval of the Commission;

WHEREAS, pursuant to the Acquisition Agreement, the City shall pay a purchase price for the System that includes payment of the current outstanding balance associated with the Bonds;

WHEREAS, the District currently has outstanding the following indebtedness secured by the Sewerage System: Sewer Revenue Bonds, Series 2008 A (West Virginia Infrastructure Fund), dated June 26, 2008, issued in the original aggregate principal amount of $5,000,000 ("Bonds");

WHEREAS, pursuant to the covenants contained in the financing documents associated with the Bonds, the District must obtain the written consent of the holders of the District's Bonds prior to the City paying off the Bonds; and

WHEREAS, the members of the Public Service Board of the District deem it essential and in the best interests of the District that this resolution (the "Resolution") be adopted, that the Acquisition Agreement be approved and executed by the District, that the district proceed with filing of a joint petition with the Commission to obtain consent and approval to the Acquisition, that an application be made to the County Commission for approval of the Acquisition, that a request for written consent to pay the current outstanding balance associated with the Bonds be sent to each holder of the District's Bonds, and that other matters relating to the Acquisition be herein provided for.

NOW, THEREFORE, BE IT RESOLVED BY THE PUBLIC SERVICE BOARD OF CANYON PUBLIC SERVICE DISTRICT:

Section 1. Pursuant to the Class I legal advertisement published in the *Dominion Post* on April 25, 2011, said publication being not more than twenty (20) days and not

less than seven (7) days prior to May 10, 2011, the Board held a public hearing on the question of the proposed conveyance of the Sewerage System to the City. At the hearing held at 7:00 p.m. on May 10, 2011, the Board heard all comments from the public regarding the Acquisition.

Section 2. Each member of the Board voting on this Resolution deems it to be in the best interests of the District to convey the Sewerage System to the City. Therefore, the District does hereby approve and accept the Acquisition Agreement, subject to the approvals required by W. VA. CODE § 16-13A-18a, the written consent of the holders of the District's Bonds, and such other certificates, opinions or approvals the District deems necessary and appropriate.

Section 3. The District shall promptly request an order of the County Commission approving the conveyance of the Sewerage System to the City.

Section 4. The District shall promptly request the written consent of the holders of the District's Bonds to the City's payment of the current outstanding balance associated with the Bonds.

Section 5. The Chairman and Secretary are hereby authorized to execute all documents necessary and appropriate to facilitate the Acquisition, subject to the requirements set forth in Section 2 hereof.

Section 6. The Acquisition is in the public interest, serves a public purpose of the District and will promote the health, welfare and safety of the District's customers.

Section 7. This Resolution shall be effective immediately following adoption hereof.

[Remainder of Page Intentionally Blank]

Adopted this 10th day of May, 2011.

CANYON PUBLIC SERVICE DISTRICT

By: _____
Its: Chairman

CERTIFICATION

Certified a true copy of a Resolution duly adopted by the Public Service Board of Canyon Public Service District, affirmative votes being made by Sam Bossio, Vicky Shiel, and Frank Gutta, on the 10th day of May, 2011.

Dated: August 22, 2013

By: Vicky A. Shiel
It: Secretary

627490.00042

THE CITY OF MORGANTOWN

COMBINED WATERWORKS AND SEWERAGE SYSTEM
REVENUE BONDS, SERIES 1995
(WEST VIRGINIA SRF PROGRAM)

BOND ORDINANCE

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1995

THE CITY OF MORGANTOWN

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF EXTENSIONS, ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE SEWERAGE PORTION OF THE EXISTING PUBLIC COMBINED WATERWORKS AND SEWERAGE SYSTEM OF THE CITY OF MORGANTOWN AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE CITY OF NOT MORE THAN $2,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1995 (WEST VIRGINIA SRF PROGRAM); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING A LOAN AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

THE COUNCIL OF THE CITY OF MORGANTOWN HEREBY ORDAINS:

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"), supplemental to the Prior Ordinances (as hereinafter defined), is enacted pursuant to the provisions of Chapter 8, Article 20 and Chapter 22C, Article 2 of the West Virginia Code of 1931, as amended (collectively, the "Act"), and other applicable provisions of law.

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

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

B. The Issuer presently owns and operates, through the Morgantown Utility Board (the "Board"), 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 sewerage portion of the existing public combined waterworks and sewerage system of the Issuer, consisting of the reconstruction of three sewage lift stations, 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")

at an estimated cost of not more than $2,000,000, 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 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"), in connection with the West Virginia Water Pollution Control Revolving Fund program (the "SRF Program"), pursuant to the Act, in order to take advantage of the favorable terms available to the Issuer under the SRF Program.

D. It is deemed necessary for the Issuer to issue its Combined Waterworks and Sewerage System Revenue Bonds, Series 1995 (West Virginia SRF Program), in the total aggregate principal amount of not more than $2,000,000 (the "Series 1995 Bonds"), to be initially represented by a single bond, to permanently finance costs of acquisition and construction of the Project. Said costs shall be deemed to include the cost of all property rights, easements and franchises deemed necessary or convenient therefor; interest upon the Series 1995 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 Series 1995 Bonds Reserve Account (as hereinafter defined); engineering and legal expenses; expenses for estimates of costs and revenues, expenses for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the enterprise, administrative expense, commitment fees, fees and expenses of the Authority, including the SRF Administrative Fee, discount, initial fees for the services of registrars, paying agents, depositories or trustees or other costs in connection with the sale of the Series 1995 Bonds and such other expenses as may be necessary or incidental to the financing herein authorized, the 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 1995 Bonds or the repayment of indebtedness incurred by the Issuer for such purposes shall be deemed Costs of the Project, as hereinafter defined.

E. The period of usefulness of the System after completion of the Project is not less than 20 years.

F. It is in the best interests of the Issuer that its Series 1995 Bonds be sold to the Authority pursuant to the terms and provisions of a loan agreement by and among the Issuer, the Authority and the West Virginia Division of Environmental Protection, a division of the West Virginia Bureau of Environment (the "DEP"), in form satisfactory to the Issuer, the Authority and the DEP, to be approved hereby if not previously approved by resolution of the Issuer.

G. There are outstanding obligations of the Issuer which will rank on parity with the Series 1995 Bonds as to liens, pledge, source of and security for payment, being the Issuer's Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 1987 (the "Series 1987 Bonds"), dated October 1, 1987, issued in the original aggregate principal amount of $12,360,000, pursuant to an ordinance of the Issuer enacted September 1, 1987 (the "1987 Ordinance"), and the Issuer's Combined Waterworks and Sewerage System Revenue Bonds, Series 1992 (West Virginia SRF Program) (the "Series 1992 Bonds"), dated September 8, 1992, issued in the original aggregate principal

amount of $11,900,000, pursuant to an ordinance of the Issuer enacted September 1, 1992 (the "1992 Ordinance"). The Series 1987 Bonds and the Series 1992 Bonds are collectively herein called the "Prior Bonds," and the 1987 Ordinance and the 1992 Ordinance are collectively herein called the "Prior Ordinances".

The Issuer has met the parity test requirements of the Prior Bonds and the Prior Ordinances. Other than the Prior Bonds, there are no outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System.

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 said System, the principal of and interest on the Bonds (as hereinafter defined) and payments into all Sinking Funds, Reserve 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 1995 Bonds, or will have so complied prior to issuance of any thereof, including, if necessary, the obtaining of a certificate of convenience and necessity from the Public Service Commission of West Virginia by final order, the time for rehearing and appeal of which will either have expired prior to the issuance of the Series 1995 Bonds or such final order will not be subject to appeal.

J. The Issuer is a governmental unit which has general taxing powers to finance operations of or facilities of the nature of the Project and the System; 95% or more of the Net Proceeds of the Series 1995 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 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)(D) 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 in which the Series 1995 Bonds are to be issued.

Section 1.03. Bond Legislation Constitutes Contract. In consideration of the acceptance of the Series 1995 Bonds by the Registered Owners of the same from time to time, this Bond Legislation shall be deemed to be and shall constitute a contract between the Issuer and such Bondholders, and the covenants and agreements herein set forth to be performed by the Issuer shall be for the equal benefit, protection and security of the Bondholders of any and all of such Bonds, all which shall be of equal rank and without preference, priority or distinction between any one Bond and any other Bonds and by reason of priority of issuance or otherwise, except as expressly provided therein and herein.

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

"Act" means, collectively, Chapter 8, Article 20 and Chapter 22C, Article 2 of the West Virginia Code of 1931, as amended and in effect on the date of enactment hereof.

"Authority" means the West Virginia Water Development Authority, which is expected to be the original purchaser and Registered Owner of the Series 1995 Bonds, or any other agency, board or department of the State that succeeds to the functions of the Authority.

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

"Board" means the Morgantown Utility Board created by an ordinance of the Issuer enacted September 1, 1987, or any successor thereto.

"Bond Construction Trust Fund" means the Bond Construction Trust Fund established by Section 5.01 hereof.

"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 1995 Bonds, the Series 1992 Bonds, the 1987 Bonds and, where appropriate, any bonds on a parity therewith subsequently authorized to be issued hereunder or by another ordinance of the Issuer.

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

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

"City Manager" means the City Manager of the Issuer.

"Closing Date" means the date upon which there is an exchange of the Series 1995 Bonds for the proceeds or at least a de minimis portion thereof representing the purchase price of the Series 1995 Bonds 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.

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

"Consulting Engineers" means Strand Associates, Inc., Madison, Wisconsin, or any qualified engineer or firm of engineers that shall at any time hereafter be retained by

the Issuer as Consulting Engineers for the System, or portion thereof; 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 Council of the Issuer or any other governing body of the Issuer that succeeds to the functions of the Council as presently constituted.

"DEP" means the West Virginia Division of Environmental Protection, a division of the West Virginia Bureau of Environment, or any other agency, board or department of the State that succeeds to the functions of the DEP.

"Depository Bank" means the bank designated as such in the Supplemental Resolution, and its successors and assigns.

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

"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.

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

"Grant" means all moneys received by the Issuer on account of any Grant.

"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" include any gains from the sale or other disposition of capital assets, but does not include 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 any security (as said term is defined in Section 165(g)(2)(A) or (B) of the Code), obligation, annuity contract, investment-type

property or residential rental property for family units which is not located within the jurisdiction of the Issuer and which is not acquired to implement a court ordered or approved housing desegregation plan, excluding, however, obligations the interest on which is excluded from gross income, under Section 103 of the Code, for federal income tax purposes other than specified private activity bonds as defined in Section 57(a)(5)(C) of the Code.

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

"Loan Agreement" means the Loan Agreement heretofore entered, or to be entered, into among the Authority, the DEP and the Issuer, providing for the purchase of the Series 1995 Bonds from the Issuer by the Authority, the form of which shall be approved, and the execution and delivery by the Issuer 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 1995 Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds, if any, deposited in the Series 1995 Bonds Reserve Account. For purposes of the Private Business Use limitations set forth herein, the term Net Proceeds shall include any amounts resulting from the investment of proceeds of the Series 1995 Bonds, without regard to whether or not such investment is made in tax-exempt obligations.

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

"Nonpurpose Investment" means any Investment Property which is acquired with the gross proceeds or any other proceeds of the Series 1995 Bonds and is not acquired in order to carry out the governmental purpose of the Series 1995 Bonds.

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

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

"1987 Ordinance" means the ordinance of the Issuer enacted September 1, 1987, authorizing the Series 1987 Bonds.

"1992 Ordinance" means the ordinance of the Issuer enacted September 1, 1992, authorizing the Series 1992 Bonds.

"Outstanding," when used with reference to Bonds or Prior Bonds and as of any particular date, describes all Bonds theretofore and thereupon being authenticated and delivered except (i) any Bond or Prior Bond cancelled by the Bond Registrar or Registrar for Prior Bonds, at or prior to said date; (ii) any Bond or any Prior 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 and set aside for such payment (whether upon or prior to maturity); (iii) any Bond deemed to have been paid as provided in Article X hereof; (iv) any Prior Bond deemed to have been paid; and (v) for purposes of consents or other action by a specified percentage of Bondholders or Holders of any Prior Bond, any Bond or any Prior Bond registered to the Issuer.

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

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

"Prior Bonds" means, collectively, the Series 1987 Bonds and the Series 1992 Bonds of the Issuer.

"Prior Ordinances" means, collectively, the 1987 Ordinance and the 1992 Ordinance of the Issuer.

"Private Business Use" means use directly or indirectly in a trade or business carried on by a natural person, including all persons "related" to such person within the meaning of Section 144(a)(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 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, consisting of the reconstruction of three sewage lift stations, together with all appurtenant facilities.

"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.

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

"Registrar" means the Bond Registrar.

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

"Reserve Accounts" means, collectively, the respective reserve account established for the Series 1987 Bonds, the Series 1992 Bonds and the Series 1995 Bonds.

"Reserve Requirement" means, collectively, the respective amount required to be on deposit in any reserve account for the Bonds.

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

"Series 1987 Bonds" means the Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 1987, of the Issuer, dated October 1, 1987, issued in the original aggregate principal amount of $12,360,000.

"Series 1987 Bonds Reserve Account" means the Reserve Account established in the Sinking Fund of the Series 1987 Bonds pursuant to Section 4.01 of the 1987 Ordinance.

"Series 1987 Bonds Sinking Fund" means the Sinking Fund of the Series 1987 Bonds established by Section 4.01 of the 1987 Ordinance.

"Series 1992 Bonds" means the Combined Waterworks and Sewerage System Revenue Bonds, Series 1992 (West Virginia SRF Program), of the Issuer, dated September 8, 1992, issued in the original aggregate principal amount of $11,900,000.

"Series 1992 Bonds Reserve Account" means the Series 1992 Bonds Reserve Account established in the Series 1992 Bonds Sinking Fund pursuant to Section 5.02 of the 1992 Ordinance.

"Series 1992 Bonds Sinking Fund" means the Series 1992 Bonds Sinking Fund established by Section 5.02 of the 1992 Ordinance.

"Series 1995 Bonds" means the not more than $2,000,000 in aggregate principal amount of Combined Waterworks and Sewerage System Revenue Bonds, Series 1995 (West Virginia SRF Program), of the Issuer, authorized by this Ordinance.

"Series 1995 Bonds Reserve Account" means the Series 1995 Bonds Reserve Account established in the Series 1995 Bonds Sinking Fund pursuant to Section 5.02 hereof.

"Series 1995 Bonds Reserve Requirement" means, as of any date of calculation, the maximum amount of principal and interest which will become due on the Series 1995 Bonds in the then current or any succeeding year.

"Series 1995 Bonds Sinking Fund" means the Series 1995 Bonds Sinking Fund established by Section 5.02 hereof.

"Sinking Funds" means, collectively, the respective sinking fund established for the Series 1987 Bonds, the Series 1992 Bonds and the Series 1995 Bonds.

"SRF Administrative Fee" means any administrative fee required to be paid pursuant to the 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 governmental entities satisfying certain legal and other requirements with the proceeds of a capitalization grant award from the United States Environmental Protection Agency and funds of the State.

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

"State" means the State of West Virginia.

"Supplemental Resolution" means any resolution, ordinance or order of the Issuer supplementing or amending this Ordinance and, when preceded by the article "the," refers specifically to the supplemental resolution authorizing the sale of the Series 1995 Bonds; provided, that any matter intended by this Ordinance to be included in the Supplemental Resolution with respect to the Series 1995 Bonds, and not so included may be included in another Supplemental Resolution.

"Surplus Revenues" means the Net Revenues not required by the Bond Legislation to be set aside and held for the payment of or security for the Bonds, including the respective Reserve Accounts and the Depreciation Fund.

"System" means the complete public combined waterworks and sewerage system of the Issuer, as presently existing in its entirety or any integral part thereof, and shall include the Project and any further extensions, additions, betterments and improvements thereto hereafter constructed or acquired from any sources whatsoever.

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

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

## ARTICLE II

## AUTHORIZATION OF ACQUISITION AND CONSTRUCTION OF THE PROJECT

Section 2.01. Authorization of Acquisition and Construction of the Project. There is hereby authorized and ordered the acquisition and construction of the Project, at an estimated cost of not to exceed $2,000,000, in accordance with the plans and specifications which have been prepared by the Consulting Engineers, heretofore filed in the office of the Governing Body. The proceeds of the Series 1995 Bonds hereby authorized shall be applied as provided in Article VI hereof. The Issuer has received bids and will enter into contracts for the acquisition and construction of the Project, compatible with the financing plan submitted to the SRF Program.

## 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 1995 Bonds, funding a reserve account for the Series 1995 Bonds, paying Costs of the Project not otherwise provided for and paying certain costs of issuance and related costs, or any or all of such purposes, as determined by the Supplemental Resolution, there shall be and hereby are authorized to be issued the negotiable Series 1995 Bonds of the Issuer. The Series 1995 Bonds shall be issued as a single bond, designated "Combined Waterworks and Sewerage System Revenue Bond, Series 1995 (West Virginia SRF Program)", in the principal amount of not more than $2,000,000, and shall have such terms as set forth hereinafter and in the Supplemental Resolution. The proceeds of the Series 1995 Bonds remaining after funding of the Series 1995 Bonds Reserve Account (if funded from Bond proceeds) and capitalizing interest on the Series 1995 Bonds, if any, shall be deposited in or credited to the Bond Construction Trust Fund established by Section 5.01 hereof.

Section 3.02. Terms of Bonds. The Series 1995 Bonds shall bear interest at such rate or rates, not exceeding the then legal maximum, payable quarterly on such dates; shall mature on such dates and in such amounts; and shall be redeemable, in whole or in part, all as the Issuer shall prescribe in a Supplemental Resolution or as specifically provided in the Loan Agreement. The Series 1995 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 1995 Bonds shall be paid by check or draft of the Paying Agent or its agent, mailed to the Registered Owner thereof at the address as it appears on the books of the Bond Registrar, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner thereof.

Unless otherwise provided by the Supplemental Resolution, the Series 1995 Bonds shall initially be issued in the form of a single bond, fully registered to the Authority, with a record of advances and a debt service schedule attached, representing the aggregate principal amount of the Series 1995 Bonds, and shall mature in principal installments, all as provided in the Supplemental Resolution. The Series 1995 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. 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 Series 1995 Bonds shall be executed in the name of the Issuer by the Mayor and the City Manager, and the seal of the Issuer shall be affixed thereto or imprinted thereon and attested by the City Clerk. In case any one or more of the officers who shall have signed or sealed the Series 1995 Bonds shall

cease to be such officer of the Issuer before the Series 1995 Bonds so signed and sealed have been actually sold and delivered, such Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bonds had not ceased to hold such office. Any Series 1995 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 1995 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 1995 Bond shall be deemed to have been executed by the Bond Registrar if manually signed by an authorized officer of the Bond Registrar, but it shall not be necessary that the same officer sign the Certificate of Authentication and Registration on all of the Bonds issued hereunder.

Section 3.05. Negotiability, Transfer and Registration. Subject to the provisions for transfer of registration set forth below, the Series 1995 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 1995 Bonds shall be conclusively deemed to have agreed that such Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder shall further be conclusively deemed to have agreed that said Bonds shall be incontestable in the hands of a bona fide holder for value.

So long as the Series 1995 Bonds remain outstanding, the Issuer, through the Bond Registrar or its agent, shall keep and maintain books for the registration and transfer of such Bonds.

The registered Series 1995 Bonds shall be transferable only upon the books of the Bond Registrar, by the registered owner thereof in person or by his attorney duly authorized in writing, upon surrender thereto together with a written instrument of transfer satisfactory to the Bond Registrar duly executed by the registered owner or his duly authorized attorney.

In all cases in which the privilege of exchanging Series 1995 Bonds or transferring the registered Series 1995 Bonds are exercised, all Series 1995 Bonds shall be delivered in accordance with the provisions of this Bond Legislation. All Series 1995 Bonds surrendered in any such exchanges or transfers shall forthwith be cancelled by the Bond Registrar. For every such exchange or transfer of Series 1995 Bonds, the Bond Registrar may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer and the cost of preparing each new Bond upon each exchange or transfer, and any other expenses of the Bond Registrar incurred in connection therewith, which sum or sums shall be paid by the Issuer. The Bond Registrar shall not be obliged to make any such exchange or transfer of Series 1995 Bonds during the period commencing on the 15th day of the month next preceding an interest payment date on the Series 1995 Bonds or, in the case of any proposed redemption of

Series 1995 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 1995 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 1995 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 Gross Revenues derived from the operation of the System as herein provided. No holder or holders of the Series 1995 Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Series 1995 Bonds or the interest thereon.

Section 3.08. Bonds Secured by Pledge of Gross Revenues; Lien Positions with respect to Prior Bonds. The payment of the debt service of all Series 1995 Bonds shall be secured forthwith equally and ratably with each other by a lien on the Gross Revenues derived from the System, on parity with the lien on the Gross Revenues in favor of the Holders of the Prior Bonds. Such Gross Revenues in an amount sufficient to pay the principal of and interest on and other payments for the 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 1995 Bonds to the Bond Registrar, and the Bond Registrar shall authenticate, register and deliver the Series 1995 Bonds to the original purchasers upon receipt of the documents set forth below:

A. If other than the Authority, a list of the names in which the Series 1995 Bonds are to be registered upon original issuance, together with such taxpayer identification and other information as the Bond Registrar may reasonably require;

B. A request and authorization to the Bond Registrar on behalf of the Issuer, signed by an Authorized Officer, to authenticate and deliver the Series 1995 Bonds to the original purchasers;

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

D. An executed copy of the Loan Agreement; and

E. The unqualified approving opinion of bond counsel on the Series 1995 Bonds.

Section 3.10. Form of Series 1995 Bonds. The text of the Series 1995 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 1995 BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE CITY OF MORGANTOWN
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BOND,
SERIES 1995
(WEST VIRGINIA SRF PROGRAM)

No. R-____ $_____

KNOW ALL MEN BY THESE PRESENTS: That THE CITY OF MORGANTOWN, a municipal corporation and political subdivision of the State of West Virginia in Monongalia 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 _____ 1, _____ 1, _____ 1 and _____ 1 of each year, commencing _____ 1, 199____, 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.

The interest on such advances and the SRF Administrative Fee shall run from the Completion Date (all as defined in the hereinafter described Bond Legislation), and such interest and SRF Administrative Fee shall be payable quarterly on _____ 1, _____ 1, _____ 1 and _____ 1 of each year, commencing _____ 1, 199____, as set forth in EXHIBIT B attached hereto. Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent"). The interest on this Bond is payable by check or draft of the Paying Agent mailed to the registered owner hereof at the address as it appears on the books of One Valley Bank, National Association, Charleston, West Virginia, as registrar (the "Registrar") on the 15th day of the month next preceding an interest payment date, or by such other method as shall be mutually agreeable so long as the Authority is the registered owner hereof.

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority, and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement by and among the Issuer, the Authority and the West Virginia Division of Environmental Protection, dated _____, 199____.

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"); (ii) [to pay interest on the Bonds of this Series (the "Bonds") during the construction of the Project and for not more than 6 months thereafter; (iii) to fund a reserve account for the Bonds; and (iv)] to pay certain costs of issuance hereof and related costs. The existing public combined waterworks and sewerage system of the Issuer, the Project, and any further extensions, additions, betterments or improvements thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 8, Article 20 and Chapter 22C, Article 2 of the West Virginia Code of 1931, as amended (collectively, the "Act"), and a Bond Ordinance duly enacted by the Issuer on _____, 199____, and a Supplemental Resolution duly adopted by the Issuer on _____, 199____ (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 PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S COMBINED WATERWORKS AND SEWERAGE SYSTEM REFUNDING REVENUE BONDS, SERIES 1987, DATED OCTOBER 1, 1987, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $12,360,000 (THE "SERIES 1987 BONDS"), AND THE ISSUER'S COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1992 (WEST VIRGINIA SRF PROGRAM), DATED SEPTEMBER 8, 1992, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $11,900,000 (THE "SERIES 1992 BONDS"). THE SERIES 1987 BONDS AND THE SERIES 1992 BONDS ARE HEREIN COLLECTIVELY CALLED THE "PRIOR BONDS".

This Bond is payable only from and secured by a pledge of the Gross Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on parity with the pledge of Gross Revenues in favor of the Holders of the Prior Bonds, and from moneys in the Reserve Account created under the Bond Legislation for the Bonds (the "Series 1995 Bonds Reserve Account"), and unexpended proceeds of the Bonds. Such Gross Revenues shall be sufficient to pay all operating expenses of the System and the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute 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 Gross Revenues, the moneys in the Series 1995 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 125% of the maximum amount payable in any year for principal of and interest on the Bonds, and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with the Bonds, including the Prior Bonds, so long as the Series 1987 Bonds are outstanding, and thereafter, 115% of such amount; provided however, that if the Series 1987 Bonds are no longer outstanding and so long as there exists in the Series 1995 Bonds Reserve Account an amount at least equal to the

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

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

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

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

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Bond have existed, have happened, and have been performed in due time, form and manner as required by law, and that the amount of this Bond, together with all other obligations of the Issuer, does not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia and that a sufficient amount of the Gross 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 MORGANTOWN has caused this Bond to be signed by its Mayor and City Manager, and its corporate seal to be hereunto affixed and attested by its City Clerk, and has caused this Bond to be dated _____, 199____.

[SEAL]

_____
Mayor

_____
City Manager

ATTEST:

_____
City Clerk

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 1995 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: _____, 1995.

ONE VALLEY BANK,
NATIONAL ASSOCIATION,
as Registrar

_____
Authorized Officer

EXHIBIT A

RECORD OF ADVANCES

| | AMOUNT | DATE | | AMOUNT | DATE |
|---|---|---|---|---|---|
| (1) | $ | | (7) | $ | |
| (2) | $ | | (8) | $ | |
| (3) | $ | | (9) | $ | |
| (4) | $ | | (10) | $ | |
| (5) | $ | | (11) | $ | |
| (6) | $ | | (12) | $ | |

TOTAL $

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 Bonds; Approval and Ratification of Execution of Loan Agreement. The Series 1995 Bonds shall be sold to the Authority, pursuant to the terms and conditions of the Loan Agreement. If not so authorized by previous ordinance or resolution, the Mayor and the City Manager are specifically authorized and directed to execute the Loan Agreement in the form attached hereto as "Exhibit A" and made a part hereof, and the City Clerk is directed to affix the seal of the Issuer, attest the same and deliver the Loan Agreement to the Authority, and any such prior execution and delivery is hereby authorized, approved, ratified and confirmed.

Section 3.12. "Amended Schedule A" Filing. Within 60 days following the Completion Date, the Issuer will file with the Authority a schedule in substantially the form of the "Amended Schedule A" to the Loan Agreement, setting forth the 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 1987 Ordinance);

(2) Depreciation Fund (established by the 1987 Ordinance);

(3) Operation and Maintenance Fund (established by the 1987 Ordinance); and

(4) Bond Construction Trust Fund.

Section 5.02. Establishment of Funds and Accounts with Commission. 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 Commission separate and apart from all other funds or accounts of the Commission and the Issuer and from each other:

(1) Series 1987 Bonds Sinking Fund (established by the 1987 Ordinance);

(2) Within the Series 1987 Bonds Sinking Fund, the Series 1987 Bonds Reserve Account (established by the 1987 Ordinance);

(3) Series 1992 Bonds Sinking Fund (established by the 1992 Ordinance);

(4) Within the Series 1992 Bonds Sinking Fund, the Series 1992 Bonds Reserve Account (established by the 1992 Ordinance);

(5) Series 1995 Bonds Sinking Fund; and

(6) Within the Series 1995 Bonds Sinking Fund, the Series 1995 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 in the Prior Ordinances and shall be kept separate and distinct from all other funds of the Issuer and the Depository Bank and used only for the purposes and in the manner provided in this Bond Legislation and in the Prior Ordinances. All revenues at any time on deposit in the Revenue Fund shall be disposed of only in the following order and priority:

(1) The Issuer shall first, on the first day of each month, transfer from the Revenue Fund and, simultaneously, (i) remit to the Commission the amounts required by the 1987 Ordinance to be deposited in the Series 1987 Bonds Sinking Fund for payment of the principal of and interest on the Series 1987 Bonds, (ii) remit to the Commission the amounts required by the 1992 Ordinance to be deposited in the Series 1992 Bonds Sinking Fund for payment of the principal of and interest on the Series 1992 Bonds, (iii) commencing 4 months prior to the first date of payment of interest on the Series 1995 Bonds for which interest has not been capitalized or as required in the Loan Agreement, remit to the Commission for deposit in the Series 1995 Bonds Sinking Fund, an amount equal to 1/3rd of the amount of interest which will become due on the Series 1995 Bonds on the next ensuing quarterly interest payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 1995 Bonds Sinking Fund and the next quarterly interest payment date is less than 4 months, then such monthly payments shall be increased proportionately to provide, one month prior to the next quarterly interest payment date, the required amount of interest coming due on such date, and (iv) commencing 4 months prior to the first date of payment of principal of the Series 1995 Bonds, remit to the Commission for deposit in the Series 1995 Bonds Sinking Fund, an amount equal to 1/3rd of the amount of principal which will mature and become due on the Series 1995 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 1995 Bonds Sinking Fund and the next quarterly principal payment date is less than 4 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.

(2) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and, simultaneously, (i) remit to the Commission the amount required by the 1987 Ordinance to be deposited in the Series 1987 Bonds Reserve Account; (ii) remit to the Commission the amount required by the 1992 Ordinance to be deposited in the Series 1992 Bonds Reserve Account; and (iii) commencing 3 months prior to the first date of payment of principal of the Series 1995 Bonds, if not fully funded upon issuance of the Series 1995 Bonds, remit to the Commission for deposit in the Series 1995 Bonds Reserve Account, an amount equal to 1/120 of the Series 1995 Bonds Reserve Requirement; provided that, no further payments shall be made into the Series 1995 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 1995 Bonds Reserve Requirement.

(3) The Issuer shall next, each month, transfer from the Revenue Fund and deposit in the Operation and Maintenance Fund, an amount sufficient to pay the current Operating Expenses of the System.

(4) The Issuer shall next, from the moneys remaining in the Revenue Fund, on the first day of each month (as previously set forth in the Prior Ordinances and not in addition thereto), transfer to the Depreciation Fund, an amount equal to 2 1/2% of the Gross Revenues each month, exclusive of any payments for account of any Reserve Account. All funds in the Depreciation 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 Depreciation Fund for replacements, emergency repairs, improvements or extensions to the System; provided, that any deficiencies in the Series 1987 Bonds Reserve Account, the Series 1992 Bonds Reserve Account and the Series 1995 Bonds Reserve Account (except to the extent such deficiency exists because the required payments into such accounts have not, as of the date of determination of a deficiency, funded such accounts to the maximum extent required hereof) shall be promptly eliminated with moneys from the Depreciation Fund.

(5) The Issuer may next, each month, after making the above required transfers of moneys from the Revenue Fund, accrue the surplus then remaining in the Revenue Fund until there is on deposit in the Revenue Fund, a sum equal to the budgeted Operating Expenses for the remainder of the then current Fiscal Year and the next ensuing Fiscal Year. Any excess of moneys then remaining in the Revenue Fund ("Surplus Revenues") may be used for any lawful purpose of the System.

Moneys in the Series 1995 Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest on the Series 1995 Bonds as the same shall become due. Moneys in the Series 1995 Bonds Reserve Account shall be used only for the purpose of paying principal of and interest on the Series 1995 Bonds as the same shall come due, when other moneys in the Series 1995 Bonds Sinking Fund are insufficient therefor, and for no other purpose.

All investment earnings on moneys in the Series 1995 Bonds Sinking Fund and the Series 1995 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 Bond Construction Trust Fund, and following completion of construction of the Project, shall be deposited in the Revenue Fund and applied in full, first to the next ensuing interest payment due on the Series 1995 Bonds and then to the next ensuing principal payment due thereon.

Any withdrawals from the Series 1995 Bonds Reserve Account which result in a reduction in the balance of the Series 1995 Bonds Reserve Account to below the Series 1995 Bonds Reserve Requirement shall be subsequently restored from the first Gross Revenues available after all required payments have been made in full to the Series 1987 Bonds Sinking Fund, the Series 1992 Bonds Sinking Fund and the Series 1995 Bonds Sinking Fund.

As and when additional Bonds ranking on a parity with the Series 1995 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 amount of principal and interest which will become due in any year for account of the Bonds of such series, including such additional Bonds.

The Issuer shall not be required to make any further payments into the Series 1995 Bonds Sinking Fund, or the Series 1995 Bonds Reserve Account therein when the aggregate amount of funds therein are at least equal to the aggregate principal amount of the Series 1995 Bonds issued pursuant to this Bond Legislation then Outstanding and all interest, if any, to accrue until the maturity thereof.

Principal and interest payments, and any payments made for the purpose of funding a deficiency in any Reserve Account, shall be made on a parity and pro rata, with respect to the Prior Bonds and Series 1995 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 1995 Bonds Sinking Fund and the Series 1995 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.

Moneys in the Series 1995 Bonds Sinking Fund and the Series 1995 Bonds Reserve Account shall be invested and reinvested by the Commission in accordance with Section 8.01 hereof.

The Series 1995 Bonds Sinking Fund, including the Series 1995 Bonds Reserve Account therein, shall be used solely and only for, and are hereby pledged for, the purpose of servicing the Series 1995 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. The Issuer shall on the first day of each month (if such day is not a business day, then the next succeeding business day) deposit with the Commission the required principal, interest and reserve payments with respect to the Series 1995 Bonds and all such payments shall be remitted to the Commission with appropriate instructions as to the custody, use and application thereof consistent with the provisions of this Bond Legislation.

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

D. The Issuer shall remit from the Revenue Fund to the Commission, the Registrar, the Paying Agent or the Depository Bank, on such dates as the Commission, the Registrar, the Paying Agent or the Depository Bank, as the case may be, shall require, such additional sums as shall be necessary to pay their respective charges, fees and expenses then due. The Issuer shall also remit from the Revenue Fund to the Authority, on such dates as the Authority shall require, the Issuer's allocable share of reasonable administrative expenses, if any, incurred by the Authority with respect to the SRF Program.

E. The moneys in excess of the sum insured by the maximum amounts insured by FDIC in the Revenue Fund and the Depreciation 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; provided, however, that the priority of curing deficiencies in the funds and accounts herein shall be in the same order as payments are to be made pursuant to this Section 5.03 and the relevant provisions of the Prior Ordinances, and the Gross Revenues shall be applied to such deficiencies before being applied to any other payments hereunder.

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 VI

## BOND PROCEEDS; CONSTRUCTION DISBURSEMENTS

Section 6.01. Application of Bond Proceeds; Pledge of Unexpended Bond Proceeds. From the moneys received from the sale of any or all of the Series 1995 Bonds, the following amounts shall be first deducted and deposited in the order set forth below:

A. From the proceeds of the Series 1995 Bonds, there shall first be deposited with the Commission in the Series 1995 Bonds Sinking Fund, the amount, if any, set forth in the Supplemental Resolution as capitalized interest; provided, that such amount may not exceed the amount necessary to pay interest on the Series 1995 Bonds for the period commencing on the date of issuance of the Series 1995 Bonds and ending 6 months after the estimated date of completion of construction of the Project.

B. Next, from the proceeds of the Series 1995 Bonds, there shall be deposited with the Commission in the Series 1995 Bonds Reserve Account, the amount, if any, set forth in the Supplemental Resolution for funding of the Series 1995 Bonds Reserve Account.

C. Next, from the proceeds of the Series 1995 Bonds, there shall first be credited to the Bond Construction Trust Fund and then paid, any and all other borrowings by the Issuer made for the purpose of temporarily financing a portion of the Costs of the Project and any borrowings by the Issuer from the Authority, including interest accrued thereon to the date of such payment, not otherwise paid from funds of the Issuer.

D. As the Issuer receives advances of the remaining moneys derived from the sale of the Series 1995 Bonds, such moneys shall be deposited with the Depository Bank in the Bond Construction Trust Fund and applied solely to payment of Costs of the Project in the manner set forth in Section 6.02 hereof.

E. The Depository Bank shall act as a trustee and fiduciary for the Bondholder with respect to the Bond Construction Trust Fund and shall comply with all requirements with respect to the disposition of the Bond Construction Trust Fund set forth in the Bond Legislation. Moneys in the Bond Construction Trust Fund shall be used solely to pay Costs of the Project and until so transferred or expended, are hereby pledged as additional security for the Series 1995 Bonds.

Section 6.02. Disbursements From the Bond Construction Trust Fund. On or before the Closing Date, the Issuer shall have delivered to the Authority a report listing the specific purposes for which the proceeds of the Series 1995 Bonds will be expended and the disbursement procedures for such proceeds, including an estimated monthly draw schedule. Payments for Costs of the Project shall be made monthly.

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

(1) a completed and signed "Payment Requisition Form," a form of which is attached to the Loan Agreement as Exhibit C, and

(2) a certificate, signed by an Authorized Officer and the Consulting Engineers, stating:

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

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

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

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

In case any contract provides for the retention of a portion of the contract price, the Depository Bank shall disburse from the Bond Construction Trust Fund only the net amount remaining after deduction of any such portion. All payments made from the Bond Construction Trust Fund shall be presumed by the Depository Bank to be made for the purposes set forth in said certificate, and the Depository Bank shall not be required to monitor the application of disbursements from the Bond Construction Trust Fund. The Consulting Engineers shall from time to time file with the Depository Bank written statements advising the Depository Bank of its then authorized representative.

Pending such application, moneys in the Bond Construction Trust Fund, including any accounts therein, shall be invested and reinvested in Qualified Investments at the 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 1995 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 1995 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 1995 Bonds or the interest thereon is Outstanding and unpaid.

Section 7.02. Bonds not to be Indebtedness of the Issuer. The Series 1995 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 1995 Bonds, shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Series 1995 Bonds or the interest, if any, thereon.

Section 7.03. Bonds Secured by Pledge of Gross Revenues; Lien Positions with respect to Prior Bonds. The payment of the debt service of the Series 1995 Bonds issued hereunder shall be secured forthwith equally and ratably by a lien on the Gross Revenues derived from the operation of the System, on parity with the lien on said Gross Revenues in favor of the Holders of the Prior Bonds. The Gross 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 all funds and accounts and all other payments provided for in the Bond Legislation are hereby irrevocably pledged, in the manner provided herein, to such payments as they become due, and for the other purposes provided in the Bond Legislation.

Section 7.04. Rates and Charges. The initial schedule of rates and charges for the services and facilities of the System shall be as set forth in the water rate ordinance of the Issuer enacted November 29, 1994, and the sewer rate ordinance of the Issuer enacted November 4, 1992, which rates are incorporated herein by reference as a part hereof.

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 the System, except as provided in the Prior Ordinances. Additionally, so long as the Series 1995 Bonds are outstanding and except as otherwise required by law or with the written consent of the Authority and the DEP, the System may not be sold, mortgaged, leased or otherwise disposed of except as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to pay fully all the Bonds Outstanding, or to effectively defease the pledge created by this Bond Legislation 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 1995 Bonds, immediately be remitted to the Commission for deposit in the Series 1995 Bonds Sinking Fund, and, with the written permission of the Authority, or in the event the Authority is no longer a Bondholder, the Issuer shall direct the Commission to apply such proceeds to the payment of principal at maturity of and interest on the

Series 1995 Bonds. Any balance remaining after the payment of all the Series 1995 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 Board 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 Board shall, in writing, 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 Revenue 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 Board shall first, in writing, determine upon consultation with the Consulting Engineers that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and the Governing Body may then, if it be so advised, by resolution duly adopted, authorize such sale, lease or other disposition of such property upon public property 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 Depreciation Fund.

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 60% in amount 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.

Notwithstanding any of the foregoing provisions of this Section 7.05 to the contrary, the Issuer hereby reserves the right to sell the Tibbs Run reservoir properties consisting of about 80 acres, and a tract of about 200 acres on Mayfield Road heretofore acquired for the System, neither of which properties is now being used or is useful for the System, such sales to be at such times and in such manner and for such prices as the Issuer, with prior written approval of the Board, shall determine and without any other restrictions upon such sales insofar as this Bond Legislation is concerned. Moneys received upon any such sale under this paragraph, after deduction of all costs of such sale, shall be deposited in the Revenue Fund. Furthermore, the Board and the Issuer are hereby authorized to negotiate, lease and otherwise dispose of the oil and gas minerals underlying a tract of real estate situate in Clinton Taxing District, Monongalia County, West Virginia, and containing 104 acres, more or less, for a royalty of not less than 1/8th of all oil and gas produced from said property, or a delay rental of not less than $312.00 per year, for a primary term of not to exceed 8 years. All moneys received from the leasing of the aforesaid oil and gas or from any other property of the System shall be deposited in the Revenue Fund and expended therefrom as provided herein.

Section 7.06. Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances. Except as provided for in Section 7.06 and Section 7.07 hereof, the Issuer shall not issue any other obligations whatsoever payable from the revenues of the System which rank prior to, or equally, as to lien on and source of and security for payment from such revenues with the Series 1995 Bonds and the Prior Bonds. All obligations issued by the Issuer after the issuance of the Series 1995 Bonds and payable from the revenues of the System, except such additional parity Bonds, shall contain an express statement that such obligations are junior and subordinate, as to lien on and source of and security for payment from such revenues and in all other respects, to the Series 1995 Bonds; provided, that no such subordinate obligations shall be issued unless all payments required to be made into all funds and accounts set forth herein have been made and are current at the time of the issuance of such subordinate obligations.

Except as provided above, the Issuer shall not create, or cause or permit to be created, any debt, lien, pledge, assignment, encumbrance or any other charge having priority over or being on a parity with the lien of the Bonds, and the interest thereon, 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 DEP prior written notice of its issuance of any other obligations to be used for the System, payable from the revenues of the System or from any grants for the System, or any other obligations related to the Project or the System.

Section 7.07. Parity Bonds. So long as the Prior Bonds are outstanding, the limitations on the issuance of parity obligations set forth in the Prior Ordinances shall be applicable. In addition, no Parity Bonds, payable out of the revenues of the System, shall be issued after the issuance of any Bonds pursuant to this Bond Legislation, except under the conditions and in the manner herein provided.

All Parity Bonds issued hereunder shall be on a parity in all respects with the Series 1995 Bonds.

No such Parity Bonds shall be issued except for the purpose of financing the costs of the acquisition or construction of extensions, additions, betterments or improvements to the System or refunding the 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 City Clerk a written statement by the Independent Certified Public Accountants, based upon the necessary investigation and certification by the Consulting Engineers, reciting the conclusion that the Net Revenues actually derived, subject to the adjustments hereinafter provided for, from the System during the Fiscal Year 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, so long as any of the Series 1987 Bonds are Outstanding, not be less than 125%, and thereafter, shall not be less than 115%, of the largest aggregate amount that will mature and become due in any succeeding Fiscal Year for principal of and interest on the following:

(1) The Bonds then Outstanding;

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

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

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

The Net Revenues actually derived from the System during the preceding Fiscal Year 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 Independent Certified Public Accountants, as stated in a certificate jointly made and signed by the Consulting Engineers and the Independent Certified Public Accountants, and filed with the City Clerk, on account of increased rates, rentals, fees and charges for the System adopted by the Issuer, the time for appeal of which has expired (without successful appeal) prior to issuance of such Parity Bonds. For purposes of this test, the terms "Gross Revenues" and "Net Revenues" shall not include proceeds from the sale of capital assets.

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

Parity Bonds shall not be deemed to include bonds, notes, certificates or other obligations subsequently issued, the lien of which on the revenues of the System is subject to the prior and superior liens of the 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 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.

Notwithstanding the foregoing, or any provision of Section 7.06 to the contrary, additional Parity Bonds may be issued solely for the purpose of completing the Project as described in the application to the Authority submitted as of the date of the Loan Agreement without regard to the restrictions set forth in this Section 7.07, if there is first obtained by the Issuer the written consent of the Authority to the issuance of the Parity Bonds.

Section 7.08. Books; Records and Facilities. The Board 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 Board shall permit the Authority and the DEP, or their agents and representatives, to inspect all books, documents, papers and records relating to the Project and the System at all reasonable times for the purpose of audit and examination. The Board shall submit to the Authority and the DEP such documents and information as they may reasonably require in connection with the acquisition, construction and installation of the Project, the operation and maintenance of the System and the administration of the loan or any grants or other sources of financing for the Project.

The Board shall permit the Authority and the DEP, or their 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 Board 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 Board. 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 Board. The Board 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 Board shall be reported to such agent of the Issuer as the Board shall direct.

The Board shall file with the Consulting Engineers, the Authority and the DEP, or any other original purchaser of the Series 1995 Bonds, and shall mail in each year to any Holder or Holders of the Series 1995 Bonds, requesting the same, an annual report containing the following:

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

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

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

The Board 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 the Series 1995 Bonds and shall submit said report to the Authority and the DEP, or any other original purchaser of the Series 1995 Bonds. Such audit report submitted to the Authority shall include a statement that the Issuer is in compliance with the terms and provisions of the Loan Agreement and this Bond Legislation and that the revenues of the System are adequate to meet the Issuer's Operating Expenses and debt service requirements.

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

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

Section 7.09. Rates. Equitable rates or charges for the use of and service rendered by the System have been established all in the manner and form required by law, and copies of such rates and charges so established will be continuously on file with the City Clerk, which copies will be open to inspection by all interested parties. The schedule of rates and charges shall at all times be adequate to produce Gross Revenues from said System sufficient to pay Operating Expenses and to make the prescribed payments into the funds 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 125% of the maximum amount required in any year for payment of principal of and interest on the Series 1995 Bonds and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with the Series 1995 Bonds, including the Prior Bonds, so long as the Series 1987 Bonds are Outstanding, and thereafter 115% of such amount; provided that, in the event the Series 1987 Bonds are no longer Outstanding and amounts equal to or in excess of the reserve requirements are on deposit respectively in the Series 1995 Bonds Reserve Account and any reserve accounts for obligations prior to or on a parity with the Series 1995 Bonds are funded at least at the requirement therefor, such balance each year need only equal at least 110% of the maximum amount required in any year for payment of principal of and interest on the Series 1995 Bonds and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with the Series 1995 Bonds. In any event, the Issuer shall not reduce the rates or charges for services set forth in the rate ordinance described in Section 7.04.

Section 7.10. Operating Budget; Audit and Monthly Financial Report. The Board shall annually, at least 45 days preceding the beginning of each Fiscal Year, prepare and adopt by resolution a detailed, balanced budget of the estimated revenues and

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

In addition, the Board shall annually cause the records of the System to be audited by an Independent Certified Public Accountant, the report of which audit shall be submitted to the Authority and which audit report shall include a statement that the Issuer is in compliance with the terms and provisions of this Bond Legislation and the Loan Agreement and that the revenues of the System are adequate to meet the Issuer's Operating 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 the completion of the Project, the Board shall each month complete a "Monthly Financial Report," a form of which is attached to the Loan Agreement as Exhibit B, and forward a copy of such report to the Authority and the DEP by the 10th day of each month.

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

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

The Board 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 Board shall notify the DEP in writing of such receipt. The Board shall submit a "Performance Certificate," a form of which is attached to the Loan Agreement as Exhibit A, to the DEP within 60 days of the end of the first year after the Project is completed.

The Board shall require the Consulting Engineers to submit the final Operation and Maintenance Manual, as defined in the SRF Regulations, to the DEP when the Project is 90% completed.

The Board agrees that qualified operating personnel properly certified by the State will be employed before the Project is 25% complete and agrees that it will retain such a certified operator(s) to operate the System during the entire term of the Loan Agreement. The Board shall notify the DEP in writing of the certified operator employed at the 25% 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 Board 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 Board 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 Board will not render or cause to be rendered any free services of any nature by the System, nor will any preferential rates be established for users of the same class; and in the event the Issuer, or any department, agency, instrumentality, officer or employee of either shall avail itself or themselves of the facilities or services provided by the System, or any part thereof, the same rates, fees or charges applicable to other customers receiving like services under similar circumstances shall be charged the Issuer, the Board, 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 Board hereby covenants and agrees that so long as the Series 1995 Bonds remain Outstanding, the Board 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 Board 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 Depreciation Fund and used only for the repairs and restoration of the damaged or destroyed properties or for the other purposes provided herein for the Depreciation Fund. The Board 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 Board, 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 Board, 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 and the Board 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 and the Board 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 Board, 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 System facilities 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 Board or the Issuer having custody of the revenues or of any other funds of the System, in an amount at least equal to the total funds in the custody of any such person at any one time.

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

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

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

Section 7.17. Completion of Project; Permits and Orders. The Board will 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 Board 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

West Virginia Public Service Commission, if necessary, for the acquisition and construction of the Project and the operation of the System.

Section 7.18. Compliance with Loan Agreement and Law. The Issuer and the Board agree to comply with all the terms and conditions of the Loan Agreement. Notwithstanding anything herein to the contrary, the Issuer and the Board will provide the DEP with copies of all documents submitted to the Authority.

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

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

A. PRIVATE BUSINESS USE LIMITATION. The Issuer shall assure that (i) not in excess of 10% of the Net Proceeds of the Series 1995 Bonds are used for Private Business Use if, in addition, the payment of more than 10% of the principal or 10% of the interest due on the Series 1995 Bonds during the term thereof is, under the terms of the Series 1995 Bonds or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for a Private Business Use or in payments in respect of property used or to be used for a Private Business Use or is to be derived from payments, whether or not to the Issuer, in respect of property or borrowed money used or to be used for a Private Business Use; and (ii) and that, in the event that both (A) in excess of 5% of the Net Proceeds of the Series 1995 Bonds are used for a Private Business Use, and (B) an amount in excess of 5% of the principal or 5% of the interest due on the Series 1995 Bonds during the term thereof is, under the terms of the Series 1995 Bonds or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for said Private Business Use or in payments in respect of property used or to be used for said Private Business Use or is to be derived from payments, whether or not to the Issuer, in respect of property or borrowed money used or to be used for said Private Business Use, then said excess over said 5% of Net Proceeds of the Series 1995 Bonds used for a Private Business Use shall be used for a Private Business Use related to the governmental use of the Project, or if the Series 1995 Bonds are for the purpose of financing more than one project, a portion of the Project, and shall not exceed the proceeds used for the governmental use of that portion of the Project to which such Private Business Use is related, all of the foregoing to be determined in accordance with the Code.

B. PRIVATE LOAN LIMITATION. The Issuer shall assure that not in excess of 5% of the Net Proceeds of the Series 1995 Bonds are used, directly or indirectly, to make or finance a loan (other than loans constituting Nonpurpose Investments) to persons other than state or local government units.

C. FEDERAL GUARANTEE PROHIBITION. The Issuer shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause the Series 1995 Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Code.

D. INFORMATION RETURN. The Issuer will file all statements, instruments and returns necessary to assure the tax-exempt status of the Series 1995 Bonds

and the interest thereon, including, without limitation, the information return required under Section 149(e) of the Code.

E. FURTHER ACTIONS. The Issuer will take any and all actions that may be required of it (including, without limitation, those deemed necessary by the Authority) so that the interest on the Series 1995 Bonds will be and remain excludable from gross income for federal income tax purposes, and will not take any actions, or fail to take any actions (including, without limitation, those deemed necessary by the Authority), the result of which would adversely affect such exclusion.

Section 7.20. Statutory Mortgage Lien. For the further protection of the Holders of the Series 1995 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 1995 Bonds and shall be on a parity with the statutory mortgage lien in favor of the Holders of the Prior Bonds.

## ARTICLE VIII

## INVESTMENT OF FUNDS; NON ARBITRAGE

Section 8.01. 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 8.01.

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 may make any and all investments permitted by this section through its own investment or trust department and shall not be responsible for any losses from such investments, other than for its own negligence or willful misconduct.

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

Section 8.02. Arbitrage. The Issuer covenants that (i) it shall not take, or permit or suffer to be taken, any action with respect to the gross or other proceeds of the Series 1995 Bonds which would cause the Series 1995 Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code, and (ii) it will take all actions that may be required of it (including, without implied limitation, the timely filing of a Federal information return with respect to the Series 1995 Bonds) so that the interest on the Series 1995 Bonds will be and remain excludable from gross income for Federal income tax purposes, and will not take any actions which would adversely affect such exclusion.

Section 8.03. Small Issuer Exemption from Rebate of Excess Investment Earnings to the United States. In accordance with Section 148 (f)(4)(D) of the Code, the Issuer covenants that it is a governmental unit with general taxing powers; that no part of the Series 1995 Bonds are private activity bonds; that 95% or more of the Net Proceeds of the Series 1995 Bonds are to be used for local governmental activities of the Issuer (or of a governmental unit the jurisdiction of which is entirely within the jurisdiction of the Issuer); and that the aggregate face amount of all the tax-exempt obligations (other than private

activity bonds) issued by the Issuer during the calendar year in which the Series 1995 Bonds are issued does not and will not exceed $5,000,000, determined in accordance with Section 148(f)(4)(D) of the Code and the Regulations from time to time in effect an applicable to the Series 1995 Bonds. For purposes of the first paragraph of Section 8.03 and for purposes of applying Section 148(f)(4)(D) of the Code, the Issuer and all entities which issue obligations on behalf of the Issuer shall be treated as one issuer; all obligations issued by a governmental unit to make loans to other governmental units with general taxing powers not subordinate to such unit shall, for purposes of applying this first paragraph of Section 8.03 and Section 148(f)(4)(D) of the Code, be treated as not issued by such unit; all obligations issued by a subordinate entity shall, for purposes of applying this first paragraph of Section 8.03 and Section 148(f)(4)(D) of the Code to each other entity to which such entity is subordinate, be treated as issued by such other entity; and an entity formed (or, to the extent provided by the Secretary, as set forth in the Code, availed of) to avoid the purposes of such Section 148(f)(4)(D) of the Code and all other entities 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 covenants to make, or cause to be made, all rebate calculations, computations and payments in the time, manner and as required in Section 148(f) of the Code and the Regulations from time to time in effect and applicable to the Series 1995 Bonds and otherwise covenants and agrees to comply with the provisions of such Section 148(f) of the Code and the Regulations form time to time in effect and applicable to the Series 1995 Bonds. 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. In order to provide for the administration of this paragraph, the Issuer may provide for the employment of independent attorneys, accountants and consultants compensated on such reasonable basis as the Issuer may deem appropriate.

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

The Issuer shall submit to the Authority within 15 days following the end of each Bond Year a certified copy of its rebate calculation or, if the Issuer qualifies for the small governmental issue exception to rebate, the Issuer shall submit a certificate stating that it is exempt from the rebate provisions and that no event has occurred to its knowledge during the Bond Year which would make the Series 1995 Bonds subject to rebate. The Issuer shall also furnish the Authority, at any time, such additional information relating to rebate as may be reasonably requested by the Authority, including information with respect to earnings on all funds constituting "gross proceeds" of the Bonds (as such term "gross proceeds" is defined in the Code).

## 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 Bonds:

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

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

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

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

Section 9.02. Remedies. Upon the happening and continuance of any Event of Default, any Registered Owner of a Bond may exercise any available remedy and bring any appropriate action, suit or proceeding to enforce his or her rights and, in particular, (i) bring suit for any unpaid principal or interest then due, (ii) by mandamus or other appropriate proceeding enforce all rights of such Registered Owners including the right to require the Issuer to perform its duties under the Act and the Bond Legislation relating thereto, including but not limited to the making and collection of sufficient rates or charges for services rendered by the System, (iii) bring suit upon the Bonds; (iv) by action at law or bill in equity require the Issuer to account as if it were the trustee of an express trust for the Registered Owners of the Bonds, and (v) by action or bill in equity enjoin any acts in violation of the Bond Legislation with respect to the Bonds, or the rights of such Registered Owners; provided that, all rights and remedies of the Holders of the Series 1995 Bonds shall be on a parity with the Holders of the Prior Bonds.

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

charges or other revenues in conformity with the provisions of this Bond Legislation and the Act.

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

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

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

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

## ARTICLE X

## DEFEASANCE

Section 10.01. Defeasance of Bonds. If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the Holders of the Series 1995 Bonds, the principal of and interest due or to become due thereon, if any, at the times and in the manner stipulated therein and in this Bond Legislation, then the pledge of Gross Revenues and other moneys and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Registered Owners of the Series 1995 Bonds shall thereupon cease, terminate and become void and be discharged and satisfied, except as may otherwise be necessary to assure the exclusion of interest on the Series 1995 Bonds from gross income for federal income tax purposes.

Series 1995 Bonds for the payment of which either moneys in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide moneys which, together with the moneys, if any, deposited with the Paying Agent at the same or earlier time, shall be sufficient, to pay as and when due either at maturity or at the next redemption date, the principal installments of and interest on such Series 1995 Bonds shall be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section. All Series 1995 Bonds shall, prior to the maturity thereof, be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section if there shall have been deposited with the Commission or its agent, either moneys in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide moneys which, together with other moneys, if any, deposited with the Commission at the same time, shall be sufficient to pay when due the principal installments of and interest due and to become due on said Series 1995 Bonds on and prior to the next redemption date or the maturity dates thereof. Neither securities nor moneys deposited with the Commission pursuant to this section nor principal or interest payments on any such securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal installments of and interest on said Series 1995 Bonds; provided, that any cash received from such principal or interest payments on such securities deposited with the Commission or its agent, if not then needed for such purpose, shall, to the extent practicable, be reinvested in securities maturing at times and in amounts sufficient to pay when due the principal installments of and interest to become due on said 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 XI

## MISCELLANEOUS

Section 11.01. Amendment or Modification of Bond Legislation. Prior to issuance of the Series 1995 Bonds, this Ordinance may be amended or supplemented in any way by the Supplemental Resolution. Following issuance of the Series 1995 Bonds, no material modification or amendment of this Ordinance, or of any ordinance, resolution or order amendatory or supplemental hereto, that would materially and adversely affect the rights of Registered Owners of the Bonds, shall be made without the consent in writing of the Registered Owners of 66 2/3% or more in principal amount of the Bonds so affected and then Outstanding; provided, that no change shall be made in the maturity of any Bond or Bonds or the rate of interest thereon, or in the principal amount thereof, or affecting the unconditional promise of the Issuer to pay such principal and interest out of the funds herein pledged therefor without the consent of the Registered Owner thereof. No amendment or modification shall be made that would reduce the percentage of the principal amount of 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 Series 1995 Bonds from gross income of the holders thereof.

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

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

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

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

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

Section 11.07. Effective Date. This Ordinance shall take effect immediately following public hearing hereon.

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 Dominion-Post, a newspaper published and of general circulation in The City of Morgantown, together with a notice stating that this Ordinance has been adopted and that the Issuer contemplates the issuance of the Bonds, and that any person interested may appear before the Governing Body upon a date certain, not less than ten days subsequent to the date of the first publication of such abstract of this Ordinance and notice, and present protests, and that a certified copy of this Ordinance is on file with the Governing Body for review by interested persons during office hours of the Governing Body. At such hearing, all objections and suggestions shall be heard and the Governing Body shall take such action as it shall deem proper in the premises.

| | | |
|---|---|---|
| Passed on First Reading: | - | February 7, 1995 |
| Passed on Second Reading: | - | February 21, 1995 |
| Passed on Final Reading Following Public Hearing: | - | March 8, 1995 |

_____
Mayor

ATTEST:

_____
City Clerk

APPROVED AND CORRECT AS TO FORM:

_____
City Solicitor

CERTIFICATION

Certified a true copy of an Ordinance duly enacted by the Council of THE CITY OF MORGANTOWN on the 8th day of March, 1995.

Dated: April 27, 1995.

[SEAL]

City Clerk

04/20/95
MCWSJ.A3
627490/94001

THE CITY OF MORGANTOWN

Combined Waterworks and Sewerage System Revenue Bonds,
Series 1995
(West Virginia SRF Program)

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNT, DATE, MATURITY DATE, REDEMPTION PROVISION, INTEREST RATE, INTEREST AND PRINCIPAL PAYMENT DATES, SALE PRICE AND OTHER TERMS OF THE COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1995 (WEST VIRGINIA SRF PROGRAM), OF THE CITY OF MORGANTOWN; RATIFYING AND APPROVING A LOAN AGREEMENT RELATING TO SUCH BONDS AND THE SALE AND DELIVERY OF SUCH BONDS TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

WHEREAS, the city council (the "Governing Body") of The City of Morgantown (the "Issuer"), has duly and officially adopted and enacted a bond ordinance, effective March 8, 1995 (the "Bond Ordinance"), entitled:

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF EXTENSIONS, ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE SEWERAGE PORTION OF THE EXISTING PUBLIC COMBINED WATERWORKS AND SEWERAGE SYSTEM OF THE CITY OF MORGANTOWN AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE CITY OF NOT MORE THAN $2,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1995 (WEST VIRGINIA SRF PROGRAM); PROVIDING FOR THE RIGHTS AND

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

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

WHEREAS, the Bond Ordinance provides for the issuance of Combined Waterworks and Sewerage System Revenue Bonds, Series 1995 (West Virginia SRF Program), of the Issuer (the "Bonds"), in the aggregate principal amount not to exceed $2,000,000, and has authorized the execution and delivery of a loan agreement relating to the Bonds (the "Loan Agreement"), by and among the Issuer, the West Virginia Water Development Authority (the "Authority") and the West Virginia Division of Environmental Protection (the "DEP"), all in accordance with Chapter 8, Article 20 and Chapter 22C, Article 2 of the West Virginia Code of 1931, as amended (collectively, the "Act"); and in the Bond Ordinance it is provided that the form of the Loan Agreement and the exact principal amount, date, maturity date, redemption provision, interest rate, interest and principal payment dates, sale price and other terms of the Bonds should be established by a supplemental resolution pertaining to the Bonds; and that other matters relating to the Bonds be herein provided for;

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

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

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

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

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

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 Combined Waterworks and Sewerage System Revenue Bonds, Series 1995 (West Virginia SRF Program), of the Issuer, originally represented by a single Bond, numbered R-1, in the principal amount of $1,601,477. The Bonds shall be dated the date of delivery thereof, shall finally mature December 1, 2015, and shall bear interest at the rate of 2% per annum. The Bonds shall be payable quarterly in principal installments and interest on March 1, June 1, September 1 and December 1 of each year, commencing March 1, 1996, and ending December 1, 2015, and in the amounts as set forth in "Schedule Y" attached to the Loan Agreement and incorporated in and made a part of the Bonds. The Bonds shall be subject to redemption upon the written consent of the Authority and the DEP, and upon payment of the interest and redemption premium, if any, and otherwise in compliance with the Loan Agreement, so long as the Authority shall be the registered owner of the Bonds.

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

Section 3. The Issuer does hereby ratify, approve and accept the Loan Agreement, a copy of which is incorporated herein by reference, and the execution and delivery of the Loan Agreement by the General Manager of the Morgantown Utility Board, 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 application to the DEP and the Authority. The price of the Bonds shall be 100% of par value, there being no interest accrued thereon, provided that the proceeds of the Bonds shall be advanced from time to time as requisitioned by the Issuer.

Section 4. The Issuer does hereby approve the administrative fee equal to 1% of the principal amount of the Bonds set forth in the Loan Agreement.

Section 5. The Issuer does hereby appoint and designate One Valley Bank, National Association, Charleston, West Virginia, as Registrar (the "Registrar") for the Bonds 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, in substantially the form attached hereto, and the execution and delivery of the Registrar's Agreement by the City Manager,

and the performance of the obligations contained therein, on behalf of the Issuer, are hereby authorized, approved and directed.

Section 6. The Issuer does hereby appoint and direct the West Virginia Municipal Bond Commission, Charleston, West Virginia, to serve as Paying Agent for the Bonds.

Section 7. The Issuer does hereby appoint Huntington National Bank West Virginia, Morgantown, West Virginia, as Depository Bank under the Bond Ordinance.

Section 8. Series 1995 Bonds proceeds in the amount of $-0- shall be deposited in the Series 1995 Bonds Sinking Fund, as capitalized interest.

Section 9. Series 1995 Bonds proceeds in the amount of $97,352 shall be deposited in the Series 1995 Bonds Reserve Account.

Section 10. The balance of the proceeds of the Bonds shall be deposited in or credited to the Bond Construction Trust Fund as received from time to time for payment of Costs of the Project, including costs of issuance of the Bonds and related costs.

Section 11. The Mayor, City Manager and City Clerk of the Issuer and the General Manager of the Morgantown Utility Board are hereby authorized and directed to execute and deliver such other documents and certificates required or desirable in connection with the Bonds hereby and by the Bond Ordinance approved and provided for, to the end that the Bonds may be delivered on or about April 27, 1995, to the Authority pursuant to the Loan Agreement.

Section 12. The acquisition and construction of the Project and the financing thereof in part with proceeds of the Bonds is in the public interest, serves a public purpose of the Issuer and will promote the health, welfare and safety of the residents of the Issuer.

Section 13. The Issuer hereby determines to invest all moneys in the funds and accounts established by the Bond Ordinance held by the Depository Bank until expended, in repurchase agreements or time accounts, secured by a pledge of Government Obligations, and therefore, the Issuer hereby directs the Depository Bank to take such actions as may be necessary to cause such moneys to be invested in such repurchase agreements or time accounts until further directed in writing by the Issuer. Moneys in the Series 1995 Bonds Sinking Fund, including the Series 1995 Bonds Reserve Account therein, shall be invested by the West Virginia Municipal Bond Commission in the West Virginia Consolidated Fund.

Section 14. The Issuer shall not permit at any time or times any of the proceeds of the Bonds or any other funds of the Issuer to be used directly or indirectly in a manner which would result in the exclusion of the Bonds from the treatment afforded by

Section 103(a) of the Internal Revenue Code of 1986, as amended, and any regulations promulgated thereunder or under any predecessor thereto (the "Code"), by reason of the classification of the Bonds as "private activity bonds" within the meaning of the Code. The Issuer will take all actions necessary to comply with the Code and Treasury Regulations to be promulgated thereunder.

Section 15. The Issuer is a governmental unit with general taxing powers to finance operations of or facilities of the nature of the Project and the System; no part of the Bonds are private activity bonds; 95% or more of the net proceeds of the Bonds are to be used for local governmental activities of the Issuer; and the Issuer reasonably expects to issue less than $5,000,000 aggregate principal face amount of tax-exempt obligations (other than private activity bonds) during the calendar year 1995, being the calendar year in which the Bonds are to be issued. For purposes of this Section and for purposes of applying Section 148(f)(4)(D) of the Code, the Issuer and all entities which issue obligations on behalf of the Issuer shall be treated as one issuer; all obligations issued by a governmental unit to make loans to other governmental units with general taxing powers not subordinate to such unit shall, for purposes of applying this Section and Section 148(f)(4)(D) of the Code, be treated as not issued by such unit; all obligations issued by a subordinate entity shall, for purposes of applying this Section and Section 148(f)(4)(D) of the Code to each other entity to which such entity is subordinate, be treated as issued by such other entity; and an entity formed (or, to the extent provided by the Secretary, as set forth in the Code, availed of) to avoid the purposes of such Section 148(f)(4)(D) of the Code and all other entities benefiting thereby shall be treated as one issuer.

Section 16. This Supplemental Resolution shall be effective immediately following adoption hereof.

Adopted this 18th day of April, 1995.

THE CITY OF MORGANTOWN

_____

Mayor

ATTEST:

_____

City Clerk

APPROVED AND CORRECT AS TO FORM:

City Solicitor

CERTIFICATION

Certified a true copy of a Supplemental Resolution duly adopted by the Council of The City of Morgantown on the 18th day of April, 1995.

Dated: April 27, 1995.

[SEAL]

City Clerk

04/06/95
MCWSC.B2
627490/94001

SPECIMEN

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE CITY OF MORGANTOWN
COMBINED UTILITY SYSTEM REVENUE BOND,
SERIES 1995
(WEST VIRGINIA SRF PROGRAM)

No. R-1

$1,601,477

KNOW ALL MEN BY THESE PRESENTS: That THE CITY OF MORGANTOWN, a municipal corporation and political subdivision of the State of West Virginia in Monongalia County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY (the "Authority") or registered assigns the sum of ONE MILLION SIX HUNDRED ONE THOUSAND FOUR HUNDRED SEVENTY-SEVEN DOLLARS ($1,601,477), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing March 1, 1996, 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.

The interest on such advances and the SRF Administrative Fee shall run from the Completion Date (all as defined in the hereinafter described Bond Legislation), and such interest and SRF Administrative Fee shall be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing March 1, 1996, as set forth in EXHIBIT B attached hereto. Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent"). The interest on this Bond is payable by check or draft of the Paying Agent mailed to the registered owner hereof at the address as it appears on the books of The Huntington National Bank, Charleston, West Virginia, as registrar (the "Registrar") on the 15th day of the month next preceding an interest payment date, or by such other method as shall be mutually agreeable so long as the Authority is the registered owner hereof.

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority, and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement by and among the Issuer, the Authority and the West Virginia Division of Environmental Protection, dated March 20, 1995.

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, sewerage, and stormwater system of the Issuer (the "Project"); (ii) to fund a reserve account for the Bonds of this Series (the "Bonds"); and (iii) to pay certain costs of issuance hereof and related costs. The existing public combined waterworks, sewerage, and stormwater system of the Issuer, the Project, and any further extensions, additions, betterments or improvements thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 8, Article 20 and Chapter 22C, Article 2 of the West Virginia Code of 1931, as amended (collectively, the "Act"), and a Bond Ordinance duly enacted by the Issuer on March 8, 1995, as supplemented by a Supplemental Resolution duly adopted by the Issuer on April 18, 1995, and an Amendatory Ordinance duly enacted by the Issuer on April 17, 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 PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 1992 (WEST VIRGINIA SRF PROGRAM), DATED SEPTEMBER 8, 1992, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $11,900,000 (THE "SERIES 1992 BONDS"). THE SERIES 1992 BONDS ARE HEREIN SOMETIMES REFERRED TO AS THE "PRIOR BONDS".

This Bond is payable only from and secured by a pledge of the Gross Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on parity with the pledge of Gross Revenues in favor of the Holders of the Prior Bonds, and from moneys in the Reserve Account created under the Bond Legislation for the Bonds (the "Series 1995 Bonds Reserve Account"), and unexpended proceeds of the Bonds. Such Gross Revenues shall be sufficient to pay all operating expenses of the System and the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute 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 Gross Revenues, the moneys in the Series 1995 Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and

interest on the Bonds, and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with the Bonds, including the Prior Bonds; provided however, that so long as there exists in the Series 1995 Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding prior to or on a parity with the Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

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

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

SPECIMEN

IN WITNESS WHEREOF, THE CITY OF MORGANTOWN has caused this Bond to be signed by its Mayor and City Manager, and its corporate seal to be hereunto affixed and attested by its City Clerk, and has caused this Bond to be dated August 14, 2007.

[SEAL]

Mayor

City Manager

ATTEST:

Acting City Clerk

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

SPECIMEN

This Bond is one of the Series 1995 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: August 14, 2007.

THE HUNTINGTON NATIONAL BANK,
as Registrar

Authorized Officer

EXHIBIT A

RECORD OF ADVANCES

| | AMOUNT | DATE | | AMOUNT | DATE |
|---|---|---|---|---|---|
| (1) | $ 199,260.00 | 4/27/95 | (7) | $ 90,927.00 | 11/17/95 |
| (2) | $ 26,195.00 | 06/14/95 | (8) | $ 44,464.00 | 12/26/95 |
| (3) | $ 33,653.00 | 07/21/95 | (9) | $343,717.00 | 01/22/96 |
| (4) | $ 25,373.00 | 08/31/95 | (10) | $183,472.00 | 02/29/96 |
| (5) | $ 50,171.00 | 09/19/95 | (11) | $165,649.00 | 03/27/96 |
| (6) | $ 100,689.00 | 10/17/95 | (12) | $ 80,490.00 | 05/07/96 |
| | | TOTAL | | $ 1,601,477.00 | |

| | | |
|---|---|---|
| (13) | $ 68,127.00 | 06/11/96 |
| (14) | $ 73,389.00 | 06/11/97 |
| (15) | $115,901.00 | 07/28/98 |

WEST VIRGINIA STATE REVOLVING FUND PROGRAM - MORGANTOWN, CITY OF

Loan closed 04/27/95

08/13/98 c Municipal Bond Commission
Division of Environmental Protection
Water Development Authority
Jackson & Kelly
City of Morgantown
Steptoe & Johnson

SCHEDULE Y

SRF Closed 4/27/95

City of Morgantown
$1,601,477
2% Interest Rate and 1% Administrative Fee

DEBT SERVICE SCHEDULE

| DATE | PRINCIPAL | COUPON | INTEREST | DEBT SERVICE |
|---|---|---|---|---|
| 12/01/1995 | - | - | - | - |
| 3/01/1996 | 16,330.00 | 2.00000% | 8,007.39 | 24,337.39 |
| 6/01/1996 | 16,412.00 | 2.00000% | 7,925.74 | 24,337.74 |
| 9/01/1996 | 16,494.00 | 2.00000% | 7,843.68 | 24,337.68 |
| 12/01/1996 | 16,577.00 | 2.00000% | 7,761.21 | 24,338.21 |
| 3/01/1997 | 16,659.00 | 2.00000% | 7,678.32 | 24,337.32 |
| 6/01/1997 | 16,743.00 | 2.00000% | 7,595.03 | 24,338.03 |
| 9/01/1997 | 16,826.00 | 2.00000% | 7,511.31 | 24,337.31 |
| 12/01/1997 | 16,911.00 | 2.00000% | 7,427.18 | 24,338.18 |
| 3/01/1998 | 16,995.00 | 2.00000% | 7,342.63 | 24,337.63 |
| 6/01/1998 | 17,080.00 | 2.00000% | 7,257.65 | 24,337.65 |
| 9/01/1998 | 17,165.00 | 2.00000% | 7,172.25 | 24,337.25 |
| 12/01/1998 | 17,251.00 | 2.00000% | 7,086.43 | 24,337.43 |
| 3/01/1999 | 17,338.00 | 2.00000% | 7,000.17 | 24,338.17 |
| 6/01/1999 | 17,424.00 | 2.00000% | 6,913.48 | 24,337.48 |
| 9/01/1999 | 17,511.00 | 2.00000% | 6,826.36 | 24,337.36 |
| 12/01/1999 | 17,599.00 | 2.00000% | 6,738.81 | 24,337.81 |
| 3/01/2000 | 17,687.00 | 2.00000% | 6,650.81 | 24,337.81 |
| 6/01/2000 | 17,775.00 | 2.00000% | 6,562.38 | 24,337.38 |
| 9/01/2000 | 17,864.00 | 2.00000% | 6,473.50 | 24,337.50 |
| 12/01/2000 | 17,954.00 | 2.00000% | 6,384.18 | 24,338.18 |
| 3/01/2001 | 18,043.00 | 2.00000% | 6,294.41 | 24,337.41 |
| 6/01/2001 | 18,134.00 | 2.00000% | 6,204.20 | 24,338.20 |
| 9/01/2001 | 18,224.00 | 2.00000% | 6,113.53 | 24,337.53 |
| 12/01/2001 | 18,315.00 | 2.00000% | 6,022.41 | 24,337.41 |
| 3/01/2002 | 18,407.00 | 2.00000% | 5,930.83 | 24,337.83 |
| 6/01/2002 | 18,499.00 | 2.00000% | 5,838.80 | 24,337.80 |
| 9/01/2002 | 18,591.00 | 2.00000% | 5,746.30 | 24,337.30 |
| 12/01/2002 | 18,684.00 | 2.00000% | 5,653.35 | 24,337.35 |
| 3/01/2003 | 18,778.00 | 2.00000% | 5,559.93 | 24,337.93 |
| 6/01/2003 | 18,872.00 | 2.00000% | 5,466.04 | 24,338.04 |
| 9/01/2003 | 18,966.00 | 2.00000% | 5,371.68 | 24,337.68 |
| 12/01/2003 | 19,061.00 | 2.00000% | 5,276.85 | 24,337.85 |
| 3/01/2004 | 19,156.00 | 2.00000% | 5,181.54 | 24,337.54 |
| 6/01/2004 | 19,252.00 | 2.00000% | 5,085.76 | 24,337.76 |
| 9/01/2004 | 19,348.00 | 2.00000% | 4,989.50 | 24,337.50 |
| 12/01/2004 | 19,445.00 | 2.00000% | 4,892.76 | 24,337.76 |
| 3/01/2005 | 19,542.00 | 2.00000% | 4,795.54 | 24,337.54 |
| 6/01/2005 | 19,640.00 | 2.00000% | 4,697.83 | 24,337.83 |
| 9/01/2005 | 19,738.00 | 2.00000% | 4,599.63 | 24,337.63 |
| 12/01/2005 | 19,837.00 | 2.00000% | 4,500.94 | 24,337.94 |
| 3/01/2006 | 19,936.00 | 2.00000% | 4,401.75 | 24,337.75 |
| 6/01/2006 | 20,036.00 | 2.00000% | 4,302.07 | 24,338.07 |
| 9/01/2006 | 20,136.00 | 2.00000% | 4,201.89 | 24,337.89 |
| 12/01/2006 | 20,237.00 | 2.00000% | 4,101.21 | 24,338.21 |
| 3/01/2007 | 20,338.00 | 2.00000% | 4,000.03 | 24,338.03 |
| 6/01/2007 | 20,439.00 | 2.00000% | 3,898.34 | 24,337.34 |
| 9/01/2007 | 20,542.00 | 2.00000% | 3,796.14 | 24,338.14 |
| 12/01/2007 | 20,644.00 | 2.00000% | 3,693.43 | 24,337.43 |
| 3/01/2008 | 20,748.00 | 2.00000% | 3,590.21 | 24,338.21 |
| 6/01/2008 | 20,851.00 | 2.00000% | 3,486.47 | 24,337.47 |

Ferris, Baker Watts, Inc
Public Finance Department

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# SCHEDULE Y

City of Morgantown
$1,601,477
2% Interest Rate and 1% Administrative Fee

DEBT SERVICE SCHEDULE

| DATE | PRINCIPAL | COUPON | INTEREST | DEBT SERVICE |
|---|---|---|---|---|
| 9/01/2008 | 20,955.00 | 2.00000% | 3,382.22 | 24,337.22 |
| 12/01/2008 | 21,060.00 | 2.00000% | 3,277.44 | 24,337.44 |
| 3/01/2009 | 21,166.00 | 2.00000% | 3,172.14 | 24,338.14 |
| 6/01/2009 | 21,271.00 | 2.00000% | 3,066.31 | 24,337.31 |
| 9/01/2009 | 21,378.00 | 2.00000% | 2,959.96 | 24,337.96 |
| 12/01/2009 | 21,485.00 | 2.00000% | 2,853.07 | 24,338.07 |
| 3/01/2010 | 21,592.00 | 2.00000% | 2,745.64 | 24,337.64 |
| 6/01/2010 | 21,700.00 | 2.00000% | 2,637.68 | 24,337.68 |
| 9/01/2010 | 21,809.00 | 2.00000% | 2,529.18 | 24,338.18 |
| 12/01/2010 | 21,918.00 | 2.00000% | 2,420.14 | 24,338.14 |
| 3/01/2011 | 22,027.00 | 2.00000% | 2,310.55 | 24,337.55 |
| 6/01/2011 | 22,137.00 | 2.00000% | 2,200.41 | 24,337.41 |
| 9/01/2011 | 22,248.00 | 2.00000% | 2,089.73 | 24,337.73 |
| 12/01/2011 | 22,359.00 | 2.00000% | 1,978.49 | 24,337.49 |
| 3/01/2012 | 22,471.00 | 2.00000% | 1,866.69 | 24,337.69 |
| 6/01/2012 | 22,583.00 | 2.00000% | 1,754.34 | 24,337.34 |
| 9/01/2012 | 22,696.00 | 2.00000% | 1,641.42 | 24,337.42 |
| 12/01/2012 | 22,810.00 | 2.00000% | 1,527.94 | 24,337.94 |
| 3/01/2013 | 22,924.00 | 2.00000% | 1,413.89 | 24,337.89 |
| 6/01/2013 | 23,038.00 | 2.00000% | 1,299.27 | 24,337.27 |
| 9/01/2013 | 23,154.00 | 2.00000% | 1,184.08 | 24,338.08 |
| 12/01/2013 | 23,269.00 | 2.00000% | 1,068.31 | 24,337.31 |
| 3/01/2014 | 23,386.00 | 2.00000% | 951.97 | 24,337.97 |
| 6/01/2014 | 23,503.00 | 2.00000% | 835.04 | 24,338.04 |
| 9/01/2014 | 23,620.00 | 2.00000% | 717.52 | 24,337.52 |
| 12/01/2014 | 23,738.00 | 2.00000% | 599.42 | 24,337.42 |
| 3/01/2015 | 23,857.00 | 2.00000% | 480.73 | 24,337.73 |
| 6/01/2015 | 23,976.00 | 2.00000% | 361.45 | 24,337.45 |
| 9/01/2015 | 24,096.00 | 2.00000% | 241.57 | 24,337.57 |
| 12/01/2015 | 24,217.00 | 2.00000% | 121.09 | 24,338.09 |
| TOTAL | 1,601,477.00 | - | 345,539.57 | 1,947,016.57 |

Ferris, Baker Watts, Inc
Public Finance Department

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YIELD STATISTICS

| | |
|---|---|
| Accrued Interest from 12/01/1995 to 12/01/1995... | - |
| Average Life..... | 10.788 YEARS |
| Bond Years..... | 17,276.97 |
| Average Coupon..... | 2.0000000% |
| Net Interest Cost (NIC)..... | 2.0000000% |
| Bond Yield for Arbitrage Purposes..... | 3.0110137% |
| True Interest Cost (TIC)..... | 2.0050000% |
| Effective Interest Cost (EIC)..... | 3.0110137% |

# SCHEDULE Y

City of Morgantown
$1,601,477
2% Interest Rate and 1% Administrative Fee

NET DEBT SERVICE SCHEDULE

| DATE | DEBT SERVICE | TOTAL EXPENSE | NEW NET D/S |
|---|---|---|---|
| 12/01/1995 | - | - | - |
| 3/01/1996 | 24,337.39 | 4,003.69 | 28,341.08 |
| 6/01/1996 | 24,337.74 | 3,962.87 | 28,300.61 |
| 9/01/1996 | 24,337.68 | 3,921.84 | 28,259.52 |
| 12/01/1996 | 24,338.21 | 3,880.60 | 28,218.81 |
| 3/01/1997 | 24,337.32 | 3,839.16 | 28,176.48 |
| 6/01/1997 | 24,338.03 | 3,797.51 | 28,135.54 |
| 9/01/1997 | 24,337.31 | 3,755.66 | 28,092.97 |
| 12/01/1997 | 24,338.18 | 3,713.59 | 28,051.77 |
| 3/01/1998 | 24,337.63 | 3,671.31 | 28,008.94 |
| 6/01/1998 | 24,337.65 | 3,628.83 | 27,966.48 |
| 9/01/1998 | 24,337.25 | 3,586.13 | 27,923.38 |
| 12/01/1998 | 24,337.43 | 3,543.21 | 27,880.64 |
| 3/01/1999 | 24,338.17 | 3,500.09 | 27,838.25 |
| 6/01/1999 | 24,337.48 | 3,456.74 | 27,794.22 |
| 9/01/1999 | 24,337.36 | 3,413.18 | 27,750.54 |
| 12/01/1999 | 24,337.81 | 3,369.40 | 27,707.21 |
| 3/01/2000 | 24,337.81 | 3,325.41 | 27,663.22 |
| 6/01/2000 | 24,337.38 | 3,281.19 | 27,618.57 |
| 9/01/2000 | 24,337.50 | 3,236.75 | 27,574.25 |
| 12/01/2000 | 24,338.18 | 3,192.09 | 27,530.27 |
| 3/01/2001 | 24,337.41 | 3,147.21 | 27,484.61 |
| 6/01/2001 | 24,338.20 | 3,102.10 | 27,440.30 |
| 9/01/2001 | 24,337.53 | 3,056.76 | 27,394.29 |
| 12/01/2001 | 24,337.41 | 3,011.20 | 27,348.61 |
| 3/01/2002 | 24,337.83 | 2,965.42 | 27,303.25 |
| 6/01/2002 | 24,337.80 | 2,919.40 | 27,257.20 |
| 9/01/2002 | 24,337.30 | 2,873.15 | 27,210.45 |
| 12/01/2002 | 24,337.35 | 2,826.67 | 27,164.02 |
| 3/01/2003 | 24,337.93 | 2,779.96 | 27,117.89 |
| 6/01/2003 | 24,338.04 | 2,733.02 | 27,071.06 |
| 9/01/2003 | 24,337.68 | 2,685.84 | 27,023.52 |
| 12/01/2003 | 24,337.85 | 2,638.42 | 26,976.27 |
| 3/01/2004 | 24,337.54 | 2,590.77 | 26,928.31 |
| 6/01/2004 | 24,337.76 | 2,542.88 | 26,880.64 |
| 9/01/2004 | 24,337.50 | 2,494.75 | 26,832.25 |
| 12/01/2004 | 24,337.76 | 2,446.38 | 26,784.14 |
| 3/01/2005 | 24,337.54 | 2,397.77 | 26,735.31 |
| 6/01/2005 | 24,337.83 | 2,348.91 | 26,686.74 |
| 9/01/2005 | 24,337.63 | 2,299.81 | 26,637.44 |
| 12/01/2005 | 24,337.94 | 2,250.47 | 26,588.41 |
| 3/01/2006 | 24,337.75 | 2,200.88 | 26,538.63 |
| 6/01/2006 | 24,338.07 | 2,151.04 | 26,489.11 |
| 9/01/2006 | 24,337.89 | 2,100.95 | 26,438.84 |
| 12/01/2006 | 24,338.21 | 2,050.61 | 26,388.82 |

Ferris, Baker Watts, Inc
Public Finance Department

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# SCHEDULE Y

City of Morgantown
$1,601,477
2% Interest Rate and 1% Administrative Fee

NET DEBT SERVICE SCHEDULE

| DATE | DEBT SERVICE | TOTAL EXPENSE | NEW NET D/S |
|---|---|---|---|
| 3/01/2007 | 24,338.03 | 2,000.01 | 26,338.04 |
| 6/01/2007 | 24,337.34 | 1,949.17 | 26,286.51 |
| 9/01/2007 | 24,338.14 | 1,898.07 | 26,236.21 |
| 12/01/2007 | 24,337.43 | 1,846.72 | 26,184.15 |
| 3/01/2008 | 24,338.21 | 1,795.11 | 26,133.32 |
| 6/01/2008 | 24,337.47 | 1,743.24 | 26,080.71 |
| 9/01/2008 | 24,337.22 | 1,691.11 | 26,028.33 |
| 12/01/2008 | 24,337.44 | 1,638.72 | 25,976.16 |
| 3/01/2009 | 24,338.14 | 1,586.07 | 25,924.21 |
| 6/01/2009 | 24,337.31 | 1,533.16 | 25,870.47 |
| 9/01/2009 | 24,337.96 | 1,479.98 | 25,817.94 |
| 12/01/2009 | 24,338.07 | 1,426.53 | 25,764.60 |
| 3/01/2010 | 24,337.64 | 1,372.82 | 25,710.46 |
| 6/01/2010 | 24,337.68 | 1,318.84 | 25,656.52 |
| 9/01/2010 | 24,338.18 | 1,264.59 | 25,602.77 |
| 12/01/2010 | 24,338.14 | 1,210.07 | 25,548.21 |
| 3/01/2011 | 24,337.55 | 1,155.27 | 25,492.82 |
| 6/01/2011 | 24,337.41 | 1,100.21 | 25,437.61 |
| 9/01/2011 | 24,337.73 | 1,044.86 | 25,382.59 |
| 12/01/2011 | 24,337.49 | 989.24 | 25,326.73 |
| 3/01/2012 | 24,337.69 | 933.35 | 25,271.04 |
| 6/01/2012 | 24,337.34 | 877.17 | 25,214.51 |
| 9/01/2012 | 24,337.42 | 820.71 | 25,158.13 |
| 12/01/2012 | 24,337.94 | 763.97 | 25,101.91 |
| 3/01/2013 | 24,337.89 | 706.95 | 25,044.84 |
| 6/01/2013 | 24,337.27 | 649.64 | 24,986.91 |
| 9/01/2013 | 24,338.08 | 592.04 | 24,930.12 |
| 12/01/2013 | 24,337.31 | 534.16 | 24,871.47 |
| 3/01/2014 | 24,337.97 | 475.98 | 24,813.95 |
| 6/01/2014 | 24,338.04 | 417.52 | 24,755.56 |
| 9/01/2014 | 24,337.52 | 358.76 | 24,696.28 |
| 12/01/2014 | 24,337.42 | 299.71 | 24,637.13 |
| 3/01/2015 | 24,337.73 | 240.37 | 24,578.10 |
| 6/01/2015 | 24,337.45 | 180.72 | 24,518.17 |
| 9/01/2015 | 24,337.57 | 120.69 | 24,458.26 |
| 12/01/2015 | 24,338.09 | - | 24,338.09 |
| TOTAL | 1,947,016.57 | 172,709.15 | 2,119,725.72 |

Ferris, Baker Watts, Inc
Public Finance Department

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SPECIMEN

ASSIGNMENT

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

Dated: _____, _____.

_____

In the presence of:

_____

07/30/07
627490.00019

THE CITY OF MORGANTOWN

COMBINED WATERWORKS AND SEWERAGE
SYSTEM REVENUE BONDS,
SERIES 2000 A (WEST VIRGINIA SRF PROGRAM) AND
SERIES 2000 B (WEST VIRGINIA INFRASTRUCTURE FUND)

BOND ORDINANCE

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2000 A &
2000 B

THE CITY OF MORGANTOWN

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF EXTENSIONS, ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE SEWERAGE PORTION OF THE EXISTING PUBLIC COMBINED WATERWORKS AND SEWERAGE SYSTEM OF THE CITY OF MORGANTOWN AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE CITY OF NOT MORE THAN $8,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2000 A (WEST VIRGINIA SRF PROGRAM) AND NOT MORE THAN $2,500,000 IN AGGREGATE PRINCIPAL AMOUNT OF COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2000 B (WEST VIRGINIA INFRASTRUCTURE FUND); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING 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 MORGANTOWN:

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 Morgantown (the "Issuer") is a municipal corporation and political subdivision of the State of West Virginia in Monongalia County of said State.

B. The Issuer presently owns and operates, through the Morgantown Utility Board (the "Board"), a public combined waterworks and sewerage system. Certain domestic, commercial and industrial residents located outside the corporate boundaries of the Issuer, in the Cheat Lake area of Monongalia County, West Virginia (the "Cheat Lake Area") are currently either not served by a public sewerage system or are served by public sewerage systems which are inadequate, obsolete and inefficient. It is deemed necessary and desirable for the health and welfare of the inhabitants of the Issuer that there be acquired and constructed in the Cheat Lake Area certain extensions, additions, betterments and improvements to the sewerage portion of the existing public combined waterworks and sewerage system of the Issuer, consisting of a 750,000 GPD wastewater treatment facility, 18,500 feet of 8-inch and 10-inch gravity sewer line to the Sunset Beach Road area, 5,700 feet of 8-inch gravity sewer line to the Rolling Hills Mobile Home Park, 2,500 feet of 8-inch gravity sewer line to the Cheat Canyon Park subdivision, 5,800 feet of 12-inch, 15-inch and 18-inch gravity interceptor along Whites Run, 1,600 GPM sewage lift station on property along Tyrone Road near Babbling Brook, a 12-inch force main, 8,800 feet long, that will extend from the lift station to the wastewater treatment plant, and two small lift stations, 75 GPM, near the Cheat Canyon Park subdivision, 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 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"), in connection with the West Virginia Water Pollution Control 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 $10,500,000 in two series (collectively, the "Series 2000 Bonds"), being the Combined Waterworks and Sewerage System Revenue Bonds, Series 2000 A (West Virginia SRF Program), in the aggregate principal amount of not more than $8,000,000 (the "Series 2000 A Bonds"), and the Combined Waterworks and Sewerage System Revenue Bonds, Series 2000 B (West Virginia Infrastructure Fund), in the aggregate principal amount of not more than $2,500,000 (the "Series 2000 B Bonds"), to permanently finance the costs

of acquisition and construction of the Project. Said costs shall be deemed to include the cost of all property rights, easements and franchises deemed necessary or convenient therefor; interest upon the Series 2000 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 (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), discount, initial fees for the services of registrars, paying agents, depositories or trustees or other costs in connection with the sale of the Series 2000 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 2000 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 2000 A 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 Division of Environmental Protection, a division of the West Virginia Bureau of Environment (the "DEP"), and its Series 2000 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 Infrastructure and Jobs Development Council (the "Council"), both the bond purchase agreement and the loan agreement in form satisfactory to the respective parties (collectively, the bond purchase agreement and the loan agreement are referred to herein as the "Loan Agreement"), approved hereby if not previously approved by resolution of the Issuer.

G. There are outstanding obligations of the Issuer which will rank on a parity with the Series 2000 Bonds as to liens, pledge, source of and security for payment, being the Issuer's Combined Waterworks and Sewerage System Revenue Bonds, Series 1992 (West Virginia SRF Program), dated September 8, 1992, issued in the original aggregate principal amount of $11,900,000 (the "Series 1992 Bonds"), Combined Waterworks and Sewerage System Revenue Bonds, Series 1995 (West Virginia SRF Program), dated April 27, 1995, issued in the original aggregate principal amount of $1,601,477 (the "Series 1995 Bonds"), and Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 1997, dated July 1, 1997, issued in the original aggregate principal amount of $10,000,000 (the "Series 1997 Bonds") (collectively with the Cheat Neck Public Service District Bond as hereinafter defined, the "Prior Bonds"). There is outstanding an obligation of the Issuer

which will rank junior and subordinate to the Series 2000 Bonds as to lien, pledge, source of and security for payment being the Issuer's Cheat Neck Public Service District Bond, Series 1992, dated December 16, 1992, issued in the original aggregate principal amount of $313,000 (the "Cheat Neck Public Service District Bond").

H. Prior to the issuance of the Series 2000 Bonds, the Issuer will obtain (i) the certificate of an Independent Certified Public Accountant stating that the parity tests of the Prior Bonds are met, and (ii) the written consent of the Holders of the Series 1992 Bonds and the Series 1995 Bonds to the issuance of the Series 2000 Bonds on a parity with the Series 1992 Bonds and the Series 1995 Bonds. The written consent of the holders of the Series 1997 Bonds to the issuance of the Series 2000 Bonds on a parity with the Series 1997 Bonds is not required. The written consent of the holders of the Cheat Neck Public Service District Bond to the issuance of the Series 2000 Bonds on a senior and prior basis to the Cheat Neck Public Service District Bond is not required. 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. The Issuer is in compliance with all the covenants of the Prior Bonds and the Prior Resolutions.

I. The rates and charges in effect and applicable to the customers of the System located in the Cheat Lake Area upon completion of the Project (which rates and charges are greater than the rates and charges applicable to customers of the System who are not located in the Cheat Lake Area) have been determined to be sufficient, on an independent basis, to provide for payment of the principal of and interest on the Series 2000 Bonds and to provide for payment of all Operating Expenses of the Project, and the Issuer has agreed to issue the Series 2000 Bonds based upon such determination and its understanding that the Project will have no effect on the rates and charges of the System applicable to customers outside the Cheat Lake Area. Notwithstanding any provision of this Section 1.02I to the contrary, the Bonds are secured by a pledge of the Gross Revenues of the System.

J. 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 and the principal of and interest on the Series 2000 Bonds and the Prior Bonds and to make payments into all funds and accounts and other payments provided for herein.

K. 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 2000 Bonds, or will have so complied prior to issuance of any thereof, including, among other things, the obtaining of a certificate of public convenience and necessity from the Public Service Commission of West Virginia by final order, the time for rehearing and appeal of which will either have expired prior to the issuance of the Series 2000 Bonds or such final order will not be subject to appeal.

L. The Issuer is a governmental unit which has general taxing powers to finance operations of or facilities of the nature of the Project and the System; 95% or more of the Net Proceeds of the Series 1999 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).

M. 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 2000 Bonds by the Registered Owners of the same from time to time, this Bond Legislation shall be deemed to be and shall constitute a contract between the Issuer and such Bondholders, and the covenants and agreements herein set forth to be performed by the Issuer shall be for the equal benefit, protection and security of the Bondholders of any and all of such Series 2000 Bonds, all of which shall be of equal rank and without preference, priority or distinction between any one Bond and any other Bonds and by reason of priority of issuance or otherwise, except as expressly provided therein and herein.

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

"Act" means, collectively, Chapter 8, Article 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 2000 Bonds, or any other agency, board or department of the State that succeeds to the functions of the Authority, acting in its administrative capacity and upon authorization from the DEP and the Council under the Act.

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

"Board" means the Morgantown Utility Board of the Issuer.

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

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

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

"Bonds" means, collectively, the Series 2000 Bonds, the Prior Bonds and, where appropriate, any bonds on a parity therewith subsequently authorized to be issued hereunder or by another ordinance of the Issuer.

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

"Cheat Neck PSD Bond" means the $313,000 Cheat Neck Public Service District Bond, Series 1992, dated December 16, 1992, payable by NMP, Limited Partnership, a West Virginia limited partnership, to the United States Department of Agriculture, Rural Utilities Service, the obligation for payment of the principal of and interest on which has been assumed by the Issuer in the event that NMP Partnership fails to make such payment when due, which obligation of the Issuer is junior and subordinate to the Issuer's obligation to pay the Prior Bonds and the Series 2000 Bonds.

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

"City Manager" means the City Manager of the Issuer.

"Closing Date" means the date upon which there is an exchange of the Series 2000 Bonds for the proceeds or at least a de minimis portion thereof representing the purchase price of the Series 2000 Bonds 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.

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

"Consulting Engineers" means, collectively, Strand Associates, Inc., Madison, Wisconsin, and Burgess & Niple Limited, Charleston, West Virginia, or any qualified engineer or firm of engineers, licensed by the State, that shall at any time hereafter be

procured by the Issuer as Consulting Engineers for the System, or portion thereof, in accordance with Chapter 5G, Article 1 of the West Virginia Code of 1931, as amended; provided however, that the Consulting Engineers shall not be a regular, full-time employee of the State or any of its agencies, commissions, or political subdivisions.

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

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

"DEP" means the West Virginia Division of Environmental Protection, a division of the West Virginia Bureau of Environment, or any other agency, board or department of the State that succeeds to the functions of the DEP.

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

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

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

"First Lien Bonds" means, collectively, the Series 1992 Bonds, the Series 1995 Bonds and the Series 1997 Bonds.

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

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

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

"Grant" means all grant moneys received by the Issuer for the Project.

"Gross Revenues" means the aggregate gross operating and non-operating revenues of the System, as hereinafter defined, determined in accordance with generally accepted accounting principles, after deduction of prompt payment discounts, if any, and

reasonable provision for uncollectible accounts; provided that, "Gross Revenues" include any gains from the sale or other disposition of capital assets, but does not include any increase in the value of capital assets (including Qualified Investments, as hereinafter defined) or any Tap Fees (as hereinafter defined).

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

"Independent Certified Public Accountant" 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 any security (as said term is defined in Section 165(g)(2)(A) or (B) of the Code), obligation, annuity contract, investment-type property or residential rental property for family units which is not located within the jurisdiction of the Issuer and which is not acquired to implement a court ordered or approved housing desegregation plan, excluding, however, obligations the interest on which is excluded from gross income, under Section 103 of the Code, for federal income tax purposes other than specified private activity bonds as defined in Section 57(a)(5)(C) of the Code.

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

"Loan Agreement" means, collectively, the bond purchase agreement heretofore entered, or to be entered, into by and among the Issuer, the Authority and the DEP, providing for the purchase of the Series 2000 A Bonds from the Issuer by the Authority, and the 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 2000 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 2000 Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds, if any, deposited in the Reserve Accounts. For purposes of the Private Business Use limitations set forth herein, the term Net Proceeds shall include any amounts resulting from the investment of proceeds of the Series 2000 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.

"1992 Ordinance" means, collectively, the ordinance of the Issuer enacted September 1, 1992, as supplemented by the supplemental resolution of the Issuer adopted September 1, 1992.

"1995 Ordinance" means, collectively, the ordinance of the Issuer enacted March 8, 1995, as supplemented by the supplemental resolution of the Issuer adopted April 18, 1995.

"1997 Ordinance" means, collectively, the ordinance of the Issuer enacted June 3, 1997, as supplemented by the supplemental resolution of the Issuer adopted June 12, 1997.

"2000 Ordinance" means, collectively, the ordinance of the Issuer enacted February 15, 2000, as supplemented by the Supplemental Resolution of the Issuer adopted February 15, 2000.

"Nonpurpose Investment" means any Investment Property which is acquired with the gross proceeds or any other proceeds of the Series 2001 A Bonds and is not acquired in order to carry out the governmental purpose of the Series 2001 A Bonds.

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

"Outstanding" when used with reference to Bonds or Prior Bonds and as of any particular date, describes all Bonds or Prior Bonds theretofore and thereupon being authenticated and delivered, except (i) any Bond or Prior Bond cancelled by the Bond Registrar or Registrar for Prior Bonds, at or prior to said date; (ii) any Bond or Prior Bonds, for the payment of which 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 X hereof; (iv) any Prior Bond deemed to have been

paid; and (v) for purposes of consents or other action by a specified percentage of Bondholders, or holders of Prior Bonds, any Bonds or Prior Bonds registered to the Issuer.

"Parity Bonds" means additional 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 Series 2000 Bonds in the Supplemental Resolution.

"Prior Bonds" means, collectively, the Series 1992 Bonds, the Series 1995 Bonds, the Series 1997 Bonds and Cheat Neck Public Service District Bond.

"Prior Ordinances" means, collectively, the ordinance of the Issuer enacted on September 1, 1992, as supplemented by the supplemental resolution of the Issuer adopted on September 1, 1992, authorizing the issuance of the Series 1992 Bonds (the "1992 Ordinance"), the ordinance of the Issuer enacted on March 8, 1995, as supplemented by the supplemental resolution of the Issuer adopted on April 18, 1995, authorizing the issuance of the Series 1995 Bonds (the "1995 Ordinance"), and the ordinance of the Issuer enacted on June 3, 1997, as supplemented by the supplemental resolution of the Issuer adopted on June 12, 1997, authorizing the issuance of the Series 1997 Bonds (the "1997 Ordinance").

"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.

"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 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 exempt from federal income taxation, and which are rated at least "A" by Moody's Investors Service, Inc. or Standard & Poor's Corporation.

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

"Registrar" means the Bond Registrar.

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

"Reserve Accounts" means, collectively, the respective Reserve Accounts established for the Series 2000 Bonds and the Prior Bonds.

"Reserve Requirement" means, collectively, the respective amounts required to be on deposit in any Reserve Account for the Prior Bonds and the Series 2000 Bonds.

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

"Series 1992 Bonds" means the Combined Waterworks and Sewerage System Revenue Bonds, Series 1992 (West Virginia SRF Program), of the Issuer, dated September 8, 1992, issued in the original aggregate principal amount of $11,900,000.

"Series 1992 Bonds Reserve Account" means the Series 1992 Bonds Reserve Account established in the Series 1992 Bonds Sinking Fund pursuant to Section 5.02 of the 1992 Ordinance.

"Series 1992 Bonds Sinking Fund" means the Series 1992 Bonds Sinking Fund established by Section 5.02 of the 1992 Ordinance.

"Series 1995 Bonds" means the Combined Waterworks and Sewerage System Revenue Bonds, Series 1995 (West Virginia SRF Program), of the Issuer, dated April 27, 1995, issued in the original aggregate principal amount of $1,601,477.

"Series 1995 Bonds Reserve Account" means the Series 1995 Bonds Reserve Account established in the Series 1995 Bonds Sinking Fund pursuant to Section 5.02 of the 1995 Ordinance.

"Series 1995 Bonds Sinking Fund" means the Series 1995 Bonds Sinking Fund established by Section 5.02 of the 1995 Ordinance.

"Series 1997 Bonds" means the Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 1997, of the Issuer, dated July 1, 1997 issued in the original aggregate principal amount of $10,000,000.

"Series 1997 Bonds Redemption Account" means the Redemption Account established by Section 4.02 of the 1997 Ordinance.

"Series 1997 Bonds Reserve Account" means the Reserve Account established in the Series 1997 Bonds Sinking Fund pursuant to Section 4.02 of the 1997 Ordinance.

"Series 1997 Bonds Sinking Fund" means the Sinking Fund of the Series 1997 Bonds established by Section 4.02 of the 1997 Ordinance.

"Series 2000 A Bonds" means the Combined Waterworks and Sewerage Revenue Bonds, Series 2000 A (West Virginia SRF Program), of the Issuer, authorized by this Bond Legislation.

"Series 2000 A Bonds Construction Trust Fund" means the Series 2000 A Bonds Construction Trust Fund established by Section 5.01 hereof.

"Series 2000 A Bonds Reserve Account" means the Series 2000 A Bonds Reserve Account established in the Series 2000 A Bonds Sinking Fund pursuant to Section 5.02 hereof.

"Series 2000 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 2000 A Bonds in the then current or any succeeding year.

"Series 2000 A Bonds Sinking Fund" means the Series 2000 A Bonds Sinking Fund established by Section 5.02 hereof.

"Series 2000 B Bonds" means the Combined Waterworks and Sewerage Revenue Bonds, Series 2000 B (West Virginia Infrastructure Fund), of the Issuer, authorized by this Bond Legislation.

"Series 2000 B Bonds Construction Trust Fund" means the Series 2000 B Bonds Construction Trust Fund established by Section 5.01 hereof.

"Series 2000 B Bonds Reserve Account" means the Series 2000 B Bonds Reserve Account established in the Series 2000 B Bonds Sinking Fund pursuant to Section 5.02 hereof.

"Series 2000 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 2000 B Bonds in the then current or any succeeding year.

"Series 2000 B Bonds Sinking Fund" means the Series 2000 B Bonds Sinking Fund established by Section 5.02 hereof.

"Series 2000 Bonds" means, collectively, the Series 2000 A Bonds and the Series 2000 B Bonds.

"Sinking Funds" means, collectively, the respective Sinking Funds established for the Series 2000 Bonds and the Prior Bonds.

"SRF Administrative Fee" means any administrative fee required to be paid under the Loan Agreement for the Series 2000 A Bonds.

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

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

"State" means the State of West Virginia.

"Supplemental Resolution" means any resolution, ordinance or order of the Issuer supplementing or amending this Ordinance and, when preceded by the article "the," refers specifically to the supplemental resolution authorizing the sale of the Series 2000 Bonds; provided, that any matter intended by this Ordinance to be included in the

Supplemental Resolution with respect to the Series 2000 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 2000 Bonds, the Prior Bonds or any other obligations of the Issuer, including, without limitation, the Depreciation Fund and the Reserve Accounts.

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

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

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

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

## ARTICLE II

## AUTHORIZATION OF ACQUISITION AND CONSTRUCTION OF THE PROJECT

Section 2.01. Authorization of Acquisition and Construction of the Project. There is hereby authorized and ordered the acquisition and construction of the Project, at an estimated cost of $10,500,000, in accordance with the plans and specifications which have been prepared by the Consulting Engineers, heretofore filed in the office of the Governing Body. The proceeds of the Series 2000 Bonds hereby authorized shall be applied as provided in Article VI hereof. The Issuer has received bids and will enter into contracts for the acquisition and construction of the Project, compatible with the financing plan submitted to the DEP, the Council and the Authority.

The cost of the Project is estimated not to exceed $10,500,000, of which approximately $8,000,000 will be obtained from proceeds of the Series 2000 A Bonds, and approximately $2,500,000 will be obtained from proceeds of the Series 2000 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 on the Series 2000 Bonds, funding reserve accounts for the Series 2000 Bonds, paying Costs of the Project not otherwise provided for and paying certain costs of issuance of the Series 2000 Bonds and related costs, or any or all of such purposes, as determined by the Supplemental Resolution, there shall be issued the negotiable Series 2000 Bonds of the Issuer. The Series 2000 Bonds shall be issued in two series, each as a single bond, designated respectively as "Combined Waterworks and Sewerage System Revenue Bonds, Series 2000 A (West Virginia SRF Program)," in the principal amount of not more than $8,000,000, and the "Combined Waterworks and Sewerage System Revenue Bonds, Series 2000 B (West Virginia Infrastructure Fund)," in the principal amount of not more than $2,500,000, and both shall have such terms as set forth hereinafter and in the Supplemental Resolution. The proceeds of the Series 2000 Bonds remaining after funding of the Reserve Accounts (if funded from Bond proceeds) and capitalization of interest, if any, shall be deposited in or credited to the respective Bond Construction Trust Funds established by Section 5.01 hereof.

Section 3.02. Terms of Bonds. The Series 2000 Bonds shall be issued in such principal amounts; shall bear interest, if any, at such rate or rates, not exceeding the then legal maximum, payable quarterly on such dates; shall mature on such dates and in such amounts; and shall be redeemable, in whole or in part, all as the Issuer shall prescribe in a Supplemental Resolution or as specifically provided in the Loan Agreement. The Series 2000 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 2000 Bonds, if any, shall be paid by check or draft of the Paying Agent or its agent, mailed to the Registered Owner thereof at the address as it appears on the books of the Bond Registrar, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner thereof.

Unless otherwise provided by the Supplemental Resolution, the Series 2000 Bonds shall initially 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 each series of the Series 2000 Bonds. The Series 2000 Bonds shall be exchangeable at the option and expense of the Registered Owner for another fully registered Bond or Bonds of the same series in aggregate principal amount equal to the amount of said Bonds then Outstanding and being exchanged, with principal installments or maturities, as applicable, corresponding to the dates of payment of principal

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

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

Section 3.03. Execution of Bonds. The Series 2000 Bonds shall be executed in the name of the Issuer by the Mayor and the City Manager, and the seal of the Issuer shall be affixed thereto or imprinted thereon and attested by the City Clerk. In case any one or more of the officers who shall have signed or sealed the Series 2000 Bonds shall cease to be such officer of the Issuer before the Series 2000 Bonds so signed and sealed have been actually sold and delivered, such Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bonds had not ceased to hold such office. Any Series 2000 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 2000 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 2000 Bond shall be deemed to have been executed by the Bond Registrar if manually signed by an authorized officer of the Bond Registrar, but it shall not be necessary that the same officer sign the Certificate of Authentication and Registration on all of the Bonds issued hereunder.

Section 3.05. Negotiability, Transfer and Registration. Subject to the provisions for transfer of registration set forth below, the Series 2000 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 2000 Bonds shall be conclusively deemed to have agreed that such Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder shall further be conclusively deemed to have agreed that said Bonds shall be incontestable in the hands of a bona fide holder for value.

So long as the Series 2000 Bonds remain outstanding, the Issuer, through the Bond Registrar or its agent, shall keep and maintain books for the registration and transfer of such Bonds.

The registered Series 2000 Bonds shall be transferable only upon the books of the Bond Registrar, by the registered owner thereof in person or by his attorney duly authorized in writing, upon surrender thereto together with a written instrument of transfer satisfactory to the Bond Registrar duly executed by the registered owner or his duly authorized attorney.

In all cases in which the privilege of exchanging Series 2000 Bonds or transferring the registered Series 2000 Bonds are exercised, all Series 2000 Bonds shall be delivered in accordance with the provisions of this Bond Legislation. All Series 2000 Bonds surrendered in any such exchanges or transfers shall forthwith be canceled by the Bond Registrar. For every such exchange or transfer of Series 2000 Bonds, the Bond Registrar may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer and the cost of preparing each new Bond upon each exchange or transfer, and any other expenses of the Bond Registrar incurred in connection therewith, which sum or sums shall be paid by the Issuer. The Bond Registrar shall not be obliged to make any such exchange or transfer of Series 2000 Bonds during the period commencing on the 15th day of the month next preceding an interest payment date on the Series 2000 Bonds or, in the case of any proposed redemption of Series 2000 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 2000 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 2000 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 Gross Revenues derived from the System as herein provided. No

Holder or Holders of the Series 2000 Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Series 2000 Bonds or the interest, if any, thereon.

Section 3.08. Bonds Secured by Pledge of Gross Revenues; Lien Position with respect to Prior Bonds. The payment of debt service of the Series 2000 A Bonds and the Series 2000 B Bonds shall be secured equally and ratably with each other by a first lien on the Gross Revenues derived from the System, on a parity with the lien on the Gross Revenues in favor of the Holders of the First Lien Bonds and senior and prior to the lien on the Gross Revenues in favor of the Holder of the Cheat Neck Public Service District Bond. Such Gross Revenues in an amount sufficient to pay the principal of and interest, if any, on the Series 2000 Bonds and the Prior Bonds and to make all other payments provided for in the Bond Legislation are hereby irrevocably pledged to such payments as they become due.

Section 3.09. Delivery of Bonds. The Issuer shall execute and deliver the Series 2000 Bonds to the Registrar, and the Registrar shall authenticate, register and deliver the Series 2000 Bonds to the original purchasers upon receipt of the documents set forth below:

A. If other than the Authority, a list of the names in which the Series 2000 Bonds are to be registered upon original issuance, together with such taxpayer identification and other information as the Bond Registrar may reasonably require;

B. A request and authorization to the Bond Registrar on behalf of the Issuer, signed by an Authorized Officer, to authenticate and deliver the Series 2000 Bonds to the original purchasers;

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

D. An executed copy of the Loan Agreement; and

E. The unqualified approving opinion of bond counsel on the Series 2000 Bonds.

Section 3.10. Form of Bonds. The text of the Series 2000 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:

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE CITY OF MORGANTOWN
COMBINED WATERWORKS AND SEWERAGE SYSTEM
REVENUE BOND, SERIES 2000 A
(WEST VIRGINIA SRF PROGRAM)

No. AR-1 $7,842,000

KNOW ALL MEN BY THESE PRESENTS: That THE CITY OF MORGANTOWN, a municipal corporation and political subdivision of the State of West Virginia in Monongalia County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the West Virginia Water Development Authority (the "Authority") or registered assigns the sum of SEVEN MILLION EIGHT HUNDRED FORTY TWO THOUSAND DOLLARS ($7,842,000), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing March 1, 2002, 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) shall be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing March 1, 2002, 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 Division of Environmental Protection (the "DEP"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Bond Purchase Agreement by and among the Issuer, the Authority and the DEP, dated February 8, 2000.

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 of 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 or improvements thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 8, Article 20 and Chapter 22C, Article 2 of the West Virginia Code of 1931, as amended (collectively, the "Act"), and a Bond Ordinance duly enacted by the Issuer on February 15, 2000, and a Supplemental Resolution duly adopted by the Issuer on February 15, 2000 (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) COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1992 (WEST VIRGINIA SRF PROGRAM), DATED SEPTEMBER 8, 1992, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $11,900,000 (THE "SERIES 1992 BONDS"); (2) COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1995 (WEST VIRGINIA SRF PROGRAM), DATED APRIL 27, 1995, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,601,477 (THE "SERIES 1995 BONDS"); (3) COMBINED WATERWORKS AND SEWERAGE SYSTEM REFUNDING REVENUE BONDS, SERIES 1997, DATED JULY 1, 1997, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $10,000,000 (THE "SERIES 1997 BONDS"); AND (4) COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2000 B (WEST VIRGINIA INFRASTRUCTURE FUND), DATED FEBRUARY 29, 2000, ISSUED CONCURRENTLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,488,000 (THE "SERIES 2000 B BONDS") (COLLECTIVELY THE "FIRST LIEN 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 CHEAT NECK PUBLIC SERVICE DISTRICT BOND, SERIES 1992, DATED DECEMBER 16, 1992, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $313,000 ( THE "CHEAT NECK PUBLIC SERVICE DISTRICT BOND").

THE SERIES 1992 BONDS, THE SERIES 1995 BONDS, THE SERIES 1997 BONDS, AND THE CHEAT NECK PUBLIC SERVICE DISTRICT BOND ARE HEREINAFTER COLLECTIVELY CALLED THE "PRIOR BONDS."

This Bond is payable only from and secured by a pledge of Gross Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Gross Revenues in favor of the holders of the Series 2000 B Bonds and the First Lien Bonds, and senior and prior to the Cheat Neck Public Service District Bond and from moneys in the reserve account created under the Bond Legislation for the Bonds (the "Series 2000 A Bonds Reserve Account"), and unexpended proceeds of the Bonds. Such Gross Revenues shall be sufficient to pay all operating expenses of the System and the principal of and interest, if any, on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest, if any, hereon except from said special fund provided from the Gross Revenues, the moneys in the Series 2000 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 125% of the maximum amount payable in any year for principal of and interest, if any, on the Bonds, and all other obligations secured by a lien on or payable from such revenues on a parity with the Bonds, including the Series 2000 B Bonds and the Prior Bonds, so long as the Series 1997 Bonds are outstanding, and thereafter, 115% of such amount; provided however, that if the Series 1997 Bonds are no longer outstanding and so long as there exists in the Series 2000 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 the Bonds, including the Series 2000 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 One Valley Bank, National Association, Charleston, West Virginia, as registrar (the "Registrar"), by the registered owner, or by its attorney duly authorized in writing, upon the surrender of this Bond, together with a written instrument of transfer satisfactory to the 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 moneys, until so applied, in favor of the registered owner of this Bond.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and 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 Gross 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 MORGANTOWN has caused this Bond to be signed by its Mayor and City Manager, and its corporate seal to be hereunto affixed and attested by its City Clerk, and has caused this Bond to be dated February 29, 2000.

[SEAL]

_____
Mayor

_____
City Manager

ATTEST:

_____
City Clerk

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2000 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: February 29, 2000.

ONE VALLEY BANK, NATIONAL ASSOCIATION, as Registrar

_____

Authorized Officer

EXHIBIT A

RECORD OF ADVANCES

| | AMOUNT | DATE | | AMOUNT | DATE |
|---|---|---|---|---|---|
| (1) | $442,974 | 02/29/00 | (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

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:

_____

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE CITY OF MORGANTOWN
COMBINED WATERWORKS AND SEWERAGE
SYSTEM REVENUE BOND, SERIES 2000 B
(WEST VIRGINIA INFRASTRUCTURE FUND)

No. BR-1 $2,488,000

KNOW ALL MEN BY THESE PRESENTS: That THE CITY OF MORGANTOWN, a municipal corporation and political subdivision of the State of West Virginia in Monongalia 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 FOUR HUNDRED EIGHTY EIGHT THOUSAND DOLLARS ($2,488,000), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing March 1, 2002, 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 February 8, 2000.

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 of 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 or improvements thereto are herein called the "System." This Bond is issued under the authority of and in full

compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 8, Article 20 and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"), and a Bond Ordinance duly enacted by the Issuer on February 15, 2000, and a Supplemental Resolution duly adopted by the Issuer on February 15, 2000 (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) COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1992 (WEST VIRGINIA SRF PROGRAM), DATED SEPTEMBER 8, 1992, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $11,900,000 (THE "SERIES 1992 BONDS"); (2) COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1995 (WEST VIRGINIA SRF PROGRAM), DATED APRIL 27, 1995, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,601,477 (THE "SERIES 1995 BONDS"); (3) COMBINED WATERWORKS AND SEWERAGE SYSTEM REFUNDING REVENUE BONDS, SERIES 1997, DATED JULY 1, 1997, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $10,000,000 (THE "SERIES 1997 BONDS"); AND (4) COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2000 A (WEST VIRGINIA SRF PROGRAM), DATED FEBRUARY 29, 2000, ISSUED CONCURRENTLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $7,842,000 (THE "SERIES 2000 A BONDS")("COLLECTIVELY, THE "FIRST LIEN 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 CHEAT NECK PUBLIC SERVICE DISTRICT BOND, SERIES 1992, DATED DECEMBER 16, 1992, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $313,000 (THE "CHEAT NECK PUBLIC SERVICE DISTRICT BOND").

THE SERIES 1992 BONDS, THE SERIES 1995 BONDS, THE SERIES 1997 BONDS AND THE CHEAT NECK PUBLIC SERVICE DISTRICT BOND ARE HEREINAFTER COLLECTIVELY CALLED THE "PRIOR BONDS."

This Bond is payable only from and secured by a pledge of the Gross Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Gross Revenues in favor of the holders of the Series 2000 A Bonds and the First Lien Bonds and senior and prior to the Cheat Neck Public Service District

Bond, and from moneys in the reserve account created under the Bond Legislation for the Bonds (the "Series 2000 B Bonds Reserve Account"), and unexpended proceeds of the Bonds. Such Gross Revenues shall be sufficient to pay the principal of and interest, if any, on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest, if any, hereon, except from said special fund provided from the Gross Revenues, the moneys in the Series 2000 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 125% of the maximum amount payable in any year for principal of and interest, if any, on the Bonds, and all other obligations secured by a lien on or payable from such revenues on a parity with the Bonds, including the Series 2000 A Bonds and the Prior Bonds, so long as the Series 1997 Bonds are outstanding, and thereafter, 115% of such amount; provided however, that if the Series 1997 Bonds are no longer outstanding and so long as there exists in the Series 2000 B Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest, if any, which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with the Bonds, including the Series 2000 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 One Valley Bank, National Association, Charleston, West Virginia, as registrar (the "Registrar"), by the registered owner, or by its attorney duly authorized in writing, upon the surrender of this Bond, together with a written instrument of transfer satisfactory to the 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 moneys, until so applied, in favor of the registered owner of this Bond.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and 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 Gross 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 MORGANTOWN has caused this Bond to be signed by its Mayor and City Manager, and its corporate seal to be hereunto affixed and attested by its City Clerk, and has caused this Bond to be dated February 29, 2000.

[SEAL]

_____

Mayor

_____

City Manager

ATTEST:

_____

City Clerk

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2000 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: February 29, 2000.

ONE VALLEY BANK,
NATIONAL ASSOCIATION,
as Registrar

_____
Authorized Officer

EXHIBIT A

RECORD OF ADVANCES

| | AMOUNT | DATE | | AMOUNT | DATE |
|---|---|---|---|---|---|
| (1) | $601,000 | 02/29/00 | (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

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 Bonds; Approval and Ratification of Execution of Loan Agreement. The Series 2000 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 and the City Manager are specifically authorized and directed to execute the Loan Agreement in the forms attached hereto as "Exhibit A" and made a part hereof, and the City Clerk is directed to affix the seal of the Issuer, attest the same and deliver the Loan Agreement to the Authority, and any such prior execution and delivery is hereby authorized, approved, ratified and confirmed.

Section 3.12. "Amended Schedule B" 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 schedules in substantially the form attached to the Loan Agreement, setting forth the actual costs of the Project and sources of funds therefor.

ARTICLE IV

[RESERVED]

## ARTICLE V

## FUNDS AND ACCOUNTS; SYSTEM REVENUES AND APPLICATION THEREOF

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

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

(2) Depreciation Fund (established by the Prior Ordinances);

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

(4) Series 2000 A Bonds Construction Trust Fund; and

(5) Series 2000 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 (or continued if previously established by the Prior Ordinances) and shall be held by the Commission, separate and apart from all other funds or accounts of the Commission or the Issuer and from each other:

(1) Series 1992 Bonds Sinking Fund (established by the Prior Ordinances);

(2) Within the Series 1992 Bonds Sinking Fund, the Series 1992 Bonds Reserve Account (established by the Prior Ordinances);

(3) Series 1995 Bonds Sinking Fund (established by the Prior Ordinances);

(4) Within the Series 1995 Bonds Sinking Fund, the Series 1995 Bonds Reserve Account (established by the Prior Ordinances);

(5) Series 1997 Bonds Sinking Fund (established by the Prior Ordinances);

(6) Within the Series 1997 Bonds Sinking Fund, the Series 1997 Bonds Reserve Account and the Series 1997 Bonds Redemption Account (established by the Prior Ordinances);

(7) Series 2000 A Bonds Sinking Fund;

(8) Within the Series 2000 A Bonds Sinking Fund, the Series 2000 A Bonds Reserve Account;

(9) Series 2000 B Bonds Sinking Fund; and

(10) Within the Series 2000 B Bonds Sinking Fund, the Series 2000 B Bonds Reserve Account.

Section 5.03. System Revenues; Flow of Funds. A. The entire Gross Revenues derived from the operation of the System and all parts thereof shall be deposited upon receipt by the Issuer in the Revenue Fund. The Revenue Fund shall constitute a trust fund for the purposes provided in the Prior Ordinances and this Bond Legislation and shall be kept separate and distinct from all other funds of the Issuer and the Depository Bank and used only for the purposes and in the manner provided in the Prior Ordinances and this Bond Legislation. All moneys at any time on deposit in the Revenue Fund shall be disposed of only in the following manner and order of priority:

(1) The Issuer shall first, on the first day of each month, transfer from the Revenue Fund and, simultaneously, (i) remit to the Commission the amounts required by the 1992 Ordinance to be deposited in the Series 1992 Bonds Sinking Fund for payment of the interest on and principal of the Series 1992 Bonds; (ii) remit to the Commission the amounts required by the 1995 Ordinance to be deposited in the Series 1995 Bonds Sinking Fund for payment of the interest on and principal of the Series 1995 Bond; (iii) remit to the Commission the amounts required by the 1997 Ordinance to be deposited in the Series 1997 Bonds Sinking Fund for payment of the interest on and principal of the Series 1997 Bonds; (iv) remit to the Commission, commencing 3 months prior to the first date of payment of principal of the Series 2000 A Bonds, for deposit in the Series 2000 A Bonds Sinking Fund, an amount equal to 1/3rd of the amount of principal which will mature and become due on the Series 2000 A Bonds on the next ensuing quarterly principal payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 2000 A Bonds Sinking Fund and the next quarterly principal payment date is less than 3 months, then such monthly payments shall be increased proportionately to provide, 1 month prior to the next quarterly principal payment date, the required amount of principal coming due on such date; and (v) remit to the Commission, commencing 3 months prior to the first date of payment of principal of the Series 2000 B Bonds, for deposit in the Series 2000 B Bonds Sinking Fund, an amount equal to 1/3rd of the amount of

principal which will mature and become due on the Series 2000 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 2000 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.

(2) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and, simultaneously, (i) remit to the Commission the amount required by the 1992 Ordinance to be deposited in the Series 1992 Bonds Reserve Account; (ii) remit to the Commission the amount required by the 1995 Ordinance to be deposited in the Series 1995 Bonds Reserve Account; (iii) remit to the Commission the amount required by the 1997 Ordinance to be deposited in the Series 1997 Bonds Reserve Account; (iv) remit to the Commission, commencing 3 months prior to the first date of payment of principal of the Series 2000 A Bonds, if not fully funded upon issuance of the Series 2000 A Bonds, for deposit in the Series 2000 A Bonds Reserve Account, an amount equal to 1/120th of the Series 2000 A Bonds Reserve Requirement; provided that, no further payments shall be made into the Series 2000 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 2000 A Bonds Reserve Requirement; and (v) remit to the Commission, commencing 3 months prior to the first date of payment of principal of the Series 2000 B Bonds, if not fully funded upon issuance of the Series 2000 B Bonds, for deposit in the Series 2000 B Bonds Reserve Account, an amount equal to 1/120th of the Series 2000 B Bonds Reserve Requirement; provided that, no further payments shall be made into the Series 2000 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 2000 B Bonds Reserve Requirement.

(3) The Issuer shall next, each month, transfer from the Revenue Fund and deposit in the Operation and Maintenance Fund, an amount sufficient to pay the current Operating Expenses of the System.

(4) The Issuer shall next, from the moneys remaining in the Revenue Fund, on the first day of each month transfer to the Depreciation Fund, an amount equal to 2 1/2% of the Gross Revenues each month (as previously set forth in the Prior Ordinances and not in addition thereto), exclusive of any payments for account of any Reserve Account. All funds in the Depreciation 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 Depreciation Fund for replacements, emergency repairs, improvements or extensions to the

System; provided, that any deficiencies in the Reserve Accounts (except to the extent such deficiency exists because the required payments into such accounts have not, as of the date of determination of a deficiency, funded such accounts to the maximum extent required hereof) shall be promptly eliminated with moneys from the Depreciation Fund.

(5) After making all of the foregoing deposits and payments, any excess moneys then remaining in the Revenue Fund ("Surplus Revenues") may be used for any lawful purpose of the System, including payment of interest on and principal of the Cheat Neck Public Service District Bonds, if necessary.

Moneys in the Series 2000 A Bonds Sinking Fund and the Series 2000 B Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest, if any, on the Series 2000 A Bonds and the Series 2000 B Bonds, respectively, as the same shall become due. Moneys in the Series 2000 A Bonds Reserve Account and the Series 2000 B Bonds Reserve Account shall be used only for the purpose of paying principal of and interest, if any, on the Series 2000 A Bonds and the Series 2000 B Bonds, respectively, as the same shall come due, when other moneys in the Series 2000 A Bonds Sinking Fund and the Series 2000 B Bonds Sinking Fund are insufficient therefor, and for no other purpose.

All investment earnings on moneys in the Series 2000 A Bonds Sinking Fund, the Series 2000 A Bonds Reserve Account, the Series 2000 B Bonds Sinking Fund and the Series 2000 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 2000 A Bonds and the Series 2000 B Bonds, respectively, and then to the next ensuing principal payment due thereon, all on a pro rata basis.

Any withdrawals from the Series 2000 A Bonds Reserve Account or the Series 2000 B Bonds Reserve Account which result in a reduction in the balance therein to below the respective Reserve Requirements shall be subsequently restored from the first Gross 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 2000 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 amount of principal and interest which will become due in any year for account of the Bonds of such series, including such additional parity Bonds.

The Issuer shall not be required to make any further payments into the Series 2000 A Bonds Sinking Fund, the Series 2000 A Bonds Reserve Account, the

Series 2000 B Bonds Sinking Fund or the Series 2000 B Bonds Reserve Account when the aggregate amount of funds therein are at least equal to the respective aggregate principal amount of the Series 2000 A Bonds and the Series 2000 B Bonds issued pursuant to this Bond Legislation then Outstanding and all interest, if any, to accrue until the maturity thereof.

Interest, principal 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 and the Series 2000 Bonds, and thereafter with respect to the Cheat Neck Public Service District Bond, in accordance with the respective principal amounts then Outstanding.

The Commission is hereby designated as the fiscal agent for the administration of the Series 2000 A Bonds Sinking Fund, the Series 2000 A Bonds Reserve Account, the Series 2000 B Bonds Sinking Fund and the Series 2000 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.

Moneys in the Series 2000 A Bonds Sinking Fund, the Series 2000 A Bonds Reserve Account, the Series 2000 B Bonds Sinking Fund and the Series 2000 B Bonds Reserve Account shall be invested and reinvested by the Commission in accordance with Section 8.01 hereof.

The Series 2000 A Bonds Sinking Fund, the Series 2000 A Bonds Reserve Account, the Series 2000 B Bonds Sinking Fund and the Series 2000 B Bonds Reserve Account shall be used solely and only for, and are hereby pledged for, the purpose of servicing the Series 2000 A Bonds and the Series 2000 B Bonds, respectively, and any additional Bonds ranking on a parity therewith that may be issued and outstanding under the conditions and restrictions set forth herein.

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

C. The Issuer shall on the first day of each month (if such day is not a business day, then the next succeeding business day), deposit with the Commission the required interest, principal and reserve payments with respect to the Series 2000 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. All remittances made by the Issuer to the Commission shall clearly identify the fund or account into which each amount is to be deposited. The Issuer shall also on the first day of

each month (if such day is not a business day, then the next succeeding business day), deposit with the Commission the SRF Administrative Fee as set forth in Schedule Y attached to the Loan Agreement for the Series 2000 A Bonds.

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

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 moneys in excess of the sum insured by the maximum amounts insured by FDIC in any of the 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 revenues shall be applied to such deficiencies before being applied to any other payments hereunder.

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

Section 5.04. Reserve Account Letter of Credit or Surety Bond. With the advance written consent of the Authority, the Issuer may, in lieu of funding the respective Reserve Accounts for the Series 2000 Bonds with cash or Qualified Investments, satisfy the respective Reserve Requirements by the deposit into the respective Reserve Accounts of a reserve account letter of credit, a surety bond, or other credit facility satisfactory to the Authority in an amount at least equal to the respective Reserve Requirement. The Issuer hereby authorizes the purchase of a reserve account letter of credit, a surety bond, or other credit facility satisfactory to the Authority and the execution and delivery of any applicable reimbursement agreement or note in such forms as shall be described in a Supplemental Resolution.

## ARTICLE VI

## BOND PROCEEDS; CONSTRUCTION DISBURSEMENTS

Section 6.01. Application of Bond Proceeds; Pledge of Unexpended Bond Proceeds. From the moneys received from the sale of the Series 2000 Bonds, the following amounts shall be first deducted and deposited in the order set forth below:

A. From the proceeds of the Series 2000 A Bonds, there shall first be deposited with the Commission in the Series 2000 A Bonds Sinking Fund, the amount, if any, set forth in the Supplemental Resolution as capitalized interest.

B. From the proceeds of the Series 2000 B Bonds, there shall first be deposited with the Commission in the Series 2000 B Bonds Sinking Fund, the amount, if any, set forth in the Supplemental Resolution as capitalized interest.

C. Next, from the proceeds of the Series 2000 A Bonds, there shall be deposited with the Commission in the Series 2000 A Bonds Reserve Account, the amount, if any, set forth in the Supplemental Resolution for funding of the Series 2000 A Bonds Reserve Account.

D. Next, from the proceeds of the Series 2000 B Bonds, there shall be deposited with the Commission in the Series 2000 B Bonds Reserve Account, the amount, if any, set forth in the Supplemental Resolution for funding of the Series 2000 B Bonds Reserve Account.

E. As the Issuer receives advances of the remaining moneys derived from the sale of the Series 2000 A Bonds, such moneys shall be deposited with the Depository Bank in the Series 2000 A Bonds Construction Trust Fund and applied solely to payment of the costs of the Project in the manner set forth in Section 6.02 hereof and until so expended, are hereby pledged as additional security for the Series 2000 A Bonds.

F. As the Issuer receives advances of the remaining moneys derived from the sale of the Series 2000 B Bonds, such moneys shall be deposited with the Depository Bank in the Series 2000 B Bonds Construction Trust Fund and applied solely to payment of the costs of the Project in the manner set forth in Section 6.02 hereof and until so expended, are hereby pledged as additional security for the Series 2000 B Bonds.

G. 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 2000 A Bonds shall be expended as approved by the DEP and any remaining proceeds of the Series 2000 B Bonds shall be expended as approved by the Council.

Section 6.02. Disbursements From the Respective Bond Construction Trust Funds. A. On or before the Closing Date, the Issuer shall have delivered to the DEP and the Authority a report listing the specific purposes for which the proceeds of the Series 2000 A 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 2000 A Bonds Construction Trust Fund (except for the costs of issuance of the Series 2000 A Bonds which shall be made upon request of the Issuer) 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 Loan Agreement for the Series 2000 A Bonds, and

(2) a certificate, signed by an Authorized Officer and the Consulting Engineers, stating that:

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

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

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

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

B. 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 2000 B Bonds Construction Trust Fund (except for the costs of issuance of the Series 2000 B Bonds which shall be made upon request of the Issuer) shall be made only after submission to and approval from the Council, of a certificate, signed by an Authorized Officer and the Consulting Engineers, stating that:

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

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

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

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

Pending such application, moneys in the respective Bond 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 2000 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 2000 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 2000 Bonds or the interest, if any, thereon is Outstanding and unpaid.

Section 7.02. Bonds not to be Indebtedness of the Issuer. The Series 2000 Bonds shall not be nor constitute an indebtedness of the Issuer within the meaning of any constitutional, statutory or charter limitation of indebtedness, but shall be payable solely from the funds pledged for such payment by this Bond Legislation. No Holder or Holders of the Series 2000 Bonds, shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Series 2000 Bonds or the interest, if any, thereon.

Section 7.03. Bonds Secured by Pledge of Gross Revenues; Lien Position with respect to Prior Bonds. The payment of debt service of the Series 2000 A Bonds and the Series 2000 B Bonds shall be secured equally and ratably with each other by a first lien on the Gross Revenues derived from the System, on a parity with the lien on the Gross Revenues in favor of the Holders of the First Lien Bonds and senior and prior to the lien on the Gross Revenues in favor of the Holders of the Cheat Neck Public Service District Bond. Such Gross Revenues in an amount sufficient to pay the principal of and interest, if any, on the Series 2000 Bonds and the Prior Bonds and to make all other payments provided for in the Bond Legislation are hereby irrevocably pledged to such payments as they become due.

Section 7.04. 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 water rate ordinance of the Issuer enacted November 29, 1994, and the sewer rate ordinance of the Issuer enacted November 4, 1992, as amended by the sewer rate ordinance of the Issuer enacted June 4, 1999, which rates are incorporated herein by reference as a part hereof

In the event the schedule of rates and charges initially established for the System in connection with the Series 2000 Bonds shall prove to be insufficient to produce the amounts required by this Bond Legislation and the Loan Agreement, the Issuer hereby covenants and agrees that it will, to the extent or in the manner authorized by law,

immediately adjust and increase such schedule of rates and charges so as to provide funds sufficient to produce the amounts required by 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 2000 Bonds are outstanding and except as otherwise required by law or with the written consent of the DEP, 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 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 2000 Bonds, immediately be remitted to the Commission for deposit in the Sinking Funds, and, with the written permission of the DEP, the Council and the Authority, or in the event the Authority is no longer a Bondholder, the Issuer shall direct the Commission to apply such proceeds to the payment of principal of and interest, if any, on the Series 2000 Bonds. Any balance remaining after the payment of the Series 2000 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 Board 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 Board 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 Revenue 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 Board shall first, 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. The proceeds of any such sale shall be deposited in the Depreciation Fund. The payment of such proceeds into the Depreciation Fund shall not reduce the amount required to be paid into such account by other provisions of this Bond Legislation.

No sale, lease or other disposition of the properties of the System shall be made by the Board 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 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.

Notwithstanding any of the foregoing provisions of this Section 7.05 to the contrary, the Issuer hereby reserves the right to sell the Tibbs Run reservoir properties consisting of about 80 acres, and a tract of about 200 acres on Mayfield Road heretofore acquired for the System, neither of which properties is now being used or is useful for the System, such sales to be at such times and in such manner and for such prices as the Issuer, with prior written approval of the Board, shall determine and without any other restrictions upon such sales insofar as this Bond Legislation is concerned. Moneys received upon any such sale under this paragraph, after deduction of all costs of such sale, shall be deposited in the Revenue Fund. Furthermore, the Board and the Issuer are hereby authorized to negotiate, lease and otherwise dispose of the oil and gas minerals underlying a tract of real estate situate in Clinton Taxing District, Monongalia County, West Virginia, and containing 104 acres, more or less, for a royalty of not less than 1/8th of all oil and gas produced from said property, or a delay rental of not less than $312.00 per year, for a primary term of not to exceed 8 years. All moneys received from the leasing of the aforesaid oil and gas or from any other property of the System shall be deposited in the Revenue Fund and expended therefrom as provided herein.

Section 7.06. Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances. Except as provided for in Section 7.06 and Section 7.07 hereof, the Issuer shall not issue any other obligations whatsoever payable from the revenues of the System which rank prior to, or equally, as to lien on and source of and security for payment from such revenues with the Series 2000 Bonds and the Prior Bonds. All obligations issued by the Issuer after the issuance of the Series 2000 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 2000 Bonds; provided, that no such subordinate obligations shall be issued unless all payments required to be made into all funds and accounts established by this Bond Legislation have been made and are current at the time of the issuance of such subordinate obligations.

Except as provided above, the Issuer shall not create, or cause or permit to be created, any debt, lien, pledge, assignment, encumbrance or any other charge having priority over or being on a parity with the lien of the Series 2000 Bonds, and the interest thereon, upon any of the income and revenues of the System pledged for payment of the Series 2000 Bonds and the interest thereon 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 for the Project, or any other obligations related to the Project or the System.

Section 7.07. Parity Bonds. So long as the First Lien 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 2000 Bonds pursuant to this Bond Legislation, without the prior written consent of the Authority, the DEP and the Council and without complying with the conditions and requirements 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 2000 Bonds.

No such Parity Bonds shall be issued except for the purpose of financing the costs of design, acquisition or construction of extensions, additions, improvements or betterments to the System or refunding the Series 2000 Bonds issued pursuant hereto, or both such purposes.

No Parity Bonds shall be issued at any time, however, unless and until there has been procured and filed with the City Clerk a written statement by the Independent Certified Public Accountants, reciting the conclusion that the Net Revenues actually derived, subject to the adjustments hereinafter provided for, from the System during the Fiscal Year immediately preceding the date of the actual issuance of such Parity Bonds so long as the Series 1997 Bonds are outstanding, and thereafter during any 12 consecutive months, within the 18 months immediately preceding the date of the actual issuance of such Parity Bonds, plus the estimated average increased annual Net Revenues expected to be received in each of the 3 succeeding years after the completion of the improvements to be financed by such Parity Bonds, if any, shall, so long as the Series 1997 Bonds are outstanding, not be less than 125%, and thereafter, shall not be less than 115%, of the largest aggregate amount that will mature and become due in any succeeding Fiscal Year for principal of and interest on the following:

(1) The Bonds then Outstanding;

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

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

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

The Net Revenues actually derived from the System during the 12 consecutive month period hereinabove referred to may be adjusted by adding to such Net Revenues such additional Net Revenues which would have been received, in the opinion of the Consulting Engineers and the Independent Certified Public Accountants, as stated in a certificate jointly made and signed by the Consulting Engineers and the Independent Certified Public Accountants, on account of increased rates, rentals, fees and charges for the System enacted by the Issuer, the time for appeal of which shall have expired (without successful appeal) prior to issuance of such Parity Bonds. For purposes of this test, the terms "Gross Revenues" and "Net Revenues" shall not include proceeds from the sale of capital assets.

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 theretofore or subsequently issued from time to time within the limitations of and in compliance with this section. All Bonds, regardless of the time or times of their issuance, shall rank equally with respect to their lien on the Gross Revenues of the System, and their source of and security for payment from the Gross Revenues, without preference of any Bond over any other. The Issuer shall comply fully with all the increased payments into the various funds and accounts created in this Bond Legislation required for and on account of such Parity Bonds, in addition to the payments required for Bonds theretofore issued pursuant to this Bond Legislation.

Parity Bonds shall not be deemed to include bonds, notes, certificates or other obligations subsequently issued, the lien of which on the revenues of the System is subject to the prior and superior lien of the Series 2000 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 2000 Bonds.

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

Issuer then be in full compliance with all the covenants, agreements and terms of this Bond Legislation.

Section 7.08. Books; Records and Audit. The Board 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 Board 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 Board 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 Board shall permit the Authority, the DEP and the Council, or their 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 Board 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 Board. 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 Board. The Board 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 Board shall be reported to such agent of the Issuer as the Board shall direct.

The Board shall file with the Authority, the DEP and the Council, or any other original purchaser of the Series 2000 Bonds, and shall mail in each year to any Holder or Holders of the Series 2000 Bonds, requesting the same, an annual report containing the following:

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

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

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

The Board shall also, at least once a year, cause the books, records and accounts of the System to be audited by Independent Certified Public Accountant in compliance with the applicable OMB Circular, or any successor thereof, and the Single Audit Act, or any successor thereof, to the extent legally required, and shall mail upon request, and make available generally, the report of the Independent Certified Public Accountant, or a summary thereof, to any Holder or Holders of the Series 2000 Bonds and shall submit said report to the Authority, the DEP and the Council, or any other original purchaser of the Series 2000 Bonds. Such audit report submitted to the Authority, the DEP and the Council shall include a statement that the Issuer is in compliance with the terms and provisions of the Act, the Loan Agreement and this Bond Legislation and that the revenues of the System are adequate to meet the Issuer's Operating Expenses and debt service and reserve requirements.

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

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

The Board shall provide the DEP with all appropriate documentation to comply with any special conditions established by federal and/or state regulations as set forth in Exhibit E of the Loan Agreement for the Series 2000 A Bonds or as promulgated from time to time.

Section 7.09. Rates. Prior to the issuance of the Series 2000 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 City Clerk, which copies will be open to inspection by all interested parties. The schedule of rates and charges shall at all times be adequate to produce Gross Revenues from the System sufficient to pay Operating Expenses and to make the prescribed payments into the funds created hereunder. Such schedule of rates and charges shall be changed and readjusted whenever necessary so that the aggregate of the rates and charges will be sufficient for such purposes. In order to assure full and continuous performance of this covenant, with a margin for contingencies and temporary unanticipated reduction in income and revenues, the Issuer hereby covenants and agrees that the schedule of rates or charges from time to time in effect shall be sufficient, together with other revenues of the System (i) to provide for all Operating Expenses of the System and (ii) to leave a balance each year equal to at least 125% of the maximum amount required in any year for payment of principal of and interest, if any, on the Series 2000 Bonds and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with the Series 2000 Bonds, including the Prior Bonds, so long as the Series 1997 Bonds are outstanding, and thereafter 115% of such amount; provided that, in the event the Series 1997 Bonds are no longer outstanding and amounts equal to or in excess of the reserve requirements are on deposit respectively in the Series 2000 A Reserve Account, the Series 2000 B Bonds Reserve Account and any reserve accounts for obligations prior to or on a parity with the Series 2000 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 2000 Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2000 Bonds, including the Prior Bonds. For purposes of this test, the terms "Gross Revenues" and "Net Revenues" shall not include proceeds from the sale of capital assets, so long as the Series 1997 Bonds are outstanding. In any event, the Issuer shall not reduce the rates or charges for services set forth in the rate ordinance described in Section 7.04.

Section 7.10. Operating Budget and Monthly Financial Report. The Board 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 registered professional engineer, which finding and recommendation shall state in detail the purpose of and necessity for such increased expenditures for the operation and maintenance of the System, and no such increased expenditures shall be made until the Board shall have approved such finding and recommendation by a resolution duly adopted. No increased expenditures in excess of 10% of the amount of such budget shall be made except upon the further certificate of a registered professional engineer that such increased expenditures are necessary for the continued operation of the System. The Board shall within 30 days of adoption thereof mail copies of such annual budget and all resolutions authorizing increased expenditures for operation and

maintenance to the Authority, the DEP, the Council 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.

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

Section 7.11. Engineering Services and Operating Personnel. The Board shall 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 Board shall provide and maintain competent and adequate resident engineering services satisfactory to the Authority, the DEP and the Council covering the supervision and inspection of the development and construction of the Project and bearing the responsibility of assuring that construction conforms to the plans, specifications and designs prepared by the Consulting Engineers, which have been approved by all necessary governmental bodies. Such resident engineer shall certify to the Authority, the DEP, the Council and the Issuer at the completion of construction that construction of the Project is in accordance with the approved plans, specifications and designs, or amendments thereto, approved by all necessary governmental bodies.

The Board 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 Board shall notify the DEP in writing of such receipt. The Board shall submit a "Performance Certificate," a form of which is attached to the Loan Agreement for the Series 2000 A Bonds as Exhibit A, to the DEP within 60 days of the end of the first year after the Project is completed.

The Board shall require the Consulting Engineers to submit the final Operation and Maintenance Manual, as defined in the SRF Regulations, to the DEP when the Project is 90% completed.

The Board 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 Board 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 Board 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 Board 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 Board 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 7.14. No Free Services. The Board will not render or cause to be rendered any free services of any nature by the System, nor will any preferential rates be established for users of the same class; and in the event the Issuer, or any department, agency, instrumentality, officer or employee of either shall avail itself or themselves of the facilities or services provided by the System, or any part thereof, the same rates, fees or charges applicable to other customers receiving like services under similar circumstances

shall be charged the Issuer, the Board 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 Board hereby covenants and agrees that so long as the Series 2000 Bonds remain Outstanding, the Board 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 Board 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 Depreciation Fund and used only for the repairs and restoration of the damaged or destroyed properties or for the other purposes provided herein for the Depreciation Fund. The Board 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 Board, 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 Board, 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 Board 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 and the Board 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 OR COMPLETION BONDS, such bonds to be in the amounts of not less than 100% of the amount of any construction contract and to be required of each contractor dealing directly with the Board 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 any additions, extensions or improvements for the System in compliance with West Virginia Code, Section 38-2-39.

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

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

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

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

Section 7.16. Mandatory Connections. The mandatory use of the sewerage facilities portion of the System is essential and necessary for the protection and preservation of the public health, comfort, safety, convenience and welfare of the inhabitants and residents of, and the economy of, the Issuer and in order to assure the rendering harmless of sewage and water-borne waste matter produced or arising within the territory served by the System. Accordingly, every owner, tenant or occupant of any house, dwelling

or building located near the System, where sewage will flow by gravity or be transported by such other methods approved by the State Division of Health from such house, dwelling or building into the System, to the extent permitted by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, shall connect with and use the sewerage facilities portion of the System and shall cease the use of all other means for the collection, treatment and disposal of sewage and waste matters from such house, dwelling or building where there is such gravity flow or transportation by such other method approved by the State Division of Health and such house, dwelling or building can be adequately served by the sewerage facilities portion of the System, and every such owner, tenant or occupant shall, after a 30-day notice of the availability of the sewerage facilities portion of the System, pay the rates and charges established therefor.

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

Section 7.17. Completion of Project; Permits and Orders. The Board 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 Board shall obtain all permits required by state and federal laws for the acquisition and construction of the Project and all orders and approvals from the West Virginia Public Service Commission and the Council necessary for the acquisition and construction of the Project and the operation of the System.

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

The Issuer and the Board shall also comply with all applicable laws, rules and regulations issued by the Authority, the DEP, 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 7.19. Tax Covenants. The Issuer hereby further covenants and agrees as follows:

A. PRIVATE BUSINESS USE LIMITATION. The Issuer shall assure that (i) not in excess of 10% of the Net Proceeds of the Series 2000 Bonds are used for Private Business Use if, in addition, the payment of more than 10% of the principal or 10% of the interest due on the Series 2000 Bonds during the term thereof is, under the terms of the Series 2000 Bonds or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for a Private Business Use or in payments in respect of property used or to be used for a Private Business Use or is to be derived from payments, whether or not to the Issuer, in respect of property or borrowed money used or to be used for a Private Business Use; and (ii) and that, in the event that both (A) in excess of 5% of the Net Proceeds of the Series 2000 Bonds are used for a Private Business Use, and (B) an amount in excess of 5% of the principal or 5% of the interest due on the Series 2000 Bonds during the term thereof is, under the terms of the Series 2000 Bonds or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for said Private Business Use or in payments in respect of property used or to be used for said Private Business Use or is to be derived from payments, whether or not to the Issuer, in respect of property or borrowed money used or to be used for said Private Business Use, then said excess over said 5% of Net Proceeds of the Series 2000 Bonds used for a Private Business Use shall be used for a Private Business Use related to the governmental use of the Project, or if the Series 2000 Bonds are for the purpose of financing more than one project, a portion of the Project, and shall not exceed the proceeds used for the governmental use of that portion of the Project to which such Private Business Use is related, all of the foregoing to be determined in accordance with the Code.

B. PRIVATE LOAN LIMITATION. The Issuer shall assure that not in excess of 5% of the Net Proceeds of the Series 2000 Bonds are used, directly or indirectly, to make or finance a loan (other than loans constituting Nonpurpose Investments) to persons other than state or local government units.

C. FEDERAL GUARANTEE PROHIBITION. The Issuer shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause the Series 2000 Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Code.

D. INFORMATION RETURN. If required, the Issuer shall file all statements, instruments and returns necessary to assure the tax-exempt status of the Series 2000 Bonds and the interest, if any, thereon, including, without limitation, the information return required under Section 149(e) of the Code.

E. FURTHER ACTIONS. The Issuer shall take any and all actions that may be required of it (including, without limitation, those deemed necessary by the Authority) so that the interest, if any, on the Series 2000 Bonds will be and remain excludable from gross income for federal income tax purposes, and shall not take any

actions, or fail to take any actions (including, without limitation, those deemed necessary by the Authority), the result of which would adversely affect such exclusion.

Section 7.20. Securities Laws Compliance. The Issuer shall 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 2000 Bonds or immediately thereafter, enter into written contracts for the immediate acquisition or construction of the Project.

B. The Issuer shall submit all proposed change orders to the DEP and the Council for written approval. The Issuer shall obtain the written approval of the DEP and the Council before expending any proceeds of the Series 2000 Bonds held in "contingency" as set forth in the respective Schedules attached to the Loan Agreement. The Issuer shall also obtain the written approval of the DEP and the Council before expending any proceeds of the Series 2000 Bonds made available due to bid or construction or project underruns.

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

Section 7.22. Statutory Mortgage Lien. For the further protection of the Holders of the Series 2000 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 2000 Bonds, and 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 Holder of the Cheat Neck Public Service District Bond.

## ARTICLE VIII

## INVESTMENT OF FUNDS; NON ARBITRAGE

Section 8.01. 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 8.01.

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

The Depository Bank shall keep complete and accurate records of all funds, accounts and investments, and shall distribute to the Issuer, at least once each year (or more often if reasonably requested by the Issuer), a summary of such funds, accounts and investment earnings. The Issuer shall retain all such records and any additional records with respect to such funds, accounts and investment earnings so long as any of the Series 2000 Bonds are Outstanding and as long thereafter as necessary to comply with the Code and assure the exclusion of interest, if any, on the Series 2000 Bonds from gross income for federal income tax purposes.

Section 8.02. Arbitrage and Tax Exemption. The Issuer covenants that (i) it shall not take, or permit or suffer to be taken, any action with respect to the gross or other proceeds of the Series 2000 Bonds which would cause the Series 2000 Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code, and (ii) it will take all actions that may be required of it (including, without implied limitation, the timely filing of a federal information return with respect to the Series 2000 Bonds) so that the interest, if any, on the Series 2000 Bonds will be and remain excludable from gross income for federal

income tax purposes, and will not take any actions which would adversely affect such exclusion.

If the Issuer is subject to the rebate requirements of Section 148(f) of the Code, and not exempted from such requirements, the Issuer covenants to make, or cause to be made, all rebate calculations, computations and payments in the time, manner and as required in Section 148(f) of the Code and the Regulations from time to time in effect and applicable to the Series 2000 Bonds and otherwise covenants and agrees to comply with the provisions of such Section 148(f) of the Code and the Regulations from time to time in effect and applicable to the Series 2000 Bonds. In the event of a failure to pay the correct rebate amount, the Issuer will pay from any lawful sources available therefor, to the United States such amount, plus a penalty equal to 50% of the rebate amount not paid, plus interest on that amount unless waived. In order to provide for the administration of this paragraph, the Issuer may provide for the employment of independent attorneys, accountants and consultants compensated on such reasonable basis as the Issuer may deem appropriate.

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

The Issuer shall submit to the Authority within 15 days following the end of each Bond Year a certified copy of its rebate calculation or, if the Issuer qualifies for the small governmental issue exception to rebate, the Issuer shall submit a certificate stating that it is exempt from the rebate provisions and that no event has occurred to its knowledge during the Bond Year which would make the Series 2000 Bonds subject to rebate. The Issuer shall also furnish the Authority, at any time, such additional information relating to rebate as may be reasonably requested by the Authority, including information with respect to earnings on all funds constituting "gross proceeds" of the Series 2000 Bonds (as such term "gross proceeds" is defined in the Code).

## 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 2000 Bonds:

(1) If default occurs in the due and punctual payment of the principal of or interest, if any, on any Series 2000 Bonds; or

(2) If default occurs in the Issuer or Bond's observance of any of the covenants, agreements or conditions on their respective parts relating to the Series 2000 Bonds set forth in this Bond Legislation, any supplemental resolution or in the Series 2000 Bonds, and such default shall have continued for a period of 30 days after the Issuer or Board, as appropriate shall have been given written notice of such default by the Commission, the Depository Bank, the Registrar, the Paying Agent or any other Paying Agent or a Holder of a Bond; or

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

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

Section 9.02. Remedies. Upon the happening and continuance of any Event of Default, any Registered Owner of a Bond may exercise any available remedy and bring any appropriate action, suit or proceeding to enforce his or her rights and, in particular, (i) bring suit for any unpaid principal or interest then due, (ii) by mandamus or other appropriate proceeding enforce all rights of such Registered Owners including the right to require the Issuer to perform its duties under the Act and the Bond Legislation relating thereto, including but not limited to the making and collection of sufficient rates or charges for services rendered by the System, (iii) bring suit upon the Bonds; (iv) by action at law or bill in equity require the Issuer to account as if it were the trustee of an express trust for the Registered Owners of the Bonds, and (v) by action or bill in equity enjoin any acts in violation of the Bond Legislation with respect to the Bonds, or the rights of such Registered Owners; provided however, that all rights and remedies of the Holders of the Series 2000 Bonds shall be on a parity with those of the Holders of the First Lien Bonds.

Section 9.03. Appointment of Receiver. Any Registered Owner of a Bond may, by proper legal action, compel the performance of the duties of the Issuer under

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

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

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

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

Any receiver appointed as provided herein shall hold and operate the System in the name of the Issuer and for the joint protection and benefit of the Issuer and Registered Owners of the Bonds. Such receiver shall have no power to sell, assign, mortgage or otherwise dispose of any assets of any kind or character belonging or pertaining to the System, but the authority of such receiver shall be limited to the completion of the Project and the possession, operation and maintenance of the System for the sole purpose of the protection of both the Issuer and Registered Owners of such Bonds and the curing and

making good of any Event of Default with respect thereto under the provisions of this Bond Legislation, and the title to and ownership of said System shall remain in the Issuer, and no court shall have any jurisdiction to enter any order or decree permitting or requiring such receiver to sell, assign, mortgage or otherwise dispose of any assets of the System.

## ARTICLE X

## PAYMENT OF BONDS

Section 10.01. Payment of Bonds. If the Issuer shall pay or there shall otherwise be paid to the Holders of the Series 2000 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 Gross 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 2000 Bonds shall thereupon cease, terminate and become void and be discharged and satisfied, except as may otherwise be necessary to assure the exclusion of interest, if any, on the Series 2000 Bonds from gross income for federal income tax purposes.

## ARTICLE XI

## MISCELLANEOUS

Section 11.01. Amendment or Modification of Bond Legislation. Prior to the issuance of the Series 2000 Bonds, this Ordinance may be amended or supplemented in any way by the Supplemental Resolution. Following issuance of the Series 2000 Bonds, no material modification or amendment of this Ordinance, or of any ordinance, resolution or order amendatory or supplemental hereto, that would materially and adversely affect the respective rights of Registered Owners of the Series 2000 Bonds shall be made without the consent in writing of the Registered Owners of the Series 2000 Bonds so affected and then Outstanding; provided, that no change shall be made in the maturity of any Bond or Bonds or the rate of interest, if any, thereon, or in the principal amount thereof, or affecting the unconditional promise of the Issuer to pay such principal and interest, if any, 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 the Series 2000 Bonds required for consent to the above-permitted amendments or modifications. Notwithstanding the foregoing, this Bond Legislation may be amended without the consent of any Bondholder as may be necessary to assure compliance with Section 148(f) of the Code relating to rebate requirements or otherwise as may be necessary to assure the excludability of interest, if any, on the Series 2000 Bonds from gross income of the holders thereof.

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

Section 11.03. Severability of Invalid Provisions. If any section, paragraph, clause or provision of this Ordinance should be held invalid by any court of competent jurisdiction, the invalidity of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Ordinance, the Supplemental Resolution or the Series 2000 Bonds.

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

Section 11.05. Conflicting Provisions Repealed; Prior Ordinances. All ordinances, orders or resolutions and or parts thereof in conflict with the provisions of this Ordinance are, to the extent of such conflict, hereby repealed; provided that, in the event of

any conflict between this Ordinance and the Prior Ordinances, the Prior Ordinances shall control (unless less restrictive), so long as the Prior Bonds are outstanding.

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

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

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

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|---|---|
| Passed on First Reading: | January 4, 2000 |
| Passed on Second Reading: | January 18, 2000 |
| Passed on Final Reading Following Public Hearing: | February 15, 2000 |

_____
Mayor

ATTEST:

_____
City Clerk

APPROVED AND CORRECT AS TO FORM:

_____
City Solicitor

CERTIFICATION

Certified a true copy of an Ordinance duly enacted by the Council of The CITY OF MORGANTOWN on the 15th day of February, 2000.

Dated: February 29, 2000.

[SEAL]

_____
City Clerk

01/03/00
627490/99003

EXHIBIT A

Loan Agreement is included in bond transcript as Documents 3 and 4.

THE CITY OF MORGANTOWN

Combined Waterworks and Sewerage System Revenue Bonds,
Series 2000 A (West Virginia SRF Program) and
Series 2000 B (West Virginia Infrastructure Fund)

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNTS, DATES, MATURITY DATES, REDEMPTION PROVISIONS, INTEREST RATES, INTEREST AND PRINCIPAL PAYMENT DATES, SALE PRICE AND OTHER TERMS OF THE COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2000 A (WEST VIRGINIA SRF PROGRAM) AND COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2000 B (WEST VIRGINIA INFRASTRUCTURE FUND), OF THE CITY OF MORGANTOWN, APPROVING AND RATIFYING 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; APPROVING THE PURCHASE OF A SURETY BOND FOR THE RESPECTIVE RESERVE ACCOUNTS FOR THE BONDS, APPROVING THE EXECUTION AND DELIVERY OF A GUARANTEE AGREEMENT AND THE SUPPLEMENTATION OF THE ORDINANCE AUTHORIZING THE ISSUANCE OF THE BONDS AS REQUIRED BY THE PROVIDER OF THE SURETY BOND; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

WHEREAS, the City Council (the "Governing Body") of The City of Morgantown (the "Issuer"), has duly and officially adopted and enacted a bond ordinance, effective February 15, 2000 (the "Bond Ordinance"), entitled:

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF EXTENSIONS, ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE SEWERAGE PORTION OF THE EXISTING PUBLIC

COMBINED WATERWORKS AND SEWERAGE SYSTEM OF THE CITY OF MORGANTOWN AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE CITY OF NOT MORE THAN $8,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2000 A (WEST VIRGINIA SRF PROGRAM) AND NOT MORE THAN $2,500,000 IN AGGREGATE PRINCIPAL AMOUNT OF COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2000 B (WEST VIRGINIA INFRASTRUCTURE FUND); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING 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 meaning set forth in the Bond Ordinance when used herein;

WHEREAS, the Bond Ordinance provides for the issuance of the Combined Waterworks and Sewerage System Revenue Bonds, Series 2000 A (West Virginia SRF Program) and Series 2000 B (West Virginia Infrastructure Fund), of the Issuer (collectively, the "Bonds" and individually, the "Series 2000 A Bonds" and the "Series 2000 B Bonds"), in the respective aggregate principal amounts not to exceed $8,000,000 and $2,500,000, and has authorized the execution and delivery of the bond purchase agreement relating to the Series 2000 A Bonds, by and among the Issuer, the West Virginia Water Development Authority (the "Authority") and the West Virginia Division of Environmental Protection (the "DEP"), and the loan agreement relating to the Series 2000 B Bonds, by and between the Issuer and the Authority, on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council") (collectively, the bond purchase agreement and the loan agreement are referred to herein as the "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 form of the Loan Agreement and the exact principal amounts, dates, maturity dates, redemption provisions, interest rates, interest and principal payment dates, sale price and other terms of the Bonds should be established by a supplemental resolution pertaining to the Bonds; and that other matters relating to the Bonds be herein provided for;

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

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

WHEREAS, the Bond Ordinance provided for, among other things, the establishment at the West Virginia Municipal Bond Commission of the Series 2000 A Bonds Reserve Account and the Series 2000 B Bonds Reserve Account (collectively, the "Reserve Account"), to be funded at their respective required levels (collectively, the "Reserve Requirement") with bond proceeds, a surety bond, or a letter of credit, so long as the Bonds are Outstanding;

WHEREAS, the Issuer has obtained a commitment from Ambac Assurance Corporation ("Ambac Assurance") to provide the Issuer with a surety bond (the "Surety Bond") in the amount of the Reserve Requirement, to be deposited in the Reserve Account;

WHEREAS, as a condition to delivery of the Surety Bond to the Issuer by Ambac Assurance, Ambac Assurance requires that the Issuer enter into a Guaranty Agreement with Ambac Assurance in the form presented to this meeting (the "Guaranty");

WHEREAS, as a further condition to delivery of the Surety Bond, Ambac Assurance requires that certain covenants and provisions be included in the Ordinance relating to the security to be granted to Ambac Assurance in exchange for its issuance of the Surety Bond; and

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

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

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. The Combined Waterworks and Sewerage System Revenue Bonds, Series 2000 A (West Virginia SRF Program), of the Issuer, originally represented by a single Bond, numbered AR-1, in the principal amount of $7,842,000. The Series 2000 A Bonds shall be dated the date of delivery thereof, shall finally mature March 1, 2026, and shall bear no interest. The principal of the Series 2000 A Bonds shall be payable quarterly, on March 1, June 1, September 1 and December 1 of each year, commencing March 1, 2002, and ending March 1, 2026, and in the amounts as set forth in the "Schedule Y" attached to the Bond Purchase Agreement and incorporated in and made a part of the Series 2000 A Bonds. The Series 2000 A 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 Bond Purchase Agreement, so long as the Authority shall be the registered owner of the Series 2000 A Bonds. The Issuer does hereby approve and shall pay the SRF Administrative Fee equal to 0.5% of the principal amount of the Series 2000 A Bonds set forth in the "Schedule Y" attached to the Bond Purchase Agreement.

B. The Combined Waterworks and Sewerage System Revenue Bonds, Series 2000 B (West Virginia Infrastructure Fund), of the Issuer, originally represented by a single Bond, numbered BR-1, in the principal amount of $2,488,000. The Series 2000 B Bonds shall be dated the date of delivery thereof, shall finally mature December 1, 2039, and shall bear no interest. The principal of the Series 2000 B Bonds shall be payable quarterly, on March 1, June 1, September 1 and December 1 of each year, commencing March 1, 2002, and ending December 1, 2039, and in the amounts as set forth in the "Schedule Y" attached to the Loan Agreement and incorporated in and made a part of the Series 2000 B Bonds. The Series 2000 B Bonds shall be subject to redemption upon the written consent of the Authority and the Council, and upon payment of the redemption premium, if any, and otherwise in compliance with the Loan Agreement, so long as the Authority shall be the registered owner of the Series 2000 B Bonds.

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

Section 3. The Issuer does hereby authorize, approve, ratify and accept the Loan Agreement, a copy of which is incorporated herein by reference, and the execution and delivery of the Loan Agreement by the Mayor and/or City Manager, 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 shall be advanced from time to time as requisitioned by the Issuer.

Section 4. It is hereby authorized and ordered that the Surety Bond be accepted in accordance with the provisions of the Commitment for Surety Bond, dated February 8, 2000 (Commitment No. SB19493) (the "Commitment") and be deposited in the Reserve Accounts. Payment of the premium for purchase of the Surety Bond shall be made from proceeds of the Bonds.

Section 5. The Issuer does hereby approve and accept the Guaranty Agreement, the form of which is set forth in the Commitment and which has been presented to Council, and the execution and delivery of the Guaranty Agreement by the Mayor and City Manager of the Issuer and the performance of the obligations therein, on behalf of the Issuer, are hereby authorized, approved and directed.

Section 6. Section 1.04 of the Bond Ordinance shall hereby be supplemented to add the following definitions:

"Ambac Assurance" means Ambac Assurance Corporation, a Wisconsin domiciled stock insurance company.

"Surety Bond" means the surety bond issued by Ambac Assurance, guaranteeing certain payments into the Reserve Account as provided therein and subject to the limitations set forth therein.

Section 7. Section 5.03 of the Bond Ordinance shall hereby be supplemented by adding the following provisions following paragraph "H" thereof:

I. Consent of Ambac Assurance.

Any provision of this Ordinance expressly recognizing or granting rights in or to Ambac Assurance may not be amended in any manner which affects the rights of Ambac Assurance hereunder without the prior written consent of Ambac Assurance.

J. Consent of Ambac Assurance in Addition to Bondholder Consent.

Unless otherwise provided in this Section, Ambac Assurance's consent shall be required in addition to Bondholder consent, when required, for the following purposes: (i) execution and delivery of any Supplemental Ordinance or any amendment, supplement or change to or modification thereof, (ii) removal of the Registrar or Paying Agent or selection

and appointment of any successor Registrar or Paying Agent; and (iii) initiation or approval of any action not described in (i) or (ii) above which requires Bondholder consent.

K. Notices to be sent to the attention of the SURVEILLANCE DEPARTMENT.

While the Surety Bond is in effect, the Issuer shall furnish to Ambac Assurance ( Attn: SURVEILLANCE DEPARTMENT):

(a) As soon as practicable after the filing thereof, a copy of any financial statement of the Issuer and a copy of any audit and annual report of the Issuer.

(b) Such additional information it may reasonably request.

(c) A copy of any notice to be given to the registered owners of the Bonds, including, without limitation, notice of any redemption of or defeasance of Bonds, and any certificate rendered pursuant to the Ordinance relating to the security of the Bonds.

(d) To the extent that the Issuer has entered into a continuing disclosure agreement with respect to the Bonds, Ambac Assurance shall be included as party to be notified.

L. Notices to be sent to the attention of the GENERAL COUNSEL OFFICE.

While the Surety Bond is in effect, the Issuer shall furnish to Ambac Assurance (Attn: GENERAL COUNSEL OFFICE):

(a) Notice of any failure of the Issuer to provide relevant notices, certificates, etc. to Ambac Assurance.

(b) Notwithstanding any other provision of the Ordinance, the Issuer shall immediately notify Ambac Assurance if at any time there are insufficient moneys to make any payments of principal and interest as required and immediately upon the occurrence of (i) any Event of Default thereunder or (ii) any payment default under any related security agreement.

M. Other Information to be given to Ambac Assurance.

The Issuer will permit Ambac Assurance to discuss the affairs, finances and accounts of the Issuer or any information Ambac Assurance may reasonably request regarding the security for the Bonds with appropriate officers of the Issuer. The Issuer will

permit Ambac Assurance to have access to the Project and have access to and to make copies of all books and records relating to the Bonds at any reasonable time.

N. Payment Procedure Pursuant to the Surety Bond.

As long as the Surety Bond shall be in full force and effect, the Issuer, the Registrar and the Paying Agent, as appropriate, agree to comply with the following provisions:

(a) In the event and to the extent that moneys on deposit in the Reserve Account, plus all amounts on deposit in and credited to the Reserve Account in excess of the amount of the Surety Bond, are insufficient to pay the amount of principal and/or interest coming due on the Bonds, then upon the later of: (i) one (1) day after receipt by the General Counsel of Ambac Assurance of a demand for payment in the form attached to the Surety Bond as Attachment 1 (the "Demand for Payment"), duly executed by the Paying Agent certifying that payment due under the Ordinance has not been made to the Paying Agent; or (ii) the payment date the principal and/or interest coming due on the as specified in the Demand for Payment presented by the Paying Agent to the General Counsel of Ambac Assurance, Ambac Assurance will make a deposit of funds in an account with the Paying Agent, of amounts which are then due to the Paying Agent under the Ordinance (as specified in the Demand for Payment) up to but not in excess of the Surety Bond Coverage, as defined in the Surety Bond; provided, however, that in the event that the amount on deposit in, or credited to, the Reserve Account, in addition to the amount available under the Surety Bond, includes amounts available under a letter of credit insurance policy, surety bond or other such funding instrument (the "Additional Funding Instrument"), draws on the Surety Bond and the Additional Funding Instrument shall be made on a pro rata basis to fund the insufficiency.

(b) The Paying Agent shall, after submitting to Ambac Assurance the Demand for Payment as provided in (a) above, make available to Ambac Assurance all records relating to the Funds and Accounts maintained under the Ordinance.

(c) The Paying Agent shall, upon receipt of moneys received from the draw on the Surety Bond, as specified in the Demand for Payment, credit the Reserve Account to the extent of moneys received pursuant to such Demand.

(d) The Reserve Account shall be replenished in the following priority: (i) principal and interest on the Surety Bond and on the Additional Funding Instrument shall be paid from first available Revenues on a pro rata basis;

(ii) after all such amounts are paid in full, amounts necessary to fund the Reserve Account to the required level, after taking into account the amounts available under the Surety Bonds and the Additional Funding Instrument, if any, shall be deposited from next available Revenues.

Section 8. The Issuer does hereby appoint and designate One Valley Bank, National Association, 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 9. 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 10. The Issuer does hereby appoint and designate One Valley Bank, Inc., Morgantown, West Virginia, to serve as Depository Bank under the Bond Ordinance.

Section 11. The proceeds of the Series 2000 A Bonds and the Series 2000 B Bonds shall be deposited in or credited to the respective Bond Construction Trust Funds for payment of the costs of the Project, including, without limitation, costs of issuance of the Bonds, purchase of the Surety Bond and related costs.

Section 12. The Mayor, City Manager and City Clerk are hereby authorized and directed to execute and deliver such other documents and certificates required or desirable in connection with the Bonds hereby and by the Bond Ordinance approved and provided for, to the end that the Bonds may be delivered on or about February 29, 2000, to the Authority pursuant to the Loan Agreement.

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 approve and authorize all contracts relating to the financing, acquisition and construction of the Project.

Section 15. The Issuer hereby determines to invest all moneys in the funds and accounts established by the Bond Ordinance held by the Depository Bank until expended, in time accounts, secured by a pledge of Government Obligations, and therefore, the Issuer hereby directs the Depository Bank to take such actions as may be necessary to cause such moneys to be invested in such time accounts until further directed in writing by the Issuer.

Moneys in the Sinking Funds, including the Reserve Accounts therein, if any, 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. The Issuer hereby appoints the General Manager of the Morgantown Utility Board as its agent for the review and approval of all future invoices for the Project to be paid from the proceeds of the Bonds.

Section 17. The Issuer hereby appoints the Morgantown Utility Board as agent of the Issuer for the purpose of receiving all advances of the proceeds of the Bonds from the DEP and the Council, and the Issuer hereby assigns its right to receive such advances to the Morgantown Utility Board.

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

Adopted this 15th day of February, 2000.

_____

Mayor

CERTIFICATION

Certified a true copy of a Supplemental Resolution duly adopted by the Council of The City of Morgantown on the 15th day of February, 2000.

Dated: February 29, 2000.

[SEAL]

_____

City Clerk

02/09/00
627490/99003

THE CITY OF MORGANTOWN

Combined Waterworks and Sewerage
System Revenue Bonds,
Series 2000 A (West Virginia SRF Program) and
Series 2000 B (West Virginia Infrastructure Fund)

AMENDATORY ORDINANCE

AMENDATORY ORDINANCE PROVIDING FOR THE AMENDMENT OF THE DEFINITION OF "THE PROJECT" AS SAID TERM IS DESCRIBED IN THE ORDINANCE AUTHORIZING THE ISSUANCE OF THE COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2000 A (WEST VIRGINIA SRF PROGRAM), AND COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2000 B (WEST VIRGINIA INFRASTRUCTURE FUND), OF THE CITY OF MORGANTOWN.

WHEREAS, the City Council (the "Governing Body") of The City of Morgantown (the "Issuer") has duly and officially enacted a bond ordinance, effective February 15, 2000 (the "Ordinance"), entitled:

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF EXTENSIONS, ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE SEWERAGE PORTION OF THE EXISTING PUBLIC COMBINED WATERWORKS AND SEWERAGE SYSTEM OF THE CITY OF MORGANTOWN AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE CITY OF NOT MORE THAN $8,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2000 A (WEST VIRGINIA SRF PROGRAM) AND NOT MORE THAN $2,500,000 IN AGGREGATE PRINCIPAL AMOUNT OF COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2000 B (WEST VIRGINIA INFRASTRUCTURE FUND); PROVIDING FOR THE RIGHTS

AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING 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 meaning set forth in the Ordinance when used herein;

WHEREAS, Section 11.01 of the Ordinance provides that it may be amended, provided that the consent of the Registered Owners of the Series 2000 A Bonds and the Series 2000 B Bonds to such amendment is obtained;

WHEREAS, the Governing Body hereby determines that the Ordinance should be amended to include certain additional facilities within the definition of "the Project" set forth in the Ordinance;

WHEREAS, the Issuer has obtained ( or will obtain prior to implementation hereof) the consent of the West Virginia Water Development Authority, as the Registered Owner of the Series 2000 A Bonds and the Series 2000 B Bonds, to the amendment of the Ordinance; and

WHEREAS, the Governing Body deems it essential and desirable that this amendatory ordinance (the "Amendatory Ordinance") be enacted and adopted, and that the definition of the Project, as described in Section 1.02B of the Ordinance, be amended hereby in the manner stated herein;

NOW, THEREFORE, BE IT ORDAINED AND ENACTED BY THE CITY COUNCIL OF THE CITY OF MORGANTOWN:

Section 1. Pursuant to the Ordinance and the Act, this Amendatory Ordinance is enacted and Section 1.02B of the Ordinance, is hereby amended to read as follows:

B. The Issuer presently owns and operates, through the Morgantown Utility Board (the "Board"), a public combined waterworks and sewerage system. The existing operation and control system at the water treatment plant and parts of the plant system which monitor distribution system operations are outdated and do not perform consistently. Furthermore, certain existing water treatment and/or storage facilities are either beyond serviceability or of insufficient capacity to provide reliable/appropriate service to the customers of the System. It is, therefore, 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 750,000 GPD wastewater treatment facility, 18,500 feet of 8-inch and 10-inch gravity sewer line to the Sunset Beach Road area, 5,700 feet of 8-inch gravity sewer line to the Rolling Hills Mobile Home Park, 2,500 feet of 8-inch gravity sewer line to the Cheat Canyon Park subdivision, 5,800 feet of 12-inch, 15-inch and 18-inch gravity interceptor along Whites Run, 1,600 GPM sewage lift station on property along Tyrone Road near Babbling Brook, a 12-inch force main, 8,800 feet long, that will extend from the lift station to the wastewater treatment plant, two small lift stations, 75 GPM, near the Cheat Canyon Park subdivision, and certain additional facilities for which the Issuer will pay a portion and the West Virginia Department of Highways will pay a portion, consisting of approximately 1,850 feet of 8-inch and 5,500 feet of 12-inch gravity sewer lines and 45 manholes from the wastewater treatment plant to the proposed intersection of West Virginia Route 857 and the proposed eastern access road to the proposed Mon-Fayette Expressway, with side extensions and approximately 600 feet of 8-inch and 1,700 feet of 12-inch gravity sewer lines and 15 manholes from the proposed intersection of Route 857 and the proposed eastern access road to the proposed Mon-Fayette Expressway to the Braemar Townhouses, near Goodwin Hill Road, with side extensions, 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 (or approved change orders), which plans and specifications have heretofore been filed with the Issuer.

Section 2. This Amendatory Ordinance shall be effective immediately following the final reading hereof, provided that the amendments set forth herein shall not be implemented until the Issuer obtains the written consent of the West Virginia Water Development Authority thereto.

Passed on First Reading March 20, 2001

Passed on Second Reading April 3, 2001

_____

Mayor

ATTEST:

_____

City Clerk

APPROVED AND CORRECT AS TO FORM:

_____

City Solicitor

CERTIFICATION

Certified a true copy of an Amendatory Ordinance duly enacted by the City Council of The City of Morgantown on the 3rd day of April, 2001.

Dated: April 3, 2001.

[SEAL]

City Clerk

04/04/01
627490/99001

THE CITY OF MORGANTOWN

Combined Waterworks and Sewerage
System Revenue Bonds,
Series 2000 A (West Virginia SRF Program) and
Series 2000 B (West Virginia Infrastructure Fund)

# SECOND AMENDATORY ORDINANCE

AMENDATORY ORDINANCE PROVIDING FOR THE AMENDMENT OF THE DEFINITION OF "THE PROJECT" AS SAID TERM IS DESCRIBED IN THE ORDINANCE AUTHORIZING THE ISSUANCE OF THE COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2000 A (WEST VIRGINIA SRF PROGRAM), AND COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2000 B (WEST VIRGINIA INFRASTRUCTURE FUND), OF THE CITY OF MORGANTOWN, AS PREVIOUSLY AMENDED BY AN AMENDATORY ORDINANCE ENACTED BY THE CITY COUNCIL OF THE CITY ON APRIL 3, 2001.

WHEREAS, the City Council (the "Governing Body") of The City of Morgantown (the "Issuer") has duly and officially enacted a bond ordinance, effective February 15, 2000 (the "Ordinance"), entitled:

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF EXTENSIONS, ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE SEWERAGE PORTION OF THE EXISTING PUBLIC COMBINED WATERWORKS AND SEWERAGE SYSTEM OF THE CITY OF MORGANTOWN AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE CITY OF NOT MORE THAN $8,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2000 A (WEST VIRGINIA SRF PROGRAM) AND NOT MORE THAN $2,500,000 IN AGGREGATE PRINCIPAL AMOUNT OF COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2000 B (WEST VIRGINIA

INFRASTRUCTURE FUND); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING 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, following enactment of this Ordinance, the Governing Body of the Issuer duly and officially enacted an amendatory ordinance, effective April 3, 2001 (the "First Amendatory Ordinance") entitled:

AMENDATORY ORDINANCE PROVIDING FOR THE AMENDMENT OF THE DEFINITION OF "THE PROJECT" AS SAID TERM IS DESCRIBED IN THE ORDINANCE AUTHORIZING THE ISSUANCE OF THE COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2000 A (WEST VIRGINIA SRF PROGRAM), AND COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2000 B (WEST VIRGINIA INFRASTRUCTURE FUND), OF THE CITY OF MORGANTOWN.

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

WHEREAS, Section 11.01 of the Ordinance provides that it may be amended, provided that the consent to such amendment of the Registered Owners of the Series 2000 A Bonds and the Series 2000 B Bonds is obtained;

WHEREAS, the Governing Body hereby determines that the Ordinance should be further amended to include certain additional facilities within the definition of "the Project" set forth in the Ordinance;

WHEREAS, the Issuer has obtained ( or will obtain prior to implementation hereof) the consent of the West Virginia Water Development Authority, as the Registered Owner of the Series 2000 A Bonds and the Series 2000 B Bonds, to the amendment of the Ordinance; and

WHEREAS, the Governing Body deems it essential and desirable that this amendatory ordinance (the "Amendatory Ordinance") be enacted and adopted, and that the definition of the Project, as described in Section 1.02B of the Ordinance, as amended, be further amended hereby in the manner stated herein;

NOW, THEREFORE, THE CITY OF MORGANTOWN HEREBY ORDAINS:

Section 1. Pursuant to the Ordinance and the Act, this Amendatory Ordinance is enacted, and Section 1.02B of the Ordinance, as previously amended, is hereby further amended to read as follows: (deletions struck-through, additions underlined)

B. The Issuer presently owns and operates, through the Morgantown Utility Board (the "Board"), a public combined waterworks and sewerage system. The existing operation and control system at the water treatment plant and parts of the plant system which monitor distribution system operations are outdated and do not perform consistently. Furthermore, certain existing water treatment and/or storage facilities are either beyond serviceability or of insufficient capacity to provide reliable/appropriate service to the customers of the System. It is, therefore, 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 750,000 GPD wastewater treatment facility, 18,500 feet of 8-inch and 10-inch gravity sewer line to the Sunset Beach Road area, 5,700 feet of 8-inch gravity sewer line to the Rolling Hills Mobile Home Park, 2,500 feet of 8-inch gravity sewer line to the Cheat Canyon Park subdivision, 5,800 feet of 12-inch, 15-inch and 18-inch gravity interceptor along Whites Run, 1,600 GPM sewage lift station on property along Tyrone Road near Babbling Brook, a 12-inch force main, 8,800 feet long, that will extend from the lift station to the wastewater treatment plant, two small lift stations, 75 GPM, near the Cheat Canyon Park subdivision, and certain additional facilities for which the Issuer will pay a portion and the West Virginia Department of Highways will pay a portion, consisting of approximately 1,850 feet of 8-inch and 5,500 feet of 12-inch gravity sewer lines and 45 manholes from the wastewater treatment plant to the proposed intersection of West Virginia Route 857 and the proposed eastern access road to the proposed Mon-Fayette Expressway, with side extensions and approximately 600 feet of 8-inch and 1,700 feet of 12-inch gravity sewer lines and 15 manholes from the proposed intersection of Route 857 and the proposed eastern access road to the proposed Mon-Fayette Expressway to the Braemar Townhouses, near Goodwin Hill Road, with side

extensions, and other additional facilities such as partial upgrades to various existing sewage pumping stations and/or associated force mains, complete replacement of various existing sewage pumping stations and/or associated force mains, construction of various new and additional sewage pumping stations and/or associated force mains, demolition of various existing sewage pumping stations, demolition of various existing wastewater treatment plants, removal of sludge from various existing wastewater treatment plants, extension of various new and additional gravity sanitary sewer lines, relocation of various existing utility lines and/or outfall lines, and other miscellaneous facilities and/or activities as determined by the Board to be necessary to complete the project, including but not limited to additional engineering, planning, administration, inspection, surveying, and acquisition of lands and/or rights of way, 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 (or approved change orders), which plans and specifications have heretofore been filed with the Issuer.

Section 2. This Amendatory Ordinance shall be effective immediately following the final reading hereof, provided that the amendments set forth herein shall not be implemented until the Issuer obtains the written consent of the West Virginia Water Development Authority thereto.

Passed on First Reading March 5, 2002

Passed on Second Reading March 19, 2002

_____

Mayor

ATTEST:

_____

City Clerk

APPROVED AND CORRECT AS TO FORM:

_____

City Solicitor

CERTIFICATION

Certified a true copy of an Amendatory Ordinance duly enacted by the City Council of The City of Morgantown on March 19, 2002.

Dated: March 20, 2002.

[SEAL]

City Clerk

03/20/02
627490/00010

SPECIMEN

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE CITY OF MORGANTOWN
COMBINED UTILITY SYSTEM REVENUE BOND
SERIES 2000 A
(WEST VIRGINIA SRF PROGRAM)

No. AR-1 $7,842,000

KNOW ALL MEN BY THESE PRESENTS: That THE CITY OF MORGANTOWN, a municipal corporation and political subdivision of the State of West Virginia in Monongalia County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY (the "Authority") or registered assigns the sum of SEVEN MILLION EIGHT HUNDRED FORTY TWO THOUSAND DOLLARS ($7,842,000), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing March 1, 2002, 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) shall be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing March 1, 2002, 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 Division of Environmental Protection (the "DEP"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Bond Purchase Agreement by and among the Issuer, the Authority and the DEP, dated February 8, 2000.

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, sewerage, and stormwater system of the Issuer (the "Project"); and (ii) to pay certain costs of issuance of the Bonds of this Series (the

"Bonds") and related costs. The existing public combined waterworks, sewerage, and stormwater system of the Issuer, the Project, and any further extensions, additions, betterments or improvements thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 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 February 15, 2000, as supplemented by a Supplemental Resolution duly adopted by the Issuer on February 15, 2000, and an Amendatory Ordinance duly enacted by the Issuer on April 17, 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) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 1992 (WEST VIRGINIA SRF PROGRAM), DATED SEPTEMBER 8, 1992, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $11,900,000 (THE "SERIES 1992 BONDS"); (2) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 1995 (WEST VIRGINIA SRF PROGRAM), DATED APRIL 27, 1995, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,601,477 (THE "SERIES 1995 BONDS"); AND (3) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2000 B (WEST VIRGINIA INFRASTRUCTURE FUND), DATED FEBRUARY 29, 2000, ISSUED CONCURRENTLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,488,000 (THE "SERIES 2000 B BONDS").

THE SERIES 1992 BONDS AND THE SERIES 1995 BONDS ARE HEREINAFTER COLLECTIVELY CALLED THE "PRIOR BONDS."

This Bond is payable only from and secured by a pledge of the Gross Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Gross Revenues in favor of the holders of the Series 2000 B Bonds and the Prior Bonds, and from moneys in the reserve account created under the Bond Legislation for the Bonds (the "Series 2000 A Bonds Reserve Account"), and unexpended proceeds of the Bonds. Such Gross Revenues shall be sufficient to pay all operating expenses of the System and the principal of and interest, if any, on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest, if any, hereon except from said special fund provided from the Gross Revenues, the moneys in the Series 2000 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 the Bonds, including the Series 2000 B Bonds and the Prior Bonds; provided however, that so long as there exists in the Series 2000 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 the Bonds, including the Series 2000 B Bonds and the Prior Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

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

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and 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 Gross Revenues of the

System has been pledged to and will be set aside into said special fund by the Issuer for the prompt payment of the principal of this Bond.

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

[Remainder of Page Intentionally Left Blank]

SPECIMEN

IN WITNESS WHEREOF, THE CITY OF MORGANTOWN has caused this Bond to be signed by its Mayor and City Manager, and its corporate seal to be hereunto affixed and attested by its City Clerk, and has caused this Bond to be dated August 14, 2007.

[SEAL]

Mayor

City Manager

ATTEST:

Acting City Clerk

SPECIMEN

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2000 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: August 14, 2007.

THE HUNTINGTON NATIONAL BANK,
as ~~Registrar~~

Authorized Officer

Clean Water State Revolving Fund

# RECORD OF ADVANCES

Project Name: City of Morgantown

Date Closed: 2/29/00

Loan Amount: $7,842,000

Series 2000 A

| | Amount | Date | | Amount | Date |
|---|---|---|---|---|---|
| 1 | $442,974 | 02/29/00 | 20 | 47,659 | 01/28/02 |
| 2 | 325,676 | 06/18/00 | 21 | 11,317 | 02/27/02 |
| 3 | 1,304,307 | 08/22/00 | 22 | 122,991 | 03/26/02 |
| 4 | 690,611 | 09/27/00 | 23 | 27,265 | 04/24/02 |
| 5 | 622,039 | 10/31/00 | 24 | 9,109 | 05/23/02 |
| 6 | 567,031 | 11/27/00 | 25 | 23,251 | 07/01/02 |
| 7 | 568,768 | 01/02/01 | 26 | 111,643 | 07/18/02 |
| 8 | 452,038 | 01/23/01 | 27 | 35,517 | 08/18/02 |
| 9 | 294,667 | 03/04/01 | 28 | 75,001 | 09/26/02 |
| 10 | 487,271 | 03/28/01 | 29 | 52,719 | 10/17/02 |
| 11 | 290,223 | 05/09/01 | 30 | 1,823 | 11/22/02 |
| 12 | 181,824 | 06/01/01 | 31 | 74,225 | 01/21/03 |
| 13 | 54,102 | 07/05/01 | 32 | 23,575 | 02/24/03 |
| 14 | 55,772 | 07/16/01 | 33 | 18,502 | 03/27/03 |
| 15 | 90,819 | 08/24/01 | 34 | 155,363 | 04/16/03 |
| 16 | 20,604 | 10/16/01 | 35 | 127,790 | 05/21/03 |
| 17 | 96,106 | 10/22/01 | 36 | 29,356 | 07/11/03 |
| 18 | 189,137 | 11/26/01 | 37 | 15,842 | 09/05/03 |
| 19 | 120,810 | 01/03/02 | 38 | 24,273 | 06/15/04 |
| | $6,854,779 | | | $987,221 | |
| | | | | $7,842,000 | |

EXHIBIT B

# The City of Morgantown (West Virginia)

*Loan of $7,842,000*

*24 1/4 Years, 0% Interest Rate, 0.5% Administrative Fee*

*Closing Date: February 29, 2000*

## DEBT SERVICE SCHEDULE

| Date | Principal | Coupon | Total P+I |
|---|---|---|---|
| 3/01/2000 | - | - | - |
| 6/01/2000 | - | - | - |
| 9/01/2000 | - | - | - |
| 12/01/2000 | - | - | - |
| 3/01/2001 | - | - | - |
| 6/01/2001 | - | - | - |
| 9/01/2001 | - | - | - |
| 12/01/2001 | - | - | - |
| 3/01/2002 | 80,846.00 | - | 80,846.00 |
| 6/01/2002 | 80,846.00 | - | 80,846.00 |
| 9/01/2002 | 80,846.00 | - | 80,846.00 |
| 12/01/2002 | 80,846.00 | - | 80,846.00 |
| 3/01/2003 | 80,846.00 | - | 80,846.00 |
| 6/01/2003 | 80,846.00 | - | 80,846.00 |
| 9/01/2003 | 80,846.00 | - | 80,846.00 |
| 12/01/2003 | 80,846.00 | - | 80,846.00 |
| 3/01/2004 | 80,846.00 | - | 80,846.00 |
| 6/01/2004 | 80,846.00 | - | 80,846.00 |
| 9/01/2004 | 80,846.00 | - | 80,846.00 |
| 12/01/2004 | 80,846.00 | - | 80,846.00 |
| 3/01/2005 | 80,846.00 | - | 80,846.00 |
| 6/01/2005 | 80,846.00 | - | 80,846.00 |
| 9/01/2005 | 80,846.00 | - | 80,846.00 |
| 12/01/2005 | 80,846.00 | - | 80,846.00 |
| 3/01/2006 | 80,846.00 | - | 80,846.00 |
| 6/01/2006 | 80,846.00 | - | 80,846.00 |
| 9/01/2006 | 80,846.00 | - | 80,846.00 |
| 12/01/2006 | 80,846.00 | - | 80,846.00 |
| 3/01/2007 | 80,846.00 | - | 80,846.00 |
| 6/01/2007 | 80,846.00 | - | 80,846.00 |
| 9/01/2007 | 80,846.00 | - | 80,846.00 |
| 12/01/2007 | 80,846.00 | - | 80,846.00 |
| 3/01/2008 | 80,846.00 | - | 80,846.00 |
| 6/01/2008 | 80,846.00 | - | 80,846.00 |
| 9/01/2008 | 80,846.00 | - | 80,846.00 |
| 12/01/2008 | 80,846.00 | - | 80,846.00 |
| 3/01/2009 | 80,846.00 | - | 80,846.00 |
| 6/01/2009 | 80,846.00 | - | 80,846.00 |
| 9/01/2009 | 80,846.00 | - | 80,846.00 |
| 12/01/2009 | 80,846.00 | - | 80,846.00 |
| 3/01/2010 | 80,846.00 | - | 80,846.00 |
| 6/01/2010 | 80,846.00 | - | 80,846.00 |
| 9/01/2010 | 80,846.00 | - | 80,846.00 |
| 12/01/2010 | 80,846.00 | - | 80,846.00 |
| 3/01/2011 | 80,845.00 | - | 80,845.00 |
| | | | 80,845.00 |

# The City of Morgantown (West Virginia)

*Loan of $7,842,000*

*24 1/4 Years, 0% Interest Rate, 0.5% Administrative Fee*

*Closing Date: February 29, 2000*

## DEBT SERVICE SCHEDULE

| Date | Principal | Coupon | Total P+I |
|---|---|---|---|
| 6/01/2011 | 80,845.00 | - | 80,845.00 |
| 9/01/2011 | 80,845.00 | - | 80,845.00 |
| 12/01/2011 | 80,845.00 | - | 80,845.00 |
| 3/01/2012 | 80,845.00 | - | 80,845.00 |
| 6/01/2012 | 80,845.00 | - | 80,845.00 |
| 9/01/2012 | 80,845.00 | - | 80,845.00 |
| 12/01/2012 | 80,845.00 | - | 80,845.00 |
| 3/01/2013 | 80,845.00 | - | 80,845.00 |
| 6/01/2013 | 80,845.00 | - | 80,845.00 |
| 9/01/2013 | 80,845.00 | - | 80,845.00 |
| 12/01/2013 | 80,845.00 | - | 80,845.00 |
| 3/01/2014 | 80,845.00 | - | 80,845.00 |
| 6/01/2014 | 80,845.00 | - | 80,845.00 |
| 9/01/2014 | 80,845.00 | - | 80,845.00 |
| 12/01/2014 | 80,845.00 | - | 80,845.00 |
| 3/01/2015 | 80,845.00 | - | 80,845.00 |
| 6/01/2015 | 80,845.00 | - | 80,845.00 |
| 9/01/2015 | 80,845.00 | - | 80,845.00 |
| 12/01/2015 | 80,845.00 | - | 80,845.00 |
| 3/01/2016 | 80,845.00 | - | 80,845.00 |
| 6/01/2016 | 80,845.00 | - | 80,845.00 |
| 9/01/2016 | 80,845.00 | - | 80,845.00 |
| 12/01/2016 | 80,845.00 | - | 80,845.00 |
| 3/01/2017 | 80,845.00 | - | 80,845.00 |
| 6/01/2017 | 80,845.00 | - | 80,845.00 |
| 9/01/2017 | 80,845.00 | - | 80,845.00 |
| 12/01/2017 | 80,845.00 | - | 80,845.00 |
| 3/01/2018 | 80,845.00 | - | 80,845.00 |
| 6/01/2018 | 80,845.00 | - | 80,845.00 |
| 9/01/2018 | 80,845.00 | - | 80,845.00 |
| 12/01/2018 | 80,845.00 | - | 80,845.00 |
| 3/01/2019 | 80,845.00 | - | 80,845.00 |
| 6/01/2019 | 80,845.00 | - | 80,845.00 |
| 9/01/2019 | 80,845.00 | - | 80,845.00 |
| 12/01/2019 | 80,845.00 | - | 80,845.00 |
| 3/01/2020 | 80,845.00 | - | 80,845.00 |
| 6/01/2020 | 80,845.00 | - | 80,845.00 |
| 9/01/2020 | 80,845.00 | - | 80,845.00 |
| 12/01/2020 | 80,845.00 | - | 80,845.00 |
| 3/01/2021 | 80,845.00 | - | 80,845.00 |
| 6/01/2021 | 80,845.00 | - | 80,845.00 |
| 9/01/2021 | 80,845.00 | - | 80,845.00 |
| 12/01/2021 | 80,845.00 | - | 80,845.00 |
| 3/01/2022 | 80,845.00 | - | 80,845.00 |
| 6/01/2022 | 80,845.00 | - | 80,845.00 |

# The City of Morgantown (West Virginia)

*Loan of $7,842,000*

*24 1/4 Years, 0% Interest Rate, 0.5% Administrative Fee*

*Closing Date: February 29, 2000*

## DEBT SERVICE SCHEDULE

| Date | Principal | Coupon | Total P+I |
|---|---|---|---|
| 9/01/2022 | 80,845.00 | - | 80,845.00 |
| 12/01/2022 | 80,845.00 | - | 80,845.00 |
| 3/01/2023 | 80,845.00 | - | 80,845.00 |
| 6/01/2023 | 80,845.00 | - | 80,845.00 |
| 9/01/2023 | 80,845.00 | - | 80,845.00 |
| 12/01/2023 | 80,845.00 | - | 80,845.00 |
| 3/01/2024 | 80,845.00 | - | 80,845.00 |
| 6/01/2024 | 80,845.00 | - | 80,845.00 |
| 9/01/2024 | 80,845.00 | - | 80,845.00 |
| 12/01/2024 | 80,845.00 | - | 80,845.00 |
| 3/01/2025 | 80,845.00 | - | 80,845.00 |
| 6/01/2025 | 80,845.00 | - | 80,845.00 |
| 9/01/2025 | 80,845.00 | - | 80,845.00 |
| 12/01/2025 | 80,845.00 | - | 80,845.00 |
| 3/01/2026 | 80,845.00 | - | 80,845.00 |
| Total | 7,842,000.00 | - | 7,842,000.00 * |

## YIELD STATISTICS

| | |
|---|---|
| Bond Year Dollars | $109,809.51 |
| Average Life | 14.003 Years |
| Average Coupon | |
| Net Interest Cost (NIC) | |
| True Interest Cost (TIC) | |
| Bond Yield for Arbitrage Purposes | 1.35E-11 |
| All Inclusive Cost (AIC) | 1.35E-11 |
| | 0.4354920% |

## IRS FORM 8038

| | |
|---|---|
| Net Interest Cost | |
| Weighted Average Maturity | 14.003 Years |

*Plus $4,951.77 one-half percent administrative fee paid quarterly. Total fee paid over the life of the loan is $480,321.69.

SPECIMEN

ASSIGNMENT

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

_____

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

Dated: _____, _____.

_____

In the presence of:

_____

07/31/07
627490.00019

SPECIMEN

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE CITY OF MORGANTOWN
COMBINED UTILITY SYSTEM REVENUE BOND
SERIES 2000 B
(WEST VIRGINIA INFRASTRUCTURE FUND)

No. BR-1 $2,488,000

KNOW ALL MEN BY THESE PRESENTS: That THE CITY OF MORGANTOWN, a municipal corporation and political subdivision of the State of West Virginia in Monongalia 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 FOUR HUNDRED EIGHTY EIGHT THOUSAND DOLLARS ($2,488,000), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing March 1, 2002, 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 February 8, 2000.

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

under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 8, Article 20 and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"), and a Bond Ordinance duly enacted by the Issuer on February 15, 2000, as supplemented by a Supplemental Resolution duly adopted by the Issuer on February 15, 2000, and an Amendatory Ordinance duly enacted by the Issuer on April 17, 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) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 1992 (WEST VIRGINIA SRF PROGRAM), DATED SEPTEMBER 8, 1992, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $11,900,000 (THE "SERIES 1992 BONDS"); (2) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 1995 (WEST VIRGINIA SRF PROGRAM), DATED APRIL 27, 1995, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,601,477 (THE "SERIES 1995 BONDS"); AND (3) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2000 A (WEST VIRGINIA SRF PROGRAM), DATED FEBRUARY 29, 2000, ISSUED CONCURRENTLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $7,842,000 (THE "SERIES 2000 A BONDS").

THE SERIES 1992 BONDS AND THE SERIES 1995 BONDS ARE HEREINAFTER COLLECTIVELY CALLED THE "PRIOR BONDS."

This Bond is payable only from and secured by a pledge of the Gross Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Gross Revenues in favor of the holders of the Series 2000 A Bonds and the Prior Bonds and from moneys in the reserve account created under the Bond Legislation for the Bonds (the "Series 2000 B Bonds Reserve Account"), and unexpended proceeds of the Bonds. Such Gross Revenues shall be sufficient to pay the principal of and interest, if any, on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest, if any, hereon, except from said special fund provided from the Gross Revenues, the moneys in the Series 2000 B Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a

balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest, if any, on the Bonds, and all other obligations secured by a lien on or payable from such revenues on a parity with the Bonds, including the Series 2000 A Bonds and the Prior Bonds; provided however, that so long as there exists in the Series 2000 B Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest, if any, which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with the Bonds, including the Series 2000 A Bonds and the Prior Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

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

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and 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 Gross Revenues of the System has been pledged to and will be set aside into said special fund by the Issuer for the prompt payment of the principal of this Bond.

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

[Remainder of Page Intentionally Left Blank]

SPECIMEN

IN WITNESS WHEREOF, THE CITY OF MORGANTOWN has caused this Bond to be signed by its Mayor and City Manager, and its corporate seal to be hereunto affixed and attested by its City Clerk, and has caused this Bond to be dated August 14, 2007.

[SEAL]

Mayor

City Manager

ATTEST:

Acting City Clerk

SPECIMEN

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2000 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: August 14, 2007.

THE HUNTINGTON NATIONAL BANK,
as Registrar

Authorized Officer

# Record of Advances

IF Series 1999A
Project Name: MORGANTOWN UTILITY BOARD
Date Closed - 02/29/2000

Loan Amount - $2,488,000
Series 2000B

| | Amount | Date |
|---|---|---|
| 1 | 601,000.00 | 02/29/2000 |
| 2 | 350,388.00 | 06/15/2000 |
| 3 | 4,677.00 | 12/27/2000 |
| 4 | 12,500.00 | 01/31/2001 |
| 5 | 76,438.00 | 02/28/2001 |
| 6 | 187,340.00 | 03/30/2001 |
| 7 | 206,000.00 | 04/30/2001 |
| 8 | 172,760.00 | 06/15/2001 |
| 9 | 109,337.00 | 06/26/2001 |
| 10 | 103,116.00 | 07/16/2001 |
| 11 | 110,922.00 | 08/14/2001 |
| 12 | 70,066.00 | 09/14/2001 |
| 13 | 54,385.00 | 10/15/2001 |
| 14 | 52,294.00 | 11/15/2001 |
| 15 | 76,163 | 12/14/2001 |
| 16 | 66,468.00 | 01/16/2002 |
| 17 | 502.00 | 02/15/2002 |
| 18 | 1,386.00 | 06/14/2002 |
| 19 | 45,016.00 | 08/15/2002 |
| 20 | 2,980.00 | 09/16/2002 |
| 21 | 54,831.00 | 12/06/2002 |
| 22 | 106,086.00 | 03/14/2003 |
| 23 | 5,910.00 | 04/15/2003 |
| 24 | 17,435.00 | 03/31/2004 |
| 25 | | |
| 26 | | |
| 27 | | |
| 28 | | |
| 29 | | |
| 30 | | |
| | 2,488,000.00 | 30-Mar-04 |
| | $0.00 | Available |

EXHIBIT B

# The City of Morgantown (West Virginia)

*Infrastructure Loan (Series 1999A) of $2,488,000*
*40 Years, 0% Interest Rate*
*Closing Date: February 29, 2000*

## DEBT SERVICE SCHEDULE

| Date | Principal | Coupon | Total P+I |
|---|---|---|---|
| 3/01/2000 | - | - | - |
| 6/01/2000 | - | - | - |
| 9/01/2000 | - | - | - |
| 12/01/2000 | - | - | - |
| 3/01/2001 | - | - | - |
| 6/01/2001 | - | - | - |
| 9/01/2001 | - | - | - |
| 12/01/2001 | - | - | - |
| 3/01/2002 | 16,369.00 | - | 16,369.00 |
| 6/01/2002 | 16,369.00 | - | 16,369.00 |
| 9/01/2002 | 16,369.00 | - | 16,369.00 |
| 12/01/2002 | 16,369.00 | - | 16,369.00 |
| 3/01/2003 | 16,369.00 | - | 16,369.00 |
| 6/01/2003 | 16,369.00 | - | 16,369.00 |
| 9/01/2003 | 16,369.00 | - | 16,369.00 |
| 12/01/2003 | 16,369.00 | - | 16,369.00 |
| 3/01/2004 | 16,369.00 | - | 16,369.00 |
| 6/01/2004 | 16,369.00 | - | 16,369.00 |
| 9/01/2004 | 16,369.00 | - | 16,369.00 |
| 12/01/2004 | 16,369.00 | - | 16,369.00 |
| 3/01/2005 | 16,369.00 | - | 16,369.00 |
| 6/01/2005 | 16,369.00 | - | 16,369.00 |
| 9/01/2005 | 16,369.00 | - | 16,369.00 |
| 12/01/2005 | 16,369.00 | - | 16,369.00 |
| 3/01/2006 | 16,369.00 | - | 16,369.00 |
| 6/01/2006 | 16,369.00 | - | 16,369.00 |
| 9/01/2006 | 16,369.00 | - | 16,369.00 |
| 12/01/2006 | 16,369.00 | - | 16,369.00 |
| 3/01/2007 | 16,369.00 | - | 16,369.00 |
| 6/01/2007 | 16,369.00 | - | 16,369.00 |
| 9/01/2007 | 16,369.00 | - | 16,369.00 |
| 12/01/2007 | 16,369.00 | - | 16,369.00 |
| 3/01/2008 | 16,369.00 | - | 16,369.00 |
| 6/01/2008 | 16,369.00 | - | 16,369.00 |
| 9/01/2008 | 16,369.00 | - | 16,369.00 |
| 12/01/2008 | 16,369.00 | - | 16,369.00 |
| 3/01/2009 | 16,369.00 | - | 16,369.00 |
| 6/01/2009 | 16,369.00 | - | 16,369.00 |
| 9/01/2009 | 16,369.00 | - | 16,369.00 |
| 12/01/2009 | 16,369.00 | - | 16,369.00 |
| 3/01/2010 | 16,369.00 | - | 16,369.00 |
| 6/01/2010 | 16,369.00 | - | 16,369.00 |
| 9/01/2010 | 16,369.00 | - | 16,369.00 |
| 12/01/2010 | 16,369.00 | - | 16,369.00 |
| 3/01/2011 | 16,369.00 | - | 16,369.00 |

# The City of Morgantown (West Virginia)

*Infrastructure Loan (Series 1999A) of $2,488,000*

*40 Years, 0% Interest Rate*

*Closing Date: February 29, 2000*

## DEBT SERVICE SCHEDULE

| Date | Principal | Coupon | Total P+I |
|---|---|---|---|
| 6/01/2011 | 16,369.00 | - | 16,369.00 |
| 9/01/2011 | 16,369.00 | - | 16,369.00 |
| 12/01/2011 | 16,369.00 | - | 16,369.00 |
| 3/01/2012 | 16,369.00 | - | 16,369.00 |
| 6/01/2012 | 16,369.00 | - | 16,369.00 |
| 9/01/2012 | 16,369.00 | - | 16,369.00 |
| 12/01/2012 | 16,369.00 | - | 16,369.00 |
| 3/01/2013 | 16,369.00 | - | 16,369.00 |
| 6/01/2013 | 16,369.00 | - | 16,369.00 |
| 9/01/2013 | 16,369.00 | - | 16,369.00 |
| 12/01/2013 | 16,369.00 | - | 16,369.00 |
| 3/01/2014 | 16,369.00 | - | 16,369.00 |
| 6/01/2014 | 16,369.00 | - | 16,369.00 |
| 9/01/2014 | 16,369.00 | - | 16,369.00 |
| 12/01/2014 | 16,369.00 | - | 16,369.00 |
| 3/01/2015 | 16,369.00 | - | 16,369.00 |
| 6/01/2015 | 16,369.00 | - | 16,369.00 |
| 9/01/2015 | 16,369.00 | - | 16,369.00 |
| 12/01/2015 | 16,369.00 | - | 16,369.00 |
| 3/01/2016 | 16,369.00 | - | 16,369.00 |
| 6/01/2016 | 16,369.00 | - | 16,369.00 |
| 9/01/2016 | 16,369.00 | - | 16,369.00 |
| 12/01/2016 | 16,369.00 | - | 16,369.00 |
| 3/01/2017 | 16,369.00 | - | 16,369.00 |
| 6/01/2017 | 16,369.00 | - | 16,369.00 |
| 9/01/2017 | 16,369.00 | - | 16,369.00 |
| 12/01/2017 | 16,369.00 | - | 16,369.00 |
| 3/01/2018 | 16,368.00 | - | 16,368.00 |
| 6/01/2018 | 16,368.00 | - | 16,368.00 |
| 9/01/2018 | 16,368.00 | - | 16,368.00 |
| 12/01/2018 | 16,368.00 | - | 16,368.00 |
| 3/01/2019 | 16,368.00 | - | 16,368.00 |
| 6/01/2019 | 16,368.00 | - | 16,368.00 |
| 9/01/2019 | 16,368.00 | - | 16,368.00 |
| 12/01/2019 | 16,368.00 | - | 16,368.00 |
| 3/01/2020 | 16,368.00 | - | 16,368.00 |
| 6/01/2020 | 16,368.00 | - | 16,368.00 |
| 9/01/2020 | 16,368.00 | - | 16,368.00 |
| 12/01/2020 | 16,368.00 | - | 16,368.00 |
| 3/01/2021 | 16,368.00 | - | 16,368.00 |
| 6/01/2021 | 16,368.00 | - | 16,368.00 |
| 9/01/2021 | 16,368.00 | - | 16,368.00 |
| 12/01/2021 | 16,368.00 | - | 16,368.00 |
| 3/01/2022 | 16,368.00 | - | 16,368.00 |
| 6/01/2022 | 16,368.00 | - | 16,368.00 |

# The City of Morgantown (West Virginia)

*Infrastructure Loan (Series 1999A) of $2,488,000*
*40 Years, 0% Interest Rate*
*Closing Date: February 29, 2000*

## DEBT SERVICE SCHEDULE

| Date | Principal | Coupon | Total P+I |
|---|---|---|---|
| 9/01/2022 | 16,368.00 | - | 16,368.00 |
| 12/01/2022 | 16,368.00 | - | 16,368.00 |
| 3/01/2023 | 16,368.00 | - | 16,368.00 |
| 6/01/2023 | 16,368.00 | - | 16,368.00 |
| 9/01/2023 | 16,368.00 | - | 16,368.00 |
| 12/01/2023 | 16,368.00 | - | 16,368.00 |
| 3/01/2024 | 16,368.00 | - | 16,368.00 |
| 6/01/2024 | 16,368.00 | - | 16,368.00 |
| 9/01/2024 | 16,368.00 | - | 16,368.00 |
| 12/01/2024 | 16,368.00 | - | 16,368.00 |
| 3/01/2025 | 16,368.00 | - | 16,368.00 |
| 6/01/2025 | 16,368.00 | - | 16,368.00 |
| 9/01/2025 | 16,368.00 | - | 16,368.00 |
| 12/01/2025 | 16,368.00 | - | 16,368.00 |
| 3/01/2026 | 16,368.00 | - | 16,368.00 |
| 6/01/2026 | 16,368.00 | - | 16,368.00 |
| 9/01/2026 | 16,368.00 | - | 16,368.00 |
| 12/01/2026 | 16,368.00 | - | 16,368.00 |
| 3/01/2027 | 16,368.00 | - | 16,368.00 |
| 6/01/2027 | 16,368.00 | - | 16,368.00 |
| 9/01/2027 | 16,368.00 | - | 16,368.00 |
| 12/01/2027 | 16,368.00 | - | 16,368.00 |
| 3/01/2028 | 16,368.00 | - | 16,368.00 |
| 6/01/2028 | 16,368.00 | - | 16,368.00 |
| 9/01/2028 | 16,368.00 | - | 16,368.00 |
| 12/01/2028 | 16,368.00 | - | 16,368.00 |
| 3/01/2029 | 16,368.00 | - | 16,368.00 |
| 6/01/2029 | 16,368.00 | - | 16,368.00 |
| 9/01/2029 | 16,368.00 | - | 16,368.00 |
| 12/01/2029 | 16,368.00 | - | 16,368.00 |
| 3/01/2030 | 16,368.00 | - | 16,368.00 |
| 6/01/2030 | 16,368.00 | - | 16,368.00 |
| 9/01/2030 | 16,368.00 | - | 16,368.00 |
| 12/01/2030 | 16,368.00 | - | 16,368.00 |
| 3/01/2031 | 16,368.00 | - | 16,368.00 |
| 6/01/2031 | 16,368.00 | - | 16,368.00 |
| 9/01/2031 | 16,368.00 | - | 16,368.00 |
| 12/01/2031 | 16,368.00 | - | 16,368.00 |
| 3/01/2032 | 16,368.00 | - | 16,368.00 |
| 6/01/2032 | 16,368.00 | - | 16,368.00 |
| 9/01/2032 | 16,368.00 | - | 16,368.00 |
| 12/01/2032 | 16,368.00 | - | 16,368.00 |
| 3/01/2033 | 16,368.00 | - | 16,368.00 |
| 6/01/2033 | 16,368.00 | - | 16,368.00 |
| 9/01/2033 | 16,368.00 | - | 16,368.00 |

# The City of Morgantown (West Virginia)

*Infrastructure Loan (Series 1999A) of $2,488,000*
*40 Years, 0% Interest Rate*
*Closing Date: February 29, 2000*

## DEBT SERVICE SCHEDULE

| Date | Principal | Coupon | Total P+I |
|---|---|---|---|
| 12/01/2033 | 16,368.00 | - | 16,368.00 |
| 3/01/2034 | 16,368.00 | - | 16,368.00 |
| 6/01/2034 | 16,368.00 | - | 16,368.00 |
| 9/01/2034 | 16,368.00 | - | 16,368.00 |
| 12/01/2034 | 16,368.00 | - | 16,368.00 |
| 3/01/2035 | 16,368.00 | - | 16,368.00 |
| 6/01/2035 | 16,368.00 | - | 16,368.00 |
| 9/01/2035 | 16,368.00 | - | 16,368.00 |
| 12/01/2035 | 16,368.00 | - | 16,368.00 |
| 3/01/2036 | 16,368.00 | - | 16,368.00 |
| 6/01/2036 | 16,368.00 | - | 16,368.00 |
| 9/01/2036 | 16,368.00 | - | 16,368.00 |
| 12/01/2036 | 16,368.00 | - | 16,368.00 |
| 3/01/2037 | 16,368.00 | - | 16,368.00 |
| 6/01/2037 | 16,368.00 | - | 16,368.00 |
| 9/01/2037 | 16,368.00 | - | 16,368.00 |
| 12/01/2037 | 16,368.00 | - | 16,368.00 |
| 3/01/2038 | 16,368.00 | - | 16,368.00 |
| 6/01/2038 | 16,368.00 | - | 16,368.00 |
| 9/01/2038 | 16,368.00 | - | 16,368.00 |
| 12/01/2038 | 16,368.00 | - | 16,368.00 |
| 3/01/2039 | 16,368.00 | - | 16,368.00 |
| 6/01/2039 | 16,368.00 | - | 16,368.00 |
| 9/01/2039 | 16,368.00 | - | 16,368.00 |
| 12/01/2039 | 16,368.00 | - | 16,368.00 |
| Total | 2,488,000.00 | - | 2,488,000.00 |

## YIELD STATISTICS

| | |
|---|---|
| Bond Year Dollars | $51,943.21 |
| Average Life | 20.877 Years |
| Average Coupon | - |
| Net Interest Cost (NIC) | - |
| True Interest Cost (TIC) | 8.44E-11 |
| Bond Yield for Arbitrage Purposes | 8.44E-11 |
| All Inclusive Cost (AIC) | 8.44E-11 |

## IRS FORM 8038

| | |
|---|---|
| Net Interest Cost | - |
| Weighted Average Maturity | 20.877 Years |

SPECIMEN

## ASSIGNMENT

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

_____

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

Dated: _____, _____.

_____

In the presence of:

_____

07/31/07
627490.00019



CL1148851.1

THE CITY OF MORGANTOWN

COMBINED WATERWORKS AND SEWERAGE
SYSTEM REVENUE BONDS,
SERIES 2001 A (WEST VIRGINIA INFRASTRUCTURE FUND)

BOND ORDINANCE

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2001 A

BOND ORDINANCE

THE CITY OF MORGANTOWN

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF EXTENSIONS, ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE WATERWORKS PORTION OF THE EXISTING PUBLIC COMBINED WATERWORKS AND SEWERAGE SYSTEM OF THE CITY OF MORGANTOWN AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE CITY OF NOT MORE THAN $4,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2001 A (WEST VIRGINIA INFRASTRUCTURE FUND); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING A LOAN AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

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

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 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 Morgantown (the "Issuer") is a municipal corporation and political subdivision of the State of West Virginia in Monongalia County of said State.

B. The Issuer presently owns and operates, through the Morgantown Utility Board (the "Board"), a public combined waterworks and sewerage system. The existing operation and control system at the water treatment plant and parts of the plant system which monitor distribution system operations are outdated and do not perform consistently. Furthermore, certain existing water treatment and/or storage facilities are either beyond serviceability or of insufficient capacity to provide reliable/appropriate service to the customers of the System. It is, therefore, 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 the installation of an in-plant supervisory control and data acquisition system (SCADA) and a radio based telemetry system to transmit remote storage facility and separate booster station information to the water treatment plant, replace existing filter media, improve existing filter piping systems and the installation of two water storage facilities, 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 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"), in connection with 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, Series 2001 A (West Virginia Infrastructure Fund), in the aggregate principal amount of not more than $4,000,000 (the "Series 2001 A Bonds"), to permanently finance the costs of acquisition and construction of the Project. Said costs shall be deemed to include the cost of all property rights, easements and franchises deemed necessary or convenient therefor; interest upon the Series 2001 A 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 (as hereinafter defined); engineering and legal expenses; expenses for estimates of costs and revenues, expenses for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the enterprise, administrative expense, commitment fees, fees and expenses of the Authority, discount, initial fees for the services

of registrars, paying agents, depositories or trustees or other costs in connection with the sale of the Series 2001 A Bonds and such other expenses as may be necessary or incidental to the financing herein authorized, the acquisition or construction of the Project and the placing of same in operation, and the performance of the things herein required or permitted, in connection with any thereof, provided, that reimbursement to the Issuer for any amounts expended by it for allowable costs prior to the issuance of the Series 2001 A 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 20 years.

F. It is in the best interests of the Issuer that its Series 2001 A Bonds be sold to the Authority pursuant to the terms and provisions of a loan agreement by and between the Issuer and the Authority, on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), in form satisfactory to the respective parties (the "Loan Agreement"), approved hereby if not previously approved by resolution of the Issuer.

G. There are outstanding obligations of the Issuer which will rank on a parity with the Series 2001 A Bonds as to liens, pledge, source of and security for payment, being the Issuer's (1) Combined Waterworks and Sewerage System Revenue Bonds, Series 1992 (West Virginia SRF Program), dated September 8, 1992, issued in the original aggregate principal amount of $11,900,000 (the "Series 1992 Bonds"), (2) Combined Waterworks and Sewerage System Revenue Bonds, Series 1995 (West Virginia SRF Program), dated April 27, 1995, issued in the original aggregate principal amount of $1,601,477 (the "Series 1995 Bonds"), (3) Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 1997, dated July 1, 1997, issued in the original aggregate principal amount of $10,000,000 (the "Series 1997 Bonds"), (4) Combined Waterworks and Sewerage System Revenue Bonds, Series 2000 A (West Virginia SRF Program), dated February 29, 2000, issued in the original aggregate principal amount of $7,842,000 (the "Series 2000 A Bonds"), and (5) Combined Waterworks and Sewerage System Revenue Bonds, Series 2000 B (West Virginia Infrastructure Fund), dated February 29, 2000, issued in the original aggregate principal amount of $2,488,000 (the "Series 2000 B Bonds") (collectively with the Cheat Neck Public Service District Bond as hereinafter defined, the "Prior Bonds"). There is outstanding an obligation of the Issuer which will rank junior and subordinate to the Series 2001 A Bonds as to liens, pledge, source of and security for payment, being the Issuer's Cheat Neck Public Service District Bond, Series 1992, dated December 16, 1992, issued in the original aggregate principal amount of $313,000 (the "Cheat Neck Public Service District Bond").

H. Prior to the issuance of the Series 2001 A Bonds, the Issuer will obtain (i) the certificate of an Independent Certified Public Accountant stating that the parity tests of the Prior Bonds are met, and (ii) the written consent of the Holders of the Series 1992

Bonds, the Series 1995 Bonds, the Series 2000 A Bonds and the Series 2000 B Bonds to the issuance of the Series 2001 A Bonds on a parity with the Series 1992 Bonds, the Series 1995 Bonds, the Series 2000 A Bonds, and the Series 2000 B Bonds. The written consent of the holders of the Series 1997 Bonds to the issuance of the Series 2001 A Bonds on a parity with the Series 1997 Bonds is not required. The written consent of the holders of the Cheat Neck Public Service District Bond to the issuance of the Series 2001 A Bonds on a senior and prior basis to the Cheat Neck Public Service District Bond is not required. 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. The Issuer is in compliance with all the covenants of the Prior Bonds and the Prior Ordinances.

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 and the principal of and interest on the Series 2001 A Bonds and the Prior Bonds and to make payments into all funds and accounts and other payments provided for herein.

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 2001 A Bonds, or will have so complied prior to issuance of any thereof, including, among other things, the approval of the Project and the financing thereof by the Council and the obtaining of a certificate of public convenience and necessity from the Public Service Commission of West Virginia by final order, the time for rehearing and appeal of which will either have expired prior to the issuance of the Series 2001 A Bonds or such final order will 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 the System; 95% or more of the Net Proceeds of the Series 2001 A 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 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)(D) of the Code and all other entities benefitting 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 in which the Series 2001 A Bonds are to be issued.

L. 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 2001 A Bonds by the Registered Owners of the same from time to time, this Bond Legislation shall be deemed to be and shall constitute a contract between the Issuer and such Bondholders, and the covenants and agreements herein set forth to be performed by the Issuer shall be for the equal benefit, protection and security of the Bondholders of any and all of such Series 2001 A Bonds, all of which shall be of equal rank and without preference, priority or distinction between any one Bond and any other Bonds and by reason of priority of issuance or otherwise, except as expressly provided therein and herein.

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

"Act" means, collectively, Chapter 8, Article 20 and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended and in effect on the date of enactment hereof.

"Ambac Assurance" means Ambac Assurance Corporation, a Wisconsin domiciled stock insurance company.

"Authority" means the West Virginia Water Development Authority, which is expected to be the original purchaser and Registered Owner of the Series 2001 A Bonds, or any other agency, board or department of the State that succeeds to the functions of the Authority, acting in its administrative capacity and upon authorization from the Council under the Act.

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

"Board" means the Morgantown Utility Board of the Issuer.

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

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

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

"Bonds" means, collectively, the Series 2001 A Bonds, the Prior Bonds and, where appropriate, any bonds on a parity therewith subsequently authorized to be issued hereunder or by another ordinance of the Issuer.

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

"Cheat Neck PSD Bond" means the $313,000 Cheat Neck Public Service District Bond, Series 1992, dated December 16, 1992, payable by NMP, Limited Partnership, a West Virginia limited partnership, to the United States Department of Agriculture, Rural Utilities Service, the obligation for payment of the principal of and interest on which has been assumed by the Issuer in the event that NMP Partnership fails to make such payment when due, which obligation of the Issuer is junior and subordinate to the Issuer's obligation to pay the Prior Bonds and the Series 2000 Bonds.

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

"City Manager" means the City Manager of the Issuer.

"Closing Date" means the date upon which there is an exchange of the Series 2001 A Bonds for all or a portion of the proceeds of the Series 2001 A Bonds 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, collectively, Strand Associates, Inc., Madison, Wisconsin, and Burgess & Niple Limited, Charleston, West Virginia, or any qualified engineer or firm of engineers, licensed by the State, that shall at any time hereafter be procured by the Issuer as Consulting Engineers for the System, or portion thereof, in accordance with Chapter 5G, Article 1 of the West Virginia Code of 1931, as amended; provided however, that the Consulting Engineers shall not be a regular, full-time employee of the State or any of its agencies, commissions, or political subdivisions.

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

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

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

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

"First Lien Bonds" means, collectively, the Series 1992 Bonds, the Series 1995 Bonds, the Series 1997 Bonds, the Series 2000 A Bonds and the Series 2000 B Bonds.

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

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

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

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

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

"Independent Certified Public Accountant" 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 Morgantown, a municipal corporation and political subdivision of the State of West Virginia, in Monongalia County, West Virginia, and, unless the context clearly indicates otherwise, includes the Governing Body of the Issuer.

"Loan Agreement" means the 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 2001 A Bonds from the Issuer by the Authority, the form of which shall be approved, and the execution and delivery by the Issuer authorized and directed or ratified, by the Supplemental Resolution.

"Mayor" means the Mayor of the Issuer.

"Net Proceeds" means the face amount of the Series 2001 A Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds, if any, deposited in the Reserve Accounts. For purposes of the Private Business Use limitations set forth herein, the term Net Proceeds shall include any amounts resulting from the investment of proceeds of the Series 2001 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.

"1992 Ordinance" means, collectively, the ordinance of the Issuer enacted September 1, 1992, as supplemented by the supplemental resolution of the Issuer adopted September 1, 1992.

"1995 Ordinance" means, collectively, the ordinance of the Issuer enacted March 8, 1995, as supplemented by the supplemental resolution of the Issuer adopted April 18, 1995.

"1997 Ordinance" means, collectively, the ordinance of the Issuer enacted June 3, 1997, as supplemented by the supplemental resolution of the Issuer adopted June 12, 1997.

"2000 Ordinance" means, collectively, the ordinance of the Issuer enacted February 15, 2000, as supplemented by the Supplemental Resolution of the Issuer adopted February 15, 2000.

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

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

"Outstanding" when used with reference to Bonds or Prior Bonds and as of any particular date, describes all Bonds or Prior Bonds theretofore and thereupon being authenticated and delivered, except (i) any Bond or Prior Bond cancelled by the Bond Registrar or Registrar for Prior Bonds, at or prior to said date; (ii) any Bond or Prior Bonds, for the payment of which 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 X hereof; (iv) any Prior Bond deemed to have been paid; and (v) for purposes of consents or other action by a specified percentage of Bondholders, or holders of Prior Bonds, any Bonds or Prior Bonds registered to the Issuer.

"Parity Bonds" means additional 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 Series 2001 A Bonds in the Supplemental Resolution.

"Prior Bonds" means, collectively, the Series 1992 Bonds, the Series 1995 Bonds, the Series 1997 Bonds, the Series 2000 A Bonds, the Series 2000 B Bonds, and Cheat Neck Public Service District Bond.

"Prior Ordinances" means, collectively, the 1992 Ordinance, the 1995 Ordinance, the 1997 Ordinance and the 2000 Ordinance.

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

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

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

(a) Government Obligations;

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

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

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

(e) Time accounts (including accounts evidenced by time certificates of deposit, time deposits or other similar banking arrangements) which, to the extent not insured by the FDIC, 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 exempt from federal income taxation, and which are rated at least "A" by Moody's Investors Service, Inc. or Standard & Poor's Corporation.

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

"Registrar" means the Bond Registrar.

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

"Reserve Accounts" means, collectively, the respective Reserve Accounts established for the Series 2001 A Bonds and the Prior Bonds.

"Reserve Requirement" means, collectively, the respective amounts required to be on deposit in any Reserve Account for the Prior Bonds and the Series 2001 A Bonds.

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

"Series 1992 Bonds" means the Combined Waterworks and Sewerage System Revenue Bonds, Series 1992 (West Virginia SRF Program), of the Issuer, dated September 8, 1992, issued in the original aggregate principal amount of $11,900,000.

"Series 1992 Bonds Reserve Account" means the Series 1992 Bonds Reserve Account established in the Series 1992 Bonds Sinking Fund pursuant to Section 5.02 of the 1992 Ordinance.

"Series 1992 Bonds Sinking Fund" means the Series 1992 Bonds Sinking Fund established by Section 5.02 of the 1992 Ordinance.

"Series 1995 Bonds" means the Combined Waterworks and Sewerage System Revenue Bonds, Series 1995 (West Virginia SRF Program), of the Issuer, dated April 27, 1995, issued in the original aggregate principal amount of $1,601,477.

"Series 1995 Bonds Reserve Account" means the Series 1995 Bonds Reserve Account established in the Series 1995 Bonds Sinking Fund pursuant to Section 5.02 of the 1995 Ordinance.

"Series 1995 Bonds Sinking Fund" means the Series 1995 Bonds Sinking Fund established by Section 5.02 of the 1995 Ordinance.

"Series 1997 Bonds" means the Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 1997, of the Issuer, dated July 1, 1997, issued in the original aggregate principal amount of $10,000,000.

"Series 1997 Bonds Redemption Account" means the Redemption Account established by Section 4.02 of the 1997 Ordinance.

"Series 1997 Bonds Reserve Account" means the Reserve Account established in the Series 1997 Bonds Sinking Fund pursuant to Section 4.02 of the 1997 Ordinance.

"Series 1997 Bonds Sinking Fund" means the Sinking Fund of the Series 1997 Bonds established by Section 4.02 of the 1997 Ordinance.

"Series 2000 A Bonds" means the Combined Waterworks and Sewerage System Revenue Bonds, Series 2000 A (West Virginia SRF Program), of the Issuer, dated February 29, 2000, issued in the original aggregate principal amount of $7,842,000.

"Series 2000 A Bonds Reserve Account" means the Series 2000 A Bonds Reserve Account established in the Series 2000 A Bonds Sinking Fund pursuant to Section 5.02 of the 2000 Ordinance.

"Series 2000 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 2000 A Bonds in the then current or any succeeding year.

"Series 2000 A Bonds Sinking Fund" means the Series 2000 A Bonds Sinking Fund established by Section 5.02 of the 2000 Ordinance.

"Series 2000 B Bonds" means the Combined Waterworks and Sewerage System Revenue Bonds, Series 2000 B (West Virginia Infrastructure Fund), of the Issuer, dated February 29, 2000, issued in the original aggregate principal amount of $2,488,000.

"Series 2000 B Bonds Reserve Account" means the Series 2000 B Bonds Reserve Account established in the Series 2000 B Bonds Sinking Fund pursuant to Section 5.02 of the 2000 Ordinance.

"Series 2000 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 2000 B Bonds in the then current or any succeeding year.

"Series 2000 B Bonds Sinking Fund" means the Series 2000 B Bonds Sinking Fund established by Section 5.02 of the 2000 Ordinance.

"Series 2001 A Bonds" means the Combined Waterworks and Sewerage System Revenue Bonds, Series 2001 A (West Virginia Infrastructure Fund), of the Issuer, authorized by this Bond Legislation.

"Series 2001 A Bonds Construction Trust Fund" means the Series 2001 A Bonds Construction Trust Fund established by Section 5.01 hereof.

"Series 2001 A Bonds Reserve Account" means the Series 2001 A Bonds Reserve Account established in the Series 2001 A Bonds Sinking Fund pursuant to Section 5.02 hereof.

"Series 2001 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 2001 A Bonds in the then current or any succeeding year.

"Series 2001 A Bonds Sinking Fund" means the Series 2001 A Bonds Sinking Fund established by Section 5.02 hereof.

"Sinking Funds" means, collectively, the respective Sinking Funds established for the Series 2001 A 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 authorizing the sale of the Series 2001 A Bonds; provided, that any matter intended by this Ordinance to be included in the Supplemental Resolution with respect to the Series 2001 A Bonds, and not so included may be included in another Supplemental Resolution.

"Surplus Revenues" means the Net Revenues not required by the Bond Legislation to be set aside and held for the payment of or security for the Series 2001 A Bonds, the Prior Bonds or any other obligations of the Issuer, including, without limitation, the Depreciation Fund, the Sinking Funds and the Reserve Accounts.

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

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

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

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

## ARTICLE II

## AUTHORIZATION OF ACQUISITION AND CONSTRUCTION OF THE PROJECT

Section 2.01. Authorization of Acquisition and Construction of the Project. There is hereby authorized and ordered the acquisition and construction of the Project, at an estimated cost of $4,000,000 in accordance with the plans and specifications which have been prepared by the Board and/or its Consulting Engineers, heretofore filed in the office of the Governing Body. The proceeds of the Series 2001 A Bonds hereby authorized shall be applied as provided in Article VI hereof. The Issuer has received bids and will enter into contracts for the acquisition and construction of the Project, compatible with the financing plan submitted to the Council and the Authority.

The cost of the Project is estimated not to exceed $4,000,000, which will be obtained from proceeds of the Series 2001 A 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 on the Series 2001 A Bonds, funding a reserve account for the Series 2001 A Bonds, paying Costs of the Project not otherwise provided for and paying certain costs of issuance of the Series 2001 A Bonds and related costs, or any or all of such purposes, as determined by the Supplemental Resolution, there shall be issued the negotiable Series 2001 A Bonds of the Issuer. The Series 2001 A Bonds shall be issued as a single bond, designated as "Combined Waterworks and Sewerage System Revenue Bonds, Series 2001 A (West Virginia Infrastructure Fund)," in the principal amount of not more than $4,000,000, and shall have such terms as set forth hereinafter and in the Supplemental Resolution. The proceeds of the Series 2001 A Bonds remaining after funding of the Series 2001 A Bonds Reserve Account (if funded from Bond proceeds) and capitalization of interest, if any, shall be deposited in or credited to the Series 2001 A Bonds Construction Trust Fund established by Section 5.01 hereof, and applied as set forth in Article VI hereof.

Section 3.02. Terms of Bonds. The Series 2001 A Bonds shall be issued in such principal amount; shall bear interest at such rate or rates, not exceeding the then legal maximum, payable quarterly on such dates; shall mature on such dates and in such amounts; and shall be redeemable, in whole or in part, all as the Issuer shall prescribe in a Supplemental Resolution or as specifically provided in the Loan Agreement. The Series 2001 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 2001 A Bonds shall be paid by check or draft of the Paying Agent or its agent, mailed to the Registered Owner thereof at the address as it appears on the books of the Bond Registrar, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner thereof.

Unless otherwise provided by the Supplemental Resolution, the Series 2001 A Bonds shall initially be issued in the form of a single bond, fully registered to the Authority, with a record of advances and a debt service schedule attached, representing the aggregate principal amount of the Series 2001 A Bonds. The Series 2001 A Bonds shall be exchangeable at the option and expense of the Registered Owner for another fully registered Bond or Bonds of the same series in aggregate principal amount equal to the amount of said Bonds then Outstanding and being exchanged, with principal installments or maturities, as applicable, corresponding to the dates of payment of principal installments of said Bonds; provided, that the Authority shall not be obligated to pay any expenses of such exchange.

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

Section 3.03. Execution of Bonds. The Series 2001 A Bonds shall be executed in the name of the Issuer by the Mayor and the City Manager, and the seal of the Issuer shall be affixed thereto or imprinted thereon and attested by the City Clerk. In case any one or more of the officers who shall have signed or sealed the Series 2001 A Bonds shall cease to be such officer of the Issuer before the Series 2001 A Bonds so signed and sealed have been actually sold and delivered, such Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bonds had not ceased to hold such office. Any Series 2001 A Bonds may be signed and sealed on behalf of the Issuer by such person as at the actual time of the execution of such Bonds shall hold the proper office in the Issuer, although at the date of 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 2001 A Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under this Bond Legislation unless and until the Certificate of Authentication and Registration on such Bond, substantially in the form set forth in Section 3.10 hereof shall have been manually executed by the Bond Registrar. Any such executed Certificate of Authentication and Registration upon any such Bond shall be conclusive evidence that such Bond has been authenticated, registered and delivered under this Bond Legislation. The Certificate of Authentication and Registration on any Series 2001 A Bond shall be deemed to have been executed by the Bond Registrar if manually signed by an authorized officer of the Bond Registrar, but it shall not be necessary that the same officer sign the Certificate of Authentication and Registration on all of the Bonds issued hereunder.

Section 3.05. Negotiability, Transfer and Registration. Subject to the provisions for transfer of registration set forth below, the Series 2001 A Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder, in accepting the Series 2001 A Bonds shall be conclusively deemed to have agreed that such Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder shall further be conclusively deemed to have agreed that said Bonds shall be incontestable in the hands of a bona fide holder for value.

So long as the Series 2001 A Bonds remain outstanding, the Issuer, through the Bond Registrar or its agent, shall keep and maintain books for the registration and transfer of such Bonds.

The registered Series 2001 A Bonds shall be transferable only upon the books of the Bond Registrar, by the registered owner thereof in person or by his attorney duly authorized in writing, upon surrender thereto together with a written instrument of transfer satisfactory to the Bond Registrar duly executed by the registered owner or his duly authorized attorney.

In all cases in which the privilege of exchanging Series 2001 A Bonds or transferring the registered Series 2001 A Bonds are exercised, all Series 2001 A Bonds shall be delivered in accordance with the provisions of this Bond Legislation. All Series 2001 A Bonds surrendered in any such exchanges or transfers shall forthwith be canceled by the Bond Registrar. For every such exchange or transfer of Series 2001 A Bonds, the Bond Registrar may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer and the cost of preparing each new Bond upon each exchange or transfer, and any other expenses of the Bond Registrar incurred in connection therewith, which sum or sums shall be paid by the Issuer. The Bond Registrar shall not be obliged to make any such exchange or transfer of Series 2001 A Bonds during the period commencing on the 15th day of the month next preceding an interest payment date on the Series 2001 A Bonds or, in the case of any proposed redemption of Series 2001 A Bonds, next preceding the date of the selection of Bonds to be redeemed, and ending on such interest payment date or redemption date.

Section 3.06. Bonds Mutilated, Destroyed, Stolen or Lost. In case any Series 2001 A Bond shall become mutilated or be destroyed, stolen or lost, the Issuer may, in its discretion, issue, and the Bond Registrar shall, if so advised by the Issuer, authenticate and deliver, a new Bond of the same series and of like tenor as the Bonds so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond, upon surrender and cancellation of such mutilated Bond, or in lieu of and substitution for the Bond destroyed, stolen or lost, and upon the Holder's furnishing satisfactory indemnity and complying with such other reasonable regulations and conditions as the Issuer may prescribe and paying such expenses as the Issuer and the Bond Registrar may incur. All Bonds so surrendered shall be 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 2001 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 Gross Revenues derived from the System as herein provided. No Holder or Holders of the Series 2001 A Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Series 2001 A Bonds or the interest thereon.

Section 3.08. Bonds Secured by Pledge of Gross Revenues; Lien Position with respect to Prior Bonds. The payment of debt service of the Series 2001 A Bonds shall be secured by a first lien on the Gross Revenues derived from the System, on a parity with the lien on the Gross Revenues in favor of the Holders of the First Lien Bonds and senior and prior to the lien on the Gross Revenues in favor of the Holder of the Cheat Neck Public Service District Bond. Such Gross Revenues in an amount sufficient to pay the principal of and interest on the Series 2001 A Bonds and the Prior Bonds and to make all other payments provided for in the Bond Legislation are hereby irrevocably pledged to such payments as they become due.

Section 3.09. Delivery of Bonds. The Issuer shall execute and deliver the Series 2001 A Bonds to the Registrar, and the Registrar shall authenticate, register and deliver the Series 2001 A Bonds to the original purchasers upon receipt of the documents set forth below:

A. If other than the Authority, a list of the names in which the Series 2001 A Bonds are to be registered upon original issuance, together with such taxpayer identification and other information as the Bond Registrar may reasonably require;

B. A request and authorization to the Bond Registrar on behalf of the Issuer, signed by an Authorized Officer, to authenticate and deliver the Series 2001 A Bonds to the original purchasers;

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

D. An executed copy of the Loan Agreement; and

E. The unqualified approving opinion of bond counsel on the Series 2001 A Bonds.

Section 3.10. Form of Bonds. The text of the Series 2001 A Bonds shall be in substantially the following form, with such omissions, insertions and variations as may be necessary and desirable and authorized or permitted hereby, or by any Supplemental Resolution adopted prior to the issuance thereof:

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE CITY OF MORGANTOWN
COMBINED WATERWORKS AND SEWERAGE
SYSTEM REVENUE BOND, SERIES 2001 A
(WEST VIRGINIA INFRASTRUCTURE FUND)

No. AR-1 $_____

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

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

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the West Virginia Infrastructure and Jobs Development Council (the "Council"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement by and between the Issuer and the Authority, on behalf of the Council, dated _____, 200_.

This Bond is issued (i) to pay 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"); (ii) to pay the cost of a surety bond to fund the reserve account for the Bonds of this Series (the "Bonds"); and (iii) to pay certain costs of issuance of the Bonds and related costs. The existing public combined waterworks and sewerage system of the Issuer, the Project, and any further extensions, additions, betterments or improvements thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 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 _____, 200_, and a Supplemental Resolution duly adopted by the Issuer on _____, 200_ (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) COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1992 (WEST VIRGINIA SRF PROGRAM), DATED SEPTEMBER 8, 1992, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $11,900,000 (THE "SERIES 1992 BONDS"); (2) COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1995 (WEST VIRGINIA SRF PROGRAM), DATED APRIL 27, 1995, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,601,477 (THE "SERIES 1995 BONDS"); (3) COMBINED WATERWORKS AND SEWERAGE SYSTEM REFUNDING REVENUE BONDS, SERIES 1997, DATED JULY 1, 1997, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $10,000,000 (THE "SERIES 1997 BONDS"); (4) COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2000 A (WEST VIRGINIA SRF PROGRAM), DATED FEBRUARY 29, 2000, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $7,842,000 (THE "SERIES 2000 A BONDS"); AND (5) COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2000 B (WEST VIRGINIA INFRASTRUCTURE FUND), DATED FEBRUARY 29, 2000, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,488,000 (THE "SERIES 2000 B BONDS") (COLLECTIVELY, THE "FIRST LIEN 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 CHEAT NECK PUBLIC SERVICE DISTRICT BOND, SERIES 1992, DATED DECEMBER 16, 1992, ISSUED IN THE ORIGINAL

AGGREGATE PRINCIPAL AMOUNT OF $313,000 (THE "CHEAT NECK PUBLIC SERVICE DISTRICT BOND").

THE SERIES 1992 BONDS, THE SERIES 1995 BONDS, THE SERIES 1997 BONDS, THE SERIES 2000 A BONDS, THE SERIES 2000 B BONDS AND THE CHEAT NECK PUBLIC SERVICE DISTRICT BOND ARE HEREINAFTER COLLECTIVELY CALLED THE "PRIOR BONDS."

This Bond is payable only from and secured by a pledge of the Gross Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Gross Revenues in favor of the holders of the First Lien Bonds and senior and prior to the Cheat Neck Public Service District Bond, and from moneys in the reserve account created under the Bond Legislation for the Bonds (the "Series 2001 A Bonds Reserve Account"), and unexpended proceeds of the Bonds. Such Gross 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 an indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest hereon, except from said special fund provided from the Gross Revenues, the moneys in the Series 2001 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 125% of the maximum amount payable in any year for principal of and interest on the Bonds, and all other obligations secured by a lien on or payable from such revenues on a parity with the Bonds, including the Prior Bonds, so long as the Series 1997 Bonds are outstanding, and thereafter, 115% of such amount; provided however, that if the Series 1997 Bonds are no longer outstanding and so long as there exists in the Series 2001 A Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with the Bonds, including the Prior Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

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

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

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and 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 Gross 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 MORGANTOWN has caused this Bond to be signed by its Mayor and City Manager, and its corporate seal to be hereunto affixed and attested by its City Clerk, and has caused this Bond to be dated _____, 2001.

[SEAL]

_____
Mayor

_____
City Manager

ATTEST:

_____
City Clerk

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2001 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: _____, 2001.

BRANCH BANKING AND
TRUST COMPANY,
as Registrar

_____
Authorized Officer

EXHIBIT A

RECORD OF ADVANCES

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

TOTAL $_____

EXHIBIT B

DEBT SERVICE SCHEDULE

(Form of)

ASSIGNMENT

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

Dated: _____, _____.

_____

In the presence of:

_____

Section 3.11. Sale of Bonds; Approval and Ratification of Execution of Loan Agreement. The Series 2001 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 and the City Manager are specifically authorized and directed to execute the Loan Agreement in the form attached hereto as "Exhibit A" and made a part hereof, and the City Clerk is directed to affix the seal of the Issuer, attest the same and deliver the Loan Agreement to the Authority, and any such prior execution and delivery is hereby authorized, approved, ratified and confirmed. The Loan Agreement, including all schedules and exhibits attached thereto, are hereby approved an incorporated into this Bond Legislation.

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

## ARTICLE IV

[RESERVED]

## ARTICLE V

## FUNDS AND ACCOUNTS; SYSTEM REVENUES AND APPLICATION THEREOF

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

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

(2) Depreciation Fund (established by the Prior Ordinances);

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

(4) Series 2001 A Bonds Construction Trust Fund.

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

(1) Series 1992 Bonds Sinking Fund (established by the Prior Ordinances);

(2) Within the Series 1992 Bonds Sinking Fund, the Series 1992 Bonds Reserve Account (established by the Prior Ordinances);

(3) Series 1995 Bonds Sinking Fund (established by the Prior Ordinances);

(4) Within the Series 1995 Bonds Sinking Fund, the Series 1995 Bonds Reserve Account (established by the Prior Ordinances);

(5) Series 1997 Bonds Sinking Fund (established by the Prior Ordinances);

(6) Within the Series 1997 Bonds Sinking Fund, the Series 1997 Bonds Reserve Account and the Series 1997 Bonds Redemption Account (established by the Prior Ordinances);

(7) Series 2000 A Bonds Sinking Fund (established by the Prior Ordinances);

(8) Within the Series 2000 A Bonds Sinking Fund, the Series 2000 A Bonds Reserve Account (established by the Prior Ordinances);

(9) Series 2000 B Bonds Sinking Fund (established by the Prior Ordinances);

(10) Within the Series 2000 B Bonds Sinking Fund, the Series 2000 B Bonds Reserve Account (established by the Prior Ordinances);

(11) Series 2001 A Bonds Sinking Fund; and

(12) Within the Series 2001 A Bonds Sinking Fund, the Series 2001 A Bonds Reserve Account.

Section 5.03. System Revenues; Flow of Funds. A. The entire Gross Revenues derived from the operation of the System and all parts thereof shall be deposited upon receipt by the Issuer in the Revenue Fund. The Revenue Fund shall constitute a trust fund for the purposes provided in the Prior Ordinances and this Bond Legislation and shall be kept separate and distinct from all other funds of the Issuer and the Depository Bank and used only for the purposes and in the manner provided in the Prior Ordinances and this Bond Legislation. All moneys at any time on deposit in the Revenue Fund shall be disposed of only in the following manner and order of priority:

(1) The Issuer shall first, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the Commission (i) for deposit in the Series 1992 Bonds Sinking Fund, the amount required by the 1992 Ordinance for payment of the interest on the Series 1992 Bonds; (ii) for deposit in the Series 1995 Bonds Sinking Fund, the amount required by the 1995 Ordinance for payment of the interest on the Series 1995 Bonds; (iii) for deposit in the Series 1997 Bonds Sinking Fund, the amount required by the 1997 Ordinance for payment of the interest on the Series 1997 Bonds; and (iv) commencing 3 months prior to the first date of payment of interest on the Series 2001 A Bonds for which interest has not been capitalized or as required in the Loan Agreement, for deposit in the Series 2001 A Bonds Sinking Fund, an amount equal to 1/3rd of the amount of interest which will become due on the Series 2001 A Bonds on the next ensuing quarterly interest payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 2001 A Bonds Sinking Fund and the next quarterly interest payment date is less than 3 months, then such monthly payments shall be increased proportionately to provide, 1 month prior to the next quarterly interest payment date, the required amount of interest coming due on such date.

(2) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the Commission (i) for deposit in the Series 1992 Bonds Sinking Fund, the amount required by the 1992 Ordinance for payment of the principal of the Series 1992 Bonds; (ii) for deposit in the Series 1995 Bonds Sinking Fund, the amount required by the 1995 Ordinance for payment of the principal of the Series 1995 Bonds; (iii) for deposit in the Series 1997 Bonds Sinking Fund, the amount required by the 1997 Ordinance for payment of the principal of the Series 1997 Bonds; (iv) for deposit in the Series 2000 A Bonds Sinking Fund, the amount required by the 2000 Ordinance for payment of the principal of the Series 2000 A Bonds; (v) for deposit in the Series 2000 B Bonds Sinking Fund, the amount required by the 2000 Ordinance for payment of the principal of the Series 2000 B Bonds; and (vi) commencing 3 months prior to the first date of payment of principal of the Series 2001 A Bonds, for deposit in the Series 2001 A Bonds Sinking Fund, an amount equal to 1/3rd of the amount of principal which will mature and become due on the Series 2001 A Bonds on the next ensuing quarterly principal payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 2001 A Bonds Sinking Fund and the next quarterly principal payment date is less than 3 months, then such monthly payments shall be increased proportionately to provide, 1 month prior to the next quarterly principal payment date, the required amount of principal coming due on such date.

(3) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the Commission (i) for deposit in the Series 1992 Bonds Reserve Account, the amount required by the 1992 Ordinance to be deposited therein; (ii) for deposit in the Series 1995 Bonds Reserve Account, the amount required by the 1995 Ordinance to be deposited therein; (iii) for deposit in the Series 1997 Bonds Reserve Account, the amount required by the 1997 Ordinance to be deposited therein; (iv) for deposit in the Series 2000 A Bonds Reserve Account, the amount required by the 2000 Ordinance to be deposited therein; (v) for deposit in the Series 2000 B Bonds Reserve Account, the amount required by the 2000 Ordinance to be deposited therein; and (vi) commencing 3 months prior to the first date of payment of principal of the Series 2001 A Bonds, if not fully funded upon issuance of the Series 2001 A Bonds, for deposit in the Series 2001 A Bonds Reserve Account, an amount equal to 1/120th of the Series 2001 A Bonds Reserve Requirement; provided that, no further payments shall be made into the Series 2001 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 2001 A Bonds Reserve Requirement.

(4) The Issuer shall next, each month, transfer from the Revenue Fund and deposit in the Operation and Maintenance Fund, an amount sufficient to pay the current Operating Expenses of the System.

(5) The Issuer shall next, from the moneys remaining in the Revenue Fund, on the first day of each month transfer to the Depreciation Fund, an amount equal to 2 1/2% of the Gross Revenues each month (as previously set forth in the Prior Ordinances and not in addition thereto), exclusive of any payments for account of any Reserve Account. All funds in the Depreciation 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 Depreciation Fund for replacements, emergency repairs, improvements or extensions to the System; provided, that any deficiencies in the Reserve Accounts (except to the extent such deficiency exists because the required payments into such accounts have not, as of the date of determination of a deficiency, funded such accounts to the maximum extent required hereof) shall be promptly eliminated with moneys from the Depreciation Fund.

(6) After making all of the foregoing deposits and payments, any excess moneys then remaining in the Revenue Fund ("Surplus Revenues") may be used for any lawful purpose of the System, including payment of interest on and principal of the Cheat Neck Public Service District Bonds, if necessary.

Moneys in the Series 2001 A Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest on the Series 2001 A Bonds, as the same shall become due. Moneys in the Series 2001 A Bonds Reserve Account shall be used only for the purpose of paying principal of and interest on the Series 2001 A Bonds, as the same shall come due, when other moneys in the Series 2001 A Bonds Sinking Fund are insufficient therefor, and for no other purpose.

All investment earnings on moneys in the Series 2001 A Bonds Sinking Fund and the Series 2001 A Bonds Reserve Account shall be returned, not less than once each year, by the Commission to the Issuer, and such amounts shall, during construction of the Project, be deposited in the Series 2001 A Bonds Construction Trust Fund, and following completion of construction of the Project, shall be deposited in the Revenue Fund and applied in full, first to the next ensuing interest payment due on the Series 2001 A Bonds, and then to the next ensuing principal payment due thereon.

Any withdrawals from the Series 2001 A Bonds Reserve Account which results in a reduction in the balance therein to below the Series 2001 A Bonds Reserve Requirement

shall be subsequently restored from the first Gross 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 2001 A Bonds are issued, provision shall be made for additional payments into the respective sinking fund sufficient to pay the interest on such additional parity Bonds and accomplish retirement thereof at maturity and to accumulate a balance in the respective reserve account in an amount equal to the requirement thereof.

The Issuer shall not be required to make any further payments into the Series 2001 A Bonds Sinking Fund or the Series 2001 A Bonds Reserve Account, when the aggregate amount of funds therein are at least equal to the aggregate principal amount of the Series 2001 A Bonds issued pursuant to this Bond Legislation then Outstanding and all interest to accrue until the maturity thereof.

Interest, principal 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 and the Series 2001 A Bonds, and thereafter with respect to the Cheat Neck Public Service District Bond, in accordance with the respective principal amounts then Outstanding.

The Commission is hereby designated as the fiscal agent for the administration of the Series 2001 A Bonds Sinking Fund and the Series 2001 A Bonds Reserve Account created hereunder, and all amounts required for said accounts shall be remitted to the Commission from the Revenue Fund by the Issuer at the times provided herein. 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.

Moneys in the Series 2001 A Bonds Sinking Fund and the Series 2001 A Bonds Reserve Account shall be invested and reinvested by the Commission in accordance with Section 8.01 hereof.

The Series 2001 A Bonds Sinking Fund and the Series 2001 A Bonds Reserve Account shall be used solely and only for, and are hereby pledged for, the purpose of servicing the Series 2001 A Bonds under the conditions and restrictions set forth herein.

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

C. The Issuer shall on the first day of each month (if such day is not a business day, then the next succeeding business day), deposit with the Commission the required interest, principal and reserve payments with respect to the Series 2001 A Bonds and all such payments shall be remitted to the Commission with appropriate instructions as to the custody, use and application thereof consistent with the provisions of this Bond Legislation. All remittances made by the Issuer to the Commission shall clearly identify the fund or account into which each amount is to be deposited.

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

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 moneys in excess of the sum insured by the maximum amounts insured by FDIC in any of the 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 revenues shall be applied to such deficiencies before being applied to any other payments hereunder.

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

Section 5.04. Reserve Account Letter of Credit or Surety Bond. With the advance written consent of the Authority, the Issuer may, in lieu of funding the Series 2001 A Bonds Reserve Account with cash or Qualified Investments, satisfy the Series 2001 A Bonds Reserve Requirement by the deposit into the Series 2001 A Bonds Reserve Account of a reserve account letter of credit, a surety bond, or other credit facility satisfactory to the Authority in an amount at least equal to the Series 2001 A Bonds Reserve Requirement. The

Issuer hereby authorizes the purchase of a reserve account letter of credit, a surety bond, or other credit facility satisfactory to the Authority and the execution and delivery of any applicable reimbursement agreement or note in such forms as shall be described in a Supplemental Resolution.

Section 5.05. Prior Bonds Reserve Accounts Surety Bond. The Issuer has heretofore purchased a surety bond from Ambac Assurance Corporation for the Reserve Accounts for the Prior Bonds, excluding the Cheat Neck Public Service District Bond. The covenants of the Issuer relative to such surety bond are contained in Section 5.03 of the 2000 Ordinance.

## ARTICLE VI

## BOND PROCEEDS; CONSTRUCTION DISBURSEMENTS

Section 6.01. Application of Bond Proceeds; Pledge of Unexpended Bond Proceeds. From the moneys received from the sale of the Series 2001 A Bonds, the following amounts shall be first deducted and deposited in the order set forth below:

A. From the proceeds of the Series 2001 A Bonds, there shall first be deposited with the Commission in the Series 2001 A Bonds Sinking Fund, the amount, if any, set forth in the Supplemental Resolution as capitalized interest.

B. Next, from the proceeds of the Series 2001 A Bonds, there shall be deposited with the Commission in the Series 2001 A Bonds Reserve Account, the amount, if any, set forth in the Supplemental Resolution for funding of the Series 2001 A Bonds Reserve Account.

C. As the Issuer receives advances of the remaining moneys derived from the sale of the Series 2001 A Bonds, such moneys shall be deposited with the Depository Bank in the Series 2001 A Bonds Construction Trust Fund and applied solely to payment of the costs of the Project in the manner set forth in Section 6.02 hereof and until so expended, are hereby pledged as additional security for the Series 2001 A Bonds.

D. After completion of construction of the Project, as certified by the Consulting Engineers, and all costs have been paid, any remaining proceeds of the Series 2001 A Bonds shall be expended as approved by the Council.

Section 6.02. Disbursements From the Series 2001 A Bond Construction Trust Fund. 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 2001 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, stating that:

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

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

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

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

Pending such application, moneys in the Series 2001 A Bonds Construction Trust Fund shall be invested and reinvested in Qualified Investments at the written direction of the Issuer.

The Issuer shall expend all proceeds of the Series 2001 A Bonds within 3 years of the date of issuance of the State's general obligation bonds, the proceeds of which were used to make the loans to 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 2001 A Bonds. In addition to the other covenants, agreements and provisions of this Bond Legislation, the Issuer hereby covenants and agrees with the Holders of the Series 2001 A Bonds as hereinafter provided in this Article VII. All such covenants, agreements and provisions shall be irrevocable, except as provided herein, as long as any of the Series 2001 A Bonds or the interest thereon is Outstanding and unpaid.

Section 7.02. Bonds not to be Indebtedness of the Issuer. The Series 2001 A Bonds shall not be nor constitute an indebtedness of the Issuer within the meaning of any constitutional, statutory or charter limitation, but shall be payable solely from the funds pledged for such payment by this Bond Legislation. No Holder or Holders of the Series 2001 A Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Series 2001 A Bonds or the interest thereon.

Section 7.03. Bonds Secured by Pledge of Gross Revenues; Lien Position with respect to Prior Bonds. The payment of debt service of the Series 2001 A Bonds shall be secured by a first lien on the Gross Revenues derived from the System, on a parity with the lien on the Gross Revenues in favor of the Holders of the First Lien Bonds and senior and prior to the lien on the Gross Revenues in favor of the Holders of the Cheat Neck Public Service District Bond. Such Gross Revenues in an amount sufficient to pay the principal of and interest on the Series 2001 A Bonds and the Prior Bonds and to make all other payments provided for in the Bond Legislation are hereby irrevocably pledged to such payments as they become due.

Section 7.04. Rates and Charges. The Issuer has obtained any and all approvals of rates and charges required by State law and has taken any other action required to establish and impose such rates and charges, with all requisite appeal periods having expired without successful appeal. Such rates and charges shall be sufficient to comply with the requirements of the Loan Agreement. The initial schedule of rates and charges for the services and facilities of the System shall be as set forth in the water rate ordinance of the Issuer enacted November 29, 1994, and the sewer rate ordinance of the Issuer enacted November 4, 1992, as amended by the sewer rate ordinance of the Issuer enacted June 4, 1999, which rates are incorporated herein by reference as a part hereof.

So long as the Series 2001 A Bonds are outstanding, the Issuer covenants and agrees to fix and collect rates, fees and other charges for the use of the System and to take all such actions necessary to provide funds sufficient to produce the required sums set forth in the Bond Legislation and in compliance with the Loan Agreement. In the event the schedule of rates, fees and charges initially established for the System in connection with the Series 2001 A Bonds shall prove to be insufficient to produce the required sums set forth in this Bond Legislation and the Loan Agreement, the Issuer hereby covenants and agrees that it will, to the extent or in the manner authorized by law, immediately adjust and increase such schedule of rates, 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 2001 A Bonds are outstanding and except as otherwise required by 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 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 2001 A Bonds, immediately be remitted to the Commission for deposit in the Series 2001 A Bonds Sinking Fund, and, with the written permission of the Council and the Authority, or in the event the Authority is no longer a Bondholder, the Issuer shall direct the Commission to apply such proceeds to the payment of principal of and interest on the Series 2001 A Bonds. Any balance remaining after the payment of the Series 2001 A 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 Board 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 Board 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 Revenue 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 Board shall first, 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. The proceeds of any such sale shall be deposited in the Depreciation Fund. The payment of such proceeds into the Depreciation Fund shall not reduce the amount required to be paid into such account by other provisions of this Bond Legislation.

No sale, lease or other disposition of the properties of the System shall be made by the Board 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 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.

Notwithstanding any of the foregoing provisions of this Section 7.05 to the contrary, the Issuer hereby reserves the right to sell the Tibbs Run reservoir properties consisting of about 80 acres, and a tract of about 200 acres on Mayfield Road heretofore acquired for the System, neither of which properties is now being used or is useful for the System, such sales to be at such times and in such manner and for such prices as the Issuer, with prior written approval of the Board, shall determine and without any other restrictions upon such sales insofar as this Bond Legislation is concerned. Moneys received upon any such sale under this paragraph, after deduction of all costs of such sale, shall be deposited in the Revenue Fund. Furthermore, the Board and the Issuer are hereby authorized to negotiate, lease and otherwise dispose of the oil and gas minerals underlying a tract of real estate situate in Clinton Taxing District, Monongalia County, West Virginia, and containing 104 acres, more or less, for a royalty of not less than 1/8th of all oil and gas produced from said property, or a delay rental of not less than $312.00 per year, for a primary term of not to exceed 8 years. All moneys received from the leasing of the aforesaid oil and gas or from any other property of the System shall be deposited in the Revenue Fund and expended therefrom as provided herein.

Section 7.06. Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances. Except as provided for in Section 7.06 and Section 7.07 hereof, the Issuer shall not issue any other obligations whatsoever payable from the revenues of the System which rank prior to, or equally, as to lien on and source of and security for payment from such revenues with the Series 2001 A Bonds and the Prior Bonds. All obligations issued by the Issuer after the issuance of the Series 2001 A Bonds and payable from the revenues of the System, except such additional parity Bonds, shall contain an express statement that such obligations are junior and subordinate, as to lien on and source of and security for payment from such revenues and in all other respects, to the Series 2001 A Bonds; provided, that no such subordinate obligations shall be issued unless all payments required to be made into all funds and accounts established by this Bond Legislation have been made and are current at the time of the issuance of such subordinate obligations.

Except as provided above, the Issuer shall not create, or cause or permit to be created, any debt, lien, pledge, assignment, encumbrance or any other charge having priority over or being on a parity with the lien of the Series 2001 A Bonds, and the interest thereon, upon any of the income and revenues of the System pledged for payment of the Series 2001 A Bonds and the interest thereon in this Bond Legislation, or upon the System or any part thereof.

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

Section 7.07. Parity Bonds. So long as the First Lien 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 2001 A Bonds pursuant to this Bond Legislation, without the prior written consent of the Authority and the Council and without complying with the conditions and requirements 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 2001 A Bonds.

No such Parity Bonds shall be issued except for the purpose of financing the costs of design, acquisition or construction of extensions, additions, improvements or betterments to the System or refunding the Series 2001 A Bonds issued pursuant hereto, or both such purposes.

No Parity Bonds shall be issued at any time, however, unless and until there has been procured and filed with the City Clerk a written statement by the Independent Certified Public Accountants, reciting the conclusion that the Net Revenues actually derived, subject to the adjustments hereinafter provided for, from the System during the Fiscal Year immediately preceding the date of the actual issuance of such Parity Bonds so long as the Series 1997 Bonds are outstanding, and thereafter during any 12 consecutive months, within the 18 months immediately preceding the date of the actual issuance of such Parity Bonds, plus the estimated average increased annual Net Revenues expected to be received in each of the 3 succeeding years after the completion of the improvements to be financed by such Parity Bonds, if any, shall, so long as the Series 1997 Bonds are outstanding, not be less than 125%, and thereafter, shall not be less than 115%, of the largest aggregate amount that will mature and become due in any succeeding Fiscal Year for principal of and interest on the following:

(1) The Bonds then Outstanding;

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

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

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

The Net Revenues actually derived from the System during the 12 consecutive month period hereinabove referred to may be adjusted by adding to such Net Revenues such additional Net Revenues which would have been received, in the opinion of the Consulting Engineers and the Independent Certified Public Accountants, as stated in a certificate jointly made and signed by the Consulting Engineers and the Independent Certified Public Accountants, on account of increased rates, rentals, fees and charges for the System enacted by the Issuer, the time for appeal of which shall have expired (without successful appeal) prior to issuance of such Parity Bonds. For purposes of this test, the terms "Gross Revenues" and "Net Revenues" shall not include proceeds from the sale of capital assets.

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 theretofore or subsequently issued from time to time within the limitations of and in compliance with this section. All Bonds, regardless of the time or times of their issuance, shall rank equally with respect to their lien on the Gross Revenues of the System, and their source of and security for payment from the Gross Revenues, without preference of any Bond over any other. The Issuer shall comply fully with all the increased payments into the various funds and accounts created in this Bond Legislation required for and on account of such Parity Bonds, in addition to the payments required for Bonds theretofore issued pursuant to this Bond Legislation.

Parity Bonds shall not be deemed to include bonds, notes, certificates or other obligations subsequently issued, the lien of which on the revenues of the System is subject to the prior and superior lien of the Series 2001 A 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 2001 A Bonds.

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

Section 7.08. Books; Records and Audit. The Board 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 Board shall permit the Authority and the Council, or their agents and representatives, to inspect all books, documents, papers and records relating to the Project and the System at all reasonable times for the purpose of audit and examination. The Board 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 Board shall permit the Authority and the Council, or their agents and representatives, to inspect all records pertaining to the operation and maintenance of the System at all reasonable times following completion of construction of the Project and commencement of operation thereof, or, if the Project is an improvement to an existing system, at any reasonable time following commencement of construction.

The Board 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 Board. 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 Board. The Board 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 Board shall be reported to such agent of the Issuer as the Board shall direct.

The Board shall file with the Authority and the Council, or any other original purchaser of the Series 2001 A Bonds, and shall mail in each year to any Holder or Holders of the Series 2001 A Bonds, requesting the same, an annual report containing the following:

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

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

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

The Board shall also, at least once a year, cause the books, records and accounts of the System to be audited by Independent Certified Public Accountant in compliance with the applicable OMB Circular, or any successor thereof, and the Single Audit Act, or any successor thereof, to the extent legally required, and shall mail upon request, and make available generally, the report of the Independent Certified Public Accountant, or a summary thereof, to any Holder or Holders of the Series 2001 A Bonds and shall submit said report to the Authority and the Council, or any other original purchaser of the Series 2001 A Bonds. Such audit report submitted to the Authority and the Council shall include a statement that the Issuer is in compliance with the terms and provisions of the Act, the Loan Agreement and this Bond Legislation and that the revenues of the System are adequate to meet the Issuer's Operating Expenses and debt service and reserve requirements.

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

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

Section 7.09. Rates. Prior to the issuance of the Series 2001 A 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 City Clerk, which copies will be open to inspection by all interested parties. The schedule of rates and charges shall at all times be

adequate to produce Gross Revenues from the System sufficient to pay Operating Expenses and to make the prescribed payments into the funds created hereunder. Such schedule of rates and charges shall be changed and readjusted whenever necessary so that the aggregate of the rates and charges will be sufficient for such purposes. In order to assure full and continuous performance of this covenant, with a margin for contingencies and temporary unanticipated reduction in income and revenues, the Issuer hereby covenants and agrees that the schedule of rates or charges from time to time in effect shall be sufficient, together with other revenues of the System (i) to provide for all Operating Expenses of the System and (ii) to leave a balance each year equal to at least 125% of the maximum amount required in any year for payment of principal of and interest on the Series 2001 A Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2001 A Bonds, including the Prior Bonds, so long as the Series 1997 Bonds are outstanding, and thereafter 115% of such amount; provided that, in the event the Series 1997 Bonds are no longer outstanding and amounts equal to or in excess of the reserve requirements are on deposit in the Series 2001 A Reserve Account and any reserve accounts for obligations on a parity with the Series 2001 A Bonds are funded at least at the requirement therefor, such balance each year need only equal at least 110% of the maximum amount required in any year for payment of principal of and interest on the Series 2001 A Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2001 A Bonds, including the Prior Bonds. For purposes of this test, the terms "Gross Revenues" and "Net Revenues" shall not include proceeds from the sale of capital assets, so long as the Series 1997 Bonds are outstanding. In any event, the Issuer shall not reduce the rates or charges for services set forth in the rate ordinance described in Section 7.04.

Section 7.10. Operating Budget and Monthly Financial Report. The Board shall annually, at least 45 days preceding the beginning of each Fiscal Year, prepare and adopt by resolution a detailed, balanced budget of the estimated revenues and expenditures for operation and maintenance of the System during the succeeding Fiscal Year and shall submit a copy of such budget to the Authority and the Council within 30 days of adoption thereof. No expenditures for the operation and maintenance of the System shall be made in any Fiscal Year in excess of the amounts provided therefor in such budget without a written finding and recommendation by a registered professional engineer, which finding and recommendation shall state in detail the purpose of and necessity for such increased expenditures for the operation and maintenance of the System, and no such increased expenditures shall be made until the Board shall have approved such finding and recommendation by a resolution duly adopted. No increased expenditures in excess of 10% of the amount of such budget shall be made except upon the further certificate of a registered professional engineer that such increased expenditures are necessary for the continued operation of the System. The Board shall within 30 days of adoption thereof mail copies of such annual budget and all resolutions authorizing increased expenditures for operation and maintenance to the Authority and the Council 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.

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

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

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

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

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

Section 7.13. Enforcement of Collections. The Board 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 Board 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 Board will not render or cause to be rendered any free services of any nature by the System, nor will any preferential rates be established for users of the same class; and in the event the Issuer, or any department, agency, instrumentality, officer or employee of either shall avail itself or themselves of the facilities or services provided by the System, or any part thereof, the same rates, fees or charges applicable to other customers receiving like services under similar circumstances shall be charged the Issuer, the Board 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 Board hereby covenants and agrees that so long as the Series 2001 A Bonds remain Outstanding, the Board 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 Board 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 Depreciation Fund and used only for the repairs and restoration of the damaged or destroyed properties or for the other purposes provided herein for the Depreciation Fund. The Board 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 Board, 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 Board, 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 Board 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 and the Board 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 OR COMPLETION BONDS, such bonds to be in the amounts of not less than 100% of the amount of any construction contract and to be required of each contractor dealing directly with the Board 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 any additions, extensions or improvements for the System in compliance with West Virginia Code, Section 38-2-39.

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

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

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

B. The Board 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 Board shall verify such bonds prior to commencement of construction.

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

Section 7.16. Mandatory Connections. To the extent permitted by the laws of the State 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 7.17. Completion of Project; Permits and Orders. The Board 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 Board has obtained all permits required by state and federal laws for the acquisition and construction of the Project, all orders and approvals from the West Virginia Public Service Commission and the Council necessary for the acquisition and construction of the Project and the operation of the System and all approvals for issuance of the Series 2001 A Bonds required by state law, with all requisite appeal periods having expired without successful appeal.

Section 7.18. Compliance with Loan Agreement and Law. The Issuer and the Board 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 and the Board shall provide the Council with copies of all documents submitted to the Authority.

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

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

A. PRIVATE BUSINESS USE LIMITATION. The Issuer shall assure that (i) not in excess of 10% of the Net Proceeds of the Series 2001 A Bonds are used for Private Business Use if, in addition, the payment of more than 10% of the principal or 10% of the interest due on the Series 2001 A Bonds during the term thereof is, under the terms of the Series 2001 A Bonds or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for a Private Business Use or in payments in respect of property used or to be used for a Private Business Use or is to be derived from payments, whether or not to the Issuer, in respect of property or borrowed money used or to be used for a Private Business Use; and (ii) and that, in the event that both (A) in excess of 5% of the Net Proceeds of the Series 2001 A Bonds are used for a Private Business Use, and (B) an amount in excess of 5% of the principal or 5% of the interest due on the Series 2001 A Bonds during the term thereof is, under the terms of the Series 2001 A Bonds or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for said Private Business Use or in payments in respect of property used or to be used for said Private Business Use or is to be derived from payments, whether or not to the Issuer, in respect of property or borrowed money used or to be used for said Private Business Use, then said excess over said 5% of Net Proceeds of the Series 2001 A Bonds used for a Private Business Use shall be used for a Private Business Use related to the governmental use of the Project, or if the Series 2001 A Bonds are for the purpose of financing more than one project, a portion of the Project, and shall not exceed the proceeds used for the governmental use of that portion of the Project to which such Private Business Use is related, all of the foregoing to be determined in accordance with the Code.

B. PRIVATE LOAN LIMITATION. The Issuer shall assure that not in excess of the lesser of 5% or $5,000,000 of the Net Proceeds of the Series 2001 A Bonds are used, directly or indirectly, to make or finance a loan (other than loans constituting Nonpurpose Investments) to persons other than state or local government units.

C. FEDERAL GUARANTEE PROHIBITION. The Issuer shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause the Series 2001 A Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Code.

D. INFORMATION RETURN. If required, the Issuer shall file all statements, instruments and returns necessary to assure the tax-exempt status of the Series 2001 A Bonds and the interest, if any, thereon, including, without limitation, the information return required under Section 149(e) of the Code.

E. FURTHER ACTIONS. The Issuer shall take any and all actions that may be required of it (including, without limitation, those deemed necessary by the

Authority) so that the interest, if any, on the Series 2001 A Bonds will be and remain excludable from gross income for federal income tax purposes, and shall not take any actions, or fail to take any actions (including, without limitation, those deemed necessary by the Authority), the result of which would adversely affect such exclusion.

Section 7.20. Securities Laws Compliance. The Issuer shall 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 2001 A Bonds or immediately thereafter, enter into written contracts for the immediate acquisition or construction of the Project.

B. The Issuer shall submit all proposed change orders to the Council for written approval. The Issuer shall obtain the written approval of the Council before expending any proceeds of the Series 2001 A Bonds held in "contingency" as set forth in the schedule attached to the Certificate of the Consulting Engineer. The Issuer shall also obtain the written approval of the Council before expending any proceeds of the Series 2001 A Bonds made available due to bid or construction or project underruns.

C. The Issuer shall list the funding as being 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 ground breaking or dedication of the Project.

Section 7.22. Statutory Mortgage Lien. For the further protection of the Holders of the Series 2001 A Bonds, a statutory mortgage lien upon the System is granted and created by the Act, which statutory mortgage lien is hereby recognized and declared to be valid and binding, shall take effect immediately upon delivery of the Series 2001 A Bonds, and 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 Holder of the Cheat Neck Public Service District Bond.

## ARTICLE VIII

## INVESTMENT OF FUNDS; NON ARBITRAGE

Section 8.01. 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 8.01.

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

The Depository Bank shall keep complete and accurate records of all funds, accounts and investments, and shall distribute to the Issuer, at least once each year (or more often if reasonably requested by the Issuer), a summary of such funds, accounts and investment earnings. The Issuer shall retain all such records and any additional records with respect to such funds, accounts and investment earnings so long as any of the Series 2001 A Bonds are Outstanding and as long thereafter as necessary to comply with the Code and assure the exclusion of interest on the Series 2001 A Bonds from gross income for federal income tax purposes.

Section 8.02. Arbitrage and Tax Exemption. The Issuer covenants that (i) it shall not take, or permit or suffer to be taken, any action with respect to the gross or other proceeds of the Series 2001 A Bonds which would cause the Series 2001 A Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code, and (ii) it will take all actions that may be required of it (including, without implied limitation, the timely filing of a federal information return with respect to the Series 2001 ABonds) so that the interest on

the Series 2001 A Bonds will be and remain excludable from gross income for federal income tax purposes, and will not take any actions which would adversely affect such exclusion.

Section 8.03. Tax Certificate; Small Issuer Exemption from Rebate of Excess Investment Earnings to the United States. The Issuer shall deliver a certificate of arbitrage, a tax certificate or other similar certificate to be prepared by nationally recognized bond counsel or tax counsel relating to payment of arbitrage rebate and other tax matters as a condition to issuance of the Series 2001 A Bonds. In addition, the Issuer covenants to comply with all Regulations from time to time in effect and applicable to the Series 2001 A Bonds as may be necessary in order to fully comply with Section 148(f) of the Code, and covenants to take such actions, and refrain from taking such actions, as may be necessary to fully comply with such Section 148(f) of the Code and such Regulations, regardless of whether such actions may be contrary to any of the provisions of this Bond Legislation.

In accordance with Section 148 (f)(4)(D) of the Code, the Issuer covenants that it is a governmental unit with general taxing powers; that no part of the Series 2001 A Bonds are private activity bonds; that 95% or more of the Net Proceeds of the Series 2001 A Bonds are to be used for local governmental activities of the Issuer (or of a governmental unit the jurisdiction of which is entirely within the jurisdiction of the Issuer); and that the aggregate face amount of all the tax-exempt obligations (other than private activity bonds) issued by the Issuer during the calendar year in which the Series 2001 A Bonds are issued does not and will not exceed $5,000,000, determined in accordance with Section 148(f)(4)(D) of the Code and the Regulations from time to time in effect an applicable to the Series 2001 A Bonds. For purposes of the first paragraph of Section 8.03 and for purposes of applying Section 148(f)(4)(D) of the Code, the Issuer and all entities which issue obligations on behalf of the Issuer shall be treated as one issuer; all obligations issued by a governmental unit to make loans to other governmental units with general taxing powers not subordinate to such unit shall, for purposes of applying this first paragraph of Section 8.03 and Section 148(f)(4)(D) of the Code, be treated as not issued by such unit; all obligations issued by a subordinate entity shall, for purposes of applying this first paragraph of Section 8.03 and Section 148(f)(4)(D) of the Code to each other entity to which such entity is subordinate, be treated as issued by such other entity; and an entity formed (or, to the extent provided by the Secretary, as set forth in the Code, availed of) to avoid the purposes of such Section 148(f)(4)(D) of the Code and all other entities benefitting thereby shall be treated as one issuer.

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 covenants to calculate, annually, the rebatable arbitrage, determined in accordance with Section 148(f) of the Code. Upon completion of each such annual calculation, unless otherwise agreed by the Authority, the Issuer shall deposit, or cause to be deposited, in the Rebate Fund such sums as are necessary to cause the aggregate amount on deposit in the Rebate Fund to equal the sum determined to be subject to rebate to the United States,

which, notwithstanding anything herein to the contrary, shall be paid from investment earnings on the underlying fund or account established hereunder and on which such rebatable arbitrage was earned or from other lawfully available sources. Notwithstanding anything herein to the contrary, the Rebate Fund shall be held free and clear of any lien or pledge hereunder and shall be used only for payment of rebatable arbitrage to the United States. The Issuer shall pay, or cause to be paid, to the United States, from the Rebate Fund, the rebatable arbitrage in accordance with Section 148(f) of the Code and such Regulations. In the event that there are any amounts remaining in the Rebate Fund following all such payments required by the preceding sentence, the Depository Bank shall pay said amounts to the Issuer to be used for any lawful purpose of the System. The Issuer shall remit payments to the United States in the time and at the address prescribed by the Regulations as the same may be from time to time in effect with such reports and statements as may be prescribed by such Regulations. In the event that, for any reason, amounts in the Rebate Fund are insufficient to make the payments to the United States which are required, the Issuer shall assure that such payments are made by the Issuer to the United States, on a timely basis, from any funds lawfully available therefor. In addition, the Issuer shall cooperate with the Authority in preparing rebate calculations and in all other respects in connection with rebates and hereby consents to the performance of all matters in connection with such rebates by the Authority at the expense of the Issuer. To the extent not so performed by the Authority, the Issuer and the Depository Bank (at the expense of the Issuer) may provide for the employment of independent attorneys, accountants or consultants compensated on such reasonable basis as the Issuer or the Depository Bank may deem appropriate in order to assure compliance with this Section 8.03. The Issuer shall keep and retain, or cause to be kept and retained, records of the determinations made pursuant to this Section 8.03 in accordance with the requirements of Section 148(f) of the Code and such Regulations. In the event the Issuer fails to make such rebates as required, the Issuer shall pay the required rebate amount, any and all penalties and other amounts, from lawfully available sources, and obtain a waiver from the Internal Revenue Service, if necessary, and take any other actions necessary, in order to maintain the exclusion of interest on the Series 2001 A Bonds from gross income for federal income tax purposes.

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

The Issuer shall submit to the Authority within 15 days following the end of each Bond Year a certified copy of its rebate calculation and certificate with respect thereto or, if the Issuer qualifies for the small governmental issue exception to rebate, or any other exception thereto, then the Issuer shall submit to the Authority a certificate stating that it is

exempt from such rebate provisions and that no event has occurred to its knowledge during the Bond Year which would make the Series 2001 A Bonds subject to rebate. The Issuer shall also furnish to the Authority, at any time, such additional information relating to rebate as may be reasonably requested by the Authority including information with respect to earnings on all funds constituting "gross proceeds" of the Series 2001 A Bonds (as such term "gross proceeds" is defined in the Code).

## 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 2001 A Bonds:

(1) If default occurs in the due and punctual payment of the principal of or interest on any Series 2001 A Bonds; or

(2) If default occurs in the Issuer or Bond's observance of any of the covenants, agreements or conditions on their respective parts relating to the Series 2001 A Bonds set forth in this Bond Legislation, any supplemental resolution or in the Series 2001 A Bonds, and such default shall have continued for a period of 30 days after the Issuer or Board, as appropriate shall have been given written notice of such default by the Commission, the Depository Bank, the Registrar, the Paying Agent or any other Paying Agent or a Holder of a Bond; or

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

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

Section 9.02. Remedies. Upon the happening and continuance of any Event of Default, any Registered Owner of a Bond may exercise any available remedy and bring any appropriate action, suit or proceeding to enforce his or her rights and, in particular, (i) bring suit for any unpaid principal or interest then due, (ii) by mandamus or other appropriate proceeding enforce all rights of such Registered Owners including the right to require the Issuer to perform its duties under the Act and the Bond Legislation relating thereto, including but not limited to the making and collection of sufficient rates or charges for services rendered by the System, (iii) bring suit upon the Bonds; (iv) by action at law or bill in equity require the Issuer to account as if it were the trustee of an express trust for the Registered Owners of the Bonds, and (v) by action or bill in equity enjoin any acts in violation of the Bond Legislation with respect to the Bonds, or the rights of such Registered Owners; provided however, that all rights and remedies of the Holders of the Series 2001 A Bonds shall be on a parity with those of the Holders of the First Lien Bonds and senior to those of the Holders of the Cheat Neck Public Service District Bond.

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

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

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

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

Any receiver appointed as provided herein shall hold and operate the System in the name of the Issuer and for the joint protection and benefit of the Issuer and Registered Owners of the Bonds. Such receiver shall have no power to sell, assign, mortgage or otherwise dispose of any assets of any kind or character belonging or pertaining to the System, but the authority of such receiver shall be limited to the completion of the Project

and the possession, operation and maintenance of the System for the sole purpose of the protection of both the Issuer and Registered Owners of such Bonds and the curing and making good of any Event of Default with respect thereto under the provisions of this Bond Legislation, and the title to and ownership of said System shall remain in the Issuer, and no court shall have any jurisdiction to enter any order or decree permitting or requiring such receiver to sell, assign, mortgage or otherwise dispose of any assets of the System.

## ARTICLE X

## PAYMENT OF BONDS

Section 10.01. Payment of Bonds. If the Issuer shall pay or there shall otherwise be paid to the Holders of the Series 2001 A Bonds, the principal of and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Bond Legislation, then the pledge of Gross 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 2001 A Bonds shall thereupon cease, terminate and become void and be discharged and satisfied, except as may otherwise be necessary to assure the exclusion of interest on the Series 2001 A Bonds from gross income for federal income tax purposes.

## ARTICLE XI

## MISCELLANEOUS

Section 11.01. Amendment or Modification of Bond Legislation. Prior to the issuance of the Series 2001 A Bonds, this Ordinance may be amended or supplemented in any way by the Supplemental Resolution. Following issuance of the Series 2001 A Bonds, no material modification or amendment of this Ordinance, or of any ordinance, resolution or order amendatory or supplemental hereto, that would materially and adversely affect the rights of Registered Owners of the Series 2001 A Bonds shall be made without the consent in writing of the Registered Owners of the Series 2001 A Bonds so affected and then Outstanding; provided, that no change shall be made in the maturity of any Bond or Bonds or the rate of interest thereon, or in the principal amount thereof, or affecting the unconditional promise of the Issuer to pay such principal and interest out of the funds herein pledged therefor without the consent of the Registered Owner thereof. No amendment or modification shall be made that would reduce the percentage of the principal amount of the Series 2001 A Bonds required for consent to the above-permitted amendments or modifications. Notwithstanding the foregoing, this Bond Legislation may be amended without the consent of any Bondholder as may be necessary to assure compliance with Section 148(f) of the Code relating to rebate requirements or otherwise as may be necessary to assure the excludability of interest on the Series 2001 A Bonds from gross income of the holders thereof.

Section 11.02. Bond Legislation Constitutes Contract. The provisions of the Bond Legislation shall constitute a contract between the Issuer and the Registered Owners of the 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 2001 A Bonds.

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

Section 11.05. Conflicting Provisions Repealed; Prior Ordinances. All ordinances, orders or resolutions and or parts thereof in conflict with the provisions of this Ordinance are, to the extent of such conflict, hereby repealed; provided that, in the event of

any conflict between this Ordinance and the Prior Ordinances, the Prior Ordinances shall control (unless less restrictive), so long as the Prior Bonds are outstanding.

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

Section 11.07. The Issuer does hereby appoint, designate and approve the hiring of Steptoe & Johnson, Clarksburg, West Virginia, as bond counsel to the Issuer and the Board in connection with the issuance by the Issuer of the Series 2001 A Bonds.

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

Section 11.09. 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 Dominion Post, a newspaper published and of general circulation in The City of Morgantown, together with a notice stating that this Ordinance has been adopted and that the Issuer contemplates the issuance of the Bonds, and that any person interested may appear before the Governing Body upon a date certain, not less than ten days subsequent to the date of the first publication of such abstract of this Ordinance and notice, and present protests, and that a certified copy of this Ordinance is on file with the Governing Body for review by interested persons during office hours of the Governing Body. At such hearing, all objections and suggestions shall be heard and the Governing Body shall take such action as it shall deem proper in the premises.

| | |
|---|---|
| Passed on First Reading: | December 19, 2000 |
| Passed on Second Reading: | January 3, 2001 |
| Passed on Final Reading Following Public Hearing: | January 16, 2001 |

_____
Mayor

ATTEST:

_____
City Clerk

APPROVED AND CORRECT AS TO FORM:

_____
City Solicitor

02/02/01
627490/00003

CERTIFICATION

CH420658.2

Certified a true copy of an Ordinance duly enacted by the Council of THE CITY OF MORGANTOWN on the 16th day of January, 2001.

Dated: February 8, 2001.

[SEAL]

_____

City Clerk

EXHIBIT A

Loan Agreement is included in bond transcript as Documents 3.

THE CITY OF MORGANTOWN

Combined Waterworks and Sewerage System Revenue Bonds,
Series 2001 A (West Virginia Infrastructure Fund)

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNT, DATE, MATURITY DATE, REDEMPTION PROVISION, INTEREST RATE, INTEREST AND PRINCIPAL PAYMENT DATES, SALE PRICE AND OTHER TERMS OF THE COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2001 A (WEST VIRGINIA INFRASTRUCTURE FUND), OF THE CITY OF MORGANTOWN, APPROVING AND RATIFYING A LOAN AGREEMENT RELATING TO SUCH BONDS AND THE SALE AND DELIVERY OF SUCH BONDS TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

WHEREAS, the city council (the "Governing Body") of The City of Morgantown (the "Issuer") has duly and officially adopted and enacted a bond ordinance, effective January 16, 2001 (the "Bond Ordinance"), entitled:

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF EXTENSIONS, ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE WATERWORKS PORTION OF THE EXISTING PUBLIC COMBINED WATERWORKS AND SEWERAGE SYSTEM OF THE CITY OF MORGANTOWN AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE CITY OF NOT MORE THAN $4,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2001 A (WEST VIRGINIA INFRASTRUCTURE FUND); PROVIDING FOR THE RIGHTS

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

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

WHEREAS, the Bond Ordinance provides for the issuance of the Combined Waterworks and Sewerage System Revenue Bonds, Series 2001 A (West Virginia Infrastructure Fund), of the Issuer (the "Bonds" or the "Series 2001 A Bonds"), in the aggregate principal amount not to exceed $4,000,000, and has authorized the execution and delivery of the loan agreement relating to the Series 2001 A Bonds, by and between the Issuer and the Authority, on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council") (the "Loan Agreement"), all in accordance with Chapter 8, Article 20 and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"); and in the Bond Ordinance it is provided that the form of the Loan Agreement and the exact principal amount, date, maturity date, redemption provision, interest rate, interest and principal payment dates, sale price and other terms of the Bonds should be established by a supplemental resolution pertaining to the Bonds; and that other matters relating to the Bonds be herein provided for;

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

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

WHEREAS, the Governing Body deems it essential and desirable that this supplemental resolution (the "Supplemental Resolution") be adopted, that the Loan Agreement be ratified and approved by the Issuer, that the exact principal amount, the date, the maturity date, the redemption provision, the interest rate, the interest and principal payment dates and the sale price of the Bonds be fixed hereby in the manner stated herein, and that other matters relating to the Bonds be herein provided for;

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

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 Combined Waterworks and Sewerage System Revenue Bonds, Series 2001 A (West Virginia Infrastructure Fund), of the Issuer, originally represented by a single Bond, numbered AR-1, in the principal amount of $3,812,470. The Series 2001 A Bonds shall be dated the date of delivery thereof, shall finally mature December 1, 2015, and shall bear interest at the rate of 3% per annum. The principal of and interest on the Bonds shall be payable quarterly, on March 1, June 1, September 1 and December 1 of each year, commencing June 1, 2002, and maturing December 1, 2015, and in the amounts as set forth in the "Schedule Y" attached to the Loan Agreement and incorporated in and made a part of the Series 2001 A Bonds. The Series 2001 A Bonds shall be subject to redemption upon the written consent of the Authority and the Council, and upon payment of the interest and redemption premium, if any, and otherwise in compliance with the Loan Agreement, so long as the Authority shall be the registered owner of the Series 2001 A Bonds.

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

Section 3. The Issuer does hereby ratify, approve, and accept the Loan Agreement, a copy of which is incorporated herein by reference, and the execution and delivery of the Loan Agreement by the Mayor and/or City Manager, and the performance of the obligations contained therein, on behalf of the Issuer, are hereby authorized, directed, ratified and approved. The Issuer hereby affirms all covenants and representations made in the Loan Agreement and in the applications to the Council and the Authority. The price of the Bonds shall be 100% of par value, there being no interest accrued thereon, provided that the proceeds of the Bonds shall be advanced from time to time as requisitioned by the Issuer.

Section 4. The Issuer does hereby appoint and designate 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, Morgantown, West Virginia, to serve as Depository Bank under the Bond Ordinance.

Section 7. Series 2001 A Bonds proceeds in the amount of $-0- shall be deposited in the Series 2001 A Bonds Sinking Fund, as capitalized interest.

Section 8. Series 2001 A Bonds proceeds in the amount of $16,000.00, shall be used to purchase a Surety Bond to fund the Series 2001 A Bonds Reserve Account.

Section 9. The proceeds of the Series 2001 A Bonds shall be deposited in or credited to the Series 2001 A Bonds Construction Trust Fund for payment of the costs of the Project, including, without limitation, costs of issuance of the Bonds, purchase of a Surety Bond and related costs.

Section 10. The Mayor, City Manager and City Clerk are hereby authorized and directed to execute and deliver such other documents and certificates required or desirable in connection with the Bonds hereby and by the Bond Ordinance approved and provided for, to the end that the Bonds may be delivered on or about February 8, 2001, to the Authority pursuant to the Loan Agreement.

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

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

Section 13. The Issuer hereby determines to invest all moneys in the funds and accounts established by the Bond Ordinance held by the Depository Bank until expended, in repurchase agreements or time accounts, secured by a pledge of Government Obligations, and therefore, the Issuer hereby directs the Depository Bank to take such actions as may be necessary to cause such moneys to be invested in such repurchase agreements or time accounts until further directed in writing by the Issuer. Moneys in the Series 2001 A Bonds Sinking Fund, including the Series 2001 A Bonds Reserve Account therein, if any, shall be invested by the West Virginia Municipal Bond Commission in the West Virginia Consolidated Fund.

Section 14. 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. The Issuer hereby appoints the General Manager of the Morgantown Utility Board as its agent for the review and approval of all future invoices for the Project to be paid from the proceeds of the Bonds.

Section 15. The Issuer hereby appoints the Morgantown Utility Board as agent of the Issuer for the purpose of receiving all advances of the proceeds of the Bonds from the Council, and the Issuer hereby assigns its right to receive such advances to the Morgantown Utility Board.

Section 16. This Supplemental Resolution shall be effective immediately following adoption hereof.

Adopted this 6th day of February, 2001.

_____
Mayor

ATTEST:

_____
City Clerk

APPROVED AND CORRECT AS TO FORM:

_____
City Solicitor

CERTIFICATION

Certified a true copy of a Supplemental Resolution duly adopted by the Council of The City of Morgantown on the 6th day of February, 2001.

Dated: February 8, 2001.

[SEAL]

City Clerk

2/7/06
627490/00003

SPECIMEN

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE CITY OF MORGANTOWN
COMBINED UTILITY SYSTEM REVENUE BOND
SERIES 2001 A
(WEST VIRGINIA INFRASTRUCTURE FUND)

No. AR-1 $3,812,470

KNOW ALL MEN BY THESE PRESENTS: That THE CITY OF MORGANTOWN, a municipal corporation and political subdivision of the State of West Virginia in Monongalia 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 THREE MILLION EIGHT HUNDRED TWELVE THOUSAND FOUR HUNDRED SEVENTY DOLLARS ($3,812,470), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing June 1, 2002, as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference, with interest payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing June 1, 2002, at the rate per annum as set forth on EXHIBIT B attached hereto.

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

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the West Virginia Infrastructure and Jobs Development Council (the "Council"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement by and between the Issuer and the Authority, on behalf of the Council, dated February 8, 2001.

This Bond is issued (i) to pay the costs of acquisition and construction of certain extensions, additions, betterments and improvements to the waterworks portion of the existing public combined waterworks, sewerage, and stormwater system of the Issuer (the "Project"); (ii) to pay the cost of a surety bond to fund the reserve account for the Bonds of this Series (the "Bonds"); and (iii) to pay certain costs of issuance of the Bonds and related costs. The existing public combined waterworks, sewerage, and stormwater system of the Issuer, the Project, and any further extensions, additions, betterments or improvements thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 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 January 16, 2001, a Supplemental Resolution and Second Supplemental Resolution, both duly adopted by the Issuer on February 6, 2001, and an Amendatory Ordinance duly enacted by the Issuer on April 17, 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) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 1992 (WEST VIRGINIA SRF PROGRAM), DATED SEPTEMBER 8, 1992, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $11,900,000 (THE "SERIES 1992 BONDS"); (2) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 1995 (WEST VIRGINIA SRF PROGRAM), DATED APRIL 27, 1995, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,601,477 (THE "SERIES 1995 BONDS"); (3) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2000 A (WEST VIRGINIA SRF PROGRAM), DATED FEBRUARY 29, 2000, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $7,842,000 (THE "SERIES 2000 A BONDS"); AND (4) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2000 B (WEST VIRGINIA INFRASTRUCTURE FUND), DATED FEBRUARY 29, 2000, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,488,000 (THE "SERIES 2000 B BONDS") (COLLECTIVELY, THE "PRIOR BONDS").

This Bond is payable only from and secured by a pledge of the Gross Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Gross Revenues in favor of the holders of the Prior Bonds, and from moneys in the reserve account created under the Bond Legislation for the Bonds (the "Series 2001 A Bonds Reserve Account"), and unexpended proceeds of the Bonds. Such Gross 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 an indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest hereon, except from said special fund provided from the Gross Revenues, the moneys in the Series 2001 A Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest on the Bonds, and all other obligations secured by a lien on or payable from such revenues on a parity with the Bonds, including the Prior Bonds; provided however, that so long as there exists in the Series 2001 A Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with the Bonds, including the Prior Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

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

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and 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 Gross 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.

**[Remainder of Page Intentionally Left Blank]**

SPECIMEN

IN WITNESS WHEREOF, THE CITY OF MORGANTOWN has caused this Bond to be signed by its Mayor and City Manager, and its corporate seal to be hereunto affixed and attested by its City Clerk, and has caused this Bond to be dated August 14, 2007.

[SEAL]

Mayor

City Manager

ATTEST:

Acting City Clerk

SPECIMEN

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2001 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: August 14, 2007.

THE HUNTINGTON NATIONAL BANK,
as Registrar

Authorized Officer

WEST VIRGINIA INFRASTRUCTURE FUND

# RECORD OF ADVANCES

Project Name: Morgantown Utility Board

Date Closed: 02/08/01

Loan Amount: $3,812,470

Series 2001 A

| | Amount | Date | | Amount | Date |
|---|---|---|---|---|---|
| 1 | $232,041 | 02/08/01 | 18 | $41,479 | 08/30/02 |
| 2 | 175,305 | 05/15/01 | 19 | 56,941 | 09/30/02 |
| 3 | 92,296 | 05/31/01 | 20 | 22,474 | 10/31/02 |
| 4 | 150,311 | 06/26/01 | 21 | 41,159 | 11/25/02 |
| 5 | 117,120 | 07/16/01 | 22 | 10,588 | 12/20/02 |
| 6 | 124,647 | 08/31/01 | 23 | 19,860 | 01/31/03 |
| 7 | 84,989 | 09/28/01 | 24 | 27,371 | 02/28/03 |
| 8 | 500,906 | 10/31/01 | 25 | 12,014 | 03/31/03 |
| 9 | 329,061 | 11/30/01 | 26 | 25,274 | 04/30/03 |
| 10 | 272,087 | 12/21/01 | 27 | 51,509 | 05/30/03 |
| 11 | 234,735 | 01/31/02 | 28 | 4,996 | 06/25/03 |
| 12 | 252,296 | 02/28/02 | 29 | 77,169 | 08/29/03 |
| 13 | 159,288 | 03/29/02 | 30 | 53,641 | 10/31/03 |
| 14 | 330,973 | 04/30/02 | 31 | 3,356 | 11/24/03 |
| 15 | 45,226 | 05/31/02 | 32 | 38,361 | 01/31/05 |
| 16 | 125,979 | 06/25/02 | 33 | | |
| 17 | 99,018 | 07/31/02 | 34 | | |
| | $3,326,278 | | | $486,192 | |
| | Total | | | $3,812,470 | |

EXHIBIT B

## Morgantown Utility Board (West Virginia)

*Loan of $3,812,470*
*15 Years, 3% Interest Rate*
*Closing Date: February 8, 2001*

### DEBT SERVICE SCHEDULE

| Date | Principal | Coupon | Interest | Total P+I |
|---|---|---|---|---|
| 3/01/2001 | - | - | - | - |
| 6/01/2001 | - | - | - | - |
| 9/01/2001 | - | - | - | - |
| 12/01/2001 | - | - | - | - |
| 3/01/2002 | - | - | - | - |
| 6/01/2002 | 56,257.00 | 3.000% | 28,593.53 | 84,850.53 |
| 9/01/2002 | 56,679.00 | 3.000% | 28,171.60 | 84,850.60 |
| 12/01/2002 | 57,104.00 | 3.000% | 27,746.51 | 84,850.51 |
| 3/01/2003 | 57,532.00 | 3.000% | 27,318.23 | 84,850.23 |
| 6/01/2003 | 57,964.00 | 3.000% | 26,886.74 | 84,850.74 |
| 9/01/2003 | 58,398.00 | 3.000% | 26,452.01 | 84,850.01 |
| 12/01/2003 | 58,836.00 | 3.000% | 26,014.02 | 84,850.02 |
| 3/01/2004 | 59,278.00 | 3.000% | 25,572.75 | 84,850.75 |
| 6/01/2004 | 59,722.00 | 3.000% | 25,128.17 | 84,850.17 |
| 9/01/2004 | 60,170.00 | 3.000% | 24,680.25 | 84,850.25 |
| 12/01/2004 | 60,622.00 | 3.000% | 24,228.98 | 84,850.98 |
| 3/01/2005 | 61,076.00 | 3.000% | 23,774.31 | 84,850.31 |
| 6/01/2005 | 61,534.00 | 3.000% | 23,316.24 | 84,850.24 |
| 9/01/2005 | 61,996.00 | 3.000% | 22,854.74 | 84,850.74 |
| 12/01/2005 | 62,461.00 | 3.000% | 22,389.77 | 84,850.77 |
| 3/01/2006 | 62,929.00 | 3.000% | 21,921.31 | 84,850.31 |
| 6/01/2006 | 63,401.00 | 3.000% | 21,449.34 | 84,850.34 |
| 9/01/2006 | 63,877.00 | 3.000% | 20,973.83 | 84,850.83 |
| 12/01/2006 | 64,356.00 | 3.000% | 20,494.76 | 84,850.76 |
| 3/01/2007 | 64,838.00 | 3.000% | 20,012.09 | 84,850.09 |
| 6/01/2007 | 65,325.00 | 3.000% | 19,525.80 | 84,850.80 |
| 9/01/2007 | 65,815.00 | 3.000% | 19,035.86 | 84,850.86 |
| 12/01/2007 | 66,308.00 | 3.000% | 18,542.25 | 84,850.25 |
| 3/01/2008 | 66,806.00 | 3.000% | 18,044.94 | 84,850.94 |
| 6/01/2008 | 67,307.00 | 3.000% | 17,543.90 | 84,850.90 |
| 9/01/2008 | 67,811.00 | 3.000% | 17,039.09 | 84,850.09 |
| 12/01/2008 | 68,320.00 | 3.000% | 16,530.51 | 84,850.51 |
| 3/01/2009 | 68,832.00 | 3.000% | 16,018.11 | 84,850.11 |
| 6/01/2009 | 69,349.00 | 3.000% | 15,501.87 | 84,850.87 |
| 9/01/2009 | 69,869.00 | 3.000% | 14,981.75 | 84,850.75 |
| 12/01/2009 | 70,393.00 | 3.000% | 14,457.74 | 84,850.74 |
| 3/01/2010 | 70,921.00 | 3.000% | 13,929.79 | 84,850.79 |
| 6/01/2010 | 71,453.00 | 3.000% | 13,397.88 | 84,850.88 |
| 9/01/2010 | 71,988.00 | 3.000% | 12,861.98 | 84,849.98 |
| 12/01/2010 | 72,528.00 | 3.000% | 12,322.07 | 84,850.07 |
| 3/01/2011 | 73,072.00 | 3.000% | 11,778.11 | 84,850.11 |
| 6/01/2011 | 73,620.00 | 3.000% | 11,230.07 | 84,850.07 |
| 9/01/2011 | 74,173.00 | 3.000% | 10,677.92 | 84,850.92 |
| 12/01/2011 | 74,729.00 | 3.000% | 10,121.63 | 84,850.63 |
| 3/01/2012 | 75,289.00 | 3.000% | 9,561.16 | 84,850.16 |
| 6/01/2012 | 75,854.00 | 3.000% | 8,996.49 | 84,850.49 |

# Morgantown Utility Board (West Virginia)

*Loan of $3,812,470*
*15 Years, 3% Interest Rate*
*Closing Date: February 8, 2001*

## DEBT SERVICE SCHEDULE

| Date | Principal | Coupon | Interest | Total P+I |
|---|---|---|---|---|
| 9/01/2012 | 76,423.00 | 3.000% | 8,427.59 | 84,850.59 |
| 12/01/2012 | 76,996.00 | 3.000% | 7,854.41 | 84,850.41 |
| 3/01/2013 | 77,574.00 | 3.000% | 7,276.94 | 84,850.94 |
| 6/01/2013 | 78,155.00 | 3.000% | 6,695.14 | 84,850.14 |
| 9/01/2013 | 78,742.00 | 3.000% | 6,108.98 | 84,850.98 |
| 12/01/2013 | 79,332.00 | 3.000% | 5,518.41 | 84,850.41 |
| 3/01/2014 | 79,927.00 | 3.000% | 4,923.42 | 84,850.42 |
| 6/01/2014 | 80,527.00 | 3.000% | 4,323.97 | 84,850.97 |
| 9/01/2014 | 81,130.00 | 3.000% | 3,720.02 | 84,850.02 |
| 12/01/2014 | 81,739.00 | 3.000% | 3,111.54 | 84,850.54 |
| 3/01/2015 | 82,352.00 | 3.000% | 2,498.50 | 84,850.50 |
| 6/01/2015 | 82,970.00 | 3.000% | 1,880.86 | 84,850.86 |
| 9/01/2015 | 83,592.00 | 3.000% | 1,258.58 | 84,850.58 |
| 12/01/2015 | 84,219.00 | 3.000% | 631.64 | 84,850.64 |
| Total | 3,812,470.00 | - | 854,308.10 | 4,666,778.10 |

## YIELD STATISTICS

| | |
|---|---|
| Accrued Interest from 02/08/2001 to 02/08/2001 | (121,681.33) |
| Bond Year Dollars | $32,532.98 |
| Average Life | 8.533 Years |
| Average Coupon | 2.6259757% |
| Net Interest Cost (NIC) | 2.6259757% |
| True Interest Cost (TIC) | 3.0197990% |
| Bond Yield for Arbitrage Purposes | 3.0197990% |
| All Inclusive Cost (AIC) | 3.0197990% |

## IRS FORM 8038

| | |
|---|---|
| Net Interest Cost | 3.0000002% |
| Weighted Average Maturity | 8.533 Years |

SPECIMEN

(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:

_____

06/31/07
627490.00019

2006 A

BOND ORDINANCE

THE CITY OF MORGANTOWN

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF EXTENSIONS, ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE SEWERAGE PORTION OF THE EXISTING PUBLIC COMBINED WATERWORKS AND SEWERAGE SYSTEM OF THE CITY OF MORGANTOWN AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE CITY OF NOT MORE THAN $8,500,000 IN AGGREGATE PRINCIPAL AMOUNT OF COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2006 A (WEST VIRGINIA SRF PROGRAM); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING A LOAN AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

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

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 and Chapter 22C, Article 2 of the West Virginia Code of 1931, as amended (collectively, the "Act"), and other applicable provisions of law.

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

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

B. The Issuer presently owns and operates, through the Morgantown Utility Board (the "Board"), a public combined waterworks and sewerage system. 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 sewerage portion of the existing public combined waterworks and sewerage system of the Issuer, consisting of upgrading the wastewater treatment plant and making other system upgrades, specifically including, but not limited to, necessary improvements to lift stations, force mains, interceptors and/or collection systems, 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 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"), in connection with the West Virginia Water Pollution Control Revolving Fund Program (the "SRF Program"), which the Authority administers pursuant to the Act and a contribution from the Issuer ("Issuer's Contribution").

D. It is deemed necessary for the Issuer to issue its Combined Waterworks and Sewerage System Revenue Bonds, Series 2006 A (West Virginia SRF Program), in the aggregate principal amount of not more than $8,500,000 (the "Series 2006 A Bonds"), to permanently finance the costs of acquisition and construction of the Project. Said costs shall be deemed to include the cost of all property rights, easements and franchises deemed necessary or convenient therefor and eligible under the SRF Program; interest upon the Series 2006 A 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 Series 2006 A Bonds Reserve Account (as hereinafter defined) or amounts which may be used to purchase a surety bond to fund the Series 2006 A Bonds Reserve Account; engineering and legal expenses; expenses for estimates of costs and revenues, expenses for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the enterprise, administrative expense, commitment fees, fees and expenses of the Authority, including the SRF Administrative Fee (as hereinafter defined); discount, initial fees for the services of registrars, paying agents, depositories or trustees or other costs in connection with the sale of the Series 2006 A Bonds and such other expenses as may be necessary or incidental to the financing herein authorized,

the acquisition or construction of the Project and the placing of same in operation, and the performance of the things herein required or permitted, in connection with any thereof, provided, that reimbursement to the Issuer for any amounts expended by it for allowable costs prior to the issuance of the Series 2006 A 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 20 years.

F. It is in the best interests of the Issuer that its Series 2006 A Bonds be sold to the Authority pursuant to the terms and provisions of a loan agreement by and among the Issuer, the Authority and the West Virginia Department of Environmental Protection (the "DEP"), in form satisfactory to the respective parties (the "Loan Agreement"), approved hereby if not previously approved by resolution of the Issuer.

G. There are outstanding obligations of the Issuer which will rank on a parity with the Series 2006 A Bonds as to liens, pledge, source of and security for payment, being the Issuer's (1) Combined Waterworks and Sewerage System Revenue Bonds, Series 1992 (West Virginia SRF Program), dated September 8, 1992, issued in the original aggregate principal amount of $11,900,000 (the "Series 1992 Bonds"), (2) Combined Waterworks and Sewerage System Revenue Bonds, Series 1995 (West Virginia SRF Program), dated April 27, 1995, issued in the original aggregate principal amount of $1,601,477 (the "Series 1995 Bonds"), (3) Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 1997, dated July 1, 1997, issued in the original aggregate principal amount of $10,000,000 (the "Series 1997 Bonds"), (4) Combined Waterworks and Sewerage System Revenue Bonds, Series 2000 A (West Virginia SRF Program), dated February 29, 2000, issued in the original aggregate principal amount of $7,842,000 (the "Series 2000 A Bonds"), (5) Combined Waterworks and Sewerage System Revenue Bonds, Series 2000 B (West Virginia Infrastructure Fund), dated February 29, 2000, issued in the original aggregate principal amount of $2,488,000 (the "Series 2000 B Bonds"), and (6) Combined Waterworks and Sewerage System Revenue Bonds, Series 2001 A (West Virginia Infrastructure Fund), dated February 8, 2001, issued in the original aggregate principal amount of $3,812,470 (the "Series 2001 A Bonds") (collectively, the "Prior Bonds").

H. Prior to the issuance of the Series 2006 A Bonds, the Issuer will obtain (i) the certificate of an Independent Certified Public Accountant stating that the coverage and parity tests of the Prior Bonds are met, and (ii) the written consent of the Holders of the Series 1992 Bonds, the Series 1995 Bonds, the Series 2000 A Bonds, the Series 2000 B Bonds, and the Series 2001 A Bonds to the issuance of the Series 2006 A Bonds on a parity with the Series 1992 Bonds, the Series 1995 Bonds, the Series 2000 A Bonds, the Series 2000 B Bonds, and the Series 2001 A Bonds. The written consent of the holders of the Series 1997 Bonds to the issuance of the Series 2006 A Bonds on a parity with the Series 1997 Bonds is not required. 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. The Issuer is in compliance with all the covenants of the Prior Bonds and the Prior Ordinances.

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 and the principal of and interest on the Series 2006 A Bonds and the Prior Bonds and to make payments into all funds and accounts and other payments provided for herein.

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 2006 A Bonds, or will have so complied prior to issuance of any thereof, including, among other things, the approval of the Project and the financing thereof by the Council and the obtaining of a certificate of public convenience and necessity from the Public Service Commission of West Virginia by final order, the time for rehearing and appeal of which will either have expired prior to the issuance of the Series 2006 A Bonds or such final order will not be subject to appeal.

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 2006 A Bonds by the Registered Owners of the same from time to time, this Bond Legislation shall be deemed to be and shall constitute a contract between the Issuer and such Bondholders, and the covenants and agreements herein set forth to be performed by the Issuer shall be for the equal benefit, protection and security of the Bondholders of any and all of such Series 2006 A Bonds, all of which shall be of equal rank and without preference, priority or distinction between any one Bond and any other Bonds and by reason of priority of issuance or otherwise, except as expressly provided therein and herein.

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

"Act" means, collectively, Chapter 8, Article 20 and Chapter 22C, Article 2 of the West Virginia Code of 1931, as amended and in effect on the date of enactment hereof.

"Authority" means the West Virginia Water Development Authority, which is expected to be the original purchaser and Registered Owner of the Series 2006 A Bonds, or any other agency, board or department of the State that succeeds to the functions of the Authority, acting in its administrative capacity and upon authorization from the DEP under the Act.

"Authorized Officer" means the Mayor or the City Manager of the Issuer, and, in the instance of the Board, the Chairman, the General Manager or the Assistant General Manager, or any other officer of the Issuer or Board specifically designated by resolution of the Governing Body or the Board, as appropriate.

"Board" means the Morgantown Utility Board of the Issuer.

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

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

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

"Bonds" means, collectively, the Series 2006 A Bonds, the Prior Bonds and, where appropriate, any bonds on a parity therewith subsequently authorized to be issued hereunder or by another ordinance of the Issuer.

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

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

"City Manager" means the City Manager of the Issuer.

"Closing Date" means the date upon which there is an exchange of the Series 2006 A Bonds for all or a portion of the proceeds of the Series 2006 A Bonds from the Authority and the DEP.

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

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

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

"Consulting Engineers" means Strand Associates, Inc., Madison, Wisconsin, 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. "Consulting Engineer" shall also include a licensed professional engineer employed by the Board, who is responsible for design and/or supervision of improvements, additions or modifications to the System.

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

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

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

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

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

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

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

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

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

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

"Independent Certified Public Accountant" 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 Morgantown, a municipal corporation and political subdivision of the State of West Virginia, in Monongalia County, West Virginia, and, unless the context clearly indicates otherwise, includes the Governing Body of the Issuer.

"Loan Agreement" means the loan agreement heretofore entered, or to be entered, into by and among the Issuer, the Authority and the DEP, providing for the purchase of the Series 2006 A Bonds from the Issuer by the Authority, the form of which shall be approved, and the execution and delivery by the Issuer authorized and directed or ratified, by the Supplemental Resolution.

"Mayor" means the Mayor of the Issuer.

"Net Proceeds" means the face amount of the Series 2006 A Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds, if any,

deposited in the Reserve Accounts. For purposes of the Private Business Use limitations set forth herein, the term Net Proceeds shall include any amounts resulting from the investment of proceeds of the Series 2006 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.

"1992 Ordinance" means the ordinance of the Issuer enacted September 1, 1992, as supplemented by the supplemental resolution of the Issuer adopted September 1, 1992.

"1995 Ordinance" means the ordinance of the Issuer enacted March 8, 1995, as supplemented by the supplemental resolution of the Issuer adopted April 18, 1995.

"1997 Ordinance" means the ordinance of the Issuer enacted June 3, 1997, as supplemented by the supplemental resolution of the Issuer adopted June 12, 1997.

"2000 Ordinance" means the ordinance of the Issuer enacted February 15, 2000, as supplemented by the Supplemental Resolution of the Issuer adopted February 15, 2000.

"2001 Ordinance" means the ordinance of the Issuer enacted January 16, 2001, as supplemented by the Supplemental Resolution of the Issuer dated February 6, 2001.

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

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

"Outstanding" when used with reference to Bonds or Prior Bonds and as of any particular date, describes all Bonds or Prior Bonds theretofore and thereupon being authenticated and delivered, except (i) any Bond or Prior Bond cancelled by the Bond

Registrar or Registrar for Prior Bonds, at or prior to said date; (ii) any Bond or Prior Bonds, for the payment of which 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 X hereof; (iv) any Prior Bond deemed to have been paid; and (v) for purposes of consents or other action by a specified percentage of Bondholders, or holders of Prior Bonds, any Bonds or Prior Bonds registered to the Issuer.

"Parity Bonds" means additional 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 Series 2006 A Bonds in the Supplemental Resolution.

"Prior Bonds" means, collectively, the Series 1992 Bonds, the Series 1995 Bonds, the Series 1997 Bonds, the Series 2000 A Bonds, the Series 2000 B Bonds and the Series 2001 A Bonds.

"Prior Ordinances" means, collectively, the 1992 Ordinance, the 1995 Ordinance, the 1997 Ordinance, the 2000 Ordinance and the 2001 Ordinance.

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

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

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

(a) Government Obligations;

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

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

Tennessee Valley Authority; or Washington Metropolitan Area Transit Authority;

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

(e) Time accounts (including accounts evidenced by time certificates of deposit, time deposits or other similar banking arrangements) which, to the extent not insured by the FDIC, 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 exempt from federal income taxation, and which are rated at least "A" by Moody's Investors Service, Inc. or Standard & Poor's Corporation.

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

"Registrar" means the Bond Registrar.

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

"Reserve Accounts" means, collectively, the respective Reserve Accounts established for the Series 2006 A Bonds and the Prior Bonds.

"Reserve Requirement" means, collectively, the respective amounts required to be on deposit in any Reserve Account for the Prior Bonds and the Series 2006 A Bonds.

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

"Series 1992 Bonds" means the Combined Waterworks and Sewerage System Revenue Bonds, Series 1992 (West Virginia SRF Program), of the Issuer, dated September 8, 1992, issued in the original aggregate principal amount of $11,900,000.

"Series 1995 Bonds" means the Combined Waterworks and Sewerage System Revenue Bonds, Series 1995 (West Virginia SRF Program), of the Issuer, dated April 27, 1995, issued in the original aggregate principal amount of $1,601,477.

"Series 1997 Bonds" means the Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 1997, of the Issuer, dated July 1, 1997, issued in the original aggregate principal amount of $10,000,000.

"Series 2000 A Bonds" means the Combined Waterworks and Sewerage System Revenue Bonds, Series 2000 A (West Virginia SRF Program), of the Issuer, dated February 29, 2000, issued in the original aggregate principal amount of $7,842,000.

"Series 2000 B Bonds" means the Combined Waterworks and Sewerage System Revenue Bonds, Series 2000 B (West Virginia Infrastructure Fund), of the Issuer, dated February 29, 2000, issued in the original aggregate principal amount of $2,488,000.

"Series 2001 A Bonds" means the Combined Waterworks and Sewerage System Revenue Bonds, Series 2001 A (West Virginia Infrastructure Fund), of the Issuer, dated February 8, 2001, issued in the original aggregate principal amount of $3,812,470.

"Series 2006 A Bonds" means the Combined Waterworks and Sewerage System Revenue Bonds, Series 2006 A (West Virginia SRF Program), of the Issuer, authorized by this Bond Legislation.

"Series 2006 A Bonds Construction Trust Fund" means the Series 2006 A Bonds Construction Trust Fund established by Section 5.01 hereof.

"Series 2006 A Bonds Reserve Account" means the Series 2006 A Bonds Reserve Account established by Section 5.02 hereof.

"Series 2006 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 2006 A Bonds in the then current or any succeeding year.

"Series 2006 A Bonds Sinking Fund" means the Series 2006 A Bonds Sinking Fund established by Section 5.02 hereof.

"Sinking Funds" means, collectively, the respective Sinking Funds established for the Series 2006 A Bonds and the Prior Bonds.

"SRF Administrative Fee" means any administrative fee required to be paid pursuant to the 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 governmental entities satisfying certain legal and other requirements with the proceeds of a capitalization grant award from the United States Environmental Protection Agency and funds of the State.

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

"State" means the State of West Virginia.

"Supplemental Resolution" means any resolution, ordinance or order of the Issuer supplementing or amending this Ordinance and, when preceded by the article "the," refers specifically to the supplemental resolution authorizing the sale of the Series 2006 A Bonds; provided, that any matter intended by this Ordinance to be included in the

Supplemental Resolution with respect to the Series 2006 A Bonds, and not so included may be included in another Supplemental Resolution.

"Surplus Revenues" means the Net Revenues not required by the Bond Legislation to be set aside and held for the payment of or security for the Series 2006 A Bonds, the Prior Bonds or any other obligations of the Issuer, including, without limitation, the Depreciation Fund, the Sinking Funds and the Reserve Accounts.

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

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

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

## ARTICLE II

## AUTHORIZATION OF ACQUISITION AND CONSTRUCTION OF THE PROJECT

Section 2.01. Authorization of Acquisition and Construction of the Project. There is hereby authorized and ordered the acquisition and construction of the Project, at an estimated cost of not to exceed $8,630,000, 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 2006 A Bonds hereby authorized shall be applied as provided in Article VI hereof. The Issuer has received bids and will enter into contracts for the acquisition and construction of the Project, compatible with the financing plan submitted to the DEP and the Authority.

The cost of the Project is estimated not to exceed approximately $8,630,000, of which approximately $8,500,000 will be obtained from proceeds of the Series 2006 A Bonds and approximately $130,000 from the Issuer's contribution.

## 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 2006 A Bonds, funding a reserve account or purchasing a surety bond to fund a reserve account for the Series 2006 A Bonds, paying Costs of the Project not otherwise provided for and paying certain costs of issuance of the Series 2006 A Bonds and related costs, or any or all of such purposes, as determined by the Supplemental Resolution, there shall be issued the negotiable Series 2006 A Bonds of the Issuer. The Series 2006 A Bonds shall be issued as a single bond, designated as "Combined Waterworks and Sewerage System Revenue Bonds, Series 2006 A (West Virginia SRF Program)," in the principal amount of not more than $8,500,000, and shall have such terms as set forth hereinafter and in the Supplemental Resolution. The proceeds of the Series 2006 A Bonds remaining after funding of the Series 2006 A Bonds Reserve Account (if funded from Bond proceeds) and capitalization of interest, if any, shall be deposited in or credited to the Series 2006 A Bonds Construction Trust Fund established by Section 5.01 hereof, and applied as set forth in Article VI hereof.

Section 3.02. Terms of Bonds. The Series 2006 A Bonds shall be issued in such principal amount; shall bear interest at such rate or rates, not exceeding the then legal maximum, payable quarterly on such dates; shall mature on such dates and in such amounts; and shall be redeemable, in whole or in part, all as the Issuer shall prescribe in a Supplemental Resolution or as specifically provided in the Loan Agreement. The Series 2006 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 2006 A Bonds shall be paid by check or draft of the Paying Agent or its agent, mailed to the Registered Owner thereof at the address as it appears on the books of the Bond Registrar, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner thereof.

Unless otherwise provided by the Supplemental Resolution, the Series 2006 A Bonds shall initially be issued in the form of a single bond, fully registered to the Authority, with a record of advances and a debt service schedule attached, representing the aggregate principal amount of the Series 2006 A Bonds. The Series 2006 A Bonds shall be exchangeable at the option and expense of the Registered Owner for another fully registered Bond or Bonds of the same series in aggregate principal amount equal to the amount of said Bonds then Outstanding and being exchanged, with principal installments or maturities, as applicable, corresponding to the dates of payment of principal installments of said Bonds; provided, that the Authority shall not be obligated to pay any expenses of such exchange.

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

Section 3.03. Execution of Bonds. The Series 2006 A Bonds shall be executed in the name of the Issuer by the Mayor and the City Manager, and the seal of the Issuer shall be affixed thereto or imprinted thereon and attested by the City Clerk. In case any one or more of the officers who shall have signed or sealed the Series 2006 A Bonds shall cease to be such officer of the Issuer before the Series 2006 A Bonds so signed and sealed have been actually sold and delivered, such Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bonds had not ceased to hold such office. Any Series 2006 A Bonds may be signed and sealed on behalf of the Issuer by such person as at the actual time of the execution of such Bonds shall hold the proper office in the Issuer, although at the date of 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 2006 A Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under this Bond Legislation unless and until the Certificate of Authentication and Registration on such Bond, substantially in the form set forth in Section 3.10 hereof shall have been manually executed by the Bond Registrar. Any such executed Certificate of Authentication and Registration upon any such Bond shall be conclusive evidence that such Bond has been authenticated, registered and delivered under this Bond Legislation. The Certificate of Authentication and Registration on any Series 2006 A Bond shall be deemed to have been executed by the Bond Registrar if manually signed by an authorized officer of the Bond Registrar, but it shall not be necessary that the same officer sign the Certificate of Authentication and Registration on all of the Bonds issued hereunder.

Section 3.05. Negotiability, Transfer and Registration. Subject to the provisions for transfer of registration set forth below, the Series 2006 A Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder, in accepting the Series 2006 A Bonds shall be conclusively deemed to have agreed that such Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder shall further be conclusively deemed to have agreed that said Bonds shall be incontestable in the hands of a bona fide holder for value.

So long as the Series 2006 A Bonds remain outstanding, the Issuer, through the Bond Registrar or its agent, shall keep and maintain books for the registration and transfer of such Bonds.

The registered Series 2006 A Bonds shall be transferable only upon the books of the Bond Registrar, by the registered owner thereof in person or by his attorney duly authorized in writing, upon surrender thereto together with a written instrument of transfer satisfactory to the Bond Registrar duly executed by the registered owner or his duly authorized attorney.

In all cases in which the privilege of exchanging Series 2006 A Bonds or transferring the registered Series 2006 A Bonds are exercised, all Series 2006 A Bonds shall be delivered in accordance with the provisions of this Bond Legislation. All Series 2006 A Bonds surrendered in any such exchanges or transfers shall forthwith be canceled by the Bond Registrar. For every such exchange or transfer of Series 2006 A Bonds, the Bond Registrar may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer and the cost of preparing each new Bond upon each exchange or transfer, and any other expenses of the Bond Registrar incurred in connection therewith, which sum or sums shall be paid by the Issuer. The Bond Registrar shall not be obliged to make any such exchange or transfer of Series 2006 A Bonds during the period commencing on the 15th day of the month next preceding an interest payment date on the Series 2006 A Bonds or, in the case of any proposed redemption of Series 2006 A Bonds, next preceding the date of the selection of Bonds to be redeemed, and ending on such interest payment date or redemption date.

Section 3.06. Bonds Mutilated, Destroyed, Stolen or Lost. In case any Series 2006 A Bond shall become mutilated or be destroyed, stolen or lost, the Issuer may, in its discretion, issue, and the Bond Registrar shall, if so advised by the Issuer, authenticate and deliver, a new Bond of the same series and of like tenor as the Bonds so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond, upon surrender and cancellation of such mutilated Bond, or in lieu of and substitution for the Bond destroyed, stolen or lost, and upon the Holder's furnishing satisfactory indemnity and complying with such other reasonable regulations and conditions as the Issuer may prescribe and paying such expenses as the Issuer and the Bond Registrar may incur. All Bonds so surrendered shall be 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 2006 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 Gross Revenues derived from the System as herein provided. No Holder or Holders of the Series 2006 A Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Series 2006 A Bonds or the interest thereon.

Section 3.08. Bonds Secured by Pledge of Gross Revenues; Lien Position with respect to Prior Bonds. The payment of debt service of the Series 2006 A Bonds shall be secured by a first lien on the Gross Revenues derived from the System, on a parity with the lien on the Gross Revenues in favor of the Holders of the Prior Bonds. Such Gross Revenues in an amount sufficient to pay the principal of and interest on the Series 2006 A Bonds and the Prior Bonds and to make all other payments provided for in the Bond Legislation are hereby irrevocably pledged to such payments as they become due.

Section 3.09. Delivery of Bonds. The Issuer shall execute and deliver the Series 2006 A Bonds to the Registrar, and the Registrar shall authenticate, register and deliver the Series 2006 A Bonds to the original purchasers upon receipt of the documents set forth below:

A. If other than the Authority, a list of the names in which the Series 2006 A Bonds are to be registered upon original issuance, together with such taxpayer identification and other information as the Bond Registrar may reasonably require;

B. A request and authorization to the Bond Registrar on behalf of the Issuer, signed by an Authorized Officer, to authenticate and deliver the Series 2006 A Bonds to the original purchasers;

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

D. An executed copy of the Loan Agreement; and

E. The unqualified approving opinion of bond counsel on the Series 2006 A Bonds.

Section 3.10. Form of Bonds. The text of the Series 2006 A Bonds shall be in substantially the following form, with such omissions, insertions and variations as may be necessary and desirable and authorized or permitted hereby, or by any Supplemental Resolution adopted prior to the issuance thereof:

(FORM OF SERIES 2006 A BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE CITY OF MORGANTOWN
COMBINED WATERWORKS AND SEWERAGE
SYSTEM REVENUE BOND, SERIES 2006 A
(WEST VIRGINIA SRF PROGRAM)

No. AR-1 $_____

KNOW ALL MEN BY THESE PRESENTS: That on this the _____ day of _____, 2006, THE CITY OF MORGANTOWN, a municipal corporation and political subdivision of the State of West Virginia in Monongalia County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY (the "Authority") or registered assigns the sum of _____ DOLLARS ($_____), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing _____ 1, 200_, as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference with interest on each installment at the rate per annum set forth on said EXHIBIT B. The interest and SRF administrative fee (as defined in the hereinafter described Bond Legislation) on this Bond shall be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing _____ 1, 200_, as set forth on EXHIBIT B attached hereto.

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

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the West Virginia

Department of Environmental Protection (the "DEP"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement by and among the Issuer, the Authority and the DEP, dated _____, 2006.

This Bond is issued (i) to pay 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"); (ii) to pay the cost of a surety bond to fund the reserve account for the Bonds of this Series (the "Bonds"); and (iii) to pay certain costs of issuance of the Bonds and related costs. The existing public combined waterworks and sewerage system of the Issuer, the Project, and any further extensions, additions, betterments or improvements thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 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 _____, 2006, and a Supplemental Resolution duly adopted by the Issuer on _____, 2006 (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) COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1992 (WEST VIRGINIA SRF PROGRAM), DATED SEPTEMBER 8, 1992, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $11,900,000 (THE "SERIES 1992 BONDS"); (2) COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1995 (WEST VIRGINIA SRF PROGRAM), DATED APRIL 27, 1995, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,601,477 (THE "SERIES 1995 BONDS"); (3) COMBINED WATERWORKS AND SEWERAGE SYSTEM REFUNDING REVENUE BONDS, SERIES 1997, DATED JULY 1, 1997, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $10,000,000 (THE "SERIES 1997 BONDS"); (4) COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2000 A (WEST VIRGINIA SRF PROGRAM), DATED FEBRUARY 29, 2000, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $7,842,000 (THE "SERIES 2000 A BONDS"); (5) COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2000 B (WEST VIRGINIA INFRASTRUCTURE FUND), DATED FEBRUARY 29, 2000, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,488,000 (THE "SERIES 2000 B BONDS"); AND (6) COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2001 A (WEST VIRGINIA INFRASTRUCTURE FUND), DATED FEBRUARY 8, 2001,

ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $3,812,470 (COLLECTIVELY, THE "PRIOR BONDS").

This Bond is payable only from and secured by a pledge of the Gross Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Gross Revenues in favor of the holders of the Prior Bonds, and from moneys in the reserve account created under the Bond Legislation for the Bonds (the "Series 2006 A Bonds Reserve Account"), and unexpended proceeds of the Bonds. Such Gross 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 an indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest hereon, except from said special fund provided from the Gross Revenues, the moneys in the Series 2006 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 125% of the maximum amount payable in any year for principal of and interest on the Bonds, and all other obligations secured by a lien on or payable from such revenues on a parity with the Bonds, including the Prior Bonds, so long as the Series 1997 Bonds are outstanding, and thereafter, 115% of such amount; provided however, that if the Series 1997 Bonds are no longer outstanding and so long as there exists in the Series 2006 A Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with the Bonds, including the Prior Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

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

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and 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 Gross 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 MORGANTOWN has caused this Bond to be signed by its Mayor and City Manager, and its corporate seal to be hereunto affixed and attested by its City Clerk, and has caused this Bond to be dated the day and year first written above.

[SEAL]

_____
Mayor

_____
City Manager

ATTEST:

_____
City Clerk

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2006 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: _____, 2006.

THE HUNTINGTON NATIONAL BANK,
as Registrar

By: _____
Its: Authorized Officer

EXHIBIT A

RECORD OF ADVANCES

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

TOTAL $_____

EXHIBIT B

DEBT SERVICE SCHEDULE

(Form of)

ASSIGNMENT

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

_____

_____

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

Dated: _____, _____.

_____

In the presence of:

_____

Section 3.11. Sale of Bonds; Approval and Ratification of Execution of Loan Agreement. The Series 2006 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 and the City Manager are specifically authorized and directed to execute the Loan Agreement in the form attached hereto as "Exhibit A" and made a part hereof, and the City Clerk is directed to affix the seal of the Issuer, attest the same and deliver the Loan Agreement to the Authority, and any such prior execution and delivery is hereby authorized, approved, ratified and confirmed. The Loan Agreement, including all schedules and exhibits attached thereto, are hereby approved an incorporated into this Bond Legislation.

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

## ARTICLE IV

[RESERVED]

## ARTICLE V

## FUNDS AND ACCOUNTS; SYSTEM REVENUES AND APPLICATION THEREOF

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

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

(2) Depreciation Fund (established by the Prior Ordinances);

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

(4) Series 2006 A 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 or the Issuer and from each other:

(1) Series 2006 A Bonds Sinking Fund; and

(2) Series 2006 A Bonds Reserve Account.

Section 5.03. System Revenues; Flow of Funds. A. The entire Gross Revenues derived from the operation of the System and all parts thereof shall be deposited upon receipt by the Issuer in the Revenue Fund. The Revenue Fund shall constitute a trust fund for the purposes provided in the Prior Ordinances and this Bond Legislation and shall be kept separate and distinct from all other funds of the Issuer and the Depository Bank and used only for the purposes and in the manner provided in the Prior Ordinances and this Bond Legislation. All moneys at any time on deposit in the Revenue Fund shall be disposed of only in the following manner and order of priority:

(1) The Issuer shall first, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the Commission (i) for deposit in the respective Sinking Funds for the Prior Bonds, the amounts required by the respective Prior Ordinances to pay interest on the Prior Bonds; and (ii) commencing 3 months prior to the first date of payment of interest on the

Series 2006 A Bonds for which interest has not been capitalized or as required in the Loan Agreement, for deposit in the Series 2006 A Bonds Sinking Fund, an amount equal to 1/3rd of the amount of interest which will become due on the Series 2006 A Bonds on the next ensuing quarterly interest payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 2006 A Bonds Sinking Fund and the next quarterly interest payment date is less than 3 months, then such monthly payments shall be increased proportionately to provide, 1 month prior to the next quarterly interest payment date, the required amount of interest coming due on such date.

(2) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the Commission (i) for deposit in the respective Sinking Funds for the Prior Bonds, the amounts required by the respective Prior Ordinances to pay the principal of the Prior Bonds; and (ii) commencing 3 months prior to the first date of payment of principal of the Series 2006 A Bonds, for deposit in the Series 2006 A Bonds Sinking Fund, an amount equal to 1/3rd of the amount of principal which will mature and become due on the Series 2006 A Bonds on the next ensuing quarterly principal payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 2006 A Bonds Sinking Fund and the next quarterly principal payment date is less than 3 months, then such monthly payments shall be increased proportionately to provide, 1 month prior to the next quarterly principal payment date, the required amount of principal coming due on such date.

(3) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the Commission (i) for deposit in the respective Reserve Accounts for the Prior Bonds, the amounts required by the respective Prior Ordinances to be deposited therein; and (ii) commencing 3 months prior to the first date of payment of principal of the Series 2006 A Bonds, if not fully funded upon issuance of the Series 2006 A Bonds, for deposit in the Series 2006 A Bonds Reserve Account, an amount equal to 1/120th of the Series 2006 A Bonds Reserve Requirement; provided that, no further payments shall be made into the Series 2006 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 2006 A Bonds Reserve Requirement.

(4) The Issuer shall next, each month, transfer from the Revenue Fund and deposit in the Operation and Maintenance Fund, an amount sufficient to pay the current Operating Expenses of the System.

(5) The Issuer shall next, from the moneys remaining in the Revenue Fund, on the first day of each month transfer to the Depreciation Fund, an amount equal to 2 1/2% of the Gross Revenues each month (as previously set forth in the Prior Ordinances and not in addition thereto), exclusive of any payments for account of any Reserve Account. All funds in the Depreciation 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 Depreciation Fund for replacements, emergency repairs, improvements or extensions to the System; provided, that any deficiencies in the Reserve Accounts (except to the extent such deficiency exists because the required payments into such accounts have not, as of the date of determination of a deficiency, funded such accounts to the maximum extent required hereof) shall be promptly eliminated with moneys from the Depreciation Fund.

(6) After making all of the foregoing deposits and payments, any excess moneys then remaining in the Revenue Fund ("Surplus Revenues") may be used for any lawful purpose of the System.

Moneys in the Series 2006 A Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest on the Series 2006 A Bonds, as the same shall become due. Moneys in the Series 2006 A Bonds Reserve Account shall be used only for the purpose of paying principal of and interest on the Series 2006 A Bonds, as the same shall come due, when other moneys in the Series 2006 A Bonds Sinking Fund are insufficient therefor, and for no other purpose.

All investment earnings on moneys in the Series 2006 A Bonds Sinking Fund and the Series 2006 A Bonds Reserve Account shall be returned, not less than once each year, by the Commission to the Issuer, and such amounts shall, during construction of the Project, be deposited in the Series 2006 A Bonds Construction Trust Fund, and following completion of construction of the Project, shall be deposited in the Revenue Fund and applied in full, first to the next ensuing interest payment due on the Series 2006 A Bonds, and then to the next ensuing principal payment due thereon.

Any withdrawals from the Series 2006 A Bonds Reserve Account which results in a reduction in the balance therein to below the Series 2006 A Bonds Reserve Requirement shall be subsequently restored from the first Gross 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 2006 A Bonds are issued, provision shall be made for additional payments into the respective sinking fund

sufficient to pay the interest on such additional parity Bonds and accomplish retirement thereof at maturity and to accumulate a balance in the respective reserve account in an amount equal to the requirement thereof.

The Issuer shall not be required to make any further payments into the Series 2006 A Bonds Sinking Fund or the Series 2006 A Bonds Reserve Account, when the aggregate amount of funds therein are at least equal to the aggregate principal amount of the Series 2006 A Bonds issued pursuant to this Bond Legislation then Outstanding and all interest to accrue until the maturity thereof.

Interest, principal or reserve payments, whether made for a deficiency or otherwise, shall be made on a parity and pro rata, with respect to the Prior Bonds and the Series 2006 A Bonds, in accordance with the respective principal amounts then Outstanding.

The Commission is hereby designated as the fiscal agent for the administration of the Series 2006 A Bonds Sinking Fund and the Series 2006 A Bonds Reserve Account created hereunder, and all amounts required for said accounts shall be remitted to the Commission from the Revenue Fund by the Issuer at the times provided herein. 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.

Moneys in the Series 2006 A Bonds Sinking Fund and the Series 2006 A Bonds Reserve Account shall be invested and reinvested by the Commission in accordance with Section 8.01 hereof.

The Series 2006 A Bonds Sinking Fund and the Series 2006 A Bonds Reserve Account shall be used solely and only for, and are hereby pledged for, the purpose of servicing the Series 2006 A Bonds under the conditions and restrictions set forth herein.

B. The Issuer shall on the first day of each month (if such day is not a business day, then the next succeeding business day), deposit with the Commission the required interest, principal and reserve payments with respect to the Series 2006 A Bonds and all such payments shall be remitted to the Commission with appropriate instructions as to the custody, use and application thereof consistent with the provisions of this Bond Legislation. The Issuer shall, on the first day of each month (if the first day is not a business day, then the first business day of each month) deposit with the Commission, the SRF Administrative Fee as set forth in the Schedule Y attached to the Loan Agreement.

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

D. Whenever all of the required and provided transfers and payments from the Revenue Fund into the several special funds, as hereinabove provided, are current and there remains in the Revenue Fund a balance in excess of the estimated amounts required to be so transferred and paid into such funds during the following month or such other period as required by the Act, such excess shall be considered as surplus revenues (the "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 moneys in excess of the maximum amounts insured by FDIC in any of the 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 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 shall clearly identify the fund or account into which each amount is to be deposited.

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

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

Section 5.04. Reserve Account Letter of Credit or Surety Bond. With the advance written consent of the Authority, the Issuer may, in lieu of funding the Series 2006 A Bonds Reserve Account with cash or Qualified Investments, satisfy the Series 2006 A Bonds Reserve Requirement by obtaining a reserve account letter of credit, a surety bond, or other credit facility satisfactory to the Authority in an amount equal to the Series 2006

A Bonds Reserve Requirement. The Issuer hereby authorizes the purchase of a reserve account letter of credit, a surety bond, or other credit facility satisfactory to the Authority, all as set forth in a Supplemental Resolution, and the execution and delivery of any applicable reimbursement agreement or note in such forms as shall be described in a Supplemental Resolution.

## ARTICLE VI

## BOND PROCEEDS; CONSTRUCTION DISBURSEMENTS

Section 6.01. Application of Bond Proceeds; Pledge of Unexpended Bond Proceeds. From the moneys received from the sale of the Series 2006 A Bonds, the following amounts shall be first deducted and deposited in the order set forth below:

A. From the proceeds of the Series 2006 A Bonds, there shall first be deposited with the Commission in the Series 2006 A Bonds Sinking Fund, the amount, if any, set forth in the Supplemental Resolution as capitalized interest.

B. Next, from the proceeds of the Series 2006 A Bonds, the Issuer may purchase a surety bond to fund the Series 2006 A Bonds Reserve Account as set forth in the Supplemental Resolution, or there shall be deposited with the Commission in the Series 2006 A Bonds Reserve Account, the amount, if any, set forth in the Supplemental Resolution for funding of the Series 2006 A Bonds Reserve Account.

C. As the Issuer receives advances of the remaining moneys derived from the sale of the Series 2006 A Bonds, such moneys shall be deposited with the Depository Bank in the Series 2006 A Bonds Construction Trust Fund and applied solely to payment of the costs of the Project in the manner set forth in Section 6.02 hereof and until so expended, are hereby pledged as additional security for the Series 2006 A Bonds.

D. After completion of construction of the Project, as certified by the Consulting Engineers, and all costs have been paid, any remaining proceeds of the Series 2006 A Bonds shall be expended as approved by the DEP.

Section 6.02. Disbursements From the Series 2006 A Bond Construction Trust Fund. On or before the closing date, the Board shall have delivered to the Authority and the DEP a report listing the specific purposes for which the proceeds of the Series 2006 A Bonds will be expended and the disbursement procedures of such proceeds, including an estimated monthly draw schedule. Payments for Costs of the Project shall be made monthly.

The Issuer hereby appoints and designates the Board, and the Authorized Officers thereof, as its agent (i) for the review and approval of all invoices for the Project to be paid from the proceeds of the Series 2006 A Bonds; (ii) to take any and all actions necessary to apply for and obtain a commitment from the DEP, specifically including, but not limited to, any administrative loan documents required by DEP; and (iii) to act on and execute documents on behalf of the Issuer for any and all federal and state actions as they relate to the planning, design and/or construction of the Project.

Except as provided in Section 6.01 hereof, disbursements from the Series 2006 A Bonds Construction Trust Fund shall be made only after submission to, and approval from, the Authority and the DEP of the following:

(1) a completed and signed "Payment Requisition Form," a form of which is attached to the Loan Agreement, in compliance with the construction schedule; and

(2) a certificate, signed by an Authorized Officer and the Consulting Engineers, stating that:

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

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

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

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

Pending such application, moneys in the Series 2006 A Bonds Construction Trust Fund shall be invested and reinvested in Qualified Investments at the written direction of the Issuer.

## ARTICLE VII

## ADDITIONAL COVENANTS OF THE ISSUER

Section 7.01. General Covenants of the Issuer. All the covenants, agreements and provisions of this Bond Legislation shall be and constitute valid and legally binding covenants of the Issuer and shall be enforceable in any court of competent jurisdiction by any Holder or Holders of the Series 2006 A Bonds. In addition to the other covenants, agreements and provisions of this Bond Legislation, the Issuer hereby covenants and agrees with the Holders of the Series 2006 A Bonds as hereinafter provided in this Article VII. All such covenants, agreements and provisions shall be irrevocable, except as provided herein, as long as any of the Series 2006 A Bonds or the interest thereon is Outstanding and unpaid.

Section 7.02. Bonds not to be Indebtedness of the Issuer. The Series 2006 A Bonds shall not be nor constitute an indebtedness of the Issuer within the meaning of any constitutional, statutory or charter limitation, but shall be payable solely from the funds pledged for such payment by this Bond Legislation. No Holder or Holders of the Series 2006 A Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Series 2006 A Bonds or the interest thereon.

Section 7.03. Bonds Secured by Pledge of Gross Revenues; Lien Position with respect to Prior Bonds. The payment of debt service of the Series 2006 A Bonds shall be secured by a first lien on the Gross Revenues derived from the System, on a parity with the lien on the Gross Revenues in favor of the Holders of the Prior Bonds. Such Gross Revenues in an amount sufficient to pay the principal of and interest on the Series 2006 A Bonds and the Prior Bonds and to make all other payments provided for in the Bond Legislation are hereby irrevocably pledged to such payments as they become due.

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

So long as the Series 2006 A Bonds are outstanding, the Issuer covenants and agrees to fix and collect rates, fees and other charges for the use of the System and to take all such actions necessary to provide funds sufficient to produce the required sums set forth in the Bond Legislation and in compliance with the Loan Agreement. In the event the schedule of rates, fees and charges initially established for the System in connection with the Series 2006

A Bonds shall prove to be insufficient to produce the required sums set forth in this Bond Legislation and the Loan Agreement, the Issuer hereby covenants and agrees that it will, to the extent or in the manner authorized by law, immediately adjust and increase such schedule of rates, 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 2006 A Bonds are outstanding and except as otherwise required by law or with the written consent of the DEP 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 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 2006 A Bonds, immediately be remitted to the Commission for deposit in the Series 2006 A Bonds Sinking Fund, and, with the written permission of the DEP and the Authority, or in the event the Authority is no longer a Bondholder, the Issuer shall direct the Commission to apply such proceeds to the payment of principal of and interest on the Series 2006 A Bonds. Any balance remaining after the payment of the Series 2006 A 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 Board 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 Board 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 Revenue 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 Board shall first, 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. The proceeds of any such sale shall be deposited in the Depreciation Fund. The payment of such proceeds into the Depreciation Fund shall not reduce the amount required to be paid into such account by other provisions of this Bond Legislation.

No sale, lease or other disposition of the properties of the System shall be made by the Board 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 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.

Notwithstanding any of the foregoing provisions of this Section 7.05 to the contrary, the Issuer hereby reserves the right to sell a tract of about 200 acres on Mayfield Road heretofore acquired for the System, which property is not being used nor is it useful for the System, such sale to be at such time and in such manner and for such price as the Issuer, with prior written approval of the Board, shall determine and without any other restrictions upon such sale insofar as this Bond Legislation is concerned. Moneys received upon any such sale under this paragraph, after deduction of all costs of such sale, shall be deposited in the Revenue Fund.

Section 7.06. Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances. Except as provided for in Section 7.06 and Section 7.07 hereof, the Issuer shall not issue any other obligations whatsoever payable from the revenues of the System which rank prior to, or equally, as to lien on and source of and security for payment from such revenues with the Series 2006 A Bonds and the Prior Bonds. All obligations issued by the Issuer after the issuance of the Series 2006 A Bonds and payable from the revenues of the System, except such additional parity Bonds, shall contain an express statement that such obligations are junior and subordinate, as to lien on and source of and security for payment from such revenues and in all other respects, to the Series 2006 A Bonds; provided, that no such subordinate obligations shall be issued unless all payments required to be made into all funds and accounts established by this Bond Legislation have been made and are current at the time of the issuance of such subordinate obligations.

Except as provided above, the Issuer shall not create, or cause or permit to be created, any debt, lien, pledge, assignment, encumbrance or any other charge having priority over or being on a parity with the lien of the Series 2006 A Bonds, and the interest thereon, upon any of the income and revenues of the System pledged for payment of the Series 2006 A Bonds and the interest thereon in this Bond Legislation, or upon the System or any part thereof.

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

Section 7.07. Parity Bonds. So long as the Prior Bonds are outstanding, the limitations on the issuance of parity obligations set forth in the Prior Ordinances shall be applicable. In addition, no Parity Bonds, payable out of the revenues of the System, shall be issued after the issuance of the Series 2006 A Bonds pursuant to this Bond Legislation, without the prior written consent of the Authority and the DEP and without complying with the conditions and requirements herein provided (unless less restrictive than the provisions of the Prior Ordinances).

All Parity Bonds issued hereunder shall be on a parity in all respects with the Series 2006 A Bonds.

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

No Parity Bonds shall be issued at any time, however, unless and until there has been procured and filed with the City Clerk a written statement by the Independent Certified Public Accountants, reciting the conclusion that the Net Revenues actually derived, subject to the adjustments hereinafter provided for, from the System during the Fiscal Year immediately preceding the date of the actual issuance of such Parity Bonds so long as the Series 1997 Bonds are outstanding, and thereafter during any 12 consecutive months, within the 18 months immediately preceding the date of the actual issuance of such Parity Bonds, plus the estimated average increased annual Net Revenues expected to be received in each of the 3 succeeding years after the completion of the improvements to be financed by such Parity Bonds, if any, shall, so long as the Series 1997 Bonds are outstanding, not be less than 125%, and thereafter, shall not be less than 115%, of the largest aggregate amount that will mature and become due in any succeeding Fiscal Year for principal of and interest on the following:

(1) The Bonds then Outstanding;

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

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

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

The Net Revenues actually derived from the System during the 12 consecutive month period hereinabove referred to may be adjusted by adding to such Net Revenues such additional Net Revenues which would have been received, in the opinion of the Independent Certified Public Accountants, on account of increased rates, rentals, fees and charges for the System enacted by the Issuer, the time for appeal of which shall have expired (without successful appeal) prior to issuance of such Parity Bonds. For purposes of this test, the terms "Gross Revenues" and "Net Revenues" shall not include proceeds from the sale of capital assets.

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 theretofore or subsequently issued from time to time within the limitations of and in compliance with this section. All Bonds, regardless of the time or times of their issuance, shall rank equally with respect to their lien on the Gross Revenues of the System, and their source of and security for payment from the Gross Revenues, without preference of any Bond over any other. The Issuer shall comply fully with all the increased payments into the various funds and accounts created in this Bond Legislation required for and on account of such Parity Bonds, in addition to the payments required for Bonds theretofore issued pursuant to this Bond Legislation.

Parity Bonds shall not be deemed to include bonds, notes, certificates or other obligations subsequently issued, the lien of which on the revenues of the System is subject to the prior and superior lien of the Series 2006 A 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 2006 A Bonds.

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

Section 7.08. Books; Records and Audit. The Board 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 Board shall permit the Authority and the DEP, or their agents and representatives, to inspect all books, documents, papers and records relating to the Project and the System at all reasonable times for the purpose of audit and examination. The Board shall submit to the Authority and the DEP such documents and information as they may reasonably require in connection with the acquisition, construction and installation of the

Project, the operation and maintenance of the System and the administration of the loan or any grants or other sources of financing for the Project.

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

The Board 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 Board. 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 Board. The Board 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 Board shall be reported to such agent of the Issuer as the Board shall direct.

The Board shall file with the Authority and the DEP, or any other original purchaser of the Series 2006 A Bonds, and shall mail in each year to any Holder or Holders of the Series 2006 A Bonds, requesting the same, an annual report containing the following:

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

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

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

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

available generally, the report of the Independent Certified Public Accountant, or a summary thereof, to any Holder or Holders of the Series 2006 A Bonds and shall submit said report to the Authority and the DEP, or any other original purchaser of the Series 2006 A Bonds. Such audit report submitted to the Authority and the DEP 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 there are, describes the instances of noncompliance and the audited financial statements shall include a statement that notes whether the revenues of the System are adequate to meet the Issuer's Operating Expenses and debt service and reserve requirements.

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

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

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

Section 7.09. Rates. Prior to the issuance of the Series 2006 A 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 City Clerk, which copies will be open to inspection by all interested parties. The schedule of rates and charges shall at all times be adequate to produce Gross Revenues from the System sufficient to pay Operating Expenses and to make the prescribed payments into the funds created hereunder. Such schedule of rates and charges shall be changed and readjusted whenever necessary so that the aggregate of the rates and charges will be sufficient for such purposes. In order to assure full and continuous performance of this covenant, with a margin for contingencies and temporary unanticipated reduction in income and revenues, the Issuer hereby covenants and agrees that the schedule of rates or charges from time to time in effect shall be sufficient, together with other revenues of the System (i) to provide for all Operating Expenses of the System and (ii)

to leave a balance each year equal to at least 125% of the maximum amount required in any year for payment of principal of and interest on the Series 2006 A Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2006 A Bonds, including the Prior Bonds, so long as the Series 1997 Bonds are outstanding, and thereafter 115% of such amount; provided that, in the event the Series 1997 Bonds are no longer outstanding and amounts equal to or in excess of the reserve requirements are on deposit in the Series 2006 A Reserve Account and any reserve accounts for obligations on a parity with the Series 2006 A Bonds are funded at least at the requirement therefor, such balance each year need only equal at least 110% of the maximum amount required in any year for payment of principal of and interest on the Series 2006 A Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2006 A Bonds, including the Prior Bonds. For purposes of this test, the terms "Gross Revenues" and "Net Revenues" shall not include proceeds from the sale of capital assets, so long as the Series 1997 Bonds are outstanding. In any event, the Issuer shall not reduce the rates or charges for services set forth in the rate ordinances described in Section 7.04.

Section 7.10. Operating Budget and Monthly Financial Report. The Board shall annually, at least 45 days preceding the beginning of each Fiscal Year, prepare and adopt by resolution a detailed, balanced budget of the estimated revenues and expenditures for operation and maintenance of the System during the succeeding Fiscal Year and shall submit a copy of such budget to the Authority and the DEP within 30 days of adoption thereof. 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 Board 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 Board shall within 30 days of adoption thereof mail copies of such annual budget and all resolutions authorizing increased expenditures for operation and maintenance to the Authority and the DEP and to any Holder of any Bonds who shall file his or her address with the Issuer and request in writing that copies of all such budgets and resolutions be furnished him or her and shall make available such budgets and all resolutions authorizing increased expenditures for operation and maintenance of the System at all reasonable times to the Authority, the DEP and any Holder of any Bonds or anyone acting for and on behalf of such Holder of any Bonds.

Commencing on the date contracts are executed for the acquisition and construction of the Project and for 2 years following the completion of the Project, the Board shall each month complete a "Monthly Financial Report," a form of which is attached to the

Loan Agreement, and forward a copy of such report to the Authority and the DEP by the 10th day of each month.

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

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

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

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

The Issuer shall employ qualified operating personnel properly certified by the State before the Project is 50% complete and shall retain such a certified operator to operate the System during the entire term of the 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 Board will diligently enforce and collect all fees, rentals or other charges for the services and facilities of the System, and take all steps, actions and proceedings for the enforcement and collection of such fees, rentals or other charges which shall become delinquent to the full extent permitted or authorized by the Act, the rules and regulations of the Public Service Commission of West Virginia and other laws of the State of West Virginia.

Whenever any fees, rates, rentals or other charges for the services and facilities of the System shall remain unpaid for a period of 20 days after the same shall become due and payable, the user of the services and facilities shall be delinquent until such time as all such rates and charges are fully paid. To the extent authorized by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, rates, rentals and other charges, if not paid, when due, shall become a lien on the premises served by the System. The Issuer further covenants and agrees that, it will, to the full extent permitted by law and the rules and regulations promulgated by the Public Service Commission of West Virginia, discontinue and shut off the services of the System, 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 Board will not render or cause to be rendered any free services of any nature by the System, nor will any preferential rates be established for users of the same class; and in the event the Issuer, or any department, agency, instrumentality, officer or employee of either shall avail itself or themselves of the facilities or services provided by the System, or any part thereof, the same rates, fees or charges applicable to other customers receiving like services under similar circumstances shall be charged the Issuer, the Board 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 Board hereby covenants and agrees that so long as the Series 2006 A Bonds remain Outstanding, the Board 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 Board 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 Depreciation Fund and used only for the repairs and restoration of the damaged or destroyed properties or for the other purposes provided herein for the Depreciation Fund. The Board 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 Board, 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 Board, 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 Board 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 and the Board 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 OR COMPLETION BONDS, such bonds to be in the amounts of not less than 100% of the amount of any construction contract and to be required of each contractor dealing directly with the Board 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 any additions, extensions or improvements for the System in compliance with West Virginia Code, Section 38-2-39.

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

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

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

B. The Board 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 Board shall verify such bonds prior to commencement of construction.

The Board shall also require all contractors engaged in the construction of the Project to carry such worker's compensation coverage for all employees working on the Project and public liability insurance, vehicular liability insurance and property damage insurance in amounts adequate for such purposes and as is customarily carried with respect to works and properties similar to the Project; provided that the amounts and terms of such coverage are satisfactory to the Authority and the DEP. The Board 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 Board, the prime contractor and all subcontractors, as their interests may appear.

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

Any such house, dwelling or building from which emanates sewage or water-borne waste matter and which is not so connected with the System is hereby declared and found to be a hazard to the health, safety, comfort and welfare of the inhabitants of the

Issuer and a public nuisance which shall be abated to the extent permitted by law and as promptly as possible by proceedings in a court of competent jurisdiction.

Section 7.17. Completion of Project; Permits and Orders. The Board 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 Board has obtained all permits required by state and federal laws for the acquisition and construction of the Project, all orders and approvals from the West Virginia Public Service Commission, the Council and the DEP necessary for the acquisition and construction of the Project and the operation of the System and all approvals for issuance of the Series 2006 A Bonds required by state law, with all requisite appeal periods having expired without successful appeal.

Section 7.18. Compliance with Loan Agreement and Law. The Issuer and the Board 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 and the Board shall provide the DEP with copies of all documents submitted to the Authority.

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

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

A. PRIVATE BUSINESS USE LIMITATION. The Issuer shall assure that (i) not in excess of 10% of the Net Proceeds of the Series 2006 A Bonds are used for Private Business Use if, in addition, the payment of more than 10% of the principal or 10% of the interest due on the Series 2006 A Bonds during the term thereof is, under the terms of the Series 2006 A Bonds or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for a Private Business Use or in payments in respect of property used or to be used for a Private Business Use or is to be derived from payments, whether or not to the Issuer, in respect of property or borrowed money used or to be used for a Private Business Use; and (ii) and that, in the event that both (A) in excess of 5% of the Net Proceeds of the Series 2006 A Bonds are used for a Private Business Use, and (B) an amount in excess of 5% of the principal or 5% of the interest due on the Series 2006 A Bonds during the term thereof is, under the terms of the Series 2006 A Bonds or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for said Private Business Use or in payments in respect of property used or to be used for said Private Business Use or is to be derived from payments, whether or not to the Issuer, in

respect of property or borrowed money used or to be used for said Private Business Use, then said excess over said 5% of Net Proceeds of the Series 2006 A Bonds used for a Private Business Use shall be used for a Private Business Use related to the governmental use of the Project, or if the Series 2006 A Bonds are for the purpose of financing more than one project, a portion of the Project, and shall not exceed the proceeds used for the governmental use of that portion of the Project to which such Private Business Use is related, all of the foregoing to be determined in accordance with the Code.

B. PRIVATE LOAN LIMITATION. The Issuer shall assure that not in excess of the lesser of 5% or $5,000,000 of the Net Proceeds of the Series 2006 A Bonds are used, directly or indirectly, to make or finance a loan (other than loans constituting Nonpurpose Investments) to persons other than state or local government units.

C. FEDERAL GUARANTEE PROHIBITION. The Issuer shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause the Series 2006 A Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Code.

D. INFORMATION RETURN. If required, the Issuer shall file all statements, instruments and returns necessary to assure the tax-exempt status of the Series 2006 A Bonds and the interest thereon, including, without limitation, the information return required under Section 149(e) of the Code.

E. FURTHER ACTIONS. The Issuer shall take any and all actions that may be required of it (including, without limitation, those deemed necessary by the Authority) so that the interest on the Series 2006 A Bonds will be and remain excludable from gross income for federal income tax purposes, and shall not take any actions, or fail to take any actions (including, without limitation, those deemed necessary by the Authority), the result of which would adversely affect such exclusion.

Section 7.20. Securities Laws Compliance. The Issuer shall 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 2006 A Bonds or immediately thereafter, enter into written contracts for the immediate acquisition or construction of the Project.

B. The Issuer shall submit all proposed change orders to the DEP for written approval. The Issuer shall obtain the written approval of the DEP before expending any proceeds of the Series 2006 A Bonds held in "contingency" as set forth in the

schedule attached to the Certificate of the Consulting Engineer. The Issuer shall also obtain the written approval of the DEP before expending any proceeds of the Series 2006 A Bonds made available due to bid or construction or project underruns.

C. The Issuer shall list the funding as being provided by the Authority 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.

Section 7.22. Statutory Mortgage Lien. For the further protection of the Holders of the Series 2006 A Bonds, a statutory mortgage lien upon the System is granted and created by the Act, which statutory mortgage lien is hereby recognized and declared to be valid and binding, shall take effect immediately upon delivery of the Series 2006 A Bonds, and shall be on a parity with the statutory mortgage lien in favor of the Holders of the Prior Bonds.

## ARTICLE VIII

## INVESTMENT OF FUNDS; NON ARBITRAGE

Section 8.01. 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 8.01.

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

The Depository Bank shall keep complete and accurate records of all funds, accounts and investments, and shall distribute to the Issuer, at least once each year (or more often if reasonably requested by the Issuer), a summary of such funds, accounts and investment earnings. The Issuer shall retain all such records and any additional records with respect to such funds, accounts and investment earnings so long as any of the Series 2006 A Bonds are Outstanding and as long thereafter as necessary to comply with the Code and assure the exclusion of interest on the Series 2006 A Bonds from gross income for federal income tax purposes.

Section 8.02. Arbitrage and Tax Exemption. The Issuer covenants that (i) it shall not take, or permit or suffer to be taken, any action with respect to the gross or other proceeds of the Series 2006 A Bonds which would cause the Series 2006 A Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code, and (ii) it will take all actions that may be required of it (including, without implied limitation, the timely filing of a federal information return with respect to the Series 2006 A Bonds) so that the interest on

the Series 2006 A Bonds will be and remain excludable from gross income for federal income tax purposes, and will not take any actions which would adversely affect such exclusion.

Section 8.03. Tax Certificate and Rebate. The Issuer shall deliver a certificate of arbitrage, a tax certificate or other similar certificate to be prepared by nationally recognized bond counsel or tax counsel relating to payment of arbitrage rebate and other tax matters as a condition to issuance of the Series 2006 A Bonds. In addition, the Issuer covenants to comply with all Regulations from time to time in effect and applicable to the Series 2006 A Bonds as may be necessary in order to fully comply with Section 148(f) of the Code, and covenants to take such actions, and refrain from taking such actions, as may be necessary to fully comply with such Section 148(f) of the Code and such Regulations, regardless of whether such actions may be contrary to any of the provisions of this Bond Legislation.

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

the Issuer shall pay the required rebate amount, any and all penalties and other amounts, from lawfully available sources, and obtain a waiver from the Internal Revenue Service, if necessary, and take any other actions necessary, in order to maintain the exclusion of interest on the Series 2006 A Bonds from gross income for federal income tax purposes.

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

The Issuer shall submit to the Authority within 15 days following the end of each Bond Year a certified copy of its rebate calculation and certificate with respect thereto or, if the Issuer qualifies for the small governmental issue exception to rebate, or any other exception thereto, then the Issuer shall submit to the Authority a certificate stating that it is exempt from such rebate provisions and that no event has occurred to its knowledge during the Bond Year which would make the Series 2006 A Bonds subject to rebate. The Issuer shall also furnish to the Authority, at any time, such additional information relating to rebate as may be reasonably requested by the Authority including information with respect to earnings on all funds constituting "gross proceeds" of the Series 2006 A Bonds (as such term "gross proceeds" is defined in the Code).

## 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 2006 A Bonds:

(1) If default occurs in the due and punctual payment of the principal of or interest on any Series 2006 A Bonds; or

(2) If default occurs in the Issuer's observance of any of the covenants, agreements or conditions on its part relating to the Series 2006 A Bonds set forth in this Bond Legislation, any supplemental resolution or in the Series 2006 A Bonds, and such default shall have continued for a period of 30 days after the Issuer shall have been given written notice of such default by the Commission, the Depository Bank, the Registrar, the Paying Agent or any other Paying Agent or a Holder of a Bond; or

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

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

Section 9.02. Remedies. Upon the happening and continuance of any Event of Default, any Registered Owner of a Bond may exercise any available remedy and bring any appropriate action, suit or proceeding to enforce his or her rights and, in particular, (i) bring suit for any unpaid principal or interest then due, (ii) by mandamus or other appropriate proceeding enforce all rights of such Registered Owners including the right to require the Issuer to perform its duties under the Act and the Bond Legislation relating thereto, including but not limited to the making and collection of sufficient rates or charges for services rendered by the System, (iii) bring suit upon the Bonds; (iv) by action at law or bill in equity require the Issuer to account as if it were the trustee of an express trust for the Registered Owners of the Bonds, and (v) by action or bill in equity enjoin any acts in violation of the Bond Legislation with respect to the Bonds, or the rights of such Registered Owners; provided however, that all rights and remedies of the Holders of the Series 2006 A Bonds shall be on a parity with those of the Holders of the Prior Bonds.

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

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

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

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

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

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

Legislation, and the title to and ownership of said System shall remain in the Issuer, and no court shall have any jurisdiction to enter any order or decree permitting or requiring such receiver to sell, assign, mortgage or otherwise dispose of any assets of the System.

## ARTICLE X

## PAYMENT OF BONDS

Section 10.01. Payment of Bonds. If the Issuer shall pay or there shall otherwise be paid to the Holders of the Series 2006 A Bonds, the principal of and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Bond Legislation, then the pledge of Gross 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 2006 A Bonds shall thereupon cease, terminate and become void and be discharged and satisfied, except as may otherwise be necessary to assure the exclusion of interest on the Series 2006 A Bonds from gross income for federal income tax purposes.

## ARTICLE XI

## MISCELLANEOUS

Section 11.01. Amendment or Modification of Bond Legislation. Prior to the issuance of the Series 2006 A Bonds, this Ordinance may be amended or supplemented in any way by the Supplemental Resolution. Following issuance of the Series 2006 A Bonds, no material modification or amendment of this Ordinance, or of any ordinance, resolution or order amendatory or supplemental hereto, that would materially and adversely affect the rights of Registered Owners of the Series 2006 A Bonds shall be made without the consent in writing of the Registered Owners of the Series 2006 A Bonds so affected and then Outstanding; provided, that no change shall be made in the maturity of any Bond or Bonds or the rate of interest thereon, or in the principal amount thereof, or affecting the unconditional promise of the Issuer to pay such principal and interest out of the funds herein pledged therefor without the consent of the Registered Owner thereof. No amendment or modification shall be made that would reduce the percentage of the principal amount of the Series 2006 A Bonds required for consent to the above-permitted amendments or modifications. Notwithstanding the foregoing, this Bond Legislation may be amended without the consent of any Bondholder as may be necessary to assure compliance with Section 148(f) of the Code relating to rebate requirements or otherwise as may be necessary to assure the excludability of interest on the Series 2006 A Bonds from gross income of the holders thereof.

Section 11.02. Bond Legislation Constitutes Contract. The provisions of the Bond Legislation shall constitute a contract between the Issuer and the Registered Owners of the 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 2006 A Bonds.

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

Section 11.05. Conflicting Provisions Repealed; Prior Ordinances. All ordinances, orders or resolutions and or parts thereof in conflict with the provisions of this Ordinance are, to the extent of such conflict, hereby repealed; provided that, in the event of

any conflict between this Ordinance and the Prior Ordinances, the Prior Ordinances shall control (unless less restrictive), so long as the Prior Bonds are outstanding.

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

Section 11.07. Appointment. The Issuer does hereby appoint, designate and approve the hiring of Steptoe & Johnson, Clarksburg, West Virginia, as bond counsel to the Issuer and the Board in connection with the issuance by the Issuer of the Series 2006 A Bonds.

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

Section 11.09. 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 Dominion Post, a newspaper published and of general circulation in The City of Morgantown, together with a notice stating that this Ordinance has been adopted and that the Issuer contemplates the issuance of the Series 2006 A Bonds, and that any person interested may appear before the Governing Body upon a date certain, not less than ten days subsequent to the date of the first publication of such abstract of this Ordinance and notice, and present protests, and that a certified copy of this Ordinance is on file with the Governing Body for review by interested persons during office hours of the Governing Body. At such hearing, all objections and suggestions shall be heard and the Governing Body shall take such action as it shall deem proper in the premises.

Passed on First Reading: March 7, 2006

Passed on Second Reading: March 21, 2006

Passed on Final Reading Following Public Hearing: April 4, 2006

Mayor

ATTEST:

City Clerk

APPROVED AND CORRECT AS TO FORM:

City Solicitor

627490.00016

CERTIFICATION

Certified a true copy of an Ordinance duly enacted by the Council of THE CITY OF MORGANTOWN on the 4th day of April, 2006.

Dated: June 30, 2006.

[SEAL]

Linda L. Lutte
City Clerk

EXHIBIT A

Loan Agreement is included in bond transcript as Document 3.

THE CITY OF MORGANTOWN

Combined Waterworks and Sewerage System Revenue Bonds,
Series 2006 A (West Virginia SRF Program)

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNT, DATE, MATURITY DATE, REDEMPTION PROVISION, INTEREST RATE, INTEREST AND PRINCIPAL PAYMENT DATES, SALE PRICE AND OTHER TERMS OF THE COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2006 A (WEST VIRGINIA SRF PROGRAM), OF THE CITY OF MORGANTOWN, APPROVING AND RATIFYING A LOAN AGREEMENT RELATING TO SUCH BONDS AND THE SALE AND DELIVERY OF SUCH BONDS TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; APPROVING THE PURCHASE OF A SURETY BOND FOR, OR THE FUNDING FROM PROCEEDS OF THE BONDS OF, THE RESERVE ACCOUNT FOR THE BONDS; 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 Morgantown (the "Issuer") has duly and officially adopted and enacted a bond ordinance, effective April 4, 2006 (the "Bond Ordinance"), entitled:

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF EXTENSIONS, ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE SEWERAGE PORTION OF THE EXISTING PUBLIC COMBINED WATERWORKS AND SEWERAGE SYSTEM OF THE CITY OF MORGANTOWN AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE CITY OF NOT MORE

THAN $8,500,000 IN AGGREGATE PRINCIPAL AMOUNT OF COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2006 A (WEST VIRGINIA SRF PROGRAM); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING A LOAN AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

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

WHEREAS, the Bond Ordinance provides for the issuance of the Combined Waterworks and Sewerage System Revenue Bonds, Series 2006 A (West Virginia Infrastructure Fund), of the Issuer (the "Bonds" or the "Series 2006 A Bonds"), in the aggregate principal amount not to exceed $8,500,000, and has authorized the execution and delivery of the loan agreement relating to the Series 2006 A Bonds, by and among the Issuer, the Authority and the West Virginia Department of Environmental Protection (the "DEP") (the "Loan Agreement"), all in accordance with Chapter 8, Article 20 and Chapter 22C, Article 2 of the West Virginia Code of 1931, as amended (collectively, the "Act"); and in the Bond Ordinance it is provided that the form of the Loan Agreement and the exact principal amount, date, maturity date, redemption provision, interest rate, interest and principal payment dates, sale price and other terms of the Bonds should be established by a supplemental resolution pertaining to the Bonds; and that other matters relating to the Bonds be herein provided for;

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

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

WHEREAS, the Governing Body deems it essential and desirable that this supplemental resolution (the "Supplemental Resolution") be adopted, that the Loan

Agreement be ratified and approved by the Issuer, that the exact principal amount, the date, the maturity date, the redemption provision, the interest rate, the interest and principal payment dates and the sale price of the Bonds be fixed hereby in the manner stated herein, and that other matters relating to the Bonds be herein provided for;

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

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 Combined Waterworks and Sewerage System Revenue Bonds, Series 2006 A (West Virginia Infrastructure Fund), of the Issuer, originally represented by a single Bond, numbered AR-1, in the principal amount of $6,410,191. The Series 2006 A Bonds shall be dated the date of delivery thereof, shall finally mature June 1, 2028, and shall bear interest at the rate of 2% per annum. The principal of and interest on the Bonds shall be payable quarterly, on March 1, June 1, September 1 and December 1 of each year, commencing September 1, 2008, and maturing June 1, 2028, and in the amounts as set forth in the "Schedule Y" attached to the Loan Agreement and incorporated in and made a part of the Series 2006 A Bonds. The Series 2006 A Bonds shall be subject to redemption upon the written consent of the Authority and the DEP, and upon payment of the interest and redemption premium, if any, and otherwise in compliance with the Loan Agreement, so long as the Authority shall be the registered owner of the Series 2006 A Bonds. The Issuer does hereby approve and shall pay the SRF Administrative Fee equal to 1% of the principal amount of the Series 2006 A Bonds set forth in "Schedule Y" attached to the Loan Agreement.

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

Section 3. The Issuer does hereby ratify, approve, and accept the Loan Agreement, a copy of which is incorporated herein by reference, and the execution and delivery of the Loan Agreement by the Mayor and/or City Manager, and the performance of the obligations contained therein, on behalf of the Issuer, are hereby authorized, directed, ratified and approved. The Issuer hereby affirms all covenants and representations made in the Loan Agreement and in the applications to the DEP and the Authority. The price of the Bonds shall be 100% of par value, there being no interest accrued thereon, provided that the proceeds of the Bonds shall be advanced from time to time as requisitioned by the Issuer.

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

of the obligations contained therein, on behalf of the Issuer, are hereby authorized, approved and directed.

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

Section 6. The Issuer does hereby appoint and designate Branch Banking and Trust Company, Morgantown, West Virginia, to serve as Depository Bank under the Bond Ordinance.

Section 7. Series 2006 A Bonds proceeds in the amount of $-0- shall be deposited in the Series 2006 A Bonds Sinking Fund, as capitalized interest.

Section 8. Series 2006 A Bonds proceeds in the approximate amount of $20,000, may be used to purchase a Surety Bond to fund the Series 2006 A Bonds Reserve Account. In the event that a Surety Bond is not available, Series 2006 A Bonds proceeds in an amount equal to the maximum annual debt service on the Series 2006 A Bonds shall be deposited in the Series 2006 A Bonds Reserve Account.

Section 9. The proceeds of the Series 2006 A Bonds shall be deposited in or credited to the Series 2006 A Bonds Construction Trust Fund for payment of the costs of the Project, including, without limitation, costs of issuance of the Bonds, purchase of a Surety Bond or funding of the Series 2006 A Bonds Reserve Account and related costs.

Section 10. The Mayor, City Manager and City Clerk are hereby authorized and directed to execute and deliver such other documents and certificates required or desirable in connection with the Bonds hereby and by the Bond Ordinance approved and provided for, to the end that the Bonds may be delivered on or about June 27, 2006, to the Authority pursuant to the Loan Agreement.

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

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

Section 13. The Issuer hereby determines to invest all moneys in the funds and accounts established by the Bond Ordinance held by the Depository Bank until expended, in repurchase agreements or time accounts, secured by a pledge of Government Obligations, and therefore, the Issuer hereby directs the Depository Bank to take such actions as may be necessary to cause such moneys to be invested in such repurchase agreements or time

accounts until further directed in writing by the Issuer. Moneys in the Series 2006 A Bonds Sinking Fund, including the Series 2006 A Bonds Reserve Account therein, if any, shall be invested by the West Virginia Municipal Bond Commission in the West Virginia Consolidated Fund.

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

[Remainder of Page Intentionally Left Blank]

Adopted this 6th day of June, 2006.

Mayor

ATTEST:

City Clerk

APPROVED AND CORRECT AS TO FORM:

City Solicitor

CERTIFICATION

Certified a true copy of a Supplemental Resolution duly adopted by the Council of The City of Morgantown on the 6th day of June, 2006.

Dated: June 30, 2006.

[SEAL]

Linda L. Lucas
City Clerk

06.05.06
627490.00021

THE CITY OF MORGANTOWN

Combined Waterworks and Sewerage System Revenue Bonds,
Series 2006 A (West Virginia SRF Program)

SECOND SUPPLEMENTAL RESOLUTION

SECOND SUPPLEMENTAL RESOLUTION APPROVING THE PURCHASE OF A SURETY BOND FOR THE SERIES 2006 A BONDS RESERVE ACCOUNT, APPROVING THE EXECUTION AND DELIVERY OF A GUARANTY AGREEMENT, THE SUPPLEMENTATION OF THE ORDINANCE AUTHORIZING THE ORIGINAL ISSUANCE OF THE SERIES 2006 A BONDS AND MAKING OTHER PROVISIONS REQUIRED BY THE PROVIDER OF SUCH SURETY BOND.

WHEREAS, the city council (the "Governing Body") of The City of Morgantown (the "Issuer") duly and officially adopted and enacted a bond ordinance, effective April 4, 2006, and a supplemental resolution, effective June 6, 2006 (said ordinance, as so supplemented, herein called the "Bond Ordinance"), authorizing the issuance of its $6,410,191 principal amount of Combined Waterworks and Sewerage System Revenue Bonds, Series 2006 A, to be dated June 27, 2006 (the "Series 2006 A Bonds");

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 provided for, among other things, the establishment of the Series 2006 A Bonds Reserve Account at the West Virginia Municipal Bond Commission (the "Commission") and that with the advance written consent of the Authority, the Issuer may, in lieu of funding the Series 2006 A Bonds Reserve Account with cash or Qualified Investments, satisfy the Series 2006 A Bonds Reserve Requirement by the deposit into the Series 2006 A Reserve Account of a reserve account letter of credit, a surety bond, or other credit facility satisfactory to the Authority in an amount at least equal to the Series 2006 A Bonds Reserve Requirement;

WHEREAS, the Issuer has obtained a commitment (the "Commitment") from Ambac Assurance Corporation ("Ambac Assurance") to provide the Issuer with a surety bond (the "Surety Bond") in the amount of the Series 2006 A Bonds Reserve Requirement, to be deposited in the Series 2006 A Bonds Reserve Account;

WHEREAS, the Issuer has obtained, or will obtain prior to the issuance of the Series 2006 A Bonds, the written consent of the West Virginia Water Development Authority ("WDA"), as sole purchaser and holder of the Series 2006 A Bonds, to such purchase and to the supplementation of the Bond Ordinance in accordance with the provisions of this Second Supplemental Resolution;

WHEREAS, as a condition to delivery of the Surety Bond to the Issuer by Ambac Assurance, Ambac Assurance requires that the Issuer enter into a Guaranty Agreement with Ambac Assurance in the form presented to this meeting (the "Guaranty"); and

WHEREAS, as a further condition to delivery of the Surety Bond, Ambac Assurance requires that certain covenants and provisions be included in the Bond Ordinance relating to the security to be granted to Ambac Assurance in exchange for its issuance of the Surety Bond;

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

Section 1. Pursuant to the Bond Ordinance and the Act, this Second Supplemental Resolution is adopted and it is hereby authorized and ordered that the Surety Bond be accepted in accordance with the provisions of the Commitment for Surety Bond, dated June 23, 2006 (Commitment No. SB30526) (the "Commitment") and, following the receipt of the written consent of the Authority thereto, the Surety Bond be deposited in the Series 2006 A Bonds Reserve Account. Payment of the premium for purchase of the Surety Bond shall be made from proceeds of the Series 2006 A Bonds.

Section 2. The Issuer does hereby approve and accept the Guaranty Agreement, the form of which is set forth in the Commitment and which has been presented to Council, and the execution and delivery of the Guaranty Agreement by the Mayor and City Manager of the Issuer and the performance of the obligations therein, on behalf of the Issuer, are hereby authorized, approved and directed.

Section 3. Section 1.04 of the Bond Ordinance shall hereby be supplemented to add the following definitions:

"Ambac Assurance" means Ambac Assurance Corporation, a Wisconsin domiciled stock insurance company.

"Surety Bond" means the surety bond issued by Ambac Assurance guaranteeing certain payments into the Series 2006 A Bonds Reserve Account with respect to the Series 2006 A Bonds as provided therein and subject to the limitations set forth therein.

Section 4. Section 5.03 of the Bond Ordinance shall hereby be supplemented by adding the following provisions following paragraph "H" thereof:

I. Consent of Ambac Assurance.

Any provision of this Bond Ordinance expressly recognizing or granting rights in or to Ambac Assurance may not be amended in any manner which affects the rights of Ambac Assurance hereunder without the prior written consent of Ambac Assurance. Ambac Assurance reserves the right to charge the Issuer a fee for any consent or amendment to this Bond Ordinance while the Surety Bond is outstanding.

J. Consent of Ambac Assurance in Addition to Bondholder Consent.

Unless otherwise provided in this Section, Ambac Assurance's consent shall be required in addition to Bondholder consent, when required, for the following purposes: (i) execution and delivery of any Supplemental Ordinance or any amendment, supplement or change to or modification of this Bond Ordinance, (ii) removal of the Registrar or Paying Agent or selection and appointment of any successor Registrar or Paying Agent; and (iii) initiation or approval of any action not described in (i) or (ii) above which requires Bondholder consent.

K. Notices to be sent to the attention of the SURVEILLANCE DEPARTMENT.

(A) While the Surety Bond is in effect, the Issuer shall furnish to Ambac Assurance, upon request, the following:

(1) A copy of any financial statement, audit and/or annual report of the Issuer.

(2) Such additional information Ambac Assurance may reasonably request.

(B) A copy of any notice to be given to the registered owners of the Series 2006 A Bonds, including, without limitation, notice of any redemption of or defeasance of the Series 2006 A Bonds, and any certificate rendered pursuant to this Bond Ordinance relating to the security of the Series 2006 A Bonds.

(C) To the extent that the Issuer has entered into a continuing disclosure agreement with respect to the Series 2006 A Bonds, Ambac Assurance shall be included as a party to be notified.

L. Notices to be sent to the attention of the GENERAL COUNSEL OFFICE.

(A) The Issuer shall notify Ambac Assurance of any failure of the Issuer to provide relevant notices, certificates, etc.

(B) Notwithstanding any other provision of this Bond Ordinance, the Paying Agent and/or Issuer shall immediately notify Ambac Assurance if at any time there are insufficient moneys to make any payments of principal and interest as required and immediately upon the occurrence of (i) any Event of Default hereunder or (ii) any payment default under any related security agreement.

M. Other Information to be given to Ambac Assurance.

The Issuer will permit Ambac Assurance to discuss the affairs, finances and accounts of the Issuer or any information Ambac Assurance may reasonably request regarding the security for the Series 2006 A Bonds with appropriate officers of the Issuer. The Issuer will permit Ambac Assurance to have access to the Project and have access to and to make copies of all books and records relating to the Series 2006 A Bonds at any reasonable time.

Ambac Assurance shall have the right to direct an accounting at the Issuer's expense, and the Issuer's failure to comply with such direction within thirty (30) days after receipt of written notice of the direction from Ambac Assurance shall be deemed a default hereunder; provided, however, that if compliance cannot occur within such period, then such period will be extended so long as compliance is begun within such period and dililgently pursued, but only if such extension would not materially adversely affect the interests of any registered owner of the Series 2006 A Bonds.

N. Payment Procedure Pursuant to the Surety Bond.

As long as the Surety Bond shall be in full force and effect, the Issuer, the Registrar and the Paying Agent, as appropriate, agree to comply with the following provisions:

(a) In the event and to the extent that moneys on deposit in the Series 2006 A Bonds Reserve Account, plus all amounts on deposit in and credited to the Series 2006 A Bonds Reserve Account in excess of the amount of the Surety Bond, are insufficient to pay the amount of principal and interest coming due on the Series 2006 A Bonds, then upon the later of:

(i) one (1) day after receipt by the General Counsel of Ambac Assurance of a demand for payment in the form attached to the Surety Bond as Attachment 1 (the "Demand for Payment"), duly executed by the Paying Agent certifying that payment due under this Bond Ordinance has not been made to the Paying Agent; or (ii) the payment date of the principal and interest coming due on the Series 2006 A Bonds as specified in the Demand for Payment presented by the Paying Agent to the General Counsel of Ambac Assurance, Ambac Assurance will make a deposit of funds in an account with the Paying Agent or its successor, in New York, New York, sufficient for the payment to the Paying Agent, of amounts which are then due to the Paying Agent under the Ordinance (as specified in the Demand for Payment) up to but not in excess of the Surety Bond Coverage, as defined in the Surety Bond; provided, however, that in the event that the amount on deposit in, or credited to, the Series 2006 A Bonds Reserve Account, in addition to the amount available under the Surety Bond, includes amounts available under a letter of credit, insurance policy, surety bond or other such funding instrument (the "Additional Funding Instrument"), draws on the Surety Bond and the Additional Funding Instrument shall be made on a pro rata basis to fund the insufficiency.

(b) The Paying Agent shall, after submitting to Ambac Assurance the Demand for Payment as provided in (a) above, make available to Ambac Assurance all records relating to the Funds and Accounts maintained under this Bond Ordinance.

(c) The Paying Agent shall, upon receipt of moneys received from the draw on the Surety Bond, as specified in the Demand for Payment, credit the Series 2006 A Bonds Reserve Account to the extent of moneys received pursuant to such Demand.

(d) The Series 2006 A Bonds Reserve Account shall be replenished in the following priority: (i) principal and interest on the Surety Bond and on the Additional Funding Instrument, if any, shall be paid from first available Series 2006 A Bonds Revenues on a pro rata basis; (ii) after all such amounts are paid in full, amounts necessary to fund the Series 2006 A Bonds Reserve Account to the required level, after taking into account the amounts available under the Surety Bond and the Additional Funding Instrument, if any, shall be deposited from next available Revenues.

**[Remainder of Page Intentionally Left Blank]**

Section 5. This Second Supplemental Resolution shall be effective immediately following adoption hereof.

Adopted this July 5, 2006.

THE CITY OF MORGANTOWN

Mayor

ATTEST:

City Clerk

APPROVED AND CORRECT AS TO FORM:

City Solicitor

## CERTIFICATION

Certified a true copy of a Second Supplemental Resolution duly adopted by the Council of The City of Morgantown on July 5, 2006.

Dated: June 30, 2006

[SEAL]

Linda L. Lutz
City Clerk

06/26/06
627490/00021

SPECIMEN

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE CITY OF MORGANTOWN
COMBINED UTILITY SYSTEM REVENUE BONDS
SERIES 2006 A
(WEST VIRGINIA SRF PROGRAM)

No. AR-1 $6,410,191

KNOW ALL MEN BY THESE PRESENTS: That on this the 1st day of August, 2007, THE CITY OF MORGANTOWN, a municipal corporation and political subdivision of the State of West Virginia in Monongalia 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 SIX MILLION FOUR HUNDRED TEN THOUSAND ONE HUNDRED NINETY ONE DOLLARS ($6,410,191), 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, 2008, as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference with interest on each installment at the rate per annum set forth on said EXHIBIT B. The interest and SRF administrative fee (as defined in the hereinafter described Bond Legislation) on this Bond shall be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing September 1, 2008, as set forth on EXHIBIT B attached hereto.

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

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the West Virginia Department of Environmental Protection (the "DEP"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement by and among the Issuer, the Authority and the DEP, dated June 30, 2006.

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, sewerage, and stormwater system of the Issuer (the "Project"); (ii) to pay the cost of a surety bond to fund the reserve account for the Bonds of this Series (the "Bonds"); and (iii) to pay certain costs of issuance of the Bonds and related costs. The existing public combined waterworks, sewerage, and stormwater system of the Issuer, the Project, and any further extensions, additions, betterments or improvements thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 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 April 4, 2006, a Supplemental Resolution duly adopted by the Issuer on June 6, 2006, and an Amendatory Ordinance duly enacted by the Issuer on April 17, 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) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 1992 (WEST VIRGINIA SRF PROGRAM), DATED SEPTEMBER 8, 1992, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $11,900,000 (THE "SERIES 1992 BONDS"); (2) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 1995 (WEST VIRGINIA SRF PROGRAM), DATED APRIL 27, 1995, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,601,477 (THE "SERIES 1995 BONDS"); (3) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2000 A (WEST VIRGINIA SRF PROGRAM), DATED FEBRUARY 29, 2000, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $7,842,000 (THE "SERIES 2000 A BONDS"); (4) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2000 B (WEST VIRGINIA INFRASTRUCTURE FUND), DATED FEBRUARY 29, 2000, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,488,000 (THE "SERIES 2000 B BONDS"); AND (5) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2001 A (WEST VIRGINIA INFRASTRUCTURE FUND), DATED FEBRUARY 8, 2001, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $3,812,470 (THE "SERIES 2001 A BONDS") (COLLECTIVELY, THE "PRIOR BONDS").

This Bond is payable only from and secured by a pledge of the Gross Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Gross Revenues in favor of the holders of the Prior Bonds, and from moneys in the reserve account created under the Bond Legislation for the Bonds (the "Series 2006 A Bonds Reserve Account"), and unexpended proceeds of the Bonds. Such

Gross 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 an indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest hereon, except from said special fund provided from the Gross Revenues, the moneys in the Series 2006 A Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest on the Bonds, and all other obligations secured by a lien on or payable from such revenues on a parity with the Bonds, including the Prior Bonds; provided however, that so long as there exists in the Series 2006 A Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with the Bonds, including the Prior Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

This Bond is hereby designated a "qualified tax-exempt obligation" within the meaning of Section 265(b)(3)(B) of the Internal Revenue Code of 1986, as amended.

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 moneys, until so applied, in favor of the registered owner of this Bond.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and 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 Gross 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.

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SPECIMEN

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

[SEAL]

Mayor

City Manager

ATTEST:

Acting City Clerk

SPECIMEN

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2006 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: August 14, 2007.

THE HUNTINGTON NATIONAL BANK,
as Registrar

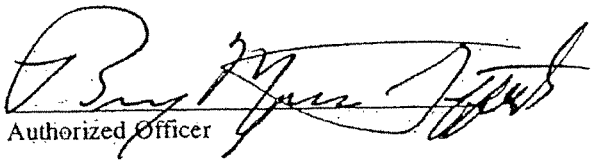
By: 
Its: Authorized Officer

EXHIBIT A

RECORD OF ADVANCES

| | AMOUNT | DATE | | AMOUNT | DATE |
|---|---|---|---|---|---|
| (1) | $320,510 | June 30, 2006 | (19) | $ | |
| (2) | $624,534 | September 22, 2006 | (20) | $ | |
| (3) | $645,433 | October 25, 2006 | (21) | $ | |
| (4) | $167,315 | November 6, 2006 | (22) | $ | |
| (5) | $286,229 | December 6, 2006 | (23) | $ | |
| (6) | $284,298 | January 5, 2007 | (24) | $ | |
| (7) | $331,328 | February 2, 2007 | (25) | $ | |
| (8) | $231,709 | March 1, 2007 | (26) | $ | |
| (9) | $261,425 | April 3, 2007 | (27) | $ | |
| (10) | $201,088 | May 3, 2007 | (28) | $ | |
| (11) | $182,869 | June 8, 2007 | (29) | $ | |
| (12) | $223,111 | July 9, 2007 | (30) | $ | |
| (13) | $337,444 | August 2, 2007 | (31) | $ | |
| (14) | $ | | (32) | $ | |
| (15) | $ | | (33) | $ | |
| (16) | $ | | (34) | $ | |
| (17) | $ | | (35) | $ | |
| (18) | $ | | (36) | $ | |

TOTAL $_____

## EXHIBIT B

## DEBT SERVICE SCHEDULE

| Date | Principal | Coupon | Interest | Total P+I |
|---|---|---|---|---|
| 09/01/2006 | - | - | - | - |
| 12/01/2006 | - | - | - | - |
| 03/01/2007 | - | - | - | - |
| 06/01/2007 | - | - | - | - |
| 09/01/2007 | - | - | - | - |
| 12/01/2007 | - | - | - | - |
| 03/01/2008 | - | - | - | - |
| 06/01/2008 | - | - | - | - |
| 09/01/2008 | 65,365.00 | 2.000% | 32,050.96 | 97,415.96 |
| 12/01/2008 | 65,692.00 | 2.000% | 31,724.13 | 97,416.13 |
| 03/01/2009 | 66,020.00 | 2.000% | 31,395.67 | 97,415.67 |
| 06/01/2009 | 66,350.00 | 2.000% | 31,065.57 | 97,415.57 |
| 09/01/2009 | 66,682.00 | 2.000% | 30,733.82 | 97,415.82 |
| 12/01/2009 | 67,016.00 | 2.000% | 30,400.41 | 97,416.41 |
| 03/01/2010 | 67,351.00 | 2.000% | 30,065.33 | 97,416.33 |
| 06/01/2010 | 67,687.00 | 2.000% | 29,728.58 | 97,415.58 |
| 09/01/2010 | 68,026.00 | 2.000% | 29,390.14 | 97,416.14 |
| 12/01/2010 | 68,366.00 | 2.000% | 29,050.01 | 97,416.01 |
| 03/01/2011 | 68,708.00 | 2.000% | 28,708.18 | 97,416.18 |
| 06/01/2011 | 69,051.00 | 2.000% | 28,364.64 | 97,415.64 |
| 09/01/2011 | 69,397.00 | 2.000% | 28,019.39 | 97,416.39 |
| 12/01/2011 | 69,744.00 | 2.000% | 27,672.40 | 97,416.40 |
| 03/01/2012 | 70,092.00 | 2.000% | 27,323.68 | 97,415.68 |
| 06/01/2012 | 70,443.00 | 2.000% | 26,973.22 | 97,416.22 |
| 09/01/2012 | 70,795.00 | 2.000% | 26,621.01 | 97,416.01 |
| 12/01/2012 | 71,149.00 | 2.000% | 26,267.03 | 97,416.03 |
| 03/01/2013 | 71,505.00 | 2.000% | 25,911.29 | 97,416.29 |
| 06/01/2013 | 71,862.00 | 2.000% | 25,553.76 | 97,415.76 |
| 09/01/2013 | 72,221.00 | 2.000% | 25,194.45 | 97,415.45 |
| 12/01/2013 | 72,583.00 | 2.000% | 24,833.35 | 97,416.35 |
| 03/01/2014 | 72,946.00 | 2.000% | 24,470.43 | 97,416.43 |
| 06/01/2014 | 73,310.00 | 2.000% | 24,105.70 | 97,415.70 |
| 09/01/2014 | 73,677.00 | 2.000% | 23,739.15 | 97,416.15 |
| 12/01/2014 | 74,045.00 | 2.000% | 23,370.77 | 97,415.77 |
| 03/01/2015 | 74,415.00 | 2.000% | 23,000.54 | 97,415.54 |

| Date | Principal | Coupon | Interest | Total P+I |
|---|---|---|---|---|
| 06/01/2015 | 74,787.00 | 2.000% | 22,628.47 | 97,415.47 |
| 09/01/2015 | 75,161.00 | 2.000% | 22,254.53 | 97,415.53 |
| 12/01/2015 | 75,537.00 | 2.000% | 21,878.73 | 97,415.73 |
| 03/01/2016 | 75,915.00 | 2.000% | 21,501.04 | 97,416.04 |
| 06/01/2016 | 76,294.00 | 2.000% | 21,121.47 | 97,415.47 |
| 09/01/2016 | 76,676.00 | 2.000% | 20,740.00 | 97,416.00 |
| 12/01/2016 | 77,059.00 | 2.000% | 20,356.62 | 97,415.62 |
| 03/01/2017 | 77,445.00 | 2.000% | 19,971.32 | 97,416.32 |
| 06/01/2017 | 77,832.00 | 2.000% | 19,584.10 | 97,416.10 |
| 09/01/2017 | 78,221.00 | 2.000% | 19,194.94 | 97,415.94 |
| 12/01/2017 | 78,612.00 | 2.000% | 18,803.83 | 97,415.83 |
| 03/01/2018 | 79,005.00 | 2.000% | 18,410.77 | 97,415.77 |
| 06/01/2018 | 79,400.00 | 2.000% | 18,015.75 | 97,415.75 |
| 09/01/2018 | 79,797.00 | 2.000% | 17,618.75 | 97,415.75 |
| 12/01/2018 | 80,196.00 | 2.000% | 17,219.76 | 97,415.76 |
| 03/01/2019 | 80,597.00 | 2.000% | 16,818.78 | 97,415.78 |
| 06/01/2019 | 81,000.00 | 2.000% | 16,415.80 | 97,415.80 |
| 09/01/2019 | 81,405.00 | 2.000% | 16,010.80 | 97,415.80 |
| 12/01/2019 | 81,812.00 | 2.000% | 15,603.77 | 97,415.77 |
| 03/01/2020 | 82,221.00 | 2.000% | 15,194.71 | 97,415.71 |
| 06/01/2020 | 82,632.00 | 2.000% | 14,783.61 | 97,415.61 |
| 09/01/2020 | 83,045.00 | 2.000% | 14,370.45 | 97,415.45 |
| 12/01/2020 | 83,461.00 | 2.000% | 13,955.22 | 97,416.22 |
| 03/01/2021 | 83,878.00 | 2.000% | 13,537.92 | 97,415.92 |
| 06/01/2021 | 84,297.00 | 2.000% | 13,118.53 | 97,415.53 |
| 09/01/2021 | 84,719.00 | 2.000% | 12,697.04 | 97,416.04 |
| 12/01/2021 | 85,142.00 | 2.000% | 12,273.45 | 97,415.45 |
| 03/01/2022 | 85,568.00 | 2.000% | 11,847.74 | 97,415.74 |
| 06/01/2022 | 85,996.00 | 2.000% | 11,419.90 | 97,415.90 |
| 09/01/2022 | 86,426.00 | 2.000% | 10,989.92 | 97,415.92 |
| 12/01/2022 | 86,858.00 | 2.000% | 10,557.79 | 97,415.79 |
| 03/01/2023 | 87,292.00 | 2.000% | 10,123.50 | 97,415.50 |
| 06/01/2023 | 87,729.00 | 2.000% | 9,687.04 | 97,416.04 |
| 09/01/2023 | 88,168.00 | 2.000% | 9,248.39 | 97,416.39 |
| 12/01/2023 | 88,608.00 | 2.000% | 8,807.55 | 97,415.55 |
| 03/01/2024 | 89,051.00 | 2.000% | 8,364.51 | 97,415.51 |
| 06/01/2024 | 89,497.00 | 2.000% | 7,919.26 | 97,416.26 |
| 09/01/2024 | 89,944.00 | 2.000% | 7,471.77 | 97,415.77 |
| 12/01/2024 | 90,394.00 | 2.000% | 7,022.05 | 97,416.05 |
| 03/01/2025 | 90,846.00 | 2.000% | 6,570.08 | 97,416.08 |
| 06/01/2025 | 91,300.00 | 2.000% | 6,115.85 | 97,415.85 |

| Date | Principal | Coupon | Interest | Total P+I |
|---|---|---|---|---|
| 09/01/2025 | 91,757.00 | 2.000% | 5,659.35 | 97,416.35 |
| 12/01/2025 | 92,215.00 | 2.000% | 5,200.57 | 97,415.57 |
| 03/01/2026 | 92,676.00 | 2.000% | 4,739.49 | 97,415.49 |
| 06/01/2026 | 93,140.00 | 2.000% | 4,276.11 | 97,416.11 |
| 09/01/2026 | 93,606.00 | 2.000% | 3,810.41 | 97,416.41 |
| 12/01/2026 | 94,074.00 | 2.000% | 3,342.38 | 97,416.38 |
| 03/01/2027 | 94,544.00 | 2.000% | 2,872.01 | 97,416.01 |
| 06/01/2027 | 95,017.00 | 2.000% | 2,399.29 | 97,416.29 |
| 09/01/2027 | 95,492.00 | 2.000% | 1,924.21 | 97,416.21 |
| 12/01/2027 | 95,969.00 | 2.000% | 1,446.75 | 97,415.75 |
| 03/01/2028 | 96,449.00 | 2.000% | 966.90 | 97,415.90 |
| 06/01/2028 | 96,931.00 | 2.000% | 484.66 | 97,415.66 |

*Plus $8,644.26 one-percent administrative fee paid quarterly. Total fee over life of loan is $691,540.80.

SPECIMEN

(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:

_____

07/31/07
627490.00019

2007 A

# BOND ORDINANCE

## THE CITY OF MORGANTOWN

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BOND ORDINANCE

THE CITY OF MORGANTOWN

**ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF EXTENSIONS, ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE STORMWATER PORTION OF THE EXISTING PUBLIC COMBINED WATERWORKS, SEWERAGE AND STORMWATER SYSTEM OF THE CITY OF MORGANTOWN AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE CITY OF NOT MORE THAN $8,500,000 IN AGGREGATE PRINCIPAL AMOUNT OF COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2007 A (WEST VIRGINIA SRF PROGRAM); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING A LOAN AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.**

**BE IT ORDAINED AND ENACTED BY THE COUNCIL OF THE CITY OF MORGANTOWN:**

## 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 and Chapter 22C, Article 2 of the West Virginia Code of 1931, as amended (collectively, the "Act"), and other applicable provisions of law.

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

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

B. The Issuer presently owns and operates, through the Morgantown Utility Board (the "Board"), a public combined waterworks, sewerage, and stormwater system. It is deemed necessary and desirable for the health and welfare of the inhabitants of the Issuer, and for the improvement of the water environment of the project area, that there be acquired and constructed certain extensions, additions, betterments and improvements to the stormwater portion of the existing public combined waterworks, sewerage, and stormwater system of the Issuer, consisting of improvements to the stream channel and banks, and improvements to the stream channel geometry and profile in the Burroughs Run and Poponoe Run watersheds of the Issuer, in order to reduce flooding and flooding related damages, and to stabilize the stream in order to reduce sedimentation and erosion and resulting water quality degradation, together with all appurtenant facilities as more particularly described as follows: (i) Burroughs Run Components- culvert replacements and upgrades, stream channel improvements, the installation of various stormwater collection and conveyance facilities, wetland reconstruction and (ii) Poponoe Run Components- culvert replacements and upgrades, stream channel improvements, the installation of a retaining wall, and various stormwater collection and conveyance facilities (collectively, the "Project") (the existing public combined waterworks, sewerage, and stormwater 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 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"), in connection with the West Virginia Water Pollution Control Revolving Fund Program (the "SRF Program"), which the Authority administers pursuant to the Act, and from a contribution from the West Virginia Department of Transportation, and an EPA 319 Grant (collectively the "Grants").

D. It is deemed necessary for the Issuer to issue its Combined Utility System Revenue Bonds, Series 2007 A (West Virginia SRF Program), in the aggregate principal amount of not more than $8,500,000 (the "Series 2007 A Bonds"), to permanently finance a portion of the costs of acquisition and construction of the Project. Said costs shall be deemed to include the cost of all property rights, easements and franchises deemed necessary or convenient therefor and eligible under the SRF Program; interest upon the Series 2007 A Bonds for a period not exceeding 6 months

after completion of construction of the Project; amounts which may be deposited in the Series 2007 A Bonds Reserve Account (as hereinafter defined) or amounts which may be used to purchase a surety bond to fund the Series 2007 A Bonds Reserve Account; engineering and legal expenses; expenses for estimates of costs and revenues, expenses for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the enterprise, administrative expense, commitment fees, fees and expenses of the Authority, including the SRF Administrative Fee (as hereinafter defined); discount, initial fees for the services of registrars, paying agents, depositories or trustees or other costs in connection with the sale of the Series 2007 A Bonds and such other expenses as may be necessary or incidental to the financing herein authorized, the acquisition or construction of the Project and the placing of same in operation, and the performance of the things herein required or permitted, in connection with any thereof, provided, that reimbursement to the Issuer or the Board for any amounts expended by them for allowable costs prior to the issuance of the Series 2007 A Bonds or the repayment of indebtedness incurred by the Issuer for such purposes shall be deemed Costs of the Project, as hereinafter defined.

E. The period of usefulness of the System after completion of the Project is not less than 20 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 among the Issuer, the Authority and the West Virginia Department of Environmental Protection (the "DEP"), in form satisfactory to the respective parties (the "Loan Agreement"), approved hereby if not previously approved by resolution of the Issuer.

G. There are outstanding obligations of the Issuer which will rank on a parity with the Series 2007 A Bonds as to liens, pledge, source of and security for payment, being the Issuer's (1) Combined Utility System Revenue Bonds, Series 1992 (West Virginia SRF Program), dated September 8, 1992, issued in the original aggregate principal amount of $11,900,000 (the "Series 1992 Bonds"), (2) Combined Utility System Revenue Bonds, Series 1995 (West Virginia SRF Program), dated April 27, 1995, issued in the original aggregate principal amount of $1,601,477 (the "Series 1995 Bonds"), (3) Combined Utility System Revenue Bonds, Series 2000 A (West Virginia SRF Program), dated February 29, 2000, issued in the original aggregate principal amount of $7,842,000 (the "Series 2000 A Bonds"), (4) Combined Utility System Revenue Bonds, Series 2000 B (West Virginia Infrastructure Fund), dated February 29, 2000, issued in the original aggregate principal amount of $2,488,000 (the "Series 2000 B Bonds"), (5) Combined Utility System Revenue Bonds, Series 2001 A (West Virginia Infrastructure Fund), dated February 8, 2001, issued in the original aggregate principal amount of $3,812,470 (the "Series 2001 A Bonds"), and (6) Combined Utility System Revenue Bonds, Series 2006 A (West Virginia SRF Program), dated June 30, 2006, issued in the original aggregate principal amount of $6,410,191 (the "Series 2006 A Bonds") (collectively, the "Prior Bonds").

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

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 and the principal of and interest on the Series 2007 A Bonds and the Prior Bonds and to make payments into all funds and accounts and other payments provided for herein.

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 2007 A Bonds, or will have so complied prior to issuance of any thereof, including, among other things, the approval of the Project and the financing thereof by the Council. The stormwater system of the Issuer is not subject to the jurisdiction of the Public Service Commission of West Virginia and it is not necessary for the Issuer to obtain a certificate of public convenience and necessity from the Public Service Commission for the Project.

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 2007 A Bonds by the Registered Owners of the same from time to time, this Bond Legislation shall be deemed to be and shall constitute a contract between the Issuer and such Bondholders, and the covenants and agreements herein set forth to be performed by the Issuer shall be for the equal benefit, protection and security of the Bondholders of any and all of such Series 2007 A Bonds, all of which shall be of equal rank and without preference, priority or distinction between any one Bond and any other Bonds and by reason of priority of issuance or otherwise, except as expressly provided therein and herein.

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

"**Act**" means, collectively, Chapter 8, Article 20 and Chapter 22C, Article 2 of the West Virginia Code of 1931, as amended and in effect on the date of enactment hereof.

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

"**Authorized Officer**" means the Mayor or the City Manager of the Issuer, and, in the instance of the Board, the Chairman, the General Manager or the Assistant General Manager, or any other officer of the Issuer or Board specifically designated by resolution of the Governing Body or the Board, as appropriate.

"**Board**" means the Morgantown Utility Board of the Issuer.

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

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

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

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

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

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

"**City Manager**" means the City Manager of the Issuer.

"**Closing Date**" means the date upon which there is an exchange of the Series 2007 A Bonds for all or a portion of the proceeds of the Series 2007 A Bonds from the Authority and the DEP.

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

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

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

"**Consulting Engineers**" means Strand Associates, Inc., Madison, Wisconsin, 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. "Consulting Engineer" shall also include a licensed professional engineer employed by the Board, who is responsible for design and/or supervision of improvements, additions or modifications to the System.

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

"**Council**" means the West Virginia Infrastructure and Jobs Development Council.

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

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

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

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

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

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

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

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

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

"**Independent Certified Public Accountant**" 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 Morgantown, a municipal corporation and political subdivision of the State of West Virginia, in Monongalia County,

West Virginia, and, unless the context clearly indicates otherwise, includes the Governing Body of the Issuer.

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

"**Mayor**" means the Mayor of the Issuer.

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

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

"**1992 Ordinance**" means the ordinance of the Issuer enacted September 1, 1992, as supplemented by the supplemental resolution of the Issuer adopted September 1, 1992.

"**1995 Ordinance**" means the ordinance of the Issuer enacted March 8, 1995, as supplemented by the supplemental resolution of the Issuer adopted April 18, 1995.

"**2000 Ordinance**" means the ordinance of the Issuer enacted February 15, 2000, as supplemented by the Supplemental Resolution of the Issuer adopted February 15, 2000.

"**2001 Ordinance**" means the ordinance of the Issuer enacted January 16, 2001, as supplemented by the Supplemental Resolution of the Issuer dated February 6, 2001.

"**2006 Ordinance**" means the ordinance of the Issuer enacted April 4, 2006, as supplemented by the Supplemental Resolution of the Issuer dated June 6, 2006.

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

"**Operating Expenses**" shall mean the reasonable, proper and necessary costs of repair, maintenance and operation of the System and includes, without limiting

the generality of the foregoing, administrative, engineering, legal, auditing and insurance expenses, other than those capitalized as part of the Costs, fees and expenses of the Authority, fiscal agents, the Depository Bank, the Registrar and Paying Agent (all as hereinafter defined), other than those capitalized as part of the Costs, the SRF Administrative Fee, 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.

"**Operation and Maintenance Fund**" means the Operation and Maintenance Fund established by the Prior Ordinances and continued hereby.

"**Outstanding**" when used with reference to Bonds or Prior Bonds and as of any particular date, describes all Bonds or Prior Bonds theretofore and thereupon being authenticated and delivered, except (i) any Bond or Prior Bond cancelled by the Bond Registrar or Registrar for Prior Bonds, at or prior to said date; (ii) any Bond or Prior Bonds, for the payment of which 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 X hereof; (iv) any Prior Bond deemed to have been paid; and (v) for purposes of consents or other action by a specified percentage of Bondholders, or holders of Prior Bonds, any Bonds or Prior Bonds registered to the Issuer.

"**Parity Bonds**" means additional 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 Series 2007 A Bonds in the Supplemental Resolution.

"**Prior Bonds**" means, collectively, the Series 1992 Bonds, the Series 1995 Bonds, the Series 2000 A Bonds, the Series 2000 B Bonds, the Series 2001 A Bonds, and the Series 2006 A Bonds.

"**Prior Ordinances**" means, collectively, the 1992 Ordinance, the 1995 Ordinance, the 2000 Ordinance, the 2001 Ordinance, and the 2006 Ordinance.

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

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

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

(a) Government Obligations;

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

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

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

(e) Time accounts (including accounts evidenced by time certificates of deposit, time deposits or other similar banking arrangements) which, to the extent not insured by the FDIC, 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 6(c) of the West Virginia Code of 1931, as amended; and

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

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

"**Registrar**" means the Bond Registrar.

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

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

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

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

"**Series 1992 Bonds**" means the Combined Utility System Revenue Bonds, Series 1992 (West Virginia SRF Program), of the Issuer, dated September 8, 1992, issued in the original aggregate principal amount of $11,900,000.

"**Series 1995 Bonds**" means the Combined Utility System Revenue Bonds, Series 1995 (West Virginia SRF Program), of the Issuer, dated April 27, 1995, issued in the original aggregate principal amount of $1,601,477.

"**Series 2000 A Bonds**" means the Combined Utility System Revenue Bonds, Series 2000 A (West Virginia SRF Program), of the Issuer, dated February 29, 2000, issued in the original aggregate principal amount of $7,842,000.

"**Series 2000 B Bonds**" means the Combined Utility System Revenue Bonds, Series 2000 B (West Virginia Infrastructure Fund), of the Issuer, dated February 29, 2000, issued in the original aggregate principal amount of $2,488,000.

"**Series 2001 A Bonds**" means the Combined Utility System Revenue Bonds, Series 2001 A (West Virginia Infrastructure Fund), of the Issuer, dated February 8, 2001, issued in the original aggregate principal amount of $3,812,470.

"**Series 2006 A Bonds**" means the Combined Utility System Revenue Bonds, Series 2006 A (West Virginia SRF Program), of the Issuer, dated June 30, 2006, issued in the original aggregate principal amount of $6,410,191.

"**Series 2007 A Bonds**" means the Combined Utility System Revenue Bonds, Series 2007 A (West Virginia SRF Program), of the Issuer, authorized by this Bond Legislation.

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

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

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

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

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

"**SRF Administrative Fee**" means any administrative fee required to be paid pursuant to the 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 governmental entities satisfying certain legal and other requirements with the proceeds of a capitalization grant award from the United States Environmental Protection Agency and funds of the State.

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

"**State**" means the State of West Virginia.

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

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

"**System**" means, collectively, the complete existing public combined waterworks, sewerage, and stormwater system of the Issuer, as presently existing in its entirety or any integral part thereof, and shall include the Project and any additions, betterments and improvements thereto hereafter acquired or constructed for the System from any sources whatsoever, both within and without the Issuer.

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

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

## ARTICLE II

## AUTHORIZATION OF ACQUISITION AND CONSTRUCTION OF THE PROJECT

**Section 2.01. Authorization of Acquisition and Construction of the Project.** There is hereby authorized and ordered the acquisition and construction of the Project, at an estimated cost of not to exceed $9,050,000, in accordance with the plans and specifications which have been prepared by the Consulting Engineers, heretofore filed in the office of the Governing Body. The proceeds of the Series 2007 A Bonds hereby authorized shall be applied as provided in Article VI hereof. The Issuer has received bids and will enter into contracts for the acquisition and construction of the Project, compatible with the financing plan submitted to the DEP and the Authority.

The cost of the Project is estimated not to exceed $9,050,000, of which not to exceed $8,500,000 will be obtained from proceeds of the Series 2007 A Bonds, $300,000 will be provided pursuant to a contribution from the West Virginia Department of Transportation, and $250,000 will be obtained pursuant to an EPA 319 Grant.

## ARTICLE III

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

**Section 3.01. Authorization of Bonds.** For the purposes of capitalizing interest on the Series 2007 A Bonds, if any, funding a reserve account or purchasing a surety bond to fund a reserve account for the Series 2007 A Bonds, paying Costs of the Project not otherwise provided for and paying certain costs of issuance of the Series 2007 A Bonds and related costs, or any or all of such purposes, as determined by the Supplemental Resolution, there shall be issued the negotiable Series 2007 A Bonds of the Issuer. The Series 2007 A Bonds shall be issued as a single bond, designated as "Combined Utility System Revenue Bonds, Series 2007 A (West Virginia SRF Program)," in the principal amount of not more than $8,500,000, and shall have such terms as set forth hereinafter and in the Supplemental Resolution. The proceeds of the Series 2007 A Bonds remaining after purchasing a surety bond to fund the Series 2007 A Bonds Reserve Account or cash funding the Series 2007 A Bonds Reserve Account (if funded from Bond proceeds) and capitalization of interest, if any, shall be deposited in or credited to the Series 2007 A Bonds Construction Trust Fund established by Section 5.01 hereof, and applied as set forth in Article VI hereof.

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

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

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

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

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

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

**Section 3.05. Negotiability, Transfer and Registration**. Subject to the provisions for transfer of registration set forth below, the Series 2007 A Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder, in accepting the Series 2007 A Bonds shall be conclusively deemed to have agreed that such Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder shall further be conclusively deemed to have agreed that said Bonds shall be incontestable in the hands of a bona fide holder for value.

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

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

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

**Section 3.06. Bonds Mutilated, Destroyed, Stolen or Lost.** In case any Series 2007 A Bond shall become mutilated or be destroyed, stolen or lost, the Issuer may, in its discretion, issue, and the Bond Registrar shall, if so advised by the Issuer, authenticate and deliver, a new Bond of the same series and of like tenor as the Bonds so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond, upon surrender and cancellation of such mutilated Bond, or in lieu of and substitution for the Bond destroyed, stolen or lost, and upon the Holder's furnishing satisfactory indemnity and complying with such other reasonable regulations and conditions as the Issuer may prescribe and paying such expenses as the Issuer and the Bond Registrar may incur. All Bonds so surrendered shall be 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 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 Gross Revenues derived from the System as herein

provided. No Holder or Holders of the Series 2007 A Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Series 2007 A Bonds or the interest thereon.

**Section 3.08. Bonds Secured by Pledge of Gross Revenues; Lien Position with respect to Prior Bonds**. The payment of debt service of the Series 2007 A Bonds shall be secured by a first lien on the Gross Revenues derived from the System, on a parity with the lien on the Gross Revenues in favor of the Holders of the Prior Bonds. Such Gross Revenues in an amount sufficient to pay the principal of and interest on the Series 2007 A Bonds and the Prior Bonds and to make all other payments provided for in the Bond Legislation are hereby irrevocably pledged to such payments as they become due.

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

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

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

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

D. An executed copy of the Loan Agreement; and

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

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

(FORM OF SERIES 2007 A BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE CITY OF MORGANTOWN
COMBINED UTILITY
SYSTEM REVENUE BOND, SERIES 2007 A
(WEST VIRGINIA SRF PROGRAM)

No. AR-1 $_____

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

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 and SRF administrative fee on this Bond is payable by check or draft of the Paying Agent mailed to the registered owner hereof at the address as it appears on the books of The Huntington National Bank, Charleston, West Virginia, as registrar (the "Registrar"), on the 15th day of the month next preceding an interest payment date, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner hereof.

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the West Virginia

Department of Environmental Protection (the "DEP"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement by and among the Issuer, the Authority and the DEP, dated _____, 2007.

This Bond is issued (i) to pay the costs of acquisition and construction of certain extensions, additions, betterments and improvements to the stormwater portion of the existing public combined waterworks, sewerage, and stormwater system of the Issuer (the "Project"); (ii) to pay the cost of a surety bond to fund the reserve account for the Bonds of this Series (the "Bonds"); and (iii) to pay certain costs of issuance of the Bonds and related costs. The existing public combined waterworks, sewerage, and stormwater system of the Issuer, the Project, and any further extensions, additions, betterments or improvements thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 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) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 1992 (WEST VIRGINIA SRF PROGRAM), DATED SEPTEMBER 8, 1992, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $11,900,000 (THE "SERIES 1992 BONDS"); (2) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 1995 (WEST VIRGINIA SRF PROGRAM), DATED APRIL 27, 1995, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,601,477 (THE "SERIES 1995 BONDS"); (3) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2000 A (WEST VIRGINIA SRF PROGRAM), DATED FEBRUARY 29, 2000, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $7,842,000 (THE "SERIES 2000 A BONDS"); (4) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2000 B (WEST VIRGINIA INFRASTRUCTURE FUND), DATED FEBRUARY 29, 2000, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,488,000 (THE "SERIES 2000 B BONDS"); (5) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2001 A (WEST VIRGINIA INFRASTRUCTURE FUND), DATED FEBRUARY 8, 2001, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $3,812,470 (THE "SERIES 2001 A BONDS"); AND (6) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2006 A (WEST VIRGINIA SRF PROGRAM), DATED JUNE 30, 2006,

ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $6,410,191 (THE "SERIES 2006 A BONDS") (COLLECTIVELY, THE "PRIOR BONDS").

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

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

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

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

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and 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 Gross 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.

[THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

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

[SEAL]

By: _____
Mayor

By: _____
City Manager

ATTEST:

By: _____
City Clerk

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

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

Date: _____, 2007.

THE HUNTINGTON NATIONAL BANK,
as Registrar

By: _____
Its: Authorized Officer

EXHIBIT A

RECORD OF ADVANCES

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

TOTAL $_____

EXHIBIT B

DEBT SERVICE SCHEDULE

(Form of)

ASSIGNMENT

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

_____

_____

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

Dated: _____, _____.

_____

In the presence of:

_____

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

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

## ARTICLE IV

[RESERVED]

## ARTICLE V

## FUNDS AND ACCOUNTS; SYSTEM REVENUES AND APPLICATION THEREOF

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

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

(2) Depreciation Fund (established by the Prior Ordinances);

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

(4) Series 2007 A Bonds Construction Trust Fund.

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

(1) Series 2007 A Bonds Sinking Fund; and

(2) Series 2007 A Bonds Reserve Account.

**Section 5.03. System Revenues; Flow of Funds**.

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

(1) The Issuer shall first, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the Commission (i) for deposit in the respective Sinking Funds for the Prior Bonds, the amounts required by the respective Prior

Ordinances to pay interest on the Prior Bonds; and (ii) commencing 3 months prior to the first date of payment of interest on the Series 2007 A Bonds for which interest has not been capitalized or as required in the Loan Agreement, for deposit in the Series 2007 A Bonds Sinking Fund, an amount equal to 1/3rd of the amount of interest which will become due on the Series 2007 A Bonds on the next ensuing quarterly interest payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 2007 A Bonds Sinking Fund and the next quarterly interest payment date is less than 3 months, then such monthly payments shall be increased proportionately to provide, 1 month prior to the next quarterly interest payment date, the required amount of interest coming due on such date.

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

(3) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the Commission (i) for deposit in the respective Reserve Accounts for the Prior Bonds, the amounts required by the respective Prior Ordinances to be deposited therein; and (ii) 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 or otherwise provided for pursuant to a surety bond, 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.

(4) The Issuer shall next, each month, transfer from the Revenue Fund and deposit in the Operation and Maintenance Fund, an amount sufficient to pay the current Operating Expenses of the System.

(5) The Issuer shall next, from the moneys remaining in the Revenue Fund, on the first day of each month transfer to the Depreciation Fund, an amount equal to 2 1/2% of the Gross Revenues each month (as previously set forth in the Prior Ordinances and not in addition thereto), exclusive of any payments for account of any Reserve Account. All funds in the Depreciation 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 Depreciation Fund for replacements, emergency repairs, improvements or extensions to the System; provided, that any deficiencies in the Reserve Accounts (except to the extent such deficiency exists because the required payments into such accounts have not, as of the date of determination of a deficiency, funded such accounts to the maximum extent required hereof) shall be promptly eliminated with moneys from the Depreciation Fund.

(6) After making all of the foregoing deposits and payments, any excess moneys then remaining in the Revenue Fund ("Surplus Revenues") may be used for any lawful purpose of the System.

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

All investment earnings on moneys in the Series 2007 A Bonds Sinking Fund and the Series 2007 A Bonds Reserve Account shall be returned, not less than once each year, by the Commission to the Issuer, and such amounts shall, during

construction of the Project, be deposited in the Series 2007 A Bonds Construction Trust Fund, and following completion of construction of the Project, shall be deposited in the Revenue Fund and applied in full, first to the next ensuing interest payment due on the Series 2007 A Bonds, and then to the next ensuing principal payment due thereon.

Any withdrawals from the Series 2007 A Bonds Reserve Account which results in a reduction in the balance therein to below the Series 2007 A Bonds Reserve Requirement shall be subsequently restored from the first Gross 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 are issued, provision shall be made for additional payments into the respective sinking fund sufficient to pay the interest on such additional parity Bonds and accomplish retirement thereof at maturity and to accumulate a balance in the respective reserve account in an amount equal to the requirement thereof.

The Issuer shall not be required to make any further payments into the Series 2007 A Bonds Sinking Fund or the Series 2007 A 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 issued pursuant to this Bond Legislation then Outstanding and all interest to accrue until the maturity thereof.

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

The Commission is hereby designated as the fiscal agent for the administration of the Series 2007 A Bonds Sinking Fund and the Series 2007 A Bonds Reserve Account created hereunder, and all amounts required for said accounts shall be remitted to the Commission from the Revenue Fund by the Issuer at the times provided herein. 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.

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

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

B. The Issuer shall on the first day of each month (if such day is not a business day, then the next succeeding business day), deposit with the Commission the required interest, principal and reserve payments with respect to the Series 2007 A Bonds and all such payments shall be remitted to the Commission with appropriate instructions as to the custody, use and application thereof consistent with the provisions of this Bond Legislation. The Issuer shall, on the first day of each month (if the first day is not a business day, then the first business day of each month) deposit with the Commission, the SRF Administrative Fee as set forth in the Schedule Y attached to the Loan Agreement.

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

D. Whenever all of the required and provided transfers and payments from the Revenue Fund into the several special funds, as hereinabove provided, are current and there remains in the Revenue Fund a balance in excess of the estimated amounts required to be so transferred and paid into such funds during the following month or such other period as required by the Act, such excess shall be considered as surplus revenues (the "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 moneys in excess of the maximum amounts insured by FDIC in any of the 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 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 shall clearly identify the fund or account into which each amount is to be deposited.

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

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

**Section 5.04. Reserve Account Letter of Credit or Surety Bond.** With the advance written consent of the Authority, the Issuer may, in lieu of funding the Series 2007 A Bonds Reserve Account with cash or Qualified Investments, satisfy the Series 2007 A Bonds Reserve Requirement by obtaining a reserve account letter of credit, a surety bond, or other credit facility satisfactory to the Authority in an amount equal to the Series 2007 A Bonds Reserve Requirement. The Issuer hereby authorizes the purchase of a reserve account letter of credit, a surety bond, or other credit facility satisfactory to the Authority, all as set forth in a Supplemental Resolution, and the execution and delivery of any applicable reimbursement agreement or note in such forms as shall be described in a Supplemental Resolution.

## ARTICLE VI

## BOND PROCEEDS; CONSTRUCTION DISBURSEMENTS

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

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

B. Next, from the proceeds of the Series 2007 A Bonds, the Issuer may purchase a surety bond to fund the Series 2007 A Bonds Reserve Account as set forth in the Supplemental Resolution, or there shall be deposited with the Commission in the Series 2007 A Bonds Reserve Account, the amount, if any, set forth in the Supplemental Resolution for funding of the Series 2007 A Bonds Reserve Account.

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

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

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

The Issuer hereby appoints and designates the Board, and the Authorized Officers thereof, as its agent (i) for the review and approval of all invoices for the Project to be paid from the proceeds of the Series 2007 A Bonds; (ii) to take any and all actions necessary to apply for and obtain a commitment from the DEP, specifically including, but not limited to, any administrative loan documents required by DEP; and (iii) to act on and execute documents on behalf of the Issuer for any and all federal and state actions as they relate to the planning, design and/or construction of the Project.

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 Authority and the DEP of the following:

(1) a completed and signed "Payment Requisition Form," a form of which is attached to the Loan Agreement, in compliance with the construction schedule; and

(2) a certificate, signed by an Authorized Officer and the Consulting Engineers, stating that:

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

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

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

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

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

## ARTICLE VII

## ADDITIONAL COVENANTS OF THE ISSUER

**Section 7.01. General Covenants of the Issuer**. All the covenants, agreements and provisions of this Bond Legislation shall be and constitute valid and legally binding covenants of the Issuer and shall be enforceable in any court of competent jurisdiction by any Holder or Holders of the Series 2007 A Bonds. In addition to the other covenants, agreements and provisions of this Bond Legislation, the Issuer hereby covenants and agrees with the Holders of the Series 2007 A Bonds as hereinafter provided in this Article VII. All such covenants, agreements and provisions shall be irrevocable, except as provided herein, as long as any of the Series 2007 A Bonds or the interest thereon is Outstanding and unpaid.

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

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

**Section 7.04. Rates and Charges**. The Issuer has obtained any and all approvals of rates and charges required by State law and has taken any other action required to establish and impose such rates and charges, with all requisite appeal periods having expired without successful appeal. Such rates and charges shall be sufficient to comply with the requirements of the Loan Agreement. The initial schedule of rates and charges for the services and facilities of the System shall be as set forth in the water rate ordinance of the Issuer enacted December 20, 2005, the sewer rate ordinance of the Issuer enacted December 20, 2005, and the stormwater rate ordinance of the Issuer enacted April 17, 2007, which rates are incorporated herein by reference as a part hereof.

So long as the Series 2007 A Bonds are outstanding, the Issuer covenants and agrees to fix and collect rates, fees and other charges for the use of the System and to take all such actions necessary to provide funds sufficient to produce the required

sums set forth in the Bond Legislation and in compliance with the Loan Agreement. In the event the schedule of rates, fees and charges initially established for the System in connection with the Series 2007 A Bonds shall prove to be insufficient to produce the required sums set forth in this Bond Legislation and the Loan Agreement, the Issuer hereby covenants and agrees that it will, to the extent or in the manner authorized by law, immediately adjust and increase such schedule of rates, 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 are outstanding and except as otherwise required by law or with the written consent of the DEP 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 fully pay all the Bonds Outstanding, in accordance with Article X hereof. The proceeds from any such sale, mortgage, lease or other disposition of the System shall, with respect to the Series 2007 A Bonds, immediately be remitted to the Commission for deposit in the Series 2007 A Bonds Sinking Fund, and, with the written permission of the DEP and the Authority, or in the event the Authority is no longer a Bondholder, the Issuer shall direct the Commission to apply such proceeds to the payment of principal of and interest on the Series 2007 A Bonds. Any balance remaining after the payment of the Series 2007 A 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 Board 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 Board 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 Revenue 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 Board shall first, 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. The proceeds of any such sale shall be deposited in the

Depreciation Fund. The payment of such proceeds into the Depreciation Fund shall not reduce the amount required to be paid into such account by other provisions of this Bond Legislation.

No sale, lease or other disposition of the properties of the System shall be made by the Board 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 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.

Notwithstanding any of the foregoing provisions of this Section 7.05 to the contrary, the Issuer hereby reserves the right to sell a tract of about 200 acres on Mayfield Road heretofore acquired for the System, which property is not being used nor is it useful for the System, such sale to be at such time and in such manner and for such price as the Issuer, with prior written approval of the Board, shall determine and without any other restrictions upon such sale insofar as this Bond Legislation is concerned. Moneys received upon any such sale under this paragraph, after deduction of all costs of such sale, shall be deposited in the Revenue Fund.

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

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

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

Section 7.07. **Parity Bonds**. So long as the Prior Bonds are outstanding, the limitations on the issuance of parity obligations set forth in the Prior Ordinances shall be applicable. In addition, no Parity Bonds, payable out of the revenues of the System, shall be issued after the issuance of the Series 2007 A Bonds pursuant to this Bond Legislation, without the prior written consent of the Authority and the DEP and without complying with the conditions and requirements 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.

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

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

(1) The Bonds then Outstanding;

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

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

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

Accountants, which shall be filed in the office of the City Clerk prior to the issuance of such Parity Bonds.

The Net Revenues actually derived from the System during the 12 consecutive month period hereinabove referred to may be adjusted by adding to such Net Revenues such additional Net Revenues which would have been received, in the opinion of the Independent Certified Public Accountants, on account of increased rates, rentals, fees and charges for the System enacted by the Issuer, the time for appeal of which shall have expired (without successful appeal) prior to issuance of such Parity Bonds. For purposes of this test, the terms "Gross Revenues" and "Net Revenues" shall not include proceeds from the sale of capital assets.

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 theretofore or subsequently issued from time to time within the limitations of and in compliance with this section. All Bonds, regardless of the time or times of their issuance, shall rank equally with respect to their lien on the Gross Revenues of the System, and their source of and security for payment from the Gross Revenues, without preference of any Bond over any other. The Issuer shall comply fully with all the increased payments into the various funds and accounts created in this Bond Legislation required for and on account of such Parity Bonds, in addition to the payments required for Bonds theretofore issued pursuant to this Bond Legislation.

Parity Bonds shall not be deemed to include bonds, notes, certificates or other obligations subsequently issued, the lien of which on the revenues of the System is subject to the prior and superior lien of the Series 2007 A 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.

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

**Section 7.08. Books; Records and Audit.** The Board 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 Board shall permit the Authority and the DEP, or their agents and representatives, to inspect all books, documents, papers and records relating to the Project and the System at all reasonable times for the purpose

of audit and examination. The Board shall submit to the Authority and the DEP such documents and information as they may reasonably require in connection with the acquisition, construction and installation of the Project, the operation and maintenance of the System and the administration of the loan or any grants or other sources of financing for the Project.

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

The Board 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 Board. 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 Board. The Board 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 Board shall be reported to such agent of the Issuer as the Board shall direct.

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

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

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

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

The Board shall also, at least once a year, cause the books, records and accounts of the System to be audited by Independent Certified Public Accountant in compliance with the applicable OMB Circular, or any successor thereof, and the Single Audit Act, or any successor thereof, to the extent legally required, and shall mail upon request, and make available generally, the report of the Independent Certified Public Accountant, or a summary thereof, to any Holder or Holders of the Series 2007 A Bonds and shall submit said report to the Authority and the DEP, or any other original purchaser of the Series 2007 A Bonds. Such audit report submitted to the Authority and the DEP 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 there are, describes the instances of noncompliance and the audited financial statements shall include a statement that notes whether the revenues of the System are adequate to meet the Issuer's Operating Expenses and debt service and reserve requirements.

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

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

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

**Section 7.09. Rates.** Prior to the issuance of the Series 2007 A 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 City Clerk, which copies will be open to inspection by all interested parties. The schedule of rates and charges shall at all times be adequate to produce Gross Revenues from the System sufficient to pay Operating Expenses and to make the prescribed payments into the funds created hereunder. Such schedule of rates and charges shall be changed and readjusted whenever necessary so that the aggregate of the rates and charges will be sufficient for such purposes. In order to assure full and continuous performance of this covenant,

with a margin for contingencies and temporary unanticipated reduction in income and revenues, the Issuer hereby covenants and agrees that the schedule of rates or charges from time to time in effect shall be sufficient, together with other revenues of the System (i) to provide for all Operating Expenses of the System and (ii) to leave a balance each year equal to at least 115% of the maximum amount required in any year for payment of principal of and interest on the Series 2007 A Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2007 A Bonds, including the Prior Bonds; provided that, in the event that amounts equal to or in excess of the reserve requirements are on deposit in the Series 2007 A Bonds Reserve Account and any reserve accounts for obligations on a parity with the Series 2007 A Bonds are funded at least at the requirement therefor, such balance each year need only equal at least 110% of the maximum amount required in any year for payment of principal of and interest on the Series 2007 A Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2007 A Bonds, including the Prior Bonds. In any event, the Issuer shall not reduce the rates or charges for services set forth in the rate ordinances described in Section 7.04.

**Section 7.10. Operating Budget and Monthly Financial Report.** The Board shall annually, at least 45 days preceding the beginning of each Fiscal Year, prepare and adopt by resolution a detailed, balanced budget of the estimated revenues and expenditures for operation and maintenance of the System during the succeeding Fiscal Year and shall submit a copy of such budget to the Authority and the DEP within 30 days of adoption thereof. 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 Board 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 Board shall within 30 days of adoption thereof mail copies of such annual budget and all resolutions authorizing increased expenditures for operation and maintenance to the Authority and the DEP and to any Holder of any Bonds who shall file his or her address with the Issuer and request in writing that copies of all such budgets and resolutions be furnished him or her and shall make available such budgets and all resolutions authorizing increased expenditures for operation and maintenance of the System at all reasonable times to the Authority, the DEP and any Holder of any Bonds or anyone acting for and on behalf of such Holder of any Bonds.

Commencing on the date contracts are executed for the acquisition and construction of the Project and for 2 years following the completion of the Project, the Board shall each month complete a "Monthly Financial Report," a form of which is

attached to the Loan Agreement, and forward a copy of such report to the Authority and the DEP by the 10th day of each month.

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

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

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

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

The Issuer shall employ qualified operating personnel properly certified by the State before the Project is 50% complete and shall retain such a certified operator to operate the System during the entire term of the 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 Board will diligently enforce and collect all fees, rentals or other charges for the services and facilities of the System, and take all steps, actions and proceedings for the enforcement and collection of such fees, rentals or other charges which shall become delinquent to the full extent permitted or authorized by the Act, the rules and regulations of the Public Service Commission of West Virginia and other laws of the State of West Virginia.

Whenever any fees, rates, rentals or other charges for the services and facilities of the System shall remain unpaid for a period of 20 days after the same shall become due and payable, the user of the services and facilities shall be delinquent until such time as all such rates and charges are fully paid. To the extent authorized by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, rates, rentals and other charges, if not paid, when due, shall become a lien on the premises served by the System. The Issuer further covenants and agrees that, it will, to the full extent permitted by law and the rules and regulations promulgated by the Public Service Commission of West Virginia, discontinue and shut off the services of the stormwater portion of the System and any services and facilities of the waterworks portion of the System, to all users of the services of the stormwater system delinquent in payment of charges for the services of the stormwater system and will not restore such services of either the waterworks system or the stormwater system until all delinquent charges for the services of the stormwater system, plus reasonable interest and penalty charges for the restoration of service, have been fully paid and shall take all further actions to enforce collections to the maximum extent permitted by law. If the waterworks facilities are not owned by the Issuer, the Issuer shall use diligent efforts to enter into a termination agreement with the provider of such water services, subject to any required approval of such agreements by the Public Service Commission of West Virginia.

Section 7.14. No Free Services. The Board 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 the Board, or any department, agency, instrumentality, officer or employee of either shall avail itself or themselves of the facilities or services provided by the System, or any part thereof, the same rates, fees or charges applicable to other customers receiving like services under similar circumstances shall be charged the Issuer, the Board 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 Board hereby covenants and agrees that so long as the Series 2007 A Bonds remain Outstanding, the Board 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 Board 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 Depreciation Fund and used only for the repairs and restoration of the damaged or destroyed properties or for the other purposes provided herein for the Depreciation Fund. The Board 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 Board, 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 Board, 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 Board 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 and the Board 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 OR COMPLETION BONDS, such bonds to be in the amounts of not less than 100% of the amount of any construction contract and to be required of each contractor dealing directly with the Board 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 any additions, extensions or improvements for the System in compliance with West Virginia Code, Section 38-2-39.

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

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

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

B. The Board 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 Board shall verify such bonds prior to commencement of construction.

The Board shall also require all contractors engaged in the construction of the Project to carry such worker's compensation coverage for all employees working on the Project and public liability insurance, vehicular liability insurance and property damage insurance in amounts adequate for such purposes and as is customarily carried with respect to works and properties similar to the Project; provided that the amounts and terms of such coverage are satisfactory to the Authority and the DEP. The Board 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 Board, the prime contractor and all subcontractors, as their interests may appear.

**Section 7.16. Mandatory Use.** The mandatory use of the stormwater facilities of the System is essential and necessary for the protection and preservation of the public health, comfort, safety, convenience and welfare of the inhabitants and residents of, and the economy of, the Issuer. Accordingly, to the extent permitted by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, every owner, tenant or occupant of any real property located near the stormwater portion of the System, and where stormwater from real property affects or drains into the stormwater portion of the System, shall be deemed to be a user served by the stormwater portion of the System and it is declared that the mandatory use of the stormwater portion of the System by such real property owner is necessary and essential for the health and welfare of the inhabitants and residents of the Issuer and the State. To the extent permitted by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, every such owner, tenant or occupant shall, after a 30-day notice of the availability of the stormwater portion of the System, pay the rates and charges established therefor.

Section 7.17. Completion of Project; Permits and Orders. The Board 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 Board has obtained all permits required by state and federal laws for the acquisition and construction of the Project, all orders and approvals from the Council and the DEP necessary for the acquisition and construction of the Project and the operation of the System and all approvals for issuance of the Series 2007 A Bonds required by state law, with all requisite appeal periods having expired without successful appeal.

Section 7.18. Compliance with Loan Agreement and Law. The Issuer and the Board 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 and the Board shall provide the DEP with copies of all documents submitted to the Authority.

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

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

A. PRIVATE BUSINESS USE LIMITATION. The Issuer shall assure that (i) not in excess of 10% of the Net Proceeds of the Series 2007 A Bonds are used for Private Business Use if, in addition, the payment of more than 10% of the principal or 10% of the interest due on the Series 2007 A Bonds during the term thereof is, under the terms of the Series 2007 A Bonds or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for a Private Business Use or in payments in respect of property used or to be used for a Private Business Use or is to be derived from payments, whether or not to the Issuer, in respect of property or borrowed money used or to be used for a Private Business Use; and (ii) and that, in the event that both (A) in excess of 5% of the Net Proceeds of the Series 2007 A Bonds are used for a Private Business Use, and (B) an amount in excess of 5% of the principal or 5% of the interest due on the Series 2007 A Bonds during the term thereof is, under the terms of the Series 2007 A Bonds or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for said Private Business Use or in payments in respect of property used or to be used for said Private Business Use or is to be derived from payments, whether or not to the Issuer, in respect of property or borrowed money used or to be used for said Private Business Use, then said excess over said 5% of Net Proceeds of the Series 2007 A Bonds used for a Private Business Use shall be used for a Private Business Use related to the governmental use

of the Project, or if the Series 2007 A Bonds are for the purpose of financing more than one project, a portion of the Project, and shall not exceed the proceeds used for the governmental use of that portion of the Project to which such Private Business Use is related, all of the foregoing to be determined in accordance with the Code.

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

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

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

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

**Section 7.20. Securities Laws Compliance**. The Issuer shall 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 or immediately thereafter, enter into written contracts for the immediate acquisition or construction of the Project.

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

C. The Issuer shall list the funding as being provided by the Authority 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.

**Section 7.22. Statutory Mortgage Lien**. For the further protection of the Holders of the Series 2007 A Bonds, a statutory mortgage lien upon the System is granted and created by the Act, which statutory mortgage lien is hereby recognized and declared to be valid and binding, shall take effect immediately upon delivery of the Series 2007 A Bonds, and shall be on a parity with the statutory mortgage lien in favor of the Holders of the Prior Bonds.

## ARTICLE VIII

## INVESTMENT OF FUNDS; NON ARBITRAGE

**Section 8.01. 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 8.01.

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

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

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

remain excludable from gross income for federal income tax purposes, and will not take any actions which would adversely affect such exclusion.

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

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

shall pay the required rebate amount, any and all penalties and other amounts, from lawfully available sources, and obtain a waiver from the Internal Revenue Service, if necessary, and take any other actions necessary, in order to maintain the exclusion of interest on the Series 2007 A Bonds from gross income for federal income tax purposes.

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

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

## ARTICLE IX

## DEFAULT AND REMEDIES

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

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

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

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

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

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

**Section 9.03. Appointment of Receiver**. Any Registered Owner of a Bond may, by proper legal action, compel the performance of the duties of the Issuer under the Bond Legislation and the Act, including, the completion of the Project and after commencement of operation of the System, the making and collection of sufficient rates and charges for services rendered by the System and segregation of the revenues

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

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

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

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

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

order or decree permitting or requiring such receiver to sell, assign, mortgage or otherwise dispose of any assets of the System.

## ARTICLE X

## PAYMENT OF BONDS

**Section 10.01. Payment of Bonds.** If the Issuer shall pay or there shall otherwise be paid to the Holders of the Series 2007 A Bonds, the principal of and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Bond Legislation, then the pledge of Gross 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 2007 A Bonds shall thereupon cease, terminate and become void and be discharged and satisfied, except as may otherwise be necessary to assure the exclusion of interest on the Series 2007 A Bonds from gross income for federal income tax purposes.

## ARTICLE XI

## MISCELLANEOUS

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

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

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

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

**Section 11.05. Conflicting Provisions Repealed; Prior Ordinances.** All ordinances, orders or resolutions and or parts thereof in conflict with the provisions of this Ordinance are, to the extent of such conflict, hereby repealed; provided that, in the event of any conflict between this Ordinance and the Prior Ordinances, the Prior

Ordinances shall control (unless less restrictive), so long as the Prior Bonds are outstanding.

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

**Section 11.07. Appointment.** The Issuer does hereby appoint, designate and approve the hiring of Steptoe & Johnson PLLC, Morgantown, West Virginia, as bond counsel to the Issuer and the Board in connection with the issuance by the Issuer of the Series 2007 A Bonds.

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

**Section 11.09. 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 Dominion Post, a newspaper published and of general circulation in The City of Morgantown, together with a notice stating that this Ordinance has been adopted and that the Issuer contemplates the issuance of the Series 2007 A Bonds, and that any person interested may appear before the Governing Body upon a date certain, not less than ten days subsequent to the date of the first publication of such abstract of this Ordinance and notice, and present protests, and that a certified copy of this Ordinance is on file with the Governing Body for review by interested persons during office hours of the Governing Body. At such hearing, all objections and suggestions shall be heard and the Governing Body shall take such action as it shall deem proper in the premises.

Passed on First Reading: April 3, 2007

Passed on Second Reading: April 17, 2007

Passed on Final Reading
Following Public Hearing: May 1, 2007

By: _____
Mayor

ATTEST:

By: _____
Acting City Clerk

APPROVED AND CORRECT AS TO FORM:

By: _____
City Solicitor

627490.00019

CERTIFICATION

Certified a true copy of an Ordinance duly enacted by the Council of THE CITY OF MORGANTOWN on the 1st day of May, 2007.

Dated: August 8, 2007.

[SEAL]

Donna Roberts
Acting City Clerk

## EXHIBIT A

Loan Agreement is included in bond transcript as Document 3.

THE CITY OF MORGANTOWN

Combined Utility System Revenue Bonds, Series 2007 A
(West Virginia SRF Program)

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNT, DATE, MATURITY DATE, REDEMPTION PROVISION, INTEREST RATE, INTEREST AND PRINCIPAL PAYMENT DATES, SALE PRICE AND OTHER TERMS OF THE COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2007 A (WEST VIRGINIA SRF PROGRAM), OF THE CITY OF MORGANTOWN, APPROVING AND RATIFYING A LOAN AGREEMENT RELATING TO SUCH BONDS AND THE SALE AND DELIVERY OF SUCH BONDS TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; APPROVING THE PURCHASE OF A SURETY BOND FOR THE RESERVE ACCOUNT FOR THE BONDS; 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 Morgantown (the "Issuer") has duly and officially adopted and enacted a bond ordinance, effective May 1, 2007 (the "Bond Ordinance"), entitled:

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF EXTENSIONS, ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE STORMWATER PORTION OF THE EXISTING PUBLIC COMBINED WATERWORKS, SEWERAGE AND STORMWATER SYSTEM OF THE CITY OF MORGANTOWN AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE CITY OF NOT MORE THAN $8,500,000 IN AGGREGATE PRINCIPAL AMOUNT OF COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2007 A (WEST VIRGINIA SRF PROGRAM); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING A LOAN AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

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

WHEREAS, the Bond Ordinance provides for the issuance of the Combined Utility System Revenue Bonds Series 2007 A (West Virginia SRF Program), of the Issuer (the "Bonds" or the "Series 2007 A Bonds"), in the aggregate principal amount not to exceed $8,500,000, and has authorized the execution and delivery of the loan agreement relating to the Series 2007 A Bonds, by and among the Issuer, the West Virginia Water Development Authority (the "Authority") and the West Virginia Department of Environmental Protection (the "DEP") (the "Loan Agreement"), all in accordance with Chapter 8, Article 20 and Chapter 22C, Article 2 of the West Virginia Code of 1931, as amended (collectively, the "Act"); and in the Bond Ordinance it is provided that the form of the Loan Agreement and the exact principal amount, date, maturity date, redemption provision, interest rate, interest and principal payment dates, sale price and other terms of the Bonds should be established by a supplemental resolution pertaining to the Bonds; and that other matters relating to the Bonds be herein provided for;

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

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

WHEREAS, the Governing Body deems it essential and desirable that this supplemental resolution (the "Supplemental Resolution") be adopted, that the Loan Agreement be ratified and approved by the Issuer, that the exact principal amount, the date, the maturity date, the redemption provision, the interest rate, the interest and principal payment dates and the sale price of the Bonds be fixed hereby in the manner stated herein, and that other matters relating to the Bonds be herein provided for.

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

**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 Combined Utility System Revenue Bonds, Series 2007 A (West Virginia SRF Program), of the Issuer, originally represented by a single Bond, numbered AR-1, in the principal amount of $8,500,000. The Series 2007 A Bonds shall be dated the date of delivery thereof, shall finally mature June 1, 2029, and shall bear interest at the rate of 2.0 % per annum. The principal of and interest on the Bonds shall be payable quarterly, on March 1, June 1, September 1 and December 1 of each year, commencing September 1, 2009, and maturing June 1, 2029, and in the amounts as set forth in the "Schedule Y" attached to the Loan Agreement and incorporated in and made a part of the Series 2007 A Bonds. The Series 2007 A Bonds shall be subject to redemption upon the written consent of the Authority and the DEP, and upon payment of the interest and redemption premium, if any, and otherwise in compliance with the Loan Agreement, so long as the Authority shall be the registered owner of the Series 2007 A Bonds. The Issuer does hereby approve and shall pay the SRF Administrative Fee equal to 1.0 % of the principal amount of the Series 2007 A Bonds set forth in "Schedule Y" attached to the Loan Agreement.

**Section 2.** In Section 2.01 of the Bond Ordinance it is provided that the Project cost is estimated not to exceed $9,050,000. Due to construction bid overruns, the actual cost of the Project as set forth in the Schedule A for the Series 2007 A Bonds is $9,175,000. Accordingly, the Issuer hereby approves the increased project cost amount of $9,175,000 as set forth in the Schedule A for the Series 2007 A Bonds.

**Section 3.** 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 4.** The Issuer does hereby ratify, approve, and accept the Loan Agreement, a copy of which is incorporated herein by reference, and the execution and delivery of the Loan Agreement by the Mayor and/or City Manager, and the performance of the obligations contained therein, on behalf of the Issuer, are hereby authorized, directed, ratified and approved. The Issuer hereby affirms all covenants and representations made in the Loan Agreement and in the applications to the DEP and the Authority. The price of the Bonds shall be 100 % of par value, there being no interest accrued thereon, provided that the proceeds of the Bonds shall be advanced from time to time as requisitioned by the Issuer.

**Section 5.** The Issuer does hereby appoint and designate The Huntington National Bank, Charleston, West Virginia, to serve as Registrar (the "Registrar") for the Bonds under the Bond Ordinance and does approve and accept the Registrar's Agreement to be dated the date of delivery of the Bonds, by and between the Issuer and the Registrar, and the execution and delivery of the Registrar's Agreement by the Mayor, and the performance of the obligations contained therein, on behalf of the Issuer, are hereby authorized, approved and directed.

**Section 6.** The Issuer does hereby appoint and designate The Huntington National Bank, Charleston, West Virginia, to serve as Registrar (the "Registrar") for the following outstanding bonds of the Issuer: (1) Combined Utility System Revenue Bonds, Series 1992 (West Virginia SRF Program), dated September 8, 1992, issued in the original aggregate principal amount of $11,900,000 (the "Series 1992 Bonds"), (2) Combined Utility System Revenue Bonds, Series 1995 (West Virginia SRF Program), dated April 27, 1995, issued in the original aggregate principal amount of $1,601,477 (the "Series 1995 Bonds"), (3) Combined Utility System Revenue Bonds, Series 2000 A (West Virginia SRF Program), dated February 29, 2000, issued in the original aggregate principal amount of $7,842,000 (the "Series 2000 A Bonds"), (4) Combined Utility System Revenue Bonds, Series 2000 B (West Virginia Infrastructure Fund), dated February 29, 2000, issued in the original aggregate principal amount of $2,488,000 (the "Series 2000 B Bonds"), (5) Combined Utility System Revenue Bonds, Series 2001 A (West Virginia Infrastructure Fund), dated February 8, 2001, issued in the original aggregate principal amount of $3,812,470 (the "Series 2001 A Bonds"), and (6) Combined Utility System Revenue Bonds, Series 2006 A (West Virginia SRF Program), dated June 30, 2006, issued in the original aggregate principal amount of $6,410,191 (the "Series 2006 A Bonds"). The Issuer does hereby approve and accept the Registrar's Agreement with respect to the Series 1992 Bonds, the Series

1995 Bonds, the Series 2000 A Bonds, the Series 2000 B Bonds, the Series 2001 A Bonds, and the Series 2006 A Bonds 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 7.** 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 8.** The Issuer does hereby appoint and designate Branch Banking and Trust Company, Morgantown, West Virginia, to serve as Depository Bank under the Bond Ordinance.

**Section 9.** 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 10.** Series 2007 A Bonds proceeds may be used to purchase a Surety Bond to fund the Series 2007 A Bonds Reserve Account. In the event that a Surety Bond is not available, Series 2007 A Bonds proceeds in an amount equal to the maximum annual debt service on the Series 2007 A Bonds shall be deposited in the Series 2007 A Bonds Reserve Account.

**Section 11.** The proceeds of the Series 2007 A Bonds shall be deposited in or credited to the Series 2007 A Bonds Construction Trust Fund for payment of the costs of the Project, including, without limitation, costs of issuance of the Bonds, the cost of purchasing a Surety Bond or the cost of funding the Series 2007 A Bonds Reserve Account and related costs.

**Section 12.** The Mayor, City Manager and City Clerk are hereby authorized and directed to execute and deliver such other documents and certificates required or desirable in connection with the Bonds hereby and by the Bond Ordinance approved and provided for, to the end that the Bonds may be delivered on or about August 14, 2007, to the Authority pursuant to the Loan Agreement.

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

**Section 16.** This Supplemental Resolution shall be effective immediately following adoption hereof.

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Adopted this 7th day of August, 2007.

Mayor

ATTEST:

Acting City Clerk

APPROVED AND CORRECT AS TO FORM:

City Solicitor

CL1176451.3

CERTIFICATION

Certified a true copy of a Supplemental Resolution duly adopted by the Council of The City of Morgantown on the 7th day of August, 2007.

Dated: August 8, 2007.

[SEAL]

Donna Roland
Acting City Clerk

07/27/07
627490.00019

CL1176451.3

THE CITY OF MORGANTOWN

Combined Utility System Revenue Bonds, Series 2007 A
(West Virginia SRF Program)

SECOND SUPPLEMENTAL RESOLUTION

SECOND SUPPLEMENTAL RESOLUTION APPROVING THE PURCHASE OF A SURETY BOND FOR THE SERIES 2007 A BONDS RESERVE ACCOUNT, APPROVING THE EXECUTION AND DELIVERY OF A GUARANTY AGREEMENT, THE SUPPLEMENTATION OF THE ORDINANCE AUTHORIZING THE ORIGINAL ISSUANCE OF THE SERIES 2007 A BONDS AND MAKING OTHER PROVISIONS REQUIRED BY THE PROVIDER OF SUCH SURETY BOND.

**WHEREAS**, the city council (the "Governing Body") of The City of Morgantown (the "Issuer") duly and officially adopted and enacted a bond ordinance, effective May 1, 2007, and a supplemental resolution, effective August 7, 2007 (said ordinance, as so supplemented, herein called the "Bond Ordinance"), authorizing the issuance of its $8,500,000 principal amount of Combined Utility System Revenue Bonds, Series 2007 A, to be dated August 14, 2007 (the "Series 2007 A Bonds");

**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 provided for, among other things, the establishment of the Series 2007 A Bonds Reserve Account at the West Virginia Municipal Bond Commission (the "Commission") and that with the advance written consent of the Authority, the Issuer may, in lieu of funding the Series 2007 A Bonds Reserve Account with cash or Qualified Investments, satisfy the Series 2007 A Bonds Reserve Requirement by the deposit into the Series 2007 A Reserve Account of a reserve account letter of credit, a surety bond, or other credit facility satisfactory to the Authority in an amount at least equal to the Series 2007 A Bonds Reserve Requirement;

**WHEREAS**, the Issuer has obtained a commitment (the "Commitment") from Ambac Assurance Corporation ("Ambac Assurance") to provide the Issuer with a Debt Service Reserve Fund Surety bond (the "Surety Bond") in the amount of the Series 2007 A Bonds Reserve Requirement, to be deposited in the Series 2007 A Bonds Reserve Account;

**WHEREAS**, the Issuer has obtained, or will obtain prior to the issuance of the Series 2007 A Bonds, the written consent of the West Virginia Water Development Authority ("WDA"), as sole purchaser and holder of the Series 2007 A Bonds, to such purchase and to the supplementation of the Bond Ordinance in accordance with the provisions of this Second Supplemental Resolution;

**WHEREAS**, as a condition to delivery of the Surety Bond to the Issuer by Ambac Assurance, Ambac Assurance may require that the Issuer enter into a Guaranty Agreement with Ambac Assurance (the "Guaranty"); and

**WHEREAS**, as a further condition to delivery of the Surety Bond, Ambac Assurance requires that certain covenants and provisions be included in the Bond Ordinance relating to the security to be granted to Ambac Assurance in exchange for its issuance of the Surety Bond;

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

**Section 1.** Pursuant to the Bond Ordinance and the Act, this Second Supplemental Resolution is adopted and it is hereby authorized and ordered that the Surety Bond be accepted in accordance with the provisions of the Commitment for Surety Bond received from Ambac Assurance (the "Commitment") and, following the receipt of the written consent of the Authority thereto, the Surety Bond be deposited in the Series 2007 A Bonds Reserve Account. Payment of the premium for purchase of the Surety Bond shall be made from proceeds of the Series 2007 A Bonds.

**Section 2.** The Issuer does hereby approve the execution and delivery by the Mayor and City Manager of the Issuer of a Guaranty Agreement in connection with the Surety Bond, and the performance of the obligations therein, on behalf of the Issuer, are hereby authorized, approved and directed.

**Section 3.** Section 1.04 of the Bond Ordinance shall hereby be supplemented to add the following definitions:

**"Ambac Assurance"** means Ambac Assurance Corporation, a Wisconsin domiciled stock insurance company.

**"Surety Bond"** means the surety bond issued by Ambac Assurance guaranteeing certain payments into the Series 2007 A Bonds Reserve Account with respect to the Series 2007 A Bonds as provided therein and subject to the limitations set forth therein.

**Section 4.** Section 5.03 of the Bond Ordinance shall hereby be supplemented by adding the following provisions following paragraph "H" thereof:

I. Consent of Ambac Assurance.

Any provision of this Bond Ordinance expressly recognizing or granting rights in or to Ambac Assurance may not be amended in any manner which affects the rights of Ambac Assurance hereunder without the prior written consent of Ambac Assurance. Ambac Assurance reserves the right to charge the Issuer a fee for any consent or amendment to this Bond Ordinance while the Surety Bond is outstanding.

J. Consent of Ambac Assurance in Addition to Bondholder Consent.

Unless otherwise provided in this Section, Ambac Assurance's consent shall be required in addition to Bondholder consent, when required, for the following purposes: (i) execution and delivery of any Supplemental Ordinance or any amendment, supplement or change to or modification of this Bond Ordinance, (ii) removal of the Registrar or Paying Agent or selection and appointment of any successor Registrar or Paying Agent; and (iii) initiation or approval of any action not described in (i) or (ii) above which requires Bondholder consent.

K. Notices to be sent to the attention of the SURVEILLANCE DEPARTMENT.

(A) While the Surety Bond is in effect, the Issuer shall furnish to Ambac Assurance, upon request, the following:

(1) A copy of any financial statement, audit and/or annual report of the Issuer.

(2) Such additional information Ambac Assurance may reasonably request.

(B) A copy of any notice to be given to the registered owners of the Series 2007 A Bonds, including, without limitation, notice of any redemption of or defeasance of the Series 2007 A Bonds, and any certificate rendered pursuant to this Bond Ordinance relating to the security of the Series 2007 A Bonds.

(C) To the extent that the Issuer has entered into a continuing disclosure agreement with respect to the Series 2007 A Bonds, Ambac Assurance shall be included as a party to be notified.

L. Notices to be sent to the attention of the GENERAL COUNSEL OFFICE.

(A) The Issuer shall notify Ambac Assurance of any failure of the Issuer to provide relevant notices, certificates, etc.

(B) Notwithstanding any other provision of this Bond Ordinance, the Paying Agent and/or Issuer shall immediately notify Ambac Assurance if at any time there are insufficient moneys to make any payments of principal and interest as required and immediately upon the occurrence of (i) any Event of Default hereunder or (ii) any payment default under any related security agreement.

M. Other Information to be given to Ambac Assurance.

The Issuer will permit Ambac Assurance to discuss the affairs, finances and accounts of the Issuer or any information Ambac Assurance may reasonably request regarding the security for the Series 2007 A Bonds with appropriate officers of the Issuer. The Issuer will permit Ambac Assurance to have access to the Project and have access to and to make copies of all books and records relating to the Series 2007 A Bonds at any reasonable time.

Ambac Assurance shall have the right to direct an accounting at the Issuer's expense, and the Issuer's failure to comply with such direction within thirty (30) days after receipt of written notice of the direction from Ambac Assurance shall be deemed a default hereunder; provided, however, that if compliance cannot occur within such period, then such period will be extended so long as compliance is begun within such period and diligently

pursued, but only if such extension would not materially adversely affect the interests of any registered owner of the Series 2007 A Bonds.

N. Payment Procedure Pursuant to the Surety Bond.

As long as the Surety Bond shall be in full force and effect, the Issuer, the Registrar and the Paying Agent, as appropriate, agree to comply with the following provisions:

(a) In the event and to the extent that moneys on deposit in the Series 2007 A Bonds Reserve Account, plus all amounts on deposit in and credited to the Series 2007 A Bonds Reserve Account in excess of the amount of the Surety Bond, are insufficient to pay the amount of principal and interest coming due on the Series 2007 A Bonds, then upon the later of: (i) one (1) day after receipt by the General Counsel of Ambac Assurance of a demand for payment in the form attached to the Surety Bond as Attachment 1 (the "Demand for Payment"), duly executed by the Paying Agent certifying that payment due under this Bond Ordinance has not been made to the Paying Agent; or (ii) the payment date of the principal and interest coming due on the Series 2007 A Bonds as specified in the Demand for Payment presented by the Paying Agent to the General Counsel of Ambac Assurance, Ambac Assurance will make a deposit of funds in an account with the Paying Agent or its successor in New York, New York sufficient for the payment to the Paying Agent, of amounts which are then due to the Paying Agent under the Ordinance (as specified in the Demand for Payment) up to but not in excess of the Surety Bond Coverage, as defined in the Surety Bond; provided, however, that in the event that the amount on deposit in, or credited to, the Series 2007 A Bonds Reserve Account, in addition to the amount available under the Surety Bond, includes amounts available under a letter of credit, insurance policy, surety bond or other such funding instrument (the "Additional Funding Instrument"), draws on the Surety Bond and the Additional Funding Instrument shall be made on a pro rata basis to fund the insufficiency.

(b) The Paying Agent shall, after submitting to Ambac Assurance the Demand for Payment as provided in (a) above, make available to Ambac Assurance all records relating to the Funds and Accounts maintained under this Bond Ordinance.

(c) The Paying Agent shall, upon receipt of moneys received from the draw on the Surety Bond, as specified in the Demand for Payment, credit the Series 2007 A Bonds Reserve Account to the extent of moneys received pursuant to such Demand.

(d) The Series 2007 A Bonds Reserve Account shall be replenished in the following priority: (i) principal and interest on the Surety Bond and on the Additional Funding Instrument, if any, shall be paid from first available Series 2007 A Bonds Revenues on a pro rata basis with the principal and interest on the Series 2007 A Bonds and the Prior Bonds; (ii) after all such amounts are paid in full, amounts necessary to fund the Series 2007 A Bonds Reserve Account to the required level, after taking into account the amounts available under the Surety Bond and the Additional Funding Instrument, if any, shall be deposited from next available Revenues.

**Section 5.** This Second Supplemental Resolution shall be effective immediately following adoption hereof.

Adopted this August 7, 2007.

THE CITY OF MORGANTOWN

Mayor

ATTEST:

Acting City Clerk

APPROVED AND CORRECT AS TO FORM:

City Solicitor

CERTIFICATION

Certified a true copy of a Second Supplemental Resolution duly adopted by the Council of The City of Morgantown on August 7, 2007.

Dated: August 8, 2007.

[SEAL]

Acting City Clerk

08/2/2007
627490/00019

**SPECIMEN**

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE CITY OF MORGANTOWN
COMBINED UTILITY
SYSTEM REVENUE BOND, SERIES 2007 A
(WEST VIRGINIA SRF PROGRAM)

No. AR-1 $8,500,000

KNOW ALL MEN BY THESE PRESENTS: That on this the 14th day of August, 2007, THE CITY OF MORGANTOWN, a municipal corporation and political subdivision of the State of West Virginia in Monongalia 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 FIVE HUNDRED THOUSAND AND 00/100 DOLLARS ($8,500,000.00), 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, with interest on each installment at the rate per annum set forth on said EXHIBIT B. The interest and SRF administrative fee (as defined in the hereinafter described Bond Legislation) on this Bond shall 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.

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 and SRF administrative fee on this Bond is payable by check or draft of the Paying Agent mailed to the registered owner hereof at the address as it appears on the books of The Huntington National Bank, Charleston, West Virginia, as registrar (the "Registrar"), on the 15th day of the month next preceding an interest payment date, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner hereof.

SPECIMEN

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 Loan Agreement by and among the Issuer, the Authority and the DEP, dated August 1, 2007.

This Bond is issued (i) to pay the costs of acquisition and construction of certain extensions, additions, betterments and improvements to the stormwater portion of the existing public combined waterworks, sewerage, and stormwater system of the Issuer (the "Project"); (ii) to pay the cost of a surety bond to fund the reserve account for the Bonds of this Series (the "Bonds"); and (iii) to pay certain costs of issuance of the Bonds and related costs. The existing public combined waterworks, sewerage, and stormwater system of the Issuer, the Project, and any further extensions, additions, betterments or improvements thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 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 May 1, 2007, and a Supplemental Resolution duly adopted by the Issuer on August 7, 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) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 1992 (WEST VIRGINIA SRF PROGRAM), DATED SEPTEMBER 8, 1992, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $11,900,000 (THE "SERIES 1992 BONDS"); (2) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 1995 (WEST VIRGINIA SRF PROGRAM), DATED APRIL 27, 1995, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,601,477 (THE "SERIES 1995 BONDS"); (3) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2000 A (WEST VIRGINIA SRF PROGRAM), DATED FEBRUARY 29, 2000, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $7,842,000 (THE "SERIES 2000 A BONDS"); (4) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2000 B (WEST VIRGINIA INFRASTRUCTURE FUND), DATED FEBRUARY 29, 2000, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,488,000 (THE "SERIES 2000 B BONDS"); (5) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2001 A (WEST VIRGINIA INFRASTRUCTURE FUND), DATED FEBRUARY 8, 2001, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $3,812,470 (THE "SERIES 2001

SPECIMEN

A BONDS"); AND (6) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2006 A (WEST VIRGINIA SRF PROGRAM), DATED JUNE 30, 2006, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $6,410,191 (THE "SERIES 2006 A BONDS") (COLLECTIVELY, THE "PRIOR BONDS").

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

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

SPECIMEN

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 moneys, until so applied, in favor of the registered owner of this Bond.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and 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 Gross 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.

[THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

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

[SEAL]

By: _____
Mayor

SPECIMEN

By: _____
City Manager

SPECIMEN

ATTEST:

By: _____
Acting City Clerk

SPECIMEN

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: August 14, 2007.

THE HUNTINGTON NATIONAL BANK,
as Registrar

By: SPECIMEN
Its: Authorized Officer

SPECIMEN

EXHIBIT A

RECORD OF ADVANCES

| | AMOUNT | DATE | | AMOUNT | DATE |
|---|---|---|---|---|---|
| (1) | $ 637,762 | August 14, 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 $_____

SPECIMEN

EXHIBIT B

DEBT SERVICE SCHEDULE

SPECIMEN

$8,500,000
City of Morgantown
20 Years, 2% Interest Rate, 1% Admin Fee
Closing Date: August 14, 2007

## Debt Service Schedule

Part 1 of 3

| Date | Principal | Coupon | Interest | Total P+I |
|---|---|---|---|---|
| 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 | 71,593.00 | 2.000% | 35,105.00 | 106,698.00 |
| 12/01/2009 | 71,951.00 | 2.000% | 34,747.04 | 106,698.04 |
| 03/01/2010 | 72,311.00 | 2.000% | 34,387.28 | 106,698.28 |
| 06/01/2010 | 72,673.00 | 2.000% | 34,025.73 | 106,698.73 |
| 09/01/2010 | 73,036.00 | 2.000% | 33,662.36 | 106,698.36 |
| 12/01/2010 | 73,401.00 | 2.000% | 33,297.18 | 106,698.18 |
| 03/01/2011 | 73,768.00 | 2.000% | 32,930.18 | 106,698.18 |
| 06/01/2011 | 74,137.00 | 2.000% | 32,561.34 | 106,698.34 |
| 09/01/2011 | 74,508.00 | 2.000% | 32,190.65 | 106,698.65 |
| 12/01/2011 | 74,880.00 | 2.000% | 31,818.11 | 106,698.11 |
| 03/01/2012 | 75,255.00 | 2.000% | 31,443.71 | 106,698.71 |
| 06/01/2012 | 75,631.00 | 2.000% | 31,067.44 | 106,698.44 |
| 09/01/2012 | 76,009.00 | 2.000% | 30,689.28 | 106,698.28 |
| 12/01/2012 | 76,389.00 | 2.000% | 30,309.24 | 106,698.24 |
| 03/01/2013 | 96,437.00 | 2.000% | 37,322.29 | 133,759.29 |
| 06/01/2013 | 96,919.00 | 2.000% | 36,840.11 | 133,759.11 |
| 09/01/2013 | 97,404.00 | 2.000% | 36,355.51 | 133,759.51 |
| 12/01/2013 | 97,890.00 | 2.000% | 35,868.50 | 133,758.50 |
| 03/01/2014 | 98,380.00 | 2.000% | 35,379.05 | 133,759.05 |
| 06/01/2014 | 98,873.00 | 2.000% | 34,887.15 | 133,760.15 |
| 09/01/2014 | 99,366.00 | 2.000% | 34,392.78 | 133,758.78 |
| 12/01/2014 | 99,864.00 | 2.000% | 33,895.95 | 133,759.95 |
| 03/01/2015 | 100,363.00 | 2.000% | 33,396.63 | 133,759.63 |
| 06/01/2015 | 100,865.00 | 2.000% | 32,894.82 | 133,759.82 |
| 09/01/2015 | 101,369.00 | 2.000% | 32,390.49 | 133,759.49 |
| 12/01/2015 | 101,876.00 | 2.000% | 31,883.64 | 133,759.64 |
| 03/01/2016 | 102,385.00 | 2.000% | 31,374.27 | 133,759.27 |
| 06/01/2016 | 102,897.00 | 2.000% | 30,862.34 | 133,759.34 |
| 09/01/2016 | 103,411.00 | 2.000% | 30,347.86 | 133,758.86 |
| 12/01/2016 | 103,929.00 | 2.000% | 29,830.80 | 133,759.80 |
| 03/01/2017 | 104,449.00 | 2.000% | 29,311.16 | 133,760.16 |
| 06/01/2017 | 104,970.00 | 2.000% | 28,788.91 | 133,758.91 |
| 09/01/2017 | 105,495.00 | 2.000% | 28,264.06 | 133,759.06 |
| 12/01/2017 | 106,023.00 | 2.000% | 27,736.58 | 133,759.58 |
| 03/01/2018 | 106,553.00 | 2.000% | 27,206.47 | 133,759.47 |
| 06/01/2018 | 107,086.00 | 2.000% | 26,673.70 | 133,759.70 |

$8,500,000

City of Morgantown

20 Years, 2% Interest Rate, 1% Admin Fee

Closing Date: August 14, 2007

SPECIMEN

## Debt Service Schedule

Part 2 of 3

| Date | Principal | Coupon | Interest | Total P+I |
|---|---|---|---|---|
| 09/01/2018 | 107,621.00 | 2.000% | 26,138.27 | 133,759.27 |
| 12/01/2018 | 108,159.00 | 2.000% | 25,600.17 | 133,759.17 |
| 03/01/2019 | 108,700.00 | 2.000% | 25,059.38 | 133,759.38 |
| 06/01/2019 | 109,244.00 | 2.000% | 24,515.87 | 133,759.87 |
| 09/01/2019 | 109,790.00 | 2.000% | 23,969.65 | 133,759.65 |
| 12/01/2019 | 110,339.00 | 2.000% | 23,420.71 | 133,759.71 |
| 03/01/2020 | 110,890.00 | 2.000% | 22,869.01 | 133,759.01 |
| 06/01/2020 | 111,444.00 | 2.000% | 22,314.56 | 133,758.56 |
| 09/01/2020 | 112,002.00 | 2.000% | 21,757.34 | 133,759.34 |
| 12/01/2020 | 112,562.00 | 2.000% | 21,197.33 | 133,759.33 |
| 03/01/2021 | 113,125.00 | 2.000% | 20,634.52 | 133,759.52 |
| 06/01/2021 | 113,690.00 | 2.000% | 20,068.89 | 133,758.89 |
| 09/01/2021 | 114,259.00 | 2.000% | 19,500.44 | 133,759.44 |
| 12/01/2021 | 114,830.00 | 2.000% | 18,929.15 | 133,759.15 |
| 03/01/2022 | 115,404.00 | 2.000% | 18,355.00 | 133,759.00 |
| 06/01/2022 | 115,982.00 | 2.000% | 17,777.98 | 133,759.98 |
| 09/01/2022 | 116,562.00 | 2.000% | 17,198.07 | 133,760.07 |
| 12/01/2022 | 117,144.00 | 2.000% | 16,615.26 | 133,759.26 |
| 03/01/2023 | 117,730.00 | 2.000% | 16,029.54 | 133,759.54 |
| 06/01/2023 | 118,318.00 | 2.000% | 15,440.89 | 133,758.89 |
| 09/01/2023 | 118,910.00 | 2.000% | 14,849.30 | 133,759.30 |
| 12/01/2023 | 119,505.00 | 2.000% | 14,254.75 | 133,759.75 |
| 03/01/2024 | 120,102.00 | 2.000% | 13,657.23 | 133,759.23 |
| 06/01/2024 | 120,702.00 | 2.000% | 13,056.72 | 133,758.72 |
| 09/01/2024 | 121,306.00 | 2.000% | 12,453.21 | 133,759.21 |
| 12/01/2024 | 121,913.00 | 2.000% | 11,846.67 | 133,759.67 |
| 03/01/2025 | 122,522.00 | 2.000% | 11,237.11 | 133,759.11 |
| 06/01/2025 | 123,135.00 | 2.000% | 10,624.50 | 133,759.50 |
| 09/01/2025 | 123,751.00 | 2.000% | 10,008.82 | 133,759.82 |
| 12/01/2025 | 124,369.00 | 2.000% | 9,390.07 | 133,759.07 |
| 03/01/2026 | 124,991.00 | 2.000% | 8,768.22 | 133,759.22 |
| 06/01/2026 | 125,616.00 | 2.000% | 8,143.27 | 133,759.27 |
| 09/01/2026 | 126,244.00 | 2.000% | 7,515.19 | 133,759.19 |
| 12/01/2026 | 126,875.00 | 2.000% | 6,883.97 | 133,758.97 |
| 03/01/2027 | 127,510.00 | 2.000% | 6,249.59 | 133,759.59 |
| 06/01/2027 | 128,148.00 | 2.000% | 5,612.05 | 133,760.05 |
| 09/01/2027 | 128,788.00 | 2.000% | 4,971.30 | 133,759.30 |
| 12/01/2027 | 129,433.00 | 2.000% | 4,327.37 | 133,760.37 |
| 03/01/2028 | 130,080.00 | 2.000% | 3,680.20 | 133,760.20 |
| 06/01/2028 | 130,729.00 | 2.000% | 3,029.80 | 133,758.80 |
| 09/01/2028 | 131,383.00 | 2.000% | 2,376.15 | 133,759.15 |
| 12/01/2028 | 132,040.00 | 2.000% | 1,719.24 | 133,759.24 |

$8,500,000
City of Morgantown
20 Years, 2% Interest Rate, 1% Admin Fee
Closing Date: August 14, 2007

SPECIMEN

## Debt Service Schedule

Part 3 of 3

| Date | Principal | Coupon | Interest | Total P+I |
|---|---|---|---|---|
| 03/01/2029 | 105,639.00 | 2.000% | 1,059.04 | 106,698.04 |
| 06/01/2029 | 106,168.00 | 2.000% | 530.84 | 106,698.84 |
| 09/01/2029 | - | 2.000% | - | - |
| Total | $8,500,000.00 | - | $1,767,774.25 | $10,267,774.25 * |

*Plus $11,048.60 one-percent Administrative Fee paid quarterly. Total fee over life of loan is $883,888.

### Yield Statistics

| | |
|---|---|
| Accrued Interest from 08/01/2007 to 08/01/2007 | (415,196.67) |
| Bond Year Dollars | $109,148.53 |
| Average Life | 12.841 Years |
| Average Coupon | 1.6196043% |
| Net Interest Cost (NIC) | 1.6196043% |
| True Interest Cost (TIC) | 2.0198317% |
| Bond Yield for Arbitrage Purposes | 2.0198317% |
| All Inclusive Cost (AIC) | 2.8081748% |

### IRS Form 8038

| | |
|---|---|
| Net Interest Cost | 2.0000003% |
| Weighted Average Maturity | 12.841 Years |

SPECIMEN

ASSIGNMENT

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

_____

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

Dated: _____, _____.

_____

In the presence of:

_____

CONFORMED BOND ORDINANCE

THE CITY OF MORGANTOWN

COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 B
(WEST VIRGINIA SRF PROGRAM/ARRA); AND
COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 C
(WEST VIRGINIA SRF PROGRAM)

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SIGNATURES
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EXHIBIT A

CONFORMED BOND ORDINANCE

THE CITY OF MORGANTOWN

**ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF EXTENSIONS, ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE WASTEWATER PORTION OF THE EXISTING PUBLIC COMBINED WATERWORKS, SEWERAGE AND STORMWATER SYSTEM OF THE CITY OF MORGANTOWN AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE CITY OF NOT MORE THAN $81,600 IN AGGREGATE PRINCIPAL AMOUNT OF COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 B (WEST VIRGINIA SRF PROGRAM/ARRA) AND NOT MORE THAN $15,380,227 IN AGGREGATE PRINCIPAL AMOUNT OF COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 C (WEST VIRGINIA SRF PROGRAM); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING A ARRA ASSISTANCE AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.**

**BE IT ORDAINED AND ENACTED BY THE COUNCIL OF THE CITY OF MORGANTOWN:**

## 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 and Chapter 22C, Article 2 of the West Virginia Code of 1931, as amended (collectively, the "Act"), and other applicable provisions of law.

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

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

B. The Issuer presently owns and operates, through the Morgantown Utility Board (the "Board"), a public combined waterworks, sewerage, and stormwater system. It is deemed necessary and desirable for the health and welfare of the inhabitants of the Issuer, and for the improvement of the water environment of the project area, that there be acquired and constructed certain extensions, additions, betterments and improvements to the wastewater portion of the existing public combined waterworks, sewerage, and stormwater system of the Issuer, consisting of additions and improvements to the City's existing sanitary sewer facilities, including new force mains, transmission lines and pumps, storage tanks, odor control facilities, SCADA system and other electrical improvements, miscellaneous building improvements, other additions and improvements and all necessary appurtenances (collectively, the "Project") (the existing public combined waterworks, sewerage, and stormwater 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 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"), in connection with the West Virginia Water Pollution Control Revolving Fund Program (the "SRF Program"), which the Authority administers pursuant to the Act, and from a contribution from the West Virginia Department of Transportation, and an EPA 319 Grant (collectively the "Grants").

D. It is deemed necessary for the Issuer to issue its Combined Utility System Revenue Bonds, Series 2010 B (West Virginia SRF Program/ARRA), in the aggregate principal amount of not more than $81,600 (the "Series 2010 B Bonds") and Combined Utility System Revenue Bonds, Series 2010 C (West Virginia SRF Program), in the aggregate principal amount of not more than $15,380,227 (the "Series 2010 C Bonds"), to permanently finance a portion of the costs of acquisition and construction of the Project. Said costs shall be deemed to include the cost of all property rights, easements and franchises deemed necessary or convenient therefor and eligible under the SRF Program; interest upon the Series 2010 B Bonds and Series 2010 C Bonds for a period not exceeding 6 months after completion of construction of the Project; amounts which may be deposited in the Series 2010 C Bonds Reserve Account (as hereinafter defined) or amounts which may be used to purchase a surety bond to fund the Series 2010 C Bonds Reserve Account; engineering and legal expenses; expenses for estimates of costs and revenues, expenses for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the enterprise, administrative expense, commitment fees, fees and expenses of the Authority, including the SRF Administrative Fee (as hereinafter defined); discount, initial fees for the services of registrars, paying agents, depositories or trustees or other costs in connection with the sale of the Series 2010 B Bonds and Series 2010 C 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 or the Board for any amounts expended by them for allowable costs prior to the issuance of the Series 2010 B Bonds and Series 2010 C 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 22 years.

F. It is in the best interests of the Issuer that its Series 2010 B Bonds and Series 2010 C Bonds be sold to the Authority pursuant to the terms and provisions of a ARRA Assistance Agreement by and among the Issuer, the Authority and the West Virginia Department of Environmental Protection (the "DEP"), in form satisfactory to the respective parties (the "ARRA Assistance Agreement"), approved hereby if not previously approved by resolution of the Issuer.

G. There are outstanding obligations of the Issuer which will rank on a parity with the Series 2010 B Bonds and Series 2010 C Bonds as to liens, pledge, source of and security for payment, being the Issuer's (1) Combined Utility System Revenue Bonds, Series 1992 (West Virginia SRF Program), dated September 8, 1992, issued in the original aggregate principal amount of $11,900,000 (the "Series 1992 Bonds"), (2) Combined Utility System Revenue Bonds, Series 1995 (West Virginia SRF Program), dated April 27, 1995, issued in the original aggregate principal amount of $1,601,477 (the "Series 1995 Bonds"), (3) Combined Utility System Revenue Bonds, Series 2000 A (West Virginia SRF Program), dated February 29, 2000, issued in the original aggregate principal amount of $7,842,000 (the "Series 2000 A Bonds"), (4) Combined Utility System Revenue Bonds, Series 2000 B (West Virginia Infrastructure Fund), dated February 29, 2000, issued in the original aggregate principal amount of $2,488,000 (the "Series 2000 B Bonds"), (5) Combined Utility System Revenue Bonds, Series 2001 A (West Virginia Infrastructure Fund), dated February 8, 2001, issued in the original aggregate principal amount of $3,812,470 (the "Series 2001 A Bonds"), (6) Combined Utility System Revenue Bonds, Series 2006 A (West Virginia SRF Program), dated June 30, 2006, issued in the original aggregate principal amount of $6,410,191 (the "Series 2006 A Bonds"); and (7) Combined Utility System Revenue Bonds, Series 2007 A (West Virginia SRF Program), dated August 14, 2007, issued in the original aggregate principal amount of $8,500,000 (the "Series 2007 A Bonds"), (collectively, the "Prior Bonds") and (8) Combined Utility System Revenue Bonds, Series 2010 A issued simultaneously herewith (the "Series 2010 A Bonds"); (9) Combined Utility System Revenue Bonds, Series 2010 D (West Virginia DWTRF Program), issued simultaneously herewith in the original aggregate principal amount of $9,317,286 (the "Series 2010 C Bonds"); (10) Combined Utility System Revenue Bonds, Series 2010 E (West Virginia DWTRF Program), issued simultaneously herewith in the original aggregate principal amount of $100,000 (the "Series 2010 E Bonds"); and (11) Combined Utility System Revenue Bonds, Series 2010 F issued simultaneously herewith (the "Series 2010 F Bonds").

H. Prior to the issuance of the Series 2010 B Bonds and Series 2010 C Bonds, the Issuer will obtain (i) the certificate of an Independent Certified Public Accountant stating that the coverage and parity tests of the Prior Bonds are met, and (ii) the written consent of the Holders of the Prior Bonds to the issuance of the Series 2010 B Bonds and Series 2010 C Bonds on a parity with the Prior Bonds. Other than the Series 2010 A Bonds, Series 2010 D Bonds, Series 2010 E Bonds, Series 2010 F Bonds and the Prior Bonds, there are no other outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System. The Issuer is in compliance with all the covenants of the Prior Bonds and the Prior Ordinances.

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 and the principal of and interest on the Series 2010 Bonds and the Prior Bonds and to make payments into all funds and accounts and other payments provided for herein.

J. The Issuer has complied with all requirements of West Virginia law and the ARRA Assistance Agreement relating to authorization of the acquisition, construction and operation of the Project and the System and issuance of the Series 2010 Bonds, or will have so complied prior to issuance of any thereof, including, among other things, the approval of the Project and the financing thereof by Public Service Commission of West Virginia the West Virginia Infrastructure and Jobs Development Council.

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 2010 B Bonds and Series 2010 C Bonds by the Registered Owners of the same from time to time, this Bond Legislation shall be deemed to be and shall constitute a contract between the Issuer and such Bondholders, and the covenants and agreements herein set forth to be performed by the Issuer shall be for the equal benefit, protection and security of the Bondholders of any and all of such Series 2010 B Bonds and Series 2010 C Bonds, all of which shall be of equal rank and without preference, priority or distinction between any one Bond and any other Bonds and by reason of priority of issuance or otherwise, except as expressly provided therein and herein.

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

"**Act**" means, collectively, Chapter 8, Article 20 and Chapter 22C, Article 2 of the West Virginia Code of 1931, as amended and in effect on the date of enactment hereof.

"**ARRA Assistance Agreement**" means the ARRA Assistance Agreement heretofore entered, or to be entered, into by and among the Issuer, the Authority and the DEP, providing for the purchase of the Series 2010 B Bonds and Series 2010 C Bonds from the Issuer by the Authority, the form of which shall be approved, and the execution and delivery by the Issuer authorized and directed or ratified, by the Supplemental Resolution.

"**Authority**" means the West Virginia Water Development Authority, which is expected to be the original purchaser and Registered Owner of the Series 2010 B Bonds and Series 2010 C Bonds, or any other agency, board or department of the State that succeeds to the functions of the Authority, acting in its administrative capacity and upon authorization from the DEP under the Act.

"**Authorized Officer**" means the Mayor or the City Manager of the Issuer, and, in the instance of the Board, the Chairman, the General Manager or the Assistant General Manager, or any other officer of the Issuer or Board specifically designated by resolution of the Governing Body or the Board, as appropriate.

"**Board**" means the Morgantown Utility Board of the Issuer.

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

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

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

"**Bonds**" means, collectively, the Series 2010 Bonds, the Prior Bonds and, where appropriate, any bonds on a parity therewith subsequently authorized to be issued hereunder or by another ordinance of the Issuer.

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

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

"**City Manager**" means the City Manager of the Issuer.

"**Closing Date**" means the date upon which there is an exchange of the Series 2010 Bonds for all or a portion of the proceeds of the Series 2010 Bonds from the Authority and the DEP.

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

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

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

"**Consulting Engineers**" means 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. "Consulting Engineer" shall also include a licensed professional engineer employed by the Board, who is responsible for design and/or supervision of improvements, additions or modifications to the System.

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

"**Council**" means the West Virginia Infrastructure and Jobs Development Council.

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

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

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

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

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

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

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

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

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

"**Independent Certified Public Accountant**" 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 Morgantown, a municipal corporation and political subdivision of the State of West Virginia, in Monongalia County, West Virginia, and, unless the context clearly indicates otherwise, includes the Governing Body of the Issuer.

"**Mayor**" means the Mayor of the Issuer.

"**Net Proceeds**" means the face amount of the Series 2010 B Bonds and Series 2010 C Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds, if any, deposited in the Reserve Accounts. For purposes of the Private Business Use limitations set forth herein, the term Net Proceeds shall include any amounts resulting from the investment of proceeds of the Series 2010 B Bonds and Series 2010 C Bonds, without regard to whether or not such investment is made in tax-exempt obligations.

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

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

"**Operating Expenses**" shall mean the reasonable, proper and necessary costs of repair, maintenance and operation of the System and includes, without limiting the generality of the foregoing, administrative, engineering, legal, auditing and insurance expenses, other than those capitalized as part of the Costs, fees and expenses of the Authority, fiscal agents, the Depository Bank, the Registrar and Paying Agent (all as hereinafter defined), other than those capitalized as part of the Costs, the SRF Administrative Fee, 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.

"**Operation and Maintenance Fund**" means the Operation and Maintenance Fund established by the Prior Ordinances and continued hereby.

"**Outstanding**" when used with reference to Bonds or Prior Bonds and as of any particular date, describes all Bonds or Prior Bonds theretofore and thereupon being authenticated and delivered, except (i) any Bond or Prior Bond cancelled by the Bond Registrar or Registrar for Prior Bonds, at or prior to said date; (ii) any Bond or Prior Bonds, for the payment of which 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 X hereof; (iv) any Prior Bond deemed to have been paid; and (v) for purposes of consents or other action by a specified percentage of Bondholders, or holders of Prior Bonds, any Bonds or Prior Bonds registered to the Issuer.

"**Parity Bonds**" means additional 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 Series 2010 B Bonds and Series 2010 C Bonds in the Supplemental Resolution.

"**Prior Bonds**" means, collectively, the Series 1992 Bonds, Series 1995 Bonds, Series 2000 A Bonds, Series 2000 B Bonds, Series 2001 A Bonds, Series 2006 A Bonds, and Series 2007 A Bonds.

"**Prior Ordinances**" means, collectively, the ordinances authorizing the Prior Bonds.

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

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

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

(a) Government Obligations;

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

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

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

(e) Time accounts (including accounts evidenced by time certificates of deposit, time deposits or other similar banking arrangements) which, to the extent not insured by the FDIC, shall be secured by a pledge of Government Obligations, provided, that said Government Obligations pledged either must mature as nearly as practicable coincident with the maturity of said time accounts or must be

replaced or increased so that the market value thereof is always at least equal to the principal amount of said time accounts;

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

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

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

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

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

"**Registrar**" means the Bond Registrar.

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

"**Reserve Accounts**" means, collectively, the respective Reserve Accounts established for the Series 2010 Bonds and the Prior Bonds.

"**Reserve Requirement**" means, collectively, the respective amounts required to be on deposit in any Reserve Account for the Prior Bonds and the Series 2010 Bonds.

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

"**Series 1992 Bonds**" means the Combined Utility System Revenue Bonds, Series 1992 (West Virginia SRF Program), of the Issuer, dated September 8, 1992, issued in the original aggregate principal amount of $11,900,000.

"**Series 1995 Bonds**" means the Combined Utility System Revenue Bonds, Series 1995 (West Virginia SRF Program), of the Issuer, dated April 27, 1995, issued in the original aggregate principal amount of $1,601,477.

"**Series 2000 A Bonds**" means the Combined Utility System Revenue Bonds, Series 2000 A (West Virginia SRF Program), of the Issuer, dated February 29, 2000, issued in the original aggregate principal amount of $7,842,000.

"**Series 2000 B Bonds**" means the Combined Utility System Revenue Bonds, Series 2000 B (West Virginia Infrastructure Fund), of the Issuer, dated February 29, 2000, issued in the original aggregate principal amount of $2,488,000.

"**Series 2001 A Bonds**" means the Combined Utility System Revenue Bonds, Series 2001 A (West Virginia Infrastructure Fund), of the Issuer, dated February 8, 2001, issued in the original aggregate principal amount of $3,812,470.

"**Series 2006 A Bonds**" means the Combined Utility System Revenue Bonds, Series 2006 A (West Virginia SRF Program), of the Issuer, dated June 30, 2006, issued in the original aggregate principal amount of $6,410,191.

"**Series 2007 A Bonds**" means the Combined Utility System Revenue Bonds, Series 2007 A (West Virginia SRF Program), of the Issuer, dated August 14, 2007, issued in the original aggregate principal amount of $8,500,000.

"**Series 2010 Bonds Construction Trust Fund**" means the Series 2010 Bonds Construction Trust Fund established by Section 5.01 hereof.

"**Series 2010 Bonds**" means collectively, the Series 2010 A Bonds, Series 2010 B Bonds, Series 2010 C Bonds, Series 2010 D Bonds, Series 2010 E Bonds and Series 2010 F Bonds.

"**Series 2010 A Bonds**" means the Issuer's Combined Utility System Revenue Bonds, Series 2010 A to be issued concurrently herewith.

"**Series 2010 A Bonds Ordinance**" means the Ordinance authorizing the Series 2010 A Bonds.

"**Series 2010 D Bonds**" means the Issuer's Combined Utility System Revenue Bonds, Series 2010 D (West Virginia DWTRF Program), to be issued concurrently herewith in the original aggregate principal amount of $9,317,286.

"**Series 2010 D Bonds Ordinance**" means the Ordinance authorizing the Series 2010 D Bonds.

"**Series 2010 E Bonds**" means the Issuer's Combined Utility System Revenue Bonds, Series 2010 E (West Virginia DWTRF Program), to be issued concurrently herewith in the original aggregate principal amount of $100,000.

"**Series 2010 E Bonds Ordinance**" means the Ordinance authorizing the Series 2010 E Bonds.

"**Series 2010 F Bonds**" means the Issuer's Combined Utility System Revenue Bonds, Series 2010 F to be issued concurrently herewith.

"**Series 2010 F Bonds Ordinance**" means the Ordinance authorizing the Series 2010 F Bonds.

"**Series 2010 B Bonds**" means the Combined Utility System Revenue Bonds, Series 2010 B (West Virginia SRF Program/ARRA), of the Issuer, authorized by this Bond Legislation.

"**Series 2010 B Bonds Reserve Account**" means the Series 2010 B Bonds Reserve Account established by Section 5.02 hereof.

"**Series 2010 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 2010 B Bonds in the then current or any succeeding year.

"**Series 2010 B Bonds Sinking Fund**" means the Series 2010 B Bonds Sinking Fund established by Section 5.02 hereof.

"**Series 2010 C Bonds**" means the Combined Utility System Revenue Bonds, Series 2010 C (West Virginia SRF Program), of the Issuer, authorized by this Bond Legislation.

"**Series 2010 C Bonds Reserve Account**" means the Series 2010 C Bonds Reserve Account established by Section 5.02 hereof.

"**Series 2010 C Bonds Reserve Requirement**" means, as of any date of calculation, the maximum amount of principal and interest which will become due on the Series 2010 C Bonds in the then current or any succeeding year.

"**Series 2010 C Bonds Sinking Fund**" means the Series 2010 C Bonds Sinking Fund established by Section 5.02 hereof.

"**Sinking Funds**" means, collectively, the respective Sinking Funds established for the Series 2010 Bonds and the Prior Bonds.

"**SRF Administrative Fee**" means any administrative fee required to be paid pursuant to the ARRA Assistance Agreement.

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

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

"**State**" means the State of West Virginia.

"**Supplemental Resolution**" means any resolution, ordinance or order of the Issuer supplementing or amending this Ordinance and, when preceded by the article "the," refers specifically to the supplemental resolution authorizing the sale of the Series 2010 B Bonds and Series 2010 C Bonds; provided, that any matter intended by this Ordinance to be included in the Supplemental Resolution with respect to the Series 2010 B Bonds and Series 2010 C 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 2010 Bonds, the Prior Bonds or any other obligations of the Issuer, including, without limitation, the Depreciation Fund, the Sinking Funds and the Reserve Accounts.

"**System**" means, collectively, the complete existing public combined waterworks, sewerage, and stormwater system of the Issuer, as presently existing in its entirety or any integral part thereof, and shall include the Project and any additions, betterments and improvements thereto hereafter acquired or constructed for the System from any sources whatsoever, both within and without the Issuer.

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

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

## ARTICLE II

## AUTHORIZATION OF ACQUISITION AND CONSTRUCTION OF THE PROJECT

**Section 2.01. Authorization of Acquisition and Construction of the Project.** There is hereby authorized and ordered the acquisition and construction of the Project, at an estimated cost of not to exceed $15,366,868, 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 2010 B Bonds and Series 2010 C Bonds hereby authorized shall be applied as provided in Article VI hereof. The Issuer has received bids and will enter into contracts for the acquisition and construction of the Project, compatible with the financing plan submitted to the DEP and the Authority.

The cost of the Project is estimated not to exceed $15,366,868, of which approximately $81,600 will be obtained from proceeds of the Series 2010 B Bonds and approximately $15,380,227 will be obtained from proceeds of the Series 2010 C Bonds.

## ARTICLE III

## AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND SALE OF BONDS; AUTHORIZATION AND EXECUTION OF ARRA ASSISTANCE AGREEMENT

**Section 3.01. Authorization of Bonds**. For the purposes of capitalizing interest on the Series 2010 B Bonds, if any, funding a reserve account or purchasing a surety bond to fund a reserve account for the Series 2010 B Bonds, paying Costs of the Project not otherwise provided for and paying certain costs of issuance of the Series 2010 B Bonds and Series 2010 C Bonds and related costs, or any or all of such purposes, as determined by the Supplemental Resolution, there shall be issued the negotiable Series 2010 B Bonds of the Issuer. The Series 2010 B Bonds and Series 2010 C Bonds shall be issued in one or more series, designated as "Combined Utility System Revenue Bonds, Series 2010 B (West Virginia SRF Program/ARRA)," in the principal amount of not more than $81,600, and shall have such terms as set forth hereinafter and in the Supplemental Resolution. The proceeds of the Series 2010 B Bonds remaining after purchasing a surety bond to fund the Series 2010 B Bonds Reserve Account or cash funding the Series 2010 B Bonds Reserve Account (if funded from Bond proceeds) and capitalization of interest, if any, shall be deposited in or credited to the Series 2010 Bonds Construction Trust Fund established by Section 5.01 hereof, and applied as set forth in Article VI hereof.

For the purposes of capitalizing interest on the Series 2010 C Bonds, if any, funding a reserve account or purchasing a surety bond to fund a reserve account for the Series 2010 C Bonds, paying Costs of the Project not otherwise provided for and paying certain costs of issuance of the Series 2010 C Bonds and related costs, or any or all of such purposes, as determined by the Supplemental Resolution, there shall be issued the negotiable Series 2010 C Bonds of the Issuer. The Series 2010 C Bonds shall be issued in one or more series, designated as "Combined Utility System Revenue Bonds, Series 2010 C (West Virginia SRF Program)," in the principal amount of not more than $15,380,227, and shall have such terms as set forth hereinafter and in the Supplemental Resolution. The proceeds of the Series 2010 C Bonds remaining after purchasing a surety bond to fund the Series 2010 C Bonds Reserve Account or cash funding the Series 2010 C Bonds Reserve Account (if funded from Bond proceeds) and capitalization of interest, if any, shall be deposited in or credited to the Series 2010 Bonds Construction Trust Fund established by Section 5.01 hereof, and applied as set forth in Article VI hereof.

**Section 3.02. Terms of Bonds**. The Series 2010 B Bonds and Series 2010 C Bonds shall be issued in such principal amount; shall bear interest at such rate or rates, not exceeding the then legal maximum, payable quarterly on such dates; shall mature on such dates and in such amounts; and shall be redeemable, in whole or in part, all as the Issuer shall prescribe in a Supplemental Resolution or as specifically provided in the ARRA Assistance Agreement. The Series 2010 B Bonds and Series 2010 C Bonds shall be payable as to principal at the office of the Paying Agent, in any coin or currency which, on the dates of payment of principal is legal tender for the payment of public or private debts under the laws of the United States of America. Interest, if any, on the Series 2010 B Bonds and Series 2010 C Bonds shall be paid by check or draft of the Paying Agent or its agent, mailed to the Registered Owner thereof at the address as it appears on the books of the Bond Registrar, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner thereof.

As provided by the Supplemental Resolution, the Series 2010 B Bonds and Series 2010 C Bonds shall initially be issued in one or more series, fully registered to the Authority, with a record of advances and a debt service schedule attached, representing the aggregate principal amount of the respective Series 2010 B Bonds and Series 2010 C Bonds. The Series 2010 B Bonds and Series 2010 C Bonds shall be exchangeable at the option and expense of the Registered Owner for another fully registered Bond or Bonds of the same series in aggregate principal amount equal to the amount of said Bonds then Outstanding and being exchanged, with principal installments or maturities, as applicable, corresponding to the dates of payment of principal installments of said Bonds; provided, that the Authority shall not be obligated to pay any expenses of such exchange.

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

**Section 3.03. Execution of Bonds**. The Series 2010 B Bonds and Series 2010 C Bonds shall be executed in the name of the Issuer by the Mayor and the City Manager, and the seal of the Issuer shall be affixed thereto or imprinted thereon and attested by the City Clerk. In case any one or more of the officers who shall have signed or sealed the Series 2010 B Bonds and Series 2010 C Bonds shall cease to be such officer of the Issuer before the Series 2010 B Bonds and Series 2010 C Bonds so signed and sealed have been actually sold and delivered, such Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bonds had not ceased to hold such office. Any Series 2010 B Bonds and Series 2010 C 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 2010 B Bonds or Series 2010 C Bonds shall be valid or obligatory for any purpose or entitled to any security or benefit under this Bond Legislation unless and until the Certificate of Authentication and Registration on such 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 2010 B Bonds or Series 2010 C Bonds shall be deemed to have been executed by the Bond Registrar if manually signed by an authorized officer of the Bond Registrar, but it shall not be necessary that the same officer sign the Certificate of Authentication and Registration on all of the Bonds issued hereunder.

**Section 3.05. Negotiability, Transfer and Registration**. Subject to the provisions for transfer of registration set forth below, the Series 2010 B Bonds and Series 2010 C 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 2010 B Bonds and Series 2010 C Bonds shall be conclusively deemed to have agreed that such Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder shall further be conclusively deemed to have agreed that said Bonds shall be incontestable in the hands of a bona fide holder for value.

So long as the Series 2010 B Bonds and Series 2010 C Bonds remain outstanding, the Issuer, through the Bond Registrar or its agent, shall keep and maintain books for the registration and transfer of such Bonds.

The registered Series 2010 B Bonds and Series 2010 C Bonds shall be transferable only upon the books of the Bond Registrar, by the registered owner thereof in person or by his attorney duly authorized in writing, upon surrender thereto together with a written instrument of transfer satisfactory to the Bond Registrar duly executed by the registered owner or his duly authorized attorney.

In all cases in which the privilege of exchanging Series 2010 B Bonds and Series 2010 C Bonds or transferring the registered Series 2010 B Bonds and Series 2010 C Bonds are exercised, all Series 2010 B Bonds and Series 2010 C Bonds shall be delivered in accordance with the provisions of this Bond Legislation. All Series 2010 B Bonds and Series 2010 C Bonds surrendered in any such exchanges or transfers shall forthwith be canceled by the Bond Registrar. For every such exchange or transfer of Series 2010 B Bonds and Series 2010 C Bonds, the Bond Registrar may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer and the cost of preparing each new Bond upon each exchange or transfer, and any other expenses of the Bond Registrar incurred in connection therewith, which sum or sums shall be paid by the Issuer. The Bond Registrar shall not be obliged to make any such exchange or transfer of Series 2010 B Bonds and Series 2010 C Bonds during the period commencing on the 15th day of the month next preceding an interest payment date on the Series 2010 B Bonds and Series 2010 C Bonds or, in the case of any proposed redemption of Series 2010 B Bonds and Series 2010 C 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 2010 B Bonds or Series 2010 C Bonds shall become mutilated or be destroyed, stolen or lost, the Issuer may, in its discretion, issue, and the Bond Registrar shall, if so advised by the Issuer, authenticate and deliver, a new Bond of the same series and of like tenor as the Bonds so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond, upon surrender and cancellation of such mutilated Bond, or in lieu of and substitution for the Bond destroyed, stolen or lost, and upon the Holder's furnishing satisfactory indemnity and complying with such other reasonable regulations and conditions as the Issuer may prescribe and paying such expenses as the Issuer and the Bond Registrar may incur. All Bonds so surrendered shall be 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 2010 B Bonds and Series 2010 C 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 Gross Revenues derived from the System as herein provided. No Holder or Holders of the Series 2010 B Bonds and Series 2010 C Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Series 2010 B Bonds and Series 2010 C Bonds or the interest thereon.

**Section 3.08. Bonds Secured by Pledge of Gross Revenues; Lien Position with respect to Prior Bonds**. The payment of debt service of the Series 2010 B Bonds and Series 2010 C Bonds shall be secured by a first lien on the Gross Revenues derived from the System, on a parity with the lien on the Gross Revenues in favor of the Holders of the Series 2010 A Bonds, Series 2010 D Bonds, Series 2010 E Bonds, Series 2010 F Bonds and the Prior Bonds. Such Gross Revenues in an amount sufficient to pay the principal of and interest on the Series 2010 B Bonds and Series 2010 C Bonds and the Series 2010 A Bonds, Series 2010 D Bonds, Series 2010 E Bonds, Series 2010 F Bonds and the Prior Bonds and to make all other payments provided for in the Bond Legislation are hereby irrevocably pledged to such payments as they become due.

**Section 3.09. Delivery of Bonds**. The Issuer shall execute and deliver the Series 2010 B Bonds and Series 2010 C Bonds to the Registrar, and the Registrar shall authenticate, register and deliver the Series 2010 B Bonds and Series 2010 C Bonds to the original purchasers upon receipt of the documents set forth below:

A. If other than the Authority, a list of the names in which the Series 2010 B Bonds and Series 2010 C Bonds are to be registered upon original issuance, together with such taxpayer identification and other information as the Bond Registrar may reasonably require;

B. A request and authorization to the Bond Registrar on behalf of the Issuer, signed by an Authorized Officer, to authenticate and deliver the Series 2010 B Bonds and Series 2010 C Bonds to the original purchasers;

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

D. An executed copy of the ARRA Assistance Agreement; and

E. The unqualified approving opinions of bond counsel on the Series 2010 B Bonds and Series 2010 C Bonds.

**Section 3.10. Form of Bonds**. The text of the Series 2010 B Bonds and Series 2010 C 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 2010 B BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE CITY OF MORGANTOWN
COMBINED UTILITYSYSTEM REVENUE BOND, SERIES 2010 B
(WEST VIRGINIA SRF PROGRAM/ARRA)

No. BR-1 $81,600

KNOW ALL MEN BY THESE PRESENTS: That on this the _____ day of January, 2010, THE CITY OF MORGANTOWN, a municipal corporation and political subdivision of the State of West Virginia in Monongalia 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 EITY-ONE THOUSAND SIX HUNDRED DOLLARS ($81,600), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing _____ 1, 20___ to and including _____ 1, 20___, as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference. This Bond shall not be subject to the SRF Administrative fee (as defined in the hereinafter describe Bond Legislation).

This Bond shall bear no interest. Principal installments of this Bond are forgivable quarterly as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference.

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the West Virginia Department of Environmental protection (the "DEP), and upon the terms and conditions prescribed by, and otherwise in compliance with, the ARRA Assistance Agreement by and between the Issuer and the Authority, on behalf of the DEP, dated January _____, 2010.

This Bond is issued (i) to pay the costs of acquisition and construction of certain extensions, additions, betterments and improvements to the wastewater portion of the existing public combined waterworks, sewerage, and stormwater system of the Issuer (the "Project"); (ii) and (ii) to pay certain costs of issuance of the Bonds and related costs. The existing public combined waterworks, sewerage, and stormwater system of the Issuer, the Project, and any further extensions, additions, betterments or improvements thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 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 September 1, 2009, and a Supplemental Resolution and Conformed Ordinance duly adopted by the Issuer on January 5, 2010 (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) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 1992 (WEST VIRGINIA SRF PROGRAM), DATED SEPTEMBER 8, 1992, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $11,900,000 (THE "SERIES 1992 BONDS"); (2) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 1995 (WEST VIRGINIA SRF PROGRAM), DATED APRIL 27, 1995, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,601,477 (THE "SERIES 1995 BONDS"); (3) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2000 A (WEST VIRGINIA SRF PROGRAM), DATED FEBRUARY 29, 2000, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $7,842,000 (THE "SERIES 2000 A BONDS"); (4) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2000 B (WEST VIRGINIA INFRASTRUCTURE FUND), DATED FEBRUARY 29, 2000, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,488,000 (THE "SERIES 2000 B BONDS"); (5) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2001 A (WEST VIRGINIA INFRASTRUCTURE FUND), DATED FEBRUARY 8, 2001, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $3,812,470 (THE "SERIES 2001 A BONDS"); (6) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2006 A (WEST VIRGINIA SRF PROGRAM), DATED JUNE 30, 2006, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $6,410,191 (THE "SERIES 2006 A BONDS"); AND (7) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2007 A (WEST VIRGINIA SRF PROGRAM), DATED AUGUST 14, 2007, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $8,500,000 (THE "SERIES 2007 A BONDS") (COLLECTIVELY, THE "PRIOR BONDS"); AND (8) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 A, DATED JANUARY ___, 2010, ISSUED SIMULTANEOUSLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $_____ (THE "SERIES 2010 A BONDS"); (9) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 D (WEST VIRGINIA DWTRF PROGRAM), DATED JANUARY ___, 2010, ISSUED SIMULTANEOUSLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $9,317,286 (THE 'SERIES 2010 D BONDS"); (10) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 E (WEST VIRGINIA DWTRF PROGRAM/ARRA), DATED JANUARY ___, 2010, ISSUED SIMULTANEOUSLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $100,000 (THE "SERIES 2010 E BONDS'); (11) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 C (WEST VIRGINIA SRF PROGRAM), DATED JANUARY ___, 2010, ISSUED SIMULTANEOUSLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $15,380,227 (THE "SERIES 2010 C BONDS"); AND (12) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 F, DATED JANUARY ___, 2010, ISSUED SIMULTANEOUSLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $_____ (THE "SERIES 2010 F BONDS").

This Bond is payable only from and secured by a pledge of the Gross Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Gross Revenues in favor of the holders of the Series 2010 A Bonds, Series 2010 C Bonds, Series 2010 D Bonds, Series 2010 E Bonds, Series 2010 F Bonds and the Prior Bonds,

and unexpended proceeds of the Bonds. Such Gross 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 an indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest hereon, except from said special fund provided from the Gross Revenues, the moneys in the Series 2010 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 on the Bonds, and all other obligations secured by a lien on or payable from such revenues on a parity with the Bonds, including the Series 2010 A Bonds, Series 2010 C Bonds, Series 2010 D Bonds, Series 2010 E Bonds, Series 2010 F Bonds and the Prior Bonds; provided, however, that so long as there exists in the Series 2010 B Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with the Bonds, including the Series 2010 A Bonds, Series 2010 C Bonds, Series 2010 D Bonds, Series 2010 E Bonds, Series 2010 F Bonds Prior Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

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

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and 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 Gross 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.

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

[SEAL]

By: _____
Mayor

By: _____
City Manager

ATTEST:

By: _____
City Clerk

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2010 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: _____, 2010.

THE HUNTINGTON NATIONAL BANK,
as Registrar

By: _____
Its: Authorized Officer

EXHIBIT A

RECORD OF ADVANCES

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

TOTAL $_____

EXHIBIT B

DEBT SERVICE SCHEDULE

(Form of)

ASSIGNMENT

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

Dated: _____, 20____.

_____

In the presence of:

_____

(FORM OF SERIES 2010 C BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE CITY OF MORGANTOWN
COMBINED UTILITY
SYSTEM REVENUE BOND, SERIES 2010 C
(WEST VIRGINIA SRF PROGRAM)

No. CR-1 $15,380,227

KNOW ALL MEN BY THESE PRESENTS: That on this the _____ day of January, 2010, THE CITY OF MORGANTOWN, a municipal corporation and political subdivision of the State of West Virginia in Monongalia 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 FIFTEEN MILLION THREE HUNDRED AND EIGHTY THOUSAND TWO HUNDRED AND TWENTY SEVEN DOLLARS ($15,380,227), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing _____ 1, 20__, to and including _____ 1, 20___ as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference, with interest on each installment at the rate of 2% per annum as set forth on said EXHIBIT B. The interest and SRF administrative fee (as defined in the hereinafter described Bond Legislation) on this Bond shall be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing _____ 1, 20___, to and including _____ 1, 20___ as set forth on EXHIBIT B attached hereto.

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

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the West Virginia Department of Environmental Protection (the "DEP"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the ARRA Assistance Agreement by and among the Issuer, the Authority and the DEP, dated January _____, 2010.

This Bond is issued (i) to pay the costs of acquisition and construction of certain extensions, additions, betterments and improvements to the wastewater portion of the existing

public combined waterworks, sewerage, and stormwater system of the Issuer (the "Project"); (ii) to fund the reserve account for the Series 2009 C Bonds; and (iii) to pay certain costs of issuance of the Bonds and related costs. The existing public combined waterworks, sewerage, and stormwater system of the Issuer, the Project, and any further extensions, additions, betterments or improvements thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 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 September 1, 2009, and a Supplemental Resolution and Conformed Ordinance duly adopted by the Issuer on January 5, 2010 (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) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 1992 (WEST VIRGINIA SRF PROGRAM), DATED SEPTEMBER 8, 1992, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $11,900,000 (THE "SERIES 1992 BONDS"); (2) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 1995 (WEST VIRGINIA SRF PROGRAM), DATED APRIL 27, 1995, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,601,477 (THE "SERIES 1995 BONDS"); (3) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2000 A (WEST VIRGINIA SRF PROGRAM), DATED FEBRUARY 29, 2000, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $7,842,000 (THE "SERIES 2000 A BONDS"); (4) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2000 B (WEST VIRGINIA INFRASTRUCTURE FUND), DATED FEBRUARY 29, 2000, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,488,000 (THE "SERIES 2000 B BONDS"); (5) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2001 A (WEST VIRGINIA INFRASTRUCTURE FUND), DATED FEBRUARY 8, 2001, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $3,812,470 (THE "SERIES 2001 A BONDS"); (6) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2006 A (WEST VIRGINIA SRF PROGRAM), DATED JUNE 30, 2006, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $6,410,191 (THE "SERIES 2006 A BONDS"); AND (7) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2007 A (WEST VIRGINIA SRF PROGRAM), DATED AUGUST 14, 2007, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $8,500,000 (THE "SERIES 2007 A BONDS") (COLLECTIVELY, THE "PRIOR BONDS"); AND (8) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 A, DATED JANUARY ___, 2010, ISSUED SIMULTANEOUSLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $_____ (THE "SERIES 2010 A BONDS"); (9) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 D (WEST VIRGINIA DWTRF PROGRAM), DATED JANUARY ___, 2010, ISSUED SIMULTANEOUSLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $9,317,286 (THE 'SERIES 2010 D BONDS"); (10) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 E (WEST VIRGINIA DWTRF PROGRAM/ARRA), DATED JANUARY ___, 2010, ISSUED SIMULTANEOUSLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $100,000 (THE "SERIES 2010 E BONDS'); (11) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 B (WEST VIRGINIA SRF PROGRAM/ARRA),

DATED JANUARY ___, 2010, ISSUED SIMULTANEOUSLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $81,600 (THE "SERIES 2010 B BONDS"); AND (12) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 F, DATED JANUARY ___, 2010, ISSUED SIMULTANEOUSLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $_____ (THE "SERIES 2010 F BONDS").

This Bond is payable only from and secured by a pledge of the Gross Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Gross Revenues in favor of the holders of the Series 2010 A Bonds, Series 2010 B Bonds, Series 2010 D Bonds, Series 2010 E Bonds, Series 2010 F Bonds and the Prior Bonds, and from moneys in the reserve account created under the Bond Legislation for the Bonds (the "Series 2010 C Bonds Reserve Account"), and unexpended proceeds of the Bonds. Such Gross 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 an indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest hereon, except from said special fund provided from the Gross Revenues, the moneys in the Series 2010 C Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest on the Bonds, and all other obligations secured by a lien on or payable from such revenues on a parity with the Bonds, including the Series 2010 A Bonds, Series 2010 B Bonds, Series 2010 D Bonds, Series 2010 E Bonds, Series 2010 F Bonds and the Prior Bonds; provided, however, that so long as there exists in the Series 2010 C Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with the Bonds, including the Series 2010 A Bonds, Series 2010 B Bonds, Series 2010 D Bonds, Series 2010 E Bonds, Series 2010 F Bonds Prior Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

All money received from the sale of this Bond, after reimbursement and repayment of all amounts advanced for preliminary expenses as provided by law and the Bond Legislation,

shall be applied solely to payment of the costs of the Project and costs of issuance hereof described in the Bond Legislation, and there shall be and hereby is created and granted a lien upon such moneys, until so applied, in favor of the registered owner of this Bond.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and 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 Gross 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.

[Remainder of Page Intentionally Blank]

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

[SEAL]

By: _____
Mayor

By: _____
City Manager

ATTEST:

By: _____
City Clerk

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2010 C Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: _____, 2010.

THE HUNTINGTON NATIONAL BANK,
as Registrar

By: _____
Its: Authorized Officer

EXHIBIT A

RECORD OF ADVANCES

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

TOTAL $_____

EXHIBIT B

DEBT SERVICE SCHEDULE

(Form of)

ASSIGNMENT

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

Dated: _____, 20____.

_____

In the presence of:

_____

**Section 3.11. Sale of Bonds; Approval and Ratification of Execution of ARRA Assistance Agreement.** The Series 2010 B Bonds and Series 2010 C Bonds shall be sold to the Authority, pursuant to the terms and conditions of the ARRA Assistance Agreement. If not so authorized by previous ordinance or resolution, the Mayor and the City Manager are specifically authorized and directed to execute the ARRA Assistance Agreement in the form attached hereto as "Exhibit A" and made a part hereof, and the City Clerk is directed to affix the seal of the Issuer, attest the same and deliver the ARRA Assistance Agreement to the Authority, and any such prior execution and delivery is hereby authorized, approved, ratified and confirmed. The ARRA Assistance Agreement, including all schedules and exhibits attached thereto, are hereby approved an incorporated into this Bond Legislation.

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

## ARTICLE IV

## [RESERVED]

## ARTICLE V

## FUNDS AND ACCOUNTS; SYSTEM REVENUES AND APPLICATION THEREOF

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

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

(2) Depreciation Fund (established by the Prior Ordinances);

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

(4) Series 2010 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 or the Issuer and from each other:

(1) Series 1992 Bonds Sinking Fund (established by Prior Ordinances);

(2) Series 1992 Bonds Reserve Account established by Prior Ordinances);

(3) Series 1995 Bonds Sinking Fund (established by Prior Ordinances);

(4) Series 1995 Bonds Reserve Account established by Prior Ordinances);

(5) Series 2000 A Bonds Sinking Fund (established by Prior Ordinances);

(6) Series 2000 A Bonds Reserve Account established by Prior Ordinances);

(7) Series 2000 B Bonds Sinking Fund (established by Prior Ordinances);

(8) Series 2000 B Bonds Reserve Account established by Prior Ordinances);

(9) Series 2001 A Bonds Sinking Fund (established by Prior Ordinances);

(10) Series 2001 A Bonds Reserve Account established by Prior Ordinances);

(11) Series 2006 A Bonds Sinking Fund (established by Prior Ordinances);

(12) Series 2006 A Bonds Reserve Account established by Prior Ordinances);

(13) Series 2007 A Bonds Sinking Fund (established by Prior Ordinances);

(14) Series 2007 A Bonds Reserve Account established by Prior Ordinances);

(15) Series 2010 A Bonds Sinking Fund (established by Series 2010 A Bond Ordinance);

(16) Series 2010 A Bonds Reserve Account (established by Series 2010 A Bond Ordinance);

(17) Series 2010 D Bonds Sinking Fund (established by Series 2010 D Bond Ordinance);

(18) Series 2010 D Bonds Reserve Account (established by Series 2010 D Bond Ordinance);

(19) Series 2010 E Bonds Sinking Fund (established by Series 2010 E Bond Ordinance);

(20) Series 2010 E Bonds Reserve Account (established by Series 2010 E Bond Ordinance);

(21) Series 2010 F Bonds Sinking Fund (established by Series 2010 F Bond Ordinance);

(20) Series 2010 F Bonds Reserve Account (established by Series 2010 F Bond Ordinance);

(21) Series 2010 B Bonds Sinking Fund;

(22) Series 2010 B Bonds Reserve Account

(23) Series 2010 C Bonds Sinking Fund; and

(24) Series 2010 C Bonds Reserve Account

**Section 5.03. System Revenues; Flow of Funds.**

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

(1) The Issuer shall first, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the Commission (i) for deposit in the respective Sinking Funds for the Prior Bonds, the amounts required by the respective Prior Ordinances to pay interest on the Prior Bonds; (ii) for deposit in the respective Sinking Funds for the Series 2010 A Bonds, Series 2010 D Bonds, Series 2010 E Bonds and Series 2010 F Bonds, the amounts required by the respective Ordinances to pay interest on the Series 2010 A Bonds, Series 2010 D Bonds, Series 2010 E Bonds and Series 2010 F Bonds; and (iii) commencing 4 months prior to the first date of payment of principal of the Series 2010 C Bonds, for deposit in the Series 2010 C Bonds Sinking Fund, an amount equal to 1/3rd of the amount of interest which will mature and become due on the Series 2010 C Bonds on the next ensuing quarterly principal payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 2010 C Bonds Sinking Fund and the next quarterly interest payment date is less than 3 months, then such monthly payments shall be increased proportionately to provide, 1 month prior to the next quarterly principal payment date, the required amount of interest coming due on such date.

(2) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the Commission (i) for deposit in the respective Sinking Funds for the Prior Bonds, the amounts required by the respective Prior Ordinances to pay the principal of the Prior Bonds; (ii) for deposit in the respective Sinking Funds for the Series 2010 A Bonds, Series 2010 D Bonds, Series 2010 E Bonds and Series 2010 F Bonds, the amounts required by the respective Ordinances to pay the principal of the Series 2010 A Bonds, Series 2010 D Bonds, Series 2010 E Bonds and Series 2010 F Bonds; (iii) commencing 4 months prior to the first date of payment of principal of the Series 2010 B Bonds, for deposit in the Series 2010 B Bonds Sinking Fund, an amount equal to 1/3rd of the amount of principal which will mature and become due on the Series 2010 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 2010 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; and (iv) commencing 4 months prior to the first date of payment of principal of the Series 2010 C Bonds, for deposit in the Series 2010 C Bonds Sinking Fund, an amount equal to 1/3rd of the amount of principal which will mature and become due on the Series 2010 C Bonds on the next ensuing quarterly principal payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 2010 C 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.

(3) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the Commission (i) for deposit in the respective Reserve Accounts for the Prior Bonds, the amounts required by the respective Prior Ordinances to be deposited therein; (ii) for deposit in the respective Reserve Accounts for the Series 2010 A Bonds, Series 2010 B B0nds, Series 2010 C Bonds and Series 2010 F Bonds, the amounts required by the respective Ordinances to be deposited therein; (iii) commencing 4 months prior to the first date of payment of principal of the Series 2010 D Bonds, if not fully funded upon issuance of the Series 2010 D Bonds or otherwise provided for pursuant to a surety bond, for deposit in the Series 2010 D Bonds Reserve Account, an amount equal to 1/120th of the Series 2010 D Bonds Reserve Requirement; provided that, no further payments shall be made into the Series 2010 D 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 2010 D Bonds Reserve Requirement; and (iv) commencing 4 months prior to the first date of payment of principal of the Series 2010 E Bonds, if not fully funded upon issuance of the Series 2010 E Bonds or otherwise provided for pursuant to a surety bond, for deposit in the Series 2010 E Bonds Reserve Account, an amount equal to 1/120th of

the Series 2010 E Bonds Reserve Requirement; provided that, no further payments shall be made into the Series 2010 E 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 2010 E Bonds Reserve Requirement.

(4) The Issuer shall next, each month, transfer from the Revenue Fund and deposit in the Operation and Maintenance Fund, an amount sufficient to pay the current Operating Expenses of the System.

(5) The Issuer shall next, from the moneys remaining in the Revenue Fund, on the first day of each month transfer to the Depreciation Fund, an amount equal to 2 1/2% of the Gross Revenues each month (as previously set forth in the Prior Ordinances and not in addition thereto), exclusive of any payments for account of any Reserve Account. All funds in the Depreciation 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 Depreciation Fund for replacements, emergency repairs, improvements or extensions to the System; provided, that any deficiencies in the Reserve Accounts (except to the extent such deficiency exists because the required payments into such accounts have not, as of the date of determination of a deficiency, funded such accounts to the maximum extent required hereof) shall be promptly eliminated with moneys from the Depreciation Fund.

(6) After making all of the foregoing deposits and payments, any excess moneys then remaining in the Revenue Fund ("Surplus Revenues") may be used for any lawful purpose of the System.

Moneys in the Series 2010 B Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest on the Series 2010 B Bonds, as the same shall become due. Moneys in the Series 2010 B Bonds Reserve Account shall be used only for the purpose of paying principal of and interest on the Series 2010 B Bonds, as the same shall come due, when other moneys in the Series 2010 B Bonds Sinking Fund are insufficient therefor, and for no other purpose.

Moneys in the Series 2010 C Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest on the Series 2010 C Bonds, as the same shall become due. Moneys in the Series 2010 C Bonds Reserve Account shall be used only for the purpose of paying principal of and interest on the Series 2010 C Bonds, as the same shall come due, when other moneys in the Series 2010 C Bonds Sinking Fund are insufficient therefor, and for no other purpose.

All investment earnings on moneys in the Series 2010 B Bonds Sinking Fund and the Series 2010 B Bonds Reserve Account shall be returned, not less than once each year, by the Commission to the Issuer, and such amounts shall, during construction of the Project, be deposited in the Series 2010 Bonds Construction Trust Fund, and following completion of construction of the Project, shall be deposited in the Revenue Fund and applied in full, first to

the next ensuing interest payment due on the Series 2010 B Bonds, and then to the next ensuing principal payment due thereon.

All investment earnings on moneys in the Series 2010 C Bonds Sinking Fund and the Series 2010 C Bonds Reserve Account shall be returned, not less than once each year, by the Commission to the Issuer, and such amounts shall, during construction of the Project, be deposited in the Series 2010 Bonds Construction Trust Fund, and following completion of construction of the Project, shall be deposited in the Revenue Fund and applied in full, first to the next ensuing interest payment due on the Series 2010 C Bonds, and then to the next ensuing principal payment due thereon.

Any withdrawals from the Series 2010 B Bonds Reserve Account which results in a reduction in the balance therein to below the Series 2010 B Bonds Reserve Requirement shall be subsequently restored from the first Gross Revenues available after all required payments have been made in full in the order set forth above.

Any withdrawals from the Series 2010 C Bonds Reserve Account which results in a reduction in the balance therein to below the Series 2010 C Bonds Reserve Requirement shall be subsequently restored from the first Gross 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 2010 b Bonds and Series 2010 C Bonds are issued, provision shall be made for additional payments into the respective sinking fund sufficient to pay the interest on such additional parity Bonds and accomplish retirement thereof at maturity and to accumulate a balance in the respective reserve account in an amount equal to the requirement thereof.

The Issuer shall not be required to make any further payments into the Series 2010 B Bonds Sinking Fund or the Series 2010 B Bonds Reserve Account, when the aggregate amount of funds therein are at least equal to the aggregate principal amount of the Series 2010 B Bonds issued pursuant to this Bond Legislation 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 2010 C Bonds Sinking Fund or the Series 2010 C Bonds Reserve Account, when the aggregate amount of funds therein are at least equal to the aggregate principal amount of the Series 2010 C Bonds issued pursuant to this Bond Legislation then Outstanding and all interest to accrue until the maturity thereof.

Interest, principal or reserve payments, whether made for a deficiency or otherwise, shall be made on a parity and pro rata, with respect to the Prior Bonds and the Series 2010 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 2010 B Bonds Sinking Fund, Series 2010 C Bonds Sinking Fund, Series 2010 B Bonds Reserve Account and the Series 2010 C 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. 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.

Moneys in the Series 2010 B Bonds Sinking Fund and the Series 2010 B Bonds Reserve Account shall be invested and reinvested by the Commission in accordance with Section 8.01 hereof.

Moneys in the Series 2010 C Bonds Sinking Fund and the Series 2010 C Bonds Reserve Account shall be invested and reinvested by the Commission in accordance with Section 8.01 hereof.

The Series 2010 B Bonds Sinking Fund and the Series 2010 B Bonds Reserve Account shall be used solely and only for, and are hereby pledged for, the purpose of servicing the Series 2010 B Bonds under the conditions and restrictions set forth herein.

The Series 2010 C Bonds Sinking Fund and the Series 2010 C Bonds Reserve Account shall be used solely and only for, and are hereby pledged for, the purpose of servicing the Series 2010 C Bonds under the conditions and restrictions set forth herein.

B. The Issuer shall on the first day of each month (if such day is not a business day, then the next succeeding business day), deposit with the Commission the required interest, principal and reserve payments with respect to the Series 2010 b Bonds and series 2010 C Bonds and all such payments shall be remitted to the Commission with appropriate instructions as to the custody, use and application thereof consistent with the provisions of this Bond Legislation. The Issuer shall, on the first day of each month (if the first day is not a business day, then the first business day of each month) deposit with the Commission, the SRF Administrative Fee as set forth in the Schedule Y attached to the ARRA Assistance Agreement.

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

D. Whenever all of the required and provided transfers and payments from the Revenue Fund into the several special funds, as hereinabove provided, are current and there remains in the Revenue Fund a balance in excess of the estimated amounts required to be so transferred and paid into such funds during the following month or such other period as required by the Act, such excess shall be considered as surplus revenues (the "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, 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 moneys in excess of the maximum amounts insured by FDIC in any of the 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 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 shall clearly identify the fund or account into which each amount is to be deposited.

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

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

**Section 5.04. Reserve Account Letter of Credit or Surety Bond**. With the advance written consent of the Authority, the Issuer may, in lieu of funding the Series 2010 B Bonds Reserve Account or Series 2010 C Bonds Reserve Account with cash or Qualified Investments, satisfy the respective Series 2010 B Bonds Reserve Requirement or Series 2010 C Bonds Reserve Requirement by obtaining a reserve account letter of credit, a surety bond, or other credit facility satisfactory to the Authority in an amount equal to the Series 2010 B Bonds Reserve Requirement or Series 2010 C Bonds Reserve Requirement respectively. The Issuer hereby authorizes the purchase of a reserve account letter of credit, a surety bond, or other credit facility satisfactory to the Authority, all as set forth in a Supplemental Resolution, and the execution and delivery of any applicable reimbursement agreement or note in such forms as shall be described in a Supplemental Resolution.

## ARTICLE VI

## BOND PROCEEDS; CONSTRUCTION DISBURSEMENTS

**Section 6.01. Application of Bond Proceeds; Pledge of Unexpended Bond Proceeds**. From the moneys received from the sale of the Series 2010 B Bonds and Series 2010 C Bonds, the following amounts shall be first deducted and deposited in the order set forth below:

A. From the proceeds of the Series 2010 B Bonds, there shall first be deposited with the Commission in the Series 2010 B Bonds Sinking Fund, the amount, if any, set forth in the Supplemental Resolution as capitalized interest.

B. From the proceeds of the Series 2010 B Bonds, there shall first be deposited with the Commission in the Series 2010 C Bonds Sinking Fund, the amount, if any, set forth in the Supplemental Resolution as capitalized interest.

C. Next, from the proceeds of the Series 2010 B Bonds, the Issuer may purchase a surety bond to fund the Series 2010 B Bonds Reserve Account as set forth in the Supplemental Resolution, or there shall be deposited with the Commission in the Series 2010 B Bonds Reserve Account, the amount, if any, set forth in the Supplemental Resolution for funding of the Series 2010 B Bonds Reserve Account.

D. Next, from the proceeds of the Series 2010 C Bonds, the Issuer may purchase a surety bond to fund the Series 2010 C Bonds Reserve Account as set forth in the Supplemental Resolution, or there shall be deposited with the Commission in the Series 2010 C Bonds Reserve Account, the amount, if any, set forth in the Supplemental Resolution for funding of the Series 2010 C Bonds Reserve Account.

E. As the Issuer receives advances of the remaining moneys derived from the sale of the Series 2010 B Bonds, such moneys shall be deposited with the Depository Bank in the Series 2010 Bonds Construction Trust Fund and applied solely to payment of the costs of the Project in the manner set forth in Section 6.02 hereof and until so expended, are hereby pledged as additional security for the Series 2010 B Bonds.

F. As the Issuer receives advances of the remaining moneys derived from the sale of the Series 2010 C Bonds, such moneys shall be deposited with the Depository Bank in the Series 2010 Bonds Construction Trust Fund and applied solely to payment of the costs of the Project in the manner set forth in Section 6.02 hereof and until so expended, are hereby pledged as additional security for the Series 2010 C Bonds.

G. 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 2010 B Bonds and Series 2010 C Bonds shall be expended as approved by the DEP.

**Section 6.02. Disbursements From the Series 2010 Bond Construction Trust Fund**. On or before the closing date, the Board shall have delivered to the Authority and the DEP a report listing the specific purposes for which the proceeds of the Series 2010 B Bonds and Series 2010 C Bonds will be expended and the disbursement procedures of such proceeds, including an estimated monthly draw schedule. Payments for Costs of the Project shall be made monthly.

The Issuer hereby appoints and designates the Board, and the Authorized Officers thereof, as its agent (i) for the review and approval of all invoices for the Project to be paid from the proceeds of the Series 2010 B Bonds and Series 2010 C Bonds; (ii) to take any and all actions necessary to apply for and obtain a commitment from the DEP, specifically including, but not limited to, any administrative loan documents required by DEP; and (iii) to act on and execute documents on behalf of the Issuer for any and all federal and state actions as they relate to the planning, design and/or construction of the Project.

Except as provided in Section 6.01 hereof, disbursements from the Series 2010 Bonds Construction Trust Fund shall be made only after submission to, and approval from, the Authority and the DEP of a completed and signed "Payment Requisition Form," a form of which is attached to the ARRA Assistance Agreement, in compliance with the construction schedule.

Pending such application, moneys in the Series 2010 Bonds Construction Trust Fund shall be invested and reinvested in Qualified Investments at the written direction of the Issuer.

## ARTICLE VII

## ADDITIONAL COVENANTS OF THE ISSUER

**Section 7.01. General Covenants of the Issuer**. All the covenants, agreements and provisions of this Bond Legislation shall be and constitute valid and legally binding covenants of the Issuer and shall be enforceable in any court of competent jurisdiction by any Holder or Holders of the Series 2010 B Bonds and Series 2010 C 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 2010 B Bonds and Series 2010 C 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 2010 B Bonds and Series 2010 C Bonds or the interest, if any, thereon is Outstanding and unpaid.

**Section 7.02. Bonds not to be Indebtedness of the Issuer**. The Series 2010 B Bonds and Series 2010 C Bonds shall not be nor constitute an indebtedness of the Issuer within the meaning of any constitutional, statutory or charter limitation, but shall be payable solely from the funds pledged for such payment by this Bond Legislation. No Holder or Holders of the Series 2010 B Bonds or Series 2010 C Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Series 2010 B Bonds or Series 2010 C Bonds or the interest thereon.

**Section 7.03. Bonds Secured by Pledge of Gross Revenues; Lien Position with respect to Prior Bonds**. The payment of debt service of the Series 2010 B Bonds and Series 2010 C Bonds shall be secured by a first lien on the Gross Revenues derived from the System, on a parity with the lien on the Gross Revenues in favor of the Holders of the Series 2010 A Bonds, Series 2010 D Bonds, Series 2010 E Bonds, Series 2010 F Bonds and the Prior Bonds. Such Gross Revenues in an amount sufficient to pay the principal of and interest on the Series 2010 Bonds and the Prior Bonds and to make all other payments provided for in the Bond Legislation are hereby irrevocably pledged to such payments as they become due.

**Section 7.04. Rates and Charges**. The Issuer has obtained any and all approvals of rates and charges required by State law and has taken any other action required to establish and impose such rates and charges, with all requisite appeal periods having expired without successful appeal and the Issuer shall supply an opinion of counsel to such effect. Such rates and charges shall be sufficient to comply with the requirements of the ARRA Assistance Agreement and the Issuer shall supply a certificate of certified public accountant to such effect. The initial schedule of rates and charges for the services and facilities of the System shall be as set forth in the water rate ordinance of the Issuer enacted July 21, 2010, the sewer rate ordinance of the Issuer enacted July 21, 2009, and the stormwater rate ordinance of the Issuer enacted April 17, 2008, which rates are incorporated herein by reference as a part hereof.

So long as the Series 2010 B Bonds or Series 2010 C Bonds are outstanding, the Issuer covenants and agrees to fix and collect rates, fees and other charges for the use of the System and to take all such actions necessary to provide funds sufficient to produce the required

sums set forth in the Bond Legislation and in compliance with the ARRA Assistance Agreement. In the event the schedule of rates, fees and charges initially established for the System in connection with the Series 2010 B Bonds and Series 2010 C Bonds shall prove to be insufficient to produce the required sums set forth in this Bond Legislation and the ARRA Assistance Agreement, the Issuer hereby covenants and agrees that it will, to the extent or in the manner authorized by law, immediately adjust and increase such schedule of rates, 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 ARRA Assistance Agreement.

**Section 7.05. Sale of the System**. So long as the Prior Bonds are outstanding, the Issuer shall not sell, mortgage, lease or otherwise dispose of or encumber the System, or any part thereof, except as provided in the Prior Ordinances. Additionally, so long as the Series 2010 B Bonds and Series 2010 C Bonds are outstanding and except as otherwise required by law or with the written consent of the DEP 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 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 2010 B Bonds and Series 2010 C Bonds, immediately be remitted to the Commission for deposit in the Series 2010 B Bonds Sinking Fund and Series 2010 C Bonds Sinking Fund respectively, and, with the written permission of the DEP and the Authority, or in the event the Authority is no longer a Bondholder, the Issuer shall direct the Commission to apply such proceeds to the payment of principal of and interest, if any, on the Series 2010 B Bonds and Series 2010 C Bonds. Any balance remaining after the payment of the Series 2010 B Bonds and Series 2010 C 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 Board 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 Board 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 Revenue 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 Board shall first, 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. The proceeds of any such sale shall be deposited in the Depreciation Fund. The payment of such proceeds into the Depreciation Fund shall not reduce the amount required to be paid into such account by other provisions of this Bond Legislation.

No sale, lease or other disposition of the properties of the System shall be made by the Board 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 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.

Notwithstanding any of the foregoing provisions of this Section 7.05 to the contrary, the Issuer hereby reserves the right to sell a tract of about 200 acres on Mayfield Road heretofore acquired for the System, which property is not being used nor is it useful for the System, such sale to be at such time and in such manner and for such price as the Issuer, with prior written approval of the Board, shall determine and without any other restrictions upon such sale insofar as this Bond Legislation is concerned. Moneys received upon any such sale under this paragraph, after deduction of all costs of such sale, shall be deposited in the Revenue Fund.

**Section 7.06. Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances.** Except as provided for in Section 7.06 and Section 7.07 hereof, the Issuer shall not issue any other obligations whatsoever payable from the revenues of the System which rank prior to, or equally, as to lien on and source of and security for payment from such revenues with the Series 2010 Bonds and the Prior Bonds. All obligations issued by the Issuer after the issuance of the Series 2010 B Bonds and Series 2010 C 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 2010 B Bonds and Series 2010 C Bonds; provided, that no such subordinate obligations shall be issued unless all payments required to be made into all funds and accounts established by this Bond Legislation have been made and are current at the time of the issuance of such subordinate obligations.

Except as provided above, the Issuer shall not create, or cause or permit to be created, any debt, lien, pledge, assignment, encumbrance or any other charge having priority over or being on a parity with the lien of the Series 2010 B Bonds and Series 2010 C Bonds, and the interest thereon, upon any of the income and revenues of the System pledged for payment of the Series 2010 B Bonds and Series 2010 C Bonds and the interest, if any, thereon in this Bond Legislation, or upon the System or any part thereof.

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

**Section 7.07. Parity Bonds.** So long as the Prior Bonds are outstanding, the limitations on the issuance of parity obligations set forth in the Prior Ordinances shall be applicable. In addition, no Parity Bonds, payable out of the revenues of the System, shall be issued after the issuance of the Series 2010 B Bonds and Series 2010 C Bonds pursuant to this Bond Legislation, without the prior written consent of the Authority and the DEP and without complying with the conditions and requirements herein provided (unless less restrictive than the provisions of the Prior Ordinances).

All Parity Bonds issued hereunder shall be on a parity in all respects with the Series 2010 B Bonds and Series 2010 C Bonds.

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

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

(1) The Bonds then Outstanding;

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

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

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

The Net Revenues actually derived from the System during the 12 consecutive month period hereinabove referred to may be adjusted by adding to such Net Revenues such additional Net Revenues which would have been received, in the opinion of the Independent Certified Public Accountants, on account of increased rates, rentals, fees and charges for the System enacted by the Issuer, the time for appeal of which shall have expired (without successful appeal) prior to issuance of such Parity Bonds. For purposes of this test, the terms "Gross Revenues" and "Net Revenues" shall not include proceeds from the sale of capital assets.

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 theretofore or subsequently issued from time to time within the limitations of and in compliance with this section. All Bonds, regardless of the time or times of their issuance, shall rank equally with respect to their lien on the Gross Revenues of the System, and their source of and security for payment from the Gross Revenues, without preference of any Bond over any other. The Issuer shall comply fully with all the increased payments into the various funds and accounts created in this Bond Legislation required for and on account of such Parity Bonds, in addition to the payments required for Bonds theretofore issued pursuant to this Bond Legislation.

Parity Bonds shall not be deemed to include bonds, notes, certificates or other obligations subsequently issued, the lien of which on the revenues of the System is subject to the prior and superior lien of the Series 2010 B Bonds and Series 2010 C 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 2010 B Bonds and Series 2010 C Bonds.

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

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

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

The Board 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 Board. 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 Board. The Board 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 Board shall be reported to such agent of the Issuer as the Board shall direct.

The Board shall file with the Authority and the DEP, or any other original purchaser of the Series 2010 B Bonds and Series 2010 C Bonds, and shall mail in each year to

any Holder or Holders of the Series 2010 B Bonds and Series 2010 C Bonds, requesting the same, an annual report containing the following:

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

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

(C) The amount of any Bonds, notes or other obligations payable from the revenues of the System outstanding.

The Board shall also, at least once a year, cause the books, records and accounts of the System to be audited by Independent Certified Public Accountant (and to the extent legally required, in compliance with the applicable OMB Circular, or any successor thereof, and the Single Audit Act, or any successor thereof), and shall mail upon request, and make available generally, the report of the Independent Certified Public Accountant, or a summary thereof, to any Holder or Holders of the Series 2010 B Bonds and Series 2010 C Bonds and shall submit said report to the Authority and the DEP, or any other original purchaser of the Series 2010 B Bonds and Series 2010 C Bonds. Such audit report submitted to the Authority and the DEP 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 there are, describes the instances of noncompliance and the audited financial statements shall include a statement that notes whether the revenues of the System are adequate to meet the Issuer's Operating Expenses and debt service and reserve requirements.

Subject to the terms, conditions and provisions of the ARRA Assistance Agreement and the Act, the Issuer has acquired, or shall do all things necessary to acquire, the proposed site of the Project and shall do, is doing or has done all things necessary to construct the Project in accordance with the plans, specifications and designs prepared by the Consulting Engineers. All real estate and interests in real estate and all personal property constituting the Project and the Project site heretofore or hereafter acquired shall at all times be and remain the property of the Issuer.

The Issuer shall provide the DEP with all appropriate documentation to comply with any special conditions established by federal and/or state regulations as set forth in Exhibit E of the ARRA Assistance Agreement or as promulgated from time to time.

The Board shall permit the Authority and the DEP, or their agents and representatives, to enter and inspect the Project site and Project facilities at all reasonable times. Prior to, during and after completion of construction and commencement of operation of the Project, the Board shall also provide the Authority and the DEP, or their agents and representatives, with access to the System site and System facilities as may be reasonably necessary to accomplish all of the powers and rights of the Authority and the DEP with respect to the System pursuant to the Act.

**Section 7.09. Rates.** Prior to the issuance of the Series 2010 B Bonds and Series 2010 C 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 City Clerk, which copies will be open to

inspection by all interested parties. The schedule of rates and charges shall at all times be adequate to produce Gross Revenues from the System sufficient to pay Operating Expenses and to make the prescribed payments into the funds created hereunder. Such schedule of rates and charges shall be changed and readjusted whenever necessary so that the aggregate of the rates and charges will be sufficient for such purposes. In order to assure full and continuous performance of this covenant, with a margin for contingencies and temporary unanticipated reduction in income and revenues, the Issuer hereby covenants and agrees that the schedule of rates or charges from time to time in effect shall be sufficient, together with other revenues of the System (i) to provide for all Operating Expenses of the System and (ii) to leave a balance each year equal to at least 115% of the maximum amount required in any year for payment of principal of and interest, if any, on the Series 2010 B Bonds and Series 2010 C Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2010 B Bonds and Series 2010 C Bonds, including the Series 2010 A Bonds, Series 2010 D Bonds, Series 2010 E Bonds, Series 2010 F Bonds and the Prior Bonds; provided that, in the event that amounts equal to or in excess of the reserve requirements are on deposit in the Series 2010 B Bonds Reserve Account, Series 2010 C Bonds Reserve Account and any reserve accounts for obligations on a parity with the Series 2010 B Bonds and Series 2010 C 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 2010 B Bonds and Series 2010 C Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2010 B Bonds and Series 2010 C Bonds, including the Series 2010 A Bonds, Series 2010 D Bonds, Series 2010 E Bonds, Series 2010 F Bonds and the Prior Bonds. In any event, the Issuer shall not reduce the rates or charges for services set forth in the rate ordinances described in Section 7.04.

**Section 7.10. Operating Budget and Monthly Financial Report**. The Board shall annually, at least 45 days preceding the beginning of each Fiscal Year, prepare and adopt by resolution a detailed, balanced budget of the estimated revenues and expenditures for operation and maintenance of the System during the succeeding Fiscal Year and shall submit a copy of such budget to the Authority and the DEP within 30 days of adoption thereof. 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 Board 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 Board shall within 30 days of adoption thereof mail copies of such annual budget and all resolutions authorizing increased expenditures for operation and maintenance to the Authority and the DEP and to any Holder of any Bonds who shall file his or her address with the Issuer and request in writing that copies of all such budgets and resolutions be furnished him or her and shall make available such budgets and all resolutions authorizing increased expenditures for operation and maintenance of the System at all reasonable times to the Authority, the DEP and any Holder of any Bonds or anyone acting for and on behalf of such Holder of any Bonds.

Commencing on the date contracts are executed for the acquisition and construction of the Project and for 2 years following the completion of the Project, the Board shall each month complete a "Monthly Financial Report," a form of which is attached to the

ARRA Assistance Agreement, and forward a copy of such report to the Authority and the DEP by the 10th day of each month.

**Section 7.11. Engineering Services and Operating Personnel.** The Board shall obtain a certificate of the Consulting Engineers in the form attached to the ARRA Assistance Agreement, stating, among other things, that the Project has been or will be constructed in accordance with the approved plans, specifications and designs as submitted to the Authority and the DEP, the Project is adequate for the purposes for which it was designed, the funding plan as submitted to the Authority and the DEP is sufficient to pay the costs of acquisition and construction of the Project, and all permits required by federal and state laws for construction of the Project have been obtained.

The Board shall provide and maintain competent and adequate engineering services satisfactory to the Authority and the DEP covering the supervision and inspection of the development and construction of the Project and bearing the responsibility of assuring that construction conforms to the plans, specifications and designs prepared by the Consulting Engineers, which have been approved by all necessary governmental bodies. Such engineer shall certify to the Authority and the DEP and the Issuer at the completion of construction that construction of the Project is in accordance with the approved plans, specifications and designs, or amendments thereto, approved by all necessary governmental bodies.

The Issuer shall require the Consulting Engineers to submit Recipient As-Built Plans, as defined in the SRF Regulations, to it within 60 days of the completion of the Project. The Issuer shall notify the DEP in writing of such receipt. The Issuer shall submit a "Performance Certificate," a form of which is attached to the ARRA Assistance Agreement as Exhibit A, to the DEP within 60 days of the end of the first year after the Project is completed.

The Issuer shall require the Consulting Engineers to submit the final Operation and Maintenance Manual, as defined in the SRF Regulations, to the DEP when the Project is 90% completed. The Issuer shall at all times provide operation and maintenance of the System in compliance with all state and federal standards.

The Issuer shall employ qualified operating personnel properly certified by the State before the Project is 50% complete and shall retain such a certified operator to operate the System during the entire term of the ARRA Assistance Agreement. The Issuer shall notify the DEP in writing of the certified operator employed at the 50% completion stage.

The Issuer shall serve the additional customers at the location(s) as set forth in Certificate of Engineer. The Issuer shall not reduce the amount of additional customers served by the project without the prior written approval of the Board of the Water Development Authority (the "Authority"). Following completion of the Project the Issuer shall certify to the Authority the number of customers added to the System.

**Section 7.12. No Competing Franchise.** To the extent legally allowable, the Issuer will not grant or cause, consent to or allow the granting of, any franchise or permit to any person, firm, corporation, body, agency or instrumentality whatsoever for the providing of any services which would compete with services provided by the System.

**Section 7.13. Enforcement of Collections.** The Board will diligently enforce and collect all fees, rentals or other charges for the services and facilities of the System, and take all

steps, actions and proceedings for the enforcement and collection of such fees, rentals or other charges which shall become delinquent to the full extent permitted or authorized by the Act, the rules and regulations of the Public Service Commission of West Virginia and other laws of the State of West Virginia.

Whenever any fees, rates, rentals or other charges for the services and facilities of the System shall remain unpaid for a period of 20 days after the same shall become due and payable, the user of the services and facilities shall be delinquent until such time as all such rates and charges are fully paid. To the extent authorized by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, rates, rentals and other charges, if not paid, when due, shall become a lien on the premises served by the System. The Issuer further covenants and agrees that, it will, to the full extent permitted by law and the rules and regulations promulgated by the Public Service Commission of West Virginia, discontinue and shut off the services of the stormwater portion of the System and any services and facilities of the waterworks portion of the System, to all users of the services of the stormwater system delinquent in payment of charges for the services of the stormwater system and will not restore such services of either the waterworks system or the stormwater system until all delinquent charges for the services of the stormwater system, plus reasonable interest and penalty charges for the restoration of service, have been fully paid and shall take all further actions to enforce collections to the maximum extent permitted by law. If the waterworks facilities are not owned by the Issuer, the Issuer shall use diligent efforts to enter into a termination agreement with the provider of such water services, subject to any required approval of such agreements by the Public Service Commission of West Virginia.

**Section 7.14. No Free Services.** The Board 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 the Board, or any department, agency, instrumentality, officer or employee of either shall avail itself or themselves of the facilities or services provided by the System, or any part thereof, the same rates, fees or charges applicable to other customers receiving like services under similar circumstances shall be charged the Issuer, the Board 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 Board hereby covenants and agrees that so long as the Series 2010 B Bonds and Series 2010 C Bonds remain Outstanding, the Board 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 Board 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 Depreciation Fund and used only for the repairs and restoration of the damaged or destroyed

properties or for the other purposes provided herein for the Depreciation Fund. The Board 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 Board, the Authority, the prime contractor and all subcontractors as their respective interests may appear, in accordance with the ARRA Assistance Agreement, during construction of the Project on a 100% basis (completed value form) on the insurable portion of the Project, such insurance to be made payable to the order of the Authority, the Issuer, the Board, 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 Board 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 and the Board 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 OR COMPLETION BONDS, such bonds to be in the amounts of not less than 100% of the amount of any construction contract and to be required of each contractor dealing directly with the Board 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 any additions, extensions or improvements for the System in compliance with West Virginia Code, Section 38-2-39.

(4) FIDELITY BONDS will be provided as to every officer and employee of the Board or the Issuer having custody of the revenues or of any other funds of the System, in an amount at least equal to the total funds in the custody of any such person at any one time.

(5) FLOOD INSURANCE, if the System facilities are or will be located in designated special flood or mudslide-prone areas and to the extent available at reasonable cost to the Issuer.

(6) BUSINESS INTERRUPTION INSURANCE, to the extent available at reasonable cost to the Issuer.

B. The Board 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 Board shall verify such bonds prior to commencement of construction.

The Board shall also require all contractors engaged in the construction of the Project to carry such worker's compensation coverage for all employees working on the Project

and public liability insurance, vehicular liability insurance and property damage insurance in amounts adequate for such purposes and as is customarily carried with respect to works and properties similar to the Project; provided that the amounts and terms of such coverage are satisfactory to the Authority and the DEP. The Board shall verify such insurance prior to commencement of construction. In the event the ARRA Assistance Agreement so requires, such insurance shall be made payable to the order of the Authority, the Issuer, the Board, the prime contractor and all subcontractors, as their interests may appear.

**Section 7.16. Mandatory Use**. The mandatory use of the stormwater facilities of the System is essential and necessary for the protection and preservation of the public health, comfort, safety, convenience and welfare of the inhabitants and residents of, and the economy of, the Issuer. Accordingly, to the extent permitted by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, every owner, tenant or occupant of any real property located near the stormwater portion of the System, and where stormwater from real property affects or drains into the stormwater portion of the System, shall be deemed to be a user served by the stormwater portion of the System and it is declared that the mandatory use of the stormwater portion of the System by such real property owner is necessary and essential for the health and welfare of the inhabitants and residents of the Issuer and the State. To the extent permitted by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, every such owner, tenant or occupant shall, after a 30-day notice of the availability of the stormwater portion of the System, pay the rates and charges established therefor.

**Section 7.17. Completion of Project; Permits and Orders**. The Board 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 Board has obtained all permits required by state and federal laws for the acquisition and construction of the Project, all orders and approvals from the Council and the DEP necessary for the acquisition and construction of the Project and the operation of the System and all approvals for issuance of the Series 2010 B Bonds and Series 2010 C Bonds required by state law, with all requisite appeal periods having expired without successful appeal and the Issuer shall supple an opinion of counsel to such effect.

**Section 7.18. Compliance with ARRA Assistance Agreement and Law**. The Issuer and the Board shall perform, satisfy and comply with all the terms and conditions of the ARRA Assistance Agreement and the Act. Notwithstanding anything herein to the contrary, the Issuer and the Board shall provide the DEP with copies of all documents submitted to the Authority.

The Issuer and the Board shall also comply with all applicable laws, rules and regulations issued by the Authority and the DEP or other state, federal or local bodies in regard to the acquisition and construction of the Project and the operation, maintenance and use of the System.

The Issuer shall perform an annual maintenance audit which maintenance audit shall be submitted to the Authority and the Public Service Commission of West Virginia.

Section 7.19. Tax Covenants. The Issuer hereby further covenants and agrees as follows:

A. PRIVATE BUSINESS USE LIMITATION. The Issuer shall assure that (i) not in excess of 10% of the Net Proceeds of the Series 2010 C Bonds are used for Private Business Use if, in addition, the payment of more than 10% of the principal or 10% of the interest due on the Series 2010 C Bonds during the term thereof is, under the terms of the Series 2010 C Bonds or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for a Private Business Use or in payments in respect of property used or to be used for a Private Business Use or is to be derived from payments, whether or not to the Issuer, in respect of property or borrowed money used or to be used for a Private Business Use; and (ii) and that, in the event that both (A) in excess of 5% of the Net Proceeds of the Series 2010 C Bonds are used for a Private Business Use, and (B) an amount in excess of 5% of the principal or 5% of the interest due on the Series 2010 C Bonds during the term thereof is, under the terms of the Series 2010 C Bonds or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for said Private Business Use or in payments in respect of property used or to be used for said Private Business Use or is to be derived from payments, whether or not to the Issuer, in respect of property or borrowed money used or to be used for said Private Business Use, then said excess over said 5% of Net Proceeds of the Series 2010 C Bonds used for a Private Business Use shall be used for a Private Business Use related to the governmental use of the Project, or if the Series 2010 C Bonds are for the purpose of financing more than one project, a portion of the Project, and shall not exceed the proceeds used for the governmental use of that portion of the Project to which such Private Business Use is related, all of the foregoing to be determined in accordance with the Code.

B. PRIVATE LOAN LIMITATION. The Issuer shall assure that not in excess of the lesser of 5% or $5,000,000 of the Net Proceeds of the Series 2010 C Bonds are used, directly or indirectly, to make or finance a loan (other than loans constituting Nonpurpose Investments) to persons other than state or local government units.

C. FEDERAL GUARANTEE PROHIBITION. The Issuer shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause the Series 2010 C Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Code.

D. INFORMATION RETURN. If required, the Issuer shall file all statements, instruments and returns necessary to assure the tax-exempt status of the Series 2010 C Bonds and the interest thereon, including, without limitation, the information return required under Section 149(e) of the Code.

E. FURTHER ACTIONS. The Issuer shall take any and all actions that may be required of it (including, without limitation, those deemed necessary by the Authority) so that the interest on the Series 2010 C Bonds will be and remain excludable from gross income for federal income tax purposes, and shall not take any actions, or fail to take any actions (including, without limitation, those deemed necessary by the Authority), the result of which would adversely affect such exclusion.

Section 7.20. Securities Laws Compliance. The Issuer shall provide the Authority, in a timely manner, with any and all information that may be requested of it

(including its annual audit report, financial statements, related information and notices of changes in usage and customer base) so that the Authority may comply with the provisions of SEC Rule 15c2-12 (17 CFR Part 240).

**Section 7.21. Contracts; Change Orders; Public Releases.** A. The Issuer shall, simultaneously with the delivery of the Series 2010 B Bonds and Series 2010 C Bonds or immediately thereafter, enter into written contracts for the immediate acquisition or construction of the Project.

B. The Issuer shall submit all proposed change orders to the DEP for written approval. The Issuer shall obtain the written approval of the DEP before expending any proceeds of the Series 2010 B Bonds and Series 2010 C Bonds held in "contingency" as set forth in the schedule attached to the Certificate of the Consulting Engineer. The Issuer shall also obtain the written approval of the DEP before expending any proceeds of the Series 2010 B Bonds and Series 2010 C Bonds made available due to bid or construction or project underruns.

C. The Issuer shall list the funding as being provided by the Authority 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.

**Section 7.22. Statutory Mortgage Lien.** For the further protection of the Holders of the Series 2010 B Bonds and Series 2010 C 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 2010 B Bonds and Series 2010 C Bonds, and shall be on a parity with the statutory mortgage lien in favor of the Holders of the Series 2010 A Bonds, Series 2010 D Bonds, Series 2010 E Bonds, Series 2010 F Bonds and the Prior Bonds.

## ARTICLE VIII

### INVESTMENT OF FUNDS; NON ARBITRAGE

**Section 8.01. 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 8.01.

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 shall sell and reduce to cash a sufficient amount of such investments whenever the cash balance in any

fund or account is insufficient to make the payments required from such fund or account, regardless of the loss on such liquidation. The Depository Bank may make any and all investments permitted by this section through its own investment or trust department and shall not be responsible for any losses from such investments, other than for its own negligence or willful misconduct.

The Depository Bank shall keep complete and accurate records of all funds, accounts and investments, and shall distribute to the Issuer, at least once each year (or more often if reasonably requested by the Issuer), a summary of such funds, accounts and investment earnings. The Issuer shall retain all such records and any additional records with respect to such funds, accounts and investment earnings so long as any of the Series 2010 C Bonds are Outstanding and as long thereafter as necessary to comply with the Code and assure the exclusion of interest on the Series 2010 C Bonds from gross income for federal income tax purposes.

**Section 8.02. Arbitrage and Tax Exemption**. The Issuer covenants that (i) it shall not take, or permit or suffer to be taken, any action with respect to the gross or other proceeds of the Series 2010 C Bonds which would cause the Series 2010 C Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code, and (ii) it will take all actions that may be required of it (including, without implied limitation, the timely filing of a federal information return with respect to the Series 2010 C Bonds) so that the interest on the Series 2010 C Bonds will be and remain excludable from gross income for federal income tax purposes, and will not take any actions which would adversely affect such exclusion.

**Section 8.03. Tax Certificate and Rebate**. The Issuer shall deliver a certificate of arbitrage, a tax certificate or other similar certificate to be prepared by nationally recognized bond counsel or tax counsel relating to payment of arbitrage rebate and other tax matters as a condition to issuance of the Series 2010 C Bonds. In addition, the Issuer covenants to comply with all Regulations from time to time in effect and applicable to the Series 2010 C Bonds as may be necessary in order to fully comply with Section 148(f) of the Code, and covenants to take such actions, and refrain from taking such actions, as may be necessary to fully comply with such Section 148(f) of the Code and such Regulations, regardless of whether such actions may be contrary to any of the provisions of this Bond Legislation.

The Issuer covenants to calculate, annually, the rebatable arbitrage, determined in accordance with Section 148(f) of the Code. Upon completion of each such annual calculation, unless otherwise agreed by the Authority, the Issuer shall deposit, or cause to be deposited, in the Rebate Fund such sums as are necessary to cause the aggregate amount on deposit in the Rebate Fund to equal the sum determined to be subject to rebate to the United States, which, notwithstanding anything herein to the contrary, shall be paid from investment earnings on the underlying fund or account established hereunder and on which such rebatable arbitrage was earned or from other lawfully available sources. Notwithstanding anything herein to the contrary, the Rebate Fund shall be held free and clear of any lien or pledge hereunder and shall be used only for payment of rebatable arbitrage to the United States. The Issuer shall pay, or cause to be paid, to the United States, from the Rebate Fund, the rebatable arbitrage in accordance with Section 148(f) of the Code and such Regulations. In the event that there are any amounts remaining in the Rebate Fund following all such payments required by the preceding sentence, the Depository Bank shall pay said amounts to the Issuer to be used for any lawful purpose of the System. The Issuer shall remit payments to the United States in the time and at the address prescribed by the Regulations as the same may be from time to time in effect with such reports

and statements as may be prescribed by such Regulations. In the event that, for any reason, amounts in the Rebate Fund are insufficient to make the payments to the United States which are required, the Issuer shall assure that such payments are made by the Issuer to the United States, on a timely basis, from any funds lawfully available therefor. In addition, the Issuer shall cooperate with the Authority in preparing rebate calculations and in all other respects in connection with rebates and hereby consents to the performance of all matters in connection with such rebates by the Authority at the expense of the Issuer. The Issuer may provide for the employment of independent attorneys, accountants or consultants compensated on such reasonable basis as the Issuer may deem appropriate in order to assure compliance with this Section 8.03. The Issuer shall keep and retain, or cause to be kept and retained, records of the determinations made pursuant to this Section 8.03 in accordance with the requirements of Section 148(f) of the Code and such Regulations. In the event the Issuer fails to make such rebates as required, the Issuer shall pay the required rebate amount, any and all penalties and other amounts, from lawfully available sources, and obtain a waiver from the Internal Revenue Service, if necessary, and take any other actions necessary, in order to maintain the exclusion of interest on the Series 2010 C Bonds from gross income for federal income tax purposes.

The Issuer shall furnish to the Authority, annually, and at such time as it is required to perform its rebate calculations under the Code, a certificate with respect to its rebate calculations and, at any time, any additional information relating thereto as may be requested by the Authority. In addition, the Issuer shall cooperate with the Authority in preparing any required rebate calculations and in all other respects in connection with rebates and hereby consents to the performance of all matters in connection with such rebates by the Authority at the expense of the Issuer.

The Issuer shall submit to the Authority within 15 days following the end of each Bond Year a certified copy of its rebate calculation and certificate with respect thereto or, if the Issuer qualifies for the small governmental issue exception to rebate, or any other exception thereto, then the Issuer shall submit to the Authority a certificate stating that it is exempt from such rebate provisions and that no event has occurred to its knowledge during the Bond Year which would make the Series 2010 C Bonds subject to rebate. The Issuer shall also furnish to the Authority, at any time, such additional information relating to rebate as may be reasonably requested by the Authority including information with respect to earnings on all funds constituting "gross proceeds" of the Series 2010 C Bonds (as such term "gross proceeds" is defined in the Code).

## 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 2010 B Bonds and Series 2010 C Bonds:

(1) If default occurs in the due and punctual payment of the principal of or interest on any Series 2010 B Bonds and Series 2010 C 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 2010 B Bonds and Series 2010 C Bonds set forth in this Bond Legislation, any supplemental resolution or in the Series 2010 B Bonds and Series 2010 C Bonds, and such default shall have continued for a period of 30 days after the Issuer shall have been given written notice of such default by the Commission, the Depository Bank, the Registrar, the Paying Agent or any other Paying Agent or a Holder of a Bond; or

(3) If the Issuer or Board files a petition seeking reorganization or arrangement under the federal bankruptcy laws or any other applicable law of the United States of America;

(4) If default occurs with respect to the Prior Bonds or the Prior Ordinances; or

(5) If default occurs with respect to the Series 2010 A Bonds, Series 2010 D Bonds, Series 2010 E Bonds or Series 2010 F Bonds or their respective Ordinances.

**Section 9.02. Remedies.** Upon the happening and continuance of any Event of Default, any Registered Owner of a Bond may exercise any available remedy and bring any appropriate action, suit or proceeding to enforce his or her rights and, in particular, (i) bring suit for any unpaid principal or interest then due, (ii) by mandamus or other appropriate proceeding enforce all rights of such Registered Owners including the right to require the Issuer to perform its duties under the Act and the Bond Legislation relating thereto, including but not limited to the making and collection of sufficient rates or charges for services rendered by the System, (iii) bring suit upon the Bonds; (iv) by action at law or bill in equity require the Issuer to account as if it were the trustee of an express trust for the Registered Owners of the Bonds, and (v) by action or bill in equity enjoin any acts in violation of the Bond Legislation with respect to the Bonds, or the rights of such Registered Owners; provided however, that all rights and remedies of the Holders of the Series 2010 B Bonds and Series 2010 C Bonds shall be on a parity with those of the Holders of the Series 2010 A Bonds, Series 2010 D Bonds, Series 2010 E Bonds, Series 2010 F Bonds and the Prior Bonds.

**Section 9.03. Appointment of Receiver.** Any Registered Owner of a Bond may, by proper legal action, compel the performance of the duties of the Issuer under the Bond Legislation and the Act, including, the completion of the Project and after commencement of operation of the System, the making and collection of sufficient rates and charges for services rendered by the System and segregation of the revenues therefrom and the application thereof. If there be any Event of Default with respect to such Bonds, any Registered Owner of a Bond shall, in addition to all other remedies or rights, have the right by appropriate legal proceedings to obtain the appointment of a receiver to administer the System or to complete the acquisition and

construction of the Project on behalf of the Issuer, with power to charge rates, rentals, fees and other charges sufficient to provide for the payment of Operating Expenses of the System, the payment of the Bonds and interest and the deposits into the funds and accounts hereby established, and to apply such rates, rentals, fees, charges or other revenues in conformity with the provisions of this Bond Legislation and the Act.

The receiver so appointed shall forthwith, directly or by his or her or its agents and attorneys, enter into and upon and take possession of all facilities of said System and shall hold, operate and maintain, manage and control such facilities, and each and every part thereof, and in the name of the Issuer exercise all the rights and powers of the Issuer with respect to said facilities as the Issuer itself might do.

Whenever all that is due upon the Bonds and interest thereon and under any covenants of this Bond Legislation for reserve, sinking or other funds and upon any other obligations and interest thereon having a charge, lien or encumbrance upon the revenues of the System shall have been paid and made good, and all defaults under the provisions of this Bond Legislation shall have been cured and made good, possession of the System shall be surrendered to the Issuer upon the entry of an order of the court to that effect. Upon any subsequent default, any Registered Owner of any Bonds shall have the same right to secure the further appointment of a receiver upon any such subsequent default.

Such receiver, in the performance of the powers hereinabove conferred upon him or her or it, shall be under the direction and supervision of the court making such appointment, shall at all times be subject to the orders and decrees of such court and may be removed thereby, and a successor receiver may be appointed in the discretion of such court. Nothing herein contained shall limit or restrict the jurisdiction of such court to enter such other and further orders and decrees as such court may deem necessary or appropriate for the exercise by the receiver of any function not specifically set forth herein.

Any receiver appointed as provided herein shall hold and operate the System in the name of the Issuer and for the joint protection and benefit of the Issuer and Registered Owners of the Bonds. Such receiver shall have no power to sell, assign, mortgage or otherwise dispose of any assets of any kind or character belonging or pertaining to the System, but the authority of such receiver shall be limited to the completion of the Project and the possession, operation and maintenance of the System for the sole purpose of the protection of both the Issuer and Registered Owners of such Bonds and the curing and making good of any Event of Default with respect thereto under the provisions of this Bond Legislation, and the title to and ownership of said System shall remain in the Issuer, and no court shall have any jurisdiction to enter any order or decree permitting or requiring such receiver to sell, assign, mortgage or otherwise dispose of any assets of the System.

## ARTICLE X

## PAYMENT OF BONDS

**Section 10.01. Payment of Bonds.** If the Issuer shall pay or there shall otherwise be paid to the Holders of the Series 2010 B Bonds and Series 2010 C Bonds, the principal of and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Bond Legislation, then the pledge of Gross 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 2010 B Bonds and Series 2010 C Bonds shall thereupon cease, terminate and become void and be discharged and satisfied, except as may otherwise be necessary to assure the exclusion of interest on the Series 2010 B Bonds and Series 2010 C Bonds from gross income for federal income tax purposes.

## ARTICLE XI

## MISCELLANEOUS

**Section 11.01. Amendment or Modification of Bond Legislation**. Prior to the issuance of the Series 2010 B Bonds and Series 2010 C Bonds, this Ordinance may be amended or supplemented in any way by the Supplemental Resolution. Following issuance of the Series 2010 B Bonds and Series 2010 C Bonds, no material modification or amendment of this Ordinance, or of any ordinance, resolution or order amendatory or supplemental hereto, that would materially and adversely affect the rights of Registered Owners of the Series 2010 B Bonds and Series 2010 C Bonds shall be made without the consent in writing of the Registered Owners of the Series Series 2010 B Bonds and Series 2010 C Bonds so affected and then Outstanding; provided, that no change shall be made in the maturity of any Bond or Bonds or the rate of interest thereon, or in the principal amount thereof, or affecting the unconditional promise of the Issuer to pay such principal and interest out of the funds herein pledged therefor without the consent of the Registered Owner thereof. No amendment or modification shall be made that would reduce the percentage of the principal amount of the Series 2010 B Bonds and Series 2010 C 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 Series 2010 B Bonds and Series 2010 C Bonds from gross income of the holders thereof.

**Section 11.02. Bond Legislation Constitutes Contract**. The provisions of the Bond Legislation shall constitute a contract between the Issuer and the Registered Owners of the Bonds, and no change, variation or alteration of any kind of the provisions of the Bond Legislation shall be made in any manner, except as in this Bond Legislation provided.

**Section 11.03. Severability of Invalid Provisions**. If any section, paragraph, clause or provision of this Ordinance should be held invalid by any court of competent jurisdiction, the invalidity of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Ordinance, the Supplemental Resolution or the Series 2010 B Bonds and Series 2010 C Bonds.

**Section 11.04. Headings, Etc**. The headings and catchlines of the articles, sections and subsections hereof are for convenience of reference only, and shall not affect in any way the meaning or interpretation of any provision hereof.

**Section 11.05. Conflicting Provisions Repealed; Prior Ordinances**. All ordinances, orders or resolutions and or parts thereof in conflict with the provisions of this Ordinance are, to the extent of such conflict, hereby repealed; provided that, in the event of any

conflict between this Ordinance and the Prior Ordinances, the Prior Ordinances shall control (unless less restrictive), so long as the Prior Bonds are outstanding.

**Section 11.06. Covenant of Due Procedure, Etc.** The Issuer covenants that all acts, conditions, things and procedures required to exist, to happen, to be performed or to be taken precedent to and in the adoption of this Ordinance do exist, have happened, have been performed and have been taken in regular and due time, form and manner as required by and in full compliance with the laws and Constitution of the State of West Virginia applicable thereto; and that the Mayor, the City Manager, the City Clerk and members of the Governing Body and the Board were at all times when any actions in connection with this Ordinance occurred and are duly in office and duly qualified for such office.

**Section 11.07. Appointment**. The Issuer does hereby appoint, designate and approve the hiring of Steptoe & Johnson PLLC, Morgantown, West Virginia, as bond counsel to the Issuer and the Board in connection with the issuance by the Issuer of the Series 2010 B Bonds and Series 2010 C Bonds.

**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 *Dominion Post*, a newspaper published and of general circulation in The City of Morgantown, together with a notice stating that this Ordinance has been adopted and that the Issuer contemplates the issuance of the Series 2010 B Bonds and Series 2010 C Bonds, and that any person interested may appear before the Governing Body upon a date certain, not less than ten days subsequent to the date of the first publication of such abstract of this Ordinance and notice, and present protests, and that a certified copy of this Ordinance is on file with the Governing Body for review by interested persons during office hours of the Governing Body. At such hearing, all objections and suggestions shall be heard and the Governing Body shall take such action as it shall deem proper in the premises.

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**Section 11.09.** **Effective Date**. This Ordinance shall take effect immediately following public hearing and final reading hereof.

| | |
|---|---|
| Passed on First Reading: | August 4, 2009 |
| Passed on Second Reading: | August 18, 2009 |
| Passed on Final Reading Following Public Hearing: | September 1, 2009 |

By: _____
Mayor

ATTEST:

By: _____
City Clerk

APPROVED AND CORRECT AS TO FORM:

By: _____
City Solicitor

627490.00019



5216001.1

CERTIFICATION

Certified a true copy of a Conformed Ordinance duly enacted by the Council of THE CITY OF MORGANTOWN on the 1st day of September, 2009 as supplemented by Supplemental Resolution dated January 5, 2010.

Dated: January 28, 2010.

[SEAL]

Linda L. Little
City Clerk

THE CITY OF MORGANTOWN

Combined Utility System Revenue Bonds, Series 2010 B
(West Virginia SRF Program/ARRA); and
Combined Utility System Revenue Bonds, Series 2010 C
(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 UTILITY REVENUE BONDS, SERIES 2010 B (WEST VIRGINIA SRF PROGRAM) OF THE CITY OF MORGANTOWN; APPROVING AND RATIFYING THE ARRA ASSISTANCE AGREEMENT RELATING TO SUCH BONDS AND THE SALE AND DELIVERY OF SUCH BONDS TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

WHEREAS, the City council (the "Governing Body") of The City of Morgantown (the "Issuer" or "Governmental Agency") has duly and officially adopted and enacted a bond ordinance, effective September 1, 2009 (the "Bond Ordinance"), entitled:

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF EXTENSIONS, ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE WASTEWATER PORTION OF THE EXISTING PUBLIC COMBINED WATERWORKS, SEWERAGE AND STORMWATER SYSTEM OF THE CITY OF MORGANTOWN AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE CITY OF NOT MORE THAN $22,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2009 A (WEST VIRGINIA SRF PROGRAM) IN ONE OR MORE SERIES; PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING A LOAN AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE

TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

WHEREAS, the Issuer desires to amend the Bond Ordinance through this Supplemental Resolution (collectively, the "Bond Legislation");

WHEREAS, the Bond Ordinance provides for the issuance of the Combined Utility Revenue Bonds, Series 2009 A (West Virginia SRF Program) in one or more series in an aggregate principal amount not to exceed $22,000,000 (the "Bonds") and has authorized the execution and delivery of a Loan Agreement relating to the Series 2010 B Bonds, including all schedules and exhibits attached thereto, by and among the Issuer, the West Virginia Water Development Authority (the "Authority"), and the West Virginia Department of Environmental Protection (the "DEP") (the "Loan Agreement"), all in accordance with Chapter 8, Article 20 and Chapter 22C, Article 2 of the West Virginia Code of 1931, as amended (collectively, the "Act"); and that other matters relating to the Series 2010 B Bonds be herein provided for;

WHEREAS, the Combined Utility System Revenue Bonds, Series 2009 A were not issued in 2009, but will be issued in 2010;

WHEREAS, the Governing Body desires to redesignate the Combined Utility System Revenue Bonds, Series 2009 A as Combined Utility System Revenue Bonds, Series 2010 B and Combined Utility System Revenue Bonds, Series 2010 C;

WHEREAS, the Loan Agreement shall be known as the ARRA Assistance Agreement and the ARRA Assistance Agreement has been presented to the Issuer at this meeting;

WHEREAS, the Series 2010 B Bonds and Series 2010 C Bonds are proposed to be purchased by the Authority pursuant to the ARRA Assistance Agreement; and

WHEREAS, the Governing Body deems it essential and desirable that this supplemental resolution (the "Supplemental Resolution") be adopted, that the ARRA Assistance Agreement be approved and ratified by the Issuer, that the exact principal amounts, the dates, the maturity dates, the redemption provisions, the interest rates, the interest and principal payment dates and the sale prices of the Series 2010 B Bonds and Series 2010 C Bonds be fixed hereby in the manner stated herein, and that other matters relating to the Series 2010 B Bonds and Series 2010 C Bonds be herein provided for;

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF THE CITY OF MORGANTOWN:

Section 1. The Issuer hereby redesignates the Combined Utility System Revenue Bonds, Series 2009 A as Combined Utility System Revenue Bonds, Series 2010 B and Combined Utility System Revenue Bonds, Series 2010 C Bonds.

Section 2. Pursuant to the Bond Ordinance and the Act, this Supplemental Resolution is adopted and there are hereby authorized and ordered to be issued the Combined Utility

Revenue Bonds, Series 2010 B (West Virginia SRF Program/ARRA), of the Issuer, originally represented by a single Bond, numbered BR-1, in the principal amount of $81,600. The Series 2010 B Bonds shall be dated the date of delivery thereof, shall finally mature September 1, 2022, and shall bear no interest. The principal of the Series 2010 B Bonds shall be forgivable quarterly, on March 1, June 1, September 1 and December 1 of each year, commencing December 1, 2012, to and including September 1, 2022, and in the amounts as set forth in the "Schedule Y" attached to the ARRA Assistance Agreement and incorporated in and made a part of the Series 2010 B Bonds. The Series 2010 B Bonds shall be subject to redemption upon the written consent of the Authority and the DEP, and upon payment of the redemption premium, if any, and otherwise in compliance with the ARRA Assistance Agreement, so long as the Authority shall be the registered owner of the Series 2010 B Bonds. The Series 2010 B Bonds are not subject to the SRF Administrative Fee.

Section 3. Pursuant to the Bond Ordinance and the Act, this Supplemental Resolution is adopted and there are hereby authorized and ordered to be issued the Combined Utility Revenue Bonds, Series 2010 C (West Virginia SRF Program), of the Issuer, originally represented by a single bond, numbered CR-1, in the original aggregate principal amount of $15,380,227. The Series 2010 C Bonds shall be dated the date of delivery thereof, shall finally mature September 1, 2032 and shall bear interest at the rate of 2% per annum.. The principal of the Series 2010 C Bonds shall be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing December 1, 2012 to and including September 1, 2032 and in the amounts as set forth in the "Schedule Y" attached to the ARRA Assistance Agreement for the Series 2010 C Bonds and incorporated in and made a part of the Series 2010 C Bonds. The interest of the Series 2010 C Bonds shall be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing December 1, 2012 to and including September 1, 2032 and in the amounts as set forth in the "Schedule Y" attached to the ARRA Assistance Agreement for the Series 2010 C Bonds and incorporated in and made a part of the Series 2010 C Bonds. The Series 2010 C Bonds shall be subject to redemption upon the written consent of the Authority and the DEP, and upon payment of the interest and redemption premium, if any, and otherwise in compliance with the ARRA Assistance Agreement, so long as the Authority shall be the registered owner of the Series 2010 C Bonds. The Issuer does hereby approve and shall pay the SRF Administrative Fee equal to 1% of the principal amount of the Series 2010 C Bonds set forth in "Schedule Y" attached to the ARRA Assistance Agreement.

Section 4. The Issuer does hereby adopt the Conformed Ordinance attached hereto as Exhibit A.

Section 5. All other provisions relating to the Series 2010 B Bonds and Series 2010 C Bonds and the text of each series of the Series 2010 B Bonds and Series 2010 C Bonds shall be in substantially the forms provided in the Bond Legislation.

Section 6. The Issuer does hereby authorize, approve, ratify and accept the ARRA Assistance Agreement, a copy of which is incorporated herein by reference, and the execution and delivery of the ARRA Assistance Agreement by the Mayor, and the performance of the obligations contained therein, on behalf of the Issuer, are hereby authorized, directed, ratified and approved. The Issuer hereby affirms all covenants and representations made in the ARRA Assistance Agreement and in the applications to the DEP and the Authority. The price of the Series 2010 B Bonds and Series 2010 C

Bonds shall be 100% of par value, there being no interest accrued thereon, provided that the proceeds of the Series 2010 B Bonds and Series 2010 C Bonds shall be advanced from time to time as requisitioned by the Issuer.

Section 7. The Issuer does hereby appoint and designate The Huntington National Bank, Charleston, West Virginia, to serve as Registrar (the "Registrar") for the Series 2010 B Bonds and Series 2010 C Bonds under the Bond Ordinance and does approve and accept the Registrar's Agreement to be dated the date of delivery of the Series 2010 B Bonds and Series 2010 C 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 8. The Issuer does hereby appoint and designate the West Virginia Municipal Bond Commission, Charleston, West Virginia, to serve as Paying Agent for the Series 2010 B Bonds and Series 2010 C Bonds under the Bond Legislation.

Section 9. The Issuer does hereby appoint and designate United Bank, Inc., Morgantown, West Virginia, to serve as Depository Bank under the Bond Legislation.

Section 10. Series 2010 B Bonds proceeds in the amount of $-0- shall be deposited in the Series 2010 B Bonds Reserve Account.

Section 11. The balance of the proceeds of the Series 2010 B Bonds shall be deposited in or credited to the Series 2010 B Bonds Construction Trust Funds for payment of the costs of the Project, including, without limitation, costs of issuance of the Series 2010 B Bonds and related costs.

Section 12. Series 2010 C Bonds proceeds in the amount of $934,937 shall be deposited in the Series 2010 C Bonds Reserve Account.

Section 13. The balance of the proceeds of the Series 2010 C Bonds shall be deposited in or credited to the Series 2010 C Bonds Construction Trust Funds for payment of the costs of the Project, including, without limitation, costs of issuance of the Series 2010 C Bonds and related costs.

Section 14. The Mayor and the Clerk are hereby authorized and directed to execute and deliver such other documents and certificates required or desirable in connection with the Series 2010 B Bonds and Series 2010 C Bonds hereby and by the Bond Legislation approved and provided for, to the end that the Series 2010 B Bonds and Series 2010 C Bonds may be delivered on or about January 28, 2010, to the Authority pursuant to the ARRA Assistance Agreement.

Section 15. The acquisition and construction of the Project and the financing thereof in part with proceeds of the Series 2010 B Bonds and Series 2010 C Bonds are in the public interest, serve a public purpose of the Issuer and will promote the health, welfare and safety of the residents of the Issuer.

Section 16. The Issuer does hereby ratify, approve and accept all contracts relating to the financing, acquisition and construction of the Project.

Section 17. The Issuer hereby determines to invest all monies in the funds and accounts established by the Bond Legislation held by the Depository Bank until expended, in repurchase agreements or time accounts, secured by a pledge of Government Obligations, and therefore, the Issuer hereby directs the Depository Bank to take such actions as may be necessary to cause such monies to be invested in such repurchase agreements or time accounts until further directed in writing by the Issuer. Monies in the Sinking Funds and the Reserve Accounts for the Series 2010 B Bonds and Series 2010 C Bonds, shall be invested by the West Virginia Municipal Bond Commission in the West Virginia Consolidated Fund.

Section 18. The Special Conditions of the ARRA Assistance Agreement attached as Exhibit B are hereby accepted and agreed to and incorporated herein.

Section 19. This Supplemental Resolution shall be effective immediately following adoption hereof.

[Remainder of Page Intentionally Blank]

Adopted this 5th day of January, 2010.

Mayor

CERTIFICATION

Certified a true copy of a Supplemental Resolution duly adopted by the Council of The City of Morgantown on the 5th day of January, 2010.

Dated: January 28, 2010.

[SEAL]

Linda L. Lutte
Clerk

12.27.09
627490.00039

EXHIBIT A
Conformed Bond Ordinance

EXHIBIT B

SPECIAL CONDITIONS – ARRA FUNDED PROJECTS

A. PUBLIC RELEASE REQUIREMENT – The Local Government agrees to include, when issuing statements, press releases, requests for proposals, bid solicitations, groundbreaking or project dedication program documents and other documents describing projects or programs funded in whole or in part with Federal money, (1) the percentage of the total costs of the program or project which will be financed with Federal money, (2) the dollar amount of Federal funds for the project or program, and (3) percentage and dollar amount of the total costs of the project or program that will be financed by non-governmental sources.

B. AUDIT REQUIREMENT (Supplement to Article IV 4.1 (b) (xi)) – Effective October 1, 2003, the Local Government that receives $500,000 or more (in federal funds) in a fiscal year must obtain audits in accordance with the Single Audit Act and the applicable OMB Circular or any successor thereto. Financial statement audits are required once all funds have been received by the Local Government.

C. BUY AMERICAN CERTIFICATION – The Local Government shall cause the contractor(s) to comply with, and provide certification of, the Buy American provisions of the ARRA in accordance with final guidance from the EPA.

D. ASSET MANAGEMENT – The Local Government shall develop and implement an asset management plan in accordance with guidelines issued by DEP and is approved by DEP. New systems shall submit the asset management plan to DEP when the Project is complete. Existing systems shall submit the asset management plan to DEP within six months following completion of the Project.

E. CONTRACTS – The Local Government shall enter into contracts or commence construction by January 28, 2010.

F. LOGO – The Local Government must display the ARRA logo in a manner that informs the public that the project is an ARRA investment.

G. LOBBYING - The Local Government shall comply with Title 40 CFR Part 34, New Restrictions on Lobbying and shall submit certification and disclosure forms as required by DEP.

H. PURCHASING REQUIREMENTS – The Local Government shall comply with Section 6002 of the Resource Conservation and Recovery Act (RCRA) (42 U.S.C. 6962). Regulations issued under RCRA Section 6002 apply to any acquisition of an item where the purchase price exceeds $10,000 or where the quantity of such items acquired in the course of the preceding fiscal year was $10,000 or more. RCRA Section 6002 requires that preference be given in procurement programs to the purchase of specific products containing recycled materials identified in guidelines developed by EPA. These guidelines are listed in 40 CFR 247.

I. SUSPENSION AND DEBARMENT – The Local Government shall comply with Subpart C of 2 CFR Part 180 and 2 CFR Part 1532, entitled "Responsibilities of Participants Regarding Transactions (Doing Business with Other Persons). To the extent required by DEP, the Local Government shall provide certifications as to compliance.

J. REPORTING – The Local Government shall comply with all requests for data related to the use of the funds provided under this agreement, including the information required in section 1512 of ARRA when requested by DEP.

K. INSPECTOR GENERAL REVIEWS – The Local Government shall allow any appropriate representative of the Office of US Inspector General to (1) examine its records relating to the Project and this ARRA Assistance Agreement and (2) interview any officer or employee of the Local Government.

L. FALSE CLAIMS – The Local Government must promptly refer to EPA's Inspector General any credible evidence that a principal, employee, agent, sub-grantee contractor, subcontractor, loan recipient, or other person has submitted a false claim under the False Claims Act or has committed a criminal or civil violation of laws pertaining to fraud, conflict of interest, bribery, gratuity, or similar misconduct involving funds provided under this ARRA Assistance Agreement.

M. LIMIT ON FUNDS – The Local Government shall not use funds for particular activities for any casino or other gambling establishment, aquarium, zoo, golf course, or swimming pool.

N. WAGE RATES – The Local Government shall require that all laborers and mechanics employed by its contractors and subcontractors be paid wages at rates not less than those prevailing on projects of a character similar in the locality as determined by the Secretary of Labor (DOL) in accordance with subchapter IV of chapter 32 of title 40, United States Code. The Local Government must require that contractors and subcontractors obtain wage determinations from DOL and comply with DOL guidance and regulations implementing wage rate requirements applicable to ARRA funds.

O. OFFICE OF MANAGEMENT AND BUDGET (OMB) GUIDANCE – The Local Government acknowledges and agrees that this ARRA Assistance is subject to all applicable provisions of implementing guidance for the American Recovery and Reinvestment Act of 2009 issued by the United States Office of Management and Budget, including the Initial Implementing Guidance for the American Recovery and Reinvestment Act (M-09-10) issued on February 18, 2009 and available on www.recovery.gov, and any subsequent guidance documents issued by OMB.

P. DISADVANTAGED BUSINESS ENTERPRISE – Pursuant to 40 CFR, Section 33.301, the Local Government agrees to make good faith efforts whenever procuring construction, equipment, services and supplies, and to require that prime contractors also comply. The Local Government shall provide DEP with MBE/WBE participation reports semi-annually.

Q. CIVIL RIGHTS – The Local Government shall comply with Title VI of the Civil Rights Act of 1964, Section 504 of the Rehabilitation Act of 1973, Title IX of the Education Amendments of 1972, the Age Discrimination Act of 1975, and a variety of program-specific statutes with

nondiscrimination requirements. The Local Government shall also comply with Title VII of the Civil Rights Act of 1964 (prohibiting race, color, national origin, religion, and sex discrimination in employment), the Americans with Disabilities Act (prohibiting disability discrimination in employment and in services provided by State and local governments, businesses, and non-profit agencies), and the Fair Housing Act (prohibiting race, color, national origin, age, family status, and disability discrimination in housing), as well as any other applicable civil rights laws.

R. BOND DESIGNATION – Each Local Bond funded by ARRA funds shall be designated "Series [2009] B" and shall contain "(WVCWSRF Program/ARRA)" in the bond name.

S. USER RATES – The Local Government shall covenant that it will not reduce its approved or enacted customer rates for at least eighteen months after completion of the Project or until such time as a cost of service study has been completed establishing the actual operation and maintenance expenses.

T. CLOSING CONDITIONS – The closing is contingent upon receipt by the DEP and the Authority of a satisfactory final title opinion and the completion of administrative review by the DEP.

SPECIMEN

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE CITY OF MORGANTOWN
COMBINED UTILITYSYSTEM REVENUE BOND, SERIES 2010 B
(WEST VIRGINIA SRF PROGRAM/ARRA)

No. BR-1 $81,600

KNOW ALL MEN BY THESE PRESENTS: That on this the 28th day of January, 2010, THE CITY OF MORGANTOWN, a municipal corporation and political subdivision of the State of West Virginia in Monongalia 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 EIGHTY-ONE THOUSAND SIX HUNDRED DOLLARS ($81,600), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing December 1, 2012 to and including September 1, 2022, as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference. This Bond shall not be subject to the SRF Administrative fee (as defined in the hereinafter describe Bond Legislation).

This Bond shall bear no interest. Principal installments of this Bond are forgivable quarterly as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference.

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the West Virginia Department of Environmental protection (the "DEP), and upon the terms and conditions prescribed by, and otherwise in compliance with, the ARRA Assistance Agreement by and between the Issuer and the Authority, on behalf of the DEP, dated January 28, 2010.

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 wastewater portion of the existing public combined waterworks, sewerage, and stormwater system of the Issuer (the "Project"); (ii) and (ii) to pay certain costs of issuance of the Bonds and related costs. The existing public combined waterworks, sewerage, and stormwater system of the Issuer, the Project, and any further extensions, additions, betterments or improvements thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 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 September 1, 2009, and a Supplemental Resolution and Conformed Ordinance duly adopted by the Issuer on January 5, 2010 (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) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 1992 (WEST VIRGINIA SRF PROGRAM), DATED SEPTEMBER 8, 1992, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $11,900,000 (THE "SERIES 1992 BONDS"); (2) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 1995 (WEST VIRGINIA SRF PROGRAM), DATED APRIL 27, 1995, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,601,477 (THE "SERIES 1995 BONDS"); (3) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2000 A (WEST VIRGINIA SRF PROGRAM), DATED FEBRUARY 29, 2000, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $7,842,000 (THE "SERIES 2000 A BONDS"); (4) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2000 B (WEST VIRGINIA INFRASTRUCTURE FUND), DATED FEBRUARY 29, 2000, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,488,000 (THE "SERIES 2000 B BONDS"); (5) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2001 A (WEST VIRGINIA INFRASTRUCTURE FUND), DATED FEBRUARY 8, 2001, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $3,812,470 (THE "SERIES 2001 A BONDS"); (6) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2006 A (WEST VIRGINIA SRF PROGRAM), DATED JUNE 30, 2006, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $6,410,191 (THE "SERIES 2006 A BONDS"); AND (7) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2007 A (WEST VIRGINIA SRF PROGRAM), DATED AUGUST 14, 2007, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $8,500,000 (THE "SERIES 2007 A BONDS") (COLLECTIVELY, THE "PRIOR BONDS"); AND (8) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 A, DATED JANUARY 28, 2010, ISSUED SIMULTANEOUSLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $37,950,000 (THE "SERIES 2010 A BONDS"); (9) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 D (WEST VIRGINIA DWTRF PROGRAM), DATED JANUARY 28, 2010, ISSUED SIMULTANEOUSLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $9,317,286 (THE 'SERIES 2010 D BONDS"); (10) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 E (WEST VIRGINIA DWTRF PROGRAM/ARRA), DATED JANUARY 28, 2010, ISSUED SIMULTANEOUSLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $100,000 (THE "SERIES 2010 E BONDS'); (11) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 C (WEST VIRGINIA SRF PROGRAM), DATED JANUARY 28, 2010, ISSUED SIMULTANEOUSLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $15,380,227 (THE "SERIES 2010 C BONDS"); AND (12) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 F, DATED JANUARY 28, 2010, ISSUED SIMULTANEOUSLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $7,250,000 (THE "SERIES 2010 F BONDS").

This Bond is payable only from and secured by a pledge of the Gross Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Gross Revenues in favor of the holders of the Series 2010 A Bonds, Series 2010 C Bonds, Series 2010 D Bonds, Series 2010 E Bonds, Series 2010 F Bonds and the Prior Bonds, and unexpended proceeds of the Bonds. Such Gross 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 an indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest hereon, except from said special fund provided from the Gross Revenues, the moneys in the Series 2010 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 on the Bonds, and all other obligations secured by a lien on or payable from such revenues on a parity with the Bonds, including the Series 2010 A Bonds, Series 2010 C Bonds, Series 2010 D Bonds, Series 2010 E Bonds, Series 2010 F Bonds and the Prior Bonds; provided, however, that so long as there exists in the Series 2010 B Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with the Bonds, including the Series 2010 A Bonds, Series 2010 C Bonds, Series 2010 D Bonds, Series 2010 E Bonds, Series 2010 F Bonds Prior Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

Subject to the registration requirements set forth herein, this Bond is transferable, as provided in the Bond Legislation, only upon the books of the Registrar by the registered owner, or by its attorney duly authorized in writing, upon the surrender of this Bond, together with a written instrument of transfer satisfactory to the Registrar, duly executed by the registered owner or its attorney duly authorized in writing.

Subject to the registration requirements set forth herein, this Bond, under the provision of the Act is, and has all the qualities and incidents of, a negotiable instrument under the Uniform Commercial Code of the State of West Virginia.

All money received from the sale of this Bond, after reimbursement and repayment of all amounts advanced for preliminary expenses as provided by law and the Bond Legislation, shall be applied solely to payment of the costs of the Project and costs of issuance hereof described in the Bond Legislation, and there shall be and hereby is created and granted a lien upon such moneys, until so applied, in favor of the registered owner of this Bond.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and 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 Gross 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.

[Remainder of Page Intentionally Blank]

IN WITNESS WHEREOF, THE CITY OF MORGANTOWN has caused this Bond to be signed by its Mayor and City Manager, and its corporate seal to be hereunto affixed and attested by its City Clerk, and has caused this Bond to be dated the day and year first written above.

[SEAL]

By: _____
Mayor

By: _____
City Manager

ATTEST:

By: _____
City Clerk

SPECIMEN

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2010 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: January 28, 2010.

THE HUNTINGTON NATIONAL BANK,
as Registrar

By: SPECIMEN
Its: Authorized Officer

CH5316071

EXHIBIT A

RECORD OF ADVANCES

| AMOUNT | DATE | AMOUNT | DATE |
|---|---|---|---|
| (1) $-0- | January 28, 2010 | (19) | |
| (2) | | (20) | |
| (3) | | (21) | |
| (4) | | (22) | |
| (5) | | (23) | |
| (6) | | (24) | |
| (7) | | (25) | |
| (8) | | (26) | |
| (9) | | (27) | |
| (10) | | (28) | |
| (11) | | (29) | |
| (12) | | (30) | |
| (13) | | (31) | |
| (14) | | (32) | |
| (15) | | (33) | |
| (16) | | (34) | |
| (17) | | (35) | |
| (18) | | (36) | |

TOTAL $_____

EXHIBIT B

DEBT SERVICE SCHEDULE

## BOND DEBT SERVICE

City of Morgantown

ARRA

10 Years

| | | |
|---|---|---|
| Dated Date | 1/28/2010 | Series B |
| Delivery Date | 1/28/2010 | |

| Period Ending | Debt Service | Principal Forgiveness |
|---|---|---|
| 1/28/2010 | | |
| 12/1/2012 | -2,040 | -2,040 |
| 3/1/2013 | -2,040 | -2,040 |
| 6/1/2013 | -2,040 | -2,040 |
| 9/1/2013 | -2,040 | -2,040 |
| 12/1/2013 | -2,040 | -2,040 |
| 3/1/2014 | -2,040 | -2,040 |
| 6/1/2014 | -2,040 | -2,040 |
| 9/1/2014 | -2,040 | -2,040 |
| 12/1/2014 | -2,040 | -2,040 |
| 3/1/2015 | -2,040 | -2,040 |
| 6/1/2015 | -2,040 | -2,040 |
| 9/1/2015 | -2,040 | -2,040 |
| 12/1/2015 | -2,040 | -2,040 |
| 3/1/2016 | -2,040 | -2,040 |
| 6/1/2016 | -2,040 | -2,040 |
| 9/1/2016 | -2,040 | -2,040 |
| 12/1/2016 | -2,040 | -2,040 |
| 3/1/2017 | -2,040 | -2,040 |
| 6/1/2017 | -2,040 | -2,040 |
| 9/1/2017 | -2,040 | -2,040 |
| 12/1/2017 | -2,040 | -2,040 |
| 3/1/2018 | -2,040 | -2,040 |
| 6/1/2018 | -2,040 | -2,040 |
| 9/1/2018 | -2,040 | -2,040 |
| 12/1/2018 | -2,040 | -2,040 |
| 3/1/2019 | -2,040 | -2,040 |
| 6/1/2019 | -2,040 | -2,040 |
| 9/1/2019 | -2,040 | -2,040 |
| 12/1/2019 | -2,040 | -2,040 |
| 3/1/2020 | -2,040 | -2,040 |
| 6/1/2020 | -2,040 | -2,040 |
| 9/1/2020 | -2,040 | -2,040 |
| 12/1/2020 | -2,040 | -2,040 |
| 3/1/2021 | -2,040 | -2,040 |
| 6/1/2021 | -2,040 | -2,040 |
| 9/1/2021 | -2,040 | -2,040 |
| 12/1/2021 | -2,040 | -2,040 |
| 3/1/2022 | -2,040 | -2,040 |
| 6/1/2022 | -2,040 | -2,040 |
| 9/1/2022 | -2,040 | -2,040 |
| | **-81,600** | **-81,600** |

(Form of)

ASSIGNMENT

FOR VALUE RECEIVED the undersigned sells, assigns, and transfers unto _____ the within Bond and does hereby irrevocably constitute and appoint _____, Attorney to transfer the said Bond on the books kept for registration of the within Bond of the said Issuer with full power of substitution in the premises.

Dated: _____, 20____.

_____

In the presence of:

_____

SPECIMEN

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE CITY OF MORGANTOWN
COMBINED UTILITY
SYSTEM REVENUE BOND, SERIES 2010 C
(WEST VIRGINIA SRF PROGRAM)

No. CR-1 $15,380,227

KNOW ALL MEN BY THESE PRESENTS: That on this the 28th day of January, 2010, THE CITY OF MORGANTOWN, a municipal corporation and political subdivision of the State of West Virginia in Monongalia 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 FIFTEEN MILLION THREE HUNDRED AND EIGHTY THOUSAND TWO HUNDRED AND TWENTY SEVEN DOLLARS ($15,380,227), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing December 1, 2012 to and including September 1, 2032 as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference, with interest on each installment at the rate of 2% per annum as set forth on said EXHIBIT B. The interest and SRF administrative fee (as defined in the hereinafter described Bond Legislation) on this Bond shall be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing December 1, 2012 to and including September 1, 2032 as set forth on EXHIBIT B attached hereto.

Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent"). The interest and SRF administrative fee on this Bond is payable by check or draft of the Paying Agent mailed to the registered owner hereof at the address as it appears on the books of The Huntington National Bank, Charleston, West Virginia, as registrar (the "Registrar"), on the 15th day of the month next preceding an interest payment date, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner hereof.

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the West Virginia Department of Environmental Protection (the "DEP"), and upon the terms and conditions prescribed by, and

otherwise in compliance with, the ARRA Assistance Agreement by and among the Issuer, the Authority and the DEP, dated January 28, 2010.

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 wastewater portion of the existing public combined waterworks, sewerage, and stormwater system of the Issuer (the "Project"); (ii) to fund the reserve account for the Series 2009 C Bonds; and (iii) to pay certain costs of issuance of the Bonds and related costs. The existing public combined waterworks, sewerage, and stormwater system of the Issuer, the Project, and any further extensions, additions, betterments or improvements thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 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 September 1, 2009, and a Supplemental Resolution and Conformed Ordinance duly adopted by the Issuer on January 5, 2010 (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) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 1992 (WEST VIRGINIA SRF PROGRAM), DATED SEPTEMBER 8, 1992, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $11,900,000 (THE "SERIES 1992 BONDS"); (2) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 1995 (WEST VIRGINIA SRF PROGRAM), DATED APRIL 27, 1995, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,601,477 (THE "SERIES 1995 BONDS"); (3) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2000 A (WEST VIRGINIA SRF PROGRAM), DATED FEBRUARY 29, 2000, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $7,842,000 (THE "SERIES 2000 A BONDS"); (4) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2000 B (WEST VIRGINIA INFRASTRUCTURE FUND), DATED FEBRUARY 29, 2000, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,488,000 (THE "SERIES 2000 B BONDS"); (5) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2001 A (WEST VIRGINIA INFRASTRUCTURE FUND), DATED FEBRUARY 8, 2001, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $3,812,470 (THE "SERIES 2001 A BONDS"); (6) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2006 A (WEST VIRGINIA SRF PROGRAM), DATED JUNE 30, 2006, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $6,410,191 (THE "SERIES 2006 A BONDS"); AND (7) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2007 A (WEST VIRGINIA SRF PROGRAM), DATED AUGUST 14, 2007, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $8,500,000 (THE "SERIES 2007 A BONDS") (COLLECTIVELY, THE "PRIOR BONDS"); AND (8) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 A, DATED JANUARY 28, 2010, ISSUED SIMULTANEOUSLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL

AMOUNT OF $37,950,000 (THE "SERIES 2010 A BONDS"); (9) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 D (WEST VIRGINIA DWTRF PROGRAM), DATED JANUARY 28, 2010, ISSUED SIMULTANEOUSLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $9,317,286 (THE 'SERIES 2010 D BONDS"); (10) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 E (WEST VIRGINIA DWTRF PROGRAM/ARRA), DATED JANUARY 28, 2010, ISSUED SIMULTANEOUSLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $100,000 (THE "SERIES 2010 E BONDS'); (11) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 B (WEST VIRGINIA SRF PROGRAM/ARRA), DATED JANUARY 28, 2010, ISSUED SIMULTANEOUSLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $81,600 (THE "SERIES 2010 B BONDS"); AND (12) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 F, DATED JANUARY 28, 2010, ISSUED SIMULTANEOUSLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $7,250,000 (THE "SERIES 2010 F BONDS").

This Bond is payable only from and secured by a pledge of the Gross Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Gross Revenues in favor of the holders of the Series 2010 A Bonds, Series 2010 B Bonds, Series 2010 D Bonds, Series 2010 E Bonds, Series 2010 F Bonds and the Prior Bonds, and from moneys in the reserve account created under the Bond Legislation for the Bonds (the "Series 2010 C Bonds Reserve Account"), and unexpended proceeds of the Bonds. Such Gross 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 an indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest hereon, except from said special fund provided from the Gross Revenues, the moneys in the Series 2010 C Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest on the Bonds, and all other obligations secured by a lien on or payable from such revenues on a parity with the Bonds, including the Series 2010 A Bonds, Series 2010 B Bonds, Series 2010 D Bonds, Series 2010 E Bonds, Series 2010 F Bonds and the Prior Bonds; provided, however, that so long as there exists in the Series 2010 C Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with the Bonds, including the Series 2010 A Bonds, Series 2010 B Bonds, Series 2010 D Bonds, Series 2010 E Bonds, Series 2010 F Bonds Prior Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

Subject to the registration requirements set forth herein, this Bond is transferable, as provided in the Bond Legislation, only upon the books of the Registrar by the registered owner, or by its attorney duly authorized in writing, upon the surrender of this Bond, together with a written instrument of transfer satisfactory to the Registrar, duly executed by the registered owner or its attorney duly authorized in writing.

Subject to the registration requirements set forth herein, this Bond, under the provision of the Act is, and has all the qualities and incidents of, a negotiable instrument under the Uniform Commercial Code of the State of West Virginia.

All money received from the sale of this Bond, after reimbursement and repayment of all amounts advanced for preliminary expenses as provided by law and the Bond Legislation, shall be applied solely to payment of the costs of the Project and costs of issuance hereof described in the Bond Legislation, and there shall be and hereby is created and granted a lien upon such moneys, until so applied, in favor of the registered owner of this Bond.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and 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 Gross 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.

[Remainder of Page Intentionally Blank]

IN WITNESS WHEREOF, THE CITY OF MORGANTOWN has caused this Bond to be signed by its Mayor and City Manager, and its corporate seal to be hereunto affixed and attested by its City Clerk, and has caused this Bond to be dated the day and year first written above.

[SEAL]

By: SPECIMEN
Mayor

By: SPECIMEN
City Manager

ATTEST:

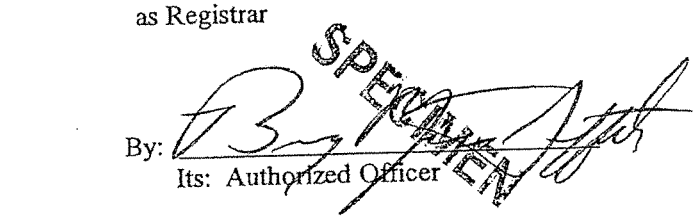
By: SPECIMEN
City Clerk

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2010 C Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: January 28, 2010.

THE HUNTINGTON NATIONAL BANK,
as Registrar




By: _____
Its: Authorized Officer

EXHIBIT A

RECORD OF ADVANCES

| AMOUNT | DATE | AMOUNT | DATE |
|---|---|---|---|
| (1) $975,937 | January 28, 2010 | (19) | |
| (2) | | (20) | |
| (3) | | (21) | |
| (4) | | (22) | |
| (5) | | (23) | |
| (6) | | (24) | |
| (7) | | (25) | |
| (8) | | (26) | |
| (9) | | (27) | |
| (10) | | (28) | |
| (11) | | (29) | |
| (12) | | (30) | |
| (13) | | (31) | |
| (14) | | (32) | |
| (15) | | (33) | |
| (16) | | (34) | |
| (17) | | (35) | |
| (18) | | (36) | |

TOTAL $_____

EXHIBIT B

DEBT SERVICE SCHEDULE

**BOND DEBT SERVICE**

City of Morgantown

20 Years

2% Interest Rate, 1% Administrative Fee

| | |
|---|---|
| Dated Date | 1/28/2010 |
| Delivery Date | 1/28/2010 |

2010
Series C

| Period Ending | Principal | Coupon | Interest | Debt Service | Annual Debt Service |
|---|---|---|---|---|---|
| 1/28/2010 | | | | | |
| 12/1/2012 | 156,833 | 2.000% | 76,901.14 | 233,734.14 | |
| 3/1/2013 | 157,617 | 2.000% | 76,116.97 | 233,733.97 | |
| 6/1/2013 | 158,405 | 2.000% | 75,328.89 | 233,733.89 | |
| 9/1/2013 | 159,197 | 2.000% | 74,536.86 | 233,733.86 | 934,935.86 |
| 12/1/2013 | 159,993 | 2.000% | 73,740.88 | 233,733.88 | |
| 3/1/2014 | 160,793 | 2.000% | 72,940.91 | 233,733.91 | |
| 6/1/2014 | 161,597 | 2.000% | 72,136.95 | 233,733.95 | |
| 9/1/2014 | 162,405 | 2.000% | 71,328.96 | 233,733.96 | 934,935.70 |
| 12/1/2014 | 163,217 | 2.000% | 70,516.94 | 233,733.94 | |
| 3/1/2015 | 164,033 | 2.000% | 69,700.85 | 233,733.85 | |
| 6/1/2015 | 164,853 | 2.000% | 68,880.69 | 233,733.69 | |
| 9/1/2015 | 165,677 | 2.000% | 68,056.42 | 233,733.42 | 934,934.90 |
| 12/1/2015 | 166,506 | 2.000% | 67,228.04 | 233,734.04 | |
| 3/1/2016 | 167,338 | 2.000% | 66,395.51 | 233,733.51 | |
| 6/1/2016 | 168,175 | 2.000% | 65,558.82 | 233,733.82 | |
| 9/1/2016 | 169,016 | 2.000% | 64,717.94 | 233,733.94 | 934,935.31 |
| 12/1/2016 | 169,861 | 2.000% | 63,872.86 | 233,733.86 | |
| 3/1/2017 | 170,710 | 2.000% | 63,023.56 | 233,733.56 | |
| 6/1/2017 | 171,564 | 2.000% | 62,170.01 | 233,734.01 | |
| 9/1/2017 | 172,422 | 2.000% | 61,312.19 | 233,734.19 | 934,935.62 |
| 12/1/2017 | 173,284 | 2.000% | 60,450.08 | 233,734.08 | |
| 3/1/2018 | 174,150 | 2.000% | 59,583.66 | 233,733.66 | |
| 6/1/2018 | 175,021 | 2.000% | 58,712.91 | 233,733.91 | |
| 9/1/2018 | 175,896 | 2.000% | 57,837.80 | 233,733.80 | 934,935.45 |
| 12/1/2018 | 176,776 | 2.000% | 56,958.32 | 233,734.32 | |
| 3/1/2019 | 177,659 | 2.000% | 56,074.44 | 233,733.44 | |
| 6/1/2019 | 178,548 | 2.000% | 55,186.15 | 233,734.15 | |
| 9/1/2019 | 179,440 | 2.000% | 54,293.41 | 233,733.41 | 934,935.32 |
| 12/1/2019 | 180,338 | 2.000% | 53,396.21 | 233,734.21 | |
| 3/1/2020 | 181,239 | 2.000% | 52,494.52 | 233,733.52 | |
| 6/1/2020 | 182,145 | 2.000% | 51,588.32 | 233,733.32 | |
| 9/1/2020 | 183,056 | 2.000% | 50,677.60 | 233,733.60 | 934,934.65 |
| 12/1/2020 | 183,972 | 2.000% | 49,762.32 | 233,734.32 | |
| 3/1/2021 | 184,891 | 2.000% | 48,842.46 | 233,733.46 | |
| 6/1/2021 | 185,816 | 2.000% | 47,918.00 | 233,734.00 | |
| 9/1/2021 | 186,745 | 2.000% | 46,988.92 | 233,733.92 | 934,935.70 |
| 12/1/2021 | 187,679 | 2.000% | 46,055.20 | 233,734.20 | |

## BOND DEBT SERVICE

City of Morgantown

2010 C

| Period Ending | Principal | Coupon | Interest | Debt Service | Annual Debt Service |
|---|---|---|---|---|---|
| 3/1/2022 | 188,617 | 2.000% | 45,116.80 | 233,733.80 | |
| 6/1/2022 | 189,560 | 2.000% | 44,173.72 | 233,733.72 | |
| 9/1/2022 | 190,508 | 2.000% | 43,225.92 | 233,733.92 | 934,935.64 |
| 12/1/2022 | 191,460 | 2.000% | 42,273.38 | 233,733.38 | |
| 3/1/2023 | 192,418 | 2.000% | 41,316.08 | 233,734.08 | |
| 6/1/2023 | 193,380 | 2.000% | 40,353.99 | 233,733.99 | |
| 9/1/2023 | 194,347 | 2.000% | 39,387.09 | 233,734.09 | 934,935.54 |
| 12/1/2023 | 195,318 | 2.000% | 38,415.35 | 233,733.35 | |
| 3/1/2024 | 196,295 | 2.000% | 37,438.76 | 233,733.76 | |
| 6/1/2024 | 197,277 | 2.000% | 36,457.29 | 233,734.29 | |
| 9/1/2024 | 198,263 | 2.000% | 35,470.90 | 233,733.90 | 934,935.30 |
| 12/1/2024 | 199,254 | 2.000% | 34,479.59 | 233,733.59 | |
| 3/1/2025 | 200,251 | 2.000% | 33,483.32 | 233,734.32 | |
| 6/1/2025 | 201,252 | 2.000% | 32,482.06 | 233,734.06 | |
| 9/1/2025 | 202,258 | 2.000% | 31,475.80 | 233,733.80 | 934,935.77 |
| 12/1/2025 | 203,269 | 2.000% | 30,464.51 | 233,733.51 | |
| 3/1/2026 | 204,286 | 2.000% | 29,448.17 | 233,734.17 | |
| 6/1/2026 | 205,307 | 2.000% | 28,426.74 | 233,733.74 | |
| 9/1/2026 | 206,334 | 2.000% | 27,400.20 | 233,734.20 | 934,935.62 |
| 12/1/2026 | 207,365 | 2.000% | 26,368.53 | 233,733.53 | |
| 3/1/2027 | 208,402 | 2.000% | 25,331.71 | 233,733.71 | |
| 6/1/2027 | 209,444 | 2.000% | 24,289.70 | 233,733.70 | |
| 9/1/2027 | 210,491 | 2.000% | 23,242.48 | 233,733.48 | 934,934.42 |
| 12/1/2027 | 211,544 | 2.000% | 22,190.02 | 233,734.02 | |
| 3/1/2028 | 212,602 | 2.000% | 21,132.30 | 233,734.30 | |
| 6/1/2028 | 213,665 | 2.000% | 20,069.29 | 233,734.29 | |
| 9/1/2028 | 214,733 | 2.000% | 19,000.97 | 233,733.97 | 934,936.58 |
| 12/1/2028 | 215,807 | 2.000% | 17,927.30 | 233,734.30 | |
| 3/1/2029 | 216,886 | 2.000% | 16,848.27 | 233,734.27 | |
| 6/1/2029 | 217,970 | 2.000% | 15,763.84 | 233,733.84 | |
| 9/1/2029 | 219,060 | 2.000% | 14,673.99 | 233,733.99 | 934,936.40 |
| 12/1/2029 | 220,155 | 2.000% | 13,578.69 | 233,733.69 | |
| 3/1/2030 | 221,256 | 2.000% | 12,477.91 | 233,733.91 | |
| 6/1/2030 | 222,362 | 2.000% | 11,371.63 | 233,733.63 | |
| 9/1/2030 | 223,474 | 2.000% | 10,259.82 | 233,733.82 | 934,935.05 |
| 12/1/2030 | 224,591 | 2.000% | 9,142.45 | 233,733.45 | |
| 3/1/2031 | 225,714 | 2.000% | 8,019.50 | 233,733.50 | |
| 6/1/2031 | 226,843 | 2.000% | 6,890.93 | 233,733.93 | |
| 9/1/2031 | 227,977 | 2.000% | 5,756.71 | 233,733.71 | 934,934.59 |
| 12/1/2031 | 229,117 | 2.000% | 4,616.83 | 233,733.83 | |
| 3/1/2032 | 230,263 | 2.000% | 3,471.24 | 233,734.24 | |
| 6/1/2032 | 231,414 | 2.000% | 2,319.93 | 233,733.93 | |
| 9/1/2032 | 232,571 | 2.000% | 1,162.86 | 233,733.86 | 934,935.86 |
| | **15,380,227** | | **3,318,482.28** | **18,698,709.28** | * **18,698,709.28** |

* Plus a Quarterly administrative fee of $20,740.52 for a total Administrative expense of $1,659,241.60

(Form of)

ASSIGNMENT

FOR VALUE RECEIVED the undersigned sells, assigns, and transfers unto _____ the within Bond and does hereby irrevocably constitute and appoint _____, Attorney to transfer the said Bond on the books kept for registration of the within Bond of the said Issuer with full power of substitution in the premises.

Dated: _____, 20____.

_____

In the presence of:

_____

CONFORMED BOND ORDINANCE

THE CITY OF MORGANTOWN

COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 D
(WEST VIRGINIA DWTRF PROGRAM); AND
COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 E
(WEST VIRGINIA DWTRF PROGRAM/ARRA)

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SIGNATURES
CERTIFICATION
EXHIBIT A

CONFORMED BOND ORDINANCE

THE CITY OF MORGANTOWN

**ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF EXTENSIONS, ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE WATER PORTION OF THE EXISTING PUBLIC COMBINED WATERWORKS, SEWERAGE AND STORMWATER SYSTEM OF THE CITY OF MORGANTOWN AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE CITY OF NOT MORE THAN $9,317,286 IN AGGREGATE PRINCIPAL AMOUNT OF COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 D (WEST VIRGINIA DWTRF PROGRAM) AND NOT MORE THAN $100,000 IN AGGREGATE PRINCIPAL AMOUNT OF COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 E (WEST VIRGINIA DWTRF PROGRAM/ARRA); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING A ARRA ASSISTANCE AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.**

**BE IT ORDAINED AND ENACTED BY THE COUNCIL OF THE CITY OF MORGANTOWN:**

## 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 and Chapter 16, Article 13 C 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 Morgantown (the "Issuer") is a municipal corporation and political subdivision of the State of West Virginia in Monongalia County of said State.

B. The Issuer presently owns and operates, through the Morgantown Utility Board (the "Board"), a public combined waterworks, sewerage, and stormwater system. It is deemed necessary and desirable for the health and welfare of the inhabitants of the Issuer, and for the improvement of the water environment of the project area, that there be acquired and constructed certain extensions, additions, betterments and improvements to the water portion of the existing public combined waterworks, sewerage, and stormwater system of the Issuer, consisting of additions and improvements to the City's public waterworks system, including new water storage tanks, transmission lines, pumping stations, SCADA system and electrical improvements, building improvements and expansion, other additions and improvements and all necessary appurtenances (collectively, the "Project") (the existing public combined waterworks, sewerage, and stormwater 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 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"), in connection with the West Virginia Drinking Water Treatment Revolving Fund Program (the "DWTRF Program"), which the Authority administers pursuant to the Act on behalf of the West Virginia Bureau for Public Health.

D. It is deemed necessary for the Issuer to issue its Combined Utility System Revenue Bonds, Series 2010 D (West Virginia DWTRF Program), in the aggregate principal amount of not more than $9,317,286 (the "Series 2010 D Bonds") and Combined Utility System Revenue Bonds, Series 2010 E (West Virginia DWTRF Program/ARRA), in the aggregate principal amount of not more than $100,000 (the "Series 2010 E Bonds"), to permanently finance a portion of the costs of acquisition and construction of the Project. Said costs shall be deemed to include the cost of all property rights, easements and franchises deemed necessary or convenient therefor and eligible under the DWTRF Program; interest upon the Series 2010 D Bonds or Series 2010 E Bonds for a period not exceeding 6 months after completion of construction of the Project; amounts which may be deposited in the Series 2010 D Bonds Reserve Account and Series 2010 E Bonds Reserve Account (as hereinafter defined) or amounts which may be used to purchase a surety bond to fund the Series 2010 D Bonds Reserve Account; Series 2010 E Bonds Reserve Account, 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); discount, initial fees for the services of registrars, paying agents, depositories or trustees or other costs in connection with the sale of the Series 2010 D Bonds or Series 2010 E 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 or the Board for any amounts expended by them for allowable costs prior to the issuance of the Series 2010 D Bonds or Series 2010 E 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 22 years.

F. It is in the best interests of the Issuer that its Series 2010 D Bonds and Series 2010 E Bonds be sold to the Authority pursuant to the terms and provisions of a ARRA Assistance Agreement by and between the Issuer and the Authority on behalf of the West Virginia Bureau for Public Health (the "BPH"), in form satisfactory to the respective parties (the "ARRA Assistance Agreement"), approved hereby if not previously approved by resolution of the Issuer.

G. There are outstanding obligations of the Issuer which will rank on a parity with the Series 2010 D Bonds and Series 2010 E Bonds as to liens, pledge, source of and security for payment, being the Issuer's (1) Combined Utility System Revenue Bonds, Series 1992 (West Virginia SRF Program), dated September 8, 1992, issued in the original aggregate principal amount of $11,900,000 (the "Series 1992 Bonds"), (2) Combined Utility System Revenue Bonds, Series 1995 (West Virginia SRF Program), dated April 27, 1995, issued in the original aggregate principal amount of $1,601,477 (the "Series 1995 Bonds"), (3) Combined Utility System Revenue Bonds, Series 2000 A (West Virginia SRF Program), dated February 29, 2000, issued in the original aggregate principal amount of $7,842,000 (the "Series 2000 A Bonds"), (4) Combined Utility System Revenue Bonds, Series 2000 B (West Virginia Infrastructure Fund), dated February 29, 2000, issued in the original aggregate principal amount of $2,488,000 (the "Series 2000 B Bonds"), (5) Combined Utility System Revenue Bonds, Series 2001 A (West Virginia Infrastructure Fund), dated February 8, 2001, issued in the original aggregate principal amount of $3,812,470 (the "Series 2001 A Bonds"), (6) Combined Utility System Revenue Bonds, Series 2006 A (West Virginia SRF Program), dated June 30, 2006, issued in the original aggregate principal amount of $6,410,191 (the "Series 2006 A Bonds"); and (7) Combined Utility System Revenue Bonds, Series 2007 A (West Virginia SRF Program), dated August 14, 2007, issued in the original aggregate principal amount of $8,500,000 (the "Series 2007 A Bonds"), (collectively, the "Prior Bonds"); and (8) Combined Utility System Revenue Bonds, Series 2010 A, issued simultaneously herewith (the "Series 2010 A Bonds"); (9) Combined Utility System Revenue Bonds, Series 2010 B (West Virginia SRF Program/ARRA), issued simultaneously herewith in the original aggregate principal amount of $81,600 (the "Series 2010 B Bonds"); (10) Combined Utility System Revenue Bonds, Series 2010 C (West Virginia SRF Program), issued simultaneously herewith in the original aggregate principal amount of $15,203,668 (the "Series 2010 C Bonds"); and (1) Combined Utility System Revenue Bonds, Series 2010 F, issued simultaneously herewith (the "Series 2010 F Bonds")

H. Prior to the issuance of the Series 2010 D Bonds and Series 2010 E Bonds, the Issuer will obtain (i) the certificate of an Independent Certified Public Accountant stating that the coverage and parity tests of the Prior Bonds are met, and (ii) the written consent of the Holders of the Prior Bonds to the issuance of the Series 2010 D Bonds and Series 2010 E Bonds on a parity with the Prior Bonds. Other than the Series 2010 A Bonds, Series 2010 B Bonds, Series 2010 C Bonds, Series 2010 F Bonds and the Prior Bonds, there are no other outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System. The Issuer is in compliance with all the covenants of the Prior Bonds and the Prior Ordinances.

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 and the principal of and interest on the Series 2010 D Bonds and

Series 2010 E Bonds and the Series 2010 A Bonds, Series 2010 B Bonds, Series 2010 C Bonds, Series 2010 F Bonds and the Prior Bonds and to make payments into all funds and accounts and other payments provided for herein.

J. The Issuer has complied with all requirements of West Virginia law and the ARRA Assistance Agreement relating to authorization of the acquisition, construction and operation of the Project and the System and issuance of the Series 2010 D Bonds and Series 2010 E Bonds, or will have so complied prior to issuance of any thereof, including, among other things, the approval of the Project and the financing thereof by Public Service Commission of West Virginia the West Virginia Infrastructure and Jobs Development Council.

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 2010 D Bonds and Series 2010 E Bonds by the Registered Owners of the same from time to time, this Bond Legislation shall be deemed to be and shall constitute a contract between the Issuer and such Bondholders, and the covenants and agreements herein set forth to be performed by the Issuer shall be for the equal benefit, protection and security of the Bondholders of any and all of such Series 2010 D Bonds and Series 2010 E Bonds, all of which shall be of equal rank and without preference, priority or distinction between any one Bond and any other Bonds and by reason of priority of issuance or otherwise, except as expressly provided therein and herein.

**Section 1.04. Definitions**. The following terms shall have the following meanings herein unless the context expressly requires otherwise:

"**Act**" means, collectively, Chapter 8, Article 20 and Chapter 16, Article 13 C of the West Virginia Code of 1931, as amended and in effect on the date of enactment hereof.

"**Administrative Fee**" means any administrative fee required to be paid pursuant to the ARRA Assistance Agreement.

"**ARRA Assistance Agreement**" means the ARRA Assistance Agreement heretofore entered, or to be entered, into by and between the Issuer and the Authority on behalf of the BPH, providing for the purchase of the Series 2010 D Bonds and Series 2010 E Bonds from the Issuer by the Authority, the form of which shall be approved, and the execution and delivery by the Issuer authorized and directed or ratified, by the Supplemental Resolution.

"**Authority**" means the West Virginia Water Development Authority, which is expected to be the original purchaser and Registered Owner of the Series 2010 D Bonds and Series 2010 E Bonds, or any other agency, board or department of the State that succeeds to the functions of the Authority, acting in its administrative capacity and upon authorization from the BPH under the Act.

"**Authorized Officer**" means the Mayor or the City Manager of the Issuer, and, in the instance of the Board, the Chairman, the General Manager or the Assistant General Manager,

or any other officer of the Issuer or Board specifically designated by resolution of the Governing Body or the Board, as appropriate.

"**Board**" means the Morgantown Utility Board of the Issuer.

"**Bondholder**," "**Holder of the Bonds**," "**Holder**," "**Registered Owner**" or any similar term whenever used herein with respect to an outstanding Bond or Bonds, means the person in whose name such Bond is registered.

"**Bond Legislation**," "**Ordinance**," "**Bond Ordinance**" or "**Local Act**" means this Bond Ordinance and all ordinances, orders and resolutions supplemental hereto or amendatory hereof.

"**Bond Registrar**" means the bank or other entity to be designated as such in the Supplemental Resolution and its successors and assigns.

"**Bonds**" means, collectively, the Series 2010 Bonds, the Prior Bonds and, where appropriate, any bonds on a parity therewith subsequently authorized to be issued hereunder or by another ordinance of the Issuer.

"**Bond Year**" means the 12-month period beginning on the anniversary of the Closing Date in each year and ending on the day prior to the anniversary date of the Closing Date in the following year, except that the first Bond Year shall begin on the Closing Date.

"**City Clerk**" means the City Clerk of the Issuer.

"**City Manager**" means the City Manager of the Issuer.

"**Closing Date**" means the date upon which there is an exchange of the Series 2010 D Bonds and Series 2010 E Bonds for all or a portion of the proceeds of the Series 2010 D Bonds and Series 2010 E Bonds from the Authority and the BPH.

"**Code**" means the Internal Revenue Code of 1986, as amended, and the Regulations.

"**Commission**" means the West Virginia Municipal Bond Commission or any other agency of the State of West Virginia that succeeds to the functions of the Commission.

"**Completion Date**" means the completion date of the Project, as defined in the DWTRF Regulations.

"**Consulting Engineers**" means 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. "Consulting Engineer" shall also include a licensed professional engineer employed by the Board, who is responsible for design and/or supervision of improvements, additions or modifications to the System.

"**Costs**" or "**Costs of the Project**" means those costs described in Section 1.02D hereof to be a part of the cost of acquisition and construction of the Project.

"**Council**" means the West Virginia Infrastructure and Jobs Development Council.

"**BPH**" means the West Virginia Bureau for Public Health, or any other agency, board or department of the state that succeeds to the function of the BPH.

"**Depository Bank**" means the bank designated as such in the Supplemental Resolution, and its successors and assigns, which shall be a member of FDIC.

"**Depreciation Fund**" means the Depreciation Fund created by the Prior Ordinances and continued hereby.

"**DWTRF Program**" means the West Virginia Drinking Water Treatment Revolving Fund Program established by the State, administered by BPH and funded by capitalized 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.

"**DWTRF Regulations**" means the DWTRF regulations set forth in the West Virginia Code of State Regulations, as amended from time to time.

"**FDIC**" means the Federal Deposit Insurance Corporation and any successor to the functions of the FDIC.

"**Fiscal Year**" means each 12-month period beginning on July 1 and ending on the succeeding June 30.

"**Governing Body**" means the council of the Issuer, as it may now or hereafter be constituted.

"**Government Obligations**" means direct obligations of, or obligations the timely payment of the principal of and interest on which is guaranteed by, the United States of America.

"**Gross Revenues**" means the aggregate gross operating and non-operating revenues of the System, as hereinafter defined, determined in accordance with generally accepted accounting principles, after deduction of prompt payment discounts, if any, and reasonable provision for uncollectible accounts; provided that, "Gross Revenues" include any gains from the sale or other disposition of capital assets, but does not include any increase in the value of capital assets (including Qualified Investments, as hereinafter defined) or any Tap Fees (as hereinafter defined).

"**Herein,**" "**hereto**" and similar words shall refer to this entire Bond Legislation.

"**Independent Certified Public Accountant**" means any certified public accountant or firm of certified public accountants that shall at any time hereafter be retained by the Issuer to prepare an independent annual or special audit of the accounts of the System or for

any other purpose except keeping the accounts of the System in the normal operation of its business and affairs.

"**Issuer**" means The City of Morgantown, a municipal corporation and political subdivision of the State of West Virginia, in Monongalia County, West Virginia, and, unless the context clearly indicates otherwise, includes the Governing Body of the Issuer.

"**Mayor**" means the Mayor of the Issuer.

"**Net Proceeds**" means the face amount of the Series 2010 D Bonds and Series 2010 E Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds, if any, deposited in the Reserve Accounts. For purposes of the Private Business Use limitations set forth herein, the term Net Proceeds shall include any amounts resulting from the investment of proceeds of the Series 2010 D Bonds and Series 2010 E Bonds, without regard to whether or not such investment is made in tax-exempt obligations.

"**Net Revenues**" means the balance of the Gross Revenues, remaining after deduction of Operating Expenses, as hereinafter defined.

"**Operating Expenses**" shall mean the reasonable, proper and necessary costs of repair, maintenance and operation of the System and includes, without limiting the generality of the foregoing, administrative, engineering, legal, auditing and insurance expenses, other than those capitalized as part of the Costs, fees and expenses of the Authority, fiscal agents, the Depository Bank, the Registrar and Paying Agent (all as hereinafter defined), other than those capitalized as part of the Costs, the DWTRF Administrative Fee, 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.

"**Operation and Maintenance Fund**" means the Operation and Maintenance Fund established by the Prior Ordinances and continued hereby.

"**Outstanding**" when used with reference to Bonds or Prior Bonds and as of any particular date, describes all Bonds or Prior Bonds theretofore and thereupon being authenticated and delivered, except (i) any Bond or Prior Bond cancelled by the Bond Registrar or Registrar for Prior Bonds, at or prior to said date; (ii) any Bond or Prior Bonds, for the payment of which 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 X hereof; (iv) any Prior Bond deemed to have been paid; and (v) for purposes of consents or other action by a specified percentage of Bondholders, or holders of Prior Bonds, any Bonds or Prior Bonds registered to the Issuer.

"**Parity Bonds**" means additional 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 Series 2010 D Bonds and Series 2010 E Bonds in the Supplemental Resolution.

"**Prior Bonds**" means, collectively, the Series 1992 Bonds, Series 1995 Bonds, Series 2000 A Bonds, Series 2000 B Bonds, Series 2001 A Bonds, Series 2006 A Bonds, and Series 2007 A Bonds.

"**Prior Ordinances**" means, collectively, the ordinances authorizing the Prior Bonds.

"**Project**" means the Project as described in Section 1.02B hereof.

"**Qualified Investments**" means and includes any of the following:

(a) Government Obligations;

(b) Government Obligations which have been stripped of their unmatured interest coupons, interest coupons stripped from Government Obligations, and receipts or certificates evidencing payments from Government Obligations or interest coupons stripped from Government Obligations;

(c) Bonds, debentures, notes or other evidences of indebtedness issued by any of the following agencies: Banks for Cooperatives; Federal Intermediate Credit Banks; Federal Home Loan Bank System; Export-Import Bank of the United States; Federal Land Banks; Government National Mortgage Association; Tennessee Valley Authority; or Washington Metropolitan Area Transit Authority;

(d) Any bond, debenture, note, participation certificate or other similar obligations issued by the Federal National Mortgage Association to the extent such obligation is guaranteed by the Government National Mortgage Association or issued by any other federal agency and backed by the full faith and credit of the United States of America;

(e) Time accounts (including accounts evidenced by time certificates of deposit, time deposits or other similar banking arrangements) which, to the extent not insured by the FDIC, shall be secured by a pledge of Government Obligations, provided, that said Government Obligations pledged either must mature as nearly as practicable coincident with the maturity of said time accounts or must be replaced or increased so that the market value thereof is always at least equal to the principal amount of said time accounts;

(f) Money market funds or similar funds whose only assets are investments of the type described in paragraphs (a) through (e) above;

(g) Repurchase agreements, fully secured by investments of the types described in paragraphs (a) through (e) above, with banks or national banking associations which are members of FDIC or with government bond dealers recognized as primary dealers by the Federal Reserve Bank of New York, provided, that said investments securing said repurchase agreements either must mature as nearly as practicable coincident with the maturity of said repurchase agreements or must be replaced or increased so that the market value thereof is always at least equal to the principal amount of said repurchase agreements, and provided further that the holder of such repurchase agreement shall have a prior perfected security interest in the collateral therefor; must have (or its agent must have) possession of such collateral; and such collateral must be free of all claims by third parties;

(h) The West Virginia "consolidated fund" managed by the West Virginia Board of Treasury Investments pursuant to Chapter 12, Article 6C of the West Virginia Code of 1931, as amended; and

(i) Obligations of States or political subdivisions or agencies thereof, the interest on which is exempt from federal income taxation, and which are rated at least "A" by Moody's Investors Service, Inc. or Standard & Poor's Corporation.

"**Registered Owner**," "**Bondholder**," "**Holder**" or any similar term means whenever used herein with respect to an outstanding Bond or Bonds, the person in whose name such Bond is registered.

"**Registrar**" means the Bond Registrar.

"**Regulations**" means temporary and permanent regulations promulgated under the Code, or any predecessor thereto.

"**Reserve Accounts**" means, collectively, the respective Reserve Accounts established for the Series 2010 Bonds and the Prior Bonds.

"**Reserve Requirement**" means, collectively, the respective amounts required to be on deposit in any Reserve Account for the Prior Bonds and the Series 2010 Bonds.

"**Revenue Fund**" means the Revenue Fund created by the Prior Ordinances and continued hereby.

"**Series 1992 Bonds**" means the Combined Utility System Revenue Bonds, Series 1992 (West Virginia SRF Program), of the Issuer, dated September 8, 1992, issued in the original aggregate principal amount of $11,900,000.

"**Series 1995 Bonds**" means the Combined Utility System Revenue Bonds, Series 1995 (West Virginia SRF Program), of the Issuer, dated April 27, 1995, issued in the original aggregate principal amount of $1,601,477.

"**Series 2000 A Bonds**" means the Combined Utility System Revenue Bonds, Series 2000 A (West Virginia SRF Program), of the Issuer, dated February 29, 2000, issued in the original aggregate principal amount of $7,842,000.

"**Series 2000 B Bonds**" means the Combined Utility System Revenue Bonds, Series 2000 B (West Virginia Infrastructure Fund), of the Issuer, dated February 29, 2000, issued in the original aggregate principal amount of $2,488,000.

"**Series 2001 A Bonds**" means the Combined Utility System Revenue Bonds, Series 2001 A (West Virginia Infrastructure Fund), of the Issuer, dated February 8, 2001, issued in the original aggregate principal amount of $3,812,470.

"**Series 2006 A Bonds**" means the Combined Utility System Revenue Bonds, Series 2006 A (West Virginia SRF Program), of the Issuer, dated June 30, 2006, issued in the original aggregate principal amount of $6,410,191.

"**Series 2007 A Bonds**" means the Combined Utility System Revenue Bonds, Series 2007 A (West Virginia SRF Program), of the Issuer, dated August 14, 2007, issued in the original aggregate principal amount of $8,500,000.

"**Series 2010 Bonds**" means collectively, the Series 2010 A Bonds, Series 2010 B Bonds, Series 2010 C Bonds, Series 2010 D Bonds, Series 2010 E Bonds and Series 2010 F Bonds.

"**Series 2010 A Bonds**" means the Issuer's Combined Utility System Revenue Bonds, Series 2010 A to be issued concurrently herewith.

"**Series 2010 A Bonds Ordinance**" means the Ordinance authorizing the Series 2010 A Bonds.

"**Series 2010 B Bonds**" means the Issuer's Combined Utility System Revenue Bonds, Series 2010 B (West Virginia SRF Program/ARRA), to be issued concurrently herewith in the original aggregate principal amount of $81,600.

"**Series 2010 B Bonds Ordinance**" means the Ordinance authorizing the Series 2010 B Bonds.

"**Series 2010 C Bonds**" means the Issuer's Combined Utility System Revenue Bonds, Series 2010 C (West Virginia SRF Program), to be issued concurrently herewith in the original aggregate principal amount of $15,203,668.

"**Series 2010 C Bonds Ordinance**" means the Ordinance authorizing the Series 2010 C Bonds.

"**Series 2010 F Bonds**" means the Issuer's Combined Utility System Revenue Bonds, Series 2010 F to be issued concurrently herewith.

"**Series 2010 F Bonds Ordinance**" means the Ordinance authorizing the Series 2010 F Bonds.

"**Series 2010 D Bonds**" means the Combined Utility System Revenue Bonds, Series 2010 D (West Virginia DWTRF Program), of the Issuer, authorized by this Bond Legislation.

"**Series 2010 Bonds Construction Trust Fund**" means the Series 2010 Bonds Construction Trust Fund established by Section 5.01 hereof.

"**Series 2010 D Bonds Reserve Account**" means the Series 2010 D Bonds Reserve Account established by Section 5.02 hereof.

"**Series 2010 D Bonds Reserve Requirement**" means, as of any date of calculation, the maximum amount of principal and interest which will become due on the Series 2010 D Bonds in the then current or any succeeding year.

"**Series 2010 D Bonds Sinking Fund**" means the Series 2010 D Bonds Sinking Fund established by Section 5.02 hereof.

"**Series 2010 E Bonds**" means the Combined Utility System Revenue Bonds, Series 2010 E (West Virginia DWTRF Program/ARRA), of the Issuer, authorized by this Bond Legislation.

"**Series 2010 E Bonds Reserve Account**" means the Series 2010 E Bonds Reserve Account established by Section 5.02 hereof.

"**Series 2010 E Bonds Reserve Requirement**" means, as of any date of calculation, the maximum amount of principal and interest which will become due on the Series 2010 E Bonds in the then current or any succeeding year.

"**Series 2010 E Bonds Sinking Fund**" means the Series 2010 E Bonds Sinking Fund established by Section 5.02 hereof.

"**Sinking Funds**" means, collectively, the respective Sinking Funds established for the Series 2010 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 authorizing the sale of the Series 2010 Bonds; provided, that any matter intended by this Ordinance to be included in the Supplemental Resolution with respect to the Series 2010 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 2010 Bonds, the Prior Bonds or any other obligations of the Issuer, including, without limitation, the Depreciation Fund, the Sinking Funds and the Reserve Accounts.

"**System**" means, collectively, the complete existing public combined waterworks, sewerage, and stormwater system of the Issuer, as presently existing in its entirety or any integral part thereof, and shall include the Project and any additions, betterments and improvements thereto hereafter acquired or constructed for the System from any sources whatsoever, both within and without the Issuer.

"**Tap Fees**" means the fees, if any, paid by prospective customers of the System in order to connect thereto.

Additional terms and phrases are defined in this Ordinance as they are used. Words importing singular number shall include the plural number in each case and vice versa; words importing persons shall include firms and corporations; and words importing the masculine, feminine or neutral gender shall include any other gender.

## ARTICLE II

## AUTHORIZATION OF ACQUISITION AND CONSTRUCTION OF THE PROJECT

**Section 2.01. Authorization of Acquisition and Construction of the Project.** There is hereby authorized and ordered the acquisition and construction of the Project, at an estimated cost of not to exceed $69,417,286, 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 2010 D Bonds and Series 2010 E Bonds hereby authorized shall be applied as provided in Article VI hereof. The Issuer has received bids and will enter into contracts for the acquisition and construction of the Project, compatible with the financing plan submitted to the BPH and the Authority.

The cost of the Project is estimated not to exceed $69,417,286, of which an amount not to excedd $60,000,000 will be obtained from cumulative proceeds of the Series 2010 A Bonds and Series 2010 F Bonds, approximately $9,317,286 will be obtained from the Series 2010 D Bonds and approximately $100,000 will be obtained from the Series 2010 E Bonds.

## ARTICLE III

## AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND SALE OF BONDS; AUTHORIZATION AND EXECUTION OF ARRA ASSISTANCE AGREEMENT

**Section 3.01. Authorization of Bonds**. For the purposes of capitalizing interest on the Series 2010 D Bonds and Series 2010 E Bonds, if any, funding respective reserve accounts or purchasing a surety bonds to fund respective reserve accounts for the Series 2010 D Bonds and Series 2010 E Bonds, paying Costs of the Project not otherwise provided for and paying certain costs of issuance of the Series 2010 D Bonds and Series 2010 E Bonds and related costs, or any or all of such purposes, as determined by the Supplemental Resolution, there shall be issued the negotiable Series 2010 D Bonds and Series 2010 E Bonds of the Issuer.

The Series 2010 D Bonds shall be issued as one series of bonds, designated as "Combined Utility System Revenue Bonds, Series 2010 D (West Virginia DWTRF Program)," in the principal amount of not more than $9,317,286, and shall have such terms as set forth hereinafter and in the Supplemental Resolution. The proceeds of the Series 2010 D Bonds remaining after purchasing a surety bond to fund the Series 2010 D Bonds Reserve Account or cash funding the Series 2010 D Bonds Reserve Account (if funded from Bond proceeds) and capitalization of interest, if any, shall be deposited in or credited to the Series 2010 Bonds Construction Trust Fund established by Section 5.01 hereof, and applied as set forth in Article VI hereof.

The Series 2010 E Bonds shall be issued as one series of bonds, designated as "Combined Utility System Revenue Bonds, Series 2010 E (West Virginia DWTRF Program/ARRA)," in the principal amount of not more than $100,000, and shall have such terms as set forth hereinafter and in the Supplemental Resolution. The proceeds of the Series 2010 E Bonds remaining after purchasing a surety bond to fund the Series 2010 E Bonds Reserve Account or cash funding the Series 2010 E Bonds Reserve Account (if funded from Bond proceeds) and capitalization of interest, if any, shall be deposited in or credited to the Series 2010 Bonds Construction Trust Fund established by Section 5.01 hereof, and applied as set forth in Article VI hereof.

**Section 3.02. Terms of Bonds**. The Series 2010 D Bonds and Series 2010 E Bonds shall be issued in such principal amount; shall bear interest at such rate or rates, not exceeding the then legal maximum, payable quarterly on such dates; shall mature on such dates and in such amounts; and shall be redeemable, in whole or in part, all as the Issuer shall prescribe in a Supplemental Resolution or as specifically provided in the ARRA Assistance Agreement. The Series 2010 D Bonds and Series 2010 E 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 2010 D Bonds and Series 2010 E Bonds shall be paid by check or draft of the Paying Agent or its agent, mailed to the Registered Owner thereof at the address as it appears on the books of the Bond Registrar, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner thereof.

As provided by the Supplemental Resolution, the Series 2010 D Bonds and Series 2010 E Bonds shall initially be issued each as one series, fully registered to the Authority, with a record of advances and a debt service schedule attached, representing the aggregate principal amount of the Series 2010 D Bonds and Series 2010 E Bonds. The Series 2010 D Bonds and Series 2010 E Bonds shall be exchangeable at the option and expense of the Registered Owner for another fully registered Bond or Bonds of the same series in aggregate principal amount equal to the amount of said Bonds then Outstanding and being exchanged, with principal installments or maturities, as applicable, corresponding to the dates of payment of principal installments of said Bonds; provided, that the Authority shall not be obligated to pay any expenses of such exchange.

Subsequent series of Bonds, if any, shall be issued in fully registered form and in denominations as determined by a Supplemental Resolution. Such Bonds shall be dated and shall bear interest as set forth in a Supplemental Resolution.

**Section 3.03. Execution of Bonds**. The Series 2010 D Bonds and Series 2010 E Bonds shall be executed in the name of the Issuer by the Mayor and the City Manager, and the seal of the Issuer shall be affixed thereto or imprinted thereon and attested by the City Clerk. In case any one or more of the officers who shall have signed or sealed the Series 2010 D Bonds and Series 2010 E Bonds shall cease to be such officer of the Issuer before the Series 2010 D Bonds and Series 2010 E Bonds so signed and sealed have been actually sold and delivered, such Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bonds had not ceased to hold such office. Any Series 2010 D Bonds and Series 2010 E 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 2010 D Bonds and Series 2010 E Bonds shall be valid or obligatory for any purpose or entitled to any security or benefit under this Bond Legislation unless and until the Certificate of Authentication and Registration on such Bond, substantially in the form set forth in Section 3.10 hereof shall have been manually executed by the Bond Registrar. Any such executed Certificate of Authentication and Registration upon any such Bond shall be conclusive evidence that such Bond has been authenticated, registered and delivered under this Bond Legislation. The Certificate of Authentication and Registration on any Series 2010 D Bonds and Series 2010 E Bonds shall be deemed to have been executed by the Bond Registrar if manually signed by an authorized officer of the Bond Registrar, but it shall not be necessary that the same officer sign the Certificate of Authentication and Registration on all of the Bonds issued hereunder.

**Section 3.05. Negotiability, Transfer and Registration**. Subject to the provisions for transfer of registration set forth below, the Series 2010 D Bonds and Series 2010 E 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 2010 D Bonds and Series 2010 E Bonds shall be conclusively deemed to have agreed that such Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder shall further be conclusively deemed to have agreed that said Bonds shall be incontestable in the hands of a bona fide holder for value.

So long as the Series 2010 D Bonds and Series 2010 E Bonds remain outstanding, the Issuer, through the Bond Registrar or its agent, shall keep and maintain books for the registration and transfer of such Bonds.

The registered Series 2010 D Bonds and Series 2010 E Bonds shall be transferable only upon the books of the Bond Registrar, by the registered owner thereof in person or by his attorney duly authorized in writing, upon surrender thereto together with a written instrument of transfer satisfactory to the Bond Registrar duly executed by the registered owner or his duly authorized attorney.

In all cases in which the privilege of exchanging Series 2010 D Bonds and Series 2010 E Bonds or transferring the registered Series 2010 D Bonds and Series 2010 E Bonds are exercised, all Series 2010 D Bonds and Series 2010 E Bonds shall be delivered in accordance with the provisions of this Bond Legislation. All Series 2010 D Bonds and Series 2010 E Bonds surrendered in any such exchanges or transfers shall forthwith be canceled by the Bond Registrar. For every such exchange or transfer of Series 2010 D Bonds and Series 2010 E Bonds, the Bond Registrar may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer and the cost of preparing each new Bond upon each exchange or transfer, and any other expenses of the Bond Registrar incurred in connection therewith, which sum or sums shall be paid by the Issuer. The Bond Registrar shall not be obliged to make any such exchange or transfer of Series 2010 D Bonds and Series 2010 E Bonds during the period commencing on the 15th day of the month next preceding an interest payment date on the Series 2010 D Bonds and Series 2010 E Bonds or, in the case of any proposed redemption of Series 2010 D Bonds and Series 2010 E 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 2010 D Bonds or Series 2010 E Bonds shall become mutilated or be destroyed, stolen or lost, the Issuer may, in its discretion, issue, and the Bond Registrar shall, if so advised by the Issuer, authenticate and deliver, a new Bond of the same series and of like tenor as the Bonds so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond, upon surrender and cancellation of such mutilated Bond, or in lieu of and substitution for the Bond destroyed, stolen or lost, and upon the Holder's furnishing satisfactory indemnity and complying with such other reasonable regulations and conditions as the Issuer may prescribe and paying such expenses as the Issuer and the Bond Registrar may incur. All Bonds so surrendered shall be 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 2010 D Bonds and Series 2010 E 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 Gross Revenues derived from the System as herein provided. No Holder or Holders of the Series 2010 D Bonds and Series 2010 E Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Series 2010 D Bonds and Series 2010 E Bonds or the interest thereon.

**Section 3.08. Bonds Secured by Pledge of Gross Revenues; Lien Position with respect to Prior Bonds**. The payment of debt service of the Series 2010 Bonds shall be secured by a first lien on the Gross Revenues derived from the System, on a parity with the lien on the Gross Revenues in favor of the Holders of the Prior Bonds. Such Gross Revenues in an amount sufficient to pay the principal of and interest, if any, on the Series 2010 Bonds and the Prior Bonds and to make all other payments provided for in the Bond Legislation are hereby irrevocably pledged to such payments as they become due.

**Section 3.09. Delivery of Bonds**. The Issuer shall execute and deliver the Series 2010 D Bonds and Series 2010 E Bonds to the Registrar, and the Registrar shall authenticate, register and deliver the Series 2010 D Bonds and Series 2010 E Bonds to the original purchasers upon receipt of the documents set forth below:

A. If other than the Authority, a list of the names in which the Series 2010 D Bonds and Series 2010 E Bonds are to be registered upon original issuance, together with such taxpayer identification and other information as the Bond Registrar may reasonably require;

B. A request and authorization to the Bond Registrar on behalf of the Issuer, signed by an Authorized Officer, to authenticate and deliver the Series 2010 D Bonds and Series 2010 E Bonds to the original purchasers;

C. An executed and certified copy of the Bond Legislation;

D. An executed copy of the ARRA Assistance Agreement; and

E. The unqualified approving opinions of bond counsel on the Series 2010 D Bonds and Series 2010 E Bonds.

**Section 3.10. Form of Bonds**. The text of the Series 2010 D Bonds and Series 2010 E 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 2010 D BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE CITY OF MORGANTOWN
COMBINED UTILITYSYSTEM REVENUE BOND, SERIES 2010 D
(WEST VIRGINIA DWTRF PROGRAM)

No. DR-1 $9,317,286

KNOW ALL MEN BY THESE PRESENTS: That on this the _____ day of January, 2010, THE CITY OF MORGANTOWN, a municipal corporation and political subdivision of the State of West Virginia in Monongalia 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 NINE MILLION THREEHUNDRED SEVENTEEN THOUSAND TWO HUNDRED EIGHTY SIX DOLLARS ($9,317,286), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing _____ 1, 20___ to and including _____ 1, 20____ as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference, with interest on each installment at the rate per annum set forth on said EXHIBIT B. The interest on this Bond shall be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing _____ 1, 20___, as set forth on EXHIBIT B attached hereto. The Series 2010 D Bonds are not subject to the Administrative Fee.

Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent"). The interest on this Bond is payable by check or draft of the Paying Agent mailed to the registered owner hereof at the address as it appears on the books of The Huntington National Bank, Charleston, West Virginia, as registrar (the "Registrar"), on the 15th day of the month next preceding an interest payment date, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner hereof.

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the West Virginia Bureau for Public Health (the "BPH"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the ARRA Assistance Agreement by and between the Issuer and the Authority on behalf of the BPH, dated _____, 2010.

This Bond is issued (i) to pay the costs of acquisition and construction of certain extensions, additions, betterments and improvements to the water portion of the existing public combined waterworks, sewerage, and stormwater system of the Issuer (the "Project"); (ii) to fund

the reserve account for the Bonds of the Series 2010 D Bonds; and (iii) to pay certain costs of issuance of the Bonds and related costs. The existing public combined waterworks, sewerage, and stormwater system of the Issuer, the Project, and any further extensions, additions, betterments or improvements thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 8, Article 20 and Chapter 16, Article 13 C of the West Virginia Code of 1931, as amended (collectively, the "Act"), a Bond Ordinance duly enacted by the Issuer on September 1, 2009, and a Supplemental Resolution and Conformed Ordinance duly adopted by the Issuer on January 5, 2010 (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) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 1992 (WEST VIRGINIA SRF PROGRAM), DATED SEPTEMBER 8, 1992, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $11,900,000 (THE "SERIES 1992 BONDS"); (2) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 1995 (WEST VIRGINIA SRF PROGRAM), DATED APRIL 27, 1995, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,601,477 (THE "SERIES 1995 BONDS"); (3) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2000 A (WEST VIRGINIA SRF PROGRAM), DATED FEBRUARY 29, 2000, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $7,842,000 (THE "SERIES 2000 A BONDS"); (4) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2000 B (WEST VIRGINIA INFRASTRUCTURE FUND), DATED FEBRUARY 29, 2000, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,488,000 (THE "SERIES 2000 B BONDS"); (5) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2001 A (WEST VIRGINIA INFRASTRUCTURE FUND), DATED FEBRUARY 8, 2001, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $3,812,470 (THE "SERIES 2001 A BONDS"); (6) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2006 A (WEST VIRGINIA SRF PROGRAM), DATED JUNE 30, 2006, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $6,410,191 (THE "SERIES 2006 A BONDS"); AND (7) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2007 A (WEST VIRGINIA SRF PROGRAM), DATED AUGUST 14, 2007, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $8,500,000 (THE "SERIES 2007 A BONDS") (COLLECTIVELY, THE "PRIOR BONDS") AND (8) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 A, DATED JANUARY ___, 2010, ISSUED SIMULTANEOUSLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $_____ (THE "SERIES 2010 A BONDS"); (9) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 B (WEST VIRGINIA SRF PROGRAM/ARRA), DATED JANUARY ___, 2010, ISSUED SIMULTANEOUSLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $81,600 (THE 'SERIES 2010 B BONDS"); (10) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 C (WEST VIRGINIA SRF PROGRAM), DATED JANUARY ___, 2010, ISSUED SIMULTANEOUSLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $15,203,668 (THE "SERIES 2010 C BONDS'); (11) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 E (WEST VIRGINIA DWTRF

PROGRAM/ARRA), DATED JANUARY ___, 2010, ISSUED SIMULTANEOUSLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $100,000 (THE "SERIES 2010 E BONDS"); AND (12) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 F, DATED JANUARY ___, 2010, ISSUED SIMULTANEOUSLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $_____ (THE "SERIES 2010 F BONDS").

This Bond is payable only from and secured by a pledge of the Gross Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Gross Revenues in favor of the holders of the Series 2010 A Bonds, Series 2010 B Bonds, Series 2010 C Bonds, Series 2010 E Bonds, Series 2010 F Bonds and the Prior Bonds, and from moneys in the reserve account created under the Bond Legislation for the Bonds (the "Series 2010 D Bonds Reserve Account"), and unexpended proceeds of the Bonds. Such Gross 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 an indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest hereon, except from said special fund provided from the Gross Revenues, the moneys in the Series 2010 D Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest on the Bonds, and all other obligations secured by a lien on or payable from such revenues on a parity with the Bonds, including the Series 2010 A Bonds, Series 2010 B Bonds, Series 2010 C Bonds, Series 2010 E Bonds, Series 2010 F Bonds and Prior Bonds; provided, however, that so long as there exists in the Series 2010 D Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with the Bonds, including the Series 2010 A Bonds, Series 2010 B Bonds, Series 2010 C Bonds, Series 2010 E Bonds, Series 2010 F Bonds and Prior Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

Subject to the registration requirements set forth herein, this Bond is transferable, as provided in the Bond Legislation, only upon the books of the Registrar by the registered owner, or by its attorney duly authorized in writing, upon the surrender of this Bond, together with a written instrument of transfer satisfactory to the Registrar, duly executed by the registered owner or its attorney duly authorized in writing.

Subject to the registration requirements set forth herein, this Bond, under the provision of the Act is, and has all the qualities and incidents of, a negotiable instrument under the Uniform Commercial Code of the State of West Virginia.

All money received from the sale of this Bond, after reimbursement and repayment of all amounts advanced for preliminary expenses as provided by law and the Bond Legislation, shall be applied solely to payment of the costs of the Project and costs of issuance hereof described in the Bond Legislation, and there shall be and hereby is created and granted a lien upon such moneys, until so applied, in favor of the registered owner of this Bond.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and 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 Gross 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.

[Remainder of Page Intentionally Blank]

IN WITNESS WHEREOF, THE CITY OF MORGANTOWN has caused this Bond to be signed by its Mayor and City Manager, and its corporate seal to be hereunto affixed and attested by its City Clerk, and has caused this Bond to be dated the day and year first written above.

[SEAL]

By: _____
Mayor

By: _____
City Manager

ATTEST:

By: _____
City Clerk

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2010 D 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: _____, 2010.

THE HUNTINGTON NATIONAL BANK,
as Registrar

By: _____
Its: Authorized Officer

EXHIBIT A

RECORD OF ADVANCES

| AMOUNT | DATE | AMOUNT | DATE |
|---|---|---|---|
| (1) $ | | (19) | |
| (2) | | (20) | |
| (3) | | (21) | |
| (4) | | (22) | |
| (5) | | (23) | |
| (6) | | (24) | |
| (7) | | (25) | |
| (8) | | (26) | |
| (9) | | (27) | |
| (10) | | (28) | |
| (11) | | (29) | |
| (12) | | (30) | |
| (13) | | (31) | |
| (14) | | (32) | |
| (15) | | (33) | |
| (16) | | (34) | |
| (17) | | (35) | |
| (18) | | (36) | |

TOTAL $_____

EXHIBIT B

DEBT SERVICE SCHEDULE

(Form of)

ASSIGNMENT

FOR VALUE RECEIVED the undersigned sells, assigns, and transfers unto _____ the within Bond and does hereby irrevocably constitute and appoint _____, Attorney to transfer the said Bond on the books kept for registration of the within Bond of the said Issuer with full power of substitution in the premises.

Dated: _____, 20____.

_____

In the presence of:

_____

(FORM OF SERIES 2010 E BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE CITY OF MORGANTOWN
COMBINED UTILITYSYSTEM REVENUE BOND, SERIES 2010 E
(WEST VIRGINIA DWTRF PROGRAM/ARRA)

No. ER-1 $100,000

KNOW ALL MEN BY THESE PRESENTS: That on this the _____ day of January, 2010, THE CITY OF MORGANTOWN, a municipal corporation and political subdivision of the State of West Virginia in Monongalia County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY (the "Authority") or registered assigns the sum of ONE HUNDRED THOUSAND DOLLARS ($100,000), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing _____ 1, 20___ to and including _____ 1, 20____ as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference, interest on each installment at the rate per annum set forth on said EXHIBIT B. The interest on this Bond shall be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing _____ 1, 20___, as set forth on EXHIBIT B attached hereto. The Series 2010 E Bonds are not subject to the Administrative Fee.

Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent"). The interest on this Bond is payable by check or draft of the Paying Agent mailed to the registered owner hereof at the address as it appears on the books of The Huntington National Bank, Charleston, West Virginia, as registrar (the "Registrar"), on the 15th day of the month next preceding an interest payment date, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner hereof.

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the West Virginia Bureau for Public Health (the "BPH"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the ARRA Assistance Agreement by and between the Issuer and the Authority on behalf of the BPH, dated _____, 2010.

This Bond is issued (i) to pay the costs of acquisition and construction of certain extensions, additions, betterments and improvements to the water portion of the existing public combined waterworks, sewerage, and stormwater system of the Issuer (the "Project"); (ii) to fund

the reserve account for the Series 2010 E Bonds; and (iii) to pay certain costs of issuance of the Bonds and related costs. The existing public combined waterworks, sewerage, and stormwater system of the Issuer, the Project, and any further extensions, additions, betterments or improvements thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 8, Article 20 and Chapter 16, Article 13 C of the West Virginia Code of 1931, as amended (collectively, the "Act"), a Bond Ordinance duly enacted by the Issuer on September 1, 2009, and a Supplemental Resolution and Conformed Ordinance duly adopted by the Issuer on January 5, 2010 (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) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 1992 (WEST VIRGINIA SRF PROGRAM), DATED SEPTEMBER 8, 1992, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $11,900,000 (THE "SERIES 1992 BONDS"); (2) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 1995 (WEST VIRGINIA SRF PROGRAM), DATED APRIL 27, 1995, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,601,477 (THE "SERIES 1995 BONDS"); (3) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2000 A (WEST VIRGINIA SRF PROGRAM), DATED FEBRUARY 29, 2000, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $7,842,000 (THE "SERIES 2000 A BONDS"); (4) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2000 B (WEST VIRGINIA INFRASTRUCTURE FUND), DATED FEBRUARY 29, 2000, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,488,000 (THE "SERIES 2000 B BONDS"); (5) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2001 A (WEST VIRGINIA INFRASTRUCTURE FUND), DATED FEBRUARY 8, 2001, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $3,812,470 (THE "SERIES 2001 A BONDS"); (6) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2006 A (WEST VIRGINIA SRF PROGRAM), DATED JUNE 30, 2006, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $6,410,191 (THE "SERIES 2006 A BONDS"); AND (7) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2007 A (WEST VIRGINIA SRF PROGRAM), DATED AUGUST 14, 2007, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $8,500,000 (THE "SERIES 2007 A BONDS") (COLLECTIVELY, THE "PRIOR BONDS") AND (8) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 A, DATED JANUARY ___, 2010, ISSUED SIMULTANEOUSLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $_____ (THE "SERIES 2010 A BONDS"); (9) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 B (WEST VIRGINIA SRF PROGRAM/ARRA), DATED JANUARY ___, 2010, ISSUED SIMULTANEOUSLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $81,600 (THE 'SERIES 2010 B BONDS"); (10) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 C (WEST VIRGINIA SRF PROGRAM), DATED JANUARY ___, 2010, ISSUED SIMULTANEOUSLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $15,203,668 (THE "SERIES 2010 C BONDS'); (11) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 D (WEST VIRGINIA DWTRF PROGRAM),

DATED JANUARY ___, 2010, ISSUED SIMULTANEOUSLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $9,317,286 (THE "SERIES 2010 D BONDS"); AND (12) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 F, DATED JANUARY ___, 2010, ISSUED SIMULTANEOUSLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $_____ (THE "SERIES 2010 F BONDS").

This Bond is payable only from and secured by a pledge of the Gross Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Gross Revenues in favor of the holders of the Series 2010 A Bonds, Series 2010 B Bonds, Series 2010 C Bonds, Series 2010 D Bonds, Series 2010 F Bonds and the Prior Bonds, and from moneys in the reserve account created under the Bond Legislation for the Bonds (the "Series 2010 E Bonds Reserve Account"), and unexpended proceeds of the Bonds. Such Gross 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 an indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest hereon, except from said special fund provided from the Gross Revenues, the moneys in the Series 2010 E Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest on the Bonds, and all other obligations secured by a lien on or payable from such revenues on a parity with the Bonds, including the Series 2010 A Bonds, Series 2010 B Bonds, Series 2010 C Bonds, Series 2010 D Bonds, Series 2010 F Bonds and Prior Bonds; provided, however, that so long as there exists in the Series 2010 E Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with the Bonds, including the Series 2010 A Bonds, Series 2010 B Bonds, Series 2010 C Bonds, Series 2010 D Bonds, Series 2010 F Bonds and Prior Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

Subject to the registration requirements set forth herein, this Bond is transferable, as provided in the Bond Legislation, only upon the books of the Registrar by the registered owner, or by its attorney duly authorized in writing, upon the surrender of this Bond, together with a written instrument of transfer satisfactory to the Registrar, duly executed by the registered owner or its attorney duly authorized in writing.

Subject to the registration requirements set forth herein, this Bond, under the provision of the Act is, and has all the qualities and incidents of, a negotiable instrument under the Uniform Commercial Code of the State of West Virginia.

All money received from the sale of this Bond, after reimbursement and repayment of all amounts advanced for preliminary expenses as provided by law and the Bond Legislation, shall be applied solely to payment of the costs of the Project and costs of issuance hereof described in the Bond Legislation, and there shall be and hereby is created and granted a lien upon such moneys, until so applied, in favor of the registered owner of this Bond.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and 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 Gross 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.

[Remainder of Page Intentionally Blank]

IN WITNESS WHEREOF, THE CITY OF MORGANTOWN has caused this Bond to be signed by its Mayor and City Manager, and its corporate seal to be hereunto affixed and attested by its City Clerk, and has caused this Bond to be dated the day and year first written above.

[SEAL]

By: _____
Mayor

By: _____
City Manager

ATTEST:

By: _____
City Clerk

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2010 E 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: _____, 2010.

THE HUNTINGTON NATIONAL BANK,
as Registrar

By: _____
Its: Authorized Officer

EXHIBIT A

RECORD OF ADVANCES

| AMOUNT | DATE | AMOUNT | DATE |
|---|---|---|---|
| (1) $ | | (19) | |
| (2) | | (20) | |
| (3) | | (21) | |
| (4) | | (22) | |
| (5) | | (23) | |
| (6) | | (24) | |
| (7) | | (25) | |
| (8) | | (26) | |
| (9) | | (27) | |
| (10) | | (28) | |
| (11) | | (29) | |
| (12) | | (30) | |
| (13) | | (31) | |
| (14) | | (32) | |
| (15) | | (33) | |
| (16) | | (34) | |
| (17) | | (35) | |
| (18) | | (36) | |

TOTAL $_____

EXHIBIT B

DEBT SERVICE SCHEDULE

(Form of)

ASSIGNMENT

FOR VALUE RECEIVED the undersigned sells, assigns, and transfers unto

_____

_____

the within Bond and does hereby irrevocably constitute and appoint _____, Attorney to transfer the said Bond on the books kept for registration of the within Bond of the said Issuer with full power of substitution in the premises.

Dated: _____, 20____.

_____

In the presence of:

_____

**Section 3.11. Sale of Bonds; Approval and Ratification of Execution of ARRA Assistance Agreement.** The Series 2010 D Bonds and Series 2010 E Bonds shall be sold to the Authority, pursuant to the terms and conditions of the ARRA Assistance Agreement. If not so authorized by previous ordinance or resolution, the Mayor and the City Manager are specifically authorized and directed to execute the ARRA Assistance Agreement in the form attached hereto as "Exhibit A" and made a part hereof, and the City Clerk is directed to affix the seal of the Issuer, attest the same and deliver the ARRA Assistance Agreement to the Authority, and any such prior execution and delivery is hereby authorized, approved, ratified and confirmed. The ARRA Assistance Agreement, including all schedules and exhibits attached thereto, are hereby approved an incorporated into this Bond Legislation.

**Section 3.12. Filing of Amended Schedule.** Upon completion of the acquisition and construction of the Project, the Board will file with the Authority and the BPH, a schedule, the form of which will be provided by the BPH, setting forth the actual costs of the Project and sources of funds therefor.

## ARTICLE IV

**[RESERVED]**

## ARTICLE V

## FUNDS AND ACCOUNTS; SYSTEM REVENUES AND APPLICATION THEREOF

**Section 5.01. Establishment of Funds and Accounts with Depository Bank.** The following special funds or accounts are hereby created with (or continued if previously established by the Prior Ordinances) and shall be held by the Depository Bank, separate and apart from all other funds or accounts of the Depository Bank or the Issuer and from each other:

(1) Revenue Fund (established by the Prior Ordinances);

(2) Depreciation Fund (established by the Prior Ordinances);

(3) Operation and Maintenance Fund (established by the Prior Ordinances); and

(4) Series 2010 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 or the Issuer and from each other:

(1) Series 1992 Bonds Sinking Fund (established by Prior Ordinances);

(2) Series 1992 Bonds Reserve Account established by Prior Ordinances);

(3) Series 1995 Bonds Sinking Fund (established by Prior Ordinances);

(4) Series 1995 Bonds Reserve Account established by Prior Ordinances);

(5) Series 2000 A Bonds Sinking Fund (established by Prior Ordinances);

(6) Series 2000 A Bonds Reserve Account established by Prior Ordinances);

(7) Series 2000 B Bonds Sinking Fund (established by Prior Ordinances);

(8) Series 2000 B Bonds Reserve Account established by Prior Ordinances);

(9) Series 2001 A Bonds Sinking Fund (established by Prior Ordinances);

(10) Series 2001 A Bonds Reserve Account established by Prior Ordinances);

(11) Series 2006 A Bonds Sinking Fund (established by Prior Ordinances);

(12) Series 2006 A Bonds Reserve Account established by Prior Ordinances);

(13) Series 2007 A Bonds Sinking Fund (established by Prior Ordinances);

(14) Series 2007 A Bonds Reserve Account established by Prior Ordinances);

(15) Series 2010 A Bonds Sinking Fund (established by Series 2010 A Bond Ordinance);

(16) Series 2010 A Bonds Reserve Account (established by Series 2010 A Bond Ordinance);

(17) Series 2010 B Bonds Sinking Fund (established by Series 2010 B Bond Ordinance);

(18) Series 2010 B Bonds Reserve Account (established by Series 2010 B Bond Ordinance);

(19) Series 2010 C Bonds Sinking Fund (established by Series 2010 C Bond Ordinance);

(20) Series 2010 C Bonds Reserve Account (established by Series 2010 C Bond Ordinance);

(21) Series 2010 F Bonds Sinking Fund (established by Series 2010 F Bond Ordinance);

(20) Series 2010 F Bonds Reserve Account (established by Series 2010 F Bond Ordinance);

(21) Series 2010 D Bonds Sinking Fund;

(22) Series 2010 D Bonds Reserve Account

(23) Series 2010 E Bonds Sinking Fund; and

(24) Series 2010 E Bonds Reserve Account

**Section 5.03. System Revenues; Flow of Funds.**

A. The entire Gross Revenues derived from the operation of the System and all parts thereof shall be deposited upon receipt by the Issuer in the Revenue Fund. The Revenue Fund shall constitute a trust fund for the purposes provided in the Prior Ordinances and this Bond Legislation and shall be kept separate and distinct from all other funds of the Issuer and the Depository Bank and used only for the purposes and in the manner provided in the Prior Ordinances and this Bond Legislation. All moneys at any time on deposit in the Revenue Fund shall be disposed of only in the following manner and order of priority:

(1) The Issuer shall first, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the Commission (i) for deposit in the respective Sinking Funds for the Prior Bonds, the amounts required by the respective Prior Ordinances to pay interest on the Prior Bonds; (ii) for deposit in the respective Sinking Funds for the Series 2010 A Bonds and Series 2010 F Bonds, the amounts required by the respective Ordinances to pay interest on the Series 2010 A Bonds and Series 2010 F Bonds; and (iii) commencing 4 months prior to the first date of payment of interest on the Series 2010 D Bonds for which interest has not been capitalized or as required in the ARRA Assistance Agreement, for deposit in the Series 2010 D Bonds Sinking Fund, an amount equal to 1/3rd of the amount of interest which will become due on the Series 2010 D Bonds on the next ensuing quarterly interest payment date; provided that, in the event

the period to elapse between the date of such initial deposit in the Series 2010 D Bonds Sinking Fund and the next quarterly interest payment date is less than 3 months, then such monthly payments shall be increased proportionately to provide, 1 month prior to the next quarterly interest payment date, the required amount of interest coming due on such date.

(2) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the Commission (i) for deposit in the respective Sinking Funds for the Prior Bonds, the amounts required by the respective Prior Ordinances to pay the principal of the Prior Bonds; (ii) for deposit in the respective Sinking Funds for the Series 2010 A Bonds, Series 2010 B Bonds, Series 2010 C Bonds and Series 2010 F Bonds, the amounts required by the respective Ordinances to pay the principal of the Series 2010 A Bonds, Series 2010 B Bonds, Series 2010 C Bonds and Series 2010 F Bonds; (iii) commencing 4 months prior to the first date of payment of principal of the Series 2010 D Bonds, for deposit in the Series 2010 D Bonds Sinking Fund, an amount equal to 1/3rd of the amount of principal which will mature and become due on the Series 2010 D 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 2010 D 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; and (iv) commencing 4 months prior to the first date of payment of principal of the Series 2010 E Bonds, for deposit in the Series 2010 E Bonds Sinking Fund, an amount equal to 1/3rd of the amount of principal which will mature and become due on the Series 2010 E 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 2010 E 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.

(3) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the Commission (i) for deposit in the respective Reserve Accounts for the Prior Bonds, the amounts required by the respective Prior Ordinances to be deposited therein; (ii) for deposit in the respective Reserve Accounts for the Series 2010 A Bonds, Series 2010 B B0nds, Series 2010 C Bonds and Series 2010 F Bonds, the amounts required by the respective Ordinances to be deposited therein; (iii) commencing 4 months prior to the first date of payment of principal of the Series 2010 D Bonds, if not fully funded upon issuance of the Series 2010 D Bonds or otherwise provided for pursuant to a surety bond, for deposit in the Series 2010 D Bonds Reserve Account, an amount equal to 1/120th of the Series 2010 D Bonds Reserve Requirement; provided that, no further payments shall be made into the

Series 2010 D 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 2010 D Bonds Reserve Requirement; and (iv) commencing 4 months prior to the first date of payment of principal of the Series 2010 E Bonds, if not fully funded upon issuance of the Series 2010 E Bonds or otherwise provided for pursuant to a surety bond, for deposit in the Series 2010 E Bonds Reserve Account, an amount equal to 1/120th of the Series 2010 E Bonds Reserve Requirement; provided that, no further payments shall be made into the Series 2010 E 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 2010 E Bonds Reserve Requirement.

(4) The Issuer shall next, each month, transfer from the Revenue Fund and deposit in the Operation and Maintenance Fund, an amount sufficient to pay the current Operating Expenses of the System.

(5) The Issuer shall next, from the moneys remaining in the Revenue Fund, on the first day of each month transfer to the Depreciation Fund, an amount equal to 2 1/2% of the Gross Revenues each month (as previously set forth in the Prior Ordinances and not in addition thereto), exclusive of any payments for account of any Reserve Account. All funds in the Depreciation 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 Depreciation Fund for replacements, emergency repairs, improvements or extensions to the System; provided, that any deficiencies in the Reserve Accounts (except to the extent such deficiency exists because the required payments into such accounts have not, as of the date of determination of a deficiency, funded such accounts to the maximum extent required hereof) shall be promptly eliminated with moneys from the Depreciation Fund.

(6) After making all of the foregoing deposits and payments, any excess moneys then remaining in the Revenue Fund ("Surplus Revenues") may be used for any lawful purpose of the System.

Moneys in the Series 2010 D Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest on the Series 2010 D Bonds, as the same shall become due. Moneys in the Series 2010 D Bonds Reserve Account shall be used only for the purpose of paying principal of and interest on the Series 2010 D Bonds, as the same shall come due, when other moneys in the Series 2010 D Bonds Sinking Fund are insufficient therefor, and for no other purpose.

Moneys in the Series 2010 E Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest on the Series 2010 E Bonds, as the same shall become due. Moneys in the Series 2010 E Bonds Reserve Account shall be used only for the purpose of paying principal of and interest on the Series 2010 E Bonds, as the same shall come

due, when other moneys in the Series 2010 E Bonds Sinking Fund are insufficient therefor, and for no other purpose.

All investment earnings on moneys in the Series 2010 D Bonds Sinking Fund and the Series 2010 D Bonds Reserve Account shall be returned, not less than once each year, by the Commission to the Issuer, and such amounts shall, during construction of the Project, be deposited in the Series 2010 Bonds Construction Trust Fund, and following completion of construction of the Project, shall be deposited in the Revenue Fund and applied in full, first to the next ensuing interest payment due on the Series 2010 D Bonds, and then to the next ensuing principal payment due thereon.

All investment earnings on moneys in the Series 2010 E Bonds Sinking Fund and the Series 2010 E Bonds Reserve Account shall be returned, not less than once each year, by the Commission to the Issuer, and such amounts shall, during construction of the Project, be deposited in the Series 2010 Bonds Construction Trust Fund, and following completion of construction of the Project, shall be deposited in the Revenue Fund and applied in full, first to the next ensuing interest payment due on the Series 2010 E Bonds, and then to the next ensuing principal payment due thereon.

Any withdrawals from the Series 2010 D Bonds Reserve Account which results in a reduction in the balance therein to below the Series 2010 D Bonds Reserve Requirement shall be subsequently restored from the first Gross Revenues available after all required payments have been made in full in the order set forth above.

Any withdrawals from the Series 2010 E Bonds Reserve Account which results in a reduction in the balance therein to below the Series 2010 E Bonds Reserve Requirement shall be subsequently restored from the first Gross 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 2010 D Bonds and Series 2010 E Bonds are issued, provision shall be made for additional payments into the respective sinking fund sufficient to pay the interest on such additional parity Bonds and accomplish retirement thereof at maturity and to accumulate a balance in the respective reserve account in an amount equal to the requirement thereof.

The Issuer shall not be required to make any further payments into the Series 2010 D Bonds Sinking Fund or the Series 2010 D Bonds Reserve Account, when the aggregate amount of funds therein are at least equal to the aggregate principal amount of the Series 2010 D Bonds issued pursuant to this Bond Legislation 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 2010 E Bonds Sinking Fund or the Series 2010 E Bonds Reserve Account, when the aggregate amount of funds therein are at least equal to the aggregate principal amount of the Series 2010 E Bonds issued pursuant to this Bond Legislation then Outstanding and all interest to accrue until the maturity thereof.

Interest, principal or reserve payments, whether made for a deficiency or otherwise, shall be made on a parity and pro rata, with respect to the Prior Bonds and the Series 2010 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 2010 D Bonds Sinking Fund, the Series 2010 E Bonds Sinking Fund, the Series 2010 D Bonds Reserve Account and the Series 2010 E 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. 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.

Moneys in the Series 2010 D Bonds Sinking Fund and the Series 2010 D Bonds Reserve Account shall be invested and reinvested by the Commission in accordance with Section 8.01 hereof.

Moneys in the Series 2010 E Bonds Sinking Fund and the Series 2010 E Bonds Reserve Account shall be invested and reinvested by the Commission in accordance with Section 8.01 hereof.

The Series 2010 D Bonds Sinking Fund and the Series 2010 D Bonds Reserve Account shall be used solely and only for, and are hereby pledged for, the purpose of servicing the Series 2010 D Bonds under the conditions and restrictions set forth herein.

The Series 2010 E Bonds Sinking Fund and the Series 2010 E Bonds Reserve Account shall be used solely and only for, and are hereby pledged for, the purpose of servicing the Series 2010 E Bonds under the conditions and restrictions set forth herein.

B. The Issuer shall on the first day of each month (if such day is not a business day, then the next succeeding business day), deposit with the Commission the required interest, principal and reserve payments with respect to the Series 2010 D Bonds and Series 2010 E Bonds and all such payments shall be remitted to the Commission with appropriate instructions as to the custody, use and application thereof consistent with the provisions of this Bond Legislation. The Issuer shall, on the first day of each month (if the first day is not a business day, then the first business day of each month) deposit with the Commission, the Administrative Fee as set forth in the Schedule Y attached to the ARRA Assistance Agreement.

C. The Issuer shall complete the "Monthly Payment Form," a form of which is attached to the ARRA Assistance Agreement and submit a copy of said form along with a copy of its payment check to the Authority by the 5th day of such calendar month.

D. Whenever all of the required and provided transfers and payments from the Revenue Fund into the several special funds, as hereinabove provided, are current and there remains in the Revenue Fund a balance in excess of the estimated amounts required to be so transferred and paid into such funds during the following month or such other period as required by the Act, such excess shall be considered as surplus revenues (the "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 moneys in excess of the maximum amounts insured by FDIC in any of the 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 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 shall clearly identify the fund or account into which each amount is to be deposited.

I. The Gross Revenues of the System shall only be used for purposes of the System.

J. All Tap Fees, as received, shall be deposited in the Revenue Fund and may be used for any lawful purpose of the System.

**Section 5.04. Reserve Account Letter of Credit or Surety Bond.** With the advance written consent of the Authority, the Issuer may, in lieu of funding the Series 2010 D Bonds Reserve Account with cash or Qualified Investments, satisfy the Series 2010 D Bonds Reserve Requirement by obtaining a reserve account letter of credit, a surety bond, or other credit facility satisfactory to the Authority in an amount equal to the Series 2010 D Bonds Reserve Requirement. The Issuer hereby authorizes the purchase of a reserve account letter of credit, a surety bond, or other credit facility satisfactory to the Authority, all as set forth in a Supplemental Resolution, and the execution and delivery of any applicable reimbursement agreement or note in such forms as shall be described in a Supplemental Resolution.

With the advance written consent of the Authority, the Issuer may, in lieu of funding the Series 2010 E Bonds Reserve Account with cash or Qualified Investments, satisfy the Series 2010 E Bonds Reserve Requirement by obtaining a reserve account letter of credit, a surety bond, or other credit facility satisfactory to the Authority in an amount equal to the Series 2010 E Bonds Reserve Requirement. The Issuer hereby authorizes the purchase of a reserve account letter of credit, a surety bond, or other credit facility satisfactory to the Authority, all as set forth in a Supplemental Resolution, and the execution and delivery of any applicable

reimbursement agreement or note in such forms as shall be described in a Supplemental Resolution.

## ARTICLE VI

## BOND PROCEEDS; CONSTRUCTION DISBURSEMENTS

**Section 6.01. Application of Bond Proceeds; Pledge of Unexpended Bond Proceeds**. From the moneys received from the sale of the Series 2010 D Bonds and Series 2010 E Bonds, the following amounts shall be first deducted and deposited in the order set forth below:

A. From the proceeds of the Series 2010 D Bonds, there shall first be deposited with the Commission in the Series 2010 D Bonds Sinking Fund, the amount, if any, set forth in the Supplemental Resolution as capitalized interest.

B. Next, from the proceeds of the Series 2010 E Bonds, there shall first be deposited with the Commission in the Series 2010 E Bonds Sinking Fund, the amount, if any, set forth in the Supplemental Resolution as capitalized interest.

C. Next, from the proceeds of the Series 2010 D Bonds, the Issuer may purchase a surety bond to fund the Series 2010 D Bonds Reserve Account as set forth in the Supplemental Resolution, or there shall be deposited with the Commission in the Series 2010 D Bonds Reserve Account, the amount, if any, set forth in the Supplemental Resolution for funding of the Series 2010 D Bonds Reserve Account.

D. Next, from the proceeds of the Series 2010 E Bonds, the Issuer may purchase a surety bond to fund the Series 2010 E Bonds Reserve Account as set forth in the Supplemental Resolution, or there shall be deposited with the Commission in the Series 2010 E Bonds Reserve Account, the amount, if any, set forth in the Supplemental Resolution for funding of the Series 2010 E Bonds Reserve Account.

E. As the Issuer receives advances of the remaining moneys derived from the sale of the Series 2010 D Bonds, such moneys shall be deposited with the Depository Bank in the Series 2010 Bonds Construction Trust Fund and applied solely to payment of the costs of the Project in the manner set forth in Section 6.02 hereof and until so expended, are hereby pledged as additional security for the Series 2010 D Bonds.

F. As the Issuer receives advances of the remaining moneys derived from the sale of the Series 2010 E Bonds, such moneys shall be deposited with the Depository Bank in the Series 2010 Bonds Construction Trust Fund and applied solely to payment of the costs of the Project in the manner set forth in Section 6.02 hereof and until so expended, are hereby pledged as additional security for the Series 2010 E Bonds.

G. 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 2010 D Bonds and Series 2010 E Bonds shall be expended as approved by the BPH.

**Section 6.02. Disbursements From the Series 2010 Bond Construction Trust Fund**. On or before the closing date, the Board shall have delivered to the Authority and the BPH a report listing the specific purposes for which the proceeds of the Series 2010 D Bonds and Series 2010 E Bonds will be expended and the disbursement procedures of such proceeds, including an estimated monthly draw schedule. Payments for Costs of the Project shall be made monthly.

The Issuer hereby appoints and designates the Board, and the Authorized Officers thereof, as its agent (i) for the review and approval of all invoices for the Project to be paid from the proceeds of the Series 2010 D Bonds and Series 2010 E Bonds; (ii) to take any and all actions necessary to apply for and obtain a commitment from the BPH, specifically including, but not limited to, any administrative loan documents required by BPH; and (iii) to act on and execute documents on behalf of the Issuer for any and all federal and state actions as they relate to the planning, design and/or construction of the Project.

Except as provided in Section 6.01 hereof, disbursements from the Series 2010 Bonds Construction Trust Fund shall be made only after submission to, and approval from, the Authority and the BPH of a completed and signed "Payment Requisition Form," a form of which is attached to the ARRA Assistance Agreement, in compliance with the construction schedule.

Pending such application, moneys in the Series 2010 Bonds Construction Trust Fund shall be invested and reinvested in Qualified Investments at the written direction of the Issuer.

## ARTICLE VII

## ADDITIONAL COVENANTS OF THE ISSUER

**Section 7.01. General Covenants of the Issuer**. All the covenants, agreements and provisions of this Bond Legislation shall be and constitute valid and legally binding covenants of the Issuer and shall be enforceable in any court of competent jurisdiction by any Holder or Holders of the Series 2010 D Bonds and Series 2010 E 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 2010 D Bonds and Series 2010 E 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 2010 D Bonds and Series 2010 E Bonds or the interest thereon is Outstanding and unpaid.

**Section 7.02. Bonds not to be Indebtedness of the Issuer**. The Series 2010 D Bonds and Series 2010 E Bonds shall not be nor constitute an indebtedness of the Issuer within the meaning of any constitutional, statutory or charter limitation, but shall be payable solely from the funds pledged for such payment by this Bond Legislation. No Holder or Holders of the Series 2010 D Bonds and Series 2010 E Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Series 2010 D Bonds and Series 2010 E Bonds or the interest thereon.

**Section 7.03. Bonds Secured by Pledge of Gross Revenues; Lien Position with respect to Prior Bonds**. The payment of debt service of the Series 2010 D Bonds and Series 2010 E Bonds shall be secured by a first lien on the Gross Revenues derived from the System, on a parity with the lien on the Gross Revenues in favor of the Holders of the Series 2010 A Bonds, Series 2010 B Bonds, Series 2010 C Bonds, Series 2010 F Bonds and the Prior Bonds. Such Gross Revenues in an amount sufficient to pay the principal of and interest on the Series 2010 D Bonds and Series 2010 E Bonds, Series 2010 A Bonds, Series 2010 B Bonds, Series 2010 C Bonds, Series 2010 F Bonds and the Prior Bonds and to make all other payments provided for in the Bond Legislation are hereby irrevocably pledged to such payments as they become due.

**Section 7.04. Rates and Charges**. The Issuer has obtained any and all approvals of rates and charges required by State law and has taken any other action required to establish and impose such rates and charges, with all requisite appeal periods having expired without successful appeal and the Issuer shall supply an opinion of counsel to such effect. Such rates and charges shall be sufficient to comply with the requirements of the ARRA Assistance Agreement and the Issuer shall supply a certificate of certified public accountant to such effect. The initial schedule of rates and charges for the services and facilities of the System shall be as set forth in the water rate ordinance of the Issuer enacted July 21, 2009, the sewer rate ordinance of the Issuer enacted July 21, 2009, and the stormwater rate ordinance of the Issuer enacted April 17, 2008, which rates are incorporated herein by reference as a part hereof.

So long as the Series 2010 D Bonds and Series 2010 E Bonds are outstanding, the Issuer covenants and agrees to fix and collect rates, fees and other charges for the use of the System and to take all such actions necessary to provide funds sufficient to produce the required sums set forth in the Bond Legislation and in compliance with the ARRA Assistance Agreement. In the event the schedule of rates, fees and charges initially established for the System in connection with the Series 2010 D Bonds and Series 2010 E Bonds shall prove to be insufficient to produce the required sums set forth in this Bond Legislation and the ARRA Assistance Agreement, the Issuer hereby covenants and agrees that it will, to the extent or in the manner authorized by law, immediately adjust and increase such schedule of rates, 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 ARRA Assistance Agreement.

**Section 7.05. Sale of the System**. So long as the Prior Bonds are outstanding, the Issuer shall not sell, mortgage, lease or otherwise dispose of or encumber the System, or any part thereof, except as provided in the Prior Ordinances. Additionally, so long as the Series 2010 D Bonds and Series 2010 E Bonds are outstanding and except as otherwise required by law or with the written consent of the BPH 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 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 2010 D Bonds and Series 2010 E Bonds, immediately be remitted to the Commission for deposit in the Series 2010 D Bonds Sinking Fund and Series 2010 E Bonds Sinking Fund respectively, and, with the written permission of the BPH and the Authority, or in the event the Authority is no longer a Bondholder, the Issuer shall direct the Commission to apply such proceeds to the payment of principal of and interest on the Series 2010 D Bonds and Series 2010 E Bonds. Any balance remaining after the payment of the Series 2010 D Bonds and Series 2010 E 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 Board 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 Board 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 Revenue 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 Board shall first, 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. The proceeds of any such sale shall be deposited in the Depreciation Fund. The payment of such proceeds into the Depreciation Fund shall not reduce the amount required to be paid into such account by other provisions of this Bond Legislation.

No sale, lease or other disposition of the properties of the System shall be made by the Board 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 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.

Notwithstanding any of the foregoing provisions of this Section 7.05 to the contrary, the Issuer hereby reserves the right to sell a tract of about 200 acres on Mayfield Road heretofore acquired for the System, which property is not being used nor is it useful for the System, such sale to be at such time and in such manner and for such price as the Issuer, with prior written approval of the Board, shall determine and without any other restrictions upon such sale insofar as this Bond Legislation is concerned. Moneys received upon any such sale under this paragraph, after deduction of all costs of such sale, shall be deposited in the Revenue Fund.

**Section 7.06. Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances**. Except as provided for in Section 7.06 and Section 7.07 hereof, the Issuer shall not issue any other obligations whatsoever payable from the revenues of the System which rank prior to, or equally, as to lien on and source of and security for payment from such revenues with the Series 2010 Bonds and the Prior Bonds. All obligations issued by the Issuer after the issuance of the Series 2010 D Bonds and Series 2010 E 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

2010 D Bonds and Series 2010 E Bonds; provided, that no such subordinate obligations shall be issued unless all payments required to be made into all funds and accounts established by this Bond Legislation have been made and are current at the time of the issuance of such subordinate obligations.

Except as provided above, the Issuer shall not create, or cause or permit to be created, any debt, lien, pledge, assignment, encumbrance or any other charge having priority over or being on a parity with the lien of the Series 2010 D Bonds and Series 2010 E Bonds, and the interest thereon, upon any of the income and revenues of the System pledged for payment of the Series 2010 D Bonds and Series 2010 E 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 BPH prior written notice of its issuance of any other obligations to be used for the System, payable from the revenues of the System or from any grants for the Project, or any other obligations related to the Project or the System.

**Section 7.07. Parity Bonds**. So long as the Prior Bonds are outstanding, the limitations on the issuance of parity obligations set forth in the Prior Ordinances shall be applicable. In addition, no Parity Bonds, payable out of the revenues of the System, shall be issued after the issuance of the Series 2010 D Bonds and Series 2010 E Bonds pursuant to this Bond Legislation, without the prior written consent of the Authority and the BPH and without complying with the conditions and requirements 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 2010 D Bonds and Series 2010 E Bonds.

No such Parity Bonds shall be issued except for the purpose of financing the costs of design, acquisition or construction of extensions, additions, improvements or betterments to the System or refunding any outstanding Bonds, or both such purposes.

No Parity Bonds shall be issued at any time, however, unless and until there has been procured and filed with the City Clerk a written statement by the Independent Certified Public Accountants, reciting the conclusion that the Net Revenues actually derived, subject to the adjustments hereinafter provided for, from the System during any 12 consecutive months, within the 18 months immediately preceding the date of the actual issuance of such Parity Bonds, plus the estimated average increased annual Net Revenues expected to be received in each of the 3 succeeding years after the completion of the improvements to be financed by such Parity Bonds, if any, shall not be less than 115% of the largest aggregate amount that will mature and become due in any succeeding Fiscal Year for principal of and interest on the following:

(1) The Bonds then Outstanding;

(2) Any Parity Bonds theretofore issued pursuant to the provisions contained in this Bond Legislation then Outstanding; and

(3) The Parity Bonds then proposed to be issued.

The "estimated average increased annual Net Revenues expected to be received in each of the 3 succeeding years," as that term is used in the computation provided in the above paragraph, shall refer only to the increased Net Revenues estimated to be derived from the improvements to be financed by such Parity Bonds and any increase in rates enacted by the Issuer, the time for appeal of which shall have expired (without successful appeal) prior to the issuance of such Parity Bonds, and shall not exceed the amount to be stated in a certificate of the Independent Certified Public Accountants, which shall be filed in the office of the City Clerk prior to the issuance of such Parity Bonds.

The Net Revenues actually derived from the System during the 12 consecutive month period hereinabove referred to may be adjusted by adding to such Net Revenues such additional Net Revenues which would have been received, in the opinion of the Independent Certified Public Accountants, on account of increased rates, rentals, fees and charges for the System enacted by the Issuer, the time for appeal of which shall have expired (without successful appeal) prior to issuance of such Parity Bonds. For purposes of this test, the terms "Gross Revenues" and "Net Revenues" shall not include proceeds from the sale of capital assets.

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 theretofore or subsequently issued from time to time within the limitations of and in compliance with this section. All Bonds, regardless of the time or times of their issuance, shall rank equally with respect to their lien on the Gross Revenues of the System, and their source of and security for payment from the Gross Revenues, without preference of any Bond over any other. The Issuer shall comply fully with all the increased payments into the various funds and accounts created in this Bond Legislation required for and on account of such Parity Bonds, in addition to the payments required for Bonds theretofore issued pursuant to this Bond Legislation.

Parity Bonds shall not be deemed to include bonds, notes, certificates or other obligations subsequently issued, the lien of which on the revenues of the System is subject to the prior and superior lien of the Series 2010 D Bonds and Series 2010 E 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 2010 D Bonds and Series 2010 E Bonds.

No Parity Bonds shall be issued at any time, however, unless all of the payments into the respective funds and accounts provided for in this Bond Legislation with respect to the Bonds then Outstanding, and any other payments provided for in this Bond Legislation and the Prior Ordinances, shall have been made in full as required to the date of delivery of the Parity Bonds, and the Issuer then be in full compliance with all the covenants, agreements and terms of this Bond Legislation and the Prior Ordinances.

**Section 7.08. Books; Records and Audit.** The Board 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 Board shall permit the Authority and the BPH, 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 Board shall submit to the Authority and the BPH 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 Board shall permit the Authority and the BPH, or their agents and representatives, to inspect all records pertaining to the operation and maintenance of the System at all reasonable times following completion of construction of the Project and commencement of operation thereof, or, if the Project is an improvement to an existing system, at any reasonable time following commencement of construction.

The Board 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 Board. 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 Board. The Board 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 Board shall be reported to such agent of the Issuer as the Board shall direct.

The Board shall file with the Authority and the BPH, or any other original purchaser of the Series 2010 D Bonds and Series 2010 E Bonds, and shall mail in each year to any Holder or Holders of the Series 2010 D Bonds and Series 2010 E Bonds, requesting the same, an annual report containing the following:

(A) A statement of Gross Revenues, Operating Expenses, Net Revenues and Surplus Revenues derived from and relating to the System.

(B) A balance sheet statement showing all deposits in all the funds and accounts provided for in this Bond Legislation and the status of all said funds and accounts.

(C) The amount of any Bonds, notes or other obligations payable from the revenues of the System outstanding.

The Board shall also, at least once a year, cause the books, records and accounts of the System to be audited by Independent Certified Public Accountant (and to the extent legally required, in compliance with the applicable OMB Circular, or any successor thereof, and the Single Audit Act, or any successor thereof), and shall mail upon request, and make available generally, the report of the Independent Certified Public Accountant, or a summary thereof, to any Holder or Holders of the Series 2010 D Bonds and Series 2010 E Bonds and shall submit said report to the Authority and the BPH, or any other original purchaser of the Series 2010 D Bonds and Series 2010 E Bonds. Such audit report submitted to the Authority and the BPH 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 there are, describes the instances of noncompliance and the audited financial statements shall include a statement that notes whether the revenues of the System are adequate to meet the Issuer's Operating Expenses and debt service and reserve requirements.

Subject to the terms, conditions and provisions of the ARRA Assistance Agreement and the Act, the Issuer has acquired, or shall do all things necessary to acquire, the proposed site of the Project and shall do, is doing or has done all things necessary to construct the Project in accordance with the plans, specifications and designs prepared by the Consulting Engineers. All real estate and interests in real estate and all personal property constituting the Project and the Project site heretofore or hereafter acquired shall at all times be and remain the property of the Issuer.

The Issuer shall provide the BPH with all appropriate documentation to comply with any special conditions established by federal and/or state regulations as set forth in Exhibit E of the ARRA Assistance Agreement or as promulgated from time to time.

The Board shall permit the Authority 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 Board shall also provide the Authority 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 Authority and the BPH with respect to the System pursuant to the Act.

**Section 7.09. Rates**. Prior to the issuance of the Series 2010 D Bonds and Series 2010 E 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 City Clerk, which copies will be open to inspection by all interested parties. The schedule of rates and charges shall at all times be adequate to produce Gross Revenues from the System sufficient to pay Operating Expenses and to make the prescribed payments into the funds created hereunder. Such schedule of rates and charges shall be changed and readjusted whenever necessary so that the aggregate of the rates and charges will be sufficient for such purposes. In order to assure full and continuous performance of this covenant, with a margin for contingencies and temporary unanticipated reduction in income and revenues, the Issuer hereby covenants and agrees that the schedule of rates or charges from time to time in effect shall be sufficient, together with other revenues of the System (i) to provide for all Operating Expenses of the System and (ii) to leave a balance each year equal to at least 115% of the maximum amount required in any year for payment of principal of and interest on the Series 2010 D Bonds and Series 2010 E Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2010 D Bonds and Series 2010 E Bonds, including the Series 2010 A Bonds, Series 2010 B Bonds, Series 2010 C Bonds, Series 2010 F Bonds and the Prior Bonds; provided that, in the event that amounts equal to or in excess of the reserve requirements are on deposit in the Series 2010 D Bonds Reserve Account and Series 2010 E Bonds Reserve Account respectively and any reserve accounts for obligations on a parity with the Series 2010 D Bonds and Series 2010 E 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 2010 D Bonds or Series 2010 E Bonds and all other obligations secured by a lien on

or payable from such revenues on a parity with the Series 2010 D Bonds and Series 2010 E Bonds, including Series 2010 A Bonds, Series 2010 B Bonds, Series 2010 C Bonds, Series 2010 F Bonds and the Prior Bonds. In any event, the Issuer shall not reduce the rates or charges for services set forth in the rate ordinances described in Section 7.04.

**Section 7.10. Operating Budget and Monthly Financial Report**. The Board shall annually, at least 45 days preceding the beginning of each Fiscal Year, prepare and adopt by resolution a detailed, balanced budget of the estimated revenues and expenditures for operation and maintenance of the System during the succeeding Fiscal Year and shall submit a copy of such budget to the Authority and the BPH 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 Board 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 Board shall within 30 days of adoption thereof mail copies of such annual budget and all resolutions authorizing increased expenditures for operation and maintenance to the Authority and the BPH 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 the Authority, the BPH and any Holder of any Bonds or anyone acting for and on behalf of such Holder of any Bonds.

Commencing on the date contracts are executed for the acquisition and construction of the Project and for 2 years following the completion of the Project, the Board shall each month complete a "Monthly Financial Report," a form of which is attached to the ARRA Assistance Agreement, and forward a copy of such report to the Authority and the BPH by the 10th day of each month.

**Section 7.11. Engineering Services and Operating Personnel**. The Board shall obtain a certificate of the Consulting Engineers in the form attached to the ARRA Assistance Agreement, stating, among other things, that the Project has been or will be constructed in accordance with the approved plans, specifications and designs as submitted to the Authority and the BPH, the Project is adequate for the purposes for which it was designed, the funding plan as submitted to the Authority and the BPH 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 Board shall provide and maintain competent and adequate engineering services satisfactory to the Authority and the BPH covering the supervision and inspection of the development and construction of the Project and bearing the responsibility of assuring that construction conforms to the plans, specifications and designs prepared by the Consulting Engineers, which have been approved by all necessary governmental bodies. Such engineer shall certify to the Authority and the BPH and the Issuer at the completion of construction that

construction of the Project is in accordance with the approved plans, specifications and designs, or amendments thereto, approved by all necessary governmental bodies.

The Issuer shall require the Consulting Engineers to submit Recipient As-Built Plans, as defined in the DWTRF Regulations, to it within 60 days of the completion of the Project. The Issuer shall notify the BPH in writing of such receipt. The Issuer shall submit a "Performance Certificate," a form of which is attached to the ARRA Assistance Agreement as Exhibit A, to the BPH within 60 days of the end of the first year after the Project is completed.

The Issuer shall require the Consulting Engineers to submit the final Operation and Maintenance Manual, as defined in the DWTRF Regulations, to the BPH when the Project is 90% completed. The Issuer shall at all times provide operation and maintenance of the System in compliance with all state and federal standards.

The Issuer shall employ qualified operating personnel properly certified by the State before the Project is 50% complete and shall retain such a certified operator to operate the System during the entire term of the ARRA Assistance Agreement. The Issuer shall notify the BPH in writing of the certified operator employed at the 50% completion stage.

The Issuer shall serve the additional customers at the location(s) as set forth in Certificate of Engineer. The Issuer shall not reduce the amount of additional customers served by the project without the prior written approval of the Board of the Water Development Authority (the "Authority"). Following completion of the Project the Issuer shall certify to the Authority the number of customers added to the System.

**Section 7.12. No Competing Franchise**. To the extent legally allowable, the Issuer will not grant or cause, consent to or allow the granting of, any franchise or permit to any person, firm, corporation, body, agency or instrumentality whatsoever for the providing of any services which would compete with services provided by the System.

**Section 7.13. Enforcement of Collections**. The Board will diligently enforce and collect all fees, rentals or other charges for the services and facilities of the System, and take all steps, actions and proceedings for the enforcement and collection of such fees, rentals or other charges which shall become delinquent to the full extent permitted or authorized by the Act, the rules and regulations of the Public Service Commission of West Virginia and other laws of the State of West Virginia.

Whenever any fees, rates, rentals or other charges for the services and facilities of the System shall remain unpaid for a period of 20 days after the same shall become due and payable, the user of the services and facilities shall be delinquent until such time as all such rates and charges are fully paid. To the extent authorized by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, rates, rentals and other charges, if not paid, when due, shall become a lien on the premises served by the System. The Issuer further covenants and agrees that, it will, to the full extent permitted by law and the rules and regulations promulgated by the Public Service Commission of West Virginia, discontinue and shut off the services of the stormwater portion of the System and any services and facilities of the waterworks portion of the System, to all users of the services of the stormwater system delinquent in payment of charges for the services of the stormwater system and will not restore

such services of either the waterworks system or the stormwater system until all delinquent charges for the services of the stormwater system, plus reasonable interest and penalty charges for the restoration of service, have been fully paid and shall take all further actions to enforce collections to the maximum extent permitted by law. If the waterworks facilities are not owned by the Issuer, the Issuer shall use diligent efforts to enter into a termination agreement with the provider of such water services, subject to any required approval of such agreements by the Public Service Commission of West Virginia.

**Section 7.14. No Free Services**. The Board 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 the Board, or any department, agency, instrumentality, officer or employee of either shall avail itself or themselves of the facilities or services provided by the System, or any part thereof, the same rates, fees or charges applicable to other customers receiving like services under similar circumstances shall be charged the Issuer, the Board 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 Board hereby covenants and agrees that so long as the Series 2010 D Bonds or Series 2010 E Bonds remain Outstanding, the Board 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 Board 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 Depreciation Fund and used only for the repairs and restoration of the damaged or destroyed properties or for the other purposes provided herein for the Depreciation Fund. The Board 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 Board, the Authority, the prime contractor and all subcontractors as their respective interests may appear, in accordance with the ARRA Assistance Agreement, during construction of the Project on a 100% basis (completed value form) on the insurable portion of the Project, such insurance to be made payable to the order of the Authority, the Issuer, the Board, 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 Board 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 and the Board 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 OR COMPLETION BONDS, such bonds to be in the amounts of not less than 100% of the amount of any construction contract and to be required of each contractor dealing directly with the Board 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 any additions, extensions or improvements for the System in compliance with West Virginia Code, Section 38-2-39.

(4) FIDELITY BONDS will be provided as to every officer and employee of the Board or the Issuer having custody of the revenues or of any other funds of the System, in an amount at least equal to the total funds in the custody of any such person at any one time.

(5) FLOOD INSURANCE, if the System facilities are or will be located in designated special flood or mudslide-prone areas and to the extent available at reasonable cost to the Issuer.

(6) BUSINESS INTERRUPTION INSURANCE, to the extent available at reasonable cost to the Issuer.

B. The Board 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 Board shall verify such bonds prior to commencement of construction.

The Board shall also require all contractors engaged in the construction of the Project to carry such worker's compensation coverage for all employees working on the Project and public liability insurance, vehicular liability insurance and property damage insurance in amounts adequate for such purposes and as is customarily carried with respect to works and properties similar to the Project; provided that the amounts and terms of such coverage are satisfactory to the Authority and the BPH. The Board shall verify such insurance prior to commencement of construction. In the event the ARRA Assistance Agreement so requires, such insurance shall be made payable to the order of the Authority, the Issuer, the Board, the prime contractor and all subcontractors, as their interests may appear.

**Section 7.16. Mandatory Use**. The mandatory use of the stormwater facilities of the System is essential and necessary for the protection and preservation of the public health, comfort, safety, convenience and welfare of the inhabitants and residents of, and the economy of, the Issuer. Accordingly, to the extent permitted by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, every owner, tenant or occupant of any real property located near the stormwater portion of the System, and where stormwater from real property affects or drains into the stormwater portion of the System, shall be deemed to be a user served by the stormwater portion of the System and it is declared that the mandatory

use of the stormwater portion of the System by such real property owner is necessary and essential for the health and welfare of the inhabitants and residents of the Issuer and the State. To the extent permitted by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, every such owner, tenant or occupant shall, after a 30-day notice of the availability of the stormwater portion of the System, pay the rates and charges established therefor.

**Section 7.17. Completion of Project; Permits and Orders**. The Board 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 Board has obtained all permits required by state and federal laws for the acquisition and construction of the Project, all orders and approvals from the Council and the BPH necessary for the acquisition and construction of the Project and the operation of the System and all approvals for issuance of the Series 2010 D Bonds or Series 2010 E Bonds required by state law, with all requisite appeal periods having expired without successful appeal and the Issuer shall supple an opinion of counsel to such effect.

**Section 7.18. Compliance with ARRA Assistance Agreement and Law**. The Issuer and the Board shall perform, satisfy and comply with all the terms and conditions of the ARRA Assistance Agreement and the Act. Notwithstanding anything herein to the contrary, the Issuer and the Board shall provide the BPH with copies of all documents submitted to the Authority.

The Issuer and the Board shall also comply with all applicable laws, rules and regulations issued by the Authority and the BPH or other state, federal or local bodies in regard to the acquisition and construction of the Project and the operation, maintenance and use of the System.

The Issuer shall perform an annual maintenance audit which maintenance audit shall be submitted to the Authority and the Public Service Commission of West Virginia.

**Section 7.19. Reserved**.

**Section 7.20. Securities Laws Compliance**. The Issuer shall provide the Authority, in a timely manner, with any and all information that may be requested of it (including its annual audit report, financial statements, related information and notices of changes in usage and customer base) so that the Authority may comply with the provisions of SEC Rule 15c2-12 (17 CFR Part 240).

**Section 7.21. Contracts; Change Orders; Public Releases**. A. The Issuer shall, simultaneously with the delivery of the Series 2010 D Bonds or Series 2010 E 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 BPH for written approval. The Issuer shall obtain the written approval of the BPH before expending any proceeds of the Series 2010 D Bonds or Series 2010 E Bonds Bonds held in "contingency" as set

forth in the schedule attached to the Certificate of the Consulting Engineer. The Issuer shall also obtain the written approval of the BPH before expending any proceeds of the Series 2010 D Bonds or Series 2010 E Bonds made available due to bid or construction or project underruns.

C. The Issuer shall list the funding as being provided by the Authority 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.

**Section 7.22. Statutory Mortgage Lien**. For the further protection of the Holders of the Series 2010 D Bonds or Series 2010 E 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 2010 D Bonds or Series 2010 E Bonds, and shall be on a parity with the statutory mortgage lien in favor of the Holders of the Series 2010 A Bonds, Series 2010 B Bonds, Series 2010 C Bonds, Series 2010 F Bonds and the Prior Bonds.

## ARTICLE VIII

## INVESTMENT OF FUNDS

Section 8.01. Investments. Any monies held as a part of the funds and accounts created by this Bond Legislation, other than the Revenue Fund, shall be invested and reinvested by the Commission, the Depository Bank, or such other bank or national banking association holding such fund or account, as the case may be, at the written direction of the Issuer in any Qualified Investments to the fullest extent possible under applicable laws, this Bond Legislation, the need for such monies for the purposes set forth herein and the specific restrictions and provisions set forth in this Section 8.01.

Any investment shall be held in and at all times deemed a part of the fund or account in which such monies were originally held, and the interest accruing thereon and any profit or loss realized from such investment shall be credited or charged to the appropriate fund or account. The investments held for any fund or account shall be valued at the lower of cost or then current market value, or at the redemption price thereof if then redeemable at the option of the holder, including the value of accrued interest and giving effect to the amortization of discount, or at par if such investment is held in the "Consolidated Fund." The Commission, the Depository Bank, or such other bank or national banking association, as the case may be, shall sell and reduce to cash a sufficient amount of such investments whenever the cash balance in any fund or account is insufficient to make the payments required from such fund or account, regardless of the loss on such liquidation. The Depository Bank 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 investment or trust department and shall not be responsible for any losses from such investments, other than for its own negligence or willful misconduct.

The Depository Bank shall keep complete and accurate records of all funds, accounts and investments, and shall distribute to the Issuer, at least once each year, or more often as reasonably requested by the Issuer, a summary of such funds, accounts and investment earnings. The Issuer shall retain all such records and any additional records with respect to such

funds, accounts and investment earnings so long as any of the Series 2010 D Bonds or Series 2010 E Bonds are Outstanding and as long thereafter as necessary to assure the exclusion of interest, if any, on the Series 2010 D Bonds or Series 2010 E Bonds from gross income for federal income tax purposes.

Section 8.02. Certificate as to Use 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 2010 D Bonds or Series 2010 E Bonds as a condition to issuance of the Series 2010 D Bonds or Series 2010 E 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 2010 D Bonds or Series 2010 E Bonds as may be necessary in order to maintain the status of the Series 2010 D Bonds or Series 2010 E 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 2010 D Bonds or Series 2010 E Bonds which would cause any bonds, the interest on which is exempt from federal income taxation under Section 103(a) of the Code, issued by the Authority or the BPH, as the case may be, from which the proceeds of the Series 2010 D Bonds or Series 2010 E Bonds are derived, to lose their status as tax-exempt bonds; and (iii) to take such action, or refrain from taking such action, as shall be deemed necessary by the Issuer, or requested by the Authority or the 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 Resolution.

The Issuer shall annually furnish to the Authority, information with respect to the Issuer's use of the proceeds of the Series 2010 D Bonds or Series 2010 E 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 2010 D Bonds or Series 2010 E Bonds:

(1) If default occurs in the due and punctual payment of the principal of or interest on any Series 2010 D Bonds or Series 2010 E 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 2010 D Bonds or Series 2010 E Bonds set forth in this Bond Legislation, any supplemental resolution or in the Series 2010 D Bonds or Series 2010 E Bonds and such default shall have continued for a period of 30 days after the Issuer shall have been given written notice of such default by the Commission, the Depository Bank, the Registrar, the Paying Agent or any other Paying Agent or a Holder of a Bond; or

(3) If the Issuer or Board 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 Series 2010 A Bonds, Series 2010 B Bonds, Series 2010 C Bonds, Series 2010 F Bonds the Prior Bonds or the Prior Ordinances.

**Section 9.02. Remedies**. Upon the happening and continuance of any Event of Default, any Registered Owner of a Bond may exercise any available remedy and bring any appropriate action, suit or proceeding to enforce his or her rights and, in particular, (i) bring suit for any unpaid principal or interest then due, (ii) by mandamus or other appropriate proceeding enforce all rights of such Registered Owners including the right to require the Issuer to perform its duties under the Act and the Bond Legislation relating thereto, including but not limited to the making and collection of sufficient rates or charges for services rendered by the System, (iii) bring suit upon the Bonds; (iv) by action at law or bill in equity require the Issuer to account as if it were the trustee of an express trust for the Registered Owners of the Bonds, and (v) by action or bill in equity enjoin any acts in violation of the Bond Legislation with respect to the Bonds, or the rights of such Registered Owners; provided however, that all rights and remedies of the Holders of the Series 2010 D Bonds or Series 2010 E Bonds shall be on a parity with those of the Holders of the Series 2010 A Bonds, Series 2010 B Bonds, Series 2010 C Bonds, Series 2010 F Bonds and the Prior Bonds.

**Section 9.03. Appointment of Receiver**. Any Registered Owner of a Bond may, by proper legal action, compel the performance of the duties of the Issuer under the Bond Legislation and the Act, including, the completion of the Project and after commencement of operation of the System, the making and collection of sufficient rates and charges for services rendered by the System and segregation of the revenues therefrom and the application thereof. If there be any Event of Default with respect to such Bonds, any Registered Owner of a Bond shall, in addition to all other remedies or rights, have the right by appropriate legal proceedings to obtain the appointment of a receiver to administer the System or to complete the acquisition and construction of the Project on behalf of the Issuer, with power to charge rates, rentals, fees and other charges sufficient to provide for the payment of Operating Expenses of the System, the payment of the Bonds and interest and the deposits into the funds and accounts hereby established, and to apply such rates, rentals, fees, charges or other revenues in conformity with the provisions of this Bond Legislation and the Act.

The receiver so appointed shall forthwith, directly or by his or her or its agents and attorneys, enter into and upon and take possession of all facilities of said System and shall hold, operate and maintain, manage and control such facilities, and each and every part thereof, and in the name of the Issuer exercise all the rights and powers of the Issuer with respect to said facilities as the Issuer itself might do.

Whenever all that is due upon the Bonds and interest thereon and under any covenants of this Bond Legislation for reserve, sinking or other funds and upon any other obligations and interest thereon having a charge, lien or encumbrance upon the revenues of the System shall have been paid and made good, and all defaults under the provisions of this Bond Legislation shall have been cured and made good, possession of the System shall be surrendered to the Issuer upon the entry of an order of the court to that effect. Upon any subsequent default,

any Registered Owner of any Bonds shall have the same right to secure the further appointment of a receiver upon any such subsequent default.

Such receiver, in the performance of the powers hereinabove conferred upon him or her or it, shall be under the direction and supervision of the court making such appointment, shall at all times be subject to the orders and decrees of such court and may be removed thereby, and a successor receiver may be appointed in the discretion of such court. Nothing herein contained shall limit or restrict the jurisdiction of such court to enter such other and further orders and decrees as such court may deem necessary or appropriate for the exercise by the receiver of any function not specifically set forth herein.

Any receiver appointed as provided herein shall hold and operate the System in the name of the Issuer and for the joint protection and benefit of the Issuer and Registered Owners of the Bonds. Such receiver shall have no power to sell, assign, mortgage or otherwise dispose of any assets of any kind or character belonging or pertaining to the System, but the authority of such receiver shall be limited to the completion of the Project and the possession, operation and maintenance of the System for the sole purpose of the protection of both the Issuer and Registered Owners of such Bonds and the curing and making good of any Event of Default with respect thereto under the provisions of this Bond Legislation, and the title to and ownership of said System shall remain in the Issuer, and no court shall have any jurisdiction to enter any order or decree permitting or requiring such receiver to sell, assign, mortgage or otherwise dispose of any assets of the System.

## ARTICLE X

## PAYMENT OF BONDS

**Section 10.01. Payment of Bonds**. If the Issuer shall pay or there shall otherwise be paid to the Holders of the Series 2010 D Bonds or Series 2010 E Bonds, the principal of and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Bond Legislation, then the pledge of Gross 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 2010 D Bonds or Series 2010 E Bonds shall thereupon cease, terminate and become void and be discharged and satisfied, except as may otherwise be necessary to assure the exclusion of interest on the Series 2010 D Bonds or Series 2010 E Bonds from gross income for federal income tax purposes.

## ARTICLE XI

## MISCELLANEOUS

**Section 11.01. Amendment or Modification of Bond Legislation**. Prior to the issuance of the Series 2010 D Bonds or Series 2010 E Bonds, this Ordinance may be amended or supplemented in any way by the Supplemental Resolution. Following issuance of the Series 2010 D Bonds or Series 2010 E Bonds, no material modification or amendment of this Ordinance, or of any ordinance, resolution or order amendatory or supplemental hereto, that would materially and adversely affect the rights of Registered Owners of the Series 2010

D Bonds or Series 2010 E Bonds shall be made without the consent in writing of the Registered Owners of the Series 2010 D Bonds or Series 2010 E Bonds so affected and then Outstanding; provided, that no change shall be made in the maturity of any Bond or Bonds or the rate of interest thereon, or in the principal amount thereof, or affecting the unconditional promise of the Issuer to pay such principal and interest out of the funds herein pledged therefor without the consent of the Registered Owner thereof. No amendment or modification shall be made that would reduce the percentage of the principal amount of the Series 2010 D Bonds or Series 2010 E 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 Series 2010 D Bonds or Series 2010 E Bonds from gross income of the holders thereof.

**Section 11.02. Bond Legislation Constitutes Contract**. The provisions of the Bond Legislation shall constitute a contract between the Issuer and the Registered Owners of the Bonds, and no change, variation or alteration of any kind of the provisions of the Bond Legislation shall be made in any manner, except as in this Bond Legislation provided.

**Section 11.03. Severability of Invalid Provisions**. If any section, paragraph, clause or provision of this Ordinance should be held invalid by any court of competent jurisdiction, the invalidity of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Ordinance, the Supplemental Resolution or the Series 2010 D Bonds or Series 2010 E Bonds.

**Section 11.04. Headings, Etc.** The headings and catchlines of the articles, sections and subsections hereof are for convenience of reference only, and shall not affect in any way the meaning or interpretation of any provision hereof.

**Section 11.05. Conflicting Provisions Repealed; Prior Ordinances**. All ordinances, orders or resolutions and or parts thereof in conflict with the provisions of this Ordinance are, to the extent of such conflict, hereby repealed; provided that, in the event of any conflict between this Ordinance and the Prior Ordinances, the Prior Ordinances shall control (unless less restrictive), so long as the Prior Bonds are outstanding.

**Section 11.06. Covenant of Due Procedure, Etc.** The Issuer covenants that all acts, conditions, things and procedures required to exist, to happen, to be performed or to be taken precedent to and in the adoption of this Ordinance do exist, have happened, have been performed and have been taken in regular and due time, form and manner as required by and in full compliance with the laws and Constitution of the State of West Virginia applicable thereto; and that the Mayor, the City Manager, the City Clerk and members of the Governing Body and the Board were at all times when any actions in connection with this Ordinance occurred and are duly in office and duly qualified for such office.

**Section 11.07. Appointment**. The Issuer does hereby appoint, designate and approve the hiring of Steptoe & Johnson PLLC, Charleston, West Virginia, as bond counsel to the Issuer and the Board in connection with the issuance by the Issuer of the Series 2010 D Bonds or Series 2010 E Bonds.

**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 *Dominion Post*, a newspaper published and of general circulation in The City of Morgantown, together with a notice stating that this Ordinance has been adopted and that the Issuer contemplates the issuance of the Series 2010 D Bonds or Series 2010 E Bonds, and that any person interested may appear before the Governing Body upon a date certain, not less than ten days subsequent to the date of the first publication of such abstract of this Ordinance and notice, and present protests, and that a certified copy of this Ordinance is on file with the Governing Body for review by interested persons during office hours of the Governing Body. At such hearing, all objections and suggestions shall be heard and the Governing Body shall take such action as it shall deem proper in the premises.

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**Section 11.09.** **Effective Date**. This Ordinance shall take effect immediately following public hearing and final reading hereof.

Passed on First Reading: August 4, 2009

Passed on Second Reading: August 18, 2009

Passed on Final Reading
Following Public Hearing: September 1, 2009

By: _____
Mayor

ATTEST:

By: _____
City Clerk

APPROVED AND CORRECT AS TO FORM:

By: _____
City Solicitor

627490.00034

5216083.1

CERTIFICATION

Certified a true copy of a Conformed Ordinance duly enacted by the Council of THE CITY OF MORGANTOWN on the 1st day of September, 2009 as supplemented by Supplemental Resolution dated January 5, 2010.

Dated: January 28, 2010.

[SEAL]

Linda L. Lutte
City Clerk

## EXHIBIT A

ARRA Assistance Agreement is included in bond transcript as Document 3.

THE CITY OF MORGANTOWN

Combined Utility System Revenue Bonds, Series 2010 D
(West Virginia DWTRF Program); and
Combined Utility System Revenue Bonds, Series 2010 E
(West Virginia DWTRF Program/ARRA)

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 UTILITY SYSTEM REVENUE BONDS, SERIES 2010 D (WEST VIRGINIA DWTRF PROGRAM) AND COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 E (WEST VIRGINIA DWTRF PROGRAM/ARRA) OF THE CITY OF MORGANTOWN; APPROVING AND RATIFYING THE ARRA ASSISTANCE AGREEMENT RELATING TO SUCH BONDS AND THE SALE AND DELIVERY OF SUCH BONDS TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

WHEREAS, the City council (the "Governing Body") of The City of Morgantown (the "Issuer" or "Governmental Agency") has duly and officially adopted and enacted a bond ordinance, effective September 1, 2009 (the "Bond Ordinance"), entitled:

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF EXTENSIONS, ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE WATER PORTION OF THE EXISTING PUBLIC COMBINED WATERWORKS, SEWERAGE AND STORMWATER SYSTEM OF THE CITY OF MORGANTOWN AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE CITY OF NOT MORE THAN $13,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 C (WEST VIRGINIA DWTRF PROGRAM) IN ONE OR MORE SERIES; PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS;

APPROVING, RATIFYING AND CONFIRMING A LOAN AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

WHEREAS, the Issuer desires to amend the Bond Ordinance through this Supplemental Resolution (collectively, the "Bond Legislation")

WHEREAS, the Bond Ordinance provides for the issuance of the Combined Utility System Revenue Bonds, Series 2009 C (West Virginia DWTRF Program) in one or more series in an aggregate principal amount not to exceed $13,000,000 (the "Bonds") and has authorized the execution and delivery of a Loan Agreement relating to the Bonds, including all schedules and exhibits attached thereto, by and among the Issuer, the West Virginia Water Development Authority (the "Authority"), and the West Virginia Bureau for Public Health (the "BPH") (the "Loan Agreement"), all in accordance with Chapter 8, Article 20 and Chapter 16, Article 13C of the West Virginia Code of 1931, as amended (collectively, the "Act"); and that other matters relating to the Bonds be herein provided for;

WHEREAS, the Combined Utility System Revenue Bonds, Series 2010 C were not issued in 2009, but will be issued in 2010;

WHEREAS, the Governing Body desires to redesignate the Combined Utility System Revenue Bonds, Series 2009 C as Combined Utility System Revenue Bonds, Series 2010 D and Combined Utility System Revenue Bonds, Series 2010 E;

WHEREAS, the Loan Agreement shall be known as the ARRA Assistance Agreement and the ARRA Assistance Agreement has been presented to the Issuer at this meeting;

WHEREAS, the Series 2010 D Bonds and Series 2009 E Bonds are proposed to be purchased by the Authority pursuant to the ARRA Assistance Agreement; and

WHEREAS, the Governing Body deems it essential and desirable that this supplemental resolution (the "Supplemental Resolution") be adopted, that the ARRA Assistance Agreement be approved and ratified by the Issuer, that the exact principal amounts, the dates, the maturity dates, the redemption provisions, the interest rates, the interest and principal payment dates and the sale prices of the Series 2010 D Bonds and Series 2010 E Bonds be fixed hereby in the manner stated herein, and that other matters relating to the Series 2010 D Bonds and Series 2010 E Bonds be herein provided for;

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF THE CITY OF MORGANTOWN:

Section 1. The Issuer hereby redesignates the Combined Utility System Revenue Bonds, Series 2009 C as Combined Utility System Revenue Bonds, Series 2010 D and Combined Utility System Revenue Bonds, Series 2010 E.

Section 2. Pursuant to the Bond Ordinance and the Act, this Supplemental Resolution is adopted and there are hereby authorized and ordered to be issued the Combined Utility System Revenue Bonds, Series 2010 D (West Virginia DWTRF Program), of the Issuer, originally represented by a single bond, numbered DR-1, in the original aggregate principal amount of $9,317,286. The Series 2010 D Bonds shall be dated the date of delivery thereof, shall finally mature September 1, 2032 and shall bear interest at the rate of 2% per annum.. The principal of the Series 2010 D Bonds shall be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing December 1, 2012 to and including September 1, 2032 and in the amounts as set forth in the "Schedule Y" attached to the ARRA Assistance Agreement for the Series 2010 D Bonds and incorporated in and made a part of the Series 2010 C Bonds. The interest of the Series 2010 C Bonds shall be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing December 1, 2012, to and including September 1, 2032 and in the amounts as set forth in the "Schedule Y" attached to the ARRA Assistance Agreement for the Series 2010 D Bonds and incorporated in and made a part of the Series 2010 D Bonds. The Series 2010 D Bonds shall be subject to redemption upon the written consent of the Authority and the BPH, and upon payment of the interest and redemption premium, if any, and otherwise in compliance with the ARRA Assistance Agreement, so long as the Authority shall be the registered owner of the Series 2010 D Bonds. The Series 2010 D Bonds are not subject to the Administrative Fee.

Section 3. Pursuant to the Bond Ordinance and the Act, this Supplemental Resolution is adopted and there are hereby authorized and ordered to be issued the Combined Utility System Revenue Bonds, Series 2010 E (West Virginia DWTRF Program/ARRA), of the Issuer, originally represented by a single bond, numbered ER-1, in the original aggregate principal amount of $100,000. The Series 2010 C Bonds shall be dated the date of delivery thereof, shall finally mature September 1, 2032 and shall bear interest at the rate of 2% per annum.. The principal of the Series 2010 E Bonds shall be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing December 1, 2012 to and including September 1, 2032 and in the amounts as set forth in the "Schedule Y" attached to the ARRA Assistance Agreement for the Series 2010 E Bonds and incorporated in and made a part of the Series 2010 E Bonds. The interest of the Series 2010 E Bonds shall be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing December 1, 2012, to and including September 1, 2032, and in the amounts as set forth in the "Schedule Y" attached to the ARRA Assistance Agreement for the Series 2010 E Bonds and incorporated in and made a part of the Series 2010 E Bonds. The Series 2010 E Bonds shall be subject to redemption upon the written consent of the Authority and the BPH, and upon payment of the interest and redemption premium, if any, and otherwise in compliance with the ARRA Assistance Agreement, so long as the Authority shall be the registered owner of the Series 2010 E Bonds. The Series 2010 E Bonds are not subject to the Administrative Fee.

Section 4. The Issue does hereby adopt the Conformed Ordinance attached hereto as Exhibit A.

Section 5. All other provisions relating to the Series 2010 D Bonds and Series 2010 E Bonds and the text of each series of the Series 2010 D Bonds and Series 2010 E Bonds shall be in substantially the forms provided in the Bond Legislation.

Section 6. The Issuer does hereby authorize, approve, ratify and accept the ARRA Assistance Agreement, a copy of which is incorporated herein by reference, and the execution and delivery of the ARRA Assistance Agreement by the Mayor, and the performance of the obligations contained therein, on behalf of the Issuer, are hereby authorized, directed, ratified and approved. The Issuer hereby affirms all covenants and representations made in the ARRA Assistance Agreement and in the applications to the BPH and the Authority. The price of the Series 2010 D Bonds and Series 2010 E Bonds shall be 100% of par value, there being no interest accrued thereon, provided that the proceeds of the Series 2010 D Bonds and Series 2010 E Bonds shall be advanced from time to time as requisitioned by the Issuer.

Section 7. The Issuer does hereby appoint and designate The Huntington National Bank, Charleston, West Virginia, to serve as Registrar (the "Registrar") for the Series 2010 D Bonds and Series 2010 E Bonds under the Bond Ordinance and does approve and accept the Registrar's Agreement to be dated the date of delivery of the Series 2010 D Bonds and Series 2010 E 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 8. The Issuer does hereby appoint and designate the West Virginia Municipal Bond Commission, Charleston, West Virginia, to serve as Paying Agent for the Series 2010 D Bonds and Series 2010 E Bonds under the Bond Legislation.

Section 9. The Issuer does hereby appoint and designate United Bank, Inc., Morgantown, West Virginia, to serve as Depository Bank under the Bond Legislation.

Section 10. Series 2010 D Bonds proceeds in the amount of $566,383.00 shall be deposited in the Series 2010 D Bonds Reserve Account to fully fund the Series 2010 D Bonds Reserve Account.

Section 11. Series 2010 D Bonds proceeds in the amount of $6,081.00 shall be deposited in the Series 2010 E Bonds Reserve Account to fully fund the Series 2010 E Bonds Reserve Account.

Section 12. The balance of the proceeds of the Series 2010 D Bonds shall be deposited in or credited to the Series 2010 D Bonds Construction Trust Funds for payment of the costs of the Project, including, without limitation, costs of issuance of the Series 2010 D Bonds and related costs.

Section 13. The balance of the proceeds of the Series 2010 E Bonds shall be deposited in or credited to the Series 2010 E Bonds Construction Trust Funds for payment of the costs of the Project, including, without limitation, costs of issuance of the Series 2010 E Bonds and related costs.

Section 14. The Mayor and the Clerk are hereby authorized and directed to execute and deliver such other documents and certificates required or desirable in connection with the Series 2010 C Bonds hereby and by the Bond Legislation approved and provided for, to the end that the Series 2010 C

Bonds may be delivered on or about January 28, 2010, to the Authority pursuant to the ARRA Assistance Agreement.

Section 15. The acquisition and construction of the Project and the financing thereof in part with proceeds of the Series 2010 D Bonds and Series 2010 E Bonds are in the public interest, serve a public purpose of the Issuer and will promote the health, welfare and safety of the residents of the Issuer.

Section 16. The Issuer does hereby ratify, approve and accept all contracts relating to the financing, acquisition and construction of the Project.

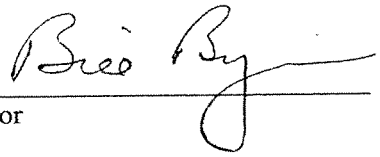
Section 17. The Issuer hereby determines to invest all monies in the funds and accounts established by the Bond Legislation held by the Depository Bank until expended, in repurchase agreements or time accounts, secured by a pledge of Government Obligations, and therefore, the Issuer hereby directs the Depository Bank to take such actions as may be necessary to cause such monies to be invested in such repurchase agreements or time accounts until further directed in writing by the Issuer. Monies in the respective Sinking Funds and the respective Reserve Accounts for the Series 2010 D Bonds and Series 2010 E Bonds, shall be invested by the West Virginia Municipal Bond Commission in the West Virginia Consolidated Fund.

Section 18. The Special Conditions of the ARRA Assistance Agreement attached as Exhibit B are hereby accepted and agreed to and incorporated herein

Section 19. This Supplemental Resolution shall be effective immediately following adoption hereof.

[Remainder of Page Intentionally Blank]

Adopted this 5th day of January, 2010.



Mayor

CERTIFICATION

Certified a true copy of a Supplemental Resolution duly adopted by the Council of The City of Morgantown on the 5th day of January, 2010.

Dated: January 28, 2010.

[SEAL]

Linda L. Rudd
Clerk

12.27.09
627490.00040

EXHIBIT A
Conformed Ordinance

EXHIBIT B

SPECIAL CONDITIONS – BASE PROGRAM

The Local Entity agrees to include, when issuing statements, press releases, requests for proposals, bid solicitations, groundbreaking or project dedication program documents and other documents describing projects or programs funded in whole or in part with federal money, (1) the percentage of the total costs of the program or project which will be financed with federal money, (2) the dollar amount of federal funds for the project or program, and (3) percentage and dollar amount of the total costs of the project or program that will be financed by non-governmental sources.

The Local Entity shall complete the form attached as Exhibit D-1 and submit to the BPH prior to the Closing.

SPECIAL CONDITIONS – ARRA FUNDED PROJECTS

The Local Entity shall include the following covenants in its bond authorizing documents:

A. PUBLIC RELEASE REQUIREMENT – The Local Entity agrees to include, when issuing statements, press releases, requests for proposals, bid solicitations, groundbreaking or project dedication program documents and other documents describing projects or programs funded in whole or in part with Federal money, (1) the percentage of the total costs of the program or project which will be financed with Federal money, (2) the dollar amount of Federal funds for the project or program, and (3) percentage and dollar amount of the total costs of the project or program that will be financed by non-governmental sources.

B. AUDIT REQUIREMENT (Supplement to Article IV 4.1 (b) (xi)) – Effective October 1, 2003, the Local Entity 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 Entity.

C. BUY AMERICAN CERTIFICATION – The Local Entity shall cause the contractor(s) to comply with, and provide certification of, the Buy American provisions of the ARRA in accordance with final guidance from the EPA.

D. ASSET MANAGEMENT – The Local Entity shall develop and implement an asset management plan in accordance with guidelines issued by BPH and as approved by BPH.

E. CONTRACTS – The Local Entity shall enter into contracts or commence construction by January 28, 2010.

F. LOGO – The Local Entity must display the ARRA logo in a manner that informs the public that the project is an ARRA investment.

G. LOBBYING - The Local Entity shall comply with Title 40 CFR Part 34, New Restrictions on Lobbying and shall submit certification and disclosure forms as required by BPH.

H. PURCHASING REQUIREMENTS – The Local Entity shall comply with Section 6002 of the Resource Conservation and Recovery Act (RCRA) (42 U.S.C. 6962). Regulations issued under RCRA Section 6002 apply to any acquisition of an item where the purchase price exceeds $10,000 or where the quantity of such items acquired in the course of the preceding fiscal year was $10,000 or more. RCRA Section 6002 requires that preference be given in procurement programs to the purchase of specific products containing recycled materials identified in guidelines developed by EPA. These guidelines are listed in 40 CFR 247.

I. SUSPENSION AND DEBARMENT – The Local Entity shall comply with Subpart C of 2 CFR Part 180 and 2 CFR Part 1532, entitled "Responsibilities of Participants Regarding Transactions (Doing Business with Other Persons). To the extent required by BPH, the Local Entity shall provide certifications as to compliance.

J. REPORTING – The Local Entity shall comply with all requests for data related to the use of the funds provided under this agreement, including the information required in section 1512 of ARRA when requested by BPH.

K. INSPECTOR GENERAL REVIEWS – The Local Entity shall allow any appropriate representative of the Office of US Inspector General to (1) examine its records relating to the Project and this ARRA Assistance Agreement and (2) interview any officer or employee of the Local Entity.

L. FALSE CLAIMS – The Local Entity must promptly refer to EPA's Inspector General any credible evidence that a principal, employee, agent, sub-grantee contractor, subcontractor, loan recipient, or other person has submitted a false claim under the False Claims Act or has committed a criminal or civil violation of laws pertaining to fraud, conflict of interest, bribery, gratuity, or similar misconduct involving funds provided under this ARRA Assistance Agreement.

M. LIMIT ON FUNDS – The Local Entity shall not use funds for particular activities for any casino or other gambling establishment, aquarium, zoo, golf course, or swimming pool.

N. WAGE RATES – The Local Entity shall require that all laborers and mechanics employed by its contractors and subcontractors be paid wages at rates not less than those prevailing on projects of a character similar in the locality as determined by the Secretary of Labor (DOL) in accordance with subchapter IV of chapter 32 of title 40, United States Code. The Local Entity must require that contractors and subcontractors obtain wage determinations from DOL and comply with DOL guidance and regulations implementing wage rate requirements applicable to ARRA funds.

O. OFFICE OF MANAGEMENT AND BUDGET (OMB) GUIDANCE – The Local Entity acknowledges and agrees that this ARRA Assistance is subject to all applicable provisions of implementing guidance for the American Recovery and Reinvestment Act of 2009 issued by the United

States Office of Management and Budget, including the Initial Implementing Guidance for the American Recovery and Reinvestment Act (M-09-10) issued on February 18, 2009 and available on www.recovery.gov, and any subsequent guidance documents issued by OMB.

P. DISADVANTAGED BUSINESS ENTERPRISE – Pursuant to 40 CFR, Section 33.301, the Local Entity agrees to make good faith efforts whenever procuring construction, equipment, services and supplies, and to require that prime contractors also comply. The Local Entity shall provide BPH with MBE/WBE participation reports semi-annually.

Q. CIVIL RIGHTS – The Local Entity shall comply with Title VI of the Civil Rights Act of 1964, Section 504 of the Rehabilitation Act of 1973, Title IX of the Education Amendments of 1972, the Age Discrimination Act of 1975, and a variety of program-specific statutes with nondiscrimination requirements. The Local Entity shall also comply with Title VII of the Civil Rights Act of 1964 (prohibiting race, color, national origin, religion, and sex discrimination in employment), the Americans with Disabilities Act (prohibiting disability discrimination in employment and in services provided by State and Local Entities, businesses, and non-profit agencies), and the Fair Housing Act (prohibiting race, color, national origin, age, family status, and disability discrimination in housing), as well as any other applicable civil rights laws.

R. BOND DESIGNATION – Each Local Bond contain "(WVDWTRF Program/ARRA)" in the bond name.

S. USER RATES – The Local Entity shall covenant that it will not reduce its approved customer rates for at least eighteen months after completion of the Project or (a) until such time as a cost of service study has been completed establishing the actual operation and maintenance expenses or (b) new rates have been established by order of the Public Service Commission. The Local Entity shall notify the Authority and the BPH of any action to reduce rates during the eighteen months following completion of construction of the Project.

SPECIMEN

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE CITY OF MORGANTOWN
COMBINED UTILITYSYSTEM REVENUE BOND, SERIES 2010 D
(WEST VIRGINIA DWTRF PROGRAM)

No. DR-1 $9,317,286

KNOW ALL MEN BY THESE PRESENTS: That on this the 28th day of January, 2010, THE CITY OF MORGANTOWN, a municipal corporation and political subdivision of the State of West Virginia in Monongalia 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 NINE MILLION THREEHUNDRED SEVENTEEN THOUSAND TWO HUNDRED EIGHTY SIX DOLLARS ($9,317,286), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing December 1, 2012 to and including September 1, 2032 as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference, with interest on each installment at the rate per annum set forth on said EXHIBIT B. The interest on this Bond shall be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing December 1, 2012 to and including September 1, 2032, as set forth on EXHIBIT B attached hereto. The Series 2010 D Bonds are not subject to the Administrative Fee.

~~Principal installments of this Bond are payable in any coin or currency which, on~~ the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent"). The interest on this Bond is payable by check or draft of the Paying Agent mailed to the registered owner hereof at the address as it appears on the books of The Huntington National Bank, Charleston, West Virginia, as registrar (the "Registrar"), on the 15th day of the month next preceding an interest payment date, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner hereof.

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the West Virginia Bureau for Public Health (the "BPH"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the ARRA Assistance Agreement by and between the Issuer and the Authority on behalf of the BPH, dated January 28, 2010.

This Bond is issued (i) to pay the costs of acquisition and construction of certain extensions, additions, betterments and improvements to the water portion of the existing public combined waterworks, sewerage, and stormwater system of the Issuer (the "Project"); (ii) to fund the reserve account for the Series 2010 D Bonds; (iii) fund the reserve account for the Series 2010 E Bonds; and (iv) to pay certain costs of issuance of the Bonds and related costs. The existing public combined waterworks, sewerage, and stormwater system of the Issuer, the Project, and any further extensions, additions, betterments or improvements thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 8, Article 20 and Chapter 16, Article 13 C of the West Virginia Code of 1931, as amended (collectively, the "Act"), a Bond Ordinance duly enacted by the Issuer on September 1, 2009, and a Supplemental Resolution and Conformed Ordinance duly adopted by the Issuer on January 5, 2010 (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) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 1992 (WEST VIRGINIA SRF PROGRAM), DATED SEPTEMBER 8, 1992, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $11,900,000 (THE "SERIES 1992 BONDS"); (2) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 1995 (WEST VIRGINIA SRF PROGRAM), DATED APRIL 27, 1995, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,601,477 (THE "SERIES 1995 BONDS"); (3) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2000 A (WEST VIRGINIA SRF PROGRAM), DATED FEBRUARY 29, 2000, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $7,842,000 (THE "SERIES 2000 A BONDS"); (4) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2000 B (WEST VIRGINIA INFRASTRUCTURE FUND), DATED FEBRUARY 29, 2000, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,488,000 (THE "SERIES 2000 B BONDS"); (5) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2001 A (WEST VIRGINIA INFRASTRUCTURE FUND), DATED FEBRUARY 8, 2001, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $3,812,470 (THE "SERIES 2001 A BONDS"); (6) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2006 A (WEST VIRGINIA SRF PROGRAM), DATED JUNE 30, 2006, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $6,410,191 (THE "SERIES 2006 A BONDS"); AND (7) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2007 A (WEST VIRGINIA SRF PROGRAM), DATED AUGUST 14, 2007, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $8,500,000 (THE "SERIES 2007 A BONDS") (COLLECTIVELY, THE "PRIOR BONDS") AND (8) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 A (DIRECT PAYMENT BUILD AMERICA BONDS), DATED JANUARY 28, 2010, ISSUED SIMULTANEOUSLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $37,950,000 (THE "SERIES 2010 A BONDS"); (9) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 B (WEST VIRGINIA SRF PROGRAM/ARRA), DATED JANUARY 28, 2010, ISSUED SIMULTANEOUSLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $81,600 (THE 'SERIES 2010 B BONDS"); (10) COMBINED UTILITY

SYSTEM REVENUE BONDS, SERIES 2010 C (WEST VIRGINIA SRF PROGRAM), DATED JANUARY 28, 2010, ISSUED SIMULTANEOUSLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $15,380,227 (THE "SERIES 2010 C BONDS"); (11) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 E (WEST VIRGINIA DWTRF PROGRAM/ARRA), DATED JANUARY 28, 2010, ISSUED SIMULTANEOUSLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $100,000 (THE "SERIES 2010 E BONDS"); AND (12) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 F (BANK QUALIFIED), DATED JANUARY 28, 2010, ISSUED SIMULTANEOUSLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $7,250,000 (THE "SERIES 2010 F BONDS").

This Bond is payable only from and secured by a pledge of the Gross Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Gross Revenues in favor of the holders of the Series 2010 A Bonds, Series 2010 B Bonds, Series 2010 C Bonds, Series 2010 E Bonds, Series 2010 F Bonds and the Prior Bonds, and from moneys in the reserve account created under the Bond Legislation for the Bonds (the "Series 2010 D Bonds Reserve Account"), and unexpended proceeds of the Bonds. Such Gross 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 an indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest hereon, except from said special fund provided from the Gross Revenues, the moneys in the Series 2010 D Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest on the Bonds, and all other obligations secured by a lien on or payable from such revenues on a parity with the Bonds, including the Series 2010 A Bonds, Series 2010 B Bonds, Series 2010 C Bonds, Series 2010 E Bonds, Series 2010 F Bonds and Prior Bonds; provided, however, that so long as there exists in the Series 2010 D Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with the Bonds, including the Series 2010 A Bonds, Series 2010 B Bonds, Series 2010 C Bonds, Series 2010 E Bonds, Series 2010 F Bonds and Prior Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

Subject to the registration requirements set forth herein, this Bond is transferable, as provided in the Bond Legislation, only upon the books of the Registrar by the registered owner, or by its attorney duly authorized in writing, upon the surrender of this Bond, together with a written instrument of transfer satisfactory to the Registrar, duly executed by the registered owner or its attorney duly authorized in writing.

Subject to the registration requirements set forth herein, this Bond, under the provision of the Act is, and has all the qualities and incidents of, a negotiable instrument under the Uniform Commercial Code of the State of West Virginia.

All money received from the sale of this Bond, after reimbursement and repayment of all amounts advanced for preliminary expenses as provided by law and the Bond Legislation, shall be applied solely to payment of the costs of the Project and costs of issuance hereof described in the Bond Legislation, and there shall be and hereby is created and granted a lien upon such moneys, until so applied, in favor of the registered owner of this Bond.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and 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 Gross 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.

[Remainder of Page Intentionally Blank]

IN WITNESS WHEREOF, THE CITY OF MORGANTOWN has caused this Bond to be signed by its Mayor and City Manager, and its corporate seal to be hereunto affixed and attested by its City Clerk, and has caused this Bond to be dated the day and year first written above.

[SEAL]

By: _____
Mayor

By: _____
City Manager

ATTEST:

By: _____
City Clerk

## CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2010 D 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: January 28, 2010.

THE HUNTINGTON NATIONAL BANK,
as Registrar

By: SPECIMEN
Its: Authorized Officer

EXHIBIT A

RECORD OF ADVANCES

| | AMOUNT | DATE | | AMOUNT | DATE |
|---|---|---|---|---|---|
| (1) | $613,464 | January 28, 2010 | (19) | | |
| (2) | | | (20) | | |
| (3) | | | (21) | | |
| (4) | | | (22) | | |
| (5) | | | (23) | | |
| (6) | | | (24) | | |
| (7) | | | (25) | | |
| (8) | | | (26) | | |
| (9) | | | (27) | | |
| (10) | | | (28) | | |
| (11) | | | (29) | | |
| (12) | | | (30) | | |
| (13) | | | (31) | | |
| (14) | | | (32) | | |
| (15) | | | (33) | | |
| (16) | | | (34) | | |
| (17) | | | (35) | | |
| (18) | | | (36) | | |

TOTAL $_____

EXHIBIT B

DEBT SERVICE SCHEDULE

## BOND DEBT SERVICE

City of Morgantown

2% Interest Rate

20 Years

Dated Date 1/28/2010

Delivery Date 1/28/2010

| Period Ending | Principal | Coupon | Interest | Debt Service |
|---|---|---|---|---|
| 1/28/2010 | | | | |
| 12/1/2012 | 95,009 | 2.000% | 46,586.43 | 141,595.43 |
| 3/1/2013 | 95,484 | 2.000% | 46,111.39 | 141,595.39 |
| 6/1/2013 | 95,961 | 2.000% | 45,633.97 | 141,594.97 |
| 9/1/2013 | 96,441 | 2.000% | 45,154.16 | 141,595.16 |
| 12/1/2013 | 96,923 | 2.000% | 44,671.96 | 141,594.96 |
| 3/1/2014 | 97,408 | 2.000% | 44,187.34 | 141,595.34 |
| 6/1/2014 | 97,895 | 2.000% | 43,700.30 | 141,595.30 |
| 9/1/2014 | 98,384 | 2.000% | 43,210.83 | 141,594.83 |
| 12/1/2014 | 98,876 | 2.000% | 42,718.91 | 141,594.91 |
| 3/1/2015 | 99,371 | 2.000% | 42,224.53 | 141,595.53 |
| 6/1/2015 | 99,867 | 2.000% | 41,727.67 | 141,594.67 |
| 9/1/2015 | 100,367 | 2.000% | 41,228.34 | 141,595.34 |
| 12/1/2015 | 100,869 | 2.000% | 40,726.50 | 141,595.50 |
| 3/1/2016 | 101,373 | 2.000% | 40,222.16 | 141,595.16 |
| 6/1/2016 | 101,880 | 2.000% | 39,715.29 | 141,595.29 |
| 9/1/2016 | 102,389 | 2.000% | 39,205.89 | 141,594.89 |
| 12/1/2016 | 102,901 | 2.000% | 38,693.95 | 141,594.95 |
| 3/1/2017 | 103,416 | 2.000% | 38,179.44 | 141,595.44 |
| 6/1/2017 | 103,933 | 2.000% | 37,662.36 | 141,595.36 |
| 9/1/2017 | 104,452 | 2.000% | 37,142.70 | 141,594.70 |
| 12/1/2017 | 104,975 | 2.000% | 36,620.44 | 141,595.44 |
| 3/1/2018 | 105,500 | 2.000% | 36,095.56 | 141,595.56 |
| 6/1/2018 | 106,027 | 2.000% | 35,568.06 | 141,595.06 |
| 9/1/2018 | 106,557 | 2.000% | 35,037.93 | 141,594.93 |
| 12/1/2018 | 107,090 | 2.000% | 34,505.14 | 141,595.14 |
| 3/1/2019 | 107,625 | 2.000% | 33,969.69 | 141,594.69 |
| 6/1/2019 | 108,164 | 2.000% | 33,431.57 | 141,595.57 |
| 9/1/2019 | 108,704 | 2.000% | 32,890.75 | 141,594.75 |
| 12/1/2019 | 109,248 | 2.000% | 32,347.23 | 141,595.23 |
| 3/1/2020 | 109,794 | 2.000% | 31,800.99 | 141,594.99 |
| 6/1/2020 | 110,343 | 2.000% | 31,252.02 | 141,595.02 |
| 9/1/2020 | 110,895 | 2.000% | 30,700.30 | 141,595.30 |
| 12/1/2020 | 111,449 | 2.000% | 30,145.83 | 141,594.83 |
| 3/1/2021 | 112,007 | 2.000% | 29,588.58 | 141,595.58 |
| 6/1/2021 | 112,567 | 2.000% | 29,028.55 | 141,595.55 |
| 9/1/2021 | 113,129 | 2.000% | 28,465.71 | 141,594.71 |
| 12/1/2021 | 113,695 | 2.000% | 27,900.07 | 141,595.07 |
| 3/1/2022 | 114,264 | 2.000% | 27,331.59 | 141,595.59 |
| 6/1/2022 | 114,835 | 2.000% | 26,760.27 | 141,595.27 |
| 9/1/2022 | 115,409 | 2.000% | 26,186.10 | 141,595.10 |
| 12/1/2022 | 115,986 | 2.000% | 25,609.05 | 141,595.05 |
| 3/1/2023 | 116,566 | 2.000% | 25,029.12 | 141,595.12 |
| 6/1/2023 | 117,149 | 2.000% | 24,446.29 | 141,595.29 |
| 9/1/2023 | 117,735 | 2.000% | 23,860.55 | 141,595.55 |

## BOND DEBT SERVICE

City of Morgantown

2% Interest Rate

20 Years

| Period Ending | Principal | Coupon | Interest | Debt Service |
|---|---|---|---|---|
| 12/1/2023 | 118,323 | 2.000% | 23,271.87 | 141,594.87 |
| 3/1/2024 | 118,915 | 2.000% | 22,680.26 | 141,595.26 |
| 6/1/2024 | 119,509 | 2.000% | 22,085.68 | 141,594.68 |
| 9/1/2024 | 120,107 | 2.000% | 21,488.14 | 141,595.14 |
| 12/1/2024 | 120,708 | 2.000% | 20,887.60 | 141,595.60 |
| 3/1/2025 | 121,311 | 2.000% | 20,284.06 | 141,595.06 |
| 6/1/2025 | 121,918 | 2.000% | 19,677.51 | 141,595.51 |
| 9/1/2025 | 122,527 | 2.000% | 19,067.92 | 141,594.92 |
| 12/1/2025 | 123,140 | 2.000% | 18,455.28 | 141,595.28 |
| 3/1/2026 | 123,756 | 2.000% | 17,839.58 | 141,595.58 |
| 6/1/2026 | 124,374 | 2.000% | 17,220.80 | 141,594.80 |
| 9/1/2026 | 124,996 | 2.000% | 16,598.93 | 141,594.93 |
| 12/1/2026 | 125,621 | 2.000% | 15,973.95 | 141,594.95 |
| 3/1/2027 | 126,249 | 2.000% | 15,345.85 | 141,594.85 |
| 6/1/2027 | 126,880 | 2.000% | 14,714.60 | 141,594.60 |
| 9/1/2027 | 127,515 | 2.000% | 14,080.20 | 141,595.20 |
| 12/1/2027 | 128,152 | 2.000% | 13,442.63 | 141,594.63 |
| 3/1/2028 | 128,793 | 2.000% | 12,801.87 | 141,594.87 |
| 6/1/2028 | 129,437 | 2.000% | 12,157.90 | 141,594.90 |
| 9/1/2028 | 130,084 | 2.000% | 11,510.72 | 141,594.72 |
| 12/1/2028 | 130,735 | 2.000% | 10,860.30 | 141,595.30 |
| 3/1/2029 | 131,388 | 2.000% | 10,206.62 | 141,594.62 |
| 6/1/2029 | 132,045 | 2.000% | 9,549.68 | 141,594.68 |
| 9/1/2029 | 132,706 | 2.000% | 8,889.46 | 141,595.46 |
| 12/1/2029 | 133,369 | 2.000% | 8,225.93 | 141,594.93 |
| 3/1/2030 | 134,036 | 2.000% | 7,559.08 | 141,595.08 |
| 6/1/2030 | 134,706 | 2.000% | 6,888.90 | 141,594.90 |
| 9/1/2030 | 135,380 | 2.000% | 6,215.37 | 141,595.37 |
| 12/1/2030 | 136,057 | 2.000% | 5,538.47 | 141,595.47 |
| 3/1/2031 | 136,737 | 2.000% | 4,858.19 | 141,595.19 |
| 6/1/2031 | 137,421 | 2.000% | 4,174.50 | 141,595.50 |
| 9/1/2031 | 138,108 | 2.000% | 3,487.40 | 141,595.40 |
| 12/1/2031 | 138,798 | 2.000% | 2,796.86 | 141,594.86 |
| 3/1/2032 | 139,492 | 2.000% | 2,102.87 | 141,594.87 |
| 6/1/2032 | 140,190 | 2.000% | 1,405.41 | 141,595.41 |
| 9/1/2032 | 140,891 | 2.000% | 704.46 | 141,595.46 |
| | **9,317,286** | | **2,010,324.36** | **11,327,610.36** |

(Form of)

ASSIGNMENT

FOR VALUE RECEIVED the undersigned sells, assigns, and transfers unto _____ the within Bond and does hereby irrevocably constitute and appoint _____, Attorney to transfer the said Bond on the books kept for registration of the within Bond of the said Issuer with full power of substitution in the premises.

Dated: _____, 20____.

_____

In the presence of:

_____

SPECIMEN

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE CITY OF MORGANTOWN
COMBINED UTILITYSYSTEM REVENUE BOND, SERIES 2010 E
(WEST VIRGINIA DWTRF PROGRAM/ARRA)

No. ER-1 $100,000

KNOW ALL MEN BY THESE PRESENTS: That on this the 28th day of January, 2010, THE CITY OF MORGANTOWN, a municipal corporation and political subdivision of the State of West Virginia in Monongalia County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY (the "Authority") or registered assigns the sum of ONE HUNDRED THOUSAND DOLLARS ($100,000), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing December 1, 2012 to and including September 1, 2032 as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference, interest on each installment at the rate per annum set forth on said EXHIBIT B. The interest on this Bond shall be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing December 1, 2012 to and including September 1, 2032 as set forth on EXHIBIT B attached hereto. The Series 2010 E Bonds are not subject to the Administrative Fee.

Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent"). The interest on this Bond is payable by check or draft of the Paying Agent mailed to the registered owner hereof at the address as it appears on the books of The Huntington National Bank, Charleston, West Virginia, as registrar (the "Registrar"), on the 15th day of the month next preceding an interest payment date, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner hereof.

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the West Virginia Bureau for Public Health (the "BPH"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the ARRA Assistance Agreement by and between the Issuer and the Authority on behalf of the BPH, dated January 28, 2010.

This Bond is issued (i) to pay the costs of acquisition and construction of certain extensions, additions, betterments and improvements to the water portion of the existing public combined waterworks, sewerage, and stormwater system of the Issuer (the "Project"); and (ii) to pay certain costs of issuance of the Bonds and related costs. The existing public combined waterworks, sewerage, and stormwater system of the Issuer, the Project, and any further extensions, additions, betterments or improvements thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 8, Article 20 and Chapter 16, Article 13 C of the West Virginia Code of 1931, as amended (collectively, the "Act"), a Bond Ordinance duly enacted by the Issuer on September 1, 2009, and a Supplemental Resolution and Conformed Ordinance duly adopted by the Issuer on January 5, 2010 (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) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 1992 (WEST VIRGINIA SRF PROGRAM), DATED SEPTEMBER 8, 1992, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $11,900,000 (THE "SERIES 1992 BONDS"); (2) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 1995 (WEST VIRGINIA SRF PROGRAM), DATED APRIL 27, 1995, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,601,477 (THE "SERIES 1995 BONDS"); (3) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2000 A (WEST VIRGINIA SRF PROGRAM), DATED FEBRUARY 29, 2000, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $7,842,000 (THE "SERIES 2000 A BONDS"); (4) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2000 B (WEST VIRGINIA INFRASTRUCTURE FUND), DATED FEBRUARY 29, 2000, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,488,000 (THE "SERIES 2000 B BONDS"); (5) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2001 A (WEST VIRGINIA INFRASTRUCTURE FUND), DATED FEBRUARY 8, 2001, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $3,812,470 (THE "SERIES 2001 A BONDS"); (6) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2006 A (WEST VIRGINIA SRF PROGRAM), DATED JUNE 30, 2006, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $6,410,191 (THE "SERIES 2006 A BONDS"); AND (7) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2007 A (WEST VIRGINIA SRF PROGRAM), DATED AUGUST 14, 2007, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $8,500,000 (THE "SERIES 2007 A BONDS") (COLLECTIVELY, THE "PRIOR BONDS") AND (8) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 A (DIRECT PAYMENT BUILD AMERICA BONDS), DATED JANUARY 28, 2010, ISSUED SIMULTANEOUSLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $37,950,000 (THE "SERIES 2010 A BONDS"); (9) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 B (WEST VIRGINIA SRF PROGRAM/ARRA), DATED JANUARY 28, 2010, ISSUED SIMULTANEOUSLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $81,600 (THE 'SERIES 2010 B BONDS"); (10) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 C (WEST VIRGINIA SRF PROGRAM), DATED JANUARY 28, 2010, ISSUED SIMULTANEOUSLY HEREWITH IN THE

ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $15,380,227 (THE "SERIES 2010 C BONDS"); (11) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 D (WEST VIRGINIA DWTRF PROGRAM), DATED JANUARY 28, 2010, ISSUED SIMULTANEOUSLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $9,317,286 (THE "SERIES 2010 D BONDS"); AND (12) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 F (BANK QUALIFIED), DATED JANUARY 28, 2010, ISSUED SIMULTANEOUSLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $7,250,000 (THE "SERIES 2010 F BONDS").

This Bond is payable only from and secured by a pledge of the Gross Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Gross Revenues in favor of the holders of the Series 2010 A Bonds, Series 2010 B Bonds, Series 2010 C Bonds, Series 2010 D Bonds, Series 2010 F Bonds and the Prior Bonds, and from moneys in the reserve account created under the Bond Legislation for the Bonds (the "Series 2010 E Bonds Reserve Account"), and unexpended proceeds of the Bonds. Such Gross 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 an indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest hereon, except from said special fund provided from the Gross Revenues, the moneys in the Series 2010 E Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest on the Bonds, and all other obligations secured by a lien on or payable from such revenues on a parity with the Bonds, including the Series 2010 A Bonds, Series 2010 B Bonds, Series 2010 C Bonds, Series 2010 D Bonds, Series 2010 F Bonds and Prior Bonds; provided, however, that so long as there exists in the Series 2010 E Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with the Bonds, including the Series 2010 A Bonds, Series 2010 B Bonds, Series 2010 C Bonds, Series 2010 D Bonds, Series 2010 F Bonds and Prior Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

Subject to the registration requirements set forth herein, this Bond is transferable, as provided in the Bond Legislation, only upon the books of the Registrar by the registered owner, or by its attorney duly authorized in writing, upon the surrender of this Bond, together with a written instrument of transfer satisfactory to the Registrar, duly executed by the registered owner or its attorney duly authorized in writing.

Subject to the registration requirements set forth herein, this Bond, under the provision of the Act is, and has all the qualities and incidents of, a negotiable instrument under the Uniform Commercial Code of the State of West Virginia.

All money received from the sale of this Bond, after reimbursement and repayment of all amounts advanced for preliminary expenses as provided by law and the Bond Legislation, shall be applied solely to payment of the costs of the Project and costs of issuance hereof described in the Bond Legislation, and there shall be and hereby is created and granted a lien upon such moneys, until so applied, in favor of the registered owner of this Bond.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and 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 Gross 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.

[Remainder of Page Intentionally Blank]

IN WITNESS WHEREOF, THE CITY OF MORGANTOWN has caused this Bond to be signed by its Mayor and City Manager, and its corporate seal to be hereunto affixed and attested by its City Clerk, and has caused this Bond to be dated the day and year first written above.

[SEAL]

By: _____
Mayor

By: _____
City Manager

ATTEST:

By: _____
City Clerk

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2010 E 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: January 28, 2010.

THE HUNTINGTON NATIONAL BANK,
as Registrar

By: SPECIMEN
Its: Authorized Officer

EXHIBIT A

RECORD OF ADVANCES

| AMOUNT | DATE | AMOUNT | DATE |
|---|---|---|---|
| (1) $-0- | January 28, 2010 | (19) | |
| (2) | | (20) | |
| (3) | | (21) | |
| (4) | | (22) | |
| (5) | | (23) | |
| (6) | | (24) | |
| (7) | | (25) | |
| (8) | | (26) | |
| (9) | | (27) | |
| (10) | | (28) | |
| (11) | | (29) | |
| (12) | | (30) | |
| (13) | | (31) | |
| (14) | | (32) | |
| (15) | | (33) | |
| (16) | | (34) | |
| (17) | | (35) | |
| (18) | | (36) | |

TOTAL $_____

EXHIBIT B

DEBT SERVICE SCHEDULE

## BOND DEBT SERVICE

City of Morgantown

2% Interest Rate

20 Years

| | |
|---|---|
| Dated Date | 1/28/2010 |
| Delivery Date | 1/28/2010 |

| Period Ending | Principal | Coupon | Interest | Debt Service |
|---|---|---|---|---|
| 1/28/2010 | | | | |
| 12/1/2012 | 1,020 | 2.000% | 500.00 | 1,520.00 |
| 3/1/2013 | 1,025 | 2.000% | 494.90 | 1,519.90 |
| 6/1/2013 | 1,030 | 2.000% | 489.78 | 1,519.78 |
| 9/1/2013 | 1,035 | 2.000% | 484.63 | 1,519.63 |
| 12/1/2013 | 1,040 | 2.000% | 479.45 | 1,519.45 |
| 3/1/2014 | 1,045 | 2.000% | 474.25 | 1,519.25 |
| 6/1/2014 | 1,051 | 2.000% | 469.03 | 1,520.03 |
| 9/1/2014 | 1,056 | 2.000% | 463.77 | 1,519.77 |
| 12/1/2014 | 1,061 | 2.000% | 458.49 | 1,519.49 |
| 3/1/2015 | 1,067 | 2.000% | 453.19 | 1,520.19 |
| 6/1/2015 | 1,072 | 2.000% | 447.85 | 1,519.85 |
| 9/1/2015 | 1,077 | 2.000% | 442.49 | 1,519.49 |
| 12/1/2015 | 1,083 | 2.000% | 437.11 | 1,520.11 |
| 3/1/2016 | 1,088 | 2.000% | 431.69 | 1,519.69 |
| 6/1/2016 | 1,093 | 2.000% | 426.25 | 1,519.25 |
| 9/1/2016 | 1,099 | 2.000% | 420.79 | 1,519.79 |
| 12/1/2016 | 1,104 | 2.000% | 415.29 | 1,519.29 |
| 3/1/2017 | 1,110 | 2.000% | 409.77 | 1,519.77 |
| 6/1/2017 | 1,116 | 2.000% | 404.22 | 1,520.22 |
| 9/1/2017 | 1,121 | 2.000% | 398.64 | 1,519.64 |
| 12/1/2017 | 1,127 | 2.000% | 393.04 | 1,520.04 |
| 3/1/2018 | 1,132 | 2.000% | 387.40 | 1,519.40 |
| 6/1/2018 | 1,138 | 2.000% | 381.74 | 1,519.74 |
| 9/1/2018 | 1,144 | 2.000% | 376.05 | 1,520.05 |
| 12/1/2018 | 1,149 | 2.000% | 370.33 | 1,519.33 |
| 3/1/2019 | 1,155 | 2.000% | 364.59 | 1,519.59 |
| 6/1/2019 | 1,161 | 2.000% | 358.81 | 1,519.81 |
| 9/1/2019 | 1,167 | 2.000% | 353.01 | 1,520.01 |
| 12/1/2019 | 1,173 | 2.000% | 347.17 | 1,520.17 |
| 3/1/2020 | 1,178 | 2.000% | 341.31 | 1,519.31 |
| 6/1/2020 | 1,184 | 2.000% | 335.42 | 1,519.42 |
| 9/1/2020 | 1,190 | 2.000% | 329.50 | 1,519.50 |
| 12/1/2020 | 1,196 | 2.000% | 323.55 | 1,519.55 |
| 3/1/2021 | 1,202 | 2.000% | 317.57 | 1,519.57 |
| 6/1/2021 | 1,208 | 2.000% | 311.56 | 1,519.56 |
| 9/1/2021 | 1,214 | 2.000% | 305.52 | 1,519.52 |
| 12/1/2021 | 1,220 | 2.000% | 299.45 | 1,519.45 |
| 3/1/2022 | 1,226 | 2.000% | 293.35 | 1,519.35 |
| 6/1/2022 | 1,232 | 2.000% | 287.22 | 1,519.22 |
| 9/1/2022 | 1,239 | 2.000% | 281.06 | 1,520.06 |
| 12/1/2022 | 1,245 | 2.000% | 274.86 | 1,519.86 |
| 3/1/2023 | 1,251 | 2.000% | 268.64 | 1,519.64 |
| 6/1/2023 | 1,257 | 2.000% | 262.38 | 1,519.38 |
| 9/1/2023 | 1,264 | 2.000% | 256.10 | 1,520.10 |

## BOND DEBT SERVICE
City of Morgantown
2% Interest Rate
20 Years

| Period Ending | Principal | Coupon | Interest | Debt Service |
|---|---|---|---|---|
| 12/1/2023 | 1,270 | 2.000% | 249.78 | 1,519.78 |
| 3/1/2024 | 1,276 | 2.000% | 243.43 | 1,519.43 |
| 6/1/2024 | 1,283 | 2.000% | 237.05 | 1,520.05 |
| 9/1/2024 | 1,289 | 2.000% | 230.63 | 1,519.63 |
| 12/1/2024 | 1,296 | 2.000% | 224.19 | 1,520.19 |
| 3/1/2025 | 1,302 | 2.000% | 217.71 | 1,519.71 |
| 6/1/2025 | 1,309 | 2.000% | 211.20 | 1,520.20 |
| 9/1/2025 | 1,315 | 2.000% | 204.65 | 1,519.65 |
| 12/1/2025 | 1,322 | 2.000% | 198.08 | 1,520.08 |
| 3/1/2026 | 1,328 | 2.000% | 191.47 | 1,519.47 |
| 6/1/2026 | 1,335 | 2.000% | 184.83 | 1,519.83 |
| 9/1/2026 | 1,342 | 2.000% | 178.15 | 1,520.15 |
| 12/1/2026 | 1,348 | 2.000% | 171.44 | 1,519.44 |
| 3/1/2027 | 1,355 | 2.000% | 164.70 | 1,519.70 |
| 6/1/2027 | 1,362 | 2.000% | 157.93 | 1,519.93 |
| 9/1/2027 | 1,369 | 2.000% | 151.12 | 1,520.12 |
| 12/1/2027 | 1,375 | 2.000% | 144.27 | 1,519.27 |
| 3/1/2028 | 1,382 | 2.000% | 137.40 | 1,519.40 |
| 6/1/2028 | 1,389 | 2.000% | 130.49 | 1,519.49 |
| 9/1/2028 | 1,396 | 2.000% | 123.54 | 1,519.54 |
| 12/1/2028 | 1,403 | 2.000% | 116.56 | 1,519.56 |
| 3/1/2029 | 1,410 | 2.000% | 109.55 | 1,519.55 |
| 6/1/2029 | 1,417 | 2.000% | 102.50 | 1,519.50 |
| 9/1/2029 | 1,424 | 2.000% | 95.41 | 1,519.41 |
| 12/1/2029 | 1,431 | 2.000% | 88.29 | 1,519.29 |
| 3/1/2030 | 1,439 | 2.000% | 81.14 | 1,520.14 |
| 6/1/2030 | 1,446 | 2.000% | 73.94 | 1,519.94 |
| 9/1/2030 | 1,453 | 2.000% | 66.71 | 1,519.71 |
| 12/1/2030 | 1,460 | 2.000% | 59.45 | 1,519.45 |
| 3/1/2031 | 1,468 | 2.000% | 52.15 | 1,520.15 |
| 6/1/2031 | 1,475 | 2.000% | 44.81 | 1,519.81 |
| 9/1/2031 | 1,482 | 2.000% | 37.43 | 1,519.43 |
| 12/1/2031 | 1,490 | 2.000% | 30.02 | 1,520.02 |
| 3/1/2032 | 1,497 | 2.000% | 22.57 | 1,519.57 |
| 6/1/2032 | 1,505 | 2.000% | 15.09 | 1,520.09 |
| 9/1/2032 | 1,512 | 2.000% | 7.56 | 1,519.56 |
| | **100,000** | | **21,576.46** | **121,576.46** |

(Form of)

ASSIGNMENT

FOR VALUE RECEIVED the undersigned sells, assigns, and transfers unto _____ the within Bond and does hereby irrevocably constitute and appoint _____, Attorney to transfer the said Bond on the books kept for registration of the within Bond of the said Issuer with full power of substitution in the premises.

Dated: _____, 20____.

_____

In the presence of:

_____

# THE CITY OF MORGANTOWN, WEST VIRGINIA
# TAXABLE-COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 A (DIRECT PAYMENT BUILD AMERICA BONDS); AND
# THE CITY OF MORGANTOWN, WEST VIRGINIA
# COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 F (BANK QUALIFIED)

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EXHIBIT B - SERIES 2010 F BOND FORM

THE CITY OF MORGANTOWN, WEST VIRGINIA

**AN ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE WATERWORKS PORTION OF THE EXISTING COMBINED UTILITY SYSTEM OF THE CITY OF MORGANTOWN AND THE FINANCING OF THE COST THEREOF, NOT OTHERWISE PROVIDED, THROUGH THE ISSUANCE BY THE CITY OF NOT MORE THAN $50,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF TAXABLE-COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 A (DIRECT PAYMENT BUILD AMERICA BONDS) AND NOT MORE THAN $9,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 F (BANK QUALIFIED); PROVIDING FOR THE RIGHTS AND REMEDIES OF, AND THE SECURITY FOR, THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING THE EXECUTION AND DELIVERY OF A BOND PURCHASE AGREEMENT, A CONTINUING DISCLOSURE AGREEMENT AND OTHER DOCUMENTS RELATING TO THE BONDS; AND ENACTING OTHER PROVISIONS WITH RESPECT TO SUCH BONDS.**

**WHEREAS**, The City of Morgantown (the "Issuer" or the "City") presently owns and operates, through The City of Morgantown Utility Board (the "Board"), a public combined waterworks, sewerage and stormwater system (the "System") and has heretofore financed the acquisition and construction of the System and certain additions, betterments and improvements thereto through the issuance of several series of bonds or refunding bonds, of which there are presently outstanding the Prior Bonds, as hereinafter defined.

**WHEREAS**, all of the Prior Bonds were issued pursuant to ordinances of the Issuer previously enacted (such ordinances, as so amended and supplemented, collectively herein called the "Prior Ordinances");

**WHEREAS,** under the provisions of Chapter 8, Article 20 of the West Virginia Code of 1931, as amended (the "Act"), the Issuer is authorized and

empowered to acquire, construct and operate extensions, additions, betterments and improvements for the System;

**WHEREAS**, the Issuer has determined, and does hereby affirm, that the acquisition and construction of certain extensions, additions, betterments and improvements to the waterworks portion of the System, is necessary, appropriate, useful and desirable for the health, safety, and welfare of the inhabitants of the City and surrounding areas;

**WHEREAS**, the American Recovery and Reinvestment Act of 2009, Pub. L. No. 111-5, 123 Stat. 115 (2009) (enacted February 17, 2009) added Section 54AA to the Internal Revenue Code of 1986, as amended, authorizing state and local governments at their option to issue "Build America Bonds" as taxable governmental bonds with a direct federal subsidy of a percentage of the interest payments on such bonds;

**WHEREAS,** the Issuer has determined that the aforementioned acquisition and construction of extensions, additions, betterments and improvements to the waterworks portion of the System should be financed, as provided under the Act, in whole or in part, from the proceeds of revenue bonds to be issued by the Issuer, to pay all or any portion of the costs thereof, and to enact this Ordinance and issue its Taxable-Combined Utility System Revenue Bonds, Series 2010 A (Direct Payment Build America Bonds) (the "Series 2010 A Bonds"), such Series 2010 A Bonds to be secured by and payable from the Gross Revenues of the System, and containing such other terms and provisions as are hereinafter provided, all in the manner set forth herein;

**WHEREAS,** the Issuer has determined that the aforementioned acquisition and construction of extensions, additions, betterments and improvements to the waterworks portion of the System should be financed, as provided under the Act, in whole or in part, from the proceeds of revenue bonds to be issued by the Issuer, to pay all or any portion of the costs thereof, and to enact this Ordinance and issue its Combined Utility System Revenue Bonds, Series 2010 F (Bank Qualified) (the "Series 2010 F Bonds"), such Series 2010 F Bonds to be secured by and payable from the Gross Revenues of the System, and containing such other terms and provisions as are hereinafter provided, all in the manner set forth herein; and

**WHEREAS,** the Issuer has determined and hereby determines that it is in the best interest of the residents of the City that its Series 2010 A Bonds and Series 2010 F Bonds be sold to the Original Purchaser (as hereinafter defined) thereof pursuant to the terms and provisions of a bond purchase agreement, (the "Bond Purchase Agreement") between the Issuer and the Original Purchaser, hereinafter defined.

**NOW, THEREFORE, THE COUNCIL OF THE CITY OF MORGANTOWN HEREBY ORDAINS:**

## ARTICLE I

## DEFINITIONS, STATUTORY AUTHORITY, FINDINGS

**Section 1.01. Definitions**. All capitalized terms used in this Ordinance and not otherwise defined in the recitals hereto shall have the meanings specified below, unless the context expressly requires otherwise:

"**Act**" means Chapter 8, Article 20 of the West Virginia Code of 1931, as amended and in effect on the Closing Date for the Series 2010 A Bonds and Series 2010 F Bonds.

"**Authorized Newspaper**" means a financial journal or newspaper of general circulation in the City of New York, New York, printed in the English language and customarily published on each business day of the Registrar, whether or not published on Saturdays, Sundays or legal holidays, and so long as so published, shall include The Bond Buyer.

"**Authorized Officer**" means the Mayor or City Manager of the Issuer or any other officer of the Issuer specifically designated by resolution of the Council of the Issuer.

"**BAB Interest Subsidy Payments**" means payments to be received by the Issuer from the U.S. Department of the Treasury under Code Sections 54AA(g) and 6431 in connection with the payments of interest on the Series 2010 A Bonds or any additional parity Bonds which are Build America Bonds or other similarly designated federal subsidy bonds (including payments received under similar Federal bond subsidy provisions).

"**Board**" shall mean The City of Morgantown Utility Board, created by an ordinance of the Issuer, or any successor thereto.

"**Bond Commission**" means the West Virginia Municipal Bond Commission or any other agency of the State of West Virginia which succeeds to the functions of the Bond Commission.

"**Bond Counsel**" means any law firm having a national reputation in the field of municipal law whose opinions are generally accepted by purchasers of municipal bonds, appointed by the Issuer or the Board, and shall initially mean Steptoe & Johnson PLLC, Charleston, West Virginia.

"**Bondholder,**" "**Holder,**" "**Holder of the Bonds,**" "**Owner of the Bonds,**" "**Registered Owner,**" or any similar term means any person who shall be the registered owner of any outstanding Bond.

"**Bond Insurer**" means any entity which shall insure all or any portion of the payment of principal of and interest on the Bonds, and with respect to the Series 2010 A Bonds and Series 2010 F Bonds, shall initially mean the bond insurer or bond insurers, if any, named in the Supplemental Resolution.

"**Bond Register**" means the books of the Issuer maintained by the Registrar for the registration and transfer of the Series 2010 A Bonds and Series 2010 F Bonds.

"**Bond Year**" means with respect to each series of the Series 2010 A Bonds and Series 2010 F Bonds 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, collectively, the Series 2010 Bonds, the Prior Bonds and any additional parity Bonds hereafter issued within the terms, restrictions and conditions contained herein.

"**Build America Bonds**" shall mean bonds treated as "Build America Bonds" pursuant to the provisions of Section 54AA of the Code.

"**Business Day**" means any day other than a Saturday, Sunday or a day on which national banking associations, West Virginia banking corporations or the New York Stock Exchange are authorized by law to remain closed.

"**Certificate of Authentication and Registration**" means the Certificate of Authentication and Registration on the Series 2010 A Bonds and Series 2010 F Bonds in substantially the form set forth in **EXHIBIT A - SERIES 2010 A BOND FORM** and **EXHIBIT B - SERIES 2010 F BOND FORM** hereto.

"**City**" or "**Issuer**" means The City of Morgantown, a municipal corporation and political subdivision of the State of West Virginia, in Monongalia County thereof, and, where appropriate, the Council, the Board and any successor thereto.

"**City Manager**" means the City Manager of the Issuer.

"**Clerk**" means the City Clerk of the Issuer.

"**Closing Date**" means the date upon which there is an exchange of the Bonds for the proceeds representing the original purchase price thereof.

"**Code**" shall mean the Internal Revenue Code of 1986, as amended and supplemented from time to time, and Regulations thereunder and including the American Recovery and Reinvestment Act of 2009 and such guidance with respect thereto as may be issued by the Internal Revenue Service or Department of the Treasury from time to time.

"**Connection Fees**" means the fees, if any, paid by customers of the System in order to connect thereto.

"**Consulting Engineers**" means any independent qualified engineer or engineers or firm or firms of engineers that shall at any time now or hereafter be retained by the Issuer as Consulting Engineers for the System, or portion thereof.

"**Costs**" or similar terms means all those costs now or hereafter permitted by the Act to be financed with bonds issued pursuant hereto, including, without limitation those costs set forth in Section 1.02C.

"**Council**" means the City Council of the Issuer or any other governing body of the Issuer that succeeds to the functions of the Council as presently constituted.

"**Debt Service**" with reference to a specified period, means the amount of principal, including any sinking fund payments, and interest payable with respect to the Bonds during such period.

"**Depository Bank**" means the bank or banks to be designated as such in the Supplemental Resolution, and any other bank or national banking association located in the State of West Virginia, eligible under the laws of the State of West Virginia to receive deposits of state and municipal funds and insured by the FDIC that may hereafter be appointed by the Issuer as Depository Bank.

"**DTC**" means The Depository Trust Company, New York, New York, or its successor thereof.

"**DTC-eligible**" means, with respect to the Series 2010 A Bonds and Series 2010 F Bonds, meeting the qualifications prescribed by DTC.

"**Event of Default**" means any occurrence or event specified in Section 7.01.

"**FDIC**" means the Federal Deposit Insurance Corporation or 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.

"**Government Obligations**" shall have the meaning set forth in the Supplemental Resolution.

"**Gross Revenues**" means the aggregate gross operating and non-operating revenues of the System and includes investment income, connection fees, disconnections fees, System use charges and fees, BAB Interest Subsidy Payments and all other items of income which have been established as reasonably anticipated annual income of the System, determined in accordance with generally accepted accounting principles, after deduction of prompt payment discounts, if any, and reasonable provision for uncollectible accounts, and includes any proceeds from the

sale or other disposition of capital assets, but does not include any increase in the value of capital assets (including Qualified Investments).

**"Independent Accountant"** means the West Virginia State Tax Department or 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 purpose except keeping the accounts of said System in the normal operations 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, investment-type property or residential rental property for family units which is not located within the jurisdiction of the Issuer and which is not acquired to implement a court ordered or approved housing desegregation plan, excluding, however, obligations the interest on which is excluded from gross income, under Section 103 of the Code, for federal income tax purposes other than specified private activity bonds as defined in Section 57(a)(5)(C) of the Code.

**"Maximum Annual Debt Service"** means, at the time of computation, the greatest amount of Debt Service required to be paid on the Bonds for the then current or any succeeding Fiscal Year.

**"Mayor"** means the Mayor of the Issuer.

**"Municipal Bond Insurance Policy"** means the municipal bond insurance policy, if any, issued by the Bond Insurer simultaneously with the delivery of the Series 2010 A Bonds and Series 2010 F Bonds, insuring the timely payment of the principal of and interest on all or any of the Series 2010 A Bonds and Series 2010 F Bonds, in accordance with the terms thereof.

**"Net Proceeds"** means the face amount of the Series 2010 A Bonds and Series 2010 F Bonds, plus accrued interest and premium, if any, less original issue discount, if any, on such issue, and less proceeds deposited in the Series 2010 A Bonds Reserve Account and the Series 2010 F Bonds Reserve Account. For purposes of the Private Business Use limitations set forth herein, the term Net Proceeds shall include any amounts resulting from the investment of proceeds of the Series 2010 A Bonds and Series 2010 F Bonds, without regard to whether or not such investment is made in tax-exempt obligations.

**"Net Revenues"** means Gross Revenues less Operating Expenses.

**"Nonpurpose Investment"** means any Investment Property which is acquired with the gross proceeds of the Series 2010 A Bonds and Series 2010 F Bonds and is not acquired in order to carry out the governmental purpose of the Series 2010 A Bonds and Series 2010 F Bonds.

**"Operating Expenses"** unless qualified, means the current expenses, paid or accrued, of repair, operation and maintenance 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 of any project relating to the acquisition or construction of additions, betterments or improvements for the System), supplies, labor, wages, the cost of materials and supplies used for current operations, fees and expenses of fiscal agents and of the Depository Bank, Registrar and Paying Agent or Paying Agents, 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.

**"Ordinance"** or **"Bond Ordinance"** regardless of whether preceded by the article "the" or "this," means this Ordinance, as it may hereafter from time to time be amended or supplemented, by ordinance or by resolution.

**"Original Purchaser"** means the investment banking firm or firms, bank or banks or such other entity or entities as shall purchase the Series 2010 A Bonds and Series 2010 F Bonds directly from the Issuer, as determined by a resolution supplemental hereto.

**"Outstanding"** when used with reference to the Series 2010 Bonds or the Prior Bonds and as of any particular date, describes all Bonds theretofore and thereupon being issued and delivered except (a) any Bond or Prior Bond canceled by the registrar for such Bond or Prior Bonds at or prior to said date; (b) any Bond or Prior Bonds for the payment of which monies, equal to its principal amount, with interest to the date of maturity, shall be held in trust under this Ordinance and set aside for such payment (whether upon or prior to maturity); (c) any Bond deemed to have been paid as provided by Section 9.01; and (d) with respect to determining the number or percentage of Bondholders or Bonds or Prior Bonds for the purpose of consents, notices and the like, any Bond registered to the Issuer. Notwithstanding the foregoing, in the event that a Bond Insurer has paid principal of and/or interest on any Bond or Prior Bond, such Bond or Prior Bond shall be deemed to be Outstanding until such time as such Bond Insurer has been reimbursed in full.

**"Paying Agent"** means, initially, the West Virginia Municipal Bond Commission and any other paying agent for the Series 2010 A Bonds and Series 2010 F Bonds which may be appointed by a resolution supplemental hereto, all in accordance with Section 8.12 hereof.

"**Prior Bonds**" means, collectively, the Series 1992 Bonds, Series 1995 Bonds, Series 2000 A Bonds, Series 2000 B Bonds, Series 2001 A Bonds, Series 2006 A Bonds, and Series 2007 A Bonds.

**"Prior Ordinances"** means, collectively, the ordinance of the Issuer authorizing the issuance of the Prior Bonds.

**"Private Business Use"** means use directly or indirectly in a trade or business carried on by a natural person or in any activity carried on by a person

other than a natural person, excluding, however, use by a state or local governmental unit and use as a member of the general public.

**"Project"** means the acquisition and construction of certain additions, betterments and improvements to the System, including the acquisition of the sewerage systems of the Willow Springs system.

**"Purchase Price"** for the purpose of computation of the Yield of the Series 2010 A Bonds and Series 2010 F 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 2010 to the public (not including bond houses and brokers, or similar persons or organizations acting in the capacity of underwriters or wholesalers) at which price a substantial amount of the Bonds of each maturity is sold or, if the Series 2010 Bonds are privately placed, the price paid by the first buyer of the Series 2010 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 2010 Bonds for acquisition thereof, or if later, on the date that Investment Property constituting a Nonpurpose Investment becomes a Nonpurpose Investment of the Series 2010 A Bonds and Series 2010 F Bonds.

**"Qualified Investments"** means and includes the investments set forth in the Supplemental Resolution and designated as such.

**"Record Date"** means the date or dates which shall be so stated in the Series 2010 A Bonds and Series 2010 F Bonds, regardless of whether such day is a Saturday, Sunday or legal holiday.

**"Redemption Date"** means the date fixed for redemption of Bonds subject to redemption in any notice of redemption published or mailed in accordance herewith.

**"Redemption Price"** means the price at which any of the Bonds may be called for redemption and includes the principal amount of the Bonds to be redeemed, plus the interest and the premium, if any, required to be paid to effect such redemption.

**"Registrar"** means the bank to be designated in the Supplemental Resolution as the Registrar for the Series 2010 A Bonds and Series 2010 F Bonds, and any successor thereto appointed in accordance with Section 8.08 hereof.

**"Regulations"** means temporary and permanent regulations promulgated under the Code, and includes applicable regulations promulgated under the Internal Revenue Code of 1954.

**"Revenue Fund"** means the Revenue Fund created by the Prior Ordinances and continued hereby.

"**Series 1992 Bonds**" means the Combined Utility System Revenue Bonds, Series 1992 (West Virginia SRF Program), of the Issuer, dated September 8, 1992, issued in the original aggregate principal amount of $11,900,000.

"**Series 1995 Bonds**" means the Combined Utility System Revenue Bonds, Series 1995 (West Virginia SRF Program), of the Issuer, dated April 27, 1995, issued in the original aggregate principal amount of $1,601,477.

"**Series 2000 A Bonds**" means the Combined Utility System Revenue Bonds, Series 2000 A (West Virginia SRF Program), of the Issuer, dated February 29, 2000, issued in the original aggregate principal amount of $7,842,000.

"**Series 2000 B Bonds**" means the Combined Utility System Revenue Bonds, Series 2000 B (West Virginia Infrastructure Fund), of the Issuer, dated February 29, 2000, issued in the original aggregate principal amount of $2,488,000.

"**Series 2001 A Bonds**" means the Combined Utility System Revenue Bonds, Series 2001 A (West Virginia Infrastructure Fund), of the Issuer, dated February 8, 2001, issued in the original aggregate principal amount of $3,812,470.

"**Series 2006 A Bonds**" means the Combined Utility System Revenue Bonds, Series 2006 A (West Virginia SRF Program), of the Issuer, dated June 30, 2006, issued in the original aggregate principal amount of $6,410,191.

"**Series 2007 A Bonds**" means the Combined Utility System Revenue Bonds, Series 2007 A (West Virginia SRF Program), of the Issuer, dated August 14, 2007, issued in the original aggregate principal amount of $8,500,000.

"**Series 2010 Bonds**" means, collectively, the Series 2010 A Bonds, Series 2010 B Bonds, Series 2010 C Bonds, Series 2010 D Bonds, Series 2010 E Bonds and Series 2010 F Bonds.

"**Series 2010 Bonds Acquisition and Construction Fund**" means the Series 2010 Bonds Acquisition and Construction Fund created by Section 4.01 hereof.

"**Series 2010 A Bonds**" means the Taxable-Combined Utility System Revenue Bonds, Series 2010 A (Direct Payment Build America Bonds), of the Issuer, originally authorized to be issued pursuant to this Ordinance and the Supplemental Resolution.

"**Series 2010 A Bonds Costs of Issuance Fund**" means the Series 2010 A Costs of Issuance Fund created by Section 4.01 hereof.

"**Series 2010 A Bonds Redemption Account**" means the Redemption Account created in the Series 2010 A Bonds Sinking Fund by Section 4.02 hereof.

"**Series 2010 A Bonds Reserve Account**" means the Series 2010 A Bonds Reserve Account created in the Series 2010 A Bonds Sinking Fund by Section 4.02 hereof.

"**Series 2010 A Bonds Reserve Account Requirement**" means an amount equal to the lesser of (i) 10% of the original principal amount of the Series 2010 A Bonds, (ii) Maximum Annual Debt Service at the time of original issuance of the Series 2010 A Bonds, or (iii) 125% of average annual Debt Service at the time of original issuance of the Series 2010 A Bonds.

"**Series 2010 A Bonds Sinking Fund**" means the Series 2010 A Bonds Sinking Fund created by Section 4.02 hereof.

"**Series 2010 B Bonds**" means the Issuer's Combined Utility System Revenue Bonds, Series 2010 B (West Virginia SRF Program/ARRA), to be issued concurrently herewith in the original aggregate principal amount of $81,600.

"**Series 2010 B Bonds Ordinance**" means the Ordinance authorizing the Series 2010 B Bonds.

"**Series 2010 C Bonds**" means the Issuer's Combined Utility System Revenue Bonds, Series 2010 C (West Virginia SRF Program), to be issued concurrently herewith in the original aggregate principal amount of $15,203,668.

"**Series 2010 C Bonds Ordinance**" means the Ordinance authorizing the Series 2010 C Bonds.

"**Series 2010 D Bonds**" means the Issuer's Combined Utility System Revenue Bonds, Series 2010 D (West Virginia DWTRF Program), to be issued concurrently herewith in the original aggregate principal amount not to exceed $9,317,286.

"**Series 2010 D Bonds Ordinance**" means the Ordinance authorizing the Series 2010 D Bonds.

"**Series 2010 E Bonds**" means the Issuer's Combined Utility System Revenue Bonds, Series 2010 E (West Virginia DWTRF Program/ARRA), to be issued concurrently herewith in the original aggregate principal amount not to exceed $100,000.

"**Series 2010 E Bonds Ordinance**" means the Ordinance authorizing the Series 2010 E Bonds.

"**Series 2010 F Bonds**" means the Combined Utility System Revenue Bonds, Series 2010 F (Bank Qualified), of the Issuer, originally authorized to be issued pursuant to this Ordinance and the Supplemental Resolution.

"**Series 2010 F Bonds Costs of Issuance Fund**" means the Series 2010 F Costs of Issuance Fund created by Section 4.01 hereof.

**"Series 2010 F Bonds Redemption Account"** means the Redemption Account created in the Series 2010 F Bonds Sinking Fund by Section 4.02 hereof.

**"Series 2010 F Bonds Reserve Account"** means the Series 2010 F Bonds Reserve Account created in the Series 2010 F Bonds Sinking Fund by Section 4.02 hereof.

**"Series 2010 F Bonds Reserve Account Requirement"** means an amount equal to the lesser of (i) 10% of the original principal amount of the Series 2010 F Bonds, (ii) Maximum Annual Debt Service at the time of original issuance of the Series 2010 A Bonds, or (iii) 125% of average annual Debt Service at the time of original issuance of the Series 2010 F Bonds.

**"Series 2010 F Bonds Sinking Fund"** means the Series 2010 F Bonds Sinking Fund created by Section 4.02 hereof.

**"Sinking Funds"** means, collectively, the respective Sinking Funds established for the Series 2010 Bonds and the Prior Bonds.

**"State"** means the State of West Virginia.

**"Supplemental Resolution"** means any ordinance or resolution amendatory hereof or supplemental hereto and, when preceded by the article "the," refers specifically to the Supplemental Resolution or Resolutions to be adopted by the Issuer following enactment of this Ordinance, setting forth the final amounts, maturities, interest rates, redemption provisions, Bond Insurer provisions (if any) and other terms of the Series 2010 A Bonds and Series 2010 F Bonds and authorizing the sale of the Series 2010 A Bonds and Series 2010 F Bonds to the Original Purchaser; provided, that any provision intended to be included in the Supplemental Resolution and not so included may be contained in any other Supplemental Resolution.

**"System"** means the complete existing combined municipal waterworks, sewerage and stormwater system of the Issuer, as presently existing in its entirety or any integral part thereof and shall include the Project and shall include any additions, betterments and improvements thereto hereafter acquired or constructed for said waterworks or sewage systems from any sources whatsoever, both within and without the Issuer.

**"Tax Certificate"** means the Issuer's Tax Certificate dated as of the date of issuance of the Series 2010 A Bonds and Series 2010 F Bonds, as the same may be amended or supplemented in accordance with the provisions thereof.

**"Term Bonds"** means Bonds subject to mandatory sinking fund redemption, as described by Section 3.06 hereof.

Words importing singular number shall include the plural number in each case and vice versa; words importing persons shall include firms and corporations

and vice versa; and words importing the masculine gender shall include the feminine and neuter genders and vice versa.

Additional terms and phrases are defined in this Ordinance as they are used. Accounting terms not specifically defined herein shall be given meaning in accordance with generally accepted accounting principles.

The terms "herein," "hereunder," "hereby," "hereto," "hereof" and any similar terms refer to this Ordinance; and the term "hereafter" means after the date of enactment of this Ordinance.

Articles, sections and subsections mentioned by number only are the respective articles, sections and subsections of this Ordinance so numbered.

**Section 1.02. Authority for this Ordinance.** This Ordinance is enacted pursuant to the provisions of the Act and other applicable provisions of law.

**Section 1.03. Findings.** The Council hereby finds and determines as follows:

A. The Issuer is a municipal corporation and political subdivision of the State of West Virginia in Monongalia County of said State.

B. The Issuer presently owns and operates, through the Morgantown Utility Board (the "Board"), a public combined waterworks, sewerage, and stormwater system. It is deemed necessary and desirable for the health and welfare of the inhabitants of the Issuer, and for the improvement of the water environment of the project area, that there be acquired and constructed certain extensions, additions, betterments and improvements to the waterworks portion of the existing public combined waterworks, sewerage, and stormwater system of the Issuer, consisting of additions and improvements to the City's existing water treatment plant facilities, including capacity expansion, replacement of raw water intake and pumps, membrane filtration facilities, SCADA system and electrical upgrades, fire protection facilities, lines, transmission mains, storage tanks, shop, garage and office improvements, other additions and improvements and all necessary appurtenances; and if not financed through other sources, water distribution system additions and improvements, including new water storage tanks, transmission lines, pumping stations, SCADA system and electrical improvements, building improvements and expansion, other additions and improvements and all necessary appurtenances (collectively, the "Project") (the existing public combined waterworks, sewerage, and stormwater 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. It is deemed necessary for the Issuer to issue its Taxable-Combined Utility System Revenue Bonds, Series 2010 A, in the aggregate principal amount of not more than $50,000,000 and its Combined Utility System Revenue Bonds, Series

2010 F, in the aggregate principal amount of not more than $9,000,000, to permanently finance the costs of acquisition and construction of the Project. Said costs shall be deemed to include the cost of all property rights, easements and franchises deemed necessary or convenient therefor; interest, if any, upon the Series 2010 A Bonds and Series 2010 F Bonds prior to and during acquisition or construction and for a period not exceeding 6 months after completion of acquisition and construction of the Project; amounts which may be deposited in the Series 2010 A Bonds Reserve Account and the Series 2010 F Bonds Reserve Account; underwriter's discount, 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; premiums for municipal bond insurance, reserve account insurance or reserve account surety bonds; letter of credit fees; discount; initial fees for the services of registrars, paying agents, depositories or trustees or other costs in connection with the sale of the Series 2010 A Bonds and Series 2010 F Bonds and such other expenses as may be necessary or incidental to the financing herein authorized; the acquisition and 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 2010 A Bonds and Series 2010 F Bonds or the repayment of indebtedness incurred by the Issuer for such purposes shall be deemed Costs of the Project, as hereinafter defined.

D. The period of usefulness of the System after completion of the Project is not less than 30 years.

E. It is in the best interests of the Issuer that the Series 2010 A Bonds and Series 2010 F Bonds be sold to the Original Purchaser pursuant to the terms and provisions of a bond purchase agreement to be entered into by and between the Issuer and the Original Purchaser, as shall be approved by supplemental resolution of the Issuer.

F. There are outstanding obligations of the Issuer which will rank on a parity with the Series 2010 Bonds as to liens, pledge, source of and security for payment, being the Issuer's: (1) Combined Utility System Revenue Bonds, Series 1992 (West Virginia SRF Program), dated September 8, 1992, issued in the original aggregate principal amount of $11,900,000 (the "Series 1992 Bonds"), (2) Combined Utility System Revenue Bonds, Series 1995 (West Virginia SRF Program), dated April 27, 1995, issued in the original aggregate principal amount of $1,601,477 (the "Series 1995 Bonds"), (3) Combined Utility System Revenue Bonds, Series 2000 A (West Virginia SRF Program), dated February 29, 2000, issued in the original aggregate principal amount of $7,842,000 (the "Series 2000 A Bonds"), (4) Combined Utility System Revenue Bonds, Series 2000 B (West Virginia Infrastructure Fund), dated February 29, 2000, issued in the original aggregate principal amount of $2,488,000 (the "Series 2000 B Bonds"), (5) Combined Utility System Revenue Bonds, Series 2001 A (West Virginia

Infrastructure Fund), dated February 8, 2001, issued in the original aggregate principal amount of $3,812,470 (the "Series 2001 A Bonds"), (6) Combined Utility System Revenue Bonds, Series 2006 A (West Virginia SRF Program), dated June 30, 2006, issued in the original aggregate principal amount of $6,410,191 (the "Series 2006 A Bonds"); and (7) Combined Utility System Revenue Bonds, Series 2007 A (West Virginia SRF Program), dated August 14, 2007, issued in the original aggregate principal amount of $8,500,000 (the "Series 2007 A Bonds"), (collectively, the "Prior Bonds") and (8) Combined Utility System Revenue Bonds, Series 2010 B (West Virginia SRF Program/ARRA), issued January 28, 2010 in the original aggregate principal amount of $81,600 (the "Series 2010 B Bonds"); (9) Combined Utility System Revenue Bonds, Series 2010 C (West Virginia SRF Program), issued January 28, 2010 in the original aggregate principal amount of $15,203,668 (the "Series 2010 C Bonds"); (10) Combined Utility System Revenue Bonds, Series 2010 D (West Virginia DWTRF Program), issued January 28, 2010 in the original aggregate principal amount of $9,317,286 (the "Series 2010 D Bonds"); and (11) Combined Utility System Revenue Bonds, Series 2010 E (West Virginia DWTRF Program/ARRA), issued January 28, 2010 in the original aggregate principal amount of $100,000 (the "Series 2010 E Bonds").

Prior to the issuance of the Series 2010 A Bonds and Series 2010 F Bonds, the Issuer will obtain (i) the certificate of an Independent Certified Public Accountant stating that the coverage and parity tests of the Prior Bonds are met, and (ii) the written consent of the Holders of the Prior Bonds, as required by the Prior Ordinances, to the issuance of the Series 2010 A Bonds and Series 2010 F Bonds on a parity with the Prior Bonds. Other than the Series 2010 B Bonds, Series 2010 C Bonds, Series 2010 D Bonds, Series 2010 E Bonds and the Prior Bonds, there are no other outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System. The Issuer is in compliance with all the covenants of the Prior Bonds and the Prior Ordinances.

G. The Issuer intends to issue the Series 2010 Bonds and to pledge for payment thereof, from the Gross Revenues of the System, on a parity with one another and on a parity with such pledge in favor of the Holders of the Prior Bonds.

H. The estimated revenues to be derived in each year after the date hereof from the operation of the System will be sufficient, to provide for the repair, maintenance and operation of the System, the payment of interest upon the Series 2010 Bonds, and the Prior Bonds and to create sinking funds, as hereinafter provided, to pay the principal on the Series 2010 Bonds and the Prior Bonds as and when it becomes due and reasonable reserves therefor, to provide an adequate renewal and replacement fund, as hereinafter provided, and to make all other payments provided for in this Ordinance.

I. It is in the best interests of the Issuer, and the residents thereof, that the Issuer issue the Series 2010 A Bonds and Series 2010 F Bonds, and secure the Series 2010 A Bonds and Series 2010 F Bonds by a pledge and assignment of the Gross Revenues derived from the operation of the System, the monies in the Series

2010 A Bonds Reserve Account and the Series 2010 F Bonds Reserve Account, unexpended proceeds of the Series 2010 A Bonds and Series 2010 F Bonds and as further set forth herein.

J. The Series 2010 A Bonds and the Certificate of Authentication and Registration to be endorsed thereon are to be in substantially the forms set forth in EXHIBIT A - Series 2010 A BOND FORM attached hereto and incorporated herein by reference, with necessary and appropriate variations, omissions and insertions as permitted or required by this Ordinance or a Supplemental Resolution or as deemed necessary by the Registrar or the Issuer. The Series 2010 F Bonds and the Certificate of Authentication and Registration to be endorsed thereon are to be in substantially the forms set forth in EXHIBIT B - Series 2010 F BOND FORM attached hereto and incorporated herein by reference, with necessary and appropriate variations, omissions and insertions as permitted or required by this Ordinance or a Supplemental Resolution or as deemed necessary by the Registrar or the Issuer.

K. All things necessary to make the Series 2010 A Bonds and Series 2010 F Bonds, when authenticated by the Registrar and issued as in this Ordinance provided, the valid, binding and legal special obligations of the Issuer according to the import thereof, and to validly pledge and assign those funds pledged hereby to the payment of the principal of and interest on the Series 2010 A Bonds and Series 2010 F Bonds, will be timely done and duly performed.

L. The enactment of this Ordinance, the execution and issuance of the Series 2010 A Bonds and Series 2010 F Bonds and the amendment, subject to the terms thereof, will not result in any breach of, or constitute a default under, any instrument to which the Issuer is a party or by which it may be bound or affected.

M. The Issuer has complied with all requirements of West Virginia law relating to authorization of the acquisition, construction and operation of the Project and the System and issuance of the Series 2010 A Bonds and Series 2010 F Bonds, or will have so complied prior to issuance of any thereof, including, among other things, the obtaining of a certificate of convenience and necessity from the Public Service Commission of West Virginia by final order, the time for rehearing and appeal of which will either have expired prior to the date of issuance of the Series 2010 A Bonds and Series 2010 F Bonds or such final order will not be subject to appeal or rehearing.

**Section 1.04. Ordinance Constitutes Contract**. In consideration of the acceptance of the Series 2010 A Bonds and Series 2010 F Bonds by those who shall own or hold the same from time to time, this Ordinance 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 legal Holders of any and all of such Bonds, all of which shall be of equal rank and without preference, priority or distinction between any one Bond and any other Bond, by reason of priority of issuance or otherwise, except as expressly provided therein and herein.

## ARTICLE II

## AUTHORIZATION OF ACQUISITION AND CONSTRUCTION OF THE PROJECT

**Section 2.01. Authorization of Acquisition and Construction of the Project**. There is hereby authorized and ordered the acquisition and construction of the Project, at an estimated cost of not more than $59,000,000. The proceeds of the Series 2010 A Bonds and Series 2010 F Bonds hereby authorized shall be applied as provided herein.

## ARTICLE III

## THE SERIES 2010 A BONDS

**Section 3.01. Form and Payment of Bonds**. No Series 2010 A Bond or Series 2010 F Bond shall be issued pursuant to this Ordinance except as provided in this Article III. Any Series 2010 A Bonds and Series 2010 F Bonds issued pursuant to this Ordinance may be issued only as fully registered Series 2010 A Bonds and Series 2010 F Bonds without coupons, in the denomination of $5,000 or any integral multiple thereof for any year of maturity. All Series 2010 A Bonds and Series 2010 F Bonds shall be dated as of the date provided in a Supplemental Resolution applicable to such series. All Series 2010 A Bonds and Series 2010 F Bonds shall bear interest from the interest payment date next preceding the date of authentication or, if authenticated after the Record Date but prior to the applicable interest payment date or on such interest payment date, from such interest payment date or, if no interest on such Series 2010 A Bonds and Series 2010 F Bonds has been paid, from the date thereof; provided however, that, if, as shown by the records of the Registrar, interest on such Series 2010 A Bonds and Series 2010 F Bonds shall be in default, Bonds issued in exchange for Series 2010 A Bonds and Series 2010 F Bonds surrendered for transfer or exchange shall bear interest from the date to which interest has been paid in full on the initial Series 2010 A Bonds and Series 2010 F Bonds surrendered.

The principal of and the premium, if any, on the Series 2010 A Bonds and Series 2010 F Bonds shall be payable in any coin or currency which, on the respective date of such payment, is legal tender for the payment of public and private debts under the laws of the United States of America upon surrender at the principal office of the Paying Agent. Interest on the Series 2010 A Bonds and Series 2010 F Bonds shall be paid by check or draft made payable and mailed to the Holder thereof at his address as it appears in the Bond Register at the close of business on the Record Date, or, if requested, in the case of a Registered Owner of $1,000,000 or more of the Series 2010 A Bonds and Series 2010 F Bonds, by wire transfer to a

domestic bank account specified in writing at least 5 days prior to such interest payment date by such Registered Owner.

In the event any Series 2010 Bond is redeemed in part, such bond shall be surrendered to and canceled by the Registrar, and the Issuer shall execute, and the Registrar shall authenticate and deliver to the Holder thereof, another Series 2010 Bond in the principal amount of said 2010 Bond then Outstanding.

**Section 3.02. Execution of Bonds**. The Series 2010 A Bonds and Series 2010 F Bonds shall be executed in the name of the Issuer by the Mayor and City Manager, by their respective manual or facsimile signatures, and the seal of the Issuer shall be affixed thereto or imprinted thereon and attested by the City Clerk by his or her manual or facsimile signature; provided, that, all such signatures and the seal may be by facsimile. In case any one or more of the officers who shall have signed or sealed any of the Series 2010 A Bonds and Series 2010 F 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 Series 2010 A Bonds and Series 2010 F Bonds be signed and sealed on behalf of the City by such person as at the actual time of the execution of such Bonds shall hold the proper office in the City, although at the date of such Bonds such person may not have held such office or may not have been so authorized.

**Section 3.03. Authentication and Registration**. No Series 2010 A Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under this Ordinance unless and until the Certificate of Authentication and Registration on such Series 2010 A Bond, substantially in the form set forth in EXHIBIT A - Series 2010 A BOND FORM attached hereto and incorporated herein by reference with respect to the Series 2010 A Bonds, shall have been duly manually executed by the Registrar. Any such manually executed Certificate of Authentication and Registration upon any such Series 2010 A Bond shall be conclusive evidence that such Bond has been authenticated, registered and delivered under this Ordinance. The Certificate of Authentication and Registration on any Series 2010 A Bond shall be deemed to have been executed by the Registrar if signed by an authorized officer of the Registrar, but it shall not be necessary that the same officer sign the Certificate of Authentication and Registration on all of the Series 2010 A Bonds issued hereunder. No Series 2010 F Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under this Ordinance unless and until the Certificate of Authentication and Registration on such Series 2010 F Bond, substantially in the form set forth in EXHIBIT B - Series 2010 F BOND FORM attached hereto and incorporated herein by reference with respect to the Series 2010 F Bonds, shall have been duly manually executed by the Registrar. Any such manually executed Certificate of Authentication and Registration upon any such Series 2010 F Bond shall be conclusive evidence that such Bond has been authenticated, registered and delivered under this Ordinance. The Certificate of Authentication and Registration on any Series 2010 F Bond shall be deemed to have

been executed by the Registrar if signed by an authorized officer of the Registrar, but it shall not be necessary that the same officer sign the Certificate of Authentication and Registration on all of the Series 2010 F Bonds issued hereunder.

**Section 3.04. Negotiability and Registration**. Subject to the requirements for transfer set forth below, the Series 2010 A Bonds and Series 2010 F Bonds shall be, and have all of the qualities and incidents of, negotiable instruments under the Uniform Commercial Code of the State, 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, 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 Series 2010 A Bonds and Series 2010 F Bonds remain Outstanding, the Registrar shall keep and maintain books for the registration and transfer of the Series 2010 A Bonds and Series 2010 F Bonds. The Series 2010 A Bonds and Series 2010 F Bonds shall be transferable only by transfer of registration upon the Bond Register by the registered owner thereof in person or by his attorney or legal representative duly authorized in writing, upon surrender thereof, together with a written instrument of transfer satisfactory to the Registrar duly executed by the registered owner or such duly authorized attorney or legal representative. Upon transfer of a Series 2010 Bond, there shall be issued at the option of the Holder or the transferee another Bond or Bonds of the aggregate principal amount equal to the unpaid amount of the transferred Bond and of the same series, interest rate and maturity of said transferred Bond.

Upon surrender thereof at the office of the Registrar with a written instrument of transfer satisfactory to the Registrar and duly executed by the registered owner or his attorney or legal representative duly authorized in writing, Series 2010 A Bonds and Series 2010 F Bonds may at the option of the Holder thereof be exchanged for an equal aggregate principal amount of Bonds of the same series, maturity and interest rate, in any authorized denominations.

In all cases in which the privilege of transferring or exchanging a Series 2010 Bond is exercised, Bonds shall be delivered in accordance with the provisions of this Ordinance. All Series 2010 A Bonds and Series 2010 F Bonds surrendered in any such transfer or exchange shall forthwith be canceled by the Registrar. Transfers of Series 2010 A Bonds and Series 2010 F Bonds, the initial exchange of Bonds and exchanges of Bonds in the event of partial redemption of fully registered Bonds shall be made by the Registrar without charge to the Holder or the transferee thereof, except as provided below. For other exchanges of Series 2010 A Bonds and Series 2010 F Bonds, the Registrar may impose a service charge. For every such transfer or exchange of Series 2010 A Bonds and Series 2010 F Bonds, the Registrar may make a charge sufficient to reimburse its office for any tax or other governmental charge required to be paid with respect to such transfer or exchange, and such tax or governmental charge, and such service charge for exchange other than the initial

exchange or in the event of partial redemption, shall be paid by the person requesting such transfer or exchange as a condition precedent to the exercise of the privilege of making such transfer or exchange. The Registrar shall not be obliged to make any such transfer or exchange of Series 2010 A Bonds and Series 2010 F Bonds that have been called for redemption.

**Section 3.05. Bonds Mutilated, Destroyed, Stolen or Lost.** In case any Series 2010 Bond shall become mutilated or be destroyed, stolen or lost, the Issuer may execute, in its discretion, and the Registrar shall authenticate, register and deliver any new Bond of like series, maturity and principal amount as the Bond, so mutilated, destroyed, stolen or lost, in exchange and 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 the Issuer and the Registrar proof of his ownership thereof and that said Bond has been destroyed, stolen or lost and satisfactory indemnity and complying with such other reasonable regulations and conditions as the Issuer or the Registrar may prescribe and paying such expenses as the Issuer or the Registrar may incur. The name of the Bondholder listed in the Bond Register shall constitute proof of ownership. All Series 2010 A Bonds and Series 2010 F Bonds so surrendered shall be submitted to and canceled by the Registrar, and evidence of such cancellation shall be given to the Issuer. If such Bond shall have matured or be about to mature, instead of issuing a substitute Bond, the Issuer, by and through the Registrar, may pay the same, upon being indemnified as aforesaid, and, if such Bond be lost, stolen or destroyed, without surrender therefor.

Any such duplicate Bonds issued pursuant to this section shall constitute original, additional contractual obligations on the part of the Issuer, whether or not the lost, stolen or destroyed Bonds be at any time found by any one, and such duplicate Bonds shall be entitled to equal and proportionate benefits and rights as to lien and source of and security for payment from the Revenues pledged herein with all other Bonds issued hereunder.

**Section 3.06. Term Bonds.**

A. In the event Term Bonds are issued as part of the Series 2010 A Bonds pursuant to this Ordinance, the following provisions shall apply:

1. The amounts to be deposited, apportioned and set apart by the Issuer from the Revenue Fund and into the Series 2010 A Bonds Redemption Account in accordance with Subsection 4.03(A)(1) shall include (after credit as provided below) on the first of each month, beginning on the first day of that month which is 12 months prior to the first mandatory redemption date of said Term Bonds, a sum equal to 1/12th of the amount (or, if the Series 2010 A Bonds mature semiannually rather than annually, that month which is 6 months prior to the first mandatory redemption date of said Term Bonds, a sum equal to 1/6th of the amount) required to redeem the principal amount of such Term Bonds which are to be redeemed as of the next ensuing mandatory Redemption Date, which amounts and dates, if any, with

respect to a series of Bonds shall be set forth in the Supplemental Resolution relating thereto.

2. At its option, to be exercised on or before the 60th day next preceding any such mandatory Redemption Date, the Issuer may (a) deliver to the Registrar for cancellation such Term Bonds in any aggregate principal amount desired or (b) receive a credit in respect of its mandatory redemption obligation for any such Term Bonds which prior to said date have been redeemed (otherwise than pursuant to this section) and canceled by the Registrar and not theretofore applied as a credit against any such mandatory redemption obligation. Each Term Bond so delivered or previously redeemed shall be credited by the Registrar at 100% of the principal amount thereof against the obligation of the Issuer on such mandatory Redemption Date, and Term Bonds delivered in excess of such mandatory redemption obligation shall be credited against future mandatory redemption obligations in the order directed by the Issuer, and the principal amount of such Term Bonds to be redeemed pursuant to mandatory sinking fund redemption shall be accordingly reduced.

3. The Issuer shall on or before the 60th day next preceding each mandatory Redemption Date furnish the Registrar and the Bond Commission with its certificate indicating whether and to what extent the provisions of (a) and (b) of the preceding paragraph are to be utilized with respect to such mandatory redemption payment and stating, in the case of the credit provided for in (b) of the preceding paragraph, that such credit has not theretofore been applied against any mandatory redemption obligation.

4. After said 60th day but prior to the date on which the Registrar selects the Term Bonds to be redeemed, the Bond Commission may use the monies in the Series 2010 A Bonds Redemption Account to purchase Term Bonds at a price less than the par value thereof and accrued interest thereon. The Bond Commission shall advise the Issuer and the Registrar of any Term Bonds so purchased, and they shall be credited by the Registrar at 100% of the principal amount thereof against the obligation of the Issuer on such mandatory Redemption Date, and any excess shall be credited against future mandatory redemption obligations in the order directed by the Issuer, and the principal amount of such Term Bonds to be redeemed pursuant to mandatory sinking fund redemption shall be accordingly reduced.

5. The Registrar shall call for redemption, in the manner provided herein, an aggregate principal amount of such Term Bonds, at the principal amount thereof plus interest accrued to the Redemption Date (interest to be paid from the Series 2010 A Bonds Sinking Fund), as will exhaust as nearly as practicable such Series 2010 A Bonds Redemption Account payment designated to be made in accordance with paragraph (A)(1) of this section. Such redemption shall be by random selection made on the 45th day preceding the mandatory Redemption Date, in such manner as may be determined by the Registrar. For purposes of this section, "Term Bonds" shall include any portion of a fully registered Term Bond, in integrals of $5,000.

B. In the event Term Bonds are issued as part of the Series 2010 F Bonds pursuant to this Ordinance, the following provisions shall apply:

1. The amounts to be deposited, apportioned and set apart by the Issuer from the Revenue Fund and into the Series 2010 F Bonds Redemption Account in accordance with Subsection 4.03(A)(1) shall include (after credit as provided below) on the first of each month, beginning on the first day of that month which is 12 months prior to the first mandatory redemption date of said Term Bonds, a sum equal to 1/12th of the amount (or, if the Series 2010 F Bonds mature semiannually rather than annually, that month which is 6 months prior to the first mandatory redemption date of said Term Bonds, a sum equal to 1/6th of the amount) required to redeem the principal amount of such Term Bonds which are to be redeemed as of the next ensuing mandatory Redemption Date, which amounts and dates, if any, with respect to a series of Bonds shall be set forth in the Supplemental Resolution relating thereto.

2. At its option, to be exercised on or before the 60th day next preceding any such mandatory Redemption Date, the Issuer may (a) deliver to the Registrar for cancellation such Term Bonds in any aggregate principal amount desired or (b) receive a credit in respect of its mandatory redemption obligation for any such Term Bonds which prior to said date have been redeemed (otherwise than pursuant to this section) and canceled by the Registrar and not theretofore applied as a credit against any such mandatory redemption obligation. Each Term Bond so delivered or previously redeemed shall be credited by the Registrar at 100% of the principal amount thereof against the obligation of the Issuer on such mandatory Redemption Date, and Term Bonds delivered in excess of such mandatory redemption obligation shall be credited against future mandatory redemption obligations in the order directed by the Issuer, and the principal amount of such Term Bonds to be redeemed pursuant to mandatory sinking fund redemption shall be accordingly reduced.

3. The Issuer shall on or before the 60th day next preceding each mandatory Redemption Date furnish the Registrar and the Bond Commission with its certificate indicating whether and to what extent the provisions of (a) and (b) of the preceding paragraph are to be utilized with respect to such mandatory redemption payment and stating, in the case of the credit provided for in (b) of the preceding paragraph, that such credit has not theretofore been applied against any mandatory redemption obligation.

4. After said 60th day but prior to the date on which the Registrar selects the Term Bonds to be redeemed, the Bond Commission may use the monies in the Series 2010 F Bonds Redemption Account to purchase Term Bonds at a price less than the par value thereof and accrued interest thereon. The Bond Commission shall advise the Issuer and the Registrar of any Term Bonds so purchased, and they shall be credited by the Registrar at 100% of the principal amount thereof against the obligation of the Issuer on such mandatory Redemption Date, and any excess shall be credited against future mandatory redemption obligations in the order directed by

the Issuer, and the principal amount of such Term Bonds to be redeemed pursuant to mandatory sinking fund redemption shall be accordingly reduced.

5. The Registrar shall call for redemption, in the manner provided herein, an aggregate principal amount of such Term Bonds, at the principal amount thereof plus interest accrued to the Redemption Date (interest to be paid from the Series 2010 F Bonds Sinking Fund), as will exhaust as nearly as practicable such Series 2010 F Bonds Redemption Account payment designated to be made in accordance with paragraph (A)(1) of this section. Such redemption shall be by random selection made on the 45th day preceding the mandatory Redemption Date, in such manner as may be determined by the Registrar. For purposes of this section, "Term Bonds" shall include any portion of a fully registered Term Bond, in integrals of $5,000.

**Section 3.07. Notice of Redemption**. Unless waived by any Holder of the Series 2010 A Bonds and Series 2010 F Bonds to be redeemed, official notice of any redemption shall be given by the Registrar on behalf of the Issuer by mailing a copy of an official redemption notice by registered or certified mail at least 30 days and not more than 60 days prior to the date fixed for redemption to the applicable Bond Insurer, the Original Purchaser, and the registered owner of the Series 2010 Bond or Bonds to be redeemed at the address shown on the Bond Register or at such other address as is furnished in writing by such registered owner to the Bond Registrar.

So long as DTC (as CEDE & CO.) is the registered Owner of the Series 2010 A Bonds and Series 2010 F Bonds, the Registrar shall send all notices of redemption to DTC and shall verify that DTC has received notice. Copies of all redemption notices shall also be sent to registered securities depositories, nationally recognized municipal securities information repositories and to *Standard & Poor's Called Bond Record.*

All official notices of redemption shall be dated and shall state:

(1) The Redemption Date,

(2) The Redemption Price,

(3) If less than all Outstanding Bonds are to be redeemed, the identification (and, in the case of partial redemption, the respective principal amounts) of the Bonds to be redeemed,

(4) That on the Redemption Date the Redemption Price and interest accrued will become due and payable upon each such Bond or portion thereof called for redemption, and that interest thereon shall cease to accrue from and after said date,

(5) The place where such Bonds are to be surrendered for payment of the Redemption Price, which place of payment shall be the principal office of the Registrar, and

(6) Such other information, if any, as shall be required for DTC-Eligible Bonds.

If funds sufficient to redeem all Series 2010 A Bonds and Series 2010 F Bonds called for optional redemption have not been deposited with the Paying Agent at the time of mailing any notice of optional redemption, such notice shall also state that such optional redemption is subject to the deposit of such monies with the Paying Agent on or before the Redemption Date. If such monies are not so deposited, the Registrar shall notify all holders of Series 2010 A Bonds and Series 2010 F Bonds called for redemption of such fact.

Official notice of redemption having been given as aforesaid, the Series 2010 A Bonds and Series 2010 F Bonds, or portions of Bonds so to be redeemed shall, on the Redemption Date, become due and payable at the Redemption Price therein specified, and from and after such date (unless the Issuer shall default in the payment of the Redemption Price) such Bonds or portions of Bonds shall cease to bear interest. Upon surrender of such Series 2010 A Bonds and Series 2010 F Bonds for redemption in accordance with said notice, such Bonds shall be paid by the Registrar at the Redemption Price. Installments of interest due on or prior to the Redemption Date shall be payable as herein provided for payment of interest. Upon surrender for any partial redemption of any Bond, there shall be prepared for the registered owner a new Bond or Bonds of the same maturity in the amount of the unpaid principal of such Bond. All Series 2010 Bonds which have been redeemed shall be canceled and destroyed by the Bond Registrar and shall not be reissued.

Failure to receive such notice or any defect therein or in the mailing thereof shall not affect the validity of proceedings for the redemption of Series 2010 A Bonds and Series 2010 F Bonds, and failure to mail such notice shall not affect the validity of proceedings for the redemption of any portion of Bonds for which there was no such failure.

**Section 3.08. Persons Treated as Owners**. The Issuer, the Registrar and any agent of the Issuer or the Registrar may treat the person in whose name any Bond is registered as the owner of such Bond for the purpose of receiving payment of the principal of, and interest on, such Bond and (except as provided in Section 6.18) for all other purposes, whether or not such Bond is overdue.

**Section 3.09. Temporary Bonds**. Until Bonds of any series in definitive form are ready for delivery, the Issuer may execute and the Registrar shall authenticate, register, if applicable, and deliver, subject to the same provisions, limitations and conditions set forth in this Article III, one or more printed, lithographed or typewritten Bonds in temporary form, substantially in the form of the definitive Bonds of such series, with appropriate omissions, variations and insertions, and in authorized denominations. Until exchanged for Bonds in definitive form, such Bonds in temporary form shall be entitled to the lien and benefit created under this Ordinance. Upon the presentation and surrender of any Bond or Bonds in temporary form, the Issuer shall, without unreasonable delay,

prepare, execute and deliver to the Registrar, and the Registrar shall authenticate, register, if applicable, and deliver, in exchange therefor, a Bond or Bonds in definitive form. Such exchange shall be made by the Registrar without making any charge therefor to the Holder of such Bond in temporary form.

**Section 3.10. Series 2010 A Bonds and Series 2010 F Bonds.**

A. For the purposes of paying a portion of the costs of acquisition and construction of improvements and betterments to the waterworks portion of the System, funding the Series 2010 A Bonds Reserve Account and paying costs in connection therewith, there shall be issued the Series 2010 A Bonds of the Issuer, in an aggregate principal amount of not more than $50,000,000. Said Series 2010 A Bonds shall be designated "Taxable-Combined Utility System Revenue Bonds, Series 2010 A (Direct Payment Build America Bonds)" or such other designation as may be appropriate for the year and sequence of the issue, as may be set forth in a Supplemental Resolution, and shall be issued in fully registered form, in the denomination of $5,000 or any integral multiple thereof for any period of maturity, not exceeding the aggregate principal amount of Series 2010 A Bonds maturing in the period of maturity for which the denomination is to be specified. The Series 2010 A Bonds shall be numbered from AR-1 consecutively upward. The Series 2010 A Bonds shall be dated; shall be in such aggregate principal amount (not to exceed $50,000,000); shall bear interest at such rate or rates, not exceeding the then legally permissible rate (not to exceed 8%), payable semiannually on such dates; shall mature on such dates (which may be annual or semi-annual) (not to exceed 35 years) and in such amounts; shall be subject to such mandatory and optional redemption provisions; and shall have such other terms, all as the Issuer shall prescribe herein and in the Supplemental Resolution.

B. For the purposes of paying a portion of the costs of acquisition and construction of improvements and betterments to the waterworks portion of the System, funding the Series 2010 F Bonds Reserve Account and paying costs in connection therewith, there shall be issued the Series 2010 F Bonds of the Issuer, in an aggregate principal amount of not more than $9,000,000. Said Series 2010 F Bonds shall be designated "Combined Utility System Revenue Bonds, Series 2010 F (Bank Qualified)" or such other designation as may be appropriate for the year and sequence of the issue, as may be set forth in a Supplemental Resolution, and shall be issued in fully registered form, in the denomination of $5,000 or any integral multiple thereof for any period of maturity, not exceeding the aggregate principal amount of Series 2010 F Bonds maturing in the period of maturity for which the denomination is to be specified. The Series 2010 F Bonds shall be numbered from FR-1 consecutively upward. The Series 2010 F Bonds shall be dated; shall be in such aggregate principal amount (not to exceed $9,000,000); shall bear interest at such rate or rates, not exceeding the then legally permissible rate (not to exceed 8%), payable semiannually on such dates; shall mature on such dates (which may be annual or semi-annual) (not to exceed 35 years) and in such amounts; shall be subject to such mandatory and optional redemption provisions; and shall have such

other terms, all as the Issuer shall prescribe herein and in the Supplemental Resolution.

**Section 3.11. Book Entry System for Series 2010 A Bonds and Series 2010 F Bonds.**

A. The Series 2010 A Bonds and Series 2010 F Bonds shall each initially be issued in the form of one fully-registered bond for the aggregate principal amount of the Series 2010 Bonds of each maturity, registered in the name of CEDE & CO., as nominee of DTC. Except as provided in paragraph E below, all of the Series 2010 A Bonds and Series 2010 F Bonds shall be registered in the registration books kept by the Registrar in the name of CEDE & CO., as nominee of DTC; provided that if DTC shall request that the Series 2010 A Bonds and Series 2010 F Bonds be registered in the name of a different nominee, the Registrar shall exchange all or any portion of the Series 2010 A Bonds and Series 2010 F Bonds registered in the name of such nominee or nominees. No person other than DTC or its nominee shall be entitled to receive from the Issuer or the Registrar either a Series 2010 Bond or any other evidence of ownership of the Series 2010 A Bonds and Series 2010 F Bonds, or any right to receive any payment in respect thereof unless DTC or its nominee shall transfer record ownership of all or any portion of the Series 2010 A Bonds and Series 2010 F Bonds on the registration books maintained by the Registrar, in connection with discontinuing the book entry system as provided in paragraph E below.

B. At or prior to settlement for the Series 2010 A Bonds and Series 2010 F Bonds, the Issuer and the Registrar shall execute or signify their approval of a representation letter addressed to DTC in a form satisfactory to DTC (the "Representation Letter"). Any successor Registrar shall, in its written acceptance of its duties under this Ordinance, agree to take any actions necessary from time to time to comply with the requirements of the Representation Letter.

C. So long as the Series 2010 A Bonds and Series 2010 F Bonds or any portion thereof are registered in the name of DTC or any nominee thereof, all payments of the principal or Redemption Price of or interest on such Series 2010 A Bonds and Series 2010 F Bonds shall be made to DTC or its nominee at the addresses set forth in the Representation Letter in New York Clearing House or equivalent next day funds on the dates provided for such payments to be made to any Bondholder under this Ordinance. Each such payment to DTC or its nominee shall be valid and effective to fully discharge all liability of the Issuer and the Registrar with respect to the principal or Redemption Price of or interest on the Series 2010 A Bonds and Series 2010 F Bonds to the extent of the sum or sums so paid. In the event of the redemption of less than all of the Series 2010 A Bonds and Series 2010 F Bonds Outstanding of any maturity, the Registrar shall not require surrender by DTC of the Series 2010 A Bonds and Series 2010 F Bonds so redeemed, but DTC may retain such Series 2010 A Bonds and Series 2010 F Bonds and make an appropriate notation on the Series 2010 A Bonds and Series 2010 F Bonds certificate as to the amount of such partial redemption; provided that DTC

shall deliver to the Registrar, upon request, a written confirmation of such partial redemption. The records maintained by the Registrar shall be conclusive as to the amount of the Series 2010 A Bonds and Series 2010 F Bonds of such maturity which have been redeemed.

D. The Issuer, the Paying Agent and the Registrar may treat DTC as the sole and exclusive owner of the Series 2010 A Bonds and Series 2010 F Bonds registered in its name or the name of its nominee for the purposes of payment of the principal or Redemption Price of or interest on the Series 2010 A Bonds and Series 2010 F Bonds, selecting the Series 2010 A Bonds and Series 2010 F Bonds or portions thereof to be redeemed, giving any notice permitted or required to be given to Bondholders under this Ordinance, registering the transfer of Series 2010 A Bonds and Series 2010 F Bonds, obtaining any consent or other action to be taken by Bondholders and for all other purposes whatsoever; and neither the Issuer nor the Registrar shall be affected by any notice to the contrary. Neither the Issuer nor the Registrar shall have any responsibility or obligation to any direct or indirect participant in DTC, any person claiming a beneficial ownership interest in the Series 2010 A Bonds and Series 2010 F Bonds under or through DTC or any such participant, or any other person which is not shown on the registration books of the Registrar as being a Bondholder with respect to (i) the Series 2010 A Bonds and Series 2010 F Bonds, (ii) the accuracy of any records maintained by DTC or any such participant, (iii) the payment by DTC or any such participant of any amount in respect of the principal or Redemption Price of or interest on the Series 2010 A Bonds and Series 2010 F Bonds, (iv) any notice which is permitted or required to be given to Bondholders under this Ordinance, (v) the selection by DTC or any such participant of any person to receive payment in the event of a partial redemption of the Series 2010 A Bonds, or (vi) any consent given or other action taken by DTC as Bondholder.

E. The book entry system for registration of the ownership of the Series 2010 A Bonds and Series 2010 F Bonds may be discontinued at any time if either: (i) DTC determines to resign as securities depository for the Series 2010 A Bonds and Series 2010 F Bonds; or (ii) the Issuer determines that continuation of the system of book entry transfers through DTC (or through a successor securities depository) is not in the best interest of the beneficial owners of the Series 2010 A Bonds and Series 2010 F Bonds. In either of such events (unless in the case described in clause (iii) above, the Issuer appoints a successor securities depository), the Series 2010 A Bonds and Series 2010 F Bonds shall be delivered in registered certificate form to such persons, and in such maturities and principal amounts, as may be designated by DTC, but without any liability on the part of the Issuer or the Registrar for the accuracy of such designation. Whenever DTC requests the Issuer and the Registrar to do so, the Issuer and the Registrar shall cooperate with DTC in taking appropriate action after reasonable notice to arrange for another securities depository to maintain custody of certificates evidencing the Series 2010 A Bonds and Series 2010 F Bonds.

**Section 3.12. Delivery of Series 2010 A Bonds and Series 2010 F Bonds.**

A. The Issuer shall execute and deliver the Series 2010 A Bonds and Series 2010 F Bonds to the Registrar, and the Registrar shall authenticate, register and deliver the Series 2010 Bonds to the Original Purchaser upon receipt of the documents set forth below:

(1) If not registered in the name of DTC or its nominee, a list of the names in which the Series 2010 A Bonds and Series 2010 F Bonds are to be registered upon original issuance, together with such taxpayer identification and other information as the Registrar may reasonably require;

(2) A request and authorization to the Registrar on behalf of the Issuer, signed by an Authorized Officer, to authenticate and deliver the Series 2010 A Bonds and Series 2010 F Bonds to DTC for the benefit of the Original Purchaser;

(3) Copies, certified by the City Clerk, of this Ordinance and the Supplemental Resolution;

(4) The unqualified approving opinion upon the Series 2010 A Bonds and Series 2010 F Bonds by Bond Counsel; and

(5) Such other opinions, certificates and documents as shall be reasonably requested by the Original Purchaser.

**Section 3.13. Form of Series 2010 A Bonds and Series 2010 F Bonds.** The definitive Series 2010 A Bonds shall be in substantially the form set forth in EXHIBIT A - Series 2010 A BOND FORM attached hereto and incorporated herein by reference, with such necessary and appropriate omissions, insertions and variations as are approved by those officers executing such Series 2010 A Bonds on behalf of the Issuer and execution thereof by such officers shall constitute conclusive evidence of such approval, and the definitive Series 2010 A Bonds shall have the form of the opinion of Steptoe & Johnson PLLC, as Bond Counsel, attached thereto or printed on the reverse thereof. The definitive Series 2010 F Bonds shall be in substantially the form set forth in EXHIBIT B - Series 2010 F BOND FORM attached hereto and incorporated herein by reference, with such necessary and appropriate omissions, insertions and variations as are approved by those officers executing such Series 2010 F Bonds on behalf of the Issuer and execution thereof by such officers shall constitute conclusive evidence of such approval, and the definitive Series 2010 F Bonds shall have the form of the opinion of Steptoe & Johnson PLLC, as Bond Counsel, attached thereto or printed on the reverse thereof.

**Section 3.14. Disposition of Proceeds of Series 2010 A Bonds and Series 2010 F Bonds.**

A. Upon the issuance and delivery of the Series 2010 A Bonds, the Issuer shall forthwith deposit the proceeds thereof as follows:

1. All interest accrued on the Series 2010 A Bonds from the date thereof to the date of delivery thereof shall be deposited in the Series 2010 A Bonds Sinking Fund and applied to payment of interest on the Series 2010 A Bonds at the first interest payment date.

2. An amount of the proceeds of the Series 2010 A Bonds equal to the amount, if any, set forth in the Supplemental Resolution shall be remitted to the Bond Commission for deposit in the Series 2010 A Bonds Reserve Account, provided that, to the extent the Series 2010 A Bonds Reserve Requirement is satisfied in whole or in part from a reserve account letter of credit, surety bond or other credit facility, proceeds of the Series 2010 A Bonds shall be deposited in the Series 2010 A Bonds Reserve Account only to the extent needed to satisfy the balance of the Series 2010 A Bonds Reserve Requirement.

3. The amount of Series 2010 A Bond proceeds which, together with other monies or securities deposited therein shall be equal to the Costs of Issuance of the Series 2010 A Bonds shall be deposited with the Depository Bank in the Series 2010 A Bonds Costs of Issuance Fund and shall be drawn out, used and applied by the Issuer solely to pay costs of issuance of the Series 2010 A Bonds at the written direction of the Issuer. Monies not to be applied immediately to pay such costs of issuance may be invested in accordance with this Ordinance, subject however, to applicable yield restrictions as may be in effect under the Code. If for any reason such proceeds, or any part thereof, are not necessary for, or are not applied to such purpose within 120 days following the Closing Date for the Series 2010 A Bonds, such unapplied proceeds shall be transferred by the Issuer to the Series 2010 A Bonds Sinking Fund established in Section 4.01 hereof and applied to the next ensuing payment of interest on the Series 2010 A Bonds. All such proceeds shall constitute a trust fund for such purposes, and there hereby is created a lien upon such monies until so applied in favor of the Holders of the Series 2010 A Bonds from which such proceeds are derived.

4. The balance of Series 2010 A Bonds proceeds, if any, shall be deposited in the Series 2010 Bonds Acquisition and Construction Fund and disbursed as provided in Section 3.15 hereof.

B. Upon the issuance and delivery of the Series 2010 F Bonds, the Issuer shall forthwith deposit the proceeds thereof as follows:

1. All interest accrued on the Series 2010 F Bonds from the date thereof to the date of delivery thereof shall be deposited in the Series 2010 F Bonds Sinking Fund and applied to payment of interest on the Series 2010 F Bonds at the first interest payment date.

2. An amount of the proceeds of the Series 2010 F Bonds equal to the amount, if any, set forth in the Supplemental Resolution shall be remitted to the Bond Commission for deposit in the Series 2010 F Bonds Reserve Account, provided that, to the extent the Series 2010 F Bonds Reserve Requirement is

satisfied in whole or in part from a reserve account letter of credit, surety bond or other credit facility, proceeds of the Series 2010 F Bonds shall be deposited in the Series 2010 F Bonds Reserve Account only to the extent needed to satisfy the balance of the Series 2010 F Bonds Reserve Requirement.

3. The amount of Series 2010 F Bond proceeds which, together with other monies or securities deposited therein shall be equal to the Costs of Issuance of the Series 2010 F Bonds shall be deposited with the Depository Bank in the Series 2010 F Bonds Costs of Issuance Fund and shall be drawn out, used and applied by the Issuer solely to pay costs of issuance of the Series 2010 F Bonds at the written direction of the Issuer. Monies not to be applied immediately to pay such costs of issuance may be invested in accordance with this Ordinance, subject however, to applicable yield restrictions as may be in effect under the Code. If for any reason such proceeds, or any part thereof, are not necessary for, or are not applied to such purpose within 120 days following the Closing Date for the Series 2010 F Bonds, such unapplied proceeds shall be transferred by the Issuer to the Series 2010 F Bonds Sinking Fund established in Section 4.01 hereof and applied to the next ensuing payment of interest on the Series 2010 F Bonds. All such proceeds shall constitute a trust fund for such purposes, and there hereby is created a lien upon such monies until so applied in favor of the Holders of the Series 2010 F Bonds from which such proceeds are derived.

4. The balance of Series 2010 F Bonds proceeds, if any, shall be deposited in the Series 2010 Bonds Acquisition and Construction Fund and disbursed as provided in Section 3.15 hereof.

**Section 3.15. Disbursements from the Acquisition and Construction Funds**. Disbursements from the Series 2010 Bonds Acquisition and Construction Fund, except for payment of Costs of Issuance of the Series 2010 A Bonds and Series 2010 F Bonds in excess of the monies available in the Costs of Issuance Fund which shall be made upon request of the Issuer, shall be made only for acquisition and construction of capital improvements, repairs and replacements for the System, including all necessary engineering and other professional services relating thereto. Pending such application, monies in the Series 2010 Bonds Acquisition and Construction Fund, including any accounts therein, shall be invested and reinvested in Qualified Investments at the written direction of the Issuer.

## ARTICLE IV

## SYSTEM REVENUES; FUNDS AND ACCOUNTS

**Section 4.01. Establishment of Funds and Accounts with Depository Bank; Build America Bonds Covenants and Election.** Pursuant to this Article IV, the following special funds are created with (or continued if previously established by Prior Ordinances), and shall be held by, the Depository Bank, segregated from all other funds and accounts of the Depository Bank or the Issuer and from each other (except as set forth in this Section 4.01), and used solely for the purposes provided herein:

(1) Revenue Fund (established by the Prior Ordinances);

(2) Depreciation Fund (established by the Prior Ordinances);

(3) Operation and Maintenance Fund (established by the Prior Ordinances); and

(4) Series 2010 Bonds Acquisition and Construction Fund

**Section 4.02. Establishment of Funds and Accounts with Bond Commission.** The following special funds or accounts are hereby created (or continued is established by Prior Ordinances) with and shall be held by the Commission, separate and apart from all other funds or accounts of the Commission or the Issuer and from each other:

(1) Series 1992 Bonds Sinking Fund (established by Prior Ordinances);

(2) Series 1992 Bonds Reserve Account established by Prior Ordinances);

(3) Series 1995 Bonds Sinking Fund (established by Prior Ordinances);

(4) Series 1995 Bonds Reserve Account established by Prior Ordinances);

(5) Series 2000 A Bonds Sinking Fund (established by Prior Ordinances);

(6) Series 2000 A Bonds Reserve Account established by Prior Ordinances);

(7) Series 2000 B Bonds Sinking Fund (established by Prior Ordinances);

(8) Series 2000 B Bonds Reserve Account established by Prior Ordinances);

(9) Series 2001 A Bonds Sinking Fund (established by Prior Ordinances);

(10) Series 2001 A Bonds Reserve Account established by Prior Ordinances);

(11) Series 2006 A Bonds Sinking Fund (established by Prior Ordinances);

(12) Series 2006 A Bonds Reserve Account established by Prior Ordinances);

(13) Series 2007 A Bonds Sinking Fund (established by Prior Ordinances);

(14) Series 2007 A Bonds Reserve Account established by Prior Ordinances);

(15) Series 2010 B Bonds Sinking Fund (established by Series 2010 B Bond Ordinance);

(16) Series 2010 B Bonds Reserve Account (established by Series 2010 B Bond Ordinance);

(17) Series 2010 C Bonds Sinking Fund (established by Series 2010 C Bond Ordinance);

(18) Series 2010 C Bonds Reserve Account (established by Series 2010 C Bond Ordinance);

(19) Series 2010 D Bonds Sinking Fund (established by Series 2010 D Bond Ordinance);

(20) Series 2010 D Bonds Reserve Account (established by Series 2010 D Bond Ordinance);

(21) Series 2010 E Bonds Sinking Fund (established by Series 2010 E Bond Ordinance);

(20) Series 2010 E Bonds Reserve Account (established by Series 2010 E Bond Ordinance);

(21) Series 2010 A Bonds Sinking Fund;

(22) Series 2010 A Bonds Reserve Account

(23) Series 2010 F Bonds Sinking Fund; and

(24) Series 2010 F Bonds Reserve Account

**Section 4.03. System Revenues and Application Thereof.** So long as any of the Series 2010 A Bonds OR Series 2010 F Bonds shall be Outstanding and unpaid, the Issuer covenants as follows:

A. The entire Gross Revenues derived from the operation of the System and all parts thereof shall be deposited by the Issuer in the Revenue Fund. The Revenue Fund 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 remaining on deposit in the Revenue Fund shall be disposed of only in the following manner and order of priority:

(1) The Issuer shall first, from the monies in the Revenue Fund, on the first day of each month, simultaneously remit to the Commission (i) the amounts required by the Prior Ordinances to be deposited in the Prior Bonds Sinking Funds for payment of interest on the Prior Bonds; (ii) the amounts required by the respective Ordinances to be deposited in the respective Series 2010 D Bonds and Series 2010 E Bonds Sinking Funds for payment of interest on the Series 2010 D Bonds and Series 2010 E Bonds; (iii) beginning on the first day of that month which is 6 months prior to the first interest payment date on the Series 2010 A Bonds, apportion and set apart out of the Revenue Fund and deposit in the Series 2010 A Bonds Sinking Fund, a sum equal to 1/6th of the amount of interest which will become due on said Series 2010 A Bonds on the next ensuing semiannual interest payment date, provided, that in the event the period to elapse between the date of such initial deposit in the Series 2010 A Bonds Sinking Fund and the next ensuing semiannual interest payment date is less than or greater than 6 months, then such monthly payments shall be increased or decreased proportionately to provide, 1 month prior to the next ensuing semiannual interest payment date, the required amount of interest coming due on such date, and provided further, that the initial amount required to be transferred from the Revenue Fund and deposited in the Series 2010 A Bonds Sinking Fund shall be reduced by the amount of accrued interest on the Series 2010 A Bonds deposited therein and subsequent amounts required to be transferred from the Revenue Fund and deposited in the Series 2010 A Bonds Sinking Fund shall be reduced by the amount of any earnings credited to the Series 2010 A Bonds Sinking Fund; and (iv) beginning on the first day of that month which is 6 months prior to the first interest payment date on the Series 2010 F Bonds, apportion and set apart out of the Revenue Fund and deposit in the Series 2010 F Bonds Sinking Fund, a sum equal to 1/6th of the amount of interest which will become due on said Series 2010 F Bonds on the next ensuing semiannual interest payment date, provided, that in the event the period to elapse between the date of such initial deposit in the Series 2010 F Bonds Sinking Fund and the next ensuing semiannual interest payment date is less than or greater than 6 months, then such monthly payments shall be increased or decreased proportionately to provide, 1 month prior to the next ensuing semiannual interest payment date, the required amount of interest coming due on such date, and provided further, that the initial amount required to be transferred from the Revenue Fund and deposited in the

Series 2010 F Bonds Sinking Fund shall be reduced by the amount of accrued interest on the Series 2010 F Bonds deposited therein and subsequent amounts required to be transferred from the Revenue Fund and deposited in the Series 2010 F Bonds Sinking Fund shall be reduced by the amount of any earnings credited to the Series 2010 F Bonds Sinking Fund.

(2) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and, simultaneously remit to the Commission (i) the amounts required by the Prior Ordinances to be deposited in the Prior Bonds Sinking Funds for payment of principal on the Prior Bonds; (ii) the amounts required by the respective Ordinances to be deposited in the Series 2010 B Bonds, Series 2010 C Bonds, Series 2010 D Bonds and Series 2010 E Bonds Sinking Funds for payment of principal on the Series 2010 B Bonds, Series 2010 C Bonds, Series 2010 D Bonds and Series 2010 E Bonds; (iii) for deposit in the Series 2010 A Bonds Sinking Fund (and in the Series 2010 A Bonds Redemption Account therein in the case of Term Bonds which are to be redeemed) on the first day of each month, beginning on the first day of that month which is 12 months prior to the first principal payment or mandatory Redemption Date of the Series 2010 A Bonds, a sum equal to 1/12th of the amount (or 1/6th of the amount if the Series 2010 A Bonds mature semiannually rather than annually) of principal which will mature or be redeemed and become due on the Series 2010 A Bonds on the next ensuing principal payment or mandatory Redemption Date, provided, that in the event the period to elapse between the date of such initial deposit in the Series 2010 A Bonds Sinking Fund and the next ensuing principal payment or mandatory Redemption Date is less than or greater than 12 months (or 6 months if the Series 2010 A Bonds mature semiannually rather than annually), then such monthly payments shall be increased or decreased proportionately to provide, one month prior to the next ensuing principal payment date or mandatory Redemption Date, the required amount of principal coming due on such date, and provided further, that the amount of such deposits shall be reduced by the amount of any earnings credited to the Series 2010 A Bonds Sinking Fund and not previously credited pursuant to the preceding paragraph; and (iv) for deposit in the Series 2010 F Bonds Sinking Fund (and in the Series 2010 F Bonds Redemption Account therein in the case of Term Bonds which are to be redeemed) on the first day of each month, beginning on the first day of that month which is 12 months prior to the first principal payment or mandatory Redemption Date of the Series 2010 F Bonds, a sum equal to 1/12th of the amount (or 1/6th of the amount if the Series 2010 F Bonds mature semiannually rather than annually) of principal which will mature or be redeemed and become due on the Series 2010 F Bonds on the next ensuing principal payment or mandatory Redemption Date, provided, that in the event the period to elapse between the date of such initial deposit in the Series 2010 F Bonds Sinking Fund and the next ensuing principal payment or mandatory Redemption Date is less than or greater than 12 months (or 6 months if the Series 2010 F Bonds mature semiannually rather than annually), then such monthly payments shall be increased or decreased proportionately to provide, one month prior to the next ensuing principal payment date or mandatory Redemption Date, the required amount of principal coming due on such date, and provided further, that the amount of such deposits shall be reduced by the amount of any earnings credited to

the Series 2010 F Bonds Sinking Fund and not previously credited pursuant to the preceding paragraph.

(3) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and, simultaneously remit to the Commission (i) the amounts required by the Prior Ordinances to be deposited in the Prior Bonds Reserve Accounts for the Prior Bonds; (ii) the amounts required by the respective Ordinances to be deposited in the respective Reserve Accounts for the Series 2010 B Bonds, Series 2010 C Bonds, Series 2010 D Bonds and Series 2010 E Bonds; (iii) commencing 13 months prior to the first date of payment of principal of the Series 2010 A Bonds or upon completion of construction of the Project, whichever is earlier, if not fully funded upon issuance of the Series 2010 A Bonds, for deposit in the Series 2010 A Bonds Reserve Account, an amount equal to 1/120th of the Series 2010 A Bonds Reserve Requirement; provided that, no further payments shall be made into the Series 2010 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 2010 A Bonds Reserve Requirement; provided further, that if the amounts in the Series 2010 A Bonds Reserve Account, as a result of a decrease in value of the Series 2010 A Bonds Reserve Account below the Series 2010 A Reserve Account Requirement or any withdrawal from the Series 2010 A Bonds Reserve Account, the Issuer shall apply such monies for deposit into the Series 2010 A Bonds Reserve Account, beginning with the first full calendar month following the date on which (a) the valuation of investments in the Series 2010 A Bonds Reserve Account results in a determination that the amount of monies and the value of the Qualified Investments deposited to the credit of the Series 2010 A Bonds Reserve Account is less than the Series 2010 A Reserve Account Requirement, or (b) any amount is withdrawn from the Series 2010 A Bonds Reserve Account for deposit into the Series 2010 A Bonds Sinking Fund. To the extent Net Revenues and any other legally available funds are available therefor, the amount so deposited shall be used to restore the amount of monies on deposit in the Series 2010 A Bonds Reserve Account to an amount equal to the Series 2010 A Reserve Account Requirement to the full extent that such Net Revenues are available; provided, however, that if the shortfall in the Series 2010 A Bonds Reserve Account is due to a decrease in the value of investments therein, such shortfall shall be replenished by not less than 4 equal monthly payments, and if such shortfall is due to a withdrawal from the Series 2010 A Bonds Reserve Account, such shortfall shall be replenished by not less than 12 equal monthly payments, and provided further, that no payments shall be required to be made into the Series 2010 A Bonds Reserve Account whenever and as long as the amount deposited therein shall be equal to the Series 2010 A Reserve Account Requirement; and (iv) commencing 13 months prior to the first date of payment of principal of the Series 2010 F Bonds or upon completion of construction of the Project, whichever is earlier, if not fully funded upon issuance of the Series 2010 F Bonds, for deposit in the Series 2010 F Bonds Reserve Account, an amount equal to 1/120th of the Series 2010 F Bonds Reserve Requirement; provided that, no further payments shall be made into the Series 2010 F 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 2010 F Bonds Reserve

Requirement; provided further, that if the amounts in the Series 2010 F Bonds Reserve Account, as a result of a decrease in value of the Series 2010 F Bonds Reserve Account below the Series 2010 F Reserve Account Requirement or any withdrawal from the Series 2010 F Bonds Reserve Account, the Issuer shall apply such monies for deposit into the Series 2010 F Bonds Reserve Account, beginning with the first full calendar month following the date on which (a) the valuation of investments in the Series 2010 F Bonds Reserve Account results in a determination that the amount of monies and the value of the Qualified Investments deposited to the credit of the Series 2010 F Bonds Reserve Account is less than the Series 2010 F Reserve Account Requirement, or (b) any amount is withdrawn from the Series 2010 F Bonds Reserve Account for deposit into the Series 2010 F Bonds Sinking Fund. To the extent Net Revenues and any other legally available funds are available therefor, the amount so deposited shall be used to restore the amount of monies on deposit in the Series 2010 F Bonds Reserve Account to an amount equal to the Series 2010 F Reserve Account Requirement to the full extent that such Net Revenues are available; provided, however, that if the shortfall in the Series 2010 F Bonds Reserve Account is due to a decrease in the value of investments therein, such shortfall shall be replenished by not less than 4 equal monthly payments, and if such shortfall is due to a withdrawal from the Series 2010 F Bonds Reserve Account, such shortfall shall be replenished by not less than 12 equal monthly payments, and provided further, that no payments shall be required to be made into the Series 2010 F Bonds Reserve Account whenever and as long as the amount deposited therein shall be equal to the Series 2010 F Reserve Account Requirement.

Amounts in the Series 2010 A Bonds Reserve Account shall be used only for the purpose of making payments of principal of and interest on the Series 2010 A Bonds when due, when amounts in the Series 2010 A Bonds Sinking Fund are insufficient therefor and for no other purpose.

Amounts in the Series 2010 F Bonds Reserve Account shall be used only for the purpose of making payments of principal of and interest on the Series 2010 F Bonds when due, when amounts in the Series 2010 F Bonds Sinking Fund are insufficient therefor and for no other purpose.

(4) The Issuer shall next, each month, transfer from the Revenue Fund an amount sufficient to pay current Operating Expenses of the System.

(5) The Issuer shall next, on the first day of each month, transfer from the monies remaining in the Revenue Fund and remit to the Depository Bank for deposit in the Renewal and Replacement Fund (as previously set forth in the Prior Ordinances and not in addition thereto), a sum equal to 2 1/2% of the Gross Revenues each month, exclusive of any payments for account of any Reserve Account. All funds in the Renewal and Replacement Fund shall be kept apart from all other funds of the Issuer or of the Depository Bank and shall be invested and reinvested in accordance with Article VIII hereof. Subject to the restrictions contained in the Prior Ordinances, so long as the Prior Bonds are outstanding, withdrawals and disbursements may be made from the Renewal and Replacement

Fund for replacements, emergency repairs, or improvements or extensions to the System; provided, that any deficiency in any Reserve Account, except to the extent such deficiency exists because the required payments into such account have not, as of the date of determination of a deficiency, funded such account to the maximum extent required hereof, shall be promptly eliminated with monies from the Renewal and Replacement Fund.

(6) Whenever all of the required and provided transfers and payments from the Revenue Fund into the several special funds, as hereinabove provided, are current and there remains in the Revenue Fund a balance in excess of the estimated amounts required to be so transferred and paid into such funds during the following month or such other period as required by the Act, such excess shall be considered as surplus revenues (the "Surplus Revenues"). Surplus Revenues may be used for any lawful purpose of the System.

B. The Bond Commission is hereby designated as the fiscal agent for the administration of the Series 2010 A Bonds Sinking Fund created hereunder, and all amounts required for said Sinking Fund shall be remitted to the Bond Commission from said Revenue Fund and from the proceeds of the sale of the Series 2010 A Bonds, by the Issuer at the times and as otherwise provided herein. All remittances made by the Issuer to the Bond Commission shall clearly identify the fund or account into which each amount is to be deposited.

The Bond Commission is hereby designated as the fiscal agent for the administration of the Series 2010 F Bonds Sinking Fund created hereunder, and all amounts required for said Sinking Fund shall be remitted to the Bond Commission from said Revenue Fund and from the proceeds of the sale of the Series 2010 F Bonds, by the Issuer at the times and as otherwise provided herein. All remittances made by the Issuer to the Bond Commission shall clearly identify the fund or account into which each amount is to be deposited.

C. The monies on deposit in the Revenue Fund and the Renewal and Replacement Fund in excess of the sum insured by the FDIC shall at all times be secured, to the full extent thereof in excess of such insured sum, by Government Obligations or by other Qualified Investments as shall be eligible as security for deposits of municipal funds under the laws of the State.

D. Principal, interest or reserve payments, whether for a deficiency or otherwise, shall be made on a parity and pro rata, with respect to the Prior Bonds, the Series 2010 Bonds, all in accordance with the respective principal amounts then Outstanding.

**Section 4.04. Build America Bonds – Authorization and Additional Covenants of the Issuer; Tax Elections.**

**A.** The Issuer covenants and agrees that (1) it will use the proceeds of the Series 2010 A Bonds as soon as practicable and with all reasonable dispatch for

the purposes for which the Series 2010 A Bonds are issued and (2) it will not invest or directly or indirectly use or permit the use of any proceeds of the Series 2010 A Bonds or any other funds of the Issuer in any manner, or take or omit to take any action, that would cause the Series 2010 A Bonds to be "arbitrage bonds" within the meaning of Code Section 148(a).

B. The Issuer covenants and agrees that it will not use any portion of the proceeds of the Series 2010 A Bonds, including any investment income earned on such proceeds, directly or indirectly, in a manner (1) that would cause any Series 2010 Aond to be a "private activity bond" within the meaning of Code Section 141(a), or (2) to make or finance a loan to any person other than the State or a political subdivision thereof.

C. The Issuer covenants and agrees that it will pay or provide for the payment from time to time all amounts required to be rebated to the United States pursuant to Code Section 148(f) and the Tax Certificate. This covenant shall survive payment in full or defeasance of the Series 2010 A Bonds. The Tax Certificate may be amended or replaced if, in the opinion of Bond Counsel, such amendment or replacement will not adversely affect the qualification of the Series 2010 A Bonds as Build America Bonds.

D. The Issuer hereby irrevocably elects under Code Section 54AA(d) to treat the Series 2010 A Bonds as "Build America Bonds" and elects under Code Section 54AA(g)(2) to treat the Series 2010 A Bonds as "qualified bonds," eligible for interest subsidy payments from the United States pursuant to Section 6431 of the Code. In addition, the Issuer hereby represents that:

(a) The Series 2010 A Bonds are "Build America Bonds" as defined in Code Section 54AA(d);

(b) The Series 2010 A Bonds will be issued prior to January 1, 2011; and

(c) One-hundred percent of the sale proceeds of the Series 2010 A Bonds, less not more than 2% of sale proceeds used to pay Costs of Issuance, plus investment proceeds on those proceeds, will be used for capital expenditures with respect to the Project.

E. The Mayor and City Manager are hereby authorized to take such other action as may be necessary to make effective the election contained in this Section and to file any required document with the Internal Revenue Service with respect to the Series 2010 A Bonds.

F. The Issuer certifies and covenants with the Owners of the Series 2010 A Bonds from time to time outstanding that the Issuer through its officers, (a) will make such further specific covenants, representations and assurances as may be

necessary or advisable; (b) comply with all representations, covenants and assurances contained in the Tax Certificate, which Tax Certificate shall constitute a part of the contract between the Issuer and the Owners of the Series 2010 A Bonds; (c) consult with Bond Counsel; (d) pay to the United States, as necessary, such sums of money representing required rebates of excess arbitrage profits relating to the Series 2010 A Bonds; (e) file such forms, statements and supporting documents as may be required and in a timely manner, and (f) if deemed necessary or advisable by its officers, to employ and pay fiscal agents, financial advisors, attorneys and other person to assist the Issuer in such compliance.

G. The covenants contained in this Section 4.04 shall remain in full force and effect notwithstanding the defeasance of the Series 2010 A Bonds pursuant to Section 9.09 hereof or any other provision of this Ordinance until the final maturity date of all Series 2010 A Bonds.

## ARTICLE V

## INVESTMENTS; NON-ARBITRAGE; REBATES OF EXCESS INVESTMENT EARNINGS

**Section 5.01. Investments**. The Issuer shall invest and reinvest, and shall instruct the Bond Commission and the Depository Bank to invest and reinvest, any monies held as a part of the funds and accounts created by this Ordinance in Qualified Investments to the fullest extent possible under applicable laws, this Ordinance, the need for such monies for the purposes set forth herein and the specific restrictions and provisions set forth in this section.

Except as provided below, 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 Issuer 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 Issuer may make any and all investments permitted by this section through the bond department of the Depository Bank. The Depository Bank shall not be responsible for any losses from such investments, other than for its own negligence or willful misconduct.

The following specific provisions shall apply with respect to any investments made under this section (unless otherwise required by the Bond Insurer and as set forth in the Supplemental Resolution):

(A) Qualified Investments acquired for the Series 2010 A Bonds Reserve Account and the Series 2010 F Bonds Reserve Account shall mature or be subject to

retirement at the option of the holder within not more than 5 years from the date of such investment.

(B) The Issuer shall, or shall cause the Bond Commission to, annually transfer from the Series 2010 A Bonds Reserve Account and the Series 2010 F Bonds Reserve Account to the respective Sinking Funds any earnings on the monies deposited therein and any other funds in excess of the Series 2010 A Bonds Reserve Requirement and the Series 2010 F Bonds Reserve Requirement, provided, however, that there shall at all times remain on deposit in the Series 2010 A Bonds Reserve Account and the Series 2010 F Bonds Reserve Account an amount at least equal to the Series 2010 A Bonds Reserve Requirement and Series 2010 F Bonds Reserve Requirement, respectively.

(C) In computing the amount in any fund or account, Qualified Investments shall be valued at the lower of the cost or the market price, exclusive of accrued interest. Valuation of all funds and accounts shall occur annually, except in the event of a withdrawal from the Series 2010 A Bonds Reserve Account or the Series 2010 F Bonds Reserve Account, whereupon it shall be valued immediately after such withdrawal. If amounts on deposit in the Series 2010 A Bonds Reserve Account or the Series 2010 F Bonds Reserve Account shall, at any time, be less than the applicable Series 2010 A Bonds Reserve Requirement or the applicable Series 2010 A Bonds Reserve Requirement, the applicable Bond Insurer shall be notified immediately of such deficiency, and such deficiency shall be made up from the first available Gross Revenues after required deposits to the Sinking Fund and otherwise in accordance with Section 4.03.

(E) All amounts representing accrued and capitalized interest shall be held by the Bond Commission, pledged solely to the payment of interest on the Series 2010 A Bonds and Series 2010 F Bonds, as appropriate, and invested only in Government Obligations maturing at such times and in such amounts as are necessary to match the interest payments to which they are pledged.

(F) Notwithstanding the foregoing, all monies deposited in the Series 2010 A Bonds Sinking Fund and the Series 2010 F Bonds Sinking Fund may be invested by the Bond Commission in the West Virginia "consolidated fund" managed by the West Virginia Investment Management Board pursuant to Chapter 12, Article 6 of the Code of West Virginia, 1931, as amended.

**Section 5.02. Continuing Disclosure Agreement**. The Issuer shall deliver a continuing disclosure agreement or certificate in form acceptable to the Original Purchaser sufficient to ensure compliance with SEC Rule 15c2-12, as it may be amended from time to time, and the Issuer hereby instructs the Mayor and City Manager to take all actions necessary for the Issuer to comply with the continuing disclosure agreement.

**Section 5.03. Arbitrage, Build America Bonds and Tax Exemption**. The Issuer covenants that (i) it shall not take, or permit or suffer to be taken, any action

Code of the State of West Virginia, but may be transferred only upon the surrender hereof at the office of the Registrar and otherwise as provided by the within-described Ordinance.

This Series 2010 A Bond and the income therefrom are, under the Act, exempt from all taxation by the State of West Virginia, or any county, municipality, political subdivision or agency thereof.

This Series 2010 A Bond shall not be entitled to any benefit under the Ordinance, or become valid or obligatory for any purpose, until the certificate of authentication and registration hereon shall have been signed by the Registrar.

All provisions of the Ordinance, as defined on the reverse hereof, and the statutes under which this Series 2010 A Bond is issued shall be deemed to be a part of the contract evidenced by this Series 2010 A Bond to the same extent as if written fully herein.

IN WITNESS WHEREOF, THE CITY OF MORGANTOWN (West Virginia) has caused this Bond to be signed by its Mayor and City Manager, and its corporate seal to be imprinted hereon and attested by its City Clerk, and has caused this Series 2010 A Bond to be dated as of the Series 2010 A Bond Date specified above.

[SEAL]

[Manual or facsimile signature]

_____

Mayor

[Manual or facsimile signature]

_____

City Manager

ATTEST:

[Manual or facsimile signature]
City Clerk

**CERTIFICATE OF AUTHENTICATION AND REGISTRATION**

This Series 2010 A Bond is one of the fully registered Series 2010 A Bonds described in the within-mentioned Ordinance and has been duly registered in the name of the Registered Owner on the date set forth below. Attached hereto is the complete text of the opinion of Steptoe & Johnson PLLC, bond counsel, signed originals of which are on file with the Registrar, delivered and dated on the date of the original delivery of and payment for the Series 2010 A Bonds.

Dated: _____, 2010.

_____,
As Registrar

By _____
Its Authorized Officer

# STATEMENT OF INSURANCE

**[Bond Insurance Legend]**

**(FORM OF)**
**ASSIGNMENT**

Social Security or Other Identifying Number of Assignee

_____

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto _____ the within Bond and does hereby irrevocably constitute and appoint _____ to transfer the said Bond on the books kept for registration thereof with full power of substitution in the premises.

Dated: _____, _____.

_____

SIGNATURE GUARANTEED:

_____
(Bank, Trust Company or Firm)

_____
(Authorized Officer)

NOTICE: The Assignor's signature to this Assignment must correspond with the name as it appears upon the face of the within Bond in every particular, without alteration or any change whatever.

**EXHIBIT B - SERIES 2010 F BOND FORM**

**[DTC Legend]**

No. FR-_____ $_____

**UNITED STATES OF AMERICA**
**STATE OF WEST VIRGINIA**
**THE CITY OF MORGANTOWN (WEST VIRGINIA)**
**COMBINED UTILITY SYSTEM REVENUE BONDS,**
**SERIES 2010 F (BANK QUALIFIED)**

| INTEREST RATE: | MATURITY DATE: | BOND DATE: | CUSIP: |
|---|---|---|---|
| _____% | _____ | _____ | _____ |

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: _____

KNOW ALL MEN BY THESE PRESENTS: That THE CITY OF MORGANTOWN (West Virginia), a municipal corporation organized and existing under the laws of the State of West Virginia (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, the Principal Amount specified above and solely from such special funds also to pay interest on said Principal Amount from the Interest Payment Date (as hereinafter defined) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, or, if and to the extent that the Issuer shall default in the payment of interest on any Interest Payment Date, then this Bond shall bear interest from the most recent Interest Payment Date to which interest has been paid or duly provided for, and in which case any Bond surrendered for transfer or exchange shall be dated as of the Interest Payment Date to which interest has been paid in full, at the Interest Rate per annum specified above, semiannually, on _____ 1 and _____ 1, in each year, beginning _____ 1, 200__ (each an "Interest Payment Date"), until maturity or until the date fixed for redemption if this Bond is called for prior redemption and

payment on such date is provided for. Capitalized terms used and not defined herein shall have the meanings ascribed thereto in the hereinafter-described Ordinance.

Interest accruing on this Bond on and prior to the Maturity Date hereof shall be payable by check or draft mailed by the West Virginia Municipal Bond Commission, Charleston, West Virginia, as paying agent (in such capacity, the "Paying Agent"), to the Registered Owner hereof as of the applicable Record Date (each _____ 15 and _____ 15) or, in the event of a default in the payment of Bonds, that special record date to be fixed by the hereinafter named Registrar by notice given to the Registered Owners not less than 10 days prior to said special record date at the address of such Registered Owner as it appears on the registration books of the Issuer maintained by _____, _____, West Virginia, as registrar (in such capacity, the "Registrar"), or, at the option of any Registered Owner of at least $500,000 in aggregate principal amount of Bonds, by wire transfer in immediately available funds to a domestic bank account specified in writing by the Registered Owner to the Paying Agent at least 5 days prior to such Record Date. Principal and premium, if any, shall be paid when due upon presentation and surrender of this Bond for payment at the office of the Paying Agent, in Charleston, West Virginia.

This Bond is one of an issue of a series of bonds, in the aggregate principal amount of $_____ designated "The City of Morgantown Combined Utility System Revenue Bonds, Series 2010 F" (the "Series 2010 F Bonds"), of like tenor and effect, except as to number, denomination, date of maturity and interest rate, dated _____, 2010, upon original issuance, the proceeds of which are to be used, together with other funds of the Issuer, (i) to finance the cost of acquisition and construction of certain additions, betterments and improvements to the waterworks portion of the combined waterworks, sewerage and stormwater system of the Issuer, (ii) to fund a reserve account for the Series 2010 F Bonds, and (iv) to pay certain costs of issuance of the Series 2010 F Bonds and related costs. The Series 2010 F Bonds are issued under the authority of and in full compliance with the Constitution and statute 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 duly enacted by the City Council of the Issuer on _____, 2009, and supplemented by a supplemental resolution adopted by said Council on _____, 2010 (hereinafter collectively referred to as the "Ordinance"), and is subject to all the terms and conditions of said Ordinance. The Ordinance 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 Series 2010 F Bonds under the Ordinance. Reference is hereby made to the Ordinance, as the same may be amended and supplemented from time to time, for a description of the rights, limitations of rights, obligations, duties and immunities of the Issuer, the Registrar, the Paying Agent, the Registered Owners of the Series 2010 F Bonds and the Registered Owners of any subsequently issued additional bonds. Executed

counterparts or certified copies of the Ordinance are on file at the office of the City Clerk in The City of Morgantown, West Virginia.

**[The Series 2010 F Bonds are additionally secured, but only to the extent described in the Statement of Insurance printed on the Bonds, by a policy of municipal bond insurance issued by __[Bond Insurer]___.]**

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) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 1992 (WEST VIRGINIA SRF PROGRAM), DATED SEPTEMBER 8, 1992, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $11,900,000 (THE "SERIES 1992 BONDS"); (2) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 1995 (WEST VIRGINIA SRF PROGRAM), DATED APRIL 27, 1995, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,601,477 (THE "SERIES 1995 BONDS"); (3) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2000 A (WEST VIRGINIA SRF PROGRAM), DATED FEBRUARY 29, 2000, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $7,842,000 (THE "SERIES 2000 A BONDS"); (4) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2000 B (WEST VIRGINIA INFRASTRUCTURE FUND), DATED FEBRUARY 29, 2000, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,488,000 (THE "SERIES 2000 B BONDS"); (5) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2001 A (WEST VIRGINIA INFRASTRUCTURE FUND), DATED FEBRUARY 8, 2001, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $3,812,470 (THE "SERIES 2001 A BONDS"); (6) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2006 A (WEST VIRGINIA SRF PROGRAM), DATED JUNE 30, 2006, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $6,410,191 (THE "SERIES 2006 A BONDS"); (7) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2007 A (WEST VIRGINIA SRF PROGRAM), DATED AUGUST 14, 2007, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $8,500,000 (THE "SERIES 2007 A BONDS") (COLLECTIVELY, THE "PRIOR BONDS"); (8) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 A (DIRECT PAYMENT BUILD AMERICA BONDS), DATED _____, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $_____ (THE "SERIES 2010 A BONDS"); (9) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 B (WEST VIRGINIA SRF PROGRAM/ARRA), DATED JANUARY 28, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $81,600 (THE "SERIES 2010 B BONDS"); (10) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 C (WEST VIRGINIA SRF PROGRAM), DATED JANUARY 28, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $15,203,668 (THE "SERIES 2010 C BONDS"); (11) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 D (WEST VIRGINIA DWTRF PROGRAM), DATED JANUARY 28, 2010, ISSUED IN THE

ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $9,317,286 (THE "SERIES 2010 D BONDS"); AND (12) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 E (WEST VIRGINIA DWTRF PROGRAM/ARRA), DATED JANUARY 28, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $100,000 (THE "SERIES 2010 E BONDS").

The Series 2010 F Bonds are subject to redemption prior to their stated maturity dates, as provided in the Ordinance and as set forth in the following lettered paragraphs:

(A) Optional Redemption. The Bonds maturing on and after _____, 20____, are subject to redemption prior to maturity at the option of the Issuer on or after _____, 20_____, in whole at any time and in part on any Interest Payment Date, as directed by the Issuer, in reverse order of maturity and by lot within a maturity, at the following Redemption Prices (expressed as percentages of the principal amount of Bonds to be redeemed), plus interest accrued thereon to the date fixed for redemption:

| Period During Which Redeemed (Dates Inclusive) | Redemption Price |
|---|---|

(B) Mandatory Sinking Fund Redemption. The Bonds maturing on _____, 20_____ and 20_____ are subject to annual mandatory sinking fund redemption prior to maturity by random selection as may be determined by the Registrar, on _____ 1 of the years and in the principal amounts set forth below, at the Redemption Price of 100% of the principal amount of each Bond so called for redemption plus interest accrued to the date fixed for redemption:

Bonds Maturing _____ 1, 20

| _____ | Year ( 1) | Principal Amount |
|---|---|---|

Bonds Maturing _____ 1, 20

| _____ | Year ( 1) | Principal Amount |
|---|---|---|

* Final Maturity

In the event of any redemption of less than all outstanding Series 2010 F Bonds, the maturities to be redeemed shall be selected by the Paying Agent at the direction of the Issuer and Series 2010 F Bonds to be redeemed shall be determined by lot within a maturity, or in such other manner deemed appropriate by the Paying Agent. If less than all the Series 2010 F Bonds are to be redeemed, the Series 2010 F Bonds to be redeemed shall be identified by reference to the Series designation, date of issue, CUSIP numbers and Maturity Dates.

Notice of any redemption of this Series 2010 F Bond, unless waived, shall be given by the Paying Agent on behalf of the Issuer by mailing an official redemption notice by registered or certified mail at least 30 days and not more than 60 days prior to the date fixed for redemption to the Registered Owner of the Series 2010 F Bond or Series 2010 F Bonds to be redeemed at the address shown on the Bond Register or at such other address as is furnished in writing by such Registered Owner to the Paying Agent. Such notice shall also be given by the Paying Agent to the Registrar. Notice of redemption having been given as aforesaid, the Series 2010 F Bonds or portions of Series 2010 F Bonds so to be redeemed shall, on the Redemption Date, become due and payable at the Redemption Price therein specified, and from and after such date (unless the Issuer shall default in the payment of the Redemption Price) such Series 2010 F Bonds or portions of Series 2010 F Bonds shall cease to bear interest.

Failure to receive such notice or any defect therein or in the mailing thereof shall not affect the validity of proceedings for the redemption of this Series 2010 F Bond.

The Series 2010 F Bonds and the interest thereon are payable only from and are secured by the Gross Revenues (as defined in the Ordinance) to be derived from the operation of the System, on a parity in all respects with the pledge of the Gross Revenues created in favor of the holders of the Prior Bonds, Series 2010 A Bonds, Series 2010 B Bonds, Series 2010 C Bonds, Series 2010 D Bonds, Series 2010 E Bonds, all monies in the Series 2010 F Bonds Sinking Fund, and the Series 2010 F Bonds Reserve Account therein, established under the Ordinance, and the unexpended proceeds of the Series 2010 F Bonds, and the Issuer hereby and in the Ordinance pledges such revenues and monies to such payment. Said Gross Revenues shall be sufficient to pay the principal of and interest 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 and to make the other payments required by the

Ordinance. This Series 2010 F Bond does not constitute an indebtedness of the Issuer within any constitutional or statutory provision or limitation, nor shall the Issuer be obligated to pay the same or the interest hereon except from said special fund provided from the Gross Revenues, the monies in the Series 2010 F Bonds Sinking Fund and the Series 2010 F Bonds Reserve Account and said unexpended Series 2010 F Bond proceeds. Pursuant to the Ordinance, 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 Series 2010 F Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2010 F Bonds, including the Prior Bonds and the Series 2010 A Bonds, Series 2010 B Bonds, Series 2010 C Bonds, and Series 2010 D Bonds. The Issuer has entered into certain further covenants with the registered owners of the Series 2010 F Bonds, for the terms of which reference is made to the Ordinance. Remedies provided the registered owners of the Series 2010 F Bonds are exclusively as provided in the Ordinance, to which reference is here made for a detailed description thereof.

All monies received from the sale of the Bonds except for accrued interest thereon shall be applied solely to pay all costs of the Project, funding a reserve account for the Series 2010 F Bonds and pay costs of issuance of the Bonds, and there shall be, and hereby is, created and granted a lien upon such monies, until so applied, in favor of the registered owners of said Series 2010 F Bonds.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Series 2010 F 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 Series 2010 F Bond, together with all other obligations of said 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 said Issuer for the prompt payment of the principal of and interest on the Series 2010 F Bonds of which this Series 2010 F Bond is one.

This Series 2010 F Bond, under the provisions of the Act is and has all the qualities and incidents of, a negotiable instrument under the Uniform Commercial Code of the State of West Virginia, but may be transferred only upon the surrender hereof at the office of the Registrar and otherwise as provided by the within-described Ordinance.

This Series 2010 F Bond and the income therefrom are, under the Act, exempt from all taxation by the State of West Virginia, or any county, municipality, political subdivision or agency thereof.

This Series 2010 F Bond shall not be entitled to any benefit under the Ordinance, or become valid or obligatory for any purpose, until the certificate of authentication and registration hereon shall have been signed by the Registrar.

All provisions of the Ordinance, as defined on the reverse hereof, and the statutes under which this Series 2010 F Bond is issued shall be deemed to be a part of the contract evidenced by this Series 2010 F Bond to the same extent as if written fully herein.

IN WITNESS WHEREOF, THE CITY OF MORGANTOWN (West Virginia) has caused this Bond to be signed by its Mayor and City Manager, and its corporate seal to be imprinted hereon and attested by its City Clerk, and has caused this Series 2010 F Bond to be dated as of the Series 2010 F Bond Date specified above.

[SEAL]

[Manual or facsimile signature]

Mayor

[Manual or facsimile signature]

City Manager

ATTEST:

[Manual or facsimile signature]
City Clerk

## CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Series 2010 F Bond is one of the fully registered Series 2010 F Bonds described in the within-mentioned Ordinance and has been duly registered in the name of the Registered Owner on the date set forth below. Attached hereto is the complete text of the opinion of Steptoe & Johnson PLLC, bond counsel, signed originals of which are on file with the Registrar, delivered and dated on the date of the original delivery of and payment for the Series 2010 F Bonds.

Dated: _____, 2010.

_____,
As Registrar

By _____
Its Authorized Officer

with respect to the gross or other proceeds of the Series 2010 A Bonds and Series 2010 F Bonds which would cause the Series 2010 A Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code, (ii) it will take all actions that may be required of it (including, without implied limitation, the timely filing of a federal information return with respect to the Series 2010 A Bonds) so that the Series 2010 A Bonds will be Build America Bonds, and (iii) it will take all actions that may be required of it (including, without implied limitation, the timely filing of a federal information return with respect to the Series 2010 F Bonds) so that the interest on the Series 2010 F Bonds will be and remain excludable from gross income for federal income tax purposes, and will not take any actions which would adversely affect such exclusion.

**Section 5.04. Tax Certificate and Rebate**. The Issuer shall deliver a certificate of arbitrage, a tax certificate or other similar certificate (the "Tax Certificate") to be prepared by nationally recognized bond counsel or tax counsel relating to payment of arbitrage rebate and other tax matters as a condition to issuance of the Series 2010 A Bonds. In addition, the Issuer covenants to comply with all Regulations from time to time in effect and applicable to the Series 2010 A Bonds as may be necessary in order to fully comply with Section 148(f) of the Code, and covenants to take such actions, and refrain from taking such actions, as may be necessary to fully comply with such Section 148(f) of the Code and such Regulations, regardless of whether such actions may be contrary to any of the provisions of this Bond Legislation.

The Issuer covenants to calculate, annually, the rebatable arbitrage, determined in accordance with Section 148(f) of the Code. Upon completion of each such annual calculation, the Issuer shall deposit, or cause to be deposited, in the Rebate Fund such sums as are necessary to cause the aggregate amount on deposit in the Rebate Fund to equal the sum determined to be subject to rebate to the United States, which, notwithstanding anything herein to the contrary, shall be paid from investment earnings on the underlying fund or account established hereunder and on which such rebatable arbitrage was earned or from other lawfully available sources. Notwithstanding anything herein to the contrary, the Rebate Fund shall be held free and clear of any lien or pledge hereunder and shall be used only for payment of rebatable arbitrage to the United States. The Issuer shall pay, or cause to be paid, to the United States, from the Rebate Fund, the rebatable arbitrage in accordance with Section 148(f) of the Code and such Regulations. In the event that there are any amounts remaining in the Rebate Fund following all such payments required by the preceding sentence, the Depository Bank shall pay said amounts to the Issuer to be used for any lawful purpose of the System. The Issuer shall remit payments to the United States in the time and at the address prescribed by the Regulations as the same may be from time to time in effect with such reports and statements as may be prescribed by such Regulations. In the event that, for any reason, amounts in the Rebate Fund are insufficient to make the payments to the United States which are required, the Issuer shall assure that such payments are made by the Issuer to the United States, on a timely basis, from any funds lawfully available therefor. In addition, the Issuer shall assure preparation of the rebate

calculations and the performance of all matters in connection with such rebates. The Issuer may provide for the employment of independent attorneys, accountants or consultants compensated on such reasonable basis as the Issuer may deem appropriate in order to assure compliance with this Section 8.03. The Issuer shall keep and retain, or cause to be kept and retained, records of the determinations made pursuant to this Section 8.03 in accordance with the requirements of Section 148(f) of the Code and such Regulations. In the event the Issuer fails to make such rebates as required, the Issuer shall pay the required rebate amount, any and all penalties and other amounts, from lawfully available sources, and obtain a waiver from the Internal Revenue Service, if necessary, and take any other actions necessary, in order to maintain the Series 2010 A Bonds as Build America Bonds and to maintain the exclusion of interest on the Series 2010 F Bonds from gross income for federal income tax purposes.

## ARTICLE VI

## ADDITIONAL COVENANTS OF THE ISSUER

**Section 6.01. Covenants Binding and Irrevocable**. All the covenants, agreements and provisions of this Ordinance 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 2010 A Bonds and Series 2010 F Bonds, as prescribed by Article VII. In addition to the other covenants, agreements and provisions of this Ordinance, the Issuer hereby covenants and agrees with the Holders of the Series 2010 A Bonds and Series 2010 F 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 the Series 2010 A Bonds and Series 2010 F Bonds or the interest thereon, are Outstanding and unpaid.

**Section 6.02. Bonds not to be Indebtedness of the Issuer.** The Series 2010 A Bonds and Series 2010 F Bonds shall not be or constitute an indebtedness of the Issuer within the meaning of any constitutional, statutory or charter limitation of indebtedness but shall be payable solely from the Gross Revenues of the System, the monies in the Series 2010 A Bonds Sinking Fund and the Series 2010 F Bonds Sinking Fund and all accounts therein, the unexpended proceeds of the Series 2010 A Bonds and Series 2010 F Bonds or monies in a construction fund, if any, all as herein provided. No Holder or Holders of any Series 2010 A Bonds and Series 2010 F Bonds issued hereunder shall ever have the right to compel the exercise of the taxing power of the Issuer to pay said Series 2010 A Bonds and Series 2010 F Bonds or the interest thereon.

**Section 6.03. Bonds Secured by Pledge of Gross Revenues and Monies in Sinking Fund**. The payment of the debt service of all of the Series 2010 A Bonds and Series 2010 F Bonds issued hereunder shall be secured forthwith equally and ratably by a first lien on the Gross Revenues derived from the operation of the

System on a parity with one another and with the lien on the Gross Revenues in favor of the Holders of the Series 2010 B Bonds, Series 2010 C Bonds, Series 2010 D Bonds, Series 2010 E Bonds and the Prior Bonds and, in the instance of the Series 2010 A Bonds, all monies and securities in the Series 2010 A Sinking Fund, including the Series 2010 A Bonds Reserve Account therein, in the instance of the Series 2010 F Bonds, all monies and securities in the Series 2010 B Sinking Fund, including the Series 2010 F Bonds Reserve Account therein to the extent necessary to make the payments required under Section 4.03. The Gross Revenues derived from the System, in an amount sufficient to pay the principal of and interest on the Prior Bonds and the Series 2010 Bonds herein authorized, to make the payments into the Series 2010 A Bonds Sinking Fund, all monies and securities in the Series 2010 A Bonds Sinking Fund, including the Series 2010 A Bonds Reserve Account therein, and to make the payments into the Series 2010 F Bonds Sinking Fund, all monies and securities in the Series 2010 F Bonds Sinking Fund, including the Series 2010 F Bonds Reserve Account therein.

**Section 6.04. Rates**. Equitable rates or charges for the use of and service rendered by the System have been established all in the manner and form required by law, and copies of such rates and charges so established will be continuously on file with the City Clerk, which copies will be open to inspection by all interested parties. The schedule of rates and charges shall at all times be adequate to produce Gross Revenues from the System sufficient to pay Operating Expenses and to make the prescribed payments into the funds created hereunder. Such schedule of rates and charges shall be changed and readjusted whenever necessary so that the aggregate of the rates and charges will be sufficient for such purposes. In order to assure full and continuous performance of this covenant, with a margin for contingencies and temporary unanticipated reduction in income and revenues, the Issuer hereby covenants and agrees that the schedule of rates or charges from time to time in effect shall be sufficient, together with other revenues of the System (i) to provide for all Operating Expenses of the System and (ii) to leave a balance each year equal to at least 115% of the maximum amount required in any year for payment of principal of and interest on the Series 2010 Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2010 Bonds, including the Prior Bonds.

The Issuer hereby covenants to commence enactment of such ordinance or ordinances as shall be required to increase the rates and charges for the services and facilities of the System within 30 days following a determination of the Independent Accountant that less than the above-required coverage exists or in the event that the annual audit report shows less than the above-required coverage, such increase to provide rates and charges sufficient to produce such required coverage. In any event, subject to the requirements of law, the Issuer shall not reduce the rates or charges for services set forth in the current rate ordinance.

**Section 6.05. Completion of Project; Operation and Maintenance**. The Issuer will complete the Project as promptly as possible. The Issuer will maintain the System in good condition and will operate the same as a revenue-producing

enterprise in an efficient and economical manner, making such expenditures for equipment and for renewal, repair and replacement as may be proper for the economical operation and maintenance thereof from the revenues of said System in the manner provided in this Ordinance.

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 6.06. Sale of the System.** So long as the Prior Bonds are Outstanding, the Issuer shall not sell, mortgage, lease or otherwise dispose of the System, except as provided by the Prior Ordinances. Additionally, so long as the Series 2010 A Bonds and Series 2010 F Bonds are Outstanding, the System may be sold, mortgaged, leased or otherwise disposed of only as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to defease the pledge created by this Ordinance as provided by Section 9.01. The proceeds from such sale, mortgage, lease or other disposition of the System shall be immediately remitted to the Bond Commission for deposit in the Series 2010 A Bonds Sinking Fund and the Series 2010 F Bonds Sinking Fund, and otherwise as prescribed by Section 9.01. Any balance remaining after such defeasance shall be remitted to the Issuer by the Bond 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 Board 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 is not in excess of $50,000, the Board shall, in writing, determine that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof, and the Board 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 shall be in excess of $50,000 but not in excess of $200,000, the Board 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 the Board may then, if it be so advised, by resolution duly adopted, approve and concur in such finding and authorize such sale, lease or other disposition of such property in accordance with the laws of the State. The proceeds derived from any such sale, lease or other disposition of such property, in excess of $50,000 and not in excess of $200,000, shall be deposited by the Issuer into the Renewal and Replacement Fund. Such payments of such proceeds into the Renewal and Replacement Fund shall reduce the amounts required to be paid into said funds by other provisions of this Ordinance.

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 shall be in excess of $200,000 and insufficient to defease the pledge created by this Ordinance, as provided by Section 9.01, without the prior approval and consent in writing of any applicable Bond Insurer and the Holders, or their duly authorized representatives, of 60% in amount of Bonds then Outstanding. The Issuer shall prepare the form of such approval and consent for execution by the Bond Insurer and 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 6.07. Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances.** The Issuer shall not issue any other obligations whatsoever, except Additional Parity Bonds provided for in Section 6.08 hereof, 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 the Gross Revenues with the Series 2010 A Bonds and Series 2010 F Bonds; and all obligations hereafter issued by the Issuer 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 2010 A Bonds and Series 2010 F Bonds.

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, except with respect to such Additional Parity Bonds, being on a parity with the lien of the Series 2010 A Bonds and Series 2010 F Bonds, and the interest thereon, upon any of the income and revenues of the System pledged for payment of the Series 2010 A Bonds and Series 2010 F Bonds and the interest thereon in this Ordinance or upon the System or any part thereof.

**Section 6.08. Additional Parity Bonds.** So long as the Prior Bonds are outstanding, the limitations on the issuance of parity obligations set forth in the Prior Ordinances shall be applicable. In addition, no additional Parity Bonds, as in this section defined, payable out of the revenues of the System shall be issued after the issuance of any Bonds pursuant to this Ordinance, except under the conditions and in the manner herein provided.

No such Additional Parity Bonds shall be issued except for the purpose of financing the costs of design, acquisition or construction of additions, betterments or improvements to the System, refunding all or a portion of one or more series of Bonds issued pursuant hereto or the Prior Bonds, to pay claims which may exist against the revenues or facilities of the System, or all of such purposes.

No such Additional Parity Bonds shall be issued at any time, however, unless and until there has been procured and filed with the City Clerk a written statement by an Independent Accountant, 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 Additional Parity Bonds, plus the estimated average increased annual Net Revenues to be received in each of the 3 succeeding years after the date of issuance of such Additional Parity Bonds, shall be not less than 115% of the Maximum Annual Debt Service on the following:

(1) The Series 2010 Bonds then Outstanding;

(2) The Prior Bonds Outstanding;

(3) Any Additional Parity Bonds theretofore issued pursuant to the provisions contained in this Bond Legislation then Outstanding; and

(4) The Additional Parity Bonds then proposed to be issued.

The "estimated average increased annual Net Revenues to be received in each of the 3 succeeding years," as that term is used in the computation provided in the above paragraph, shall refer only to the increased Net Revenues estimated to be derived from the improvements to be financed by such Additional Parity Bonds and any increase in rates enacted by the Issuer, the time for appeal of which shall have expired (without successful appeal) prior to the issuance of such Additional Parity Bonds, and shall not exceed the amount to be stated in a certificate of the Independent Accountant, which shall be filed in the office of the Clerk prior to the issuance of such Additional 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 Accountant, as stated in a certificate on account of (i) increased rates, rentals, fees and charges for the System enacted by the Issuer, the time for appeal of which shall have expired (without successful appeal) prior to issuance of such Additional Parity Bonds and (ii) any BAB Interest Subsidy Payments (or similar form of federal subsidized bond designation) projected to be received with respect to such proposed Additional Parity Bonds.

The term "Additional Parity Bonds," as used in this section, shall be deemed to mean additional Bonds issued under the provisions and within the limitations of this section, payable from the Gross Revenues of the System on a parity with the Series 2010 Bonds and the Prior Bonds, and all the covenants and other provisions of this Ordinance (except as to details of such Additional Parity Bonds inconsistent herewith) shall be for the equal benefit, protection and security of the Holders of the Series 2010 Bonds and the Prior Bonds and the Holders of any Additional Parity Bonds theretofore or subsequently issued from time to time within the limitations of and in compliance with this section. All the Bonds, regardless of the time or times of their issuance, shall rank equally with respect to their lien on the Gross Revenues of the System, and their source of and security for payment from said Gross Revenues, without preference of any Bond over any other. The Issuer shall comply

fully with all the increased payments into the various funds and accounts created in this Ordinance required for and on account of such Additional Parity Bonds, in addition to the payments required for Bonds theretofore issued pursuant to this Ordinance.

The term "Additional Parity Bonds," as used in this section, shall not be deemed to include bonds, notes, certificates or other obligations subsequently issued, the lien on the Revenues of the System of which is subject to the prior and superior lien of the Bonds on such Revenues. Any such subordinate bonds, notes, certificates or other obligations shall be payable from the Net Revenues remaining after all payments required to be made pursuant to Section 4.03(1), (2) and (3) have first been paid. The Issuer shall not issue any obligations whatsoever payable from the Revenues of the System, or any part thereof, which rank prior to or equally, as to lien and source of and security for payment from such Revenues, with the Series 2010 A Bonds and Series 2010 F Bonds except in the manner and under the conditions provided in this section.

No Additional Parity Bonds, as in this section defined, shall be issued at any time, however, unless all of the payments into the respective funds and accounts provided for in this Ordinance on account of the Bonds then Outstanding (excluding the Renewal and Replacement Fund), and any other payments provided for in this Ordinance, shall have been made in full as required to the date of delivery of the Additional Parity Bonds and the Issuer shall then be in full compliance with all the covenants, agreements and terms in the Ordinance and every ordinance supplemental thereto, or shall have fully corrected any delinquency or deficiency with respect to such payments and compliance.

**Section 6.09. Insurance and Bonds.** The Issuer hereby covenants and agrees, that so long as the Series 2010 A Bonds and Series 2010 F Bonds remain Outstanding, the Issuer or the Board will, as an Operating Expense, procure, carry and maintain insurance and bonds and worker's compensation coverage with a reputable insurance carrier or carriers or bonding company or companies rated at least "A" by Standard & Poor's Corporation covering the following risks and in the following amounts:

A. FIRE, LIGHTNING, VANDALISM, MALICIOUS MISCHIEF AND EXTENDED COVERAGE INSURANCE, on all above-ground insurable portions of the System in an amount equal to the greater of the fair appraised value or the original cost thereof. In the event of any damage to or destruction of any portion of the System, the Board will promptly arrange for the application of the insurance proceeds for the repair or reconstruction of such damages or destroyed portion. The Board will itself, or will require each contractor and subcontractor to, obtain and maintain builder's risk insurance to protect the interests of the Board and the Issuer during construction of the Project in the full insurable value thereof.

B. PUBLIC LIABILITY INSURANCE, with limits of not less than is customarily carried by municipalities of equivalent size with respect to works and

properties similar to the System to protect the Issuer and the Board from claims for bodily injury and/or death and 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 and the Board from claims arising out of operation or ownership of motor vehicles of or for the System, provided that, the Board, with the review of an insurance consultant and the concurrence of the Issuer, may elect to self-insure, so long as the following requirements are met:

(i) The self-insurance program has been reviewed by an insurance consultant;

(ii) The self-insurance program includes an actuarially sound claims reserve fund out of which each self-insured claim shall be paid; the adequacy of such fund shall be evaluated on an annual basis by an insurance consultant; and any deficiencies in any self-insured claims reserve fund will be remedied in accordance with the recommendation of the insurance consultant;

(iii) The self-insured claims reserve fund shall be held in the United States of America in a separate trust fund by an independent corporate trustee; and

(iv) In the event the current funding of the self-insurance program shall be discontinued, the actuarial soundness of its claims reserve fund, as determined by an insurance consultant, shall be maintained.

If the Issuer determines in good faith that any required insurance is not commercially available at a reasonable cost with reasonable terms, it shall engage an insurance consultant to verify the determination and to make recommendations regarding the types, amounts and provisions of any such insurance that should be purchased or funded by the Issuer, taking into consideration the costs and practices of other municipal water and sewer systems of similar size and type in the State to the extent that such information is available. The Issuer may, upon resolution adopted in good faith and upon the recommendations of the insurance consultant, adopt alternate or supplemental risk management programs which the Issuer determines to be reasonable, including the right to self-insure and participate in captive insurance companies.

C. WORKER'S COMPENSATION COVERAGE FOR ALL EMPLOYEES OF OR FOR THE SYSTEM ELIGIBLE THEREFOR; AND PERFORMANCE AND PAYMENT OR COMPLETION BONDS, such bonds to be in the amounts of not less than 100% of the amount of any construction contract and to be required of each contractor dealing directly with the Board and such payment bonds will be filed with the Clerk of the County Commission of Monongalia County prior to commencement of construction of any additions, extensions or improvements for the System in compliance with West Virginia Code, Section 38-2-39.

D. 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.

E. BUSINESS INTERRUPTION INSURANCE, to the extent available at reasonable cost to the Issuer.

F. 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.

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 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.

**Section 6.10. Services Rendered to the Board or Issuer**. The Board will not render or cause to be rendered any free services of any nature by its System; and, in the event the Board, the Issuer or any department, agency, instrumentality, officer or employee thereof shall avail himself 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 Board, the Issuer and any such department, agency, instrumentality, officer or employee. Such charges shall be paid as they accrue, and the Board or the Issuer shall transfer from its general funds sufficient sums to pay such charges for service to any of its departments or properties. 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 6.11. Enforcement of Collections**. The Issuer or the Board will diligently enforce and collect all fees, rentals or other charges for the services and facilities of the System, and take all steps, actions and proceedings for the enforcement and collection of such fees, rentals or other charges which shall become delinquent to the full extent permitted or authorized by the Act, the rules and regulations of the Public Service Commission of West Virginia and other laws of the State of West Virginia.

Whenever any fees, rates, rentals or other charges for the services and facilities of the System shall remain unpaid for a period of 20 days after the same

shall become due and payable, the user of the services and facilities shall be delinquent until such time as all such rates and charges are fully paid and to the extent authorized by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, all delinquent rates, rentals and other changes, if not paid, shall become a lien on the premises served by the System. The Issuer further covenants and agrees that, it will, to the full extent permitted by law and the rules and regulations promulgated by the Public Service Commission of West Virginia, discontinue and shut off the services and facilities of the System and any services and facilities of the Issuer's waterworks system, to all delinquent users of services and facilities of the System and will not restore such services of the System (or waterworks system) until all billing for charges for the services and facilities of the System, plus penalty charges for the restoration of service, has been fully paid or an appropriate payment plan has been established.

**Section 6.12. No Competing Franchise**. To the extent legally allowable, neither the Issuer nor the Board will grant or cause, consent to or allow the granting of any franchise or permit to any person, firm, corporation or body, or agency or instrumentality whatsoever for the providing of any services which would compete with services provided by the System.

**Section 6.13. Books and Records**. The Board will keep books and records of the System, which shall be separate and apart from all other books, records and accounts of the Board or the Issuer, in which complete and correct entries shall be made of all transactions relating to the System, and any Holder of a Series 2010 A Bond, shall have the right at all reasonable times to inspect the System, and all parts thereof, and all records, accounts and data of the Board relating thereto.

The accounting system for the System shall follow current generally accepted accounting principles, to the extent allowable under and in accordance with the rules and regulations of the Public Service Commission of West Virginia and the Act. Separate control accounting records shall be maintained by the Board. Subsidiary records as may be required shall be kept in the manner, on the forms, in the books and along with other bookkeeping records as prescribed by the Board. The Board 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 Board shall be reported to such agent of the Board as it shall direct.

The Issuer or the Board shall file with the Original Purchaser and any Bond Insurer, and shall mail to any Bondholder requesting the same, an annual report within 30 days following the date of receipt of the final audit containing a balance sheet, statement of revenues, expenses, and changes in retained earnings, and statement of cash flows, as prescribed by generally accepted accounting principles.

The Issuer or the Board shall also file with the Original Purchaser and any Bond Insurer, and mail to any Bondholder requesting the same, a monthly unaudited report within 30 days following the end of each month containing the following:

(A) A statement of Gross Revenues, Operating Expenses, and Net Revenues derived from the System; and

(B) A statement of account balances in the Sinking Fund accounts provided for in this Ordinance and status of said funds.

The Issuer or the Board shall also, at least once a year, cause the books, records and accounts of the System to be completely audited by an Independent Accountant, shall mail upon request, and make available generally, the report of said Independent Accountant, or a summary thereof, to any Holder or Holders of Series 2010 A Bonds issued pursuant to this Ordinance and shall file said report with the Original Purchaser.

**Section 6.14. Operating Budget.** The Board shall annually, at least 45 days preceding the beginning of each Fiscal Year, or at such earlier date required by the charter of the Issuer, prepare and adopt by resolution a detailed, balanced budget of the estimated revenues and expenditures for operation and maintenance of the System during the succeeding Fiscal Year. No increased expenditures in excess of 10% of the amount of such budget shall be made except upon the further certificate of such a registered professional engineer that such increased expenditures are necessary for the continued operation of the System. The Board shall mail copies of such annual budget and all resolutions authorizing increased expenditures for operation and maintenance to the Original Purchaser and the Bond Insurer, if any, 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 Original Purchaser and to any Bondholder or anyone acting for and in behalf of such Bondholder who requests the same.

**Section 6.15. Mandatory Connections.** The mandatory use of the sewerage portion of the System is essential and necessary for the protection and preservation of the public health, comfort, safety, convenience and welfare of the inhabitants and residents of, and the economy of, the Issuer, and in order to assure the rendering harmless of sewage and waterborne waste matter produced or arising within the territory served by the sewerage portion of the System. Accordingly, every owner, tenant or occupant of any house, dwelling or building located near the System, to the extent permitted by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, shall connect with and use the sewerage portion of the System and shall cease the use of all other means for the collection, treatment and disposal of sewage and waste matters from such house, dwelling or building and every such owner, tenant or occupant shall, after a 30 day notice of the availability of sewerage services of the System, pay the rates and charges established therefor.

Any such house, dwelling or building from which emanates sewage or waterborne waste matter and which is not so connected with the sewerage portion of the System is hereby declared and found to be a hazard to the health, safety, comfort and welfare of the residents of the Issuer and a public nuisance which shall be abated

to the extent permitted by law and as promptly as possible by proceedings in a court of competent jurisdiction.

**Section 6.16. Statutory Mortgage Lien**. For the further protection of the Holders of the Series 2010 A Bonds and Series 2010 F 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 the issuance of the Series 2010 A Bonds and Series 2010 F Bonds and shall be on a parity with one another and with the statutory mortgage lien in favor of the Holders of the Series 2010 B Bonds, Series 2010 C Bonds, Series 2010 D Bonds, Series 2010 E Bonds and the Prior Bonds.

**Section 6.17. Covenants Regarding the Municipal Bond Insurance Policy**. The Issuer intends to obtain Municipal Bond Insurance Policies for the Series 2010 A Bonds and Series 2010 F Bonds. In the event such Municipal Bond Insurance Policies are obtained, certain additional covenants of the Issuer will be required by the Bond Insurer as a condition to insuring the Series 2010 A Bonds and Series 2010 F Bonds. These additional covenants shall be set forth in full in the Supplemental Resolution, shall apply to the Series 2010 A Bonds and Series 2010 F Bonds and any other Bonds which may be insured by such Bond Insurer, and shall be controlling in the event any other provisions of this Ordinance may be in conflict therewith.

**Section 6.18. Tax Covenants**. The Issuer hereby further covenants and agrees as follows:

A. PRIVATE BUSINESS USE LIMITATION. The Issuer shall assure that (i) not in excess of 10% of the Net Proceeds of the Series 2010 A Bonds and Series 2010 F Bonds are used for Private Business Use if, in addition, the payment of more than 10% of the principal or 10% of the interest due on the Series 2010 A Bonds and Series 2010 F Bonds during the term thereof is, under the terms of the Series 2010 A Bonds and Series 2010 F Bonds or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for a Private Business Use or in payments in respect of property used or to be used for a Private Business Use or is to be derived from payments, whether or not to the Issuer, in respect of property or borrowed money used or to be used for a Private Business Use; and (ii) and that, in the event that both (A) in excess of 5% of the Net Proceeds of the Series 2010 A Bonds and Series 2010 F Bonds are used for a Private Business Use, and (B) an amount in excess of 5% of the principal or 5% of the interest due on the Series 2010 A Bonds and Series 2010 F Bonds during the term thereof is, under the terms of the Series 2010 A Bonds and Series 2010 F Bonds or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for said Private Business Use or in payments in respect of property used or to be used for said Private Business Use or is to be derived from payments, whether or not to the Issuer, in respect of property or borrowed money used or to be used for said Private Business Use, then said excess over said 5% of Net Proceeds of the Series 2010 A Bonds and Series 2010 F Bonds used for a Private Business Use shall

be used for a Private Business Use related to the governmental use of the Project, or if the Series 2010 A Bonds and Series 2010 F Bonds are for the purpose of financing more than one project, a portion of the Project, and shall not exceed the proceeds used for the governmental use of that portion of the Project to which such Private Business Use is related, all of the foregoing to be determined in accordance with the Code.

B. PRIVATE LOAN LIMITATION. The Issuer shall assure that not in excess of the lesser of 5% or $5,000,000 of the Net Proceeds of the Series 2010 A Bonds and Series 2010 F Bonds are used, directly or indirectly, to make or finance a loan (other than loans constituting Non-purpose Investments) to persons other than state or local government units.

C. FEDERAL GUARANTEE PROHIBITION. The Issuer shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause the Series 2010 A Bonds and Series 2010 F Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Code.

D. INFORMATION RETURN. If required, the Issuer shall file all statements, instruments and returns necessary to assure the tax-exempt status of the Series 2010 A Bonds and Series 2010 F Bonds and the interest thereon, including, without limitation, the information return required under Section 149(e) of the Code.

E. FURTHER ACTIONS. The Issuer shall take any and all actions that may be required of it so that the Series 2010 A Bonds shall be Build America Bonds, and shall not take any actions, or fail to take any actions, the result of which would adversely affect such status as Build America Bonds. The Issuer shall take any and all actions that may be required of it so that the interest on the Series 2010 F Bonds will be and remain excludable from gross income for federal income tax purposes, and shall not take any actions, or fail to take any actions, the result of which would adversely affect such exclusion.

## ARTICLE VII

## DEFAULTS AND REMEDIES

**Section 7.01. Events of Default.** Each of the following events shall constitute an "Event of Default" with respect to the Series 2010 A Bonds and Series 2010 F Bonds:

(A) If default occurs in the due and punctual payment of the principal of or interest on any Bond;

(B) If default occurs in the Issuer's observance of any of the covenants, agreements or conditions on its part in this Ordinance or any Supplemental Resolution or in the Series 2010 A Bonds and Series 2010 F Bonds contained, and

such default shall have continued for a period of 30 days after written notice specifying such default and requiring the same to be remedied shall have been given to the Issuer by any Bondholder or any Insurer; or

(C) 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

(D) If default occurs with respect to the Prior Bonds or the Prior Ordinances.

**Section 7.02. Enforcement.** Upon the happening and continuance of any Event of Default, any Bondholder (with the prior written consent of the applicable Bond Insurer) or any Bond Insurer may exercise any available remedy and bring any appropriate action, suit or proceeding to enforce his rights and, in particular:

(A) Bring suit for any unpaid principal or interest then due;

(B) By mandamus or other appropriate proceeding enforce all rights of the Bondholders, including the right to require the Issuer to perform its duties under the Act and this Ordinance;

(C) Bring suit upon the Series 2010 A Bonds and Series 2010 F Bonds, as applicable;

(D) 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 Bondholders; and

(E) By action or bill in equity enjoin any acts in violation of this Ordinance or the rights of the Bondholders.

No remedy by the terms of this Ordinance conferred upon or reserved to the Bondholders is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to any other remedy given to the Bondholders hereunder or now or hereafter existing at law or by statute.

No delay or omission to exercise any right or power accruing upon any default or Event of Default shall impair any such right or power or shall be construed to be a waiver of any such default or Event of Default or acquiescence therein, and every such right and power may be exercised from time to time and as often as may be deemed expedient.

No waiver of any default or Event of Default hereunder by the Bondholders shall be made without the prior written consent of the applicable Bond Insurer or shall extend to or shall affect any subsequent default or Event of Default or shall impair any rights or remedies consequent thereto.

**Section 7.03. Appointment of Receiver**. If there be any Event of Default existing and continuing, any Bondholder or any Bond Insurer shall, in addition to all other remedies or rights, have the right by appropriate legal proceedings to obtain the appointment of a receiver to administer the System on behalf of the Issuer, with power to charge rates, rentals, fees and other charges sufficient to provide for the payment of the principal of and interest on the Series 2010 Bonds, and the Prior Bonds, the deposits into the funds and accounts hereby established as herein provided and the payment of Operating Expenses of the System and to apply such rates, rentals, fees, charges or other Revenues in conformity with the provisions of this Ordinance and the Act.

The receiver so appointed shall forthwith, directly or by his agents and attorneys, enter into and upon and take possession of all facilities of said System and shall hold, operate, 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 Series 2010 A Bonds and Series 2010 F Bonds issued pursuant to this Ordinance and interest thereon and under any covenants of this Ordinance for reserve, sinking or other funds and accounts 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 Ordinance shall have been cured and made good, and all monies due hereunder or under any Supplemental Resolution have been paid in full, 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 Bondholder 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, 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 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 the Holders of the Series 2010 A Bonds and Series 2010 F Bonds issued pursuant to this Ordinance. 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 the Bondholders, and the curing and making good of any default under the provisions of this Ordinance, 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, mortgage or otherwise dispose of any assets of the System.

Notwithstanding any other provision of this Ordinance, in determining whether the rights of the Bondholders will be adversely affected by any action taken pursuant to the terms and provisions of this Ordinance, any trustee or Bondholder's committee shall consider the effect on the Bondholders as if no Municipal Bond Insurance Policy were then in effect.

**Section 7.04. Restoration of Issuer and Bondholder.** In case any Bondholder shall have proceeded to enforce any right under this Ordinance by the appointment of a receiver, by entry or otherwise, and such proceedings shall have been discontinued or abandoned for any reason, or shall have been determined adversely, then and in every such case the Issuer and such Bondholder shall be restored to their former positions and rights hereunder, and all rights and remedies of such Bondholder shall continue as if no such proceedings had been taken.

## ARTICLE VIII

## REGISTRAR AND PAYING AGENT

**Section 8.01. Appointment of Registrar.** The Registrar for the Series 2010 A Bonds and Series 2010 F Bonds shall be appointed pursuant to the Supplemental Resolution. The Issuer is hereby authorized and directed to enter into an agreement with the Registrar, the substantial form of which agreement is to be approved by Supplemental Resolution.

**Section 8.02. Responsibilities of Registrar.** The recitals of fact in the Bonds shall be taken as statements of the Issuer, and the Registrar shall not be responsible for their accuracy. The Registrar shall not be deemed to make any representation as to, and shall not incur any liability on account of, the validity of the execution of any Series 2010 A Bonds and Series 2010 F Bonds by the Issuer. Notwithstanding the foregoing, the Registrar shall be responsible for any representation in its Certificate of Authentication on the Series 2010 A Bonds and Series 2010 F Bonds. The Registrar and any successor thereto shall agree to perform all the duties and responsibilities spelled out in this Ordinance and any other duties and responsibilities incident thereto, all as provided by said agreement described in Section 8.01.

**Section 8.03. Evidence on Which Registrar May Act.** Except as otherwise provided by Section 10.02, the Registrar shall be protected in acting upon any notice, resolution, request, consent, order, certificate, opinion or other document believed by it to be genuine and to have been signed or presented by the proper party or parties. Whenever the Registrar shall deem it necessary or desirable that a fact or matter be proved or established prior to taking or suffering any action, such fact or

matter, unless other evidence is specifically prescribed, may be deemed to be conclusively proved and established by a certificate of an Authorized Officer of the Issuer, but in its discretion the Registrar may instead accept other evidence of such fact or matter.

**Section 8.04. Compensation and Expenses**. The Issuer shall pay to the Registrar from time to time reasonable compensation for all services, including the transfer of registration of Series 2010 A Bonds and Series 2010 F Bonds, the first exchange of Series 2010 A Bonds and Series 2010 F Bonds and the exchange of Series 2010 A Bonds and Series 2010 F Bonds in the event of partial redemption, incurred in the performance of its duties hereunder.

**Section 8.05. Certain Permitted Acts**. The Registrar may become the owner of or may deal in Series 2010 A Bonds and Series 2010 F Bonds as fully and with the same rights it would have if it were not Registrar. To the extent permitted by law, the Registrar may act as depository for, and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Bondholders or effect or aid in any reorganization growing out of the enforcement of the Series 2010 A Bonds and Series 2010 F Bonds, or this Ordinance, whether or not any such committee shall represent the Holders of a majority in principal amount of the Series 2010 A Bonds and Series 2010 F Bonds Outstanding.

**Section 8.06. Resignation of Registrar**. The Registrar may at any time resign and be discharged of its duties and obligations under this Ordinance by giving not less than 60 days' written notice to the Issuer and publishing in an Authorized Newspaper notice (or mailing such notice to each Bondholder in the event all Bonds are fully registered), specifying the date when such resignation shall take effect, within 20 days after the giving of such written notice. A copy of such notice shall also be mailed to each owner of a fully registered Bond or a coupon Bond registered as to principal (other than to bearer). Such resignation shall take effect upon the day specified in such notice unless a successor shall have been previously appointed by the Issuer or bondholders, in which event such resignation shall take effect immediately, provided that in no event shall such resignation take effect until a successor has been appointed and has accepted its duties as Registrar.

**Section 8.07. Removal**. The Registrar may be removed at any time by the Issuer, the applicable Bond Insurer or by the Holders of a majority in principal amount of the Series 2010 A Bonds and Series 2010 F Bonds then Outstanding by an instrument or concurrent instruments in writing signed and duly acknowledged by the Issuer, the applicable Bond Insurer or by such Bondholders or their attorneys duly authorized in writing and delivered to the Issuer, as the case may be. Copies of each such instrument shall be delivered by the Issuer to the Registrar. Such removal shall take effect upon the date stated in such instrument, provided that in no event shall such removal take effect until a successor has been appointed and has accepted its duties as Registrar.

**Section 8.08. Appointment of Successor.** In case at any time the Registrar shall resign or shall be removed or shall become incapable of acting, or shall be adjudged bankrupt or insolvent, or if a receiver, liquidator or conservator of the Registrar or of its property shall be appointed, or if any public officer or court shall take charge or control of the Registrar or of its property or affairs, a successor may be appointed by the Holders of a majority in principal amount of the Series 2010 A Bonds and Series 2010 F Bonds then Outstanding by an instrument or concurrent instruments in writing signed by such Bondholders or their attorneys duly authorized in writing and delivered to the Issuer and such successor Registrar, notification thereof being given to the predecessor Registrar. Pending such appointment, the Issuer shall forthwith appoint a Registrar to fill such vacancy until a successor Registrar shall be appointed by such Bondholders. The Issuer shall publish in an Authorized Newspaper (or mail to each Bondholder in the event all Bonds are fully registered) notice of any such appointment within 20 days after the effective date of such appointment. A copy of such notice shall also be mailed to each owner of a fully registered Bond or a coupon Bond registered as to principal (other than to bearer). Any successor Registrar appointed by the Issuer shall, immediately and without further act, be superseded by a Registrar appointed by such Bondholders. If in a proper case no appointment of a successor Registrar shall be made within 45 days after the Registrar shall have given to the Issuer written notice of resignation or after the occurrence of any other event requiring such appointment, the Registrar or any Bondholder may apply to any court of competent jurisdiction to appoint a successor. Any Registrar appointed under the provisions of this section shall be a bank, trust company or national banking association authorized to perform the duties imposed upon it by this Ordinance.

**Section 8.09. Transfer of Rights and Property to Successor.** Any predecessor Registrar or Paying Agent shall pay over, assign and deliver any monies, books and records held by it to its successor.

**Section 8.10. Merger or Consolidation.** Any company into which the Registrar may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party, or any company to which the Registrar or any public officer or court may sell or transfer all or substantially all of its corporate trust business, shall be the successor to such Registrar without the execution or filing of any paper or the performance of any further act; provided, however, that such company shall be a bank, trust company or national banking association meeting the requirements set forth in Section 8.08.

**Section 8.11. Adoption of Authentication.** In case any of the Series 2010 A Bonds and Series 2010 F Bonds shall have been authenticated but not delivered, any successor Registrar may adopt a Certificate of Authentication and Registration executed by any predecessor Registrar and deliver such Bonds so authenticated, and, in case any Bonds shall have been prepared but not authenticated, any successor Registrar may authenticate such Bonds in the name of the predecessor Registrar or in its own name.

**Section 8.12. Paying Agent.** The West Virginia Municipal Bond Commission shall initially serve as Paying Agent. Any alternate Paying Agent must be a bank, trust company or national banking association authorized to perform the duties imposed upon it by this Ordinance. Such alternate Paying Agent shall signify its acceptance of the duties and obligations imposed upon it pursuant hereto by executing and delivering to the Issuer a written acceptance thereof. Any successor Paying Agent shall take such actions as may be necessary to ensure that the Series 2010 Bond shall be and remain DTC-Eligible.

Each Paying Agent shall be entitled to payment and reimbursement for reasonable fees for its services rendered hereunder and all advances, counsel fees and other expenses reasonably and necessarily made or incurred by such Paying Agent in connection with such services solely from monies available therefor.

Any bank, trust company or national banking association with or into which any Paying Agent may be merged or consolidated, or to which the assets and business of such Paying Agent may be sold, shall be deemed the successor of such Paying Agent for the purposes of this Ordinance. If the position of Paying Agent shall become vacant for any reason, the Issuer shall, within 30 days thereafter, appoint a bank, trust company or national banking association located in the same city as such Paying Agent to fill such vacancy; provided, however, that, if the Issuer shall fail to appoint such Paying Agent within said period, the Bond Commission, a court of competent jurisdiction or a majority of the Bondholders may make such appointment.

The Paying Agents shall enjoy the same protective provisions in the performance of their duties hereunder as are specified in this Article VIII with respect to the Registrar, insofar as such provisions may be applicable.

Notice of the appointment of successor or additional Paying Agents or fiscal agents shall be given in the same manner as provided by Section 8.08 hereof with respect to the appointment of a successor Registrar.

All monies received by the Paying Agents shall, until used or applied as provided in this Ordinance, be held in trust for the purposes for which they were received.

## ARTICLE IX

## DEFEASANCE; DISCHARGE OF PLEDGE OF ORDINANCE

**Section 9.01. Defeasance; Discharge of Pledge of Ordinance.** If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the respective Holders of all Series 2010 A Bonds and Series 2010 F Bonds the principal of and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Ordinance, and all other monies due hereunder have been paid, then this Ordinance and the pledges of the Gross Revenues and other monies and securities pledged hereunder, and all covenants, agreements and

other obligations of the Issuer on behalf of the Holders of the Series 2010 A Bonds and Series 2010 F Bonds made hereunder, as applicable, shall thereupon cease, terminate and become void and be discharged and satisfied.

Bonds for the payment of which either monies in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide monies which, together with the monies, if any, deposited with the Paying Agent at the same or earlier time, shall be sufficient, to pay as and when due the respective principal of and interest on such 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 2010 A Bonds and Series 2010 F 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 Bond Commission or an escrow trustee either monies in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide monies which, together with the monies, if any, deposited with the Bond Commission or said escrow trustee at the same or earlier time shall be sufficient, to pay when due the principal of, any redemption premium on and interest due and to become due on said Bonds on and prior to the maturity date thereof, or if the Issuer irrevocably determines to redeem any of said Bonds prior to the maturity thereof, on and prior to said Redemption Date. Neither securities nor monies deposited with the Bond Commission or an escrow trustee 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 of and interest on said Bonds; provided, that any cash received from such principal, redemption premium, if any, and interest payments on such securities deposited with the Bond Commission or said escrow trustee, 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 of and redemption premium, if any, and interest to become due on said Bonds on and prior to such maturity or Redemption Dates thereof, and interest earned from such reinvestments shall be paid over to the Issuer as received by the Bond Commission or said escrow trustee, free and clear of any trust, lien or pledge.

## ARTICLE X

## MISCELLANEOUS

**Section 10.01. Amendment of Ordinance.** Prior to issuance of the Series 2010 A Bonds and Series 2010 F Bonds, this Ordinance may be amended, modified or supplemented in any way by the Supplemental Resolution. All provisions required by the Bond Insurer, if any, shall be set forth in the Supplemental Resolution and to the extent they constitute an amendment or modification of this Ordinance, shall be controlling. Following issuance of the Series 2010 A Bonds and Series 2010 F Bonds, this Ordinance and any Supplemental Resolution may, without

the consent of any Bondholder or other person, be amended, modified or supplemented in any manner which, in the opinion of Bond Counsel, does not materially adversely affect the interests of the Bondholders or any Bond Insurer, provided that, in the event any of the Bonds are insured, no such amendment or modification which affects the rights of the applicable Bond Insurer for such Bonds may be made without the written consent of such Bond Insurer. Otherwise, no materially adverse amendment or modification to this Ordinance, or of any Supplemental Resolution, may be made without the written consent of the Holders of 60% in aggregate principal amount of the Series 2010 A Bonds and Series 2010 F Bonds then Outstanding and affected thereby and the Bond Insurer, which must be filed with the Clerk of the Issuer before any such modification or amendment may be made. No such modification or amendment shall extend the maturity of or reduce the interest rate on, or otherwise alter the terms of payment of the principal of or interest on, any Bond without the express written consent of the Holder of such Bond, nor reduce the percentage of Series 2010 A Bonds and Series 2010 F Bonds required for consent to any such modification or amendment.

**Section 10.02. Evidence of Signatures of Bondholders and Ownership of Bonds.** Any request, consent, revocation of consent or other instrument which this Ordinance may require or permit to be signed and executed by Bondholders may be in one or more instruments of similar tenor, and shall be signed or executed by such Bondholders in person or by their attorneys duly authorized in writing. Proof of the execution of any such instrument, or of an instrument appointing or authorizing any such attorney, shall be sufficient for any purpose of this Ordinance if made in the following manner, or in any other manner satisfactory to the Issuer or the Registrar, as the case may be, which may nevertheless in its discretion require further or other proof in cases where it deems the same desirable:

A. The fact and date of the execution by any Bondholder or his attorney of any such instrument may be proved (i) by the certificate of a notary public or other officer authorized to take acknowledgments of deeds to be recorded in the jurisdiction in which he purports to act that the person signing such instrument acknowledged to him the execution thereof, or by the affidavit of a witness of such execution, duly sworn to before such a notary public or other officer or (ii) by the certificate, which need not be acknowledged or verified, of an officer of a bank, a trust company or a financial firm or corporation satisfactory to the Issuer or the Registrar, as the case may be, that the person signing such instrument acknowledged to such bank, trust company, firm or corporation the execution thereof.

B. The authority of a person or persons to execute any such instrument on behalf of a corporate Bondholder may be established without further proof if such instrument is signed by a person purporting to be the president or treasurer or a vice-president or an assistant treasurer of such corporation with a corporate seal affixed, and is attested by a person purporting to be its secretary or assistant secretary.

C. The amount of fully registered Series 2010 A Bonds and Series 2010 F Bonds held by a person executing any instrument as a Bondholder, the date of his

holding such Series 2010 A Bonds and Series 2010 F Bonds and the numbers and other identification thereof, shall be confirmed by the Bond Register.

Any request, consent or other instrument executed by the Holder of any Bond shall bind all future Holders and owners of such Bond in respect of anything done or suffered to be done hereunder by the Issuer or the Registrar in accordance therewith.

**Section 10.03. Preservation and Inspection of Documents**. To the extent allowable under law, all reports, certificates, statements and other documents received by the Registrar under the provisions of this Ordinance shall be retained in its possession and shall be available at all reasonable times for the inspection of the Issuer or any Bondholder, and their agents and their representatives, but any such reports, certificates, statements or other documents may, at the election of the Registrar, be destroyed or otherwise disposed of at any time after such date as the pledge created by this Ordinance shall be discharged as provided in Section 9.01.

**Section 10.04. Cancellation of Bonds**. All Series 2010 A Bonds and Series 2010 F Bonds purchased or paid shall, if surrendered to the Issuer, be canceled and delivered to the Registrar, or, if surrendered to the Registrar, be canceled by it. No such Bonds shall be deemed Outstanding under this Ordinance and no Series 2010 A Bonds and Series 2010 F Bonds shall be issued in lieu thereof. All such Bonds shall be canceled and upon order of the Issuer shall be destroyed, and a certificate evidencing such destruction shall be delivered to the Issuer.

**Section 10.05. Failure to Present Bonds**. Anything in this Ordinance to the contrary notwithstanding, any monies held by the Bond Commission or a Paying Agent in trust for the payment and discharge of any of the Series 2010 A Bonds and Series 2010 F Bonds which remain unclaimed for two years after the date on which such Bonds have become due and payable, whether by maturity or upon call for redemption, shall at the written request of the Issuer be paid by the Bond Commission or said Paying Agent to the Issuer as its absolute property and free from trust, and the Bond Commission or said Paying Agent shall thereupon be released and discharged with respect thereto, and the Holders of such Bonds shall look only to the Issuer for the payment of such Bonds; provided, however, that, before making any such payment to the Issuer, the Registrar, if so advised by the Bond Commission, or said Paying Agent shall send to the Holder, at the address listed on the Bond Register, by certified mail, a notice that such monies remain unclaimed and that, after a date named in said notice, which date shall be not less than 30 days after the date of such notice is mailed, the balance of such monies then unclaimed will be returned to the Issuer.

**Section 10.06. Notices, Demands and Requests**. Unless otherwise expressly provided, all notices, demands and requests to be given or made hereunder to or by the Issuer, the Registrar, the Depository Bank, the Original Purchaser or the Bond Insurer shall be in writing and shall be properly made if sent by United States mail, postage prepaid, and addressed as follows or if hand-delivered to the

individual to whom such notice, demand or request is required to be directed as indicated below:

CITY

The City of Morgantown
389 Spruce Street
Morgantown, West Virginia 26505
Attention: City Manager

REGISTRAR

[Name(s) and address(s) to be set forth in Supplemental Resolution]

PAYING AGENT

West Virginia Municipal Bond Commission
8 Capitol Street
Suite 500, Terminal Building
Charleston, West Virginia 25301
Attn: Executive Director

DEPOSITORY BANK

[Name(s) and address(s) to be set forth in Supplemental Resolution]

ORIGINAL PURCHASER

Crews & Associates, Inc.
2000 Union National Plaza
124 West Capitol
Little Rock, Arkansas 72201

BOND INSURER

[Name(s) and address(es) to be set forth in the Supplemental Resolution]

Any party listed above may change such address listed for it at any time upon written notice of change sent by United States mail, postage prepaid, to the other parties.

**Section 10.07. No Personal Liability.** No member of the Council, the Board or officer or employee of the Issuer shall be individually or personally liable for the payment of the principal of or the interest on any Bond, but nothing herein contained shall relieve any such member, official or employee from the performance of any official duty provided by law or this Ordinance.

**Section 10.08. Law Applicable**. The laws of the State shall govern the construction of this Ordinance and of all Series 2010 A Bonds and Series 2010 F Bonds issued hereunder.

**Section 10.09. Parties Interested Herein**. Nothing in this Ordinance expressed or implied is intended or shall be construed to confer upon, or give to, any person or corporation, other than the Issuer, the Registrar, the Paying Agent, the Holders of the Series 2010 A Bonds and Series 2010 F Bonds, the applicable Bond Insurer, if any, and the Original Purchaser, any right, remedy or claim under or by reason of this Ordinance. All the covenants, stipulations, promises and agreements contained in this Ordinance by and on behalf of the Issuer shall be for the sole and exclusive benefit of the Issuer, the Registrar, the Paying Agent, the Holders of the Series 2010 A Bonds and Series 2010 F Bonds, the Bond Insurer and the Original Purchaser.

**Section 10.10. Designation of Series 2010 F Bonds as Qualified Tax-Exempt Obligations**. The Issuer hereby designates the Series 2010 F Bonds as "Qualified Tax-Exempt Obligations" for purposes of paragraph (3) of Section 265(b) of the Code and that not more than $30,000,000 aggregate principal amount of obligations the interest on which is excludable (under Section 103(a) of the Code) from gross income for federal income taxes (excluding, however, obligations described in Section 265(b)(3)(C)(ii) of the Code), including the Series 2010 F Bonds, have been or shall be issued by the Issuer or any entities subordinate to it, during the calendar year 2010, all as determined in accordance with the Code. For purposes of this paragraph and for the purposes of applying such Section 265(b)(3) 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 paragraph and Section 265(b)(3) of the Code to each other entity to which such entity is subordinate, be treated as issued by such other entity; and an entity formed (or, to the extent provided by the Secretary, as set forth in the Code, availed of) to avoid the purposes of Section 265(b)(3)(C) or (D) of the Code and all entities benefitting thereby shall be treated as one issuer.

**Section 10.11. Severability of Invalid Provisions**. If any section, paragraph, clause or provision of this Ordinance shall be held invalid, such invalidity shall not affect any of the remaining provisions of this Ordinance.

**Section 10.12. Table of Contents and Headlines**. The Table of Contents and headings of the articles, sections and subsections hereof are for convenience only and shall neither control nor affect in any way the meaning or construction of any of the provisions hereof.

**Section 10.13. Conflicting Provisions Repealed**. All ordinances, orders, resolutions or parts thereof in conflict with the provisions of this Ordinance, are, to the extent of such conflict, hereby repealed.

**Section 10.14. Procedure on Enactment of Ordinance; Public Hearing.** Upon adoption of this Ordinance, the Clerk is hereby authorized and directed to have an abstract of this Ordinance, which abstract has been determined by the Council of the Issuer to contain sufficient information to give notice of the contents of such Ordinance, published once each week for 2 successive weeks, with not less than six full days between each publication, the first such publication to be not less than 10 days before the date stated below for the public hearing, in the *Dominion Post*, a newspaper published and having a general circulation in The City of Morgantown, together with a notice to all persons concerned, stating that this Ordinance has been adopted and that the Issuer contemplates the issuance of the Series 2010 A Bonds and Series 2010 F Bonds described in this Ordinance and that any person interested may appear before the Council at the public hearing to be had at a public meeting of Council on the 1st day of September, 2009, at 7:30 p.m., in the Council Chambers of the City Hall, Morgantown and present protests, and that a certified copy of this Ordinance is on file with the Clerk for review by interested parties during the office hours of the Clerk. At such hearing all protests and suggestions shall be heard by the Council and it shall then take such action as it shall deem proper in the premises.

[Remainder of Page Intentionally Left Blank]

This Ordinance shall become effective following public hearing hereon in accordance with the Act.

| | |
|---|---|
| First Reading: | August 4, 2009 |
| Second Reading: | August 18, 2009 |
| Effective following Public Hearing held on: | September 1, 2009 |

[SEAL]

Mayor

City Manager

ATTEST:

City Clerk

APPROVED AND CORRECT AS TO FORM:

City Attorney

CERTIFICATION

Certified a true, correct and complete copy of a Conformed Ordinance duly enacted by the City Council of THE CITY OF MORGANTOWN at a regular meeting of the City Council held on September 1, 2009, pursuant to proper notice, at which meeting a quorum was present and acting throughout, and which Ordinance was enacted following a public hearing thereon, notice of which public hearing was published once a week for two successive weeks in a newspaper having a general circulation in The City of Morgantown, the first publication having been not less than 10 days prior to such public hearing as supplemented by Supplemental Resolution duly adopted on January 5, 2010.

Dated this 28th day of January, 2010.

[SEAL]

Linda L. Reed
City Clerk

**EXHIBIT A - SERIES 2010 A BOND FORM**

**[DTC Legend]**

No. AR-_____ $_____

**UNITED STATES OF AMERICA**
**STATE OF WEST VIRGINIA**
**THE CITY OF MORGANTOWN, WEST VIRGINIA**
**TAXABLE-COMBINED UTILITY SYSTEM REVENUE BONDS,**
**SERIES 2010 A (DIRECT PAYMENT BUILD AMERICA BONDS)**

| INTEREST RATE: | MATURITY DATE: | BOND DATE: | CUSIP: |
|---|---|---|---|
| _____% | _____ | _____ | _____ |

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: _____

KNOW ALL MEN BY THESE PRESENTS: That THE CITY OF MORGANTOWN (West Virginia), a municipal corporation organized and existing under the laws of the State of West Virginia (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, the Principal Amount specified above and solely from such special funds also to pay interest on said Principal Amount from the Interest Payment Date (as hereinafter defined) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, or, if and to the extent that the Issuer shall default in the payment of interest on any Interest Payment Date, then this Bond shall bear interest from the most recent Interest Payment Date to which interest has been paid or duly provided for, and in which case any Bond surrendered for transfer or exchange shall be dated as of the Interest Payment Date to which interest has been paid in full, at the Interest Rate per annum specified above, semiannually, on _____ 1 and _____ 1, in each year, beginning _____ 1, 200__ (each an "Interest Payment Date"), until maturity or

until the date fixed for redemption if this Bond is called for prior redemption and payment on such date is provided for. Capitalized terms used and not defined herein shall have the meanings ascribed thereto in the hereinafter-described Ordinance.

Interest accruing on this Bond on and prior to the Maturity Date hereof shall be payable by check or draft mailed by the West Virginia Municipal Bond Commission, Charleston, West Virginia, as paying agent (in such capacity, the "Paying Agent"), to the Registered Owner hereof as of the applicable Record Date (each _____ 15 and _____ 15) or, in the event of a default in the payment of Bonds, that special record date to be fixed by the hereinafter named Registrar by notice given to the Registered Owners not less than 10 days prior to said special record date at the address of such Registered Owner as it appears on the registration books of the Issuer maintained by _____, _____, West Virginia, as registrar (in such capacity, the "Registrar"), or, at the option of any Registered Owner of at least $500,000 in aggregate principal amount of Bonds, by wire transfer in immediately available funds to a domestic bank account specified in writing by the Registered Owner to the Paying Agent at least 5 days prior to such Record Date. Principal and premium, if any, shall be paid when due upon presentation and surrender of this Bond for payment at the office of the Paying Agent, in Charleston, West Virginia.

This Bond is one of an issue of a series of bonds, in the aggregate principal amount of $_____ designated "The City of Morgantown Taxable-Combined Utility System Revenue Bonds, Series 2010 A (Direct Payment Build America Bonds)" (the "Series 2010 A Bonds"), of like tenor and effect, except as to number, denomination, date of maturity and interest rate, dated _____, 2010, upon original issuance, the proceeds of which are to be used, together with other funds of the Issuer, (i) to finance the cost of acquisition and construction of certain additions, betterments and improvements to the waterworks portion of the combined waterworks, sewerage and stormwater system of the Issuer, (ii) to fund a reserve account for the Series 2010 A Bonds, and (iv) to pay certain costs of issuance of the Series 2010 A Bonds and related costs. The Series 2010 A Bonds are issued under the authority of and in full compliance with the Constitution and statute 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 duly enacted by the City Council of the Issuer on _____, 2009, and supplemented by a supplemental resolution adopted by said Council on _____, 2010 (hereinafter collectively referred to as the "Ordinance"), and is subject to all the terms and conditions of said Ordinance. The Ordinance 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 Series 2010 A Bonds under the Ordinance. Reference is hereby made to the Ordinance, as the same may be amended and supplemented from time to time, for a description of the rights, limitations of rights, obligations, duties and immunities of the Issuer, the Registrar, the Paying Agent, the Registered Owners of the Series 2010 A Bonds and the Registered Owners of any subsequently

issued additional bonds. Executed counterparts or certified copies of the Ordinance are on file at the office of the City Clerk in The City of Morgantown, West Virginia.

**[The Series 2010 A Bonds are additionally secured, but only to the extent described in the Statement of Insurance printed on the Bonds, by a policy of municipal bond insurance issued by [Bond Insurer].]**

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) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 1992 (WEST VIRGINIA SRF PROGRAM), DATED SEPTEMBER 8, 1992, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $11,900,000 (THE "SERIES 1992 BONDS"); (2) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 1995 (WEST VIRGINIA SRF PROGRAM), DATED APRIL 27, 1995, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,601,477 (THE "SERIES 1995 BONDS"); (3) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2000 A (WEST VIRGINIA SRF PROGRAM), DATED FEBRUARY 29, 2000, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $7,842,000 (THE "SERIES 2000 A BONDS"); (4) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2000 B (WEST VIRGINIA INFRASTRUCTURE FUND), DATED FEBRUARY 29, 2000, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,488,000 (THE "SERIES 2000 B BONDS"); (5) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2001 A (WEST VIRGINIA INFRASTRUCTURE FUND), DATED FEBRUARY 8, 2001, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $3,812,470 (THE "SERIES 2001 A BONDS"); (6) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2006 A (WEST VIRGINIA SRF PROGRAM), DATED JUNE 30, 2006, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $6,410,191 (THE "SERIES 2006 A BONDS"); (7) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2007 A (WEST VIRGINIA SRF PROGRAM), DATED AUGUST 14, 2007, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $8,500,000 (THE "SERIES 2007 A BONDS") (COLLECTIVELY, THE "PRIOR BONDS"); (8) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 B (WEST VIRGINIA SRF PROGRAM/ARRA), DATED JANUARY 28, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $81,600 (THE "SERIES 2010 B BONDS"); (9) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 C (WEST VIRGINIA SRF PROGRAM), DATED JANUARY 28, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $15,203,668 (THE "SERIES 2010 C BONDS"); (10) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 D (WEST VIRGINIA DWTRF PROGRAM), DATED JANUARY 28, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $9,317,286 (THE "SERIES 2010 D BONDS"); (11) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 E (WEST VIRGINIA DWTRF PROGRAM/ARRA), DATED JANUARY 28, 2010, ISSUED IN THE ORIGINAL

AGGREGATE PRINCIPAL AMOUNT OF $100,000 (THE "SERIES 2010 E BONDS"); AND (12) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 F (BANK QUALIFIED), DATED _____, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $_____ (THE "SERIES 2010 F BONDS").

The Series 2010 A Bonds are subject to redemption prior to their stated maturity dates, as provided in the Ordinance and as set forth in the following lettered paragraphs:

(A) Optional Redemption. The Bonds maturing on and after _____, 20____, are subject to redemption prior to maturity at the option of the Issuer on or after _____, 20_____, in whole at any time and in part on any Interest Payment Date, as directed by the Issuer, in reverse order of maturity and by lot within a maturity, at the following Redemption Prices (expressed as percentages of the principal amount of Bonds to be redeemed), plus interest accrued thereon to the date fixed for redemption:

| Period During Which Redeemed (Dates Inclusive) | Redemption Price |
|---|---|

Should the United States Treasury or any agency of the United States of America at any time cease to remit to the Issuer (or at the Issuer's direction) all or any part of the BAB Interest Subsidy Payments, then the right is reserved in the Issuer to redeem and retire all or any part of the principal amount of Series 2010 A Bonds then outstanding in any order of maturities (less than all of a single maturity to be selected by lot), on any date upon 30 days written notice by regular United States Mail to the Registered Owners upon terms of the principal amount so redeemed plus accrued interest to the redemption date but without premium.

(B) Mandatory Sinking Fund Redemption. The Bonds maturing on _____, 20_____ and 20_____ are subject to annual mandatory sinking fund redemption prior to maturity by random selection as may be determined by the Registrar, on _____ 1 of the years and in the principal amounts set forth below, at the Redemption Price of 100% of the principal amount of each Bond so called for redemption plus interest accrued to the date fixed for redemption:

Bonds Maturing _____ 1, 20

| _____ Year ( 1) | Principal Amount |
|---|---|

Bonds Maturing 1, 20

Year ( 1) Principal Amount

* Final Maturity

In the event of any redemption of less than all outstanding Series 2010 A Bonds, the maturities to be redeemed shall be selected by the Paying Agent at the direction of the Issuer and Series 2010 A Bonds to be redeemed shall be determined by lot within a maturity, or in such other manner deemed appropriate by the Paying Agent. If less than all the Series 2010 A Bonds are to be redeemed, the Series 2010 A Bonds to be redeemed shall be identified by reference to the Series designation, date of issue, CUSIP numbers and Maturity Dates.

Notice of any redemption of this Series 2010 A Bond, unless waived, shall be given by the Paying Agent on behalf of the Issuer by mailing an official redemption notice by registered or certified mail at least 30 days and not more than 60 days prior to the date fixed for redemption to the Registered Owner of the Series 2010 A Bond or Series 2010 A Bonds to be redeemed at the address shown on the Bond Register or at such other address as is furnished in writing by such Registered Owner to the Paying Agent. Such notice shall also be given by the Paying Agent to the Registrar. Notice of redemption having been given as aforesaid, the Series 2010 A Bonds or portions of Series 2010 A Bonds so to be redeemed shall, on the Redemption Date, become due and payable at the Redemption Price therein specified, and from and after such date (unless the Issuer shall default in the payment of the Redemption Price) such Series 2010 A Bonds or portions of Series 2010 A Bonds shall cease to bear interest.

Failure to receive such notice or any defect therein or in the mailing thereof shall not affect the validity of proceedings for the redemption of this Series 2010 A Bond.

The Series 2010 A Bonds and the interest thereon are payable only from and are secured by the Gross Revenues (as defined in the Ordinance) to be derived from the operation of the System, on a parity in all respects with the pledge of the Gross Revenues created in favor of the holders of the Prior Bonds and the Series 2010 B Bonds, Series 2010 C Bonds, Series 2010 D Bonds, Series 2010 E Bonds and Series

2010 F Bonds, all monies in the Series 2010 A Bonds Sinking Fund, and the Series 2010 A Bonds Reserve Account therein, established under the Ordinance, and the unexpended proceeds of the Series 2010 A Bonds, and the Issuer hereby and in the Ordinance pledges such revenues and monies to such payment. Said Gross Revenues shall be sufficient to pay the principal of and interest 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 and to make the other payments required by the Ordinance. This Series 2010 A Bond does not constitute an indebtedness of the Issuer within any constitutional or statutory provision or limitation, nor shall the Issuer be obligated to pay the same or the interest hereon except from said special fund provided from the Gross Revenues, the monies in the Series 2010 A Bonds Sinking Fund and the Series 2010 A Bonds Reserve Account and said unexpended Series 2010 A Bond proceeds. Pursuant to the Ordinance, 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 Series 2010 A Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2010 A Bonds, including the Prior Bonds, Series 2010 B Bonds, Series 2010 C Bonds, Series 2010 D Bonds, Series 2010 E Bonds and Series 2010 F Bonds. The Issuer has entered into certain further covenants with the registered owners of the Series 2010 A Bonds, for the terms of which reference is made to the Ordinance. Remedies provided the registered owners of the Series 2010 A Bonds are exclusively as provided in the Ordinance, to which reference is here made for a detailed description thereof.

All monies received from the sale of the Bonds except for accrued interest thereon shall be applied solely to pay all costs of the Project, funding a reserve account for the Series 2010 A Bonds and pay costs of issuance of the Bonds, and there shall be, and hereby is, created and granted a lien upon such monies, until so applied, in favor of the registered owners of said Series 2010 A Bonds.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Series 2010 A 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 Series 2010 A Bond, together with all other obligations of said 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 said Issuer for the prompt payment of the principal of and interest on the Series 2010 A Bonds of which this Series 2010 A Bond is one.

This Series 2010 A Bond, under the provisions of the Act is and has all the qualities and incidents of, a negotiable instrument under the Uniform Commercial

Code of the State of West Virginia, but may be transferred only upon the surrender hereof at the office of the Registrar and otherwise as provided by the within-described Ordinance.

This Series 2010 A Bond and the income therefrom are, under the Act, exempt from all taxation by the State of West Virginia, or any county, municipality, political subdivision or agency thereof.

This Series 2010 A Bond shall not be entitled to any benefit under the Ordinance, or become valid or obligatory for any purpose, until the certificate of authentication and registration hereon shall have been signed by the Registrar.

All provisions of the Ordinance, as defined on the reverse hereof, and the statutes under which this Series 2010 A Bond is issued shall be deemed to be a part of the contract evidenced by this Series 2010 A Bond to the same extent as if written fully herein.

IN WITNESS WHEREOF, THE CITY OF MORGANTOWN (West Virginia) has caused this Bond to be signed by its Mayor and City Manager, and its corporate seal to be imprinted hereon and attested by its City Clerk, and has caused this Series 2010 A Bond to be dated as of the Series 2010 A Bond Date specified above.

[SEAL]

[Manual or facsimile signature]

Mayor

[Manual or facsimile signature]

City Manager

ATTEST:

[Manual or facsimile signature]
City Clerk

**CERTIFICATE OF AUTHENTICATION AND REGISTRATION**

This Series 2010 A Bond is one of the fully registered Series 2010 A Bonds described in the within-mentioned Ordinance and has been duly registered in the name of the Registered Owner on the date set forth below. Attached hereto is the complete text of the opinion of Steptoe & Johnson PLLC, bond counsel, signed originals of which are on file with the Registrar, delivered and dated on the date of the original delivery of and payment for the Series 2010 A Bonds.

Dated: _____, 2010.

_____,
As Registrar

By _____
Its Authorized Officer

## STATEMENT OF INSURANCE

**[Bond Insurance Legend]**

**(FORM OF)**
**ASSIGNMENT**

Social Security or Other Identifying Number of Assignee

_____

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto _____ the within Bond and does hereby irrevocably constitute and appoint _____ to transfer the said Bond on the books kept for registration thereof with full power of substitution in the premises.

Dated: _____, _____.

_____

SIGNATURE GUARANTEED:

_____
(Bank, Trust Company or Firm)

_____
(Authorized Officer)

NOTICE: The Assignor's signature to this Assignment must correspond with the name as it appears upon the face of the within Bond in every particular, without alteration or any change whatever.

**EXHIBIT B - SERIES 2010 F BOND FORM**

**[DTC Legend]**

No. FR-_____ $_____

**UNITED STATES OF AMERICA**
**STATE OF WEST VIRGINIA**
**THE CITY OF MORGANTOWN (WEST VIRGINIA)**
**COMBINED UTILITY SYSTEM REVENUE BONDS,**
**SERIES 2010 F (BANK QUALIFIED)**

| INTEREST RATE: | MATURITY DATE: | BOND DATE: | CUSIP: |
|---|---|---|---|
| _____% | _____ | _____ | _____ |

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: _____

KNOW ALL MEN BY THESE PRESENTS: That THE CITY OF MORGANTOWN (West Virginia), a municipal corporation organized and existing under the laws of the State of West Virginia (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, the Principal Amount specified above and solely from such special funds also to pay interest on said Principal Amount from the Interest Payment Date (as hereinafter defined) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, or, if and to the extent that the Issuer shall default in the payment of interest on any Interest Payment Date, then this Bond shall bear interest from the most recent Interest Payment Date to which interest has been paid or duly provided for, and in which case any Bond surrendered for transfer or exchange shall be dated as of the Interest Payment Date to which interest has been paid in full, at the Interest Rate per annum specified above, semiannually, on _____ 1 and _____ 1, in each year, beginning _____ 1, 200__ (each an "Interest Payment Date"), until maturity or until the date fixed for redemption if this Bond is called for prior redemption and

payment on such date is provided for. Capitalized terms used and not defined herein shall have the meanings ascribed thereto in the hereinafter-described Ordinance.

Interest accruing on this Bond on and prior to the Maturity Date hereof shall be payable by check or draft mailed by the West Virginia Municipal Bond Commission, Charleston, West Virginia, as paying agent (in such capacity, the "Paying Agent"), to the Registered Owner hereof as of the applicable Record Date (each _____ 15 and _____ 15) or, in the event of a default in the payment of Bonds, that special record date to be fixed by the hereinafter named Registrar by notice given to the Registered Owners not less than 10 days prior to said special record date at the address of such Registered Owner as it appears on the registration books of the Issuer maintained by _____, _____, West Virginia, as registrar (in such capacity, the "Registrar"), or, at the option of any Registered Owner of at least $500,000 in aggregate principal amount of Bonds, by wire transfer in immediately available funds to a domestic bank account specified in writing by the Registered Owner to the Paying Agent at least 5 days prior to such Record Date. Principal and premium, if any, shall be paid when due upon presentation and surrender of this Bond for payment at the office of the Paying Agent, in Charleston, West Virginia.

This Bond is one of an issue of a series of bonds, in the aggregate principal amount of $_____ designated "The City of Morgantown Combined Utility System Revenue Bonds, Series 2010 F" (the "Series 2010 F Bonds"), of like tenor and effect, except as to number, denomination, date of maturity and interest rate, dated _____, 2010, upon original issuance, the proceeds of which are to be used, together with other funds of the Issuer, (i) to finance the cost of acquisition and construction of certain additions, betterments and improvements to the waterworks portion of the combined waterworks, sewerage and stormwater system of the Issuer, (ii) to fund a reserve account for the Series 2010 F Bonds, and (iv) to pay certain costs of issuance of the Series 2010 F Bonds and related costs. The Series 2010 F Bonds are issued under the authority of and in full compliance with the Constitution and statute 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 duly enacted by the City Council of the Issuer on _____, 2009, and supplemented by a supplemental resolution adopted by said Council on _____, 2010 (hereinafter collectively referred to as the "Ordinance"), and is subject to all the terms and conditions of said Ordinance. The Ordinance 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 Series 2010 F Bonds under the Ordinance. Reference is hereby made to the Ordinance, as the same may be amended and supplemented from time to time, for a description of the rights, limitations of rights, obligations, duties and immunities of the Issuer, the Registrar, the Paying Agent, the Registered Owners of the Series 2010 F Bonds and the Registered Owners of any subsequently issued additional bonds. Executed

counterparts or certified copies of the Ordinance are on file at the office of the City Clerk in The City of Morgantown, West Virginia.

**[The Series 2010 F Bonds are additionally secured, but only to the extent described in the Statement of Insurance printed on the Bonds, by a policy of municipal bond insurance issued by [Bond Insurer].]**

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) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 1992 (WEST VIRGINIA SRF PROGRAM), DATED SEPTEMBER 8, 1992, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $11,900,000 (THE "SERIES 1992 BONDS"); (2) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 1995 (WEST VIRGINIA SRF PROGRAM), DATED APRIL 27, 1995, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,601,477 (THE "SERIES 1995 BONDS"); (3) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2000 A (WEST VIRGINIA SRF PROGRAM), DATED FEBRUARY 29, 2000, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $7,842,000 (THE "SERIES 2000 A BONDS"); (4) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2000 B (WEST VIRGINIA INFRASTRUCTURE FUND), DATED FEBRUARY 29, 2000, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,488,000 (THE "SERIES 2000 B BONDS"); (5) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2001 A (WEST VIRGINIA INFRASTRUCTURE FUND), DATED FEBRUARY 8, 2001, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $3,812,470 (THE "SERIES 2001 A BONDS"); (6) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2006 A (WEST VIRGINIA SRF PROGRAM), DATED JUNE 30, 2006, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $6,410,191 (THE "SERIES 2006 A BONDS"); (7) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2007 A (WEST VIRGINIA SRF PROGRAM), DATED AUGUST 14, 2007, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $8,500,000 (THE "SERIES 2007 A BONDS") (COLLECTIVELY, THE "PRIOR BONDS"); (8) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 A (DIRECT PAYMENT BUILD AMERICA BONDS), DATED _____, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $_____ (THE "SERIES 2010 A BONDS"); (9) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 B (WEST VIRGINIA SRF PROGRAM/ARRA), DATED JANUARY 28, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $81,600 (THE "SERIES 2010 B BONDS"); (10) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 C (WEST VIRGINIA SRF PROGRAM), DATED JANUARY 28, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $15,203,668 (THE "SERIES 2010 C BONDS"); (11) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 D (WEST VIRGINIA DWTRF PROGRAM), DATED JANUARY 28, 2010, ISSUED IN THE

ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $9,317,286 (THE "SERIES 2010 D BONDS"); AND (12) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 E (WEST VIRGINIA DWTRF PROGRAM/ARRA), DATED JANUARY 28, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $100,000 (THE "SERIES 2010 E BONDS").

The Series 2010 F Bonds are subject to redemption prior to their stated maturity dates, as provided in the Ordinance and as set forth in the following lettered paragraphs:

(A) Optional Redemption. The Bonds maturing on and after _____, 20____, are subject to redemption prior to maturity at the option of the Issuer on or after _____, 20_____, in whole at any time and in part on any Interest Payment Date, as directed by the Issuer, in reverse order of maturity and by lot within a maturity, at the following Redemption Prices (expressed as percentages of the principal amount of Bonds to be redeemed), plus interest accrued thereon to the date fixed for redemption:

| Period During Which Redeemed (Dates Inclusive) | Redemption Price |
|---|---|

(B) Mandatory Sinking Fund Redemption. The Bonds maturing on _____, 20_____ and 20_____ are subject to annual mandatory sinking fund redemption prior to maturity by random selection as may be determined by the Registrar, on _____ 1 of the years and in the principal amounts set forth below, at the Redemption Price of 100% of the principal amount of each Bond so called for redemption plus interest accrued to the date fixed for redemption:

Bonds Maturing _____ 1, 20

| _____ | Year ( 1) | Principal Amount |
|---|---|---|

Bonds Maturing _____ 1, 20

| _____ | Year ( 1) | Principal Amount |
|---|---|---|

* Final Maturity

In the event of any redemption of less than all outstanding Series 2010 F Bonds, the maturities to be redeemed shall be selected by the Paying Agent at the direction of the Issuer and Series 2010 F Bonds to be redeemed shall be determined by lot within a maturity, or in such other manner deemed appropriate by the Paying Agent. If less than all the Series 2010 F Bonds are to be redeemed, the Series 2010 F Bonds to be redeemed shall be identified by reference to the Series designation, date of issue, CUSIP numbers and Maturity Dates.

Notice of any redemption of this Series 2010 F Bond, unless waived, shall be given by the Paying Agent on behalf of the Issuer by mailing an official redemption notice by registered or certified mail at least 30 days and not more than 60 days prior to the date fixed for redemption to the Registered Owner of the Series 2010 F Bond or Series 2010 F Bonds to be redeemed at the address shown on the Bond Register or at such other address as is furnished in writing by such Registered Owner to the Paying Agent. Such notice shall also be given by the Paying Agent to the Registrar. Notice of redemption having been given as aforesaid, the Series 2010 F Bonds or portions of Series 2010 F Bonds so to be redeemed shall, on the Redemption Date, become due and payable at the Redemption Price therein specified, and from and after such date (unless the Issuer shall default in the payment of the Redemption Price) such Series 2010 F Bonds or portions of Series 2010 F Bonds shall cease to bear interest.

Failure to receive such notice or any defect therein or in the mailing thereof shall not affect the validity of proceedings for the redemption of this Series 2010 F Bond.

The Series 2010 F Bonds and the interest thereon are payable only from and are secured by the Gross Revenues (as defined in the Ordinance) to be derived from the operation of the System, on a parity in all respects with the pledge of the Gross Revenues created in favor of the holders of the Prior Bonds, Series 2010 A Bonds, Series 2010 B Bonds, Series 2010 C Bonds, Series 2010 D Bonds, Series 2010 E Bonds, all monies in the Series 2010 F Bonds Sinking Fund, and the Series 2010 F Bonds Reserve Account therein, established under the Ordinance, and the unexpended proceeds of the Series 2010 F Bonds, and the Issuer hereby and in the Ordinance pledges such revenues and monies to such payment. Said Gross Revenues shall be sufficient to pay the principal of and interest 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 and to make the other payments required by the

Ordinance. This Series 2010 F Bond does not constitute an indebtedness of the Issuer within any constitutional or statutory provision or limitation, nor shall the Issuer be obligated to pay the same or the interest hereon except from said special fund provided from the Gross Revenues, the monies in the Series 2010 F Bonds Sinking Fund and the Series 2010 F Bonds Reserve Account and said unexpended Series 2010 F Bond proceeds. Pursuant to the Ordinance, 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 Series 2010 F Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2010 F Bonds, including the Prior Bonds and the Series 2010 A Bonds, Series 2010 B Bonds, Series 2010 C Bonds, and Series 2010 D Bonds. The Issuer has entered into certain further covenants with the registered owners of the Series 2010 F Bonds, for the terms of which reference is made to the Ordinance. Remedies provided the registered owners of the Series 2010 F Bonds are exclusively as provided in the Ordinance, to which reference is here made for a detailed description thereof.

All monies received from the sale of the Bonds except for accrued interest thereon shall be applied solely to pay all costs of the Project, funding a reserve account for the Series 2010 F Bonds and pay costs of issuance of the Bonds, and there shall be, and hereby is, created and granted a lien upon such monies, until so applied, in favor of the registered owners of said Series 2010 F Bonds.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Series 2010 F 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 Series 2010 F Bond, together with all other obligations of said 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 said Issuer for the prompt payment of the principal of and interest on the Series 2010 F Bonds of which this Series 2010 F Bond is one.

This Series 2010 F Bond, under the provisions of the Act is and has all the qualities and incidents of, a negotiable instrument under the Uniform Commercial Code of the State of West Virginia, but may be transferred only upon the surrender hereof at the office of the Registrar and otherwise as provided by the within-described Ordinance.

This Series 2010 F Bond and the income therefrom are, under the Act, exempt from all taxation by the State of West Virginia, or any county, municipality, political subdivision or agency thereof.

This Series 2010 F Bond shall not be entitled to any benefit under the Ordinance, or become valid or obligatory for any purpose, until the certificate of authentication and registration hereon shall have been signed by the Registrar.

All provisions of the Ordinance, as defined on the reverse hereof, and the statutes under which this Series 2010 F Bond is issued shall be deemed to be a part of the contract evidenced by this Series 2010 F Bond to the same extent as if written fully herein.

IN WITNESS WHEREOF, THE CITY OF MORGANTOWN (West Virginia) has caused this Bond to be signed by its Mayor and City Manager, and its corporate seal to be imprinted hereon and attested by its City Clerk, and has caused this Series 2010 F Bond to be dated as of the Series 2010 F Bond Date specified above.

[SEAL]

[Manual or facsimile signature]

_____

Mayor

[Manual or facsimile signature]

_____

City Manager

ATTEST:

[Manual or facsimile signature]
City Clerk

**CERTIFICATE OF AUTHENTICATION AND REGISTRATION**

This Series 2010 F Bond is one of the fully registered Series 2010 F Bonds described in the within-mentioned Ordinance and has been duly registered in the name of the Registered Owner on the date set forth below. Attached hereto is the complete text of the opinion of Steptoe & Johnson PLLC, bond counsel, signed originals of which are on file with the Registrar, delivered and dated on the date of the original delivery of and payment for the Series 2010 F Bonds.

Dated: _____, 2010.

_____,
As Registrar

By _____
Its Authorized Officer

## STATEMENT OF INSURANCE

**[Bond Insurance Legend]**

**(FORM OF)**
**ASSIGNMENT**

Social Security or Other Identifying Number of Assignee

_____

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto _____ the within Bond and does hereby irrevocably constitute and appoint _____ to transfer the said Bond on the books kept for registration thereof with full power of substitution in the premises.

Dated: _____, _____.

_____

SIGNATURE GUARANTEED:

_____
(Bank, Trust Company or Firm)

_____
(Authorized Officer)

NOTICE: The Assignor's signature to this Assignment must correspond with the name as it appears upon the face of the within Bond in every particular, without alteration or any change whatever.

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION REDESIGNATING BONDS, PROVIDING PARAMETERS AS TO DATES, AMOUNTS, MATURITIES, INTEREST RATES, REDEMPTION PROVISIONS, PURCHASE PRICE AND OTHER DETAILS AS TO THE COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 A (DIRECT PAYMENT BUILD AMERICA BONDS) AND COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 F (BANK QUALIFIED) OF THE CITY OF MORGANTOWN; AUTHORIZING AND APPROVING BOND PURCHASE AGREEMENTS, A COMMITMENT FOR MUNICIPAL BOND INSURANCE, A CONTINUING DISCLOSURE AGREEMENT, A REGISTRAR AGREEMENT, AN OFFICIAL STATEMENT, AND OTHER INSTRUMENTS RELATING TO THE BONDS APPOINTING 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 Morgantown (the "Issuer" or "Governmental Agency") has duly and officially adopted and enacted a bond ordinance, effective September 1, 2009 (the "Bond Ordinance"), entitled:

AN ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE WATERWORKS PORTION OF THE EXISTING COMBINED UTILITY SYSTEM OF THE CITY OF MORGANTOWN AND THE FINANCING OF THE COST THEREOF, NOT OTHERWISE PROVIDED, THROUGH THE ISSUANCE BY THE CITY OF NOT MORE THAN $60,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2009 B; PROVIDING FOR THE RIGHTS AND REMEDIES OF, AND THE SECURITY FOR, THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING THE EXECUTION AND DELIVERY OF A BOND PURCHASE AGREEMENT, A CONTINUING DISCLOSURE AGREEMENT AND OTHER

DOCUMENTS RELATING TO THE BONDS; AND ENACTING OTHER PROVISIONS WITH RESPECT TO SUCH BONDS.

WHEREAS, capitalized terms used herein and not otherwise defined herein shall have the meanings set forth in the Ordinance when used herein;

WHEREAS, the Issuer desired to amend the Bond Ordinance through this Supplemental Resolution (collectively, the Bond Legislation);

WHEREAS, the Ordinance provided for the issuance by the Issuer of its Combined Utility System Revenue Bonds, Series 2009 B (Direct Payment Build America Bonds) in one or more series in the aggregate principal amount of not more than $60,000,000 (the "Series 2009 B Bonds"), for the purposes of paying a portion of the costs of acquisition and construction of additions, betterments and improvements to the System capitalizing interest on the Series 2009 B Bonds, funding a reserve account for the Series 2009 B Bonds and paying costs of issuance thereof, all in accordance with Chapter 8, Article 20 of the West Virginia Code of 1931, as amended (the "Act");

WHEREAS, the Combined Utility System Revenue Bonds, Series 2009 B Bonds were not issued in 2009, but will be issued in 2010;

WHEREAS, the Governing Body desires to redesignate the Combined Utility System Revenue Bonds, Series 2009 B (Bank Qualified) as Combined Utility System Revenue Bonds, Series 2010 A (Direct Payment Build America Bonds) and Combined Utility System Revenue Bonds, Series 2010 F (Bank Qualified);

WHEREAS, the Ordinance further provided that the exact dates, amounts, maturities, interest rates, redemption provisions, purchase price and other terms of the Series 2010 A Bonds and Series 2010 F Bonds should be established by a supplemental resolution, that a Registrar, Paying Agent and Depository Bank be designated, that a Bond Purchase Agreement, a Continuing Disclosure Agreement, a Registrar Agreement and an Official Statement be approved and that other matters pertaining to the Series 2010 A Bonds and Series 2010 F Bonds be provided for by a supplemental resolution of the Governing Body, that additional covenants and provisions relating to the Bonds be provided therein, and that other matters pertaining to the Series 2010 A Bonds and Series 2010 F Bonds be provided for by a supplemental resolution of this Board;

WHEREAS, the Series 2010 A Bonds and Series 2010 F Bonds are proposed to be purchased by Crews & Associates, Inc., (the "Original Purchaser"), pursuant to a Bond Purchase Agreement between the Original Purchaser and the Issuer, to be dated the date of execution thereof and in general form attached hereto and incorporated herein by reference (the "Bond Purchase Agreement");

WHEREAS, the Governing Body wishes to delegate to the Mayor the authority to approve, within the parameters set forth herein and in the Ordinance, the final terms and provisions of all documents relating to the Series 2010 A Bonds and Series 2010 F Bonds (the "Bond Documents"), without the requirement of further official action by this Board; and

WHEREAS, the Governing Body deems it essential and desirable that this Supplemental Resolution be adopted, that the Bond Purchase Agreement, the Continuing Disclosure Agreement and the Registrar Agreement hereinafter provided for be entered into by the Issuer, that the Official Statement relating to the Series 2010 A Bonds and Series 2010 F Bonds, hereinafter described, be approved, that the Issuer's Mayor be authorized to enter into the Bond Purchase Agreement within the parameters hereby approved by the Board, and that other matters relating to the Series 2010 A Bonds and Series 2010 F Bonds be herein provided for, all in accordance with said Ordinance,

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF THE CITY OF MORGANTOWN:

Section 1. The Combined Utility System Revenue Bonds, Series 2009 B (Bank Qualified) are re-designated as Combined Utility System Revenue Bonds, Series 2010 A (Direct Payment Build America Bonds) and Combined Utility System Revenue Bonds, Series 2010 F (Bank Qualified).

Section 2. The following special funds are created with and shall be held by, the Depository Bank, segregated from all other funds and accounts of the Depository Bank or the Issuer and from each other:

(1) Cost of Issuance Fund; and

(2) Redemption Account

Section 3. Pursuant to the Ordinance and the Act, this Supplemental Resolution is adopted and there are hereby authorized and ordered to be issued the Series 2010 A Bonds. The Series 2010 A Bonds shall be issued in the aggregate principal amount not to exceed $50,000,000, bear interest at a rate not to exceed 9% payable semiannually as shown on the Certificate of Determinations shall mature in 30 years as shown on the Certificate of Determinations, shall be dated such date, upon original issuance, shall mature in such principal amounts on such dates, shall be subject to such redemption provisions, all as shall subsequently be approved by the Mayor; and shall be substantially in the form set forth in the Ordinance, provided however, that the specific terms of the Series 2010 A Bonds shall be as determined by the Mayor at the time of the execution of the Bond Purchase Agreement and as approved by the Mayor in the Certificate of Series 2010 A Bonds Determinations attached hereto as EXHIBIT A. All other provisions relating to the Series 2010 A Bonds

shall be as provided in the Ordinance, and the Series 2010 A Bonds shall be in substantially the form provided in the Ordinance.

Section 3. Pursuant to the Ordinance and the Act, this Supplemental Resolution is adopted and there are hereby authorized and ordered to be issued the Series 2010 F Bonds. The Series 2010 F Bonds shall be issued in the aggregate principal amount not to exceed $9,000,000, bear interest at a rate not to exceed 6% payable semiannually as shown on the Certificate of Determinations shall mature in 30 years as shown on the Certificate of Determinations, shall be dated such date, upon original issuance, shall mature in such principal amounts on such dates, shall be subject to such redemption provisions, all as shall subsequently be approved by the Mayor; and shall be substantially in the form set forth in the Ordinance, provided however, that the specific terms of the Series 2010 F Bonds shall be as determined by the Mayor at the time of the execution of the Bond Purchase Agreement and as approved by the Mayor in the Certificate of Series 2010 F Bonds Determinations attached hereto as EXHIBIT B. All other provisions relating to the Series 2010 F Bonds shall be as provided in the Ordinance, and the Series 2010 F Bonds shall be in substantially the form provided in the Ordinance.

Section 4. The Bond Purchase Agreement by and between the Original Purchaser and the Issuer, substantially in the form submitted to this meeting, and the execution and delivery (in multiple counterparts) by the Mayor thereof shall be and the same are hereby authorized, approved, and directed. The Mayor shall execute the Bond Purchase Agreement on behalf of the Issuer with such changes, insertions and omissions as may be approved by the Mayor. The execution of the Bond Purchase Agreement by the Mayor shall be conclusive evidence of any approval required by this Section, and authorization of any action required by the Bond Purchase Agreement relating to the issuance and sale of the Series 2010 A Bonds and Series 2010 F Bonds, including the payment of all necessary fees and expenses in connection therewith.

Section 5. The Continuing Disclosure Agreement by and between the Issuer and the Original Purchaser, to be dated as of the date of delivery of the Series 2010 A Bonds and Series 2010 F Bonds, substantially in the form submitted to this meeting, and the execution and delivery (in multiple counterparts) by the Mayor thereof shall be and the same are hereby authorized, approved and directed. The Mayor shall execute and deliver the Continuing Disclosure Agreement with such changes, insertions and omissions as may be approved by the Mayor. The execution of the Continuing Disclosure Agreement by the Mayor shall be conclusive evidence of any approval required by this Section.

Section 6. The Official Statement to be substantially in the form attached hereto (with such changes, insertions and omissions as may be necessary or advisable in the opinion of the Mayor), and the distribution of counterparts or copies thereof by the Original Purchaser are hereby approved. The Mayor shall execute and deliver the Official Statement with such changes, insertions and omissions as may be approved by the Mayor. The execution of the Official Statement by the Mayor shall be conclusive evidence of any approval required by this Section. The certificate of the Issuer relating to compliance with

SEC Rule 15c2-12 and the execution and delivery thereof by the Mayor is hereby ratified and approved.

Section 7. The Registrar Agreement by and between the Issuer and the Registrar designated herein, to be dated as of the date of delivery of the Series 2010 A Bonds and Series 2010 F Bonds, substantially in the form submitted to this meeting, shall be and the same is hereby approved. The Mayor shall execute and deliver the Registrar Agreement with such changes, insertions and omissions as may be approved by the Mayor. The execution of the Registrar Agreement by the Mayor shall be conclusive evidence of any approval required by this Section.

Section 8. The firm of Steptoe & Johnson PLLC, Charleston, West Virginia, is hereby appointed bond counsel to the Issuer in connection with the issuance of the Series 2010 A Bonds and Series 2010 F Bonds.

Section 9. The Issuer does hereby appoint and designate United Bank, Inc., Charleston, West Virginia for the purpose of serving in the capacity of Registrar.

Section 10. The Issuer does hereby appoint and designate the United Bank, Inc., Morgantown, West Virginia as the depository Bank.

Section 11. The Issuer does hereby appoint and designate the West Virginia Municipal Bond Commission for the purpose of serving in the capacity of Paying Agent.

Section 12. The notice addresses for the Registrar, Paying Agent and Original Purchaser shall be as follows:

REGISTRAR

United Bank, Inc.
Charleston, West Virginia

PAYING AGENT

West Virginia Municipal Bond Commission
#8 Capitol Street, Suite 500
Charleston, West Virginia 25301
Attention: Executive Director

ORIGINAL PURCHASER

Crews & Associates, Inc.
300 Summers Street, Suite 930
Charleston, West Virginia 25301
Attention: Public Finance

Section 13. The Mayor and Clerk are hereby authorized and directed to execute and deliver such other documents and certificates, including a tax and arbitrage certificate, required or desirable in connection with the Series 2010 A Bonds and Series 2010 F Bonds issue to the end that the Series 2010 A Bonds and Series 2010 F Bonds may be delivered on a timely basis to the Original Purchaser pursuant to the Bond Purchase Agreement.

Section 14. The General Manager of the Morgantown Utility Board is hereby authorized to approve invoices and requests for payment for the Project.

Section 14. The financing of the project with proceeds of the Series 2010 A Bonds and Series 2010 F Bonds is in the public interest, serves a public purpose of the Issuer and will promote the health, welfare and safety of the residents of the Issuer.

Section 15. Upon approval by the Mayor, the Issuer may purchase insurance, as permitted by Section 6.18 of the Bond Legislation, and in such case the covenants and provisions to be required by the Bond Insurer as a condition precedent to issuance of its Insurance Policy for the Bonds are hereby set forth in Exhibit C, attached hereto and incorporated herein by reference as part hereof, such covenants and provisions to be supplemental and amendatory of, and controlling with respect to the Bond Legislation and applicable to the Bonds:

Section 16. This Supplemental Resolution shall be effective immediately.

[Remainder of Page Intentionally Left Blank]

Adopted this 5th day of January, 2010.

Mayor

CERTIFICATION

Certified a true, correct and complete copy of a Supplemental Resolution duly adopted by the Council of THE CITY OF MORGANTOWN on the 5th day of January, 2010.

Dated this 28th day of January, 2010.

[SEAL]

Linda L. Lucas
Clerk

627490.00034

**EXHIBIT A**

FORM OF CERTIFICATE OF SERIES 2010 A BONDS DETERMINATIONS

THE CITY OF MORGANTOWN
COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 A
(DIRECT PAYMENT BUILD AMERICA BONDS)

CERTIFICATE OF DETERMINATIONS

The undersigned, William Byrne, Mayor of The City of Morgantown (the "Issuer"), in accordance with the Supplemental Parameters Resolution and Conformed Ordinance adopted by the Council of the Issuer on January 5, 2010 (the "Supplemental Parameters Resolution"), with respect to the Issuer's Combined Utility System Revenue Bonds, Series 2010 A (the "Series 2010 A Bonds"), hereby finds and determines as follows:

1. The Series 2010 A Bonds shall be dated the date of closing thereon (estimated to be January 28, 2010) and shall bear interest on _____ **and** _____ **of each year commencing** _____**, 2010**.

2. The Series 2010 A Bonds shall be issued in the aggregate principal amount of $_____, at a true interest cost of _____%. Such interest rates do not exceed 8%, being the maximum interest rate authorized by the Supplemental Parameters Resolution.

3. The Series 2010 A Bonds shall mature in the amounts and on the dates and shall be subject to mandatory sinking fund redemption in the amounts and on the dates set forth on Schedule 1 attached hereto and incorporated herein.

4. The Series 2010 A Bonds shall bear interest at the rates and produce the yields set forth on Schedule 1 attached hereto and incorporated herein.

5. The Series 2010 A Bonds shall be subject to optional and mandatory redemption as set forth on Schedule 2 attached hereto and incorporated herein.

6. The Series 2010 A Bonds shall be sold to Crews & Associates, Inc., (the "Underwriter"), pursuant to the terms of the Bond Purchase Agreement by and between the Underwriter and the Issuer, at an aggregate purchase price of $_____ (representing par value less an Underwriter's discount of $_____ and a net original issue discount of $_____).

7. The forms of the Bond Purchase Agreement, the Continuing Disclosure Agreement, the Registrar Agreement and Official Statement attached hereto are hereby approved.

The undersigned hereby certifies that the foregoing terms and conditions of the Series 2010 A Bonds are within the parameters prescribed by the Supplemental Parameters Resolution, and the Series 2010 A Bonds may be issued with such terms and conditions as authorized by the Supplemental Parameters Resolution.

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WITNESS my signature this 28th day of January, 2010.

THE CITY OF MORGANTOWN

By: _____
Its: Mayor

Schedule 1

SERIES 2010 A BOND TERMS

Mandatory Sinking Fund Redemption and Maturity

| Bond No. | Maturity Date or Sinking Fund (December 1) | Principal Amount | Interest Rate | Price or Yield | CUSIP No. |
|---|---|---|---|---|---|

Schedule 2

Redemption Provisions:

**Optional Redemption**

The Series 2010 A Bonds maturing on or after _____, 20___, are subject to redemption on or after _____, 20___, at the option of the Board, in whole at any time or in part on any interest payment date, from any moneys available for such purpose, at the applicable Redemption Price (expressed as a percentage of principal amount to be so redeemed) set forth in the table below, plus interest, if any, accrued to the date fixed for redemption:

| **Redemption Period** | **Redemption Price** |
|---|---|
| _____, 20___ and thereafter | 100% |

In the event of such optional redemption, the Board may direct the maturity or maturities of the Bonds and the amounts thereof to be redeemed, provided that the Bonds will be redeemed in whole multiples of $5,000 in principal amount and in the minimum principal amount of $50,000.

**EXHIBIT B**

FORM OF CERTIFICATE OF SERIES 2010 F BONDS DETERMINATIONS

THE CITY OF MORGANTOWN
COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 F
(BANK QUALIFIED)

CERTIFICATE OF DETERMINATIONS

The undersigned, William Byrne, Mayor of The City of Morgantown (the "Issuer"), in accordance with the Supplemental Parameters Resolution and Conformed Ordinance adopted by the Council of the Issuer on January 5, 2010 (the "Supplemental Parameters Resolution"), with respect to the Issuer's Combined Utility System Revenue Bonds, Series 2010 F (the "Series 2010 F Bonds"), hereby finds and determines as follows:

1. The Series 2010 F Bonds shall be dated the date of closing thereon (estimated to be January 28, 2010) and shall bear interest on _____ **and** _____ **of each year commencing** _____**, 2010.**

2. The Series 2010 F Bonds shall be issued in the aggregate principal amount of $_____, at a true interest cost of _____%. Such interest rates do not exceed 8%, being the maximum interest rate authorized by the Supplemental Parameters Resolution.

3. The Series 2010 F Bonds shall mature in the amounts and on the dates and shall be subject to mandatory sinking fund redemption in the amounts and on the dates set forth on Schedule 1 attached hereto and incorporated herein.

4. The Series 2010 F Bonds shall bear interest at the rates and produce the yields set forth on Schedule 1 attached hereto and incorporated herein.

5. The Series 2010 F Bonds shall be subject to optional and mandatory redemption as set forth on Schedule 2 attached hereto and incorporated herein.

6. The Series 2010 F Bonds shall be sold to Crews & Associates, Inc., (the "Underwriter"), pursuant to the terms of the Bond Purchase Agreement by and between the Underwriter and the Issuer, at an aggregate purchase price of $_____ (representing par value less an Underwriter's discount of $_____ and a net original issue discount of $_____).

7. The forms of the Bond Purchase Agreement, the Continuing Disclosure Agreement, the Registrar Agreement and Official Statement attached hereto are hereby approved.

The undersigned hereby certifies that the foregoing terms and conditions of the Series 2010 F Bonds are within the parameters prescribed by the Supplemental Parameters Resolution, and the Series 2010 F Bonds may be issued with such terms and conditions as authorized by the Supplemental Parameters Resolution.

[Remainder of Page Intentionally Left Blank]

WITNESS my signature this 28th day of January, 2010.

THE CITY OF MORGANTOWN

By: _____
Its: Mayor

Schedule 1

SERIES 2010 F BOND TERMS

Mandatory Sinking Fund Redemption and Maturity

| Bond No. | Maturity Date or Sinking Fund (December 1) | Principal Amount | Interest Rate | Price or Yield | CUSIP No. |
|---|---|---|---|---|---|

Schedule 2

Redemption Provisions:

**Optional Redemption**

The Series 2010 F Bonds maturing on or after _____, 20___, are subject to redemption on or after _____, 20___, at the option of the Board, in whole at any time or in part on any interest payment date, from any moneys available for such purpose, at the applicable Redemption Price (expressed as a percentage of principal amount to be so redeemed) set forth in the table below, plus interest, if any, accrued to the date fixed for redemption:

| **Redemption Period** | **Redemption Price** |
|---|---|
| _____, 20___ and thereafter | 100% |

In the event of such optional redemption, the Board may direct the maturity or maturities of the Bonds and the amounts thereof to be redeemed, provided that the Bonds will be redeemed in whole multiples of $5,000 in principal amount and in the minimum principal amount of $50,000.

EXHIBIT C

PROVISIONS RELATING TO BOND INSURANCE AND SURETY BOND

**Bond Insurance Provisions**

(a) "Insurance Policy" shall be defined as follows: "the insurance policy issued by the Insurer guaranteeing the scheduled payment of principal of and interest on the Bonds when due". "Insurer" shall be defined as follows: "Assured Guaranty Municipal Corp. (formerly known as Financial Security Assurance Inc.), a New York stock insurance company, or any successor thereto or assignee thereof".

(b) The prior written consent of the Insurer shall be a condition precedent to the deposit of any credit instrument provided in lieu of a cash deposit into the Debt Service Reserve Fund, if any. Notwithstanding anything to the contrary set forth in the Ordinance, amounts on deposit in the Debt Service Reserve Fund shall be applied solely to the payment of debt service due on the Bonds.

(c) The Insurer shall be deemed to be the sole holder of the Insured Bonds for the purpose of exercising any voting right or privilege or giving any consent or direction or taking any other action that the holders of the Bonds insured by it are entitled to take pursuant to the Ordinance pertaining to (i) defaults and remedies and (ii) the duties and obligations of the Trustee. Remedies granted to the Bondholders shall expressly include mandamus.

(d) The security for the Bonds shall include a pledge of any agreement with any underlying obligor that is a source of payment for the Bonds and a default under any such agreement shall constitute an Event of Default under the Ordinance.

(e) If acceleration is permitted under the Ordinance, the maturity of Bonds insured by the Insurer shall not be accelerated without the consent of the Insurer and in the event the maturity of the Bonds is accelerated, the Insurer may elect, in its sole discretion, to pay accelerated principal and interest accrued, on such principal to the date of acceleration (to the extent unpaid by the Issuer) and the Trustee shall be required to accept such amounts. Upon payment of such accelerated principal and interest accrued to the acceleration date as provided above, the Insurer's obligations under the Insurance Policy with respect to such Bonds shall be fully discharged.

(f) No grace period for a covenant default shall exceed 30 days or be extended for more than 60 days, without the prior written consent of the Insurer. No grace period shall be permitted for payment defaults.

(g) The Insurer shall be included as a third party beneficiary to the Ordinance.

(h) Upon the occurrence of an extraordinary optional, special or extraordinary mandatory redemption in part, the selection of Bonds to be redeemed shall be subject to the approval of the Insurer. The exercise of any provision of the Ordinance which permits the purchase of Bonds in lieu of redemption shall require the prior written approval of the Insurer if any Bond so purchased is not cancelled upon purchase.

(i) Any amendment, supplement, modification to, or waiver of, the Ordinance or any other transaction document, including any underlying security agreement (each a "Related Document"), that requires the consent of Bondowners or adversely affects the rights and interests of the Insurer shall be subject to the prior written consent of the Insurer.

(j) Unless the Insurer otherwise directs, upon the occurrence and continuance of an Event of Default or an event which with notice or lapse of time would constitute an Event of Default, amounts on deposit in the Construction Fund shall not be disbursed, but shall instead be applied to the payment of debt service or redemption price of the Bonds.

(k) The rights granted to the Insurer under the Ordinance or any other Related Document to request, consent to or direct any action are rights granted to the Insurer in consideration of its issuance of the Insurance Policy. Any exercise by the Insurer of such rights is merely an exercise of the Insurer's contractual rights and shall not be construed or deemed to be taken for the benefit, or on behalf, of the Bondholders and such action does not evidence any position of the Insurer, affirmative or negative, as to whether the consent of the Bondowners or any other person is required in addition to the consent of the Insurer.

(l) Only (1) cash, (2) non-callable direct obligations of the United States of America ("Treasuries"), (3) evidences of ownership of proportionate interests in future interest and principal payments on Treasuries held by a bank or trust company as custodian, under which the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor and the underlying Treasuries are not available to any person claiming through the custodian or to whom the custodian may be obligated, (4) subject to the prior written consent of the Insurer, pre-refunded municipal obligations rated "AAA" and "Aaa" by S&P and Moody's, respectively, or (5) subject to the prior written consent of the Insurer, securities eligible for "AAA" defeasance under then existing criteria of S & P or any combination thereof, shall be used to effect defeasance of the Bonds unless the Insurer otherwise approves.

To accomplish defeasance, the Issuer shall cause to be delivered (i) a report of an independent firm of nationally recognized certified public accountants or such other accountant as shall be acceptable to the Insurer ("Accountant") verifying the sufficiency of the escrow established to pay the Bonds in full on the maturity or redemption date ("Verification"), (ii) an Escrow Deposit Agreement (which shall be

acceptable in form and substance to the Insurer), (iii) an opinion of nationally recognized bond counsel to the effect that the Bonds are no longer "Outstanding" under the Ordinance and (iv) a certificate of discharge of the Trustee with respect to the Bonds; each Verification and defeasance opinion shall be acceptable in form and substance, and addressed, to the Issuer, Trustee and Insurer. The Insurer shall be provided with final drafts of the above-referenced documentation not less than five business days prior to the funding of the escrow.

Bonds shall be deemed "Outstanding" under the Ordinance unless and until they are in fact paid and retired or the above criteria are met.

(m) Amounts paid by the Insurer under the Insurance Policy shall not be deemed paid for purposes of the Ordinance and the Bonds relating to such payments shall remain Outstanding and continue to be due and owing until paid by the Issuer in accordance with the Ordinance. The Ordinance shall not be discharged unless all amounts due or to become due to the Insurer have been paid in full or duly provided for.

(n) Each of the Issuer and Trustee covenant and agree to take such action (including, as applicable, filing of UCC financing statements and continuations thereof) as is necessary from time to time to preserve the priority of the pledge of the Trust Estate under applicable law.

(o) Claims Upon the Insurance Policy and Payments by and to the Insurer.

If, on the third Business Day prior to the related scheduled interest payment date or principal payment date ("Payment Date") there is not on deposit with the Trustee, after making all transfers and deposits required under the Ordinance, moneys sufficient to pay the principal of and interest on the Bonds due on such Payment Date, the Trustee shall give notice to the Insurer and to its designated agent (if any) (the "Insurer's Fiscal Agent") by telephone or telecopy of the amount of such deficiency by 12:00 noon, New York City time, on such Business Day. If, on the second Business Day prior to the related Payment Date, there continues to be a deficiency in the amount available to pay the principal of and interest on the Bonds due on such Payment Date, the Trustee shall make a claim under the Insurance Policy and give notice to the Insurer and the Insurer's Fiscal Agent (if any) by telephone of the amount of such deficiency, and the allocation of such deficiency between the amount required to pay interest on the Bonds and the amount required to pay principal of the Bonds, confirmed in writing to the Insurer and the Insurer's Fiscal Agent by 12:00 noon, New York City time, on such second Business Day by filling in the form of Notice of Claim and Certificate delivered with the Insurance Policy.

The Trustee shall designate any portion of payment of principal on Bonds paid by the Insurer, whether by virtue of mandatory sinking fund redemption, maturity or other advancement of maturity, on its books as a reduction in the principal amount of Bonds registered to the then current Bondholder, whether DTC or its nominee or

otherwise, and shall issue a replacement Bond to the Insurer, registered in the name of Assured Guaranty Municipal Corp. (formerly known as Financial Security Assurance Inc.), in a principal amount equal to the amount of principal so paid (without regard to authorized denominations); provided that the Trustee's failure to so designate any payment or issue any replacement Bond shall have no effect on the amount of principal or interest payable by the Issuer on any Bond or the subrogation rights of the Insurer.

The Trustee shall keep a complete and accurate record of all funds deposited by the Insurer into the Policy Payments Account (defined below) and the allocation of such funds to payment of interest on and principal of any Bond. The Insurer shall have the right to inspect such records at reasonable times upon reasonable notice to the Trustee.

Upon payment of a claim under the Insurance Policy, the Trustee shall establish a separate special purpose trust account for the benefit of Bondholders referred to herein as the "Policy Payments Account" and over which the Trustee shall have exclusive control and sole right of withdrawal. The Trustee shall receive any amount paid under the Insurance Policy in trust on behalf of Bondholders and shall deposit any such amount in the Policy Payments Account and distribute such amount only for purposes of making the payments for which a claim was made. Such amounts shall be disbursed by the Trustee to Bondholders in the same manner as principal and interest payments are to be made with respect to the Bonds under the sections hereof regarding payment of Bonds. It shall not be necessary for such payments to be made by checks or wire transfers separate from the check or wire transfer used to pay debt service with other funds available to make such payments. Notwithstanding anything herein to the contrary, the Issuer agrees to pay to the Insurer (i) a sum equal to the total of all amounts paid by the Insurer under the Insurance Policy (the "Insurer Advances"); and (ii) interest on such Insurer Advances from the date paid by the Insurer until payment thereof in full, payable to the Insurer at the Late Payment Rate per annum (collectively, the "Insurer Reimbursement Amounts"). "Late Payment Rate" means the lesser of (a) the greater of (i) the per annum rate of interest, publicly announced from time to time by JPMorgan Chase Bank at its principal office in The City of New York, as its prime or base lending rate (any change in such rate of interest to be effective on the date such change is announced by JPMorgan Chase Bank) plus 3%, and (ii) the then applicable highest rate of interest on the Bonds and (b) the maximum rate permissible under applicable usury or similar laws limiting interest rates. The Late Payment Rate shall be computed on the basis of the actual number of days elapsed over a year of 360 days. The Issuer hereby covenants and agrees that the Insurer Reimbursement Amounts are secured by a lien on and pledge of the [Trust Estate] and payable from such [Trust Estate] on a parity with debt service due on the Bonds.

Funds held in the Policy Payments Account shall not be invested by the Trustee and may not be applied to satisfy any costs, expenses or liabilities of the Trustee. Any

funds remaining in the Policy Payments Account following a Bond payment date shall promptly be remitted to the Insurer.

(p) The Insurer shall, to the extent it makes any payment of principal of or interest on the Bonds, become subrogated to the rights of the recipients of such payments in accordance with the terms of the Insurance Policy. Each obligation of the Issuer to the Insurer under the Related Documents shall survive discharge or termination of such Related Documents.

(q) The Issuer shall pay or reimburse the Insurer any and all charges, fees, costs and expenses that the Insurer may reasonably pay or incur in connection with (i) the administration, enforcement, defense or preservation of any rights or security in any Related Document; (ii) the pursuit of any remedies under the Ordinance or any other Related Document or otherwise afforded by law or equity, (iii) any amendment, waiver or other action with respect to, or related to, the Ordinance or any other Related Document whether or not executed or completed, or (iv) any litigation or other dispute in connection with the Ordinance or any other Related Document or the transactions contemplated thereby, other than costs resulting from the failure of the Insurer to honor its obligations under the Insurance Policy. The Insurer reserves the right to charge a reasonable fee as a condition to executing any amendment, waiver or consent proposed in respect of the Ordinance or any other Related Document.

(r) After payment of reasonable expenses of the Trustee, the application of funds realized upon default shall be applied to the payment of expenses of the Issuer or rebate only after the payment of past due and current debt service on the Bonds and amounts required to restore the Debt Service Reserve Fund to the Debt Service Reserve Requirement.

(s) The Insurer shall be entitled to pay principal or interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer (as such terms are defined in the Insurance Policy) and any amounts due on the Bonds as a result of acceleration of the maturity thereof in accordance with the Ordinance, whether or not the Insurer has received a Notice of Nonpayment (as such terms are defined in the Insurance Policy) or a claim upon the Insurance Policy.

(t) The notice address of the Insurer is: Assured Guaranty Municipal Corp. (formerly known as Financial Security Assurance Inc.), 31 West 52nd Street, New York, New York 10019, Attention: Managing Director – Surveillance, Re: Policy No. _____, Telephone: (212) 826-0100; Telecopier: (212) 339-3556. In each case in which notice or other communication refers to an Event of Default, then a copy of such notice or other communication shall also be sent to the attention of the General Counsel and shall be marked to indicate "URGENT MATERIAL ENCLOSED."

(u) The Insurer shall be provided with the following information by the Issuer or Trustee, as the case may be:

(i) Annual audited financial statements within 150 days after the end of the Issuer's fiscal year (together with a certification of the Issuer that it is not aware of any default or Event of Default under the Ordinance), and the Issuer's annual budget within 30 days after the approval thereof together with such other information, data or reports as the Insurer shall reasonably request from time to time;

(ii) Notice of any draw upon the Debt Service Reserve Fund within two Business Days after knowledge thereof other than (i) withdrawals of amounts in excess of the Debt Service Reserve Requirement and (ii) withdrawals in connection with a refunding of Bonds;

(iii) Notice of any default known to the Trustee or Issuer within five Business Days after knowledge thereof;

(iv) Prior notice of the advance refunding or redemption of any of the Bonds, including the principal amount, maturities and CUSIP numbers thereof;

(v) Notice of the resignation or removal of the Trustee and Bond Registrar and the appointment of, and acceptance of duties by, any successor thereto;

(vi) Notice of the commencement of any proceeding by or against the Issuer or Obligor commenced under the United States Bankruptcy Code or any other applicable bankruptcy, insolvency, receivership, rehabilitation or similar law (an "Insolvency Proceeding");

(vii) Notice of the making of any claim in connection with any Insolvency Proceeding seeking the avoidance as a preferential transfer of any payment of principal of, or interest on, the Bonds;

(viii) A full original transcript of all proceedings relating to the execution of any amendment, supplement, or waiver to the Related Documents; and

(ix) All reports, notices and correspondence to be delivered to Bondholders under the terms of the Related Documents.

In addition, to the extent that the Issuer or the [Obligor] has entered into a continuing disclosure agreement, covenant or undertaking with respect to the Bonds, all information

furnished pursuant to such agreements shall also be provided to the Insurer, simultaneously with the furnishing of such information.

(v) The Insurer shall have the right to receive such additional information as it may reasonably request.

(w) The Issuer will permit the Insurer to discuss the affairs, finances and accounts of the Issuer or any information the Insurer may reasonably request regarding the security for the Bonds with appropriate officers of the Issuer and will use commercially reasonable efforts to enable the Insurer to have access to the facilities, books and records of the Issuer on any business day upon reasonable prior notice.

(x) The Trustee shall notify the Insurer of any failure of the Issuer to provide notices, certificates and other information under the transaction documents.

(y) Notwithstanding satisfaction of the other conditions to the issuance of Additional Bonds set forth in the Ordinance, no such issuance may occur (1) if an Event of Default (or any event which, once all notice or grace periods have passed, would constitute an Event of Default) exists unless such default shall be cured upon such issuance and (2) unless the Debt Service Reserve Fund is fully funded at the Debt Service Reserve Requirement (including the proposed issue) upon the issuance of such Additional Bonds, in either case unless otherwise permitted by the Insurer.

(z) In determining whether any amendment, consent, waiver or other action to be taken, or any failure to take action, under the Ordinance would adversely affect the security for the Bonds or the rights of the Bondholders, the Trustee shall consider the effect of any such amendment, consent, waiver, action or inaction as if there were no Insurance Policy.

(aa) No contract shall be entered into or any action taken by which the rights of the Insurer or security for or sources of payment of the Bonds may be impaired or prejudiced in any material respect except upon obtaining the prior written consent of the Insurer.

(bb) If the Bonds are issued for refunding purposes, there shall be delivered an opinion of Bond Counsel addressed to the Insurer (or a reliance letter relating thereto), or a certificate of discharge of the trustee for the Refunded Bonds, to the effect that, upon the making of the required deposit to the escrow, the legal defeasance of the Refunded Bonds shall have occurred. If the Refunded Bonds are insured by Assured Guaranty Municipal Corp. (formerly known as Financial Security Assurance Inc.), at least three business days prior to the proposed date for delivery of the Policy with respect to the Refunding Bonds, the Insurer shall also receive (i) the verification letter, of which the Insurer shall be an addressee, by an independent firm of certified public accountants which is either nationally recognized or otherwise acceptable to the Insurer, of the adequacy of the escrow established to provide for the payment of

the Refunded Bonds in accordance with the terms and provisions of the Escrow Deposit Agreement, and (ii) the form of an opinion of Bond Counsel addressed to the Insurer (or a reliance letter relating thereto) to the effect that the Escrow Deposit Agreement is a valid and binding obligation of the parties thereto, enforceable in accordance with its terms (such Escrow Deposit Agreement shall provide that no amendments are permitted without the prior written consent of the Insurer). An executed copy of each of such opinion and reliance letter, if applicable, or Trustee's discharge certificate, as the case may be, shall be forwarded to the Insurer prior to delivery of the Bonds.

(cc) Any interest rate exchange agreement ("Swap Agreement") entered into by the Issuer shall meet the following conditions: (i) the Swap Agreement must be entered into to manage interest costs related to, or a hedge against (a) assets then held, or (b) debt then outstanding, or (iii) debt reasonably expected to be issued within the next twelve (12) months, and (ii) the Swap Agreement shall not contain any leverage element or multiplier component greater than 1.0x unless there is a matching hedge arrangement which effectively off-sets the exposure from any such element or component. Unless otherwise consented to in writing by the Insurer, any uninsured net settlement, breakage or other termination amount then in effect shall be subordinate to debt service on the Bonds and on any debt on parity with the Bonds. The Issuer shall not terminate a Swap Agreement unless it demonstrates to the satisfaction of the Insurer prior to the payment of any such termination amount that such payment will not cause the Issuer [Obligor] to be in default under the Related Documents, including but not limited to, any monetary obligations thereunder. All counterparties or guarantors to any Swap Agreement must have a rating of at least "A-" and "A3" by Standard & Poor's ('S&P") and Moody's Investors Service ("Moody's"). If the counterparty or guarantor's rating falls below "A-" or "A3" by either S&P or Moody's, the counterparty or guarantor shall execute a credit support annex to the Swap Agreement, which credit support annex shall be acceptable to the Insurer. If the counterparty or the guarantor's long term unsecured rating falls below "Baa1" or "BBB+" by either Moody's or S&P, a replacement counterparty or guarantor, acceptable to the Insurer, shall be required.

(dd) The Issuer shall not receive a credit against debt service for BAB Interest Payment Subsidies to the extent it does not receive such subsidy in any year and shall promptly fund any shortfall in the debt service reserve fund resulting from such event.

(ee) The Issuer shall not issue Additional Parity Bonds unless Net Revenues equal at least 115% of Maximum Annual Debt Service on a historical basis (i.e. estimated revenues shall not be included).

SPECIMEN

No. AR-1 $1,150,000

**UNITED STATES OF AMERICA**
**STATE OF WEST VIRGINIA**
**THE CITY OF MORGANTOWN, WEST VIRGINIA**
**TAXABLE-COMBINED UTILITY SYSTEM REVENUE BONDS,**
**SERIES 2010 A (DIRECT PAYMENT BUILD AMERICA BONDS)**

| INTEREST RATE: | MATURITY DATE: | BOND DATE: | CUSIP: |
|---|---|---|---|
| 5.000% | December 1, 2019 | January 28, 2010 | 61759C AH1 |

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT:
ONE MILLION ONE HUNDRED FIFTY THOUSAND DOLLARS

KNOW ALL MEN BY THESE PRESENTS: That THE CITY OF MORGANTOWN (West Virginia), a municipal corporation organized and existing under the laws of the State of West Virginia (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, the Principal Amount specified above and solely from such special funds also to pay interest on said Principal Amount from the Interest Payment Date (as hereinafter defined) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, or, if and to the extent that the Issuer shall default in the payment of interest on any Interest Payment Date, then this Bond shall bear interest from the most recent Interest Payment Date to which interest has been paid or duly provided for, and in which case any Bond surrendered for transfer or exchange shall be dated as of the Interest Payment Date to which interest has been paid in full, at the Interest Rate per annum specified above, semiannually, on June 1 and December 1, in each year, beginning June 1, 2010 (each an "Interest Payment Date"), until maturity or until the date fixed for redemption if this Bond is called for prior redemption and payment on such date is provided for. Capitalized terms used

SPECIMEN

No. AR-2 $1,190,000

**UNITED STATES OF AMERICA**
**STATE OF WEST VIRGINIA**
**THE CITY OF MORGANTOWN, WEST VIRGINIA**
**TAXABLE-COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 A (DIRECT PAYMENT BUILD AMERICA BONDS)**

| INTEREST RATE: | MATURITY DATE: | BOND DATE: | CUSIP: |
|---|---|---|---|
| 5.000% | December 1, 2020 | January 28, 2010 | 61759C AJ7 |

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT:
ONE MILLION ONE HUNDRED NINETY THOUSAND DOLLARS

KNOW ALL MEN BY THESE PRESENTS: That THE CITY OF MORGANTOWN (West Virginia), a municipal corporation organized and existing under the laws of the State of West Virginia (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, the Principal Amount specified above and solely from such special funds also to pay interest on said Principal Amount from the Interest Payment Date (as hereinafter defined) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, or, if and to the extent that the Issuer shall default in the payment of interest on any Interest Payment Date, then this Bond shall bear interest from the most recent Interest Payment Date to which interest has been paid or duly provided for, and in which case any Bond surrendered for transfer or exchange shall be dated as of the Interest Payment Date to which interest has been paid in full, at the Interest Rate per annum specified above, semiannually, on June 1 and December 1, in each year, beginning June 1, 2010 (each an "Interest Payment Date"), until maturity or until the date fixed for redemption if this Bond is called for prior redemption and payment on such date is provided for. Capitalized terms used

SPECIMEN

No. AR-3 $1,230,000

**UNITED STATES OF AMERICA**
**STATE OF WEST VIRGINIA**
**THE CITY OF MORGANTOWN, WEST VIRGINIA**
**TAXABLE-COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 A (DIRECT PAYMENT BUILD AMERICA BONDS)**

| INTEREST RATE: | MATURITY DATE: | BOND DATE: | CUSIP: |
|---|---|---|---|
| 5.000% | December 1, 2021 | January 28, 2010 | 61759C AK4 |

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT:
ONE MILLION TWO HUNDRED THIRTY THOUSAND DOLLARS

KNOW ALL MEN BY THESE PRESENTS: That THE CITY OF MORGANTOWN (West Virginia), a municipal corporation organized and existing under the laws of the State of West Virginia (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, the Principal Amount specified above and solely from such special funds also to pay interest on said Principal Amount from the Interest Payment Date (as hereinafter defined) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, or, if and to the extent that the Issuer shall default in the payment of interest on any Interest Payment Date, then this Bond shall bear interest from the most recent Interest Payment Date to which interest has been paid or duly provided for, and in which case any Bond surrendered for transfer or exchange shall be dated as of the Interest Payment Date to which interest has been paid in full, at the Interest Rate per annum specified above, semiannually, on June 1 and December 1, in each year, beginning June 1, 2010 (each an "Interest Payment Date"), until maturity or until the date fixed for redemption if this Bond is called for prior redemption and payment on such date is provided for. Capitalized terms used

SPECIMEN

No. AR-4 $1,270,000

**UNITED STATES OF AMERICA**
**STATE OF WEST VIRGINIA**
**THE CITY OF MORGANTOWN, WEST VIRGINIA**
**TAXABLE-COMBINED UTILITY SYSTEM REVENUE BONDS,**
**SERIES 2010 A (DIRECT PAYMENT BUILD AMERICA BONDS)**

| INTEREST RATE: | MATURITY DATE: | BOND DATE: | CUSIP: |
|---|---|---|---|
| 5.125% | December 1, 2022 | January 28, 2010 | 61759C AL2 |

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT:
ONE MILLION TWO HUNDRED SEVENTY THOUSAND DOLLARS

KNOW ALL MEN BY THESE PRESENTS: That THE CITY OF MORGANTOWN (West Virginia), a municipal corporation organized and existing under the laws of the State of West Virginia (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, the Principal Amount specified above and solely from such special funds also to pay interest on said Principal Amount from the Interest Payment Date (as hereinafter defined) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, or, if and to the extent that the Issuer shall default in the payment of interest on any Interest Payment Date, then this Bond shall bear interest from the most recent Interest Payment Date to which interest has been paid or duly provided for, and in which case any Bond surrendered for transfer or exchange shall be dated as of the Interest Payment Date to which interest has been paid in full, at the Interest Rate per annum specified above, semiannually, on June 1 and December 1, in each year, beginning June 1, 2010 (each an "Interest Payment Date"), until maturity or until the date fixed for redemption if this Bond is called for prior redemption and payment on such date is provided for. Capitalized terms used

SPECIMEN

No. AR-5 $1,310,000

**UNITED STATES OF AMERICA**
**STATE OF WEST VIRGINIA**
**THE CITY OF MORGANTOWN, WEST VIRGINIA**
**TAXABLE-COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 A (DIRECT PAYMENT BUILD AMERICA BONDS)**

| INTEREST RATE: | MATURITY DATE: | BOND DATE: | CUSIP: |
|---|---|---|---|
| 5.250% | December 1, 2023 | January 28, 2010 | 61759C AM0 |

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT:
ONE MILLION THREE HUNDRED TEN THOUSAND DOLLARS

KNOW ALL MEN BY THESE PRESENTS: That THE CITY OF MORGANTOWN (West Virginia), a municipal corporation organized and existing under the laws of the State of West Virginia (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, the Principal Amount specified above and solely from such special funds also to pay interest on said Principal Amount from the Interest Payment Date (as hereinafter defined) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, or, if and to the extent that the Issuer shall default in the payment of interest on any Interest Payment Date, then this Bond shall bear interest from the most recent Interest Payment Date to which interest has been paid or duly provided for, and in which case any Bond surrendered for transfer or exchange shall be dated as of the Interest Payment Date to which interest has been paid in full, at the Interest Rate per annum specified above, semiannually, on June 1 and December 1, in each year, beginning June 1, 2010 (each an "Interest Payment Date"), until maturity or until the date fixed for redemption if this Bond is called for prior redemption and payment on such date is provided for. Capitalized terms used

SPECIMEN

No. AR-6 $1,355,000

**UNITED STATES OF AMERICA**
**STATE OF WEST VIRGINIA**
**THE CITY OF MORGANTOWN, WEST VIRGINIA**
**TAXABLE-COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 A (DIRECT PAYMENT BUILD AMERICA BONDS)**

| INTEREST RATE: | MATURITY DATE: | BOND DATE: | CUSIP: |
|---|---|---|---|
| 5.375% | December 1, 2024 | January 28, 2010 | 61759C AN8 |

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT:
ONE MILLION THREE HUNDRED FIFTY-FIVE THOUSAND DOLLARS

KNOW ALL MEN BY THESE PRESENTS: That THE CITY OF MORGANTOWN (West Virginia), a municipal corporation organized and existing under the laws of the State of West Virginia (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, the Principal Amount specified above and solely from such special funds also to pay interest on said Principal Amount from the Interest Payment Date (as hereinafter defined) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, or, if and to the extent that the Issuer shall default in the payment of interest on any Interest Payment Date, then this Bond shall bear interest from the most recent Interest Payment Date to which interest has been paid or duly provided for, and in which case any Bond surrendered for transfer or exchange shall be dated as of the Interest Payment Date to which interest has been paid in full, at the Interest Rate per annum specified above, semiannually, on June 1 and December 1, in each year, beginning June 1, 2010 (each an "Interest Payment Date"), until maturity or until the date fixed for redemption if this Bond is called for prior redemption and payment on such date is provided for. Capitalized terms used

SPECIMEN

No. AR-7 $1,405,000

**UNITED STATES OF AMERICA**
**STATE OF WEST VIRGINIA**
**THE CITY OF MORGANTOWN, WEST VIRGINIA**
**TAXABLE-COMBINED UTILITY SYSTEM REVENUE BONDS,**
**SERIES 2010 A (DIRECT PAYMENT BUILD AMERICA BONDS)**

| INTEREST RATE: | MATURITY DATE: | BOND DATE: | CUSIP: |
|---|---|---|---|
| 5.450% | December 1, 2025 | January 28, 2010 | 61759C AP3 |

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT:
ONE MILLION FOUR HUNDRED FIVE THOUSAND DOLLARS

KNOW ALL MEN BY THESE PRESENTS: That THE CITY OF MORGANTOWN (West Virginia), a municipal corporation organized and existing under the laws of the State of West Virginia (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, the Principal Amount specified above and solely from such special funds also to pay interest on said Principal Amount from the Interest Payment Date (as hereinafter defined) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, or, if and to the extent that the Issuer shall default in the payment of interest on any Interest Payment Date, then this Bond shall bear interest from the most recent Interest Payment Date to which interest has been paid or duly provided for, and in which case any Bond surrendered for transfer or exchange shall be dated as of the Interest Payment Date to which interest has been paid in full, at the Interest Rate per annum specified above, semiannually, on June 1 and December 1, in each year, beginning June 1, 2010 (each an "Interest Payment Date"), until maturity or until the date fixed for redemption if this Bond is called for prior redemption and payment on such date is provided for. Capitalized terms used

SPECIMEN

No. AR-8 $1,455,000

**UNITED STATES OF AMERICA**
**STATE OF WEST VIRGINIA**
**THE CITY OF MORGANTOWN, WEST VIRGINIA**
**TAXABLE-COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 A (DIRECT PAYMENT BUILD AMERICA BONDS)**

| INTEREST RATE: | MATURITY DATE: | BOND DATE: | CUSIP: |
|---|---|---|---|
| 5.500% | December 1, 2026 | January 28, 2010 | 61759C AQ1 |

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT:
ONE MILLION FOUR HUNDRED FIFTY-FIVE THOUSAND DOLLARS

KNOW ALL MEN BY THESE PRESENTS: That THE CITY OF MORGANTOWN (West Virginia), a municipal corporation organized and existing under the laws of the State of West Virginia (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, the Principal Amount specified above and solely from such special funds also to pay interest on said Principal Amount from the Interest Payment Date (as hereinafter defined) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, or, if and to the extent that the Issuer shall default in the payment of interest on any Interest Payment Date, then this Bond shall bear interest from the most recent Interest Payment Date to which interest has been paid or duly provided for, and in which case any Bond surrendered for transfer or exchange shall be dated as of the Interest Payment Date to which interest has been paid in full, at the Interest Rate per annum specified above, semiannually, on June 1 and December 1, in each year, beginning June 1, 2010 (each an "Interest Payment Date"), until maturity or until the date fixed for redemption if this Bond is called for prior redemption and payment on such date is provided for. Capitalized terms used

SPECIMEN

No. AR-9 $1,505,000

**UNITED STATES OF AMERICA**
**STATE OF WEST VIRGINIA**
**THE CITY OF MORGANTOWN, WEST VIRGINIA**
**TAXABLE-COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 A (DIRECT PAYMENT BUILD AMERICA BONDS)**

| INTEREST RATE: | MATURITY DATE: | BOND DATE: | CUSIP: |
|---|---|---|---|
| 5.500% | December 1, 2027 | January 28, 2010 | 61759C AU2 |

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT:
ONE MILLION FIVE HUNDRED FIVE THOUSAND DOLLARS

KNOW ALL MEN BY THESE PRESENTS: That THE CITY OF MORGANTOWN (West Virginia), a municipal corporation organized and existing under the laws of the State of West Virginia (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, the Principal Amount specified above and solely from such special funds also to pay interest on said Principal Amount from the Interest Payment Date (as hereinafter defined) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, or, if and to the extent that the Issuer shall default in the payment of interest on any Interest Payment Date, then this Bond shall bear interest from the most recent Interest Payment Date to which interest has been paid or duly provided for, and in which case any Bond surrendered for transfer or exchange shall be dated as of the Interest Payment Date to which interest has been paid in full, at the Interest Rate per annum specified above, semiannually, on June 1 and December 1, in each year, beginning June 1, 2010 (each an "Interest Payment Date"), until maturity or until the date fixed for redemption if this Bond is called for prior redemption and payment on such date is provided for. Capitalized terms used

SPECIMEN

No. AR-10 $6,625,000

**UNITED STATES OF AMERICA**
**STATE OF WEST VIRGINIA**
**THE CITY OF MORGANTOWN, WEST VIRGINIA**
**TAXABLE-COMBINED UTILITY SYSTEM REVENUE BONDS,**
**SERIES 2010 A (DIRECT PAYMENT BUILD AMERICA BONDS)**

| INTEREST RATE: | MATURITY DATE: | BOND DATE: | CUSIP: |
|---|---|---|---|
| 6.250% | December 1, 2031 | January 28, 2010 | 61759C AR9 |

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT:
SIX MILLION SIX HUNDRED TWENTY-FIVE THOUSAND DOLLARS

KNOW ALL MEN BY THESE PRESENTS: That THE CITY OF MORGANTOWN (West Virginia), a municipal corporation organized and existing under the laws of the State of West Virginia (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, the Principal Amount specified above and solely from such special funds also to pay interest on said Principal Amount from the Interest Payment Date (as hereinafter defined) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, or, if and to the extent that the Issuer shall default in the payment of interest on any Interest Payment Date, then this Bond shall bear interest from the most recent Interest Payment Date to which interest has been paid or duly provided for, and in which case any Bond surrendered for transfer or exchange shall be dated as of the Interest Payment Date to which interest has been paid in full, at the Interest Rate per annum specified above, semiannually, on June 1 and December 1, in each year, beginning June 1, 2010 (each an "Interest Payment Date"), until maturity or until the date fixed for redemption if this Bond is called for prior redemption and payment on such date is provided for. Capitalized terms used

SPECIMEN

No. AR-11 $9,925,000

**UNITED STATES OF AMERICA**
**STATE OF WEST VIRGINIA**
**THE CITY OF MORGANTOWN, WEST VIRGINIA**
**TAXABLE-COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 A (DIRECT PAYMENT BUILD AMERICA BONDS)**

| INTEREST RATE: | MATURITY DATE: | BOND DATE: | CUSIP: |
|---|---|---|---|
| 6.375% | December 1, 2036 | January 28, 2010 | 61759C AS7 |

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT:
NINE MILLION NINE HUNDRED TWENTY-FIVE THOUSAND DOLLARS

KNOW ALL MEN BY THESE PRESENTS: That THE CITY OF MORGANTOWN (West Virginia), a municipal corporation organized and existing under the laws of the State of West Virginia (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, the Principal Amount specified above and solely from such special funds also to pay interest on said Principal Amount from the Interest Payment Date (as hereinafter defined) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, or, if and to the extent that the Issuer shall default in the payment of interest on any Interest Payment Date, then this Bond shall bear interest from the most recent Interest Payment Date to which interest has been paid or duly provided for, and in which case any Bond surrendered for transfer or exchange shall be dated as of the Interest Payment Date to which interest has been paid in full, at the Interest Rate per annum specified above, semiannually, on June 1 and December 1, in each year, beginning June 1, 2010 (each an "Interest Payment Date"), until maturity or until the date fixed for redemption if this Bond is called for prior redemption and payment on such date is provided for. Capitalized terms used

SPECIMEN

No. AR-12 $9,530,000

**UNITED STATES OF AMERICA**
**STATE OF WEST VIRGINIA**
**THE CITY OF MORGANTOWN, WEST VIRGINIA**
**TAXABLE-COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 A (DIRECT PAYMENT BUILD AMERICA BONDS)**

| INTEREST RATE: | MATURITY DATE: | BOND DATE: | CUSIP: |
|---|---|---|---|
| 6.375% | December 1, 2040 | January 28, 2010 | 61759C AT5 |

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT:
NINE MILLION FIVE HUNDRED THIRTY THOUSAND DOLLARS

KNOW ALL MEN BY THESE PRESENTS: That THE CITY OF MORGANTOWN (West Virginia), a municipal corporation organized and existing under the laws of the State of West Virginia (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, the Principal Amount specified above and solely from such special funds also to pay interest on said Principal Amount from the Interest Payment Date (as hereinafter defined) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, or, if and to the extent that the Issuer shall default in the payment of interest on any Interest Payment Date, then this Bond shall bear interest from the most recent Interest Payment Date to which interest has been paid or duly provided for, and in which case any Bond surrendered for transfer or exchange shall be dated as of the Interest Payment Date to which interest has been paid in full, at the Interest Rate per annum specified above, semiannually, on June 1 and December 1, in each year, beginning June 1, 2010 (each an "Interest Payment Date"), until maturity or until the date fixed for redemption if this Bond is called for prior redemption and payment on such date is provided for. Capitalized terms used

and not defined herein shall have the meanings ascribed thereto in the hereinafter-described Ordinance.

Interest accruing on this Bond on and prior to the Maturity Date hereof shall be payable by check or draft mailed by the West Virginia Municipal Bond Commission, Charleston, West Virginia, as paying agent (in such capacity, the "Paying Agent"), to the Registered Owner hereof as of the applicable Record Date (each May 15 and November 15) or, in the event of a default in the payment of Bonds, that special record date to be fixed by the hereinafter named Registrar by notice given to the Registered Owners not less than 10 days prior to said special record date at the address of such Registered Owner as it appears on the registration books of the Issuer maintained by United Bank, Inc., Charleston, West Virginia, as registrar (in such capacity, the "Registrar"), or, at the option of any Registered Owner of at least $1,000,000 in aggregate principal amount of Bonds, by wire transfer in immediately available funds to a domestic bank account specified in writing by the Registered Owner to the Paying Agent at least 5 days prior to such Record Date. Principal and premium, if any, shall be paid when due upon presentation and surrender of this Bond for payment at the office of the Paying Agent, in Charleston, West Virginia.

This Bond is one of an issue of a series of bonds, in the aggregate principal amount of $37,950,000 designated "The City of Morgantown Taxable-Combined Utility System Revenue Bonds, Series 2010 A (Direct Payment Build America Bonds)" (the "Series 2010 A Bonds"), of like tenor and effect, except as to number, denomination, date of maturity and interest rate, dated January 28, 2010, upon original issuance, the proceeds of which are to be used, together with other funds of the Issuer, (i) to finance the cost of acquisition and construction of certain additions, betterments and improvements to the waterworks portion of the combined waterworks, sewerage and stormwater system of the Issuer, (ii) to fund a reserve account for the Series 2010 A Bonds, (iii) capitalize interest; and (iv) to pay certain costs of issuance of the Series 2010 A Bonds and related costs. The Series 2010 A Bonds are issued under the authority of and in full compliance with the Constitution and statute 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 duly enacted by the City Council of the Issuer on September 1, 2009, and supplemented by a supplemental resolution adopted by said Council on January 5, 2010 (collectively the "Ordinance"), and is subject to all the terms and conditions of said Ordinance. The Ordinance 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 Series 2010 A Bonds under the Ordinance. Reference is hereby made to the Ordinance, as the same may be amended and supplemented from time to time, for a

description of the rights, limitations of rights, obligations, duties and immunities of the Issuer, the Registrar, the Paying Agent, the Registered Owners of the Series 2010 A Bonds and the Registered Owners of any subsequently issued additional bonds. Executed counterparts or certified copies of the Ordinance are on file at the office of the City Clerk in The City of Morgantown, West Virginia.

**The Series 2010 A Bonds are additionally secured, but only to the extent described in the Statement of Insurance printed on the Bonds, by a policy of municipal bond insurance issued by Assured Guaranty Municipal Corp.**

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) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 1992 (WEST VIRGINIA SRF PROGRAM), DATED SEPTEMBER 8, 1992, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $11,900,000 (THE "SERIES 1992 BONDS"); (2) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 1995 (WEST VIRGINIA SRF PROGRAM), DATED APRIL 27, 1995, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,601,477 (THE "SERIES 1995 BONDS"); (3) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2000 A (WEST VIRGINIA SRF PROGRAM), DATED FEBRUARY 29, 2000, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $7,842,000 (THE "SERIES 2000 A BONDS"); (4) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2000 B (WEST VIRGINIA INFRASTRUCTURE FUND), DATED FEBRUARY 29, 2000, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,488,000 (THE "SERIES 2000 B BONDS"); (5) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2001 A (WEST VIRGINIA INFRASTRUCTURE FUND), DATED FEBRUARY 8, 2001, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $3,812,470 (THE "SERIES 2001 A BONDS"); (6) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2006 A (WEST VIRGINIA SRF PROGRAM), DATED JUNE 30, 2006, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $6,410,191 (THE "SERIES 2006 A BONDS"); (7) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2007 A (WEST VIRGINIA SRF PROGRAM), DATED AUGUST 14, 2007, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $8,500,000 (THE "SERIES 2007 A BONDS") (COLLECTIVELY, THE "PRIOR BONDS"); (8) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 B (WEST VIRGINIA SRF PROGRAM/ARRA), DATED JANUARY 28, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $81,600 (THE "SERIES 2010 B BONDS"); (9) COMBINED

UTILITY SYSTEM REVENUE BONDS, SERIES 2010 C (WEST VIRGINIA SRF PROGRAM), DATED JANUARY 28, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $15,203,668 (THE "SERIES 2010 C BONDS"); (10) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 D (WEST VIRGINIA DWTRF PROGRAM), DATED JANUARY 28, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $9,317,286 (THE "SERIES 2010 D BONDS"); (11) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 E (WEST VIRGINIA DWTRF PROGRAM/ARRA), DATED JANUARY 28, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $100,000 (THE "SERIES 2010 E BONDS"); AND (12) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 F (BANK QUALIFIED), DATED JANUARY 28, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $7,250,000 (THE "SERIES 2010 F BONDS").

The Series 2010 A Bonds are subject to redemption prior to their stated maturity dates, as provided in the Ordinance and as set forth in the following lettered paragraphs:

**Optional Redemption**

The Series 2010 A Bonds are subject to optional redemption prior to their stated maturity on or after December 1, 2020, at the option of the City at par plus accrued interest thereon to the date set for redemption.

**Mandatory Sinking Fund Redemption**

The Series 2010 A Bonds maturing on December 1, 2031, December 1, 2036, and December 1, 2040, are subject to annual mandatory redemption prior to maturity by random selection on December 1 of the years and in the principal amounts set forth below, at the redemption price of 100% of the principal amount of each Bond so called for redemption plus interest accrued to the date fixed for redemption:

Bonds Maturing 2031

| Year (December 1) | Principal Amount |
|---|---|
| 2028 | $1,560,000 |
| 2029 | $1,620,000 |
| 2030 | $1,690,000 |
| 2031 | $1,755,000* |

Bonds Maturing 2036

| Year (December 1) | Principal Amount |
|---|---|
| 2032 | $1,825,000 |
| 2033 | $1,905,000 |
| 2034 | $1,980,000 |
| 2035 | $2,065,000 |
| 2036 | $2,150,000* |

Bonds Maturing 2040

| Year (December 1) | Principal Amount |
|---|---|
| 2037 | $2,240,000 |
| 2038 | $2,330,000 |
| 2039 | $2,430,000 |
| 2040 | $2,530,000* |

*Final Maturity

If less than all the Series 2010 A Bonds are to be redeemed, the Bonds to be redeemed shall be identified by reference to the Series designation, date of issue, CUSIP numbers and Maturity Dates.

**Extraordinary Optional Redemption of the Series 2010 A Bonds**

The Series 2010 A Bonds are subject to redemption on any date prior to December 1, 2010, at the option of the City, in whole or in part upon the occurrence of an Extraordinary Event, at a redemption price equal to the greater of:

(1) 100% of the principal amount of the Series 2010 A Bonds to be redeemed; or

(2) the sum of the present value of the remaining scheduled payments of principal and interest to the maturity date of the Series 2010 A Bonds to be redeemed, not including any portion of those payments of interest accrued and unpaid as of the date on which the Series 2010 A Bonds are to be redeemed, discounted to the date on which the Series 2010 A Bonds are to be redeemed on a semi-annual basis, assuming a 360-day year consisting of twelve 30-day months, at the Treasury Rate, plus 100 basis point; plus, in each case, accrued interest on the Series 2010 A Bonds to be redeemed to the redemption date.

"Code" shall mean the Internal Revenue Code of 1986, as amended and supplemented from time to time, and Regulations thereunder and including the American Recovery and Reinvestment Act of 2009 and such guidance with respect thereto as may be issued by the Internal Revenue Service or Department of the Treasury from time to time.

"Treasury Rate" means, with respect to any redemption date for a particular Series 2010 A Bond, the yield to maturity as of such redemption date of United States Treasury securities with a constant maturity excluding inflation indexed securities (as compiled and published in the most recent Federal Reserve Statistical Release H. 15 (519) that has become publicly available at least two Business Days prior to the redemption date or, if such Statistical Release is no longer published, any publicly available source of similar market data) most nearly equal to the period from the redemption date to the maturity date of the Series 2010 A Bond to be redeemed; provided, however, that if the period from the redemption date to such maturity date is less than one year, the weekly average yield on actually traded United States Treasury securities adjusted to a constant maturity of one year will be used.

An "Extraordinary Event" will have occurred if a change has occurred to Section 54AA or 6431 of the Code (as such Sections were added by Section 1531 of the Recovery Act, pertaining to "Build America Bonds") pursuant

to which the City's 35% cash subsidy payment from the United States Treasury with respect to Series 2010 A Bonds is reduced or eliminated.

In the event of any redemption of less than all outstanding Series 2010 A Bonds, the maturities to be redeemed shall be selected by the Paying Agent at the direction of the Issuer and Series 2010 A Bonds to be redeemed shall be determined by lot within a maturity, or in such other manner deemed appropriate by the Paying Agent. If less than all the Series 2010 A Bonds are to be redeemed, the Series 2010 A Bonds to be redeemed shall be identified by reference to the Series designation, date of issue, CUSIP numbers and Maturity Dates.

Notice of any redemption of this Series 2010 A Bond, unless waived, shall be given by the Paying Agent on behalf of the Issuer by mailing an official redemption notice by registered or certified mail at least 30 days and not more than 60 days prior to the date fixed for redemption to the Registered Owner of the Series 2010 A Bond or Series 2010 A Bonds to be redeemed at the address shown on the Bond Register or at such other address as is furnished in writing by such Registered Owner to the Paying Agent. Such notice shall also be given by the Paying Agent to the Registrar. Notice of redemption having been given as aforesaid, the Series 2010 A Bonds or portions of Series 2010 A Bonds so to be redeemed shall, on the Redemption Date, become due and payable at the Redemption Price therein specified, and from and after such date (unless the Issuer shall default in the payment of the Redemption Price) such Series 2010 A Bonds or portions of Series 2010 A Bonds shall cease to bear interest.

Failure to receive such notice or any defect therein or in the mailing thereof shall not affect the validity of proceedings for the redemption of this Series 2010 A Bond.

The Series 2010 A Bonds and the interest thereon are payable only from and are secured by the Gross Revenues (as defined in the Ordinance) to be derived from the operation of the System, on a parity in all respects with the pledge of the Gross Revenues created in favor of the holders of the Prior Bonds and the Series 2010 B Bonds, Series 2010 C Bonds, Series 2010 D Bonds, Series 2010 E Bonds and Series 2010 F Bonds, all monies in the Series 2010 A Bonds Sinking Fund, and the Series 2010 A Bonds Reserve Account therein, established under the Ordinance, and the unexpended proceeds of the Series 2010 A Bonds, and the Issuer hereby and in the Ordinance pledges such revenues and monies to such payment. Said Gross Revenues shall be sufficient to pay the principal of and interest 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 and to make the other payments required by the Ordinance. This Series 2010 A Bond does not constitute an indebtedness of the

Issuer within any constitutional or statutory provision or limitation, nor shall the Issuer be obligated to pay the same or the interest hereon except from said special fund provided from the Gross Revenues, the monies in the Series 2010 A Bonds Sinking Fund and the Series 2010 A Bonds Reserve Account and said unexpended Series 2010 A Bond proceeds. Pursuant to the Ordinance, 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 Series 2010 A Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2010 A Bonds, including the Prior Bonds, Series 2010 B Bonds, Series 2010 C Bonds, Series 2010 D Bonds, Series 2010 E Bonds and Series 2010 F Bonds. The Issuer has entered into certain further covenants with the registered owners of the Series 2010 A Bonds, for the terms of which reference is made to the Ordinance. Remedies provided the registered owners of the Series 2010 A Bonds are exclusively as provided in the Ordinance, to which reference is here made for a detailed description thereof.

All monies received from the sale of the Bonds except for accrued interest thereon shall be applied solely to pay all costs of the Project, funding a reserve account for the Series 2010 A Bonds and pay costs of issuance of the Bonds, and there shall be, and hereby is, created and granted a lien upon such monies, until so applied, in favor of the registered owners of said Series 2010 A Bonds.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Series 2010 A 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 Series 2010 A Bond, together with all other obligations of said 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 said Issuer for the prompt payment of the principal of and interest on the Series 2010 A Bonds of which this Series 2010 A Bond is one.

This Series 2010 A Bond, under the provisions of the Act is and has all the qualities and incidents of, a negotiable instrument under the Uniform Commercial Code of the State of West Virginia, but may be transferred only upon the surrender hereof at the office of the Registrar and otherwise as provided by the within-described Ordinance.

This Series 2010 A Bond and the income therefrom are, under the Act, exempt from all taxation by the State of West Virginia, or any county, municipality, political subdivision or agency thereof.

This Series 2010 A Bond shall not be entitled to any benefit under the Ordinance, or become valid or obligatory for any purpose, until the certificate of authentication and registration hereon shall have been signed by the Registrar.

All provisions of the Ordinance, as defined on the reverse hereof, and the statutes under which this Series 2010 A Bond is issued shall be deemed to be a part of the contract evidenced by this Series 2010 A Bond to the same extent as if written fully herein.

IN WITNESS WHEREOF, THE CITY OF MORGANTOWN (West Virginia) has caused this Bond to be signed by its Mayor and City Manager, and its corporate seal to be imprinted hereon and attested by its City Clerk, and has caused this Series 2010 A Bond to be dated as of the Series 2010 A Bond Date specified above.

[SEAL]

Mayor

City Manager

ATTEST:

City Clerk

## CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Series 2010 A Bond is one of the fully registered Series 2010 A Bonds described in the within-mentioned Ordinance and has been duly registered in the name of the Registered Owner on the date set forth below. Attached hereto is the complete text of the opinion of Steptoe & Johnson PLLC, bond counsel, signed originals of which are on file with the Registrar, delivered and dated on the date of the original delivery of and payment for the Series 2010 A Bonds.

Dated: January 28, 2010.

UNITED BANK, INC.,
As Registrar

By _____
Its Authorized Officer

## STATEMENT OF INSURANCE

# ASSURED GUARANTY STATEMENT OF INSURANCE

Assured Guaranty Corp. ("AGC"), a Maryland-domiciled insurance company, has delivered its financial guaranty insurance policy (the "Policy") with respect to the scheduled payments of principal of and interest on this Bond to West Virginia Municipal Bond Commission, Charleston, West Virginia, as paying agent on behalf of the holders of the Bonds (the "Paying Agent"). Such Policy is on file and available for inspection at the principal office of the Paying Agent and a copy thereof may be obtained from AGC or the Paying Agent. All payments required to be made under the Policy shall be made in accordance with the provisions thereof. The owner of this Bond acknowledges and consents to the subrogation rights of AGC as more fully set forth in the Policy.

**(FORM OF)**
**ASSIGNMENT**

Social Security or Other Identifying Number of Assignee

_____

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto _____ the within Bond and does hereby irrevocably constitute and appoint _____ to transfer the said Bond on the books kept for registration thereof with full power of substitution in the premises.

Dated: _____, _____.

_____

SIGNATURE GUARANTEED:

_____
(Bank, Trust Company or Firm)

_____
(Authorized Officer)

NOTICE: The Assignor's signature to this Assignment must correspond with the name as it appears upon the face of the within Bond in every particular, without alteration or any change whatever.

SPECIMEN

No. FR-1 $975,000

**UNITED STATES OF AMERICA**
**STATE OF WEST VIRGINIA**
**THE CITY OF MORGANTOWN (WEST VIRGINIA)**
**COMBINED UTILITY SYSTEM REVENUE BONDS,**
**SERIES 2010 F (BANK QUALIFIED)**

| INTEREST RATE: | MATURITY DATE: | BOND DATE: | CUSIP: |
|---|---|---|---|
| 1.500% | December 1, 2012 | January 28, 2010 | 61759C AA6 |

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT:
NINE HUNDRED SEVENTY-FIVE THOUSAND DOLLARS

KNOW ALL MEN BY THESE PRESENTS: That THE CITY OF MORGANTOWN (West Virginia), a municipal corporation organized and existing under the laws of the State of West Virginia (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, the Principal Amount specified above and solely from such special funds also to pay interest on said Principal Amount from the Interest Payment Date (as hereinafter defined) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, or, if and to the extent that the Issuer shall default in the payment of interest on any Interest Payment Date, then this Bond shall bear interest from the most recent Interest Payment Date to which interest has been paid or duly provided for, and in which case any Bond surrendered for transfer or exchange shall be dated as of the Interest Payment Date to which interest has been paid in full, at the Interest Rate per annum specified above, semiannually, on June 1 and December 1, in each year, beginning June 1, 2010 (each an "Interest Payment Date"), until maturity or until the date fixed for redemption if this Bond is called for prior redemption and payment on such date is provided for. Capitalized terms used and not defined herein shall have the meanings ascribed thereto in the hereinafter-described Ordinance.

SPECIMEN

No. FR-2 $990,000

**UNITED STATES OF AMERICA**
**STATE OF WEST VIRGINIA**
**THE CITY OF MORGANTOWN (WEST VIRGINIA)**
**COMBINED UTILITY SYSTEM REVENUE BONDS,**
**SERIES 2010 F (BANK QUALIFIED)**

| INTEREST RATE: | MATURITY DATE: | BOND DATE: | CUSIP: |
|---|---|---|---|
| 2.000% | December 1, 2013 | January 28, 2010 | 61759C AB4 |

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT:
NINE HUNDRED NINETY THOUSAND DOLLARS

KNOW ALL MEN BY THESE PRESENTS: That THE CITY OF MORGANTOWN (West Virginia), a municipal corporation organized and existing under the laws of the State of West Virginia (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, the Principal Amount specified above and solely from such special funds also to pay interest on said Principal Amount from the Interest Payment Date (as hereinafter defined) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, or, if and to the extent that the Issuer shall default in the payment of interest on any Interest Payment Date, then this Bond shall bear interest from the most recent Interest Payment Date to which interest has been paid or duly provided for, and in which case any Bond surrendered for transfer or exchange shall be dated as of the Interest Payment Date to which interest has been paid in full, at the Interest Rate per annum specified above, semiannually, on June 1 and December 1, in each year, beginning June 1, 2010 (each an "Interest Payment Date"), until maturity or until the date fixed for redemption if this Bond is called for prior redemption and payment on such date is provided for. Capitalized terms used and not defined herein shall have the meanings ascribed thereto in the hereinafter-described Ordinance.

SPECIMEN

No. FR-3 $1,005,000

**UNITED STATES OF AMERICA**
**STATE OF WEST VIRGINIA**
**THE CITY OF MORGANTOWN (WEST VIRGINIA)**
**COMBINED UTILITY SYSTEM REVENUE BONDS,**
**SERIES 2010 F (BANK QUALIFIED)**

| INTEREST RATE: | MATURITY DATE: | BOND DATE: | CUSIP: |
|---|---|---|---|
| 2.000% | December 1, 2014 | January 28, 2010 | 61759C AC2 |

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT:
ONE MILLION FIVE THOUSAND DOLLARS

KNOW ALL MEN BY THESE PRESENTS: That THE CITY OF MORGANTOWN (West Virginia), a municipal corporation organized and existing under the laws of the State of West Virginia (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, the Principal Amount specified above and solely from such special funds also to pay interest on said Principal Amount from the Interest Payment Date (as hereinafter defined) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, or, if and to the extent that the Issuer shall default in the payment of interest on any Interest Payment Date, then this Bond shall bear interest from the most recent Interest Payment Date to which interest has been paid or duly provided for, and in which case any Bond surrendered for transfer or exchange shall be dated as of the Interest Payment Date to which interest has been paid in full, at the Interest Rate per annum specified above, semiannually, on June 1 and December 1, in each year, beginning June 1, 2010 (each an "Interest Payment Date"), until maturity or until the date fixed for redemption if this Bond is called for prior redemption and payment on such date is provided for. Capitalized terms used and not defined herein shall have the meanings ascribed thereto in the hereinafter-described Ordinance.

SPECIMEN

No. FR-4 $1,030,000

**UNITED STATES OF AMERICA**
**STATE OF WEST VIRGINIA**
**THE CITY OF MORGANTOWN (WEST VIRGINIA)**
**COMBINED UTILITY SYSTEM REVENUE BONDS,**
**SERIES 2010 F (BANK QUALIFIED)**

| INTEREST RATE: | MATURITY DATE: | BOND DATE: | CUSIP: |
|---|---|---|---|
| 2.400% | December 1, 2015 | January 28, 2010 | 61759C AD0 |

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT:
ONE MILLION THIRTY THOUSAND DOLLARS

KNOW ALL MEN BY THESE PRESENTS: That THE CITY OF MORGANTOWN (West Virginia), a municipal corporation organized and existing under the laws of the State of West Virginia (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, the Principal Amount specified above and solely from such special funds also to pay interest on said Principal Amount from the Interest Payment Date (as hereinafter defined) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, or, if and to the extent that the Issuer shall default in the payment of interest on any Interest Payment Date, then this Bond shall bear interest from the most recent Interest Payment Date to which interest has been paid or duly provided for, and in which case any Bond surrendered for transfer or exchange shall be dated as of the Interest Payment Date to which interest has been paid in full, at the Interest Rate per annum specified above, semiannually, on June 1 and December 1, in each year, beginning June 1, 2010 (each an "Interest Payment Date"), until maturity or until the date fixed for redemption if this Bond is called for prior redemption and payment on such date is provided for. Capitalized terms used and not defined herein shall have the meanings ascribed thereto in the hereinafter-described Ordinance.

SPECIMEN

No. FR-5 $1,050,000

**UNITED STATES OF AMERICA**
**STATE OF WEST VIRGINIA**
**THE CITY OF MORGANTOWN (WEST VIRGINIA)**
**COMBINED UTILITY SYSTEM REVENUE BONDS,**
**SERIES 2010 F (BANK QUALIFIED)**

| INTEREST RATE: | MATURITY DATE: | BOND DATE: | CUSIP: |
|---|---|---|---|
| 3.000% | December 1, 2016 | January 28, 2010 | 61759C AE8 |

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT:
ONE MILLION FIFTY THOUSAND DOLLARS

KNOW ALL MEN BY THESE PRESENTS: That THE CITY OF MORGANTOWN (West Virginia), a municipal corporation organized and existing under the laws of the State of West Virginia (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, the Principal Amount specified above and solely from such special funds also to pay interest on said Principal Amount from the Interest Payment Date (as hereinafter defined) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, or, if and to the extent that the Issuer shall default in the payment of interest on any Interest Payment Date, then this Bond shall bear interest from the most recent Interest Payment Date to which interest has been paid or duly provided for, and in which case any Bond surrendered for transfer or exchange shall be dated as of the Interest Payment Date to which interest has been paid in full, at the Interest Rate per annum specified above, semiannually, on June 1 and December 1, in each year, beginning June 1, 2010 (each an "Interest Payment Date"), until maturity or until the date fixed for redemption if this Bond is called for prior redemption and payment on such date is provided for. Capitalized terms used and not defined herein shall have the meanings ascribed thereto in the hereinafter-described Ordinance.

SPECIMEN

No. FR-6 $1,085,000

**UNITED STATES OF AMERICA**
**STATE OF WEST VIRGINIA**
**THE CITY OF MORGANTOWN (WEST VIRGINIA)**
**COMBINED UTILITY SYSTEM REVENUE BONDS,**
**SERIES 2010 F (BANK QUALIFIED)**

| INTEREST RATE: | MATURITY DATE: | BOND DATE: | CUSIP: |
|---|---|---|---|
| 3.100% | December 1, 2017 | January 28, 2010 | 61759C AF5 |

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT:
ONE MILLION EIGHTY-FIVE THOUSAND DOLLARS

KNOW ALL MEN BY THESE PRESENTS: That THE CITY OF MORGANTOWN (West Virginia), a municipal corporation organized and existing under the laws of the State of West Virginia (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, the Principal Amount specified above and solely from such special funds also to pay interest on said Principal Amount from the Interest Payment Date (as hereinafter defined) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, or, if and to the extent that the Issuer shall default in the payment of interest on any Interest Payment Date, then this Bond shall bear interest from the most recent Interest Payment Date to which interest has been paid or duly provided for, and in which case any Bond surrendered for transfer or exchange shall be dated as of the Interest Payment Date to which interest has been paid in full, at the Interest Rate per annum specified above, semiannually, on June 1 and December 1, in each year, beginning June 1, 2010 (each an "Interest Payment Date"), until maturity or until the date fixed for redemption if this Bond is called for prior redemption and payment on such date is provided for. Capitalized terms used and not defined herein shall have the meanings ascribed thereto in the hereinafter-described Ordinance.

SPECIMEN

No. FR-7 $1,115,000

**UNITED STATES OF AMERICA**
**STATE OF WEST VIRGINIA**
**THE CITY OF MORGANTOWN (WEST VIRGINIA)**
**COMBINED UTILITY SYSTEM REVENUE BONDS,**
**SERIES 2010 F (BANK QUALIFIED)**

| INTEREST RATE: | MATURITY DATE: | BOND DATE: | CUSIP: |
|---|---|---|---|
| 3.200% | December 1, 2018 | January 28, 2010 | 61759C AG3 |

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT:
ONE MILLION ONE HUNDRED FIFTEEN THOUSAND DOLLARS

KNOW ALL MEN BY THESE PRESENTS: That THE CITY OF MORGANTOWN (West Virginia), a municipal corporation organized and existing under the laws of the State of West Virginia (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, the Principal Amount specified above and solely from such special funds also to pay interest on said Principal Amount from the Interest Payment Date (as hereinafter defined) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, or, if and to the extent that the Issuer shall default in the payment of interest on any Interest Payment Date, then this Bond shall bear interest from the most recent Interest Payment Date to which interest has been paid or duly provided for, and in which case any Bond surrendered for transfer or exchange shall be dated as of the Interest Payment Date to which interest has been paid in full, at the Interest Rate per annum specified above, semiannually, on June 1 and December 1, in each year, beginning June 1, 2010 (each an "Interest Payment Date"), until maturity or until the date fixed for redemption if this Bond is called for prior redemption and payment on such date is provided for. Capitalized terms used and not defined herein shall have the meanings ascribed thereto in the hereinafter-described Ordinance.

Interest accruing on this Bond on and prior to the Maturity Date hereof shall be payable by check or draft mailed by the West Virginia Municipal Bond Commission, Charleston, West Virginia, as paying agent (in such capacity, the "Paying Agent"), to the Registered Owner hereof as of the applicable Record Date (each May 15 and November 15) or, in the event of a default in the payment of Bonds, that special record date to be fixed by the hereinafter named Registrar by notice given to the Registered Owners not less than 10 days prior to said special record date at the address of such Registered Owner as it appears on the registration books of the Issuer maintained by United Bank, Inc. Charleston, West Virginia, as registrar (in such capacity, the "Registrar"); or, at the option of any Registered Owner of at least $1,000,000 in aggregate principal amount of Bonds, by wire transfer in immediately available funds to a domestic bank account specified in writing by the Registered Owner to the Paying Agent at least 5 days prior to such Record Date. Principal and premium, if any, shall be paid when due upon presentation and surrender of this Bond for payment at the office of the Paying Agent, in Charleston, West Virginia.

This Bond is one of an issue of a series of bonds, in the aggregate principal amount of $7,250,000 designated "The City of Morgantown Combined Utility System Revenue Bonds, Series 2010 F" (the "Series 2010 F Bonds"), of like tenor and effect, except as to number, denomination, date of maturity and interest rate, dated January 28, 2010, upon original issuance, the proceeds of which are to be used, together with other funds of the Issuer, (i) to finance the cost of acquisition and construction of certain additions, betterments and improvements to the waterworks portion of the combined waterworks, sewerage and stormwater system of the Issuer, (ii) to fund a reserve account for the Series 2010 F Bonds, (iii) capitalizing interest on the Series 2010 F Bonds; and (iv) to pay certain costs of issuance of the Series 2010 F Bonds and related costs. The Series 2010 F Bonds are issued under the authority of and in full compliance with the Constitution and statute 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 duly enacted by the City Council of the Issuer on September 1, 2009, and supplemented by a supplemental resolution adopted by said Council on January 5, 2010 (collectively, the "Ordinance"), and is subject to all the terms and conditions of said Ordinance. The Ordinance 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 Series 2010 F Bonds under the Ordinance. Reference is hereby made to the Ordinance, as the same may be amended and supplemented from time to time, for a description of the rights, limitations of rights, obligations, duties and immunities of the Issuer, the Registrar, the Paying Agent, the Registered Owners of the Series 2010 F Bonds and the

Registered Owners of any subsequently issued additional bonds. Executed counterparts or certified copies of the Ordinance are on file at the office of the City Clerk in The City of Morgantown, West Virginia.

**The Series 2010 F Bonds are additionally secured, but only to the extent described in the Statement of Insurance printed on the Bonds, by a policy of municipal bond insurance issued by Assured Guaranty Municipal Corp.**

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) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 1992 (WEST VIRGINIA SRF PROGRAM), DATED SEPTEMBER 8, 1992, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $11,900,000 (THE "SERIES 1992 BONDS"); (2) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 1995 (WEST VIRGINIA SRF PROGRAM), DATED APRIL 27, 1995, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,601,477 (THE "SERIES 1995 BONDS"); (3) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2000 A (WEST VIRGINIA SRF PROGRAM), DATED FEBRUARY 29, 2000, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $7,842,000 (THE "SERIES 2000 A BONDS"); (4) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2000 B (WEST VIRGINIA INFRASTRUCTURE FUND), DATED FEBRUARY 29, 2000, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,488,000 (THE "SERIES 2000 B BONDS"); (5) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2001 A (WEST VIRGINIA INFRASTRUCTURE FUND), DATED FEBRUARY 8, 2001, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $3,812,470 (THE "SERIES 2001 A BONDS"); (6) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2006 A (WEST VIRGINIA SRF PROGRAM), DATED JUNE 30, 2006, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $6,410,191 (THE "SERIES 2006 A BONDS"); (7) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2007 A (WEST VIRGINIA SRF PROGRAM), DATED AUGUST 14, 2007, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $8,500,000 (THE "SERIES 2007 A BONDS") (COLLECTIVELY, THE "PRIOR BONDS"); (8) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 A (DIRECT PAYMENT BUILD AMERICA BONDS), DATED JANUARY 28, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $37,950,000 (THE "SERIES 2010 A BONDS"); (9) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 B (WEST VIRGINIA SRF PROGRAM/ARRA), DATED JANUARY 28, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $81,600 (THE

"SERIES 2010 B BONDS"); (10) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 C (WEST VIRGINIA SRF PROGRAM), DATED JANUARY 28, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $15,203,668 (THE "SERIES 2010 C BONDS"); (11) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 D (WEST VIRGINIA DWTRF PROGRAM), DATED JANUARY 28, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $9,317,286 (THE "SERIES 2010 D BONDS"); AND (12) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 E (WEST VIRGINIA DWTRF PROGRAM/ARRA), DATED JANUARY 28, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $100,000 (THE "SERIES 2010 E BONDS").

The Series 2010 F Bonds are not subject to optional redemption prior to their stated maturity dates.

The Series 2010 F Bonds and the interest thereon are payable only from and are secured by the Gross Revenues (as defined in the Ordinance) to be derived from the operation of the System, on a parity in all respects with the pledge of the Gross Revenues created in favor of the holders of the Prior Bonds, Series 2010 A Bonds, Series 2010 B Bonds, Series 2010 C Bonds, Series 2010 D Bonds, Series 2010 E Bonds, all monies in the Series 2010 F Bonds Sinking Fund, and the Series 2010 F Bonds Reserve Account therein, established under the Ordinance, and the unexpended proceeds of the Series 2010 F Bonds, and the Issuer hereby and in the Ordinance pledges such revenues and monies to such payment. Said Gross Revenues shall be sufficient to pay the principal of and interest 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 and to make the other payments required by the Ordinance. This Series 2010 F Bond does not constitute an indebtedness of the Issuer within any constitutional or statutory provision or limitation, nor shall the Issuer be obligated to pay the same or the interest hereon except from said special fund provided from the Gross Revenues, the monies in the Series 2010 F Bonds Sinking Fund and the Series 2010 F Bonds Reserve Account and said unexpended Series 2010 F Bond proceeds. Pursuant to the Ordinance, 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 Series 2010 F Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2010 F Bonds, including the Prior Bonds and the Series 2010 A Bonds, Series 2010 B Bonds,

Series 2010 C Bonds, and Series 2010 D Bonds. The Issuer has entered into certain further covenants with the registered owners of the Series 2010 F Bonds, for the terms of which reference is made to the Ordinance. Remedies provided the registered owners of the Series 2010 F Bonds are exclusively as provided in the Ordinance, to which reference is here made for a detailed description thereof.

All monies received from the sale of the Bonds except for accrued interest thereon shall be applied solely to pay all costs of the Project, funding a reserve account for the Series 2010 F Bonds and pay costs of issuance of the Bonds, and there shall be, and hereby is, created and granted a lien upon such monies, until so applied, in favor of the registered owners of said Series 2010 F Bonds.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Series 2010 F 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 Series 2010 F Bond, together with all other obligations of said 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 said Issuer for the prompt payment of the principal of and interest on the Series 2010 F Bonds of which this Series 2010 F Bond is one.

This Series 2010 F Bond, under the provisions of the Act is and has all the qualities and incidents of, a negotiable instrument under the Uniform Commercial Code of the State of West Virginia, but may be transferred only upon the surrender hereof at the office of the Registrar and otherwise as provided by the within-described Ordinance.

This Series 2010 F Bond and the income therefrom are, under the Act, exempt from all taxation by the State of West Virginia, or any county, municipality, political subdivision or agency thereof.

This Series 2010 F Bond shall not be entitled to any benefit under the Ordinance, or become valid or obligatory for any purpose, until the certificate of authentication and registration hereon shall have been signed by the Registrar.

All provisions of the Ordinance, as defined on the reverse hereof, and the statutes under which this Series 2010 F Bond is issued shall be deemed to be a part of the contract evidenced by this Series 2010 F Bond to the same extent as if written fully herein.

IN WITNESS WHEREOF, THE CITY OF MORGANTOWN (West Virginia) has caused this Bond to be signed by its Mayor and City Manager, and its corporate seal to be imprinted hereon and attested by its City Clerk, and has caused this Series 2010 F Bond to be dated as of the Series 2010 F Bond Date specified above.

[SEAL]

Mayor

City Manager

ATTEST:

City Clerk

## CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Series 2010 F Bond is one of the fully registered Series 2010 F Bonds described in the within-mentioned Ordinance and has been duly registered in the name of the Registered Owner on the date set forth below. Attached hereto is the complete text of the opinion of Steptoe & Johnson PLLC, bond counsel, signed originals of which are on file with the Registrar, delivered and dated on the date of the original delivery of and payment for the Series 2010 F Bonds.

Dated: January 28, 2010.

UNITED BANK, INC.,
As Registrar

By _____
Its Authorized Officer

## STATEMENT OF INSURANCE

# ASSURED GUARANTY STATEMENT OF INSURANCE

Assured Guaranty Corp. ("AGC"), a Maryland-domiciled insurance company, has delivered its financial guaranty insurance policy (the "Policy") with respect to the scheduled payments of principal of and interest on this Bond to West Virginia Municipal Bond Commission, Charleston, West Virginia, as paying agent on behalf of the holders of the Bonds (the "Paying Agent"). Such Policy is on file and available for inspection at the principal office of the Paying Agent and a copy thereof may be obtained from AGC or the Paying Agent. All payments required to be made under the Policy shall be made in accordance with the provisions thereof. The owner of this Bond acknowledges and consents to the subrogation rights of AGC as more fully set forth in the Policy.

**(FORM OF)**
**ASSIGNMENT**

Social Security or Other Identifying Number of Assignee

_____

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto _____ the within Bond and does hereby irrevocably constitute and appoint _____ to transfer the said Bond on the books kept for registration thereof with full power of substitution in the premises.

Dated: _____, _____.

_____

SIGNATURE GUARANTEED:

_____
(Bank, Trust Company or Firm)

_____
(Authorized Officer)

NOTICE: The Assignor's signature to this Assignment must correspond with the name as it appears upon the face of the within Bond in every particular, without alteration or any change whatever.

Final

**$45,200,000**

City of Morgantown, West Virginia
Combined Utility Revenue Bonds
Series 2010

# Total Issue Sources And Uses

**Dated 01/28/2010 | Delivered 01/28/2010**

| | BABS | Tax Exempt | Issue Summary |
|---|---|---|---|
| **Sources Of Funds** | | | |
| Par Amount of Bonds | $37,950,000.00 | $7,250,000.00 | $45,200,000.00 |
| Reoffering Premium | - | 22,105.20 | 22,105.20 |
| Original Issue Discount (OID) | (646,936.90) | - | (646,936.90) |
| **Total Sources** | **$37,303,063.10** | **$7,272,105.20** | **$44,575,168.30** |
| **Uses Of Funds** | | | |
| Deposit to Project Construction Fund | 33,319,200.00 | 6,781,000.00 | 40,100,200.00 |
| Deposit to Capitalized Interest (CIF) Fund | 2,728,015.27 | 331,610.50 | 3,059,625.77 |
| Gross Bond Insurance Premium | 666,489.74 | 63,030.64 | 729,520.38 |
| Total Underwriter's Discount (0.894%) | 360,525.00 | 43,500.00 | 404,025.00 |
| Costs of Issuance | 121,742.26 | 23,257.74 | 145,000.00 |
| Surety Bond Fee | 105,445.09 | 29,000.00 | 134,445.09 |
| Rounding Amount | 1,645.74 | 706.32 | 2,352.06 |
| **Total Uses** | **$37,303,063.10** | **$7,272,105.20** | **$44,575,168.30** |

Final

**$45,200,000**

City of Morgantown, West Virginia

Combined Utility Revenue Bonds

Series 2010

# Net Debt Service Schedule

| Date | Principal | Coupon | Interest | Tax Subsidy | Total P+I | CIF | Net New D/S | Fiscal Total |
|---|---|---|---|---|---|---|---|---|
| 01/28/2010 | - | - | - | - | - | - | - | - |
| 06/01/2010 | - | - | 840,139.54 | (272,516.66) | 567,622.88 | (567,622.88) | - | - |
| 12/01/2010 | - | - | 1,229,472.50 | (398,804.87) | 830,667.63 | (830,667.63) | - | - |
| 06/01/2011 | - | - | 1,229,472.50 | (398,804.87) | 830,667.63 | (830,667.63) | - | - |
| 12/01/2011 | - | - | 1,229,472.50 | (398,804.87) | 830,667.63 | (830,667.63) | - | - |
| 06/01/2012 | - | - | 1,229,472.50 | (398,804.87) | 830,667.63 | - | 830,667.63 | - |
| 12/01/2012 | 975,000.00 | 1.500% | 1,229,472.50 | (398,804.87) | 1,805,667.63 | - | 1,805,667.63 | 2,636,335.26 |
| 06/01/2013 | - | - | 1,222,160.00 | (398,804.87) | 823,355.13 | - | 823,355.13 | - |
| 12/01/2013 | 990,000.00 | 2.000% | 1,222,160.00 | (398,804.87) | 1,813,355.13 | - | 1,813,355.13 | 2,636,710.26 |
| 06/01/2014 | - | - | 1,212,260.00 | (398,804.87) | 813,455.13 | - | 813,455.13 | - |
| 12/01/2014 | 1,005,000.00 | 2.000% | 1,212,260.00 | (398,804.87) | 1,818,455.13 | - | 1,818,455.13 | 2,631,910.26 |
| 06/01/2015 | - | - | 1,202,210.00 | (398,804.87) | 803,405.13 | - | 803,405.13 | - |
| 12/01/2015 | 1,030,000.00 | 2.400% | 1,202,210.00 | (398,804.87) | 1,833,405.13 | - | 1,833,405.13 | 2,636,810.26 |
| 06/01/2016 | - | - | 1,189,850.00 | (398,804.87) | 791,045.13 | - | 791,045.13 | - |
| 12/01/2016 | 1,050,000.00 | 3.000% | 1,189,850.00 | (398,804.87) | 1,841,045.13 | - | 1,841,045.13 | 2,632,090.26 |
| 06/01/2017 | - | - | 1,174,100.00 | (398,804.87) | 775,295.13 | - | 775,295.13 | - |
| 12/01/2017 | 1,085,000.00 | 3.100% | 1,174,100.00 | (398,804.87) | 1,860,295.13 | - | 1,860,295.13 | 2,635,590.26 |
| 06/01/2018 | - | - | 1,157,282.50 | (398,804.87) | 758,477.63 | - | 758,477.63 | - |
| 12/01/2018 | 1,115,000.00 | 3.200% | 1,157,282.50 | (398,804.87) | 1,873,477.63 | - | 1,873,477.63 | 2,631,955.26 |
| 06/01/2019 | - | - | 1,139,442.50 | (398,804.87) | 740,637.63 | - | 740,637.63 | - |
| 12/01/2019 | 1,150,000.00 | 5.000% | 1,139,442.50 | (398,804.87) | 1,890,637.63 | - | 1,890,637.63 | 2,631,275.26 |
| 06/01/2020 | - | - | 1,110,692.50 | (388,742.37) | 721,950.13 | - | 721,950.13 | - |
| 12/01/2020 | 1,190,000.00 | 5.000% | 1,110,692.50 | (388,742.37) | 1,911,950.13 | - | 1,911,950.13 | 2,633,900.26 |
| 06/01/2021 | - | - | 1,080,942.50 | (378,329.87) | 702,612.63 | - | 702,612.63 | - |
| 12/01/2021 | 1,230,000.00 | 5.000% | 1,080,942.50 | (378,329.87) | 1,932,612.63 | - | 1,932,612.63 | 2,635,225.26 |
| 06/01/2022 | - | - | 1,050,192.50 | (367,567.37) | 682,625.13 | - | 682,625.13 | - |
| 12/01/2022 | 1,270,000.00 | 5.125% | 1,050,192.50 | (367,567.37) | 1,952,625.13 | - | 1,952,625.13 | 2,635,250.26 |
| 06/01/2023 | - | - | 1,017,648.75 | (356,177.06) | 661,471.69 | - | 661,471.69 | - |
| 12/01/2023 | 1,310,000.00 | 5.250% | 1,017,648.75 | (356,177.06) | 1,971,471.69 | - | 1,971,471.69 | 2,632,943.38 |
| 06/01/2024 | - | - | 983,261.25 | (344,141.43) | 639,119.82 | - | 639,119.82 | - |
| 12/01/2024 | 1,355,000.00 | 5.375% | 983,261.25 | (344,141.43) | 1,994,119.82 | - | 1,994,119.82 | 2,633,239.64 |
| 06/01/2025 | - | - | 946,845.63 | (331,395.96) | 615,449.67 | - | 615,449.67 | - |
| 12/01/2025 | 1,405,000.00 | 5.450% | 946,845.63 | (331,395.96) | 2,020,449.67 | - | 2,020,449.67 | 2,635,899.34 |
| 06/01/2026 | - | - | 908,559.38 | (317,995.78) | 590,563.60 | - | 590,563.60 | - |
| 12/01/2026 | 1,455,000.00 | 5.500% | 908,559.38 | (317,995.78) | 2,045,563.60 | - | 2,045,563.60 | 2,636,127.20 |
| 06/01/2027 | - | - | 868,546.88 | (303,991.40) | 564,555.48 | - | 564,555.48 | - |
| 12/01/2027 | 1,505,000.00 | 5.500% | 868,546.88 | (303,991.40) | 2,069,555.48 | - | 2,069,555.48 | 2,634,110.96 |
| 06/01/2028 | - | - | 827,159.38 | (289,505.78) | 537,653.60 | - | 537,653.60 | - |
| 12/01/2028 | 1,560,000.00 | 6.250% | 827,159.38 | (289,505.78) | 2,097,653.60 | - | 2,097,653.60 | 2,635,307.20 |
| 06/01/2029 | - | - | 778,409.38 | (272,443.28) | 505,966.10 | - | 505,966.10 | - |
| 12/01/2029 | 1,620,000.00 | 6.250% | 778,409.38 | (272,443.28) | 2,125,966.10 | - | 2,125,966.10 | 2,631,932.20 |
| 06/01/2030 | - | - | 727,784.38 | (254,724.53) | 473,059.85 | - | 473,059.85 | - |
| 12/01/2030 | 1,690,000.00 | 6.250% | 727,784.38 | (254,724.53) | 2,163,059.85 | - | 2,163,059.85 | 2,636,119.70 |
| 06/01/2031 | - | - | 674,971.88 | (236,240.15) | 438,731.73 | - | 438,731.73 | - |
| 12/01/2031 | 1,755,000.00 | 6.250% | 674,971.88 | (236,240.15) | 2,193,731.73 | - | 2,193,731.73 | 2,632,463.46 |
| 06/01/2032 | - | - | 620,128.13 | (217,044.84) | 403,083.29 | - | 403,083.29 | - |
| 12/01/2032 | 1,825,000.00 | 6.375% | 620,128.13 | (217,044.84) | 2,228,083.29 | - | 2,228,083.29 | 2,631,166.58 |
| 06/01/2033 | - | - | 561,956.25 | (196,684.68) | 365,271.57 | - | 365,271.57 | - |
| 12/01/2033 | 1,905,000.00 | 6.375% | 561,956.25 | (196,684.68) | 2,270,271.57 | - | 2,270,271.57 | 2,635,543.14 |
| 06/01/2034 | - | - | 501,234.38 | (175,432.03) | 325,802.35 | - | 325,802.35 | - |
| 12/01/2034 | 1,980,000.00 | 6.375% | 501,234.38 | (175,432.03) | 2,305,802.35 | - | 2,305,802.35 | 2,631,604.70 |
| 06/01/2035 | - | - | 438,121.88 | (153,342.65) | 284,779.23 | - | 284,779.23 | - |
| 12/01/2035 | 2,065,000.00 | 6.375% | 438,121.88 | (153,342.65) | 2,349,779.23 | - | 2,349,779.23 | 2,634,558.46 |
| 06/01/2036 | - | - | 372,300.00 | (130,305.00) | 241,995.00 | - | 241,995.00 | - |
| 12/01/2036 | 2,150,000.00 | 6.375% | 372,300.00 | (130,305.00) | 2,391,995.00 | - | 2,391,995.00 | 2,633,990.00 |
| 06/01/2037 | - | - | 303,768.75 | (106,319.06) | 197,449.69 | - | 197,449.69 | - |
| 12/01/2037 | 2,240,000.00 | 6.375% | 303,768.75 | (106,319.06) | 2,437,449.69 | - | 2,437,449.69 | 2,634,899.38 |
| 06/01/2038 | - | - | 232,368.75 | (81,329.06) | 151,039.69 | - | 151,039.69 | - |
| 12/01/2038 | 2,330,000.00 | 6.375% | 232,368.75 | (81,329.06) | 2,481,039.69 | - | 2,481,039.69 | 2,632,079.38 |
| 06/01/2039 | - | - | 158,100.00 | (55,335.00) | 102,765.00 | - | 102,765.00 | - |
| 12/01/2039 | 2,430,000.00 | 6.375% | 158,100.00 | (55,335.00) | 2,532,765.00 | - | 2,532,765.00 | 2,635,530.00 |
| 06/01/2040 | - | - | 80,643.75 | (28,225.31) | 52,418.44 | - | 52,418.44 | - |
| 12/01/2040 | 2,530,000.00 | 6.375% | 80,643.75 | (28,225.31) | 2,582,418.44 | - | 2,582,418.44 | 2,634,836.88 |
| **Total** | **$45,200,000.00** | - | **$52,069,384.64** | **(17,820,354.41)** | **$79,449,030.23** | **(3,059,625.77)** | **$76,389,404.46** | - |



*Crews & Associates, Inc.*

Capital Markets

Final

**$37,950,000**

City of Morgantown, West Virginia
Combined Utility Revenue Bonds
Series 2010A

# Net Debt Service Schedule

| Date | Principal | Coupon | Interest | Tax Subsidy | Total P+I | CIF | Net New D/S | Fiscal Total |
|---|---|---|---|---|---|---|---|---|
| 01/28/2010 | - | - | - | - | - | - | - | - |
| 06/01/2010 | - | - | 778,619.04 | (272,516.66) | 506,102.38 | (506,102.38) | - | - |
| 12/01/2010 | - | - | 1,139,442.50 | (398,804.87) | 740,637.63 | (740,637.63) | - | - |
| 06/01/2011 | - | - | 1,139,442.50 | (398,804.87) | 740,637.63 | (740,637.63) | - | - |
| 12/01/2011 | - | - | 1,139,442.50 | (398,804.87) | 740,637.63 | (740,637.63) | - | - |
| 06/01/2012 | - | - | 1,139,442.50 | (398,804.87) | 740,637.63 | - | 740,637.63 | - |
| 12/01/2012 | - | - | 1,139,442.50 | (398,804.87) | 740,637.63 | - | 740,637.63 | 1,481,275.26 |
| 06/01/2013 | - | - | 1,139,442.50 | (398,804.87) | 740,637.63 | - | 740,637.63 | - |
| 12/01/2013 | - | - | 1,139,442.50 | (398,804.87) | 740,637.63 | - | 740,637.63 | 1,481,275.26 |
| 06/01/2014 | - | - | 1,139,442.50 | (398,804.87) | 740,637.63 | - | 740,637.63 | - |
| 12/01/2014 | - | - | 1,139,442.50 | (398,804.87) | 740,637.63 | - | 740,637.63 | 1,481,275.26 |
| 06/01/2015 | - | - | 1,139,442.50 | (398,804.87) | 740,637.63 | - | 740,637.63 | - |
| 12/01/2015 | - | - | 1,139,442.50 | (398,804.87) | 740,637.63 | - | 740,637.63 | 1,481,275.26 |
| 06/01/2016 | - | - | 1,139,442.50 | (398,804.87) | 740,637.63 | - | 740,637.63 | - |
| 12/01/2016 | - | - | 1,139,442.50 | (398,804.87) | 740,637.63 | - | 740,637.63 | 1,481,275.26 |
| 06/01/2017 | - | - | 1,139,442.50 | (398,804.87) | 740,637.63 | - | 740,637.63 | - |
| 12/01/2017 | - | - | 1,139,442.50 | (398,804.87) | 740,637.63 | - | 740,637.63 | 1,481,275.26 |
| 06/01/2018 | - | - | 1,139,442.50 | (398,804.87) | 740,637.63 | - | 740,637.63 | - |
| 12/01/2018 | - | - | 1,139,442.50 | (398,804.87) | 740,637.63 | - | 740,637.63 | 1,481,275.26 |
| 06/01/2019 | - | - | 1,139,442.50 | (398,804.87) | 740,637.63 | - | 740,637.63 | - |
| 12/01/2019 | 1,150,000.00 | 5.000% | 1,139,442.50 | (398,804.87) | 1,890,637.63 | - | 1,890,637.63 | 2,631,275.26 |
| 06/01/2020 | - | - | 1,110,692.50 | (388,742.37) | 721,950.13 | - | 721,950.13 | - |
| 12/01/2020 | 1,190,000.00 | 5.000% | 1,110,692.50 | (388,742.37) | 1,911,950.13 | - | 1,911,950.13 | 2,633,900.26 |
| 06/01/2021 | - | - | 1,080,942.50 | (378,329.87) | 702,612.63 | - | 702,612.63 | - |
| 12/01/2021 | 1,230,000.00 | 5.000% | 1,080,942.50 | (378,329.87) | 1,932,612.63 | - | 1,932,612.63 | 2,635,225.26 |
| 06/01/2022 | - | - | 1,050,192.50 | (367,567.37) | 682,625.13 | - | 682,625.13 | - |
| 12/01/2022 | 1,270,000.00 | 5.125% | 1,050,192.50 | (367,567.37) | 1,952,625.13 | - | 1,952,625.13 | 2,635,250.26 |
| 06/01/2023 | - | - | 1,017,648.75 | (356,177.06) | 661,471.69 | - | 661,471.69 | - |
| 12/01/2023 | 1,310,000.00 | 5.250% | 1,017,648.75 | (356,177.06) | 1,971,471.69 | - | 1,971,471.69 | 2,632,943.38 |
| 06/01/2024 | - | - | 983,261.25 | (344,141.43) | 639,119.82 | - | 639,119.82 | - |
| 12/01/2024 | 1,355,000.00 | 5.375% | 983,261.25 | (344,141.43) | 1,994,119.82 | - | 1,994,119.82 | 2,633,239.64 |
| 06/01/2025 | - | - | 946,845.63 | (331,395.96) | 615,449.67 | - | 615,449.67 | - |
| 12/01/2025 | 1,405,000.00 | 5.450% | 946,845.63 | (331,395.96) | 2,020,449.67 | - | 2,020,449.67 | 2,635,899.34 |
| 06/01/2026 | - | - | 908,559.38 | (317,995.78) | 590,563.60 | - | 590,563.60 | - |
| 12/01/2026 | 1,455,000.00 | 5.500% | 908,559.38 | (317,995.78) | 2,045,563.60 | - | 2,045,563.60 | 2,636,127.20 |
| 06/01/2027 | - | - | 868,546.88 | (303,991.40) | 564,555.48 | - | 564,555.48 | - |
| 12/01/2027 | 1,505,000.00 | 5.500% | 868,546.88 | (303,991.40) | 2,069,555.48 | - | 2,069,555.48 | 2,634,110.96 |
| 06/01/2028 | - | - | 827,159.38 | (289,505.78) | 537,653.60 | - | 537,653.60 | - |
| 12/01/2028 | 1,560,000.00 | 6.250% | 827,159.38 | (289,505.78) | 2,097,653.60 | - | 2,097,653.60 | 2,635,307.20 |
| 06/01/2029 | - | - | 778,409.38 | (272,443.28) | 505,966.10 | - | 505,966.10 | - |
| 12/01/2029 | 1,620,000.00 | 6.250% | 778,409.38 | (272,443.28) | 2,125,966.10 | - | 2,125,966.10 | 2,631,932.20 |
| 06/01/2030 | - | - | 727,784.38 | (254,724.53) | 473,059.85 | - | 473,059.85 | - |
| 12/01/2030 | 1,690,000.00 | 6.250% | 727,784.38 | (254,724.53) | 2,163,059.85 | - | 2,163,059.85 | 2,636,119.70 |
| 06/01/2031 | - | - | 674,971.88 | (236,240.15) | 438,731.73 | - | 438,731.73 | - |
| 12/01/2031 | 1,755,000.00 | 6.250% | 674,971.88 | (236,240.15) | 2,193,731.73 | - | 2,193,731.73 | 2,632,463.46 |
| 06/01/2032 | - | - | 620,128.13 | (217,044.84) | 403,083.29 | - | 403,083.29 | - |
| 12/01/2032 | 1,825,000.00 | 6.375% | 620,128.13 | (217,044.84) | 2,228,083.29 | - | 2,228,083.29 | 2,631,166.58 |
| 06/01/2033 | - | - | 561,956.25 | (196,684.68) | 365,271.57 | - | 365,271.57 | - |
| 12/01/2033 | 1,905,000.00 | 6.375% | 561,956.25 | (196,684.68) | 2,270,271.57 | - | 2,270,271.57 | 2,635,543.14 |
| 06/01/2034 | - | - | 501,234.38 | (175,432.03) | 325,802.35 | - | 325,802.35 | - |
| 12/01/2034 | 1,980,000.00 | 6.375% | 501,234.38 | (175,432.03) | 2,305,802.35 | - | 2,305,802.35 | 2,631,604.70 |
| 06/01/2035 | - | - | 438,121.88 | (153,342.65) | 284,779.23 | - | 284,779.23 | - |
| 12/01/2035 | 2,065,000.00 | 6.375% | 438,121.88 | (153,342.65) | 2,349,779.23 | - | 2,349,779.23 | 2,634,558.46 |
| 06/01/2036 | - | - | 372,300.00 | (130,305.00) | 241,995.00 | - | 241,995.00 | - |
| 12/01/2036 | 2,150,000.00 | 6.375% | 372,300.00 | (130,305.00) | 2,391,995.00 | - | 2,391,995.00 | 2,633,990.00 |
| 06/01/2037 | - | - | 303,768.75 | (106,319.06) | 197,449.69 | - | 197,449.69 | - |
| 12/01/2037 | 2,240,000.00 | 6.375% | 303,768.75 | (106,319.06) | 2,437,449.69 | - | 2,437,449.69 | 2,634,899.38 |
| 06/01/2038 | - | - | 232,368.75 | (81,329.06) | 151,039.69 | - | 151,039.69 | - |
| 12/01/2038 | 2,330,000.00 | 6.375% | 232,368.75 | (81,329.06) | 2,481,039.69 | - | 2,481,039.69 | 2,632,079.38 |
| 06/01/2039 | - | - | 158,100.00 | (55,335.00) | 102,765.00 | - | 102,765.00 | - |
| 12/01/2039 | 2,430,000.00 | 6.375% | 158,100.00 | (55,335.00) | 2,532,765.00 | - | 2,532,765.00 | 2,635,530.00 |
| 06/01/2040 | - | - | 80,643.75 | (28,225.31) | 52,418.44 | - | 52,418.44 | - |
| 12/01/2040 | 2,530,000.00 | 6.375% | 80,643.75 | (28,225.31) | 2,582,418.44 | - | 2,582,418.44 | 2,634,836.88 |
| **Total** | **$37,950,000.00** | - | **$50,915,299.14** | **(17,820,354.41)** | **$71,044,944.73** | **(2,728,015.27)** | **$68,316,929.46** | - |



*Crews & Associates, Inc.*
Capital Markets

Final

**$37,950,000**

City of Morgantown, West Virginia
Combined Utility Revenue Bonds
Series 2010A

# Pricing Summary

| Maturity | Type of Bond | Coupon | Yield | Maturity Value | Price | Dollar Price |
|---|---|---|---|---|---|---|
| 12/01/2019 | Serial Coupon | 5.000% | 4.910% | 1,150,000.00 | 100.689% | 1,157,923.50 |
| 12/01/2020 | Serial Coupon | 5.000% | 4.960% | 1,190,000.00 | 100.325% | 1,193,867.50 |
| 12/01/2021 | Serial Coupon | 5.000% | 5.110% | 1,230,000.00 | 99.024% | 1,217,995.20 |
| 12/01/2022 | Serial Coupon | 5.125% | 5.210% | 1,270,000.00 | 99.204% | 1,259,890.80 |
| 12/01/2023 | Serial Coupon | 5.250% | 5.310% | 1,310,000.00 | 99.409% | 1,302,257.90 |
| 12/01/2024 | Serial Coupon | 5.375% | 5.460% | 1,355,000.00 | 99.135% | 1,343,279.25 |
| 12/01/2025 | Serial Coupon | 5.450% | 5.510% | 1,405,000.00 | 99.363% | 1,396,050.15 |
| 12/01/2026 | Serial Coupon | 5.500% | 5.560% | 1,455,000.00 | 99.341% | 1,445,411.55 |
| 12/01/2027 | Serial Coupon | 5.500% | 5.610% | 1,505,000.00 | 98.761% | 1,486,353.05 |
| 12/01/2031 | Term 1 Coupon | 6.250% | 6.350% | 6,625,000.00 | 98.816% | 6,546,560.00 |
| 12/01/2036 | Term 2 Coupon | 6.375% | 6.550% | 9,925,000.00 | 97.790% | 9,705,657.50 |
| 12/01/2040 | Term 3 Coupon | 6.375% | 6.600% | 9,530,000.00 | 97.039% | 9,247,816.70 |
| **Total** | - | - | - | **$37,950,000.00** | - | **$37,303,063.10** |

**Bid Information**

| | |
|---|---|
| Par Amount of Bonds | $37,950,000.00 |
| Reoffering Premium or (Discount) | (646,936.90) |
| Gross Production | $37,303,063.10 |
| Total Underwriter's Discount (0.950%) | $(360,525.00) |
| Bid (97.345%) | 36,942,538.10 |
| Total Purchase Price | $36,942,538.10 |
| Bond Year Dollars | $829,516.25 |
| Average Life | 21.858 Years |
| Average Coupon | 6.1379508% |
| Net Interest Cost (NIC) | 6.2594025% |
| True Interest Cost (TIC) | 6.3137314% |



*Crews & Associates, Inc.*
Capital Markets

Final

**$37,950,000**

City of Morgantown, West Virginia
Combined Utility Revenue Bonds
Series 2010A

# Proof Of Bond Yield @ 4.2338407%

| Date | Cashflow | PV Factor | Present Value | Cumulative PV |
|---|---|---|---|---|
| 01/28/2010 | - | 1.0000000x | - | - |
| 06/01/2010 | 506,102.38 | 0.9857873x | 498,909.31 | 498,909.31 |
| 12/01/2010 | 740,637.63 | 0.9653516x | 714,975.73 | 1,213,885.04 |
| 06/01/2011 | 740,637.63 | 0.9453395x | 700,154.02 | 1,914,039.06 |
| 12/01/2011 | 740,637.63 | 0.9257423x | 685,639.58 | 2,599,678.64 |
| 06/01/2012 | 740,637.63 | 0.9065513x | 671,426.02 | 3,271,104.67 |
| 12/01/2012 | 740,637.63 | 0.8877582x | 657,507.12 | 3,928,611.79 |
| 06/01/2013 | 740,637.63 | 0.8693546x | 643,876.76 | 4,572,488.55 |
| 12/01/2013 | 740,637.63 | 0.8513326x | 630,528.97 | 5,203,017.52 |
| 06/01/2014 | 740,637.63 | 0.8336842x | 617,457.88 | 5,820,475.40 |
| 12/01/2014 | 740,637.63 | 0.8164016x | 604,657.75 | 6,425,133.15 |
| 06/01/2015 | 740,637.63 | 0.7994773x | 592,122.98 | 7,017,256.13 |
| 12/01/2015 | 740,637.63 | 0.7829039x | 579,848.06 | 7,597,104.19 |
| 06/01/2016 | 740,637.63 | 0.7666740x | 567,827.60 | 8,164,931.79 |
| 12/01/2016 | 740,637.63 | 0.7507806x | 556,056.33 | 8,720,988.12 |
| 06/01/2017 | 740,637.63 | 0.7352166x | 544,529.08 | 9,265,517.21 |
| 12/01/2017 | 740,637.63 | 0.7199753x | 533,240.80 | 9,798,758.01 |
| 06/01/2018 | 740,637.63 | 0.7050500x | 522,186.53 | 10,320,944.54 |
| 12/01/2018 | 740,637.63 | 0.6904340x | 511,361.41 | 10,832,305.95 |
| 06/01/2019 | 740,637.63 | 0.6761211x | 500,760.71 | 11,333,066.66 |
| 12/01/2019 | 1,890,637.63 | 0.6621048x | 1,251,800.33 | 12,584,866.99 |
| 06/01/2020 | 721,950.13 | 0.6483792x | 468,097.43 | 13,052,964.42 |
| 12/01/2020 | 1,911,950.13 | 0.6349380x | 1,213,969.86 | 14,266,934.28 |
| 06/01/2021 | 702,612.63 | 0.6217755x | 436,867.35 | 14,703,801.63 |
| 12/01/2021 | 1,932,612.63 | 0.6088859x | 1,176,740.61 | 15,880,542.24 |
| 06/01/2022 | 682,625.13 | 0.5962635x | 407,024.44 | 16,287,566.69 |
| 12/01/2022 | 1,952,625.13 | 0.5839027x | 1,140,143.16 | 17,427,709.84 |
| 06/01/2023 | 661,471.69 | 0.5717982x | 378,228.34 | 17,805,938.18 |
| 12/01/2023 | 1,971,471.69 | 0.5599446x | 1,103,915.01 | 18,909,853.19 |
| 06/01/2024 | 639,119.82 | 0.5483368x | 350,452.91 | 19,260,306.10 |
| 12/01/2024 | 1,994,119.82 | 0.5369696x | 1,070,781.66 | 20,331,087.76 |
| 06/01/2025 | 615,449.67 | 0.5258380x | 323,626.82 | 20,654,714.58 |
| 12/01/2025 | 2,020,449.67 | 0.5149372x | 1,040,404.67 | 21,695,119.25 |
| 06/01/2026 | 590,563.60 | 0.5042624x | 297,798.99 | 21,992,918.24 |
| 12/01/2026 | 2,045,563.60 | 0.4938088x | 1,010,117.34 | 23,003,035.58 |
| 06/01/2027 | 564,555.48 | 0.4835720x | 273,003.21 | 23,276,038.79 |
| 12/01/2027 | 2,069,555.48 | 0.4735474x | 980,032.54 | 24,256,071.33 |
| 06/01/2028 | 537,653.60 | 0.4637306x | 249,326.40 | 24,505,397.73 |
| 12/01/2028 | 2,097,653.60 | 0.4541173x | 952,580.69 | 25,457,978.43 |
| 06/01/2029 | 505,966.10 | 0.4447032x | 225,004.76 | 25,682,983.19 |
| 12/01/2029 | 2,125,966.10 | 0.4354844x | 925,825.04 | 26,608,808.23 |
| 06/01/2030 | 473,059.85 | 0.4264566x | 201,739.51 | 26,810,547.74 |
| 12/01/2030 | 2,163,059.85 | 0.4176160x | 903,328.48 | 27,713,876.22 |
| 06/01/2031 | 438,731.73 | 0.4089587x | 179,423.16 | 27,893,299.38 |
| 12/01/2031 | 2,193,731.73 | 0.4004808x | 878,547.54 | 28,771,846.92 |
| 06/01/2032 | 403,083.29 | 0.3921787x | 158,080.69 | 28,929,927.62 |
| 12/01/2032 | 2,228,083.29 | 0.3840487x | 855,692.56 | 29,785,620.18 |
| 06/01/2033 | 365,271.57 | 0.3760873x | 137,373.98 | 29,922,994.16 |
| 12/01/2033 | 2,270,271.57 | 0.3682908x | 836,120.22 | 30,759,114.38 |
| 06/01/2034 | 325,802.35 | 0.3606560x | 117,502.58 | 30,876,616.96 |
| 12/01/2034 | 2,305,802.35 | 0.3531795x | 814,362.14 | 31,690,979.10 |
| 06/01/2035 | 284,779.23 | 0.3458580x | 98,493.17 | 31,789,472.27 |
| 12/01/2035 | 2,349,779.23 | 0.3386882x | 795,842.52 | 32,585,314.79 |
| 06/01/2036 | 241,995.00 | 0.3316671x | 80,261.78 | 32,665,576.57 |
| 12/01/2036 | 2,391,995.00 | 0.3247915x | 776,899.66 | 33,442,476.22 |
| 06/01/2037 | 197,449.69 | 0.3180585x | 62,800.54 | 33,505,276.77 |
| 12/01/2037 | 2,437,449.69 | 0.3114650x | 759,180.25 | 34,264,457.02 |
| 06/01/2038 | 151,039.69 | 0.3050082x | 46,068.35 | 34,310,525.37 |
| 12/01/2038 | 2,481,039.69 | 0.2986853x | 741,050.04 | 35,051,575.41 |
| 06/01/2039 | 102,765.00 | 0.2924934x | 30,058.09 | 35,081,633.50 |
| 12/01/2039 | 2,532,765.00 | 0.2864299x | 725,459.72 | 35,807,093.22 |
| 06/01/2040 | 52,418.44 | 0.2804921x | 14,702.96 | 35,821,796.18 |
| 12/01/2040 | 2,582,418.44 | 0.2746774x | 709,332.08 | 36,531,128.26 |
| **Total** | **$71,044,944.73** | - | **$36,531,128.26** | - |

**Derivation Of Target Amount**

| | |
|---|---|
| Par Amount of Bonds | $37,950,000.00 |
| Reoffering Premium or (Discount) | (646,936.90) |
| Bond Insurance Premium..... ( 75.0 bp) | (666,489.74) |
| Other Credit Enhancement Fees | (105,445.09) |
| Original Issue Proceeds | $36,531,128.27 |



*Crews & Associates, Inc.*
Capital Markets

Final

**$37,950,000**

City of Morgantown, West Virginia
Combined Utility Revenue Bonds
Series 2010A

# Derivation Of Form 8038 Yield Statistics

| Maturity | Issuance Value | Price | Issuance PRICE | Exponent | Bond Years |
|---|---|---|---|---|---|
| 01/28/2010 | - | - | - | - | - |
| 12/01/2019 | 1,150,000.00 | 100.689% | 1,157,923.50 | 9.8416667x | 11,395,897.11 |
| 12/01/2020 | 1,190,000.00 | 100.325% | 1,193,867.50 | 10.8416667x | 12,943,513.48 |
| 12/01/2021 | 1,230,000.00 | 99.024% | 1,217,995.20 | 11.8416667x | 14,423,093.16 |
| 12/01/2022 | 1,270,000.00 | 99.204% | 1,259,890.80 | 12.8416667x | 16,179,097.69 |
| 12/01/2023 | 1,310,000.00 | 99.409% | 1,302,257.90 | 13.8416667x | 18,025,419.77 |
| 12/01/2024 | 1,355,000.00 | 99.135% | 1,343,279.25 | 14.8416667x | 19,936,502.87 |
| 12/01/2025 | 1,405,000.00 | 99.363% | 1,396,050.15 | 15.8416667x | 22,115,761.13 |
| 12/01/2026 | 1,455,000.00 | 99.341% | 1,445,411.55 | 16.8416667x | 24,343,139.52 |
| 12/01/2027 | 1,505,000.00 | 98.761% | 1,486,353.05 | 17.8416667x | 26,519,015.67 |
| 12/01/2028 | 1,560,000.00 | 98.816% | 1,541,529.60 | 18.8416667x | 29,044,986.88 |
| 12/01/2029 | 1,620,000.00 | 98.816% | 1,600,819.20 | 19.8416667x | 31,762,920.96 |
| 12/01/2030 | 1,690,000.00 | 98.816% | 1,669,990.40 | 20.8416667x | 34,805,383.25 |
| 12/01/2031 | 1,755,000.00 | 98.816% | 1,734,220.80 | 21.8416667x | 37,878,272.64 |
| 12/01/2032 | 1,825,000.00 | 97.790% | 1,784,667.50 | 22.8416667x | 40,764,780.15 |
| 12/01/2033 | 1,905,000.00 | 97.790% | 1,862,899.50 | 23.8416667x | 44,414,628.91 |
| 12/01/2034 | 1,980,000.00 | 97.790% | 1,936,242.00 | 24.8416667x | 48,099,478.35 |
| 12/01/2035 | 2,065,000.00 | 97.790% | 2,019,363.50 | 25.8416667x | 52,183,718.45 |
| 12/01/2036 | 2,150,000.00 | 97.790% | 2,102,485.00 | 26.8416667x | 56,434,201.54 |
| 12/01/2037 | 2,240,000.00 | 97.039% | 2,173,673.60 | 27.8416667x | 60,518,695.81 |
| 12/01/2038 | 2,330,000.00 | 97.039% | 2,261,008.70 | 28.8416667x | 65,211,259.26 |
| 12/01/2039 | 2,430,000.00 | 97.039% | 2,358,047.70 | 29.8416667x | 70,368,073.45 |
| 12/01/2040 | 2,530,000.00 | 97.039% | 2,455,086.70 | 30.8416667x | 75,718,965.64 |
| **Total** | **$37,950,000.00** | - | **$37,303,063.10** | - | **$813,086,805.68** |

**IRS Form 8038**

| | |
|---|---|
| Weighted Average Maturity = Bond Years/Issue Price | 21.797 Years |
| Total Interest from Debt Service | 50,915,299.14 |
| Reoffering (Premium) or Discount | 646,936.90 |
| Total Interest | 51,562,236.04 |
| NIC = Interest / (Issue Price * Average Maturity) | 6.3415414% |
| Bond Yield for Arbitrage Purposes | 4.2338407% |



*Crews & Associates, Inc.*
Capital Markets

Final

**$7,250,000**

City of Morgantown, West Virginia
Combined Utility Revenue Bonds
Series 2010F

# Net Debt Service Schedule

| Date | Principal | Coupon | Interest | Total P+I | CIF | Net New D/S | Fiscal Total |
|---|---|---|---|---|---|---|---|
| 01/28/2010 | - | - | - | - | - | - | - |
| 06/01/2010 | - | - | 61,520.50 | 61,520.50 | (61,520.50) | - | - |
| 12/01/2010 | - | - | 90,030.00 | 90,030.00 | (90,030.00) | - | - |
| 06/01/2011 | - | - | 90,030.00 | 90,030.00 | (90,030.00) | - | - |
| 12/01/2011 | - | - | 90,030.00 | 90,030.00 | (90,030.00) | - | - |
| 06/01/2012 | - | - | 90,030.00 | 90,030.00 | - | 90,030.00 | - |
| 12/01/2012 | 975,000.00 | 1.500% | 90,030.00 | 1,065,030.00 | - | 1,065,030.00 | 1,155,060.00 |
| 06/01/2013 | - | - | 82,717.50 | 82,717.50 | - | 82,717.50 | - |
| 12/01/2013 | 990,000.00 | 2.000% | 82,717.50 | 1,072,717.50 | - | 1,072,717.50 | 1,155,435.00 |
| 06/01/2014 | - | - | 72,817.50 | 72,817.50 | - | 72,817.50 | - |
| 12/01/2014 | 1,005,000.00 | 2.000% | 72,817.50 | 1,077,817.50 | - | 1,077,817.50 | 1,150,635.00 |
| 06/01/2015 | - | - | 62,767.50 | 62,767.50 | - | 62,767.50 | - |
| 12/01/2015 | 1,030,000.00 | 2.400% | 62,767.50 | 1,092,767.50 | - | 1,092,767.50 | 1,155,535.00 |
| 06/01/2016 | - | - | 50,407.50 | 50,407.50 | - | 50,407.50 | - |
| 12/01/2016 | 1,050,000.00 | 3.000% | 50,407.50 | 1,100,407.50 | - | 1,100,407.50 | 1,150,815.00 |
| 06/01/2017 | - | - | 34,657.50 | 34,657.50 | - | 34,657.50 | - |
| 12/01/2017 | 1,085,000.00 | 3.100% | 34,657.50 | 1,119,657.50 | - | 1,119,657.50 | 1,154,315.00 |
| 06/01/2018 | - | - | 17,840.00 | 17,840.00 | - | 17,840.00 | - |
| 12/01/2018 | 1,115,000.00 | 3.200% | 17,840.00 | 1,132,840.00 | - | 1,132,840.00 | 1,150,680.00 |
| **Total** | **$7,250,000.00** | - | **$1,154,085.50** | **$8,404,085.50** | **(331,610.50)** | **$8,072,475.00** | - |



*Crews & Associates, Inc.*
Capital Markets

Final

**$7,250,000**

City of Morgantown, West Virginia
Combined Utility Revenue Bonds
Series 2010F

# Pricing Summary

| Maturity | Type of Bond | Coupon | Yield | Maturity Value | Price | Dollar Price |
|---|---|---|---|---|---|---|
| 12/01/2012 | Serial Coupon | 1.500% | 1.500% | 975,000.00 | 100.000% | 975,000.00 |
| 12/01/2013 | Serial Coupon | 2.000% | 1.750% | 990,000.00 | 100.923% | 999,137.70 |
| 12/01/2014 | Serial Coupon | 2.000% | 2.000% | 1,005,000.00 | 100.000% | 1,005,000.00 |
| 12/01/2015 | Serial Coupon | 2.400% | 2.400% | 1,030,000.00 | 100.000% | 1,030,000.00 |
| 12/01/2016 | Serial Coupon | 3.000% | 2.800% | 1,050,000.00 | 101.235% | 1,062,967.50 |
| 12/01/2017 | Serial Coupon | 3.100% | 3.100% | 1,085,000.00 | 100.000% | 1,085,000.00 |
| 12/01/2018 | Serial Coupon | 3.200% | 3.200% | 1,115,000.00 | 100.000% | 1,115,000.00 |
| **Total** | - | - | - | **$7,250,000.00** | - | **$7,272,105.20** |

**Bid Information**

| | |
|---|---|
| Par Amount of Bonds | $7,250,000.00 |
| Reoffering Premium or (Discount) | 22,105.20 |
| Gross Production | $7,272,105.20 |
| Total Underwriter's Discount (0.600%) | $(43,500.00) |
| Bid (99.705%) | 7,228,605.20 |
| Total Purchase Price | $7,228,605.20 |
| Bond Year Dollars | $43,007.08 |
| Average Life | 5.932 Years |
| Average Coupon | 2.6834777% |
| Net Interest Cost (NIC) | 2.7332249% |
| True Interest Cost (TIC) | 2.7252320% |



*Crews & Associates, Inc.*
Capital Markets

Final

**$7,250,000**

City of Morgantown, West Virginia
Combined Utility Revenue Bonds
Series 2010F

# Proof Of Bond Yield @ 2.8494373%

| Date | Cashflow | PV Factor | Present Value | Cumulative PV |
|---|---|---|---|---|
| 01/28/2010 | - | 1.0000000x | - | - |
| 06/01/2010 | 61,520.50 | 0.9903797x | 60,928.65 | 60,928.65 |
| 12/01/2010 | 90,030.00 | 0.9764678x | 87,911.39 | 148,840.05 |
| 06/01/2011 | 90,030.00 | 0.9627513x | 86,676.50 | 235,516.55 |
| 12/01/2011 | 90,030.00 | 0.9492275x | 85,458.95 | 320,975.49 |
| 06/01/2012 | 90,030.00 | 0.9358936x | 84,258.50 | 405,234.00 |
| 12/01/2012 | 1,065,030.00 | 0.9227471x | 982,753.30 | 1,387,987.30 |
| 06/01/2013 | 82,717.50 | 0.9097852x | 75,255.16 | 1,463,242.45 |
| 12/01/2013 | 1,072,717.50 | 0.8970054x | 962,233.37 | 2,425,475.82 |
| 06/01/2014 | 72,817.50 | 0.8844051x | 64,400.17 | 2,489,875.99 |
| 12/01/2014 | 1,077,817.50 | 0.8719818x | 939,837.25 | 3,429,713.24 |
| 06/01/2015 | 62,767.50 | 0.8597330x | 53,963.29 | 3,483,676.54 |
| 12/01/2015 | 1,092,767.50 | 0.8476563x | 926,291.27 | 4,409,967.81 |
| 06/01/2016 | 50,407.50 | 0.8357492x | 42,128.03 | 4,452,095.84 |
| 12/01/2016 | 1,100,407.50 | 0.8240094x | 906,746.15 | 5,358,841.98 |
| 06/01/2017 | 34,657.50 | 0.8124345x | 28,156.95 | 5,386,998.93 |
| 12/01/2017 | 1,119,657.50 | 0.8010222x | 896,870.52 | 6,283,869.45 |
| 06/01/2018 | 17,840.00 | 0.7897702x | 14,089.50 | 6,297,958.95 |
| 12/01/2018 | 1,132,840.00 | 0.7786763x | 882,115.61 | 7,180,074.56 |
| **Total** | **$8,404,085.50** | - | **$7,180,074.56** | - |

**Derivation Of Target Amount**

| | |
|---|---|
| Par Amount of Bonds | $7,250,000.00 |
| Reoffering Premium or (Discount) | 22,105.20 |
| Bond Insurance Premium..... ( 75.0 bp) | (63,030.64) |
| Other Credit Enhancement Fees | (29,000.00) |
| Original Issue Proceeds | $7,180,074.56 |



*Crews & Associates, Inc.*
Capital Markets

Final

**$7,250,000**

City of Morgantown, West Virginia
Combined Utility Revenue Bonds
Series 2010F

# Derivation Of Form 8038 Yield Statistics

| Maturity | Issuance Value | Price | Issuance PRICE | Exponent | Bond Years |
|---|---|---|---|---|---|
| 01/28/2010 | - | - | - | - | - |
| 12/01/2012 | 975,000.00 | 100.000% | 975,000.00 | 2.8416667x | 2,770,625.00 |
| 12/01/2013 | 990,000.00 | 100.923% | 999,137.70 | 3.8416667x | 3,838,354.00 |
| 12/01/2014 | 1,005,000.00 | 100.000% | 1,005,000.00 | 4.8416667x | 4,865,875.00 |
| 12/01/2015 | 1,030,000.00 | 100.000% | 1,030,000.00 | 5.8416667x | 6,016,916.67 |
| 12/01/2016 | 1,050,000.00 | 101.235% | 1,062,967.50 | 6.8416667x | 7,272,469.31 |
| 12/01/2017 | 1,085,000.00 | 100.000% | 1,085,000.00 | 7.8416667x | 8,508,208.33 |
| 12/01/2018 | 1,115,000.00 | 100.000% | 1,115,000.00 | 8.8416667x | 9,858,458.33 |
| **Total** | **$7,250,000.00** | - | **$7,272,105.20** | - | **$43,130,906.64** |

**IRS Form 8038**

| | |
|---|---|
| Weighted Average Maturity = Bond Years/Issue Price | 5.931 Years |
| Total Interest from Debt Service | 1,154,085.50 |
| Reoffering (Premium) or Discount | (22,105.20) |
| Total Interest | 1,131,980.30 |
| NIC = Interest / (Issue Price * Average Maturity) | 2.6245224% |
| Bond Yield for Arbitrage Purposes | 2.8494373% |



*Crews & Associates, Inc.*
Capital Markets

# CONFORMED BOND ORDINANCE

## THE CITY OF MORGANTOWN

## COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2012 A (WEST VIRGINIA DWTRF PROGRAM); AND COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2012 B (WEST VIRGINIA DWTRF PROGRAM)

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CONFORMED BOND ORDINANCE

THE CITY OF MORGANTOWN

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF EXTENSIONS, ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE WATER PORTION OF THE EXISTING PUBLIC COMBINED WATERWORKS, SEWERAGE AND STORMWATER SYSTEM OF THE CITY OF MORGANTOWN AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE CITY OF NOT MORE THAN $1,100,000 IN AGGREGATE PRINCIPAL AMOUNT OF COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2012 A (WEST VIRGINIA DWTRF PROGRAM) AND NOT MORE THAN $1,600,000 IN AGGREGATE PRINCIPAL AMOUNT OF COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2012 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; APPROVING, RATIFYING AND CONFIRMING A LOAN AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

BE IT ORDAINED AND ENACTED BY THE COUNCIL OF THE CITY OF MORGANTOWN:

## 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 and Chapter 16, Article 13C 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 Morgantown (the "Issuer") is a municipal corporation and political subdivision of the State of West Virginia in Monongalia County of said State.

B. The Issuer presently owns and operates, through the Morgantown Utility Board (the "Board"), a public combined waterworks, sewerage, and stormwater system. It is deemed necessary and desirable for the health and welfare of the inhabitants of the Issuer, and for the improvement of the water environment of the project area, that there be acquired and constructed certain extensions, additions, betterments and improvements to the water portion of the existing public combined waterworks, sewerage, and stormwater system of the Issuer, consisting of additions and improvements to the City's public waterworks system, including extension of water distribution lines, and construction of a water storage tank, to serve Whispering Woods Subdivision and adjacent areas, other additions and improvements and all necessary appurtenances (collectively, the "Project") (the existing public combined waterworks, sewerage, and stormwater 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 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"), in connection with the West Virginia Drinking Water Treatment Revolving Fund Program (the "DWTRF Program"), which the Authority administers pursuant to the Act on behalf of the West Virginia Bureau for Public Health.

D. It is deemed necessary for the Issuer to issue its Combined Utility System Revenue Bonds, Series 2012 A (West Virginia DWTRF Program), in the aggregate principal amount of not more than $1,100,000 (the "Series 2012 A Bonds") and Combined Utility System Revenue Bonds, Series 2012 B (West Virginia DWTRF Program), in the aggregate principal amount of not more than $1,600,000 (the "Series 2012 B Bonds"), to permanently finance a portion of the costs of acquisition and construction of the Project. Said costs shall be deemed to include the cost of all property rights, easements and franchises deemed necessary or convenient therefor and eligible under the DWTRF Program; interest, if any, upon the Series 2012 A Bonds or Series 2012 B Bonds for a period not exceeding 6 months after completion of construction of the Project; amounts which may be deposited in the Series 2012 A Bonds Reserve Account (as hereinafter defined) or amounts which may be used to purchase a surety bond to fund the Series 2012 A Bonds Reserve Account, 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); discount, initial fees for the services of registrars, paying agents, depositories or trustees or other costs in connection with the sale of the Series 2012 A Bonds or Series 2012 B Bonds and such other expenses as may be necessary or incidental to the financing herein authorized, the acquisition or construction of the Project and the placing of same in operation, and the performance of the things herein required or permitted, in connection with any thereof, provided, that reimbursement to the Issuer or the Board for any amounts expended by them for allowable costs prior to the issuance of the Series 2012 A Bonds or Series 2012 B

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 32 years.

F. It is in the best interests of the Issuer that its Series 2012 A Bonds and 2012 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"), in form satisfactory to the respective parties (the "Loan Agreement"), approved hereby if not previously approved by resolution of the Issuer.

G. There are outstanding obligations of the Issuer which will rank on a parity with the Series 2012 A Bonds and Series 2012 B Bonds as to liens, pledge, source of and security for payment, being the Issuer's: (1) Combined Utility System Revenue Bonds, Series 1992 (West Virginia SRF Program), dated September 8, 1992, issued in the original aggregate principal amount of $11,900,000 (the "Series 1992 Bonds"); (2) Combined Utility System Revenue Bonds, Series 1995 (West Virginia SRF Program), dated April 27, 1995, issued in the original aggregate principal amount of $1,601,477 (the "Series 1995 Bonds"); (3) Combined Utility System Revenue Bonds, Series 2000 A (West Virginia SRF Program), dated February 29, 2000, issued in the original aggregate principal amount of $7,842,000 (the "Series 2000 A Bonds"); (4) Combined Utility System Revenue Bonds, Series 2000 B (West Virginia Infrastructure Fund), dated February 29, 2000, issued in the original aggregate principal amount of $2,488,000 (the "Series 2000 B Bonds"); (5) Combined Utility System Revenue Bonds, Series 2001 A (West Virginia Infrastructure Fund), dated February 8, 2001, issued in the original aggregate principal amount of $3,812,470 (the "Series 2001 A Bonds"); (6) Combined Utility System Revenue Bonds, Series 2006 A (West Virginia SRF Program), dated June 30, 2006, issued in the original aggregate principal amount of $6,410,191 (the "Series 2006 A Bonds"); (7) Combined Utility System Revenue Bonds, Series 2007 A (West Virginia SRF Program), dated August 14, 2007, issued in the original aggregate principal amount of $8,500,000 (the "Series 2007 A Bonds"); (8) Taxable-Combined Utility System Revenue Bonds, Series 2010 A (Direct Payment Build America Bonds), dated January 28, 2010, issued in the original aggregate principal amount of $37,950,000 (the "Series 2010 A Bonds"); (9) Combined Utility System Revenue Bonds, Series 2010 B (West Virginia SRF Program/ARRA), dated January 28, 2010, issued in the original aggregate principal amount of $81,600 (the "Series 2010 B Bonds"); (10) Combined Utility System Revenue Bonds, Series 2010 C (West Virginia SRF Program), dated January 28, 2010, issued in the original aggregate principal amount of $15,380,227 (the "Series 2010 C Bonds"); (11) Combined Utility System Revenue Bonds, Series 2010 D (West Virginia DWTRF Program), dated January 28, 2010, issued in the original aggregate principal amount of $9,317,286 (the "Series 2010 D Bonds"); (12) Combined Utility System Revenue Bonds, Series 2010 E (West Virginia DWTRF Program/ARRA), dated January 28, 2010, issued in the original aggregate principal amount of $100,000 (the "Series 2010 E Bonds"); and (13) Combined Utility System Revenue Bonds, Series 2010 F (Bank Qualified), dated January 28, 2010, issued in the original aggregate amount of $7,250,000 (the "Series 2010 F Bonds"), (collectively, the "Prior Bonds").

H. Prior to the issuance of the Series 2012 A Bonds and Series 2012 B Bonds, the Issuer will obtain (i) the certificate of an Independent Certified Public Accountant stating that the coverage and parity tests of the Prior Bonds are met, and (ii) the written consent of the Holders of the Prior Bonds to the issuance of the Series 2012 A Bonds and Series 2012 B Bonds on a parity with the Prior Bonds. Other than the Prior Bonds, there are no other outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System. The Issuer is in compliance with all the covenants of the Prior Bonds and the Prior Ordinances.

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 and the principal of and interest, if any, on the Series 2012 A Bonds, Series 2012 B Bonds and the Prior Bonds and to make payments into all funds and accounts and other payments provided for herein.

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 2012 A Bonds and Series 2012 B Bonds, or will have so complied prior to issuance of any thereof, including, among other things, the approval of the Project and the financing thereof by Public Service Commission of West Virginia and the West Virginia Infrastructure and Jobs Development Council.

K. The Project has been reviewed and determined to be technically and financially feasible by the West Virginia Infrastructure and Jobs Development Council as required under Chapter 31, Article 15A of the West Virginia Code of 1931, as amended.

Section 1.03. Bond Legislation Constitutes Contract. In consideration of the acceptance of the Series 2012 A Bonds and Series 2012 B Bonds by the Registered Owners of the same from time to time, this Bond Legislation shall be deemed to be and shall constitute a contract between the Issuer and such Bondholders, and the covenants and agreements herein set forth to be performed by the Issuer shall be for the equal benefit, protection and security of the Bondholders of any and all of such Series 2012 A Bonds and Series 2012 B Bonds, all of which shall be of equal rank and without preference, priority or distinction between any one Bond and any other Bonds and by reason of priority of issuance or otherwise, except as expressly provided therein and herein.

Section 1.04. Definitions. The following terms shall have the following meanings herein unless the context expressly requires otherwise:

"Act" means, collectively, Chapter 8, Article 20 and Chapter 16, Article 13C of the West Virginia Code of 1931, as amended and in effect on the date of enactment hereof.

"Administrative Fee" means any administrative fee required to be paid pursuant to the DWTRF Loan Agreement.

"Authority" means the West Virginia Water Development Authority, which is expected to be the original purchaser and Registered Owner of the Series 2012 A Bonds and

Series 2012 B Bonds, or any other agency, board or department of the State that succeeds to the functions of the Authority, acting in its administrative capacity and upon authorization from the BPH under the Act.

"Authorized Officer" means the Mayor or the City Manager of the Issuer, and, in the instance of the Board, the Chairman, the General Manager or the Assistant General Manager, or any other officer of the Issuer or Board specifically designated by resolution of the Governing Body or the Board, as appropriate.

"Board" means the Morgantown Utility Board of the Issuer.

"Bondholder," "Holder of the Bonds," "Holder," "Registered Owner" or any similar term whenever used herein with respect to an outstanding Bond or Bonds, means the person in whose name such Bond is registered.

"Bond Legislation," "Ordinance," "Bond Ordinance" or "Local Act" means this Bond Ordinance and all ordinances, orders and resolutions supplemental hereto or amendatory hereof.

"Bond Registrar" means the bank or other entity to be designated as such in the Supplemental Resolution and its successors and assigns.

"Bonds" means, collectively, the Series 2012 A Bonds, the Series 2012 B Bonds, the Prior Bonds and, where appropriate, any bonds on a parity therewith subsequently authorized to be issued hereunder or by another ordinance of the Issuer.

"Bond Year" means the 12-month period beginning on the anniversary of the Closing Date in each year and ending on the day prior to the anniversary date of the Closing Date in the following year, except that the first Bond Year shall begin on the Closing Date.

"City Clerk" means the City Clerk of the Issuer.

"City Manager" means the City Manager of the Issuer.

"Closing Date" means the date upon which there is an exchange of the Series 2012 A Bonds and Series 2012 B Bonds for all or a portion of the proceeds of the Series 2012 A Bonds and Series 2012 B Bonds from the Authority and the BPH.

"Code" means the Internal Revenue Code of 1986, as amended, and the Regulations.

"Commission" means the West Virginia Municipal Bond Commission or any other agency of the State of West Virginia that succeeds to the functions of the Commission.

"Completion Date" means the completion date of the Project, as defined in the DWTRF Regulations.

"Consulting Engineers" means 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. "Consulting Engineer" shall also include a licensed professional engineer employed by the Board, who is responsible for design and/or supervision of improvements, additions or modifications to the System.

"Costs" or "Costs of the Project" means those costs described in Section 1.02D hereof to be a part of the cost of acquisition and construction of the Project.

"Cross Cutter Authorities" means federal laws and authorities that apply by their terms to projects or activities receiving federal assistance.

"BPH" means the West Virginia Bureau for Public Health, or any other agency, board or department of the state that succeeds to the function of the BPH.

"Depository Bank" means the bank designated as such in the Supplemental Resolution, and its successors and assigns, which shall be a member of FDIC.

"Depreciation Fund" means the Depreciation Fund created by the Prior Ordinances and continued hereby.

"DWTRF Program" means the West Virginia Drinking Water Treatment Revolving Fund Program established by the State, administered by BPH and funded by capitalized 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.

"DWTRF Regulations" means the DWTRF regulations set forth in the West Virginia Code of State Regulations, as amended from time to time.

"FDIC" means the Federal Deposit Insurance Corporation and any successor to the functions of the FDIC.

"Fiscal Year" means each 12-month period beginning on July 1 and ending on the succeeding June 30.

"Governing Body" means the council of the Issuer, as it may now or hereafter be constituted.

"Government Obligations" means direct obligations of, or obligations the timely payment of the principal of and interest on which is guaranteed by, the United States of America.

"Gross Revenues" means the aggregate gross operating and non-operating revenues of the System, as hereinafter defined, determined in accordance with generally accepted accounting principles, after deduction of prompt payment discounts, if any, and reasonable provision for uncollectible accounts; provided that, "Gross Revenues" include any gains from the sale or other disposition of capital assets, but does not include any increase in the value of capital assets (including Qualified Investments, as hereinafter defined) or any Tap Fees (as hereinafter defined).

"Herein," "hereto" and similar words shall refer to this entire Bond Legislation.

"Independent Certified Public Accountant" means any certified public accountant or firm of certified public accountants that shall at any time hereafter be retained by the Issuer to prepare an independent annual or special audit of the accounts of the System or for any other purpose except keeping the accounts of the System in the normal operation of its business and affairs.

"Issuer" means The City of Morgantown, a municipal corporation and political subdivision of the State of West Virginia, in Monongalia County, West Virginia, and, unless the context clearly indicates otherwise, includes the Governing Body of the Issuer.

"Loan Agreement" means the loan agreement heretofore entered, or to be entered, into by and between the Issuer and the Authority on behalf of the BPH, providing for the purchase of the Series 2012 Bonds from the Issuer by the Authority, the form of which shall be approved, and the execution and delivery by the Issuer authorized and directed or ratified, by the Supplemental Resolution.

"Mayor" means the Mayor of the Issuer.

"Net Proceeds" means the face amount of the Series 2012 A Bonds and Series 2012 B Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds, if any, deposited in the Reserve Accounts. For purposes of the Private Business Use limitations set forth herein, the term Net Proceeds shall include any amounts resulting from the investment of proceeds of the Series 2012 A Bonds and Series 2012 B Bonds, without regard to whether or not such investment is made in tax-exempt obligations.

"Net Revenues" means the balance of the Gross Revenues, remaining after deduction of Operating Expenses, as hereinafter defined.

"Operating Expenses" shall mean the reasonable, proper and necessary costs of repair, maintenance and operation of the System and includes, without limiting the generality of the foregoing, administrative, engineering, legal, auditing and insurance expenses, other than those capitalized as part of the Costs, fees and expenses of the Authority, fiscal agents, the Depository Bank, the Registrar and Paying Agent (all as hereinafter defined), other than those capitalized as part of the Costs, the DWTRF Administrative Fee, 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.

"Operation and Maintenance Fund" means the Operation and Maintenance Fund established by the Prior Ordinances and continued hereby.

"Outstanding" when used with reference to Bonds or Prior Bonds and as of any particular date, describes all Bonds or Prior Bonds theretofore and thereupon being authenticated and delivered, except (i) any Bond or Prior Bond cancelled by the Bond Registrar or Registrar for Prior Bonds, at or prior to said date; (ii) any Bond or Prior Bonds, for the payment of which 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 X hereof; (iv) any Prior Bond deemed to have been paid; and (v) for purposes of consents or other action by a specified percentage of Bondholders, or holders of Prior Bonds, any Bonds or Prior Bonds registered to the Issuer.

"Parity Bonds" means additional 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 Series 2012 A Bonds and Series 2012 B Bonds in the Supplemental Resolution.

"Prior Bonds" means, collectively, the Series 1992 Bonds, Series 1995 Bonds, Series 2000 A Bonds, Series 2000 B Bonds, Series 2001 A Bonds, Series 2006 A Bonds, Series 2007 A Bonds, Series 2010 A Bonds, Series 2010 B Bonds, Series 2010 C Bonds, Series 2010 D Bonds, Series 2010 E Bonds and Series 2010 F Bonds.

"Prior Ordinances" means, collectively, the ordinances authorizing the Prior Bonds.

"Project" means the Project as described in Section 1.02B hereof.

"Qualified Investments" means and includes any of the following:

(a) Government Obligations;

(b) Government Obligations which have been stripped of their unmatured interest coupons, interest coupons stripped from Government Obligations, and receipts or certificates evidencing payments from Government Obligations or interest coupons stripped from Government Obligations;

(c) Bonds, debentures, notes or other evidences of indebtedness issued by any of the following agencies: Banks for Cooperatives; Federal Intermediate Credit Banks; Federal Home Loan Bank System; Export-Import Bank of the United States; Federal Land Banks; Government National Mortgage Association; Tennessee Valley Authority; or Washington Metropolitan Area Transit Authority;

(d) Any bond, debenture, note, participation certificate or other similar obligations issued by the Federal National Mortgage Association to the extent such obligation is guaranteed by the Government National Mortgage Association or issued by any other federal agency and backed by the full faith and credit of the United States of America;

(e) Time accounts (including accounts evidenced by time certificates of deposit, time deposits or other similar banking arrangements) which, to the extent not insured by the FDIC, shall be secured by a pledge of Government Obligations, provided, that said Government Obligations pledged either must mature as nearly as practicable coincident with the maturity of said time accounts or must be replaced or increased so that the market value thereof is always at least equal to the principal amount of said time accounts;

(f) Money market funds or similar funds whose only assets are investments of the type described in paragraphs (a) through (e) above;

(g) Repurchase agreements, fully secured by investments of the types described in paragraphs (a) through (e) above, with banks or national banking associations which are members of FDIC or with government bond dealers recognized as primary dealers by the Federal Reserve Bank of New York, provided, that said investments securing said repurchase agreements either must mature as nearly as practicable coincident with the maturity of said repurchase agreements or must be replaced or increased so that the market value thereof is always at least equal to the principal amount of said repurchase agreements, and provided further that the holder of such repurchase agreement shall have a prior perfected security interest in the collateral therefor; must have (or its agent must have) possession of such collateral; and such collateral must be free of all claims by third parties;

(h) The West Virginia "consolidated fund" managed by the West Virginia Board of Treasury Investments pursuant to Chapter 12, Article 6C of the West Virginia Code of 1931, as amended; and

(i) Obligations of States or political subdivisions or agencies thereof, the interest on which is exempt from federal income taxation, and which are rated at least "A" by Moody's Investors Service, Inc. or Standard & Poor's Corporation.

"Registered Owner," "Bondholder," "Holder" or any similar term means whenever used herein with respect to an outstanding Bond or Bonds, the person in whose name such Bond is registered.

"Registrar" means the Bond Registrar.

"Regulations" means temporary and permanent regulations promulgated under the Code, or any predecessor thereto.

"Reserve Accounts" means, collectively, the respective Reserve Accounts established for the Series 2012 A Bonds and the Prior Bonds.

"Reserve Requirement" means, collectively, the respective amounts required to be on deposit in any Reserve Account for the Prior Bonds and the Series 2012 A Bonds.

"Revenue Fund" means the Revenue Fund created by the Prior Ordinances and continued hereby.

"Series 1992 Bonds" means the Combined Utility System Revenue Bonds, Series 1992 (West Virginia SRF Program), of the Issuer, dated September 8, 1992, issued in the original aggregate principal amount of $11,900,000.

"Series 1995 Bonds" means the Combined Utility System Revenue Bonds, Series 1995 (West Virginia SRF Program), of the Issuer, dated April 27, 1995, issued in the original aggregate principal amount of $1,601,477.

"Series 2000 A Bonds" means the Combined Utility System Revenue Bonds, Series 2000 A (West Virginia SRF Program), of the Issuer, dated February 29, 2000, issued in the original aggregate principal amount of $7,842,000.

"Series 2000 B Bonds" means the Combined Utility System Revenue Bonds, Series 2000 B (West Virginia Infrastructure Fund), of the Issuer, dated February 29, 2000, issued in the original aggregate principal amount of $2,488,000.

"Series 2001 A Bonds" means the Combined Utility System Revenue Bonds, Series 2001 A (West Virginia Infrastructure Fund), of the Issuer, dated February 8, 2001, issued in the original aggregate principal amount of $3,812,470.

"Series 2006 A Bonds" means the Combined Utility System Revenue Bonds, Series 2006 A (West Virginia SRF Program), of the Issuer, dated June 30, 2006, issued in the original aggregate principal amount of $6,410,191.

"Series 2007 A Bonds" means the Combined Utility System Revenue Bonds, Series 2007 A (West Virginia SRF Program), of the Issuer, dated August 14, 2007, issued in the original aggregate principal amount of $8,500,000.

"Series 2010 A Bonds" means the Taxable-Combined Utility System Revenue Bonds, Series 2010 A (Direct Payment Build America Bonds), of the Issuer, dated January 28, 2010, issued in the original aggregate principal amount of $37,950,000.

"Series 2010 B Bonds" means the Combined Utility System Revenue Bonds, Series 2010 B (West Virginia SRF Program/ARRA), of the Issuer, dated January 28, 2010, issued in the original aggregate principal amount of $81,600.

"Series 2010 C Bonds" means the Combined Utility System Revenue Bonds, Series 2010 C (West Virginia SRF Program), of the Issuer, dated January 28, 2010, issued in the original aggregate principal amount of $15,380,227.

"Series 2010 D Bonds" means the Combined Utility System Revenue Bonds, Series 2010 D (West Virginia DWTRF Program), of the Issuer, dated January 28, 2010, issued in the original aggregate principal amount of $9,317,286.

"Series 2010 E Bonds" means the Combined Utility System Revenue Bonds, Series 2010 E (West Virginia DWTRF Program/ARRA), of the Issuer, dated January 28, 2010, issued in the original aggregate principal amount of $100,000.

"Series 2010 F Bonds" means the Combined Utility System Revenue Bonds, Series 2010 F (Bank Qualified), of the Issuer, dated January 28, 2010, issued in the original aggregate principal amount of $7,250,000.

"Series 2012 A Bonds" means the Combined Utility System Revenue Bonds, Series 2012 A (West Virginia DWTRF Program), of the Issuer, authorized by this Bond Legislation.

"Series 2012 Bonds" means, collectively, the Series 2012 A Bonds and the Series 2012 B Bonds.

"Series 2012 Bonds Construction Trust Fund" means the Series 2012 Bonds Construction Trust Fund established by Section 5.01 hereof.

"Series 2012 A Bonds Reserve Account" means the Series 2012 A Bonds Reserve Account established by Section 5.02 hereof.

"Series 2012 A Bonds Reserve Requirement" means, as of any date of calculation, the maximum amount of principal and interest, if any, which will become due on the Series 2012 A Bonds in the then current or any succeeding year.

"Series 2012 A Bonds Sinking Fund" means the Series 2012 A Bonds Sinking Fund established by Section 5.02 hereof.

"Series 2012 B Bonds" means the Combined Utility System Revenue Bonds, Series 2012 B (West Virginia DWTRF Program), of the Issuer, authorized by this Bond Legislation.

"Sinking Funds" means, collectively, the respective Sinking Funds established for the Series 2012 A 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 authorizing the sale of the Series 2012 Bonds; provided, that any matter intended by this Ordinance to be included in the Supplemental Resolution with respect to the Series 2012 Bonds, and not so included may be included in another Supplemental Resolution.

"Surplus Revenues" means the Net Revenues not required by the Bond Legislation to be set aside and held for the payment of or security for the Series 2012 Bonds, the Prior Bonds or any other obligations of the Issuer, including, without limitation, the Depreciation Fund, the Sinking Funds and the Reserve Accounts.

"System" means, collectively, the complete existing public combined waterworks, sewerage, and stormwater system of the Issuer, as presently existing in its entirety or any integral part thereof, and shall include the Project and any additions, betterments and improvements thereto hereafter acquired or constructed for the System from any sources whatsoever, both within and without the Issuer.

"Tap Fees" means the fees, if any, paid by prospective customers of the System in order to connect thereto.

"West Virginia Infrastructure Fund" means the West Virginia Infrastructure Fund established in accordance with Chapter 31, Article 15A, Section 9 of the West Virginia Code of 1931, as amended and in effect on the date of enactment hereof.

Additional terms and phrases are defined in this Ordinance as they are used. Words importing singular number shall include the plural number in each case and vice versa; words importing persons shall include firms and corporations; and words importing the masculine, feminine or neutral gender shall include any other gender.

## ARTICLE II

## AUTHORIZATION OF ACQUISITION AND CONSTRUCTION OF THE PROJECT

Section 2.01. Authorization of Acquisition and Construction of the Project. There is hereby authorized and ordered the acquisition and construction of the Project, at an estimated cost of not to exceed $2,822,728, in accordance with the plans and specifications which have been prepared by the Consulting Engineers, heretofore filed in the office of the Governing Body. The proceeds of the Series 2012 A Bonds and Series 2012 B Bonds hereby authorized shall be applied as provided in Article VI hereof. The Issuer has received bids and will enter into contracts for the acquisition and construction of the Project, compatible with the financing plan submitted to the BPH and the Authority.

The cost of the Project is estimated not to exceed $2,822,728, of which an amount not to exceed $1,100,000 will be obtained from the proceeds of the Series 2012 A Bonds; an amount of $1,600,000 will be obtained from the proceeds of the Series 2012 B Bonds and/or an Infrastructure Council grant; $92,000 will be obtained from a County Commission grant; and $30,728 will be obtained from The City of Morgantown.

## 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 2012 A Bonds and Series 2012 B Bonds, if any, funding respective reserve accounts or purchasing a surety bonds to fund respective reserve accounts for the Series 2012 A Bonds and Series 2012 B Bonds, paying Costs of the Project not otherwise provided for and paying certain costs of issuance of the Series 2012 A Bonds and Series 2012 B Bonds and related costs, or any or all of such purposes, as determined by the Supplemental Resolution, there shall be issued the negotiable Series 2012 A Bonds and Series 2012 B Bonds of the Issuer.

The Series 2012 A Bonds shall be issued as one series of bonds, designated as "Combined Utility System Revenue Bonds, Series 2012 A (West Virginia DWTRF Program)," in the principal amount of not more than $1,100,000, and shall have such terms as set forth hereinafter and in the Supplemental Resolution. The proceeds of the Series 2012 A Bonds remaining after purchasing a surety bond to fund the Series 2012 A Bonds Reserve Account or cash funding the Series 2012 A Bonds Reserve Account (if funded from Bond proceeds) and capitalization of interest, if any, shall be deposited in or credited to the Series 2012 Bonds Construction Trust Fund established by Section 5.01 hereof, and applied as set forth in Article VI hereof.

The Series 2012 B Bonds shall be issued as one series of bonds, designated as "Combined Utility System Revenue Bonds, Series 2012 B (West Virginia DWTRF Program)," in the principal amount of not more than $1,600,000, and shall have such terms as set forth hereinafter and in the Supplemental Resolution. The proceeds of the Series 2012 B Bonds shall be deposited in or credited to the Series 2012 Bonds Construction Trust Fund established by Section 5.01 hereof, and applied as set forth in Article VI hereof.

Section 3.02. Terms of Bonds.

A. The Series 2012 A Bonds shall be issued in such principal amount; shall bear interest at such rate or rates, not exceeding the then legal maximum, payable quarterly on such dates; shall mature on such dates and in such amounts; and shall be redeemable, in whole or in part, all as the Issuer shall prescribe in a Supplemental Resolution or as specifically provided in the Loan Agreement. The Series 2012 A Bonds shall be payable as to principal at the office of the Paying Agent, in any coin or currency which, on the dates of payment of principal is legal tender for the payment of public or private debts under the laws of the United States of America. Interest, if any, on the Series 2012 A Bonds shall be paid by check or draft of the Paying Agent or its agent, mailed to the Registered Owner thereof at the address as it appears on the books of the Bond Registrar, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner thereof.

As provided by the Supplemental Resolution, the Series 2012 A Bonds shall initially be issued as one series, fully registered to the Authority, with a record of advances and a debt service schedule attached, representing the aggregate principal amount of the Series 2012 A Bonds. The Series 2012 A Bonds shall be exchangeable at the option and expense of the Registered Owner for another fully registered Bond or Bonds of the same series in aggregate principal amount equal to the amount of said Bonds then Outstanding and being exchanged, with principal installments or maturities, as applicable, corresponding to the dates of payment of principal installments of said Bonds; provided, that the Authority shall not be obligated to pay any expenses of such exchange.

B. The Series 2012 B Bonds shall be issued in such principal amount; shall not bear interest; shall mature on such dates and in such amounts; and shall be redeemable, in whole or in part, all as the Issuer shall prescribe in a Supplemental Resolution or as specifically provided in the Loan Agreement. The Series 2012 B Bonds shall be forgivable as to principal.

Unless otherwise provided by the Supplemental Resolution, the Series 2012 B Bonds shall initially be issued in the form of a single bond, fully registered to the Authority, with a record of advances and a debt service schedule attached, representing the aggregate principal amount, and shall mature in principal installments, all as provided in the Supplemental Resolution. The Series 2012 B Bonds shall be exchangeable at the option and expense of the Registered Owner for another fully registered Bond or Bonds of the same series in aggregate principal amount equal to the amount of said Bonds then Outstanding and being exchanged, with principal installments or maturities, as applicable, corresponding to the dates of payment of principal installments of said Bonds; provided, that the Authority shall not be obligated to pay any expenses of such exchange.

C. Subsequent series of Bonds, if any, shall be issued in fully registered form and in denominations as determined by a Supplemental Resolution. Such Bonds shall be dated and shall bear interest as set forth in a Supplemental Resolution.

Section 3.03. Execution of Bonds. The Series 2012 A Bonds and Series 2012 B Bonds shall be executed in the name of the Issuer by the Mayor and the City Manager, and the seal of the Issuer shall be affixed thereto or imprinted thereon and attested by the City Clerk. In case any one or more of the officers who shall have signed or sealed the Series 2012 A Bonds and Series 2012 B Bonds shall cease to be such officer of the Issuer before the Series 2012 A Bonds and Series 2012 B Bonds so signed and sealed have been actually sold and delivered, such Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bonds had not ceased to hold such office. Any Series 2012 A Bonds and Series 2012 B Bonds may be signed and sealed on behalf of the Issuer by such person as at the actual time of the execution of such Bonds shall hold the proper office in the Issuer, although at the date of such Bonds such person may not have held such office or may not have been so authorized.

Section 3.04. Authentication and Registration. No Series 2012 A Bonds and Series 2012 B Bonds shall be valid or obligatory for any purpose or entitled to any security or benefit under this Bond Legislation unless and until the Certificate of Authentication and Registration on such Bond, substantially in the form set forth in Section 3.10 hereof shall have been manually executed by the Bond Registrar. Any such executed Certificate of Authentication and Registration upon any such Bond shall be conclusive evidence that such Bond has been authenticated, registered and delivered under this Bond Legislation. The Certificate of Authentication and Registration on any Series 2012 A Bonds and Series 2012 B Bonds shall be deemed to have been executed by the Bond Registrar if manually signed by an authorized officer of the Bond Registrar, but it shall not be necessary that the same officer sign the Certificate of Authentication and Registration on all of the Bonds issued hereunder.

Section 3.05. Negotiability, Transfer and Registration. Subject to the provisions for transfer of registration set forth below, the Series 2012 A Bonds and Series 2012 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 2012 A Bonds and Series 2012 B Bonds shall be conclusively deemed to have agreed that such Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder shall further be conclusively deemed to have agreed that said Bonds shall be incontestable in the hands of a bona fide holder for value.

So long as the Series 2012 A Bonds and Series 2012 B Bonds remain outstanding, the Issuer, through the Bond Registrar or its agent, shall keep and maintain books for the registration and transfer of such Bonds.

The registered Series 2012 A Bonds and Series 2012 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 or transferring the registered Series 2012 Bonds are exercised, all Series 2012 Bonds shall be delivered in accordance with the provisions of this Bond Legislation. All Series 2012 Bonds surrendered in any such exchanges or transfers shall forthwith be canceled by the Bond Registrar. For every such exchange or transfer of Series 2012 Bonds, the Bond Registrar may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer and the cost of preparing each new Bond upon each exchange or transfer, and any other expenses of the Bond Registrar incurred in connection therewith, which sum or sums shall be paid by the Issuer. The Bond Registrar shall not be obliged to make any such exchange or transfer of Series 2012 Bonds during the period commencing on the 15th day of the month next preceding an interest payment date on the Series 2012 Bonds or, in the case of any proposed redemption of Series 2012 Bonds, next preceding the date of the selection of Bonds to be redeemed, and ending on such interest payment date or redemption date.

Section 3.06. Bonds Mutilated, Destroyed, Stolen or Lost. In case any Series 2012 A Bonds or Series 2012 B Bonds shall become mutilated or be destroyed, stolen or lost, the Issuer may, in its discretion, issue, and the Bond Registrar shall, if so advised by the Issuer, authenticate and deliver, a new Bond of the same series and of like tenor as the Bonds so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond, upon surrender and cancellation of such mutilated Bond, or in lieu of and substitution for the Bond destroyed, stolen or lost, and upon the Holder's furnishing satisfactory indemnity and complying with such other reasonable regulations and conditions as the Issuer may prescribe and paying such expenses as the Issuer and the Bond Registrar may incur. All Bonds so surrendered shall be 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 2012 Bonds shall not, in any event, be or constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provision or limitation, but shall be payable solely from the Gross Revenues derived from the System as herein provided. No Holder or Holders of the Series 2012 Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Series 2012 Bonds or the interest thereon.

Section 3.08. Bonds Secured by Pledge of Gross Revenues; Lien Position with respect to Prior Bonds. The payment of debt service of the Series 2012 Bonds shall be secured by a first lien on the Gross Revenues derived from the System, on a parity with the lien on the Gross Revenues in favor of the Holders of the Prior Bonds. Such Gross Revenues in an amount sufficient to pay the principal of and interest, if any, on the Series 2012 Bonds and the Prior

Bonds and to make all other payments provided for in the Bond Legislation are hereby irrevocably pledged to such payments as they become due.

Section 3.09. Delivery of Bonds. The Issuer shall execute and deliver the Series 2012 Bonds to the Registrar, and the Registrar shall authenticate, register and deliver the Series 2012 Bonds to the original purchasers upon receipt of the documents set forth below:

A. If other than the Authority, a list of the names in which the Series 2012 Bonds are to be registered upon original issuance, together with such taxpayer identification and other information as the Bond Registrar may reasonably require;

B. A request and authorization to the Bond Registrar on behalf of the Issuer, signed by an Authorized Officer, to authenticate and deliver the Series 2012 Bonds to the original purchasers;

C. An executed and certified copy of the Bond Legislation;

D. An executed copy of the Loan Agreement; and

E. The unqualified approving opinions of bond counsel on the Series 2012 Bonds.

Section 3.10. Form of Bonds. The text of the Series 2012 A Bonds and Series 2012 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:

[Remainder of Page Intentionally Blank]

(FORM OF SERIES 2012 A BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE CITY OF MORGANTOWN
COMBINED UTILITYSYSTEM REVENUE BONDS, SERIES 2012 A
(WEST VIRGINIA DWTRF PROGRAM)

No. AR-1 $_____

KNOW ALL MEN BY THESE PRESENTS: That on this the _____ day of _____, 2012, THE CITY OF MORGANTOWN, a municipal corporation and political subdivision of the State of West Virginia in Monongalia 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, the principal of, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing _____ 1, 20___, to and including _____ 1, 20___ as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference, with interest payable quarterly on March 1, June 1, September 1, and December 1 of each year, commencing _____ 1, 20___ to and including _____ 1, 20____, at the rate of 2.0% per annum as set forth on EXHIBIT B attached hereto.

The Administrative Fee of 0.5% (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, 20____, as set forth on EXHIBIT B attached hereto.

Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent"). The interest, if any, on this Bond is payable by check or draft of the Paying Agent mailed to the registered owner hereof at the address as it appears on the books of The Huntington National Bank, Charleston, West Virginia, as registrar (the "Registrar"), on the 15th day of the month next preceding an interest payment date, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner hereof.

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the West Virginia 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 _____, 2012.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain extensions, additions, betterments and improvements to the water portion of the existing public combined waterworks, sewerage, and stormwater system of the Issuer (the "Project"); and (ii) to pay certain costs of issuance of the Bonds and related costs. The existing public combined waterworks, sewerage, and stormwater system of the Issuer, the Project, and any further extensions, additions, betterments or improvements thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 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 _____, 2012, and a Supplemental Resolution and Conformed Ordinance duly adopted by the Issuer on _____, 2012 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S: (1) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 1992 (WEST VIRGINIA SRF PROGRAM), DATED SEPTEMBER 8, 1992, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $11,900,000 (THE "SERIES 1992 BONDS"); (2) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 1995 (WEST VIRGINIA SRF PROGRAM), DATED APRIL 27, 1995, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,601,477 (THE "SERIES 1995 BONDS"); (3) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2000 A (WEST VIRGINIA SRF PROGRAM), DATED FEBRUARY 29, 2000, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $7,842,000 (THE "SERIES 2000 A BONDS"); (4) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2000 B (WEST VIRGINIA INFRASTRUCTURE FUND), DATED FEBRUARY 29, 2000, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,488,000 (THE "SERIES 2000 B BONDS"); (5) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2001 A (WEST VIRGINIA INFRASTRUCTURE FUND), DATED FEBRUARY 8, 2001, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $3,812,470 (THE "SERIES 2001 A BONDS"); (6) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2006 A (WEST VIRGINIA SRF PROGRAM), DATED JUNE 30, 2006, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $6,410,191 (THE "SERIES 2006 A BONDS"); (7) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2007 A (WEST VIRGINIA SRF PROGRAM), DATED AUGUST 14, 2007, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $8,500,000 (THE "SERIES 2007 A BONDS"); (8) TAXABLE-COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 A (DIRECT PAYMENT BUILD AMERICA BONDS), DATED JANUARY 28, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $37,950,000 (THE "SERIES 2010 A BONDS"); (9) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 B (WEST

VIRGINIA SRF PROGRAM/ARRA), DATED JANUARY 28, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $81,600 (THE "SERIES 2010 B BONDS"); (10) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 C (WEST VIRGINIA SRF PROGRAM), DATED JANUARY 28, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $15,380,227 (THE "SERIES 2010 C BONDS"); (11) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 D (WEST VIRGINIA DWTRF PROGRAM), DATED JANUARY 28, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $9,317,286 (THE "SERIES 2010 D BONDS"); (12) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 E (WEST VIRGINIA DWTRF PROGRAM/ARRA), DATED JANUARY 28, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $100,000 (THE "SERIES 2010 E BONDS"); (13) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 F (BANK QUALIFIED), DATED JANUARY 28, 2010, ISSUED IN THE ORIGINAL AGGREGATE AMOUNT OF $7,250,000 (THE "SERIES 2010 F BONDS"); (COLLECTIVELY, THE "PRIOR BONDS"); AND (14) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2012 B (WEST VIRGINIA DWTRF PROGRAM), DATED _____, 2012, ISSUED SIMULTANEOUSLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $_____ (THE "SERIES 2012 B BONDS").

This Bond is payable only from and secured by a pledge of the Gross Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Gross Revenues in favor of the Holders of the Series 2012 B Bonds and the Prior Bonds, and from moneys in the reserve account created under the Bond Legislation for the Bonds (the "Series 2012 A Bonds Reserve Account"), and unexpended proceeds of the Bonds. Such Gross 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 an indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest hereon, except from said special fund provided from the Gross Revenues, the moneys in the Series 2012 A Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest on the Bonds, and all other obligations secured by a lien on or payable from such revenues on a parity with the Bonds, including the Prior Bonds; provided, however, that so long as there exists in the Series 2012 A Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with the Bonds, including the Prior Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

Subject to the registration requirements set forth herein, this Bond is transferable, as provided in the Bond Legislation, only upon the books of the Registrar by the registered owner, or by its attorney duly authorized in writing, upon the surrender of this Bond, together with a written instrument of transfer satisfactory to the Registrar, duly executed by the registered owner or its attorney duly authorized in writing.

Subject to the registration requirements set forth herein, this Bond, under the provision of the Act is, and has all the qualities and incidents of, a negotiable instrument under the Uniform Commercial Code of the State of West Virginia.

All money received from the sale of this Bond, after reimbursement and repayment of all amounts advanced for preliminary expenses as provided by law and the Bond Legislation, shall be applied solely to payment of the costs of the Project and costs of issuance hereof described in the Bond Legislation, and there shall be and hereby is created and granted a lien upon such moneys, until so applied, in favor of the registered owner of this Bond.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and 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 Gross 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.

[Remainder of Page Intentionally Blank]

IN WITNESS WHEREOF, THE CITY OF MORGANTOWN has caused this Bond to be signed by its Mayor and City Manager, and its corporate seal to be hereunto affixed and attested by its City Clerk, and has caused this Bond to be dated the day and year first written above.

[SEAL]

By: _____
Mayor

By: _____
City Manager

ATTEST:

By: _____
City Clerk

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2012 A Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: _____, 2012.

THE HUNTINGTON NATIONAL BANK,
as Registrar

By: _____
Its: Authorized Officer

EXHIBIT A

RECORD OF ADVANCES

| AMOUNT | DATE | AMOUNT | DATE |
|---|---|---|---|
| (1) $ | | (19) | |
| (2) | | (20) | |
| (3) | | (21) | |
| (4) | | (22) | |
| (5) | | (23) | |
| (6) | | (24) | |
| (7) | | (25) | |
| (8) | | (26) | |
| (9) | | (27) | |
| (10) | | (28) | |
| (11) | | (29) | |
| (12) | | (30) | |
| (13) | | (31) | |
| (14) | | (32) | |
| (15) | | (33) | |
| (16) | | (34) | |
| (17) | | (35) | |
| (18) | | (36) | |

TOTAL $_____

EXHIBIT B

DEBT SERVICE SCHEDULE

(Form of)

ASSIGNMENT

FOR VALUE RECEIVED the undersigned sells, assigns, and transfers unto _____ the within Bond and does hereby irrevocably constitute and appoint _____, Attorney to transfer the said Bond on the books kept for registration of the within Bond of the said Issuer with full power of substitution in the premises.

Dated: _____, 20____.

_____

In the presence of:

_____

(FORM OF SERIES 2012 B BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE CITY OF MORGANTOWN
COMBINED UTILITYSYSTEM REVENUE BONDS, SERIES 2012 B
(WEST VIRGINIA DWTRF PROGRAM)

No. BR-1 $_____

KNOW ALL MEN BY THESE PRESENTS: The ____ day of _____, 2012, that THE CITY OF MORGANTOWN, a municipal corporation and political subdivision of the State of West Virginia in Monongalia County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY (the "Authority") or registered assigns the sum of _____ DOLLARS ($_____), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously forgiven, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference. The Series 2012 B Bonds are not subject to the SRF Administrative Fee (as defined in the hereinafter described Bond Legislation).

This Bond shall bear no interest. The principal amounts advanced under the Series 2012 B Bonds will be deemed forgiven on the 30th day of June in the fiscal year in which advanced. The Series 2012 B Bonds shall be deemed no longer outstanding after the last advance is forgiven.

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the West Virginia 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 _____, 2012.

This Bond is issued (i) to pay a portion the costs of acquisition and construction of certain extensions, additions, betterments and improvements to the water portion of the existing public combined waterworks, sewerage, and stormwater system of the Issuer (the "Project"); and (ii) to pay certain costs of issuance of the Bonds and related costs. The existing public combined waterworks, sewerage, and stormwater system of the Issuer, the Project, and any further extensions, additions, betterments or improvements thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 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 _____, 2012, and a Supplemental Resolution and Conformed Ordinance duly adopted by the Issuer on _____, 2012 (collectively, the

"Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S: (1) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 1992 (WEST VIRGINIA SRF PROGRAM), DATED SEPTEMBER 8, 1992, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $11,900,000 (THE "SERIES 1992 BONDS"); (2) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 1995 (WEST VIRGINIA SRF PROGRAM), DATED APRIL 27, 1995, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,601,477 (THE "SERIES 1995 BONDS"); (3) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2000 A (WEST VIRGINIA SRF PROGRAM), DATED FEBRUARY 29, 2000, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $7,842,000 (THE "SERIES 2000 A BONDS"); (4) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2000 B (WEST VIRGINIA INFRASTRUCTURE FUND), DATED FEBRUARY 29, 2000, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,488,000 (THE "SERIES 2000 B BONDS"); (5) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2001 A (WEST VIRGINIA INFRASTRUCTURE FUND), DATED FEBRUARY 8, 2001, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $3,812,470 (THE "SERIES 2001 A BONDS"); (6) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2006 A (WEST VIRGINIA SRF PROGRAM), DATED JUNE 30, 2006, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $6,410,191 (THE "SERIES 2006 A BONDS"); (7) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2007 A (WEST VIRGINIA SRF PROGRAM), DATED AUGUST 14, 2007, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $8,500,000 (THE "SERIES 2007 A BONDS"); (8) TAXABLE-COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 A (DIRECT PAYMENT BUILD AMERICA BONDS), DATED JANUARY 28, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $37,950,000 (THE "SERIES 2010 A BONDS"); (9) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 B (WEST VIRGINIA SRF PROGRAM/ARRA), DATED JANUARY 28, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $81,600 (THE "SERIES 2010 B BONDS"); (10) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 C (WEST VIRGINIA SRF PROGRAM), DATED JANUARY 28, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $15,380,227 (THE "SERIES 2010 C BONDS"); (11) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 D (WEST VIRGINIA DWTRF PROGRAM), DATED JANUARY 28, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $9,317,286 (THE "SERIES 2010 D BONDS"); (12) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 E (WEST VIRGINIA DWTRF PROGRAM/ARRA), DATED JANUARY 28, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $100,000 (THE "SERIES 2010 E BONDS"); (13) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 F (BANK QUALIFIED), DATED JANUARY 28, 2010, ISSUED IN THE ORIGINAL AGGREGATE AMOUNT OF $7,250,000 (THE "SERIES 2010 F BONDS");

(COLLECTIVELY, THE "PRIOR BONDS"); AND (14) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2012 A (WEST VIRGINIA DWTRF PROGRAM), DATED _____, 2012, ISSUED SIMULTANEOUSLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $_____ (THE "SERIES 2012 A BONDS").

This Bond is payable only from and secured by a pledge of the Gross Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Gross Revenues in favor of the Holders of the Series 2012 A Bonds and the Prior Bonds, and unexpended proceeds of the Bonds. Such Gross Revenues shall be sufficient to pay the principal of and interest, if any, on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest hereon, except from said special fund provided from the Gross Revenues, and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest, if any, on the Bonds, and all other obligations secured by a lien on or payable from such revenues on a parity with the Bonds, including the Series 2012 A Bonds and Prior Bonds; provided, however, that so long as there exists in the respective reserve accounts established for any other obligations outstanding on a parity with the Bonds, including the Series 2012 A Bonds and Prior Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

Subject to the registration requirements set forth herein, this Bond is transferable, as provided in the Bond Legislation, only upon the books of the Registrar by the registered owner, or by its attorney duly authorized in writing, upon the surrender of this Bond, together with a written instrument of transfer satisfactory to the Registrar, duly executed by the registered owner or its attorney duly authorized in writing.

Subject to the registration requirements set forth herein, this Bond, under the provision of the Act is, and has all the qualities and incidents of, a negotiable instrument under the Uniform Commercial Code of the State of West Virginia.

All money received from the sale of this Bond, after reimbursement and repayment of all amounts advanced for preliminary expenses as provided by law and the Bond Legislation, shall be applied solely to payment of the costs of the Project and costs of issuance hereof described in the Bond Legislation, and there shall be and hereby is created and granted a lien upon such moneys, until so applied, in favor of the registered owner of this Bond.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and 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 Gross Revenues of the System has been pledged to and will be set aside into said special fund by the Issuer for the prompt payment of the principal of this Bond.

All provisions of the Bond Legislation, resolutions and statutes under which this Bond is issued shall be deemed to be a part of the contract evidenced by this Bond to the same extent as if written fully herein.

[Remainder of Page Intentionally Blank]

IN WITNESS WHEREOF, THE CITY OF MORGANTOWN has caused this Bond to be signed by its Mayor and City Manager, and its corporate seal to be hereunto affixed and attested by its City Clerk, and has caused this Bond to be dated the day and year first written above.

[SEAL]

By: _____
Mayor

By: _____
City Manager

ATTEST:

By: _____
City Clerk

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2012 B Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: _____, 2012.

THE HUNTINGTON NATIONAL BANK,
as Registrar

By: _____
Its: Authorized Officer

EXHIBIT A

RECORD OF ADVANCES

| AMOUNT | DATE | AMOUNT | DATE |
|---|---|---|---|
| (1) $ | | (19) | |
| (2) | | (20) | |
| (3) | | (21) | |
| (4) | | (22) | |
| (5) | | (23) | |
| (6) | | (24) | |
| (7) | | (25) | |
| (8) | | (26) | |
| (9) | | (27) | |
| (10) | | (28) | |
| (11) | | (29) | |
| (12) | | (30) | |
| (13) | | (31) | |
| (14) | | (32) | |
| (15) | | (33) | |
| (16) | | (34) | |
| (17) | | (35) | |
| (18) | | (36) | |

TOTAL $_____

(Form of)

ASSIGNMENT

FOR VALUE RECEIVED the undersigned sells, assigns, and transfers unto _____

_____

the within Bond and does hereby irrevocably constitute and appoint _____, Attorney to transfer the said Bond on the books kept for registration of the within Bond of the said Issuer with full power of substitution in the premises.

Dated: _____, 20____.

_____

In the presence of:

_____

Section 3.11. Sale of Bonds; Approval and Ratification of Execution of Loan Agreement. The Series 2012 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 and the City Manager are specifically authorized and directed to execute the Loan Agreement in the form attached hereto as "EXHIBIT A" and made a part hereof, and the City Clerk is directed to affix the seal of the Issuer, attest the same and deliver the Loan Agreement to the Authority, and any such prior execution and delivery is hereby authorized, approved, ratified and confirmed. The Loan Agreement, including all schedules and exhibits attached thereto, are hereby approved and incorporated into this Bond Legislation.

Section 3.12. Filing of Amended Schedule. Upon completion of the acquisition and construction of the Project, the Board will file with the Authority setting forth the actual costs of the Project and sources of funds therefor.

## ARTICLE IV

**[RESERVED]**

## ARTICLE V

### FUNDS AND ACCOUNTS; SYSTEM REVENUES AND APPLICATION THEREOF

Section 5.01. Establishment of Funds and Accounts with Depository Bank. The following special funds or accounts are hereby created with (or continued if previously established by the Prior Ordinances) and shall be held by the Depository Bank, separate and apart from all other funds or accounts of the Depository Bank or the Issuer and from each other:

(1) Revenue Fund (established by the Prior Ordinances);

(2) Depreciation Fund (established by the Prior Ordinances);

(3) Operation and Maintenance Fund (established by the Prior Ordinances); and

(4) Series 2012 Bonds Construction Trust Fund.

Section 5.02. Establishment of Funds and Accounts with Commission. The following special funds or accounts are hereby created with and (or continued if previously established by the Prior Ordinancies) shall be held by the Commission, separate and apart from all other funds or accounts of the Commission or the Issuer and from each other:

(1) Series 1992 Bonds Sinking Fund (established by Prior Ordinances);

(2) Series 1992 Bonds Reserve Account (established by Prior Ordinances);

(3) Series 1995 Bonds Sinking Fund (established by Prior Ordinances);

(4) Series 1995 Bonds Reserve Account (established by Prior Ordinances);

(5) Series 2000 A Bonds Sinking Fund (established by Prior Ordinances);

(6) Series 2000 A Bonds Reserve Account (established by Prior Ordinances);

(7) Series 2000 B Bonds Sinking Fund (established by Prior Ordinances);

(8) Series 2000 B Bonds Reserve Account (established by Prior Ordinances);

(9) Series 2001 A Bonds Sinking Fund (established by Prior Ordinances);

(10) Series 2001 A Bonds Reserve Account (established by Prior Ordinances);

(11) Series 2006 A Bonds Sinking Fund (established by Prior Ordinances);

(12) Series 2006 A Bonds Reserve Account (established by Prior Ordinances);

(13) Series 2007 A Bonds Sinking Fund (established by Prior Ordinances);

(14) Series 2007 A Bonds Reserve Account (established by Prior Ordinances);

(15) Series 2010 A Bonds Sinking Fund (established by Prior Ordinances);

(16) Series 2010 A Bonds Reserve Account (established by Prior Ordinances);

(17) Series 2010 C Bonds Sinking Fund (established by Prior Ordinances);

(18) Series 2010 C Bonds Reserve Account (established by Prior Ordinances);

(19) Series 2010 D Bonds Sinking Fund (established by Prior Ordinances);

(20) Series 2010 D Bonds Reserve Account (established by Prior Ordinances);

(21) Series 2010 E Bonds Sinking Fund (established by Prior Ordinances);

(22) Series 2010 E Bonds Reserve Account (established by Prior Ordinances);

(23) Series 2010 F Bonds Sinking Fund (established by Prior Ordinances);

(24) Series 2010 F Bonds Reserve Account (established by Prior Ordinances);

(25) Series 2012 A Bonds Sinking Fund; and

(26) Series 2012 A Bonds Reserve Account.

Section 5.03. System Revenues; Flow of Funds.

A. The entire Gross Revenues derived from the operation of the System and all parts thereof shall be deposited upon receipt by the Issuer in the Revenue Fund. The Revenue Fund shall constitute a trust fund for the purposes provided in the Prior Ordinances and this Bond Legislation and shall be kept separate and distinct from all other funds of the Issuer and the Depository Bank and used only for the purposes and in the manner provided in the Prior Ordinances and this Bond Legislation. All moneys at any time on deposit in the Revenue Fund shall be disposed of only in the following manner and order of priority:

(1) The Issuer shall first, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the Commission (i) for deposit in the respective Sinking Funds for the Prior Bonds, the amounts required by the respective Prior Ordinances to pay interest on the Prior Bonds; and (ii) commencing 4 months prior to the first date of payment of interest on the Series 2012 A Bonds for which interest has not been capitalized or as required in the Loan Agreement, for deposit in the Series 2012 A Bonds Sinking Fund, an amount equal to 1/3rd of the amount of interest which will become due on the Series 2012 A Bonds on the next ensuing quarterly interest payment date; provided

that, in the event the period to elapse between the date of such initial deposit in the Series 2012 A Bonds Sinking Fund and the next quarterly interest payment date is less than 3 months, then such monthly payments shall be increased proportionately to provide, 1 month prior to the next quarterly interest payment date, the required amount of interest coming due on such date.

(2) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the Commission (i) for deposit in the respective Sinking Funds for the Prior Bonds, the amounts required by the respective Prior Ordinances to pay the principal of the Prior Bonds; and (ii) commencing 4 months prior to the first date of payment of principal of the Series 2012 A Bonds, for deposit in the Series 2012 A Bonds Sinking Fund, an amount equal to 1/3rd of the amount of principal which will mature and become due on the Series 2012 A Bonds on the next ensuing quarterly principal payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 2012 A Bonds Sinking Fund and the next quarterly principal payment date is less than 3 months, then such monthly 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.

(3) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the Commission (i) for deposit in the respective Reserve Accounts for the Prior Bonds, the amounts required by the respective Prior Ordinances to be deposited therein; and (ii) commencing 4 months prior to the first date of payment of principal of the Series 2012 A Bonds, if not fully funded upon issuance of the Series 2012 A Bonds or otherwise provided for pursuant to a surety bond, for deposit in the Series 2012 A Bonds Reserve Account, an amount equal to 1/120th of the Series 2012 A Bonds Reserve Requirement; provided that, no further payments shall be made into the Series 2012 A Bonds Reserve Account when there shall have been deposited therein, and as long as there shall remain on deposit therein, an amount equal to the Series 2012 A Bonds Reserve Requirement.

(4) The Issuer shall next, each month, transfer from the Revenue Fund and deposit in the Operation and Maintenance Fund, an amount sufficient to pay the current Operating Expenses of the System.

(5) The Issuer shall next, from the moneys remaining in the Revenue Fund, on the first day of each month transfer to the Depreciation Fund, an amount equal to 2 1/2% of the Gross Revenues

each month (as previously set forth in the Prior Ordinances and not in addition thereto), exclusive of any payments for account of any Reserve Account. All funds in the Depreciation 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 Depreciation Fund for replacements, emergency repairs, improvements or extensions to the System; provided, that any deficiencies in the Reserve Accounts (except to the extent such deficiency exists because the required payments into such accounts have not, as of the date of determination of a deficiency, funded such accounts to the maximum extent required hereof) shall be promptly eliminated with moneys from the Depreciation Fund.

(6) After making all of the foregoing deposits and payments, any excess moneys then remaining in the Revenue Fund ("Surplus Revenues") may be used for any lawful purpose of the System.

Moneys in the Series 2012 A Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest on the Series 2012 A Bonds, as the same shall become due. Moneys in the Series 2012 A Bonds Reserve Account shall be used only for the purpose of paying principal of and interest on the Series 2012 A Bonds, as the same shall come due, when other moneys in the Series 2012 A Bonds Sinking Fund are insufficient therefor, and for no other purpose.

All investment earnings on moneys in the Series 2012 A Bonds Sinking Fund and the Series 2012 A Bonds Reserve Account shall be returned, not less than once each year, by the Commission to the Issuer, and such amounts shall, during construction of the Project, be deposited in the Series 2012 Bonds Construction Trust Fund, and following completion of construction of the Project, shall be deposited in the Revenue Fund and applied in full, first to the next ensuing interest payment due on the Series 2012 A Bonds, and then to the next ensuing principal payment due thereon.

Any withdrawals from the Series 2012 A Bonds Reserve Account which results in a reduction in the balance therein to below the Series 2012 A Bonds Reserve Requirement shall be subsequently restored from the first Gross 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 2012 Bonds are issued, provision shall be made for additional payments into the respective sinking fund sufficient to pay the interest on such additional parity Bonds and accomplish retirement thereof at maturity and to accumulate a balance in the respective reserve account in an amount equal to the requirement thereof.

The Issuer shall not be required to make any further payments into the Series 2012 A Bonds Sinking Fund or the Series 2012 A Bonds Reserve Account, when the aggregate

amount of funds therein are at least equal to the aggregate principal amount of the Series 2012 A Bonds issued pursuant to this Bond Legislation then Outstanding and all interest to accrue until the maturity thereof.

Interest, principal or reserve payments, whether made for a deficiency or otherwise, shall be made on a parity and pro rata, with respect to the Prior Bonds and the Series 2012 A Bonds, in accordance with the respective principal amounts then Outstanding.

The Commission is hereby designated as the fiscal agent for the administration of the Series 2012 A Bonds Sinking Fund and the Series 2012 A Bonds Reserve Account created hereunder, and all amounts required for said accounts shall be remitted to the Commission from the Revenue Fund by the Issuer at the times provided herein. 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.

Moneys in the Series 2012 A Bonds Sinking Fund and the Series 2012 A Bonds Reserve Account shall be invested and reinvested by the Commission in accordance with Section 8.01 hereof.

The Series 2012 A Bonds Sinking Fund and the Series 2012 A Bonds Reserve Account shall be used solely and only for, and are hereby pledged for, the purpose of servicing the Series 2012 A Bonds under the conditions and restrictions set forth herein.

B. The Issuer shall on the first day of each month (if such day is not a business day, then the next succeeding business day), deposit with the Commission the required interest, principal and reserve payments with respect to the Series 2012 A Bonds and all such payments shall be remitted to the Commission with appropriate instructions as to the custody, use and application thereof consistent with the provisions of this Bond Legislation. 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 Administrative Fee as set forth in the Schedule Y attached to the Loan Agreement.

C. The Issuer shall complete the "Monthly Payment Form," a form of which is attached to the Loan Agreement and submit a copy of said form along with a copy of its payment check to the Authority by the 5th day of such calendar month.

D. Whenever all of the required and provided transfers and payments from the Revenue Fund into the several special funds, as hereinabove provided, are current and there remains in the Revenue Fund a balance in excess of the estimated amounts required to be so transferred and paid into such funds during the following month or such other period as required by the Act, such excess shall be considered as surplus revenues (the "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 moneys in excess of the maximum amounts insured by FDIC in any of the 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 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 shall clearly identify the fund or account into which each amount is to be deposited.

I. The Gross Revenues of the System shall only be used for purposes of the System.

J. All Tap Fees, as received, shall be deposited in the Revenue Fund and may be used for any lawful purpose of the System.

Section 5.04. Reserve Account Letter of Credit or Surety Bond. With the advance written consent of the Authority, the Issuer may, in lieu of funding the Series 2012 A Bonds Reserve Account with cash or Qualified Investments, satisfy the Series 2012 A Bonds Reserve Requirement by obtaining a reserve account letter of credit, a surety bond, or other credit facility satisfactory to the Authority in an amount equal to the Series 2012 A Bonds Reserve Requirement. The Issuer hereby authorizes the purchase of a reserve account letter of credit, a surety bond, or other credit facility satisfactory to the Authority, all as set forth in a Supplemental Resolution, and the execution and delivery of any applicable reimbursement agreement or note in such forms as shall be described in a Supplemental Resolution.

## ARTICLE VI

## BOND PROCEEDS; CONSTRUCTION DISBURSEMENTS

Section 6.01. Application of Bond Proceeds; Pledge of Unexpended Bond Proceeds. From the moneys received from the sale of the Series 2012 Bonds, the following

amounts shall be first deducted and deposited in the order set forth below:

A. From the proceeds of the Series 2012 A Bonds, there shall first be deposited with the Commission in the Series 2012 A Bonds Sinking Fund, the amount, if any, set forth in the Supplemental Resolution as capitalized interest.

B. Next, from the proceeds of the Series 2012 A Bonds, the Issuer may purchase a surety bond to fund the Series 2012 A Bonds Reserve Account as set forth in the Supplemental Resolution, or there shall be deposited with the Commission in the Series 2012 A Bonds Reserve Account, the amount, if any, set forth in the Supplemental Resolution for funding of the Series 2012 A Bonds Reserve Account.

C. As the Issuer receives advances of the remaining moneys derived from the sale of the Series 2012 A Bonds, such moneys shall be deposited with the Depository Bank in the Series 2012 Bonds Construction Trust Fund and applied solely to payment of the costs of the Project in the manner set forth in Section 6.02 hereof and until so expended, are hereby pledged as additional security for the Series 2012 A Bonds.

D. As the Issuer receives advances of the remaining moneys derived from the sale of the Series 2012 B Bonds, such moneys shall be deposited with the Depository Bank in the Series 2012 Bonds Construction Trust Fund and applied solely to payment of the costs of the Project in the manner set forth in Section 6.02 hereof and until so expended, are hereby pledged as additional security for the Series 2012 B Bonds.

E. After completion of construction of the Project, as certified by the Consulting Engineers, and all costs have been paid, any remaining proceeds of the Series 2012 Bonds shall be expended as approved by the BPH.

Section 6.02. Disbursements From the Series 2012 Bond Construction Trust Fund The Issuer hereby appoints and designates the Board, and the Authorized Officers thereof, as its agent for the review and approval of all invoices for the Project to be paid from the proceeds of the Series 2012 Bonds.

On or before the Closing Date, the Issuer shall have delivered to the BPH a report listing the specific purposes for which the proceeds of the Series 2012 Bonds will be expended. Payments for the costs of the Project shall be made monthly.

Except as provided in Section 6.01 hereof, disbursements of the Series 2012 Bonds 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 stating that:

(a) None of the items for which the payment is proposed to be made has formed the basis for any disbursement theretofore made;

(b) Each item for which the payment is proposed to be made is or was necessary in connection with the Project and constitutes a Cost of the Project;

(c) Each of such costs has been otherwise properly incurred; and

(d) Payment for each of the items proposed is then due and owing.

Pending such application, monies in the Series 2012 Bonds Construction Trust Fund shall be invested and reinvested in Qualified Investments at the written direction of the Issuer.

## ARTICLE VII

## ADDITIONAL COVENANTS OF THE ISSUER

Section 7.01. General Covenants of the Issuer. All the covenants, agreements and provisions of this Bond Legislation shall be and constitute valid and legally binding covenants of the Issuer and shall be enforceable in any court of competent jurisdiction by any Holder or Holders of the Series 2012 Bonds. In addition to the other covenants, agreements and provisions of this Bond Legislation, the Issuer hereby covenants and agrees with the Holders of the Series 2012 Bonds as hereinafter provided in this Article VII. All such covenants, agreements and provisions shall be irrevocable, except as provided herein, as long as any of the Series 2012 Bonds or the interest thereon is Outstanding and unpaid.

Section 7.02. Bonds not to be Indebtedness of the Issuer. The Series 2012 Bonds shall not be nor constitute an indebtedness of the Issuer within the meaning of any constitutional, statutory or charter limitation, but shall be payable solely from the funds pledged for such payment by this Bond Legislation. No Holder or Holders of the Series 2012 Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Series 2012 Bonds or the interest thereon.

Section 7.03. Bonds Secured by Pledge of Gross Revenues; Lien Position with respect to Prior Bonds. The Series 2012 Bonds shall be secured by a first lien on the Gross Revenues derived from the System, on a parity with the lien on the Gross Revenues in favor of the Holders of the Prior Bonds. Such Gross Revenues in an amount sufficient to pay the principal of and interest on the Series 2012 Bonds and the Prior Bonds and to make all other payments provided for in the Bond Legislation are hereby irrevocably pledged to such payments as they become due.

Section 7.04. Rates and Charges. The Issuer has obtained any and all approvals of rates and charges required by State law and has taken any other action required to establish and impose such rates and charges, with all requisite appeal periods having expired without successful appeal and the Issuer shall supply an opinion of counsel to such effect. Such rates and charges shall be sufficient to comply with the requirements of the Loan Agreement and the Issuer shall supply a certificate of Certified Public Accountant to such effect. The initial schedule of rates and charges for the services and facilities of the System shall be as set forth in the water rate ordinance of the Issuer enacted June 21, 2011, the sewer rate ordinance of the Issuer enacted June 21, 2011, and the stormwater rate ordinance of the Issuer enacted April 17, 2008, which rates are incorporated herein by reference as a part hereof.

So long as the Series 2012 Bonds are outstanding, the Issuer covenants and agrees to fix and collect rates, fees and other charges for the use of the System and to take all such actions necessary to provide funds sufficient to produce the required sums set forth in the Bond Legislation and in compliance with the Loan Agreement. In the event the schedule of rates, fees and charges initially established for the System in connection with the Series 2012 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 2012 Bonds are outstanding and except as otherwise required by law or with the written consent of the BPH 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 fully pay all the Bonds Outstanding, in accordance with Article X hereof. The proceeds from any such sale, mortgage, lease or other disposition of the System shall immediately be remitted to the Commission for deposit in the respective Sinking Funds, and, with the written permission of the BPH and the Authority, or in the event the Authority is no longer a Bondholder, the Issuer shall direct the Commission to apply such proceeds to the payment of principal of and interest on the Series 2012 A Bonds and the Prior Bonds pro rata with respect to the principal amount of each of then Outstanding. Any balance remaining after the payment of the Series 2012 A Bonds and the Prior 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 Board 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 Board 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 Revenue 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 Board shall first, 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. The proceeds of any such sale shall be deposited in the Depreciation Fund. The payment of such proceeds into the Depreciation Fund shall not reduce the amount required to be paid into such account by other provisions of this Bond Legislation.

No sale, lease or other disposition of the properties of the System shall be made by the Board 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 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.

Notwithstanding any of the foregoing provisions of this Section 7.05 to the contrary, the Issuer hereby reserves the right to sell a tract of about 200 acres on Mayfield Road heretofore acquired for the System, which property is not being used nor is it useful for the System, such sale to be at such time and in such manner and for such price as the Issuer, with prior written approval of the Board, shall determine and without any other restrictions upon such sale insofar as this Bond Legislation is concerned. Moneys received upon any such sale under this paragraph, after deduction of all costs of such sale, shall be deposited in the Revenue Fund.

Section 7.06. Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances. Except as provided for in Section 7.06 and Section 7.07 hereof, the Issuer shall not issue any other obligations whatsoever payable from the revenues of the System which rank prior to, or equally, as to lien on and source of and security for payment from such revenues with the Series 2012 Bonds and the Prior Bonds. All obligations issued by the Issuer after the issuance of the Series 2012 Bonds and payable from the revenues of the System, except such additional parity Bonds, shall contain an express statement that such obligations are junior and subordinate, as to lien on and source of and security for payment from such revenues and in all other respects, to the Series 2012 Bonds; provided, that no such subordinate obligations shall be issued unless all payments required to be made into all funds and accounts established by this Bond Legislation have been made and are current at the time of the issuance of such subordinate obligations.

Except as provided above, the Issuer shall not create, or cause or permit to be created, any debt, lien, pledge, assignment, encumbrance or any other charge having priority

over or being on a parity with the lien of the Series 2012 Bonds, and the interest thereon, upon any of the income and revenues of the System pledged for payment of the Series 2012 Bonds and the interest thereon in this Bond Legislation, or upon the System or any part thereof.

The Issuer shall give the Authority prior written notice of its issuance of any other obligations to be used for the System, payable from the revenues of the System or from any grants for the Project, or any other obligations related to the Project or the System.

Section 7.07. Parity Bonds. So long as the Prior Bonds are outstanding, the limitations on the issuance of parity obligations set forth in the Prior Ordinances shall be applicable. In addition, no Parity Bonds, payable out of the revenues of the System, shall be issued after the issuance of the Series 2012 Bonds pursuant to this Bond Legislation, without the prior written consent of the Authority and the BPH and without complying with the conditions and requirements 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 2012 Bonds.

No such Parity Bonds shall be issued except for the purpose of financing the costs of design, acquisition or construction of extensions, additions, improvements or betterments to the System or refunding any outstanding Bonds, or both such purposes.

No Parity Bonds shall be issued at any time, however, unless and until there has been procured and filed with the City Clerk a written statement by the Independent Certified Public Accountants, reciting the conclusion that the Net Revenues actually derived, subject to the adjustments hereinafter provided for, from the System during any 12 consecutive months, within the 18 months immediately preceding the date of the actual issuance of such Parity Bonds, plus the estimated average increased annual Net Revenues expected to be received in each of the 3 succeeding years after the completion of the improvements to be financed by such Parity Bonds, if any, shall not be less than 115% of the largest aggregate amount that will mature and become due in any succeeding Fiscal Year for principal of and interest on the following:

(1) The Bonds then Outstanding;

(2) Any Parity Bonds theretofore issued pursuant to the provisions contained in this Bond Legislation then Outstanding; and

(3) The Parity Bonds then proposed to be issued.

The "estimated average increased annual Net Revenues expected to be received in each of the 3 succeeding years," as that term is used in the computation provided in the above paragraph, shall refer only to the increased Net Revenues estimated to be derived from the improvements to be financed by such Parity Bonds and any increase in rates enacted by the Issuer, the time for appeal of which shall have expired (without successful appeal) prior to the issuance of such Parity Bonds, and shall not exceed the amount to be stated in a certificate of the

Independent Certified Public Accountants, which shall be filed in the office of the City Clerk prior to the issuance of such Parity Bonds.

The Net Revenues actually derived from the System during the 12 consecutive month period hereinabove referred to may be adjusted by adding to such Net Revenues such additional Net Revenues which would have been received, in the opinion of the Independent Certified Public Accountants, on account of increased rates, rentals, fees and charges for the System enacted by the Issuer, the time for appeal of which shall have expired (without successful appeal) prior to issuance of such Parity Bonds. For purposes of this test, the terms "Gross Revenues" and "Net Revenues" shall not include proceeds from the sale of capital assets.

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 theretofore or subsequently issued from time to time within the limitations of and in compliance with this section. All Bonds, regardless of the time or times of their issuance, shall rank equally with respect to their lien on the Gross Revenues of the System, and their source of and security for payment from the Gross Revenues, without preference of any Bond over any other. The Issuer shall comply fully with all the increased payments into the various funds and accounts created in this Bond Legislation required for and on account of such Parity Bonds, in addition to the payments required for Bonds theretofore issued pursuant to this Bond Legislation.

Parity Bonds shall not be deemed to include bonds, notes, certificates or other obligations subsequently issued, the lien of which on the revenues of the System is subject to the prior and superior lien of the Series 2012 A Bonds and Series 2012 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 2012 A Bonds and Series 2012 B Bonds.

No Parity Bonds shall be issued at any time, however, unless all of the payments into the respective funds and accounts provided for in this Bond Legislation with respect to the Bonds then Outstanding, and any other payments provided for in this Bond Legislation and the Prior Ordinances, shall have been made in full as required to the date of delivery of the Parity Bonds, and the Issuer then be in full compliance with all the covenants, agreements and terms of this Bond Legislation and the Prior Ordinances.

Section 7.08. Books; Records and Audit. The Board 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 Board shall permit the Authority and the BPH, 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 Board shall submit to the Authority and the BPH 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 Board shall permit the Authority and the BPH, or their agents and representatives, to inspect all records pertaining to the operation and maintenance of the System at all reasonable times following completion of construction of the Project and commencement of operation thereof, or, if the Project is an improvement to an existing system, at any reasonable time following commencement of construction.

The Board 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 Board. 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 Board. The Board 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 Board shall be reported to such agent of the Issuer as the Board shall direct.

The Board shall file with the Authority and the BPH, or any other original purchaser of the Series 2012 A Bonds and Series 2012 B Bonds, and shall mail in each year to any Holder or Holders of the Series 2012 A Bonds and Series 2012 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 payable from the revenues of the System outstanding.

The Board shall also, at least once a year, cause the books, records and accounts of the System to be audited by Independent Certified Public Accountant (and to the extent legally required, in compliance with the applicable OMB Circular, or any successor thereof, and the Single Audit Act, or any successor thereof), and shall mail upon request, and make available generally, the report of the Independent Certified Public Accountant, or a summary thereof, to any Holder or Holders of the Series 2012 A Bonds and Series 2012 B Bonds and shall submit said report to the Authority, or any other original purchaser of the Series 2012 A Bonds and Series 2012 B Bonds. Such audit report submitted to the Authority 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 there are, describes the instances of noncompliance and the audited financial statements shall include a statement that notes whether the revenues of the System are adequate to meet the Issuer's Operating Expenses and debt service and reserve requirements.

Subject to the terms, conditions and provisions of the Loan Agreement and the Act, the Issuer has acquired, or shall do all things necessary to acquire, the proposed site of the Project and shall do, is doing or has done all things necessary to construct the Project in accordance with the plans, specifications and designs prepared by the Consulting Engineers. All real estate and interests in real estate and all personal property constituting the Project and the Project site heretofore or hereafter acquired shall at all times be and remain the property of the Issuer.

The Issuer shall 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 E of the Loan Agreement or as promulgated from time to time.

The Board shall permit the Authority 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 Board shall also provide the Authority 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 Authority and the BPH with respect to the System pursuant to the Act.

Section 7.09. Rates. Prior to the issuance of the Series 2012 A Bonds and Series 2012 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 City Clerk, which copies will be open to inspection by all interested parties. The schedule of rates and charges shall at all times be adequate to produce Gross Revenues from the System sufficient to pay Operating Expenses and to make the prescribed payments into the funds created hereunder. Such schedule of rates and charges shall be changed and readjusted whenever necessary so that the aggregate of the rates and charges will be sufficient for such purposes. In order to assure full and continuous performance of this covenant, with a margin for contingencies and temporary unanticipated reduction in income and revenues, the Issuer hereby covenants and agrees that the schedule of rates or charges from time to time in effect shall be sufficient, together with other revenues of the System (i) to provide for all Operating Expenses of the System and (ii) to leave a balance each year equal to at least 115% of the maximum amount required in any year for payment of principal of and interest on the Series 2012 Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2012 Bonds, including the Prior Bonds; provided that, in the event that amounts equal to or in excess of the reserve requirements are on deposit in the Series 2012 A Bonds Reserve Account and any reserve accounts for obligations on a parity with the Series 2012 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 2012 A Bonds or Series

2012 B Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2012 A Bonds and Series 2012 B Bonds, including the Prior Bonds. In any event, the Issuer shall not reduce the rates or charges for services set forth in the rate ordinances described in Section 7.04.

Section 7.10. Operating Budget and Monthly Financial Report. The Board shall annually, at least 45 days preceding the beginning of each Fiscal Year, prepare and adopt by resolution a detailed, balanced budget of the estimated revenues and expenditures for operation and maintenance of the System during the succeeding Fiscal Year and shall submit a copy of such budget to the Authority and the BPH 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, which finding 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 Board shall have approved such finding and recommendation by a resolution duly adopted. The Board shall within 30 days of adoption thereof mail copies of such annual budget and all resolutions authorizing increased expenditures for operation and maintenance to the Authority and the BPH 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 the Authority, the BPH and any Holder of any Bonds or anyone acting for and on behalf of such Holder of any Bonds.

Commencing on the date contracts are executed for the acquisition and construction of the Project and for 2 years following the completion of the Project, the Board shall each month complete a "Monthly Financial Report," a form of which is attached to the Loan Agreement, and forward a copy of such report to the Authority by the 10th day of each month.

Section 7.11. Engineering Services and Operating Personnel. The Board shall obtain a certificate of the Consulting Engineers in the form attached to the Loan Agreement, stating, among other things, that the Project has been or will be constructed in accordance with the approved plans, specifications and designs as submitted to the Authority and the BPH, the Project is adequate for the purposes for which it was designed, the funding plan as submitted to the Authority and the BPH 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 Board shall provide and maintain competent and adequate engineering services satisfactory to the Authority and the BPH covering the supervision and inspection of the development and construction of the Project and bearing the responsibility of assuring that construction conforms to the plans, specifications and designs prepared by the Consulting Engineers, which have been approved by all necessary governmental bodies. Such engineer shall certify to the Authority and the BPH and the Issuer at the completion of construction that construction of the Project is in accordance with the approved plans, specifications and designs, or amendments thereto, approved by all necessary governmental bodies.

The Issuer shall require the Consulting Engineers to submit Recipient As-Built Plans, as defined in the DWTRF Regulations, to it within 60 days of the completion of the Project. The Issuer shall notify the DWTRF in writing of such receipt. The Issuer shall submit a "Performance Certificate," a form of which is attached to the Loan Agreement as Exhibit A, to the BPH within 60 days of the end of the first year after the Project is completed.

The Issuer shall require the Consulting Engineers to submit the final Operation and Maintenance Manual, as defined in the DWTRF Regulations, to the BPH when the Project is 90% completed. The Issuer shall at all times provide operation and maintenance of the System in compliance with all state and federal standards.

The Issuer shall employ qualified operating personnel properly certified by the State before the Project is 50% complete and shall retain such a certified operator to operate the System during the entire term of the Loan Agreement. The Issuer shall notify the BPH in writing of the certified operator employed at the 50% completion stage.

The Issuer shall serve the additional customers at the location(s) as set forth in Certificate of Engineer. The Issuer shall not reduce the amount of additional customers served by the project without the prior written approval of the Board of the Water Development Authority (the "Authority"). Following completion of the Project the Issuer shall certify to the Authority the number of customers added to the System.

Section 7.12. No Competing Franchise. To the extent legally allowable, the Issuer will not grant or cause, consent to or allow the granting of, any franchise or permit to any person, firm, corporation, body, agency or instrumentality whatsoever for the providing of any services which would compete with services provided by the System.

Section 7.13. Enforcement of Collections. The Board will diligently enforce and collect all fees, rentals or other charges for the services and facilities of the System, and take all steps, actions and proceedings for the enforcement and collection of such fees, rentals or other charges which shall become delinquent to the full extent permitted or authorized by the Act, the rules and regulations of the Public Service Commission of West Virginia and other laws of the State of West Virginia.

Whenever any fees, rates, rentals or other charges for the services and facilities of the System shall remain unpaid for a period of 20 days after the same shall become due and payable, the user of the services and facilities shall be delinquent until such time as all such rates and charges are fully paid. To the extent authorized by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, rates, rentals and other charges, if not paid, when due, shall become a lien on the premises served by the System. The Issuer further covenants and agrees that, it will, to the full extent permitted by law and the rules and regulations promulgated by the Public Service Commission of West Virginia, discontinue and shut off the services of the stormwater portion of the System and any services and facilities of the waterworks portion of the System, to all users of the services of the stormwater system delinquent in payment of charges for the services of the stormwater system and will not restore

such services of either the waterworks system or the stormwater system until all delinquent charges for the services of the stormwater system, plus reasonable interest and penalty charges for the restoration of service, have been fully paid and shall take all further actions to enforce collections to the maximum extent permitted by law. If the waterworks facilities are not owned by the Issuer, the Issuer shall use diligent efforts to enter into a termination agreement with the provider of such water services, subject to any required approval of such agreements by the Public Service Commission of West Virginia.

Section 7.14. No Free Services. The Board 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 the Board, or any department, agency, instrumentality, officer or employee of either shall avail itself or themselves of the facilities or services provided by the System, or any part thereof, the same rates, fees or charges applicable to other customers receiving like services under similar circumstances shall be charged the Issuer, the Board 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 Board hereby covenants and agrees that so long as the Series 2012 A Bonds or Series 2012 B Bonds remain Outstanding, the Board 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 Board 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 Depreciation Fund and used only for the repairs and restoration of the damaged or destroyed properties or for the other purposes provided herein for the Depreciation Fund. The Board 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 Board, 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 Board, 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 Board 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 and the Board 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 OR COMPLETION BONDS, such bonds to be in the amounts of not less than 100% of the amount of any construction contract and to be required of each contractor dealing directly with the Board 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 any additions, extensions or improvements for the System in compliance with West Virginia Code, Section 38-2-39.

(4) FIDELITY BONDS will be provided as to every officer and employee of the Board or the Issuer having custody of the revenues or of any other funds of the System, in an amount at least equal to the total funds in the custody of any such person at any one time.

(5) FLOOD INSURANCE, if the System facilities are or will be located in designated special flood or mudslide-prone areas and to the extent available at reasonable cost to the Issuer.

(6) BUSINESS INTERRUPTION INSURANCE, to the extent available at reasonable cost to the Issuer.

B. The Board 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 Board shall verify such bonds prior to commencement of construction.

The Board shall also require all contractors engaged in the construction of the Project to carry such worker's compensation coverage for all employees working on the Project and public liability insurance, vehicular liability insurance and property damage insurance in amounts adequate for such purposes and as is customarily carried with respect to works and properties similar to the Project; provided that the amounts and terms of such coverage are satisfactory to the Authority and the BPH. The Board 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 Board, the prime contractor and all subcontractors, as their interests may appear.

Section 7.16. Mandatory Use. The mandatory use of the stormwater facilities of the System is essential and necessary for the protection and preservation of the public health, comfort, safety, convenience and welfare of the inhabitants and residents of, and the economy of, the Issuer. Accordingly, to the extent permitted by the laws of the State and the rules and

regulations of the Public Service Commission of West Virginia, every owner, tenant or occupant of any real property located near the stormwater portion of the System, and where stormwater from real property affects or drains into the stormwater portion of the System, shall be deemed to be a user served by the stormwater portion of the System and it is declared that the mandatory use of the stormwater portion of the System by such real property owner is necessary and essential for the health and welfare of the inhabitants and residents of the Issuer and the State. To the extent permitted by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, every such owner, tenant or occupant shall, after a 30-day notice of the availability of the stormwater portion of the System, pay the rates and charges established therefor.

Section 7.17. Completion of Project; Permits and Orders. The Board 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 Board has obtained all permits required by state and federal laws for the acquisition and construction of the Project, all orders and approvals from the BPH necessary for the acquisition and construction of the Project and the operation of the System and all approvals for issuance of the Series 2012 A Bonds or Series 2012 B Bonds required by state law, with all requisite appeal periods having expired without successful appeal and the Issuer shall supply an opinion of counsel to such effect.

Section 7.18. Compliance with Loan Agreement and Law. The Loan Agreement attached hereto as Exhibit A is incorporated herein in its entirety. The Issuer and the Board 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 and the Board shall provide the BPH with copies of all documents submitted to the Authority.

The Issuer and the Board shall also comply with all applicable federal and state statutes, rules, regulations, the applicable Cross Cutter Authorities and all applicable local ordinances issued by the Authority, the BPH or other state, federal or local bodies in regard to the acquisition and construction of the Project and the operation, maintenance and use of the System.

The Issuer shall perform an annual maintenance audit which maintenance audit shall be submitted to the Authority and the Public Service Commission of West Virginia in the manner prescribed by and the guidelines established by the Authority and the PSC.

Section 7.19. Reserved.

Section 7.20. Securities Laws Compliance. The Issuer shall provide the Authority, in a timely manner, with any and all information that may be requested of it (including its annual audit report, financial statements, related information and notices of changes in usage and customer base) so that the Authority may comply with the provisions of SEC Rule 15c2-12 (17 CFR Part 240).

Section 7.21. Contracts; Change Orders; Public Releases.

A. The Issuer shall, simultaneously with the delivery of the Series 2012 A Bonds or Series 2012 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 BPH for written approval. The Issuer shall obtain the written approval of the BPH before expending any proceeds of the Series 2012 Bonds held in "contingency" as set forth in the schedule attached to the Certificate of the Consulting Engineer. The Issuer shall also obtain the written approval of the BPH before expending any proceeds of the Series 2012 Bonds made available due to bid or construction or project underruns.

C. The Issuer shall list the funding as being provided by the Authority 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.

Section 7.22. Statutory Mortgage Lien. For the further protection of the Holders of the Series 2012 A Bonds or Series 2012 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 2012 A Bonds or Series 2012 B Bonds, and shall be on a parity with the statutory mortgage lien in favor of the Holders of the Prior Bonds.

## ARTICLE VIII

## INVESTMENT OF FUNDS

Section 8.01. Investments. Any monies held as a part of the funds and accounts created by this Bond Legislation, other than the Revenue Fund, shall be invested and reinvested by the Commission, the Depository Bank, or such other bank or national banking association holding such fund or account, as the case may be, at the written direction of the Issuer in any Qualified Investments to the fullest extent possible under applicable laws, this Bond Legislation, the need for such monies for the purposes set forth herein and the specific restrictions and provisions set forth in this Section 8.01.

Any investment shall be held in and at all times deemed a part of the fund or account in which such monies were originally held, and the interest accruing thereon and any profit or loss realized from such investment shall be credited or charged to the appropriate fund or account. The investments held for any fund or account shall be valued at the lower of cost or then current market value, or at the redemption price thereof if then redeemable at the option of the holder, including the value of accrued interest and giving effect to the amortization of discount, or at par if such investment is held in the "Consolidated Fund." The Commission, the

Depository Bank, or such other bank or national banking association, as the case may be, shall sell and reduce to cash a sufficient amount of such investments whenever the cash balance in any fund or account is insufficient to make the payments required from such fund or account, regardless of the loss on such liquidation. The Depository Bank 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 investment or trust department and shall not be responsible for any losses from such investments, other than for its own negligence or willful misconduct.

The Depository Bank shall keep complete and accurate records of all funds, accounts and investments, and shall distribute to the Issuer, at least once each year, or more often as reasonably requested by the Issuer, a summary of such funds, accounts and investment earnings. The Issuer shall retain all such records and any additional records with respect to such funds, accounts and investment earnings so long as any of the Series 2012 A Bonds or Series 2012 B Bonds are Outstanding and as long thereafter as necessary to assure the exclusion of interest, if any, on the Series 2012 A Bonds or Series 2012 B Bonds from gross income for federal income tax purposes.

Section 8.02. Certificate as to Use 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 2012 A Bonds or Series 2012 B Bonds as a condition to issuance of the Series 2012 A Bonds or Series 2012 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 2012 A Bonds or Series 2012 B Bonds as may be necessary in order to maintain the status of the Series 2012 A Bonds or Series 2012 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 2012 A Bonds or Series 2012 B Bonds which would cause any bonds, the interest on which is exempt from federal income taxation under Section 103(a) of the Code, issued by the Authority or the BPH, as the case may be, from which the proceeds of the Series 2012 A Bonds or Series 2012 B Bonds are derived, to lose their status as tax-exempt bonds; and (iii) to take such action, or refrain from taking such action, as shall be deemed necessary by the Issuer, or requested by the Authority or the 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 Series 2012 A Bonds or Series 2012 B Bonds and any additional information requested by the Authority.

## ARTICLE IX

## DEFAULT AND REMEDIES

Section 9.01. Events of Default. Each of the following events shall constitute an "Event of Default" with respect to the Series 2012 A Bonds or Series 2012 B Bonds:

(1) If default occurs in the due and punctual payment of the principal of or interest on any Series 2012 A Bonds or Series 2012 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 2012 A Bonds or Series 2012 B Bonds set forth in this Bond Legislation, any supplemental resolution or in the Series 2012 A Bonds or Series 2012 B Bonds and such default shall have continued for a period of 30 days after the Issuer shall have been given written notice of such default by the Commission, the Depository Bank, the Registrar, the Paying Agent or any other Paying Agent or a Holder of a Bond; or

(3) If the Issuer or Board files a petition seeking reorganization or arrangement under the federal bankruptcy laws or any other applicable law of the United States of America; or

(4) If default occurs with respect to the Prior Bonds or the Prior Ordinances.

Section 9.02. Remedies. Upon the happening and continuance of any Event of Default, any Registered Owner of a Bond may exercise any available remedy and bring any appropriate action, suit or proceeding to enforce his or her rights and, in particular, (i) bring suit for any unpaid principal or interest then due, (ii) by mandamus or other appropriate proceeding enforce all rights of such Registered Owners including the right to require the Issuer to perform its duties under the Act and the Bond Legislation relating thereto, including but not limited to the making and collection of sufficient rates or charges for services rendered by the System, (iii) bring suit upon the Bonds; (iv) by action at law or bill in equity require the Issuer to account as if it were the trustee of an express trust for the Registered Owners of the Bonds, and (v) by action or bill in equity enjoin any acts in violation of the Bond Legislation with respect to the Bonds, or the rights of such Registered Owners; provided however, that all rights and remedies of the Holders of the Series 2012 A Bonds or Series 2012 B Bonds shall be on a parity with those of the Holders of the Prior Bonds.

Section 9.03. Appointment of Receiver. Any Registered Owner of a Bond may, by proper legal action, compel the performance of the duties of the Issuer under the Bond Legislation and the Act, including, the completion of the Project and after commencement of operation of the System, the making and collection of sufficient rates and charges for services rendered by the System and segregation of the revenues therefrom and the application thereof. If there be any Event of Default with respect to such Bonds, any Registered Owner of a Bond shall, in addition to all other remedies or rights, have the right by appropriate legal proceedings to obtain the appointment of a receiver to administer the System or to complete the acquisition and construction of the Project on behalf of the Issuer, with power to charge rates, rentals, fees and

other charges sufficient to provide for the payment of Operating Expenses of the System, the payment of the Bonds and interest and the deposits into the funds and accounts hereby established, and to apply such rates, rentals, fees, charges or other revenues in conformity with the provisions of this Bond Legislation and the Act.

The receiver so appointed shall forthwith, directly or by his or her or its agents and attorneys, enter into and upon and take possession of all facilities of said System and shall hold, operate and maintain, manage and control such facilities, and each and every part thereof, and in the name of the Issuer exercise all the rights and powers of the Issuer with respect to said facilities as the Issuer itself might do.

Whenever all that is due upon the Bonds and interest thereon and under any covenants of this Bond Legislation for reserve, sinking or other funds and upon any other obligations and interest thereon having a charge, lien or encumbrance upon the revenues of the System shall have been paid and made good, and all defaults under the provisions of this Bond Legislation shall have been cured and made good, possession of the System shall be surrendered to the Issuer upon the entry of an order of the court to that effect. Upon any subsequent default, any Registered Owner of any Bonds shall have the same right to secure the further appointment of a receiver upon any such subsequent default.

Such receiver, in the performance of the powers hereinabove conferred upon him or her or it, shall be under the direction and supervision of the court making such appointment, shall at all times be subject to the orders and decrees of such court and may be removed thereby, and a successor receiver may be appointed in the discretion of such court. Nothing herein contained shall limit or restrict the jurisdiction of such court to enter such other and further orders and decrees as such court may deem necessary or appropriate for the exercise by the receiver of any function not specifically set forth herein.

Any receiver appointed as provided herein shall hold and operate the System in the name of the Issuer and for the joint protection and benefit of the Issuer and Registered Owners of the Bonds. Such receiver shall have no power to sell, assign, mortgage or otherwise dispose of any assets of any kind or character belonging or pertaining to the System, but the authority of such receiver shall be limited to the completion of the Project and the possession, operation and maintenance of the System for the sole purpose of the protection of both the Issuer and Registered Owners of such Bonds and the curing and making good of any Event of Default with respect thereto under the provisions of this Bond Legislation, and the title to and ownership of said System shall remain in the Issuer, and no court shall have any jurisdiction to enter any order or decree permitting or requiring such receiver to sell, assign, mortgage or otherwise dispose of any assets of the System.

## ARTICLE X

## PAYMENT OF BONDS

Section 10.01. Payment of Bonds. If the Issuer shall pay or there shall otherwise be paid to the Holders of the Series 2012 A Bonds or Series 2012 B Bonds, the principal of and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Bond Legislation, then the pledge of Gross 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 2012 A Bonds or Series 2012 B Bonds shall thereupon cease, terminate and become void and be discharged and satisfied, except as may otherwise be necessary to assure the exclusion of interest on the Series 2012 A Bonds or Series 2012 B Bonds from gross income for federal income tax purposes.

## ARTICLE XI

## MISCELLANEOUS

Section 11.01. Amendment or Modification of Bond Legislation. Prior to the issuance of the Series 2012 A Bonds or Series 2012 B Bonds, this Ordinance may be amended or supplemented in any way by the Supplemental Resolution. Following issuance of the Series 2012 A Bonds or Series 2012 B Bonds, no material modification or amendment of this Ordinance, or of any ordinance, resolution or order amendatory or supplemental hereto, that would materially and adversely affect the rights of Registered Owners of the Series 2012 A Bonds or Series 2012 B Bonds shall be made without the consent in writing of the Registered Owners of the Series 2012 A Bonds or Series 2012 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 out of the funds herein pledged therefor without the consent of the Registered Owner thereof. No amendment or modification shall be made that would reduce the percentage of the principal amount of the Series 2012 A Bonds or Series 2012 B Bonds required for consent to the above-permitted amendments or modifications. Notwithstanding the foregoing, this Bond Legislation may be amended without the consent of any Bondholder as may be necessary to assure compliance with Section 148(f) of the Code relating to rebate requirements or otherwise as may be necessary to assure the excludability of interest on the Series 2012 A Bonds or Series 2012 B Bonds from gross income of the holders thereof.

Section 11.02. Bond Legislation Constitutes Contract. The provisions of the Bond Legislation shall constitute a contract between the Issuer and the Registered Owners of the Bonds, and no change, variation or alteration of any kind of the provisions of the Bond Legislation shall be made in any manner, except as in this Bond Legislation provided.

Section 11.03. Severability of Invalid Provisions. If any section, paragraph, clause or provision of this Ordinance should be held invalid by any court of competent jurisdiction, the

invalidity of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Ordinance, the Supplemental Resolution or the Series 2012 A Bonds or Series 2012 B Bonds.

Section 11.04. Headings, Etc. The headings and catchlines of the articles, sections and subsections hereof are for convenience of reference only, and shall not affect in any way the meaning or interpretation of any provision hereof.

Section 11.05. Conflicting Provisions Repealed; Prior Ordinances. All ordinances, orders or resolutions and or parts thereof in conflict with the provisions of this Ordinance are, to the extent of such conflict, hereby repealed; provided that, in the event of any conflict between this Ordinance and the Prior Ordinances, the Prior Ordinances shall control (unless less restrictive), so long as the Prior Bonds are outstanding.

Section 11.06. Covenant of Due Procedure, Etc. The Issuer covenants that all acts, conditions, things and procedures required to exist, to happen, to be performed or to be taken precedent to and in the adoption of this Ordinance do exist, have happened, have been performed and have been taken in regular and due time, form and manner as required by and in full compliance with the laws and Constitution of the State of West Virginia applicable thereto; and that the Mayor, the City Manager, the City Clerk and members of the Governing Body and the Board were at all times when any actions in connection with this Ordinance occurred and are duly in office and duly qualified for such office.

Section 11.07. Appointment. The Issuer does hereby appoint, designate and approve the hiring of Steptoe & Johnson PLLC, Charleston, West Virginia, as bond counsel to the Issuer and the Board in connection with the issuance by the Issuer of the Series 2012 A Bonds or Series 2012 B Bonds.

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 *Dominion Post*, a newspaper published and of general circulation in The City of Morgantown, together with a notice stating that this Ordinance has been adopted and that the Issuer contemplates the issuance of the Series 2012 A Bonds or Series 2012 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.

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Section 11.09. Effective Date. This Ordinance shall take effect immediately following public hearing and final reading hereof.

| | |
|---|---|
| Passed on First Reading: | December 6, 2011 |
| Passed on Second Reading: | December 20, 2011 |
| Passed on Final Reading Following Public Hearing: | January 3, 2012 |

By: _____
Mayor

ATTEST:

By: _____
City Clerk

APPROVED AND CORRECT AS TO FORM:

By: _____
City Solicitor

627490.00043

6005542

CERTIFICATION

Certified a true copy of an Ordinance duly enacted by the Council of THE CITY OF MORGANTOWN on the 3rd day of January, 2012.

Dated: August 24, 2012.

[SEAL]

Linda L. Kuhn
City Clerk

6005542

THE CITY OF MORGANTOWN

Combined Utility System Revenue Bonds, Series 2012 A
(West Virginia DWTRF Program); and
Combined Utility System Revenue Bonds, Series 2012 B
(West Virginia DWTRF Program)

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION AUTHORIZING THE REPEAL OF ORDINANCE 11-26; 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 UTILITY SYSTEM REVENUE BONDS, SERIES 2012 A (WEST VIRGINIA DWTRF PROGRAM) AND COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2012 B (WEST VIRGINIA DWTRF PROGRAM) OF THE CITY OF MORGANTOWN; APPROVING AND RATIFYING THE LOAN AGREEMENT RELATING TO SUCH BONDS AND THE SALE AND DELIVERY OF SUCH BONDS TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

WHEREAS, the City council (the "Governing Body") of The City of Morgantown (the "Issuer" or "Governmental Agency") has duly and officially adopted and enacted a bond ordinance, effective January 3, 2012 (the "Bond Ordinance"), entitled:

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF EXTENSIONS, ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE WATER PORTION OF THE EXISTING PUBLIC COMBINED WATERWORKS, SEWERAGE AND STORMWATER SYSTEM OF THE CITY OF MORGANTOWN AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE CITY OF NOT MORE THAN $1,100,000 IN AGGREGATE PRINCIPAL AMOUNT OF COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2012 A (WEST VIRGINIA DWTRF PROGRAM) AND NOT MORE THAN $1,600,000 IN AGGREGATE PRINCIPAL AMOUNT OF COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES

2012 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; APPROVING, RATIFYING AND CONFIRMING A LOAN AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

WHEREAS, The Issuer has heretofore passed Ordinance No. 11-26 on July 5, 2011, among other things authorizing Bonds to finance the Project and due to a revised funding scenario, desire to repeal Ordinance No. 11-26.

WHEREAS, the Issuer desires to amend the Bond Ordinance through this Supplemental Resolution (collectively, the "Bond Legislation")

WHEREAS, the Bond Ordinance provides for the issuance of the Combined Utility System Revenue Bonds, Series 2012 A (West Virginia DWTRF Program) and Combined Utility System Revenue Bonds, Series 2012 B (West Virginia DWTRF Program), of the Issuer (collectively, the "Bonds" and individually, the "Series 2012 A Bonds" and the "Series 2012 B Bonds"), in the respective aggregate principal amounts not to exceed $1,100,000 and $1,600,000 and has authorized the execution and delivery of a Loan Agreement relating to the Bonds, including all schedules and exhibits attached thereto, by and among the Issuer, the West Virginia Water Development Authority (the "Authority"), and the West Virginia Bureau for Public Health (the "BPH") (the "Loan Agreement"), all in accordance with Chapter 8, Article 20 and Chapter 16, Article 13C of the West Virginia Code of 1931, as amended (collectively, the "Act"); and that other matters relating to the Bonds be herein provided for;

WHEREAS, the Loan Agreement has been presented to the Issuer at this meeting;

WHEREAS, the Series 2012 A Bonds and Series 2012 B Bonds are proposed to be purchased by the Authority pursuant to the Loan Agreement; and

WHEREAS, the Governing Body deems it essential and desirable that this supplemental resolution (the "Supplemental Resolution") be adopted, that the Loan Agreement be approved and ratified by the Issuer, that the exact principal amounts, the dates, the maturity dates, the redemption provisions, the interest rates, the interest and principal payment dates and the sale prices of the Series 2012 A Bonds and Series 2012 B Bonds be fixed hereby in the manner stated herein, and that other matters relating to the Series 2012 A Bonds and Series 2012 B Bonds be herein provided for;

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF THE CITY OF MORGANTOWN:

Section 1. The Issuer hereby approves the Conformed Bond Ordinance attached hereto as Exhibit A.

Section 2. Pursuant to the Bond Ordinance and the Act, this Supplemental Resolution is adopted and there are hereby authorized and ordered to be issued the Combined Utility System Revenue Bonds, Series 2012 A (West Virginia DWTRF Program), of the Issuer, originally represented by a single bond, numbered AR-1, in the original aggregate principal amount of $570,000, of the Issuer (the "Series 2012 A Bonds). The Series 2012 A Bonds shall be dated the date of delivery thereof, shall finally mature March 1, 2044 and shall bear interest at the rate of 0.5% per annum. The principal of the Series 2012 A Bonds shall be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing June 1, 2014 to and including March 1, 2044 and in the amounts as set forth in the "Schedule Y" attached to the Loan Agreement for the Series 2012 A Bonds and incorporated in and made a part of the Series 2012 A Bonds. The interest of the Series 2012 A Bonds shall be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing June 1, 2014, to and including March 1, 2044 and in the amounts as set forth in the "Schedule Y" attached to the Loan Agreement for the Series 2012 A Bonds and incorporated in and made a part of the Series 2012 A Bonds. The Series 2012 A Bonds shall be subject to redemption upon the written consent of the Authority and the BPH, and upon payment of the interest and redemption premium, if any, and otherwise in compliance with the Loan Agreement, so long as the Authority shall be the registered owner of the Series 2012 A Bonds. The Issuer does hereby approve and shall pay the Administrative Fee equal to 0.5% of the principal amount of the Series 2012 A Bonds set forth in the Schedule Y attached to the Loan Agreement.

Section 3. Pursuant to the Bond Ordinance and the Act, this Supplemental Resolution is adopted and there are hereby authorized and ordered to be issued the Combined Utility System Revenue Bonds, Series 2012 B (West Virginia DWTRF Program), of the Issuer, originally represented by a single bond, numbered BR-1, in the original aggregate principal amount of $444,835. The Series 2012 B Bonds shall be dated the date of delivery thereof and shall bear no interest. The principal amounts advanced under the Series 2012 B Bonds will be deemed forgiven on the 30th day of June in the fiscal year in which advanced. The Series 2012 B Bonds shall be deemed no longer outstanding after the last advance is forgiven. The Series 2012 B Bonds may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the BPH, and otherwise in compliance with the Loan Agreement. The Series 2012 B Bonds are not subject to an Administrative Fee.

Section 4. All other provisions relating to the Series 2012 A Bonds and Series 2012 B Bonds and the text of each series of the Series 2012 A Bonds and Series 2012 B Bonds shall be in substantially the forms provided in the Bond Legislation.

Section 5. The Issuer does hereby authorize, approve, ratify and accept the Loan Agreement, a copy of which is incorporated herein by reference, and the execution and delivery of the Loan Agreement by the Mayor, and the performance of the obligations contained therein, on behalf of the Issuer, are hereby authorized, directed, ratified and approved. The Issuer hereby affirms all covenants and representations made in the Loan Agreement and in the applications to the BPH and the Authority. The price of the Series 2012 A Bonds and Series 2012 B Bonds shall be 100% of par value, there being no interest accrued thereon, provided that the proceeds of the Series 2012 A Bonds and Series 2012 B Bonds shall be advanced from time to time as requisitioned by the Issuer.

Section 6. The Issuer does hereby appoint and designate The Huntington National Bank, Charleston, West Virginia, to serve as Registrar (the "Registrar") for the Series 2012 A Bonds and Series 2012 B Bonds under the Bond Ordinance and does approve and accept the Registrar's Agreement

to be dated the date of delivery of the Series 2012 A Bonds and Series 2012 B 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 7. The Issuer does hereby appoint and designate the West Virginia Municipal Bond Commission, Charleston, West Virginia, to serve as Paying Agent for the Series 2012 Bonds under the Bond Legislation.

Section 8. The Issuer does hereby appoint and designate United Bank, Inc., Charleston, West Virginia, to serve as Depository Bank under the Bond Legislation.

Section 9. Series 2012 A Bonds proceeds in the amount of $-0- shall be deposited in the Series 2012 A Bonds Reserve Account to fully fund the Series 2012 A Bonds Reserve Account.

Section 10. The balance of the proceeds of the Series 2012 A Bonds shall be deposited in or credited to the Series 2012 Bonds Construction Trust Funds for payment of the costs of the Project, including, without limitation, costs of issuance of the Series 2012 A Bonds and related costs.

Section 11. The proceeds of the Series 2012 B Bonds shall be deposited in or credited to the Series 2012 Bonds Construction Trust Funds for payment of the costs of the Project, including, without limitation, costs of issuance of the Series 2012 B Bonds and related costs.

Section 12. The Mayor and the Clerk are hereby authorized and directed to execute and deliver such other documents and certificates required or desirable in connection with the Series 2012 Bonds hereby and by the Bond Legislation approved and provided for, to the end that the Series 2012 Bonds may be delivered on or about August 24, 2012, to the Authority pursuant to the Loan Agreement.

Section 13. The Morgantown Utility Board General Manager is hereby authorized to review and approve draw resolutions for the payment of invoices for the Project.

Section 14. The acquisition and construction of the Project and the financing thereof in part with proceeds of the Series 2012 A Bonds and Series 2012 B 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 15. The Issuer does hereby ratify, approve and accept all contracts relating to the financing, acquisition and construction of the Project.

Section 16. Repeal Ordinance No. 1460;. The Issuer hereby repeals in its entirety Ordinance No. 11-26 adopted on July 5, 2011.

Section 17. This Supplemental Resolution shall be effective immediately following adoption hereof.

Adopted this 7th day of August, 2012.



Mayor

CERTIFICATION

Certified a true copy of a Supplemental Resolution duly adopted by the Council of The City of Morgantown on the 7th day of August, 2012.

Dated: August 24, 2012.

[SEAL]

Linda L. Lucas
Clerk

627490.00043

EXHIBIT A

CONFORMED BOND ORDINANCE

(see Tab 1)

SPECIMEN

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE CITY OF MORGANTOWN
COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2012 A
(WEST VIRGINIA DWTRF PROGRAM)

No. AR-1

$570,000

KNOW ALL MEN BY THESE PRESENTS: That on this the 24th day of August, 2012, THE CITY OF MORGANTOWN, a municipal corporation and political subdivision of the State of West Virginia in Monongalia 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 FIVE HUNDRED THOUSAND DOLLARS ($570,000), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, the principal of, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing June 1, 2014, to and including March 1, 2044 as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference, with interest payable quarterly on March 1, June 1, September 1, and December 1 of each year, commencing June 1, 2014 to and including March 1, 2044, at the rate of 0.5% per annum as set forth on EXHIBIT B attached hereto.

The Administrative Fee of 0.5% (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 June 1, 2014, as set forth on EXHIBIT B attached hereto.

Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent"). The interest, if any, on this Bond is payable by check or draft of the Paying Agent mailed to the registered owner hereof at the address as it appears on the books of The Huntington National Bank, Charleston, West Virginia, as registrar (the "Registrar"), on the 15th day of the month next preceding an interest payment date, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner hereof.

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the West Virginia 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 August 24, 2012.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain extensions, additions, betterments and improvements to the water portion of the existing public

combined waterworks, sewerage, and stormwater system of the Issuer (the "Project"); and (ii) to pay certain costs of issuance of the Bonds and related costs. The existing public combined waterworks, sewerage, and stormwater system of the Issuer, the Project, and any further extensions, additions, betterments or improvements thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 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 January 3, 2012, and a Supplemental Resolution and Conformed Bond Ordinance duly adopted by the Issuer on August 7, 2012 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S: (1) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 1992 (WEST VIRGINIA SRF PROGRAM), DATED SEPTEMBER 8, 1992, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $11,900,000 (THE "SERIES 1992 BONDS"); (2) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 1995 (WEST VIRGINIA SRF PROGRAM), DATED APRIL 27, 1995, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,601,477 (THE "SERIES 1995 BONDS"); (3) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2000 A (WEST VIRGINIA SRF PROGRAM), DATED FEBRUARY 29, 2000, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $7,842,000 (THE "SERIES 2000 A BONDS"); (4) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2000 B (WEST VIRGINIA INFRASTRUCTURE FUND), DATED FEBRUARY 29, 2000, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,488,000 (THE "SERIES 2000 B BONDS"); (5) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2001 A (WEST VIRGINIA INFRASTRUCTURE FUND), DATED FEBRUARY 8, 2001, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $3,812,470 (THE "SERIES 2001 A BONDS"); (6) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2006 A (WEST VIRGINIA SRF PROGRAM), DATED JUNE 30, 2006, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $6,410,191 (THE "SERIES 2006 A BONDS"); (7) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2007 A (WEST VIRGINIA SRF PROGRAM), DATED AUGUST 14, 2007, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $8,500,000 (THE "SERIES 2007 A BONDS"); (8) TAXABLE-COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 A (DIRECT PAYMENT BUILD AMERICA BONDS), DATED JANUARY 28, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $37,950,000 (THE "SERIES 2010 A BONDS"); (9) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 B (WEST VIRGINIA SRF PROGRAM/ARRA), DATED JANUARY 28, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $81,600 (THE "SERIES 2010 B BONDS"); (10) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 C (WEST VIRGINIA SRF PROGRAM), DATED JANUARY 28, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $15,380,227 (THE "SERIES 2010 C BONDS"); (11) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 D (WEST VIRGINIA DWTRF PROGRAM), DATED JANUARY 28, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $9,317,286 (THE

"SERIES 2010 D BONDS"); (12) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 E (WEST VIRGINIA DWTRF PROGRAM/ARRA), DATED JANUARY 28, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $100,000 (THE "SERIES 2010 E BONDS"); (13) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 F (BANK QUALIFIED), DATED JANUARY 28, 2010, ISSUED IN THE ORIGINAL AGGREGATE AMOUNT OF $7,250,000 (THE "SERIES 2010 F BONDS"); (COLLECTIVELY, THE "PRIOR BONDS"); AND (14) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2012 B (WEST VIRGINIA DWTRF PROGRAM), DATED AUGUST 24, 2012, ISSUED SIMULTANEOUSLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $444,835 (THE "SERIES 2012 B BONDS").

This Bond is payable only from and secured by a pledge of the Gross Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Gross Revenues in favor of the Holders of the Series 2012 B Bonds and the Prior Bonds, and from moneys in the reserve account created under the Bond Legislation for the Bonds (the "Series 2012 A Bonds Reserve Account"), and unexpended proceeds of the Bonds. Such Gross 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 an indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest hereon, except from said special fund provided from the Gross Revenues, the moneys in the Series 2012 A Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest on the Bonds, and all other obligations secured by a lien on or payable from such revenues on a parity with the Bonds, including the Prior Bonds; provided, however, that so long as there exists in the Series 2012 A Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with the Bonds, including the Prior Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

Subject to the registration requirements set forth herein, this Bond is transferable, as provided in the Bond Legislation, only upon the books of the Registrar by the registered owner, or by its attorney duly authorized in writing, upon the surrender of this Bond, together with a written instrument of transfer satisfactory to the Registrar, duly executed by the registered owner or its attorney duly authorized in writing.

Subject to the registration requirements set forth herein, this Bond, under the provision of the Act is, and has all the qualities and incidents of, a negotiable instrument under the Uniform Commercial Code of the State of West Virginia.

All money received from the sale of this Bond, after reimbursement and repayment of all amounts advanced for preliminary expenses as provided by law and the Bond Legislation, shall be applied solely to payment of the costs of the Project and costs of issuance hereof described in the Bond Legislation, and there shall be and hereby is created and granted a lien upon such moneys, until so applied, in favor of the registered owner of this Bond.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and 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 Gross 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.

[Remainder of Page Intentionally Blank]

IN WITNESS WHEREOF, THE CITY OF MORGANTOWN has caused this Bond to be signed by its Mayor and City Manager, and its corporate seal to be hereunto affixed and attested by its City Clerk, and has caused this Bond to be dated the day and year first written above.

[SEAL]

Mayor

City Manager

ATTEST:

City Clerk

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2012 A Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: August 24, 2012.

THE HUNTINGTON NATIONAL BANK,
as Registrar

By: _____
Its: Authorized Officer

EXHIBIT A

RECORD OF ADVANCES

| AMOUNT | DATE | AMOUNT | DATE |
|---|---|---|---|
| (1) $28,000 | 08/24/2012 | (19) | |
| (2) | | (20) | |
| (3) | | (21) | |
| (4) | | (22) | |
| (5) | | (23) | |
| (6) | | (24) | |
| (7) | | (25) | |
| (8) | | (26) | |
| (9) | | (27) | |
| (10) | | (28) | |
| (11) | | (29) | |
| (12) | | (30) | |
| (13) | | (31) | |
| (14) | | (32) | |
| (15) | | (33) | |
| (16) | | (34) | |
| (17) | | (35) | |
| (18) | | (36) | |

TOTAL $_____

EXHIBIT B

DEBT SERVICE SCHEDULE

Net Debt Service

City of Morgantown

DWTRF

$570,000

0.5% Interest Rate

0.5% Administrative Fee

30 Years

| Date | Principal | Coupon | Interest | Total Debt Service | Admin Fee | Reserve Fund | Net Debt Service |
|---|---|---|---|---|---|---|---|
| 6/1/2014 | 4,406 | 0.500% | 712.50 | 5,118.50 | 368.12 | 511.83 | 5,998.45 |
| 9/1/2014 | 4,411 | 0.500% | 706.99 | 5,117.99 | 368.12 | 511.83 | 5,997.94 |
| 12/1/2014 | 4,417 | 0.500% | 701.48 | 5,118.48 | 368.12 | 511.83 | 5,998.43 |
| 3/1/2015 | 4,422 | 0.500% | 695.96 | 5,117.96 | 368.12 | 511.83 | 5,997.91 |
| 6/1/2015 | 4,428 | 0.500% | 690.43 | 5,118.43 | 368.12 | 511.83 | 5,998.38 |
| 9/1/2015 | 4,433 | 0.500% | 684.90 | 5,117.90 | 368.12 | 511.83 | 5,997.85 |
| 12/1/2015 | 4,439 | 0.500% | 679.35 | 5,118.35 | 368.12 | 511.83 | 5,998.30 |
| 3/1/2016 | 4,444 | 0.500% | 673.81 | 5,117.81 | 368.12 | 511.83 | 5,997.76 |
| 6/1/2016 | 4,450 | 0.500% | 668.25 | 5,118.25 | 368.12 | 511.83 | 5,998.20 |
| 9/1/2016 | 4,455 | 0.500% | 662.69 | 5,117.69 | 368.12 | 511.83 | 5,997.64 |
| 12/1/2016 | 4,461 | 0.500% | 657.12 | 5,118.12 | 368.12 | 511.83 | 5,998.07 |
| 3/1/2017 | 4,467 | 0.500% | 651.54 | 5,118.54 | 368.12 | 511.83 | 5,998.49 |
| 6/1/2017 | 4,472 | 0.500% | 645.96 | 5,117.96 | 368.12 | 511.83 | 5,997.91 |
| 9/1/2017 | 4,478 | 0.500% | 640.37 | 5,118.37 | 368.12 | 511.82 | 5,998.31 |
| 12/1/2017 | 4,483 | 0.500% | 634.77 | 5,117.77 | 368.12 | 511.82 | 5,997.71 |
| 3/1/2018 | 4,489 | 0.500% | 629.17 | 5,118.17 | 368.12 | 511.82 | 5,998.11 |
| 6/1/2018 | 4,495 | 0.500% | 623.56 | 5,118.56 | 368.12 | 511.82 | 5,998.50 |
| 9/1/2018 | 4,500 | 0.500% | 617.94 | 5,117.94 | 368.12 | 511.82 | 5,997.88 |
| 12/1/2018 | 4,506 | 0.500% | 612.31 | 5,118.31 | 368.12 | 511.82 | 5,998.25 |
| 3/1/2019 | 4,511 | 0.500% | 606.68 | 5,117.68 | 368.12 | 511.82 | 5,997.62 |
| 6/1/2019 | 4,517 | 0.500% | 601.04 | 5,118.04 | 368.12 | 511.82 | 5,997.98 |
| 9/1/2019 | 4,523 | 0.500% | 595.40 | 5,118.40 | 368.12 | 511.82 | 5,998.34 |
| 12/1/2019 | 4,528 | 0.500% | 589.74 | 5,117.74 | 368.12 | 511.82 | 5,997.68 |
| 3/1/2020 | 4,534 | 0.500% | 584.08 | 5,118.08 | 368.12 | 511.82 | 5,998.02 |
| 6/1/2020 | 4,540 | 0.500% | 578.41 | 5,118.41 | 368.12 | 511.82 | 5,998.35 |
| 9/1/2020 | 4,545 | 0.500% | 572.74 | 5,117.74 | 368.12 | 511.82 | 5,997.68 |
| 12/1/2020 | 4,551 | 0.500% | 567.06 | 5,118.06 | 368.12 | 511.82 | 5,998.00 |
| 3/1/2021 | 4,557 | 0.500% | 561.37 | 5,118.37 | 368.12 | 511.82 | 5,998.31 |
| 6/1/2021 | 4,562 | 0.500% | 555.67 | 5,117.67 | 368.12 | 511.82 | 5,997.61 |
| 9/1/2021 | 4,568 | 0.500% | 549.97 | 5,117.97 | 368.12 | 511.82 | 5,997.91 |
| 12/1/2021 | 4,574 | 0.500% | 544.26 | 5,118.26 | 368.12 | 511.82 | 5,998.20 |
| 3/1/2022 | 4,580 | 0.500% | 538.54 | 5,118.54 | 368.12 | 511.82 | 5,998.48 |
| 6/1/2022 | 4,585 | 0.500% | 532.82 | 5,117.82 | 368.12 | 511.82 | 5,997.76 |
| 9/1/2022 | 4,591 | 0.500% | 527.09 | 5,118.09 | 368.12 | 511.82 | 5,998.03 |
| 12/1/2022 | 4,597 | 0.500% | 521.35 | 5,118.35 | 368.12 | 511.82 | 5,998.29 |
| 3/1/2023 | 4,603 | 0.500% | 515.60 | 5,118.60 | 368.12 | 511.82 | 5,998.54 |
| 6/1/2023 | 4,608 | 0.500% | 509.85 | 5,117.85 | 368.12 | 511.82 | 5,997.79 |
| 9/1/2023 | 4,614 | 0.500% | 504.09 | 5,118.09 | 368.12 | 511.82 | 5,998.03 |
| 12/1/2023 | 4,620 | 0.500% | 498.32 | 5,118.32 | 368.12 | 511.82 | 5,998.26 |
| 3/1/2024 | 4,626 | 0.500% | 492.55 | 5,118.55 | 368.12 | 511.82 | 5,998.49 |
| 6/1/2024 | 4,631 | 0.500% | 486.76 | 5,117.76 | 368.12 | | 5,485.88 |
| 9/1/2024 | 4,637 | 0.500% | 480.97 | 5,117.97 | 368.12 | | 5,486.09 |
| 12/1/2024 | 4,643 | 0.500% | 475.18 | 5,118.18 | 368.12 | | 5,486.30 |
| 3/1/2025 | 4,649 | 0.500% | 469.37 | 5,118.37 | 368.12 | | 5,486.49 |
| 6/1/2025 | 4,655 | 0.500% | 463.56 | 5,118.56 | 368.12 | | 5,486.68 |
| 9/1/2025 | 4,660 | 0.500% | 457.74 | 5,117.74 | 368.12 | | 5,485.86 |

**Net Debt Service**

City of Morgantown

DWTRF

$570,000

0.5% Interest Rate

0.5% Administrative Fee

30 Years

| Date | Principal | Coupon | Interest | Total Debt Service | Admin Fee | Reserve Fund | Net Debt Service |
|---|---|---|---|---|---|---|---|
| 12/1/2025 | 4,666 | 0.500% | 451.92 | 5,117.92 | 368.12 | | 5,486.04 |
| 3/1/2026 | 4,672 | 0.500% | 446.09 | 5,118.09 | 368.12 | | 5,486.21 |
| 6/1/2026 | 4,678 | 0.500% | 440.25 | 5,118.25 | 368.12 | | 5,486.37 |
| 9/1/2026 | 4,684 | 0.500% | 434.40 | 5,118.40 | 368.12 | | 5,486.52 |
| 12/1/2026 | 4,690 | 0.500% | 428.54 | 5,118.54 | 368.12 | | 5,486.66 |
| 3/1/2027 | 4,695 | 0.500% | 422.68 | 5,117.68 | 368.12 | | 5,485.80 |
| 6/1/2027 | 4,701 | 0.500% | 416.81 | 5,117.81 | 368.12 | | 5,485.93 |
| 9/1/2027 | 4,707 | 0.500% | 410.94 | 5,117.94 | 368.12 | | 5,486.06 |
| 12/1/2027 | 4,713 | 0.500% | 405.05 | 5,118.05 | 368.12 | | 5,486.17 |
| 3/1/2028 | 4,719 | 0.500% | 399.16 | 5,118.16 | 368.12 | | 5,486.28 |
| 6/1/2028 | 4,725 | 0.500% | 393.26 | 5,118.26 | 368.12 | | 5,486.38 |
| 9/1/2028 | 4,731 | 0.500% | 387.36 | 5,118.36 | 368.12 | | 5,486.48 |
| 12/1/2028 | 4,737 | 0.500% | 381.44 | 5,118.44 | 368.12 | | 5,486.56 |
| 3/1/2029 | 4,743 | 0.500% | 375.52 | 5,118.52 | 368.12 | | 5,486.64 |
| 6/1/2029 | 4,749 | 0.500% | 369.59 | 5,118.59 | 368.12 | | 5,486.71 |
| 9/1/2029 | 4,754 | 0.500% | 363.66 | 5,117.66 | 368.12 | | 5,485.78 |
| 12/1/2029 | 4,760 | 0.500% | 357.71 | 5,117.71 | 368.12 | | 5,485.83 |
| 3/1/2030 | 4,766 | 0.500% | 351.76 | 5,117.76 | 368.12 | | 5,485.88 |
| 6/1/2030 | 4,772 | 0.500% | 345.81 | 5,117.81 | 368.12 | | 5,485.93 |
| 9/1/2030 | 4,778 | 0.500% | 339.84 | 5,117.84 | 368.12 | | 5,485.96 |
| 12/1/2030 | 4,784 | 0.500% | 333.87 | 5,117.87 | 368.12 | | 5,485.99 |
| 3/1/2031 | 4,790 | 0.500% | 327.89 | 5,117.89 | 368.12 | | 5,486.01 |
| 6/1/2031 | 4,796 | 0.500% | 321.90 | 5,117.90 | 368.12 | | 5,486.02 |
| 9/1/2031 | 4,802 | 0.500% | 315.91 | 5,117.91 | 368.12 | | 5,486.03 |
| 12/1/2031 | 4,808 | 0.500% | 309.90 | 5,117.90 | 368.12 | | 5,486.02 |
| 3/1/2032 | 4,814 | 0.500% | 303.89 | 5,117.89 | 368.12 | | 5,486.01 |
| 6/1/2032 | 4,820 | 0.500% | 297.88 | 5,117.88 | 368.12 | | 5,486.00 |
| 9/1/2032 | 4,826 | 0.500% | 291.85 | 5,117.85 | 368.12 | | 5,485.97 |
| 12/1/2032 | 4,832 | 0.500% | 285.82 | 5,117.82 | 368.12 | | 5,485.94 |
| 3/1/2033 | 4,838 | 0.500% | 279.78 | 5,117.78 | 368.12 | | 5,485.90 |
| 6/1/2033 | 4,844 | 0.500% | 273.73 | 5,117.73 | 368.12 | | 5,485.85 |
| 9/1/2033 | 4,850 | 0.500% | 267.68 | 5,117.68 | 368.12 | | 5,485.80 |
| 12/1/2033 | 4,857 | 0.500% | 261.61 | 5,118.61 | 368.12 | | 5,486.73 |
| 3/1/2034 | 4,863 | 0.500% | 255.54 | 5,118.54 | 368.12 | | 5,486.66 |
| 6/1/2034 | 4,869 | 0.500% | 249.46 | 5,118.46 | 368.12 | | 5,486.58 |
| 9/1/2034 | 4,875 | 0.500% | 243.38 | 5,118.38 | 368.12 | | 5,486.50 |
| 12/1/2034 | 4,881 | 0.500% | 237.28 | 5,118.28 | 368.12 | | 5,486.40 |
| 3/1/2035 | 4,887 | 0.500% | 231.18 | 5,118.18 | 368.12 | | 5,486.30 |
| 6/1/2035 | 4,893 | 0.500% | 225.07 | 5,118.07 | 368.12 | | 5,486.19 |
| 9/1/2035 | 4,899 | 0.500% | 218.96 | 5,117.96 | 368.12 | | 5,486.08 |
| 12/1/2035 | 4,905 | 0.500% | 212.83 | 5,117.83 | 368.12 | | 5,485.95 |
| 3/1/2036 | 4,911 | 0.500% | 206.70 | 5,117.70 | 368.12 | | 5,485.82 |
| 6/1/2036 | 4,918 | 0.500% | 200.56 | 5,118.56 | 368.12 | | 5,486.68 |
| 9/1/2036 | 4,924 | 0.500% | 194.42 | 5,118.42 | 368.12 | | 5,486.54 |
| 12/1/2036 | 4,930 | 0.500% | 188.26 | 5,118.26 | 368.12 | | 5,486.38 |
| 3/1/2037 | 4,936 | 0.500% | 182.10 | 5,118.10 | 368.12 | | 5,486.22 |

Net Debt Service
City of Morgantown
DWTRF
$570,000
0.5% Interest Rate
0.5% Administrative Fee
30 Years

| Date | Principal | Coupon | Interest | Total Debt Service | Admin Fee | Reserve Fund | Net Debt Service |
|---|---|---|---|---|---|---|---|
| 6/1/2037 | 4,942 | 0.500% | 175.93 | 5,117.93 | 368.12 | | 5,486.05 |
| 9/1/2037 | 4,948 | 0.500% | 169.75 | 5,117.75 | 368.12 | | 5,485.87 |
| 12/1/2037 | 4,955 | 0.500% | 163.57 | 5,118.57 | 368.12 | | 5,486.69 |
| 3/1/2038 | 4,961 | 0.500% | 157.37 | 5,118.37 | 368.12 | | 5,486.49 |
| 6/1/2038 | 4,967 | 0.500% | 151.17 | 5,118.17 | 368.12 | | 5,486.29 |
| 9/1/2038 | 4,973 | 0.500% | 144.96 | 5,117.96 | 368.12 | | 5,486.08 |
| 12/1/2038 | 4,979 | 0.500% | 138.75 | 5,117.75 | 368.12 | | 5,485.87 |
| 3/1/2039 | 4,986 | 0.500% | 132.52 | 5,118.52 | 368.12 | | 5,486.64 |
| 6/1/2039 | 4,992 | 0.500% | 126.29 | 5,118.29 | 368.12 | | 5,486.41 |
| 9/1/2039 | 4,998 | 0.500% | 120.05 | 5,118.05 | 368.12 | | 5,486.17 |
| 12/1/2039 | 5,004 | 0.500% | 113.80 | 5,117.80 | 368.12 | | 5,485.92 |
| 3/1/2040 | 5,011 | 0.500% | 107.55 | 5,118.55 | 368.12 | | 5,486.67 |
| 6/1/2040 | 5,017 | 0.500% | 101.28 | 5,118.28 | 368.12 | | 5,486.40 |
| 9/1/2040 | 5,023 | 0.500% | 95.01 | 5,118.01 | 368.12 | | 5,486.13 |
| 12/1/2040 | 5,029 | 0.500% | 88.73 | 5,117.73 | 368.12 | | 5,485.85 |
| 3/1/2041 | 5,036 | 0.500% | 82.45 | 5,118.45 | 368.12 | | 5,486.57 |
| 6/1/2041 | 5,042 | 0.500% | 76.15 | 5,118.15 | 368.12 | | 5,486.27 |
| 9/1/2041 | 5,048 | 0.500% | 69.85 | 5,117.85 | 368.12 | | 5,485.97 |
| 12/1/2041 | 5,055 | 0.500% | 63.54 | 5,118.54 | 368.12 | | 5,486.66 |
| 3/1/2042 | 5,061 | 0.500% | 57.22 | 5,118.22 | 368.12 | | 5,486.34 |
| 6/1/2042 | 5,067 | 0.500% | 50.90 | 5,117.90 | 368.12 | | 5,486.02 |
| 9/1/2042 | 5,074 | 0.500% | 44.56 | 5,118.56 | 368.12 | | 5,486.68 |
| 12/1/2042 | 5,080 | 0.500% | 38.22 | 5,118.22 | 368.12 | | 5,486.34 |
| 3/1/2043 | 5,086 | 0.500% | 31.87 | 5,117.87 | 368.12 | | 5,485.99 |
| 6/1/2043 | 5,093 | 0.500% | 25.51 | 5,118.51 | 368.12 | | 5,486.63 |
| 9/1/2043 | 5,099 | 0.500% | 19.15 | 5,118.15 | 368.12 | | 5,486.27 |
| 12/1/2043 | 5,105 | 0.500% | 12.77 | 5,117.77 | 368.12 | | 5,485.89 |
| 3/1/2044 | 5,112 | 0.500% | 6.39 | 5,118.39 | 368.12 | | 5,486.51 |
| | 570,000 | | 44,173.86 | 614,173.86 | 44,174.40 | 20,472.93 | 678,821.19 |

Notes:

Estimated Monthly Net Debt Service Payments rounded up to the nearest cent:

$1,999.52 March 1, 2014 through February 1, 2024 (based on maximum quarterly payment of $5,998.54)

$1,828.91 March 1, 2024 through February 1, 2044 (based on maximum quarterly payment of $5,486.73)

Admin Fee calculated based on 1% of bond value computed quarterly paid in equal quarterly payments rounded up to the nearest cent.

(Form of)

ASSIGNMENT

FOR VALUE RECEIVED the undersigned sells, assigns, and transfers unto _____ the within Bond and does hereby irrevocably constitute and appoint _____, Attorney to transfer the said Bond on the books kept for registration of the within Bond of the said Issuer with full power of substitution in the premises.

Dated: _____, 20____.

_____

In the presence of:

_____

SPECIMEN

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE CITY OF MORGANTOWN
COMBINED UTILITYSYSTEM REVENUE BONDS, SERIES 2012 B
(WEST VIRGINIA DWTRF PROGRAM)

No. BR-1

$444,835

KNOW ALL MEN BY THESE PRESENTS: The 24th day of August, 2012, that THE CITY OF MORGANTOWN, a municipal corporation and political subdivision of the State of West Virginia in Monongalia County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY (the "Authority") or registered assigns the sum of FOUR HUNDRED FORTY-FOUR THOUSAND EIGHT HUNDRED THIRTY-FIVE THOUSAND DOLLARS ($444,835), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously forgiven, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference. The Series 2012 B Bonds are not subject to the SRF Administrative Fee (as defined in the hereinafter described Bond Legislation).

This Bond shall bear no interest. The principal amounts advanced under the Series 2012 B Bonds will be deemed forgiven on the 30th day of June in the fiscal year in which advanced. The Series 2012 B Bonds shall be deemed no longer outstanding after the last advance is forgiven.

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the West Virginia 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 August 24, 2012.

This Bond is issued (i) to pay a portion the costs of acquisition and construction of certain extensions, additions, betterments and improvements to the water portion of the existing public combined waterworks, sewerage, and stormwater system of the Issuer (the "Project"); and (ii) to pay certain costs of issuance of the Bonds and related costs. The existing public combined waterworks, sewerage, and stormwater system of the Issuer, the Project, and any further extensions, additions, betterments or improvements thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 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 January 3, 2012, and a Supplemental Resolution and Conformed Bond Ordinance duly adopted by the Issuer on August 7, 2012 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S: (1) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 1992 (WEST VIRGINIA SRF PROGRAM), DATED SEPTEMBER 8, 1992, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $11,900,000 (THE "SERIES 1992 BONDS"); (2) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 1995 (WEST VIRGINIA SRF PROGRAM), DATED APRIL 27, 1995, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,601,477 (THE "SERIES 1995 BONDS"); (3) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2000 A (WEST VIRGINIA SRF PROGRAM), DATED FEBRUARY 29, 2000, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $7,842,000 (THE "SERIES 2000 A BONDS"); (4) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2000 B (WEST VIRGINIA INFRASTRUCTURE FUND), DATED FEBRUARY 29, 2000, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,488,000 (THE "SERIES 2000 B BONDS"); (5) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2001 A (WEST VIRGINIA INFRASTRUCTURE FUND), DATED FEBRUARY 8, 2001, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $3,812,470 (THE "SERIES 2001 A BONDS"); (6) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2006 A (WEST VIRGINIA SRF PROGRAM), DATED JUNE 30, 2006, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $6,410,191 (THE "SERIES 2006 A BONDS"); (7) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2007 A (WEST VIRGINIA SRF PROGRAM), DATED AUGUST 14, 2007, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $8,500,000 (THE "SERIES 2007 A BONDS"); (8) TAXABLE-COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 A (DIRECT PAYMENT BUILD AMERICA BONDS), DATED JANUARY 28, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $37,950,000 (THE "SERIES 2010 A BONDS"); (9) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 B (WEST VIRGINIA SRF PROGRAM/ARRA), DATED JANUARY 28, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $81,600 (THE "SERIES 2010 B BONDS"); (10) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 C (WEST VIRGINIA SRF PROGRAM), DATED JANUARY 28, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $15,380,227 (THE "SERIES 2010 C BONDS"); (11) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 D (WEST VIRGINIA DWTRF PROGRAM), DATED JANUARY 28, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $9,317,286 (THE "SERIES 2010 D BONDS"); (12) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 E (WEST VIRGINIA DWTRF PROGRAM/ARRA), DATED JANUARY 28, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $100,000 (THE "SERIES 2010 E BONDS"); (13) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 F (BANK QUALIFIED), DATED JANUARY 28, 2010, ISSUED IN THE ORIGINAL AGGREGATE AMOUNT OF $7,250,000 (THE "SERIES 2010 F BONDS"); (COLLECTIVELY, THE "PRIOR BONDS"); AND (14) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2012 A (WEST VIRGINIA DWTRF PROGRAM), DATED AUGUST 24, 2012, ISSUED SIMULTANEOUSLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $570,000 (THE "SERIES 2012 A BONDS").

This Bond is payable only from and secured by a pledge of the Gross Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Gross Revenues in favor of the Holders of the Series 2012 A Bonds and the Prior Bonds, and

unexpended proceeds of the Bonds. Such Gross Revenues shall be sufficient to pay the principal of and interest, if any, on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest hereon, except from said special fund provided from the Gross Revenues, and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest, if any, on the Bonds, and all other obligations secured by a lien on or payable from such revenues on a parity with the Bonds, including the Series 2012 A Bonds and Prior Bonds; provided, however, that so long as there exists in the respective reserve accounts established for any other obligations outstanding on a parity with the Bonds, including the Series 2012 A Bonds and Prior Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

Subject to the registration requirements set forth herein, this Bond is transferable, as provided in the Bond Legislation, only upon the books of the Registrar by the registered owner, or by its attorney duly authorized in writing, upon the surrender of this Bond, together with a written instrument of transfer satisfactory to the Registrar, duly executed by the registered owner or its attorney duly authorized in writing.

Subject to the registration requirements set forth herein, this Bond, under the provision of the Act is, and has all the qualities and incidents of, a negotiable instrument under the Uniform Commercial Code of the State of West Virginia.

All money received from the sale of this Bond, after reimbursement and repayment of all amounts advanced for preliminary expenses as provided by law and the Bond Legislation, shall be applied solely to payment of the costs of the Project and costs of issuance hereof described in the Bond Legislation, and there shall be and hereby is created and granted a lien upon such moneys, until so applied, in favor of the registered owner of this Bond.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and 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 Gross Revenues of the System has been pledged to and will be set aside into said special fund by the Issuer for the prompt payment of the principal of this Bond.

All provisions of the Bond Legislation, resolutions and statutes under which this Bond is issued shall be deemed to be a part of the contract evidenced by this Bond to the same extent as if written fully herein.

[Remainder of Page Intentionally Blank]

IN WITNESS WHEREOF, THE CITY OF MORGANTOWN has caused this Bond to be signed by its Mayor and City Manager, and its corporate seal to be hereunto affixed and attested by its City Clerk, and has caused this Bond to be dated the day and year first written above.

[SEAL]

Mayor

City Manager

ATTEST:

City Clerk

SPECIMEN

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2012 B Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: August 24, 2012.

THE HUNTINGTON NATIONAL BANK,
as Registrar

Its: Authorized Officer

EXHIBIT A

RECORD OF ADVANCES

| AMOUNT | DATE | AMOUNT | DATE |
|---|---|---|---|
| (1) $-0- | 08/24/2012 | (19) | |
| (2) | | (20) | |
| (3) | | (21) | |
| (4) | | (22) | |
| (5) | | (23) | |
| (6) | | (24) | |
| (7) | | (25) | |
| (8) | | (26) | |
| (9) | | (27) | |
| (10) | | (28) | |
| (11) | | (29) | |
| (12) | | (30) | |
| (13) | | (31) | |
| (14) | | (32) | |
| (15) | | (33) | |
| (16) | | (34) | |
| (17) | | (35) | |
| (18) | | (36) | |

TOTAL $_____

(Form of)

ASSIGNMENT

FOR VALUE RECEIVED the undersigned sells, assigns, and transfers unto _____

_____

the within Bond and does hereby irrevocably constitute and appoint _____, Attorney to transfer the said Bond on the books kept for registration of the within Bond of the said Issuer with full power of substitution in the premises.

Dated: _____, 20____.

_____

In the presence of:

_____

# THE CITY OF MORGANTOWN, WEST VIRGINIA

# COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2012 C

# BOND ORDINANCE

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**THE CITY OF MORGANTOWN, WEST VIRGINIA**

AN ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE STORMWATER PORTION OF THE EXISTING COMBINED UTILITY SYSTEM OF THE CITY OF MORGANTOWN AND THE FINANCING OF THE COST THEREOF, NOT OTHERWISE PROVIDED, THROUGH THE ISSUANCE BY THE CITY OF NOT MORE THAN $3,500,000 IN AGGREGATE PRINCIPAL AMOUNT OF COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2012; PROVIDING FOR THE RIGHTS AND REMEDIES OF, AND THE SECURITY FOR, THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING THE EXECUTION AND DELIVERY OF A BOND PURCHASE AGREEMENT, A CONTINUING DISCLOSURE AGREEMENT AND OTHER DOCUMENTS RELATING TO THE BONDS; AND ENACTING OTHER PROVISIONS WITH RESPECT TO SUCH BONDS.

WHEREAS, The City of Morgantown (the "Issuer" or the "City") presently owns and operates, through The City of Morgantown Utility Board (the "Board"), a public combined waterworks, sewerage and stormwater system (the "System") and has heretofore financed the acquisition and construction of the System and certain additions, betterments and improvements thereto through the issuance of several series of bonds or refunding bonds, of which there are presently outstanding the Prior Bonds, as hereinafter defined.

WHEREAS, all of the Prior Bonds were issued pursuant to ordinances of the Issuer previously enacted (such ordinances, as so amended and supplemented, collectively herein called the "Prior Ordinances");

WHEREAS, under the provisions of Chapter 8, Article 20 of the West Virginia Code of 1931, as amended (the "Act"), the Issuer is authorized and empowered to acquire, construct and operate extensions, additions, betterments and improvements for the System;

WHEREAS, the Issuer has determined, and does hereby affirm, that the acquisition and construction of certain extensions, additions, betterments and improvements to the stormwater portion of the System, is necessary, appropriate, useful

and desirable for the health, safety, and welfare of the inhabitants of the City and surrounding areas;

WHEREAS, the Issuer has determined that the aforementioned acquisition and construction of extensions, additions, betterments and improvements to the stormwater portion of the System should be financed, as provided under the Act, in whole or in part, from the proceeds of revenue bonds to be issued by the Issuer, to pay all or any portion of the costs thereof, and to enact this Ordinance and issue its Combined Utility System Revenue Bonds, Series 2012 (the "Series 2012 Bonds" or the "Bonds"), such Series 2012 Bonds to be secured by and payable from the Gross Revenues of the System, and containing such other terms and provisions as are hereinafter provided, all in the manner set forth herein; and

WHEREAS, the Issuer has determined and hereby determines that it is in the best interest of the residents of the City that its Series 2012 Bonds be sold to the Original Purchaser (as hereinafter defined) thereof pursuant to the terms and provisions of a bond purchase agreement, (the "Bond Purchase Agreement") between the Issuer and the Original Purchaser, hereinafter defined;

NOW, THEREFORE, THE COUNCIL OF THE CITY OF MORGANTOWN HEREBY ORDAINS:

## ARTICLE I
## DEFINITIONS, STATUTORY AUTHORITY, FINDINGS

Section 1.01. Definitions. All capitalized terms used in this Ordinance and not otherwise defined in the recitals hereto shall have the meanings specified below, unless the context expressly requires otherwise:

"Act" means Chapter 8, Article 20 of the West Virginia Code of 1931, as amended and in effect on the Closing Date for the Series 2012 Bonds.

"Authorized Newspaper" means a financial journal or newspaper of general circulation in the City of New York, New York, printed in the English language and customarily published on each business day of the Registrar, whether or not published on Saturdays, Sundays or legal holidays, and so long as so published, shall include The Bond Buyer.

"Authorized Officer" means the Mayor or City Manager of the Issuer or any other officer of the Issuer specifically designated by resolution of the Council of the Issuer.

"Board" shall mean The City of Morgantown Utility Board, created by an ordinance of the Issuer, or any successor thereto.

"Bond Commission" means the West Virginia Municipal Bond Commission or any other agency of the State of West Virginia which succeeds to the functions of the Bond Commission.

"Bond Counsel" means any law firm having a national reputation in the field of municipal law whose opinions are generally accepted by purchasers of municipal bonds, appointed by the Issuer or the Board, and shall initially mean Steptoe & Johnson PLLC, Charleston, West Virginia.

"Bondholder," "Holder," "Holder of the Bonds," "Owner of the Bonds," "Registered Owner," or any similar term means any person who shall be the registered owner of any outstanding Bond.

"Bond Insurer" means any entity which shall insure all or any portion of the payment of principal of and interest on the Bonds, and with respect to the Series 2012 Bonds, shall initially mean the bond insurer or bond insurers, if any, named in the Supplemental Resolution.

"Bond Register" means the books of the Issuer maintained by the Registrar for the registration and transfer of Series 2012 Bonds.

"Bond Year" means with respect to each series of Series 2012 Bonds 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, collectively, the Series 2012 Bonds, the Prior Bonds and any additional parity Bonds hereafter issued within the terms, restrictions and conditions contained herein.

"Business Day" means any day other than a Saturday, Sunday or a day on which national banking associations, West Virginia banking corporations or the New York Stock Exchange are authorized by law to remain closed.

"Certificate of Authentication and Registration" means the Certificate of Authentication and Registration on the Series 2012 Bonds in substantially the form set forth in EXHIBIT A - Series 2012 Bond FORM hereto.

"City" or "Issuer" means The City of Morgantown, a municipal corporation and political subdivision of the State of West Virginia, in Monongalia County thereof, and, where appropriate, the Council, the Board and any successor thereto.

"City Manager" means the City Manager of the Issuer.

"Clerk" means the City Clerk of the Issuer.

"Closing Date" means the date upon which there is an exchange of the Bonds for the proceeds representing the original purchase price thereof.

"Code" shall mean the Internal Revenue Code of 1986, as amended and supplemented from time to time, and Regulations thereunder.

"Connection Fees" means the fees, if any, paid by customers of the System in order to connect thereto.

"Consulting Engineers" means any independent qualified engineer or engineers or firm or firms of engineers that shall at any time now or hereafter be retained by the Issuer as Consulting Engineers for the System, or portion thereof.

"Costs" or similar terms means all those costs now or hereafter permitted by the Act to be financed with bonds issued pursuant hereto, including, without limitation those costs set forth in Section 1.02C.

"Council" means the City Council of the Issuer or any other governing body of the Issuer that succeeds to the functions of the Council as presently constituted.

"Debt Service" with reference to a specified period, means the amount of principal, including any sinking fund payments, and interest payable with respect to the Bonds during such period.

"Depository Bank" means the bank or banks to be designated as such in the Supplemental Resolution, and any other bank or national banking association located in the State of West Virginia, eligible under the laws of the State of West Virginia to receive deposits of state and municipal funds and insured by the FDIC that may hereafter be appointed by the Issuer as Depository Bank.

"DTC" means The Depository Trust Company, New York, New York, or its successor thereof.

"DTC-eligible" means, with respect to the Series 2012 Bonds, meeting the qualifications prescribed by DTC.

"Event of Default" means any occurrence or event specified in Section 7.01.

"FDIC" means the Federal Deposit Insurance Corporation or 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.

"Government Obligations" shall have the meaning set forth in the Supplemental Resolution.

"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" include any gains from the sale or other disposition of capital assets, but does not include any increase in the value of capital assets (including Qualified Investments, as hereinafter defined) or any Tap Fees (as hereinafter defined).

"Independent Accountant" means the West Virginia State Tax Department or 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 purpose except keeping the accounts of said System in the normal operations 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, investment-type property or residential rental property for family units which is not located within the jurisdiction of the Issuer and which is not acquired to implement a court ordered or approved housing desegregation plan, excluding, however, obligations the interest on which is excluded from gross income, under Section 103 of the Code, for federal income tax purposes other than specified private activity bonds as defined in Section 57(a)(5)(C) of the Code.

"Maximum Annual Debt Service" means, at the time of computation, the greatest amount of Debt Service required to be paid on the Bonds for the then current or any succeeding Fiscal Year.

"Mayor" means the Mayor of the Issuer.

"Municipal Bond Insurance Policy" means the municipal bond insurance policy, if any, issued by the Bond Insurer simultaneously with the delivery of the Series 2012 Bonds, insuring the timely payment of the principal of and interest on all or any of the Series 2012 Bonds, in accordance with the terms thereof.

"Net Proceeds" means the face amount of the Series 2012 Bonds, plus accrued interest and premium, if any, less original issue discount, if any, on such issue, and less proceeds deposited in the Series 2012 Bonds Reserve Account. For purposes of the Private Business Use limitations set forth herein, the term Net Proceeds shall include any amounts resulting from the investment of proceeds of the Series 2012 Bonds, without regard to whether or not such investment is made in tax-exempt obligations.

"Net Revenues" means Gross Revenues less Operating Expenses.

"Nonpurpose Investment" means any Investment Property which is acquired with the gross proceeds of the Series 2012 Bonds and is not acquired in order to carry out the governmental purpose of the Series 2012 Bonds.

"Operating Expenses" means the reasonable, proper and necessary costs of repair, operation and maintenance of the System, and includes, without limiting the generality of the foregoing, administrative, engineering, legal, auditing and insurance expenses (other than those capitalized as part of the Costs, fees and expenses of the Authority, fiscal agents, the Depository Bank, Registrar and Paying Agent or Paying Agents, 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 any decrease in the value of capital assets, amortization of debt discount or such miscellaneous deductions as are applicable to prior accounting periods.

"Ordinance" or "Bond Ordinance" regardless of whether preceded by the article "the" or "this," means this Ordinance, as it may hereafter from time to time be amended or supplemented, by ordinance or by resolution.

"Original Purchaser" means the investment banking firm or firms, bank or banks or such other entity or entities as shall purchase the Series 2012 Bonds directly from the Issuer, as determined by a resolution supplemental hereto.

"Outstanding" when used with reference to the Series 2012 Bonds or the Prior Bonds and as of any particular date, describes all Bonds theretofore and thereupon being issued and delivered except (a) any Bond or Prior Bond canceled by the registrar for such Bond or Prior Bonds at or prior to said date; (b) any Bond or Prior Bonds for the payment of which monies, equal to its principal amount, with interest to the date of maturity, shall be held in trust under this Ordinance and set aside for such payment (whether upon or prior to maturity); (c) any Bond deemed to have been paid as provided by Section 9.01; and (d) with respect to determining the number or percentage of Bondholders or Bonds or Prior Bonds for the purpose of consents, notices and the like, any Bond registered to the Issuer. Notwithstanding the foregoing, in the event that a Bond Insurer has paid principal of and/or interest on any Bond or Prior Bond, such Bond or Prior Bond shall be deemed to be Outstanding until such time as such Bond Insurer has been reimbursed in full.

"Paying Agent" means, initially, the West Virginia Municipal Bond Commission and any other paying agent for the Series 2012 Bonds which may be appointed by a resolution supplemental hereto, all in accordance with Section 8.12 hereof.

"Prior Bonds" means, collectively, the Series 1992 Bonds, Series 1995 Bonds, Series 2000 A Bonds, Series 2000 B Bonds, Series 2001 A Bonds, Series 2006 A Bonds, Series 2007 A Bonds, Series 2010 A Bonds, Series 2010 B Bonds, Series 2010 C Bonds, Series 2010 D Bonds, Series 2010 E Bonds, Series 2010 F Bonds and Series 2011 A Bonds.

"Prior Ordinances" means, collectively, the ordinances of the Issuer authorizing the issuance of the Prior Bonds.

"Private Business Use" means use directly or indirectly in a trade or business carried on by a natural person or in any activity carried on by a person other than a natural person, excluding, however, use by a state or local governmental unit and use as a member of the general public.

"Project" means the acquisition and construction of certain additions, betterments and improvements to the System, including the construction improvements to the stormwater portion of the System.

"Purchase Price" for the purpose of computation of the Yield of the Series 2012 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 2012 B to the public (not including bond houses and brokers, or similar persons or organizations acting in the capacity of underwriters or wholesalers) at which price a substantial amount of the Bonds of each maturity is sold or, if the Series 2012 Bonds are privately placed, the price paid by the first buyer of the Series 2012 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 2012 Bonds for acquisition thereof, or if later, on the date that Investment Property constituting a Nonpurpose Investment becomes a Nonpurpose Investment of the Series 2012 Bonds.

"Qualified Investments" means and includes the investments set forth in the Supplemental Resolution and designated as such.

"Record Date" means the date or dates which shall be so stated in the Series 2012 Bonds, regardless of whether such day is a Saturday, Sunday or legal holiday.

"Redemption Date" means the date fixed for redemption of Bonds subject to redemption in any notice of redemption published or mailed in accordance herewith.

"Redemption Price" means the price at which any of the Bonds may be called for redemption and includes the principal amount of the Bonds to be redeemed, plus the interest and the premium, if any, required to be paid to effect such redemption.

"Registrar" means the bank to be designated in the Supplemental Resolution as the Registrar for the Series 2012 Bonds, and any successor thereto appointed in accordance with Section 8.08 hereof.

"Regulations" means temporary and permanent regulations promulgated under the Code, and includes applicable regulations promulgated under the Internal Revenue Code of 1954.

"Revenue Fund" means the Revenue Fund created by the Prior Ordinances and continued hereby.

"Series 1992 Bonds" means the Combined Utility System Revenue Bonds, Series 1992 (West Virginia SRF Program), of the Issuer, dated September 8, 1992, issued in the original aggregate principal amount of $11,900,000.

"Series 1995 Bonds" means the Combined Utility System Revenue Bonds, Series 1995 (West Virginia SRF Program), of the Issuer, dated April 27, 1995, issued in the original aggregate principal amount of $1,601,477.

"Series 2000 A Bonds" means the Combined Utility System Revenue Bonds, Series 2000 A (West Virginia SRF Program), of the Issuer, dated February 29, 2000, issued in the original aggregate principal amount of $7,842,000.

"Series 2000 B Bonds" means the Combined Utility System Revenue Bonds, Series 2000 B (West Virginia Infrastructure Fund), of the Issuer, dated February 29, 2000, issued in the original aggregate principal amount of $2,488,000.

"Series 2001 A Bonds" means the Combined Utility System Revenue Bonds, Series 2001 A (West Virginia Infrastructure Fund), of the Issuer, dated February 8, 2001, issued in the original aggregate principal amount of $3,812,470.

"Series 2006 A Bonds" means the Combined Utility System Revenue Bonds, Series 2006 A (West Virginia SRF Program), of the Issuer, dated June 30, 2006, issued in the original aggregate principal amount of $6,410,191.

"Series 2007 A Bonds" means the Combined Utility System Revenue Bonds, Series 2007 A (West Virginia SRF Program), of the Issuer, dated August 14, 2007, issued in the original aggregate principal amount of $8,500,000.

"Series 2010 A Bonds" means the Combined Utility System Revenue Bonds, Series 2010 A (Direct Payment Build America Bonds), of the Issuer, dated January 28, 2010, issued in the original aggregate principal amount of $37,950,000.

"Series 2010 B Bonds" means the Combined Utility System Revenue Bonds, Series 2010 B (West Virginia SRF Program/ARRA), of the Issuer, dated January 28, 2010, issued in the original aggregate principal amount of $81,600.

"Series 2010 C Bonds" means the Combined Utility System Revenue Bonds, Series 2010 C (West Virginia SRF Program), of the Issuer, dated January 28, 2010, issued in the original aggregate principal amount of $15,380,227.

"Series 2010 D Bonds" means the Combined Utility System Revenue Bonds, Series 2010 D (West Virginia DWTRF Program), of the Issuer, dated January 28, 2010, issued in the original aggregate principal amount of $9,317,286.

"Series 2010 E Bonds" means the Combined Utility System Revenue Bonds, Series 2010 E (West Virginia DWTRF Program/ARRA), of the Issuer, dated January 28, 2010, issued in the original aggregate principal amount of $100,000.

"Series 2010 F Bonds" means the Combined Utility System Revenue Bonds, Series 2010 F (Bank Qualified), of the Issuer, dated January 28, 2010, issued in the original aggregate principal amount of $7,250,000.

"Series 2012 Bonds" means the Combined Utility System Revenue Bonds, Series 2012 of the Issuer, originally authorized to be issued pursuant to this Ordinance and the Supplemental Resolution.

"Series 2012 Bonds Acquisition and Construction Fund" means the Series 2012 Bonds Acquisition and Construction Fund created by Section 4.01 hereof.

"Series 2012 Bonds Costs of Issuance Fund" means the Costs of Issuance Fund created by Section 4.01 hereof.

"Series 2012 Bonds Redemption Account" means the Redemption Account created in the Series 2012 Bonds Sinking Fund by Section 4.02 hereof.

"Series 2012 Bonds Reserve Account" means the Series 2012 Bonds Reserve Account created in the Series 2012 Bonds Sinking Fund by Section 4.02 hereof.

"Series 2012 Bonds Sinking Fund" means the Series 2012 Bonds Sinking Fund created by Section 4.02 hereof.

"Series 2012 Bonds Reserve Account Requirement" means an amount equal to the lesser of (i) 10% of the original principal amount of the Series 2012 Bonds, (ii) Maximum Annual Debt Service at the time of original issuance of the Series 2012 Bonds, or (iii) 125% of average annual Debt Service at the time of original issuance of the Series 2012 Bonds.

"State" means the State of West Virginia.

"Supplemental Resolution" means any ordinance or resolution amendatory hereof or supplemental hereto and, when preceded by the article "the," refers specifically to the Supplemental Resolution or Resolutions to be adopted by the Issuer following enactment of this Ordinance, setting forth the final amounts, maturities, interest rates, redemption provisions, Bond Insurer provisions (if any) and other terms of the Series 2012 Bonds and authorizing the sale of the Series 2012 Bonds to the Original Purchaser; provided, that any provision intended to be included in the Supplemental Resolution and not so included may be contained in any other Supplemental Resolution.

"System" means the complete existing combined municipal waterworks, sewerage and stormwater system of the Issuer, as presently existing in its entirety or any integral part thereof and shall include the Project and shall include any additions, betterments and improvements thereto hereafter acquired or constructed for said waterworks or sewage systems from any sources whatsoever, both within and without the Issuer.

"Term Bonds" means Bonds subject to mandatory sinking fund redemption, as described by Section 3.06 hereof.

Words importing singular number shall include the plural number in each case and vice versa; words importing persons shall include firms and corporations and vice versa; and words importing the masculine gender shall include the feminine and neuter genders and vice versa.

Additional terms and phrases are defined in this Ordinance as they are used. Accounting terms not specifically defined herein shall be given meaning in accordance with generally accepted accounting principles.

The terms "herein," "hereunder," "hereby," "hereto," "hereof" and any similar terms refer to this Ordinance; and the term "hereafter" means after the date of enactment of this Ordinance.

Articles, sections and subsections mentioned by number only are the respective articles, sections and subsections of this Ordinance so numbered.

Section 1.02. Authority for this Ordinance. This Ordinance is enacted pursuant to the provisions of the Act and other applicable provisions of law.

Section 1.03. Findings. The Council hereby finds and determines as follows:

A. The Issuer is a municipal corporation and political subdivision of the State of West Virginia in Monongalia County of said State.

B. The Issuer presently owns and operates, through the Morgantown Utility Board (the "Board"), a public combined waterworks, sewerage, and stormwater system. It is deemed necessary and desirable for the health and welfare of the inhabitants of the Issuer, and for the improvement of the water environment of the City and specifically of the project area, that there be acquired and constructed certain extensions, additions, betterments and improvements to the stormwater portion of the existing public combined waterworks, sewerage, and stormwater system of the Issuer, specifically including, but not limited to, the Sabraton Stormwater Project and all necessary appurtenances; (collectively, the "Project") (the existing public combined waterworks, sewerage, and stormwater 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. It is deemed necessary for the Issuer to issue its Combined Utility System Revenue Bonds, Series 2012, in the aggregate principal amount of not more than $3,500,000, to permanently finance a portion of the costs of acquisition and construction of the Project. Said costs shall be deemed to include the cost of all property rights, easements and franchises deemed necessary or convenient therefor; interest, if any, upon the Series 2012 Bonds prior to and during acquisition or construction and for a period not

exceeding 6 months after completion of acquisition and construction of the Project; amounts which may be deposited in the Series 2012 Bonds Reserve Account; underwriter's discount, 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; premiums for municipal bond insurance, reserve account insurance or reserve account surety bonds; letter of credit fees; discount; initial fees for the services of registrars, paying agents, depositories or trustees or other costs in connection with the sale of the Series 2012 Bonds and such other expenses as may be necessary or incidental to the financing herein authorized; the acquisition and construction of the Project and the placing of same in operation; and the performance of the things herein required or permitted, in connection with any thereof, provided, that reimbursement to the Issuer for any amounts expended by it for allowable costs prior to the issuance of the Series 2012 Bonds or the repayment of indebtedness incurred by the Issuer for such purposes shall be deemed Costs of the Project, as hereinafter defined.

D. The period of usefulness of the System after completion of the Project is not less than 40 years.

E. It is in the best interests of the Issuer that the Series 2012 Bonds be sold to the Original Purchaser pursuant to the terms and provisions of a bond purchase agreement to be entered into by and between the Issuer and the Original Purchaser, as shall be approved by supplemental resolution of the Issuer.

F. There are outstanding obligations of the Issuer which will rank on a parity with the Series 2012 Bonds as to liens, pledge, source of and security for payment, being the Issuer's: (1) Combined Utility System Revenue Bonds, Series 1992 (West Virginia SRF Program), dated September 8, 1992, issued in the original aggregate principal amount of $11,900,000 (the "Series 1992 Bonds"); (2) Combined Utility System Revenue Bonds, Series 1995 (West Virginia SRF Program), dated April 27, 1995, issued in the original aggregate principal amount of $1,601,477 (the "Series 1995 Bonds"); (3) Combined Utility System Revenue Bonds, Series 2000 A (West Virginia SRF Program), dated February 29, 2000, issued in the original aggregate principal amount of $7,842,000 (the "Series 2000 A Bonds"); (4) Combined Utility System Revenue Bonds, Series 2000 B (West Virginia Infrastructure Fund), dated February 29, 2000, issued in the original aggregate principal amount of $2,488,000 (the "Series 2000 B Bonds"); (5) Combined Utility System Revenue Bonds, Series 2001 A (West Virginia Infrastructure Fund), dated February 8, 2001, issued in the original aggregate principal amount of $3,812,470 (the "Series 2001 A Bonds"); (6) Combined Utility System Revenue Bonds, Series 2006 A (West Virginia SRF Program), dated June 30, 2006, issued in the original aggregate principal amount of $6,410,191 (the "Series 2006 A Bonds"); (7) Combined Utility System Revenue Bonds, Series 2007 A (West Virginia SRF Program), dated August 14, 2007, issued in the original aggregate principal amount of $8,500,000 (the "Series 2007 A Bonds"); (8) Combined Utility System Revenue Bonds, Series 2010 A (Direct Payment Build America Bonds), dated January 28, 2010, issued in the original aggregate principal amount of $37,950,000 (the "Series 2010 A Bonds"); (9) Combined Utility System Revenue Bonds, Series 2010 B (West Virginia SRF Program/ARRA), dated January 28, 2010, issued in the original aggregate principal amount of $81,600 (the "Series 2010 B Bonds"); (10)

Combined Utility System Revenue Bonds, Series 2010 C (West Virginia SRF Program), dated January 28, 2010, issued in the original aggregate principal amount of $15,380,227 (the "Series 2010 C Bonds"); (11) Combined Utility System Revenue Bonds, Series 2010 D (West Virginia DWTRF Program), dated January 28, 2010, issued in the original aggregate principal amount of $9,317,286 (the "Series 2010 D Bonds"); (12) Combined Utility System Revenue Bonds, Series 2010 E (West Virginia DWTRF Program/ARRA), dated January 28, 2010, issued in the original aggregate principal amount of $100,000 (the "Series 2010 E Bonds"); (13) Combined Utility System Revenue Bonds, Series 2010 F (Bank Qualified), dated January 28, 2010, issued in the original aggregate amount of $7,250,000 (the "Series 2010 F Bonds"); and (14) Combined Utility System Revenue Bonds, Series 2012 A (West Virginia Infrastructure Fund), issued prior to the Series 2012 Bonds in the original aggregate amount of not more than $5,000,000 (the "Series 2012 A Bonds"), (collectively, the "Prior Bonds").

Prior to the issuance of the Series 2012 Bonds, the Issuer will obtain (i) the certificate of an Independent Certified Public Accountant stating that the coverage and parity tests of the Prior Bonds are met, and (ii) the written consent of the Holders of the Series 1992 Bonds, Series 1995 Bonds, Series 2000 A Bonds, Series 2000 B Bonds, Series 2001 A Bonds, Series 2006 A Bonds, Series 2007 A Bonds, Series 2010 B Bonds, Series 2010 C Bonds, Series 2010 D Bonds, Series 2010 E Bonds and Series 2011 A Bonds to the issuance of the Series 2012 Bonds on a parity with the Series 1992 Bonds, Series 1995 Bonds, Series 2000 A Bonds, Series 2000 B Bonds, Series 2001 A Bonds, Series 2006 A Bonds, Series 2007 A Bonds, Series 2010 B Bonds, Series 2010 C Bonds, Series 2010 D Bonds, Series 2010 E Bonds and Series 2011 A Bonds. The Series 2010 A Bonds and Series 2010 F Bonds do not require consent. 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. The Issuer is in compliance with all the covenants of the Prior Bonds and the Prior Ordinances.

Other than the Prior Bonds, there are no other outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System.

G. The Issuer intends to issue the Series 2012 Bonds and to pledge for payment thereof, from the Gross Revenues of the System, on a parity with one another and on a parity with such pledge in favor of the Holders of the Prior Bonds.

H. The estimated revenues to be derived in each year after the date hereof from the operation of the System will be sufficient, to provide for the repair, maintenance and operation of the System, the payment of interest upon the Series 2012 Bonds, and the Prior Bonds, to pay the principal on the Series 2012 Bonds and the Prior Bonds as and when it becomes due and reasonable reserves therefor, to provide an adequate renewal and replacement fund, as hereinafter provided, and to make all other payments provided for in this Ordinance.

I. It is in the best interests of the Issuer, and the residents thereof, that the Issuer issue the Series 2012 Bonds, and secure the Series 2012 Bonds by a pledge and assignment of the Gross Revenues derived from the operation of the System, the monies in

the Series 2012 Bonds Reserve Account, unexpended proceeds of the Series 2012 Bonds and as further set forth herein.

J. The Series 2012 Bonds and the Certificate of Authentication and Registration to be endorsed thereon are to be in substantially the forms set forth in EXHIBIT A - SERIES 2012 BOND FORM attached hereto and incorporated herein by reference, with necessary and appropriate variations, omissions and insertions as permitted or required by this Ordinance or a Supplemental Resolution or as deemed necessary by the Registrar or the Issuer.

K. All things necessary to make the Series 2012 Bonds, when authenticated by the Registrar and issued as in this Ordinance provided, the valid, binding and legal special obligations of the Issuer according to the import thereof, and to validly pledge and assign those funds pledged hereby to the payment of the principal of and interest on the Series 2012 Bonds, will be timely done and duly performed.

L. The enactment of this Ordinance, the execution and issuance of the Series 2012 Bonds and the amendment, subject to the terms thereof, will not result in any breach of, or constitute a default under, any instrument to which the Issuer is a party or by which it may be bound or affected.

M. The Issuer has complied with all requirements of West Virginia law relating to authorization of the acquisition, construction and operation of the Project and the System and issuance of the Series 2012 Bonds, or will have so complied prior to issuance of any thereof, including, among other things, the obtaining of a certificate of convenience and necessity from the Public Service Commission of West Virginia by final order, the time for rehearing and appeal of which will either have expired prior to the date of issuance of the Series 2012 Bonds or such final order will not be subject to appeal or rehearing.

Section 1.04. Ordinance Constitutes Contract. In consideration of the acceptance of the Series 2012 Bonds by those who shall own or hold the same from time to time, this Ordinance 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 legal Holders of any and all of such Bonds, all of which shall be of equal rank and without preference, priority or distinction between any one Bond and any other Bond, by reason of priority of issuance or otherwise, except as expressly provided therein and herein.

## ARTICLE II
## AUTHORIZATION OF ACQUISITION AND CONSTRUCTION OF THE PROJECT

Section 2.01 Authorization of Acquisition and Construction of the Project. There is hereby authorized and ordered the acquisition and construction of the Project, at an estimated cost of not more than $3,600,000 of which up to $3,500,000 will be obtained

from the Series 2012 Bonds and $100,000 will be obtained as a contribution from the Issuer.

## ARTICLE III
## THE SERIES 2012 BONDS

Section 3.01 Form and Payment of Bonds. No Series 2012 Bond shall be issued pursuant to this Ordinance except as provided in this Article III. Any Series 2012 Bonds issued pursuant to this Ordinance may be issued only as fully registered Series 2012 Bonds without coupons, in the denomination of $5,000 or any integral multiple thereof for any year of maturity. All Series 2012 Bonds shall be dated as of the date provided in a Supplemental Resolution applicable to such series. All Series 2012 Bonds shall bear interest from the interest payment date next preceding the date of authentication or, if authenticated after the Record Date but prior to the applicable interest payment date or on such interest payment date, from such interest payment date or, if no interest on such Series 2012 Bonds has been paid, from the date thereof; provided however, that, if, as shown by the records of the Registrar, interest on such Series 2012 Bonds shall be in default, Bonds issued in exchange for Series 2012 Bonds surrendered for transfer or exchange shall bear interest from the date to which interest has been paid in full on the initial Series 2012 Bonds surrendered.

The principal of and the premium, if any, on the Series 2012 Bonds shall be payable in any coin or currency which, on the respective date of such payment, is legal tender for the payment of public and private debts under the laws of the United States of America upon surrender at the principal office of the Paying Agent. Interest on the Series 2012 Bonds shall be paid by check or draft made payable and mailed to the Holder thereof at his address as it appears in the Bond Register at the close of business on the Record Date, or, if requested, in the case of a Registered Owner of $1,000,000 or more of the Series 2012 Bonds, by wire transfer to a domestic bank account specified in writing at least 5 days prior to such interest payment date by such Registered Owner.

In the event any Series 2012 Bond is redeemed in part, such bond shall be surrendered to and canceled by the Registrar, and the Issuer shall execute, and the Registrar shall authenticate and deliver to the Holder thereof, another Series 2012 Bond in the principal amount of said 2012 Bond then Outstanding.

Section 3.02. Execution of Bonds. The Series 2012 Bonds shall be executed in the name of the Issuer by the Mayor and City Manager, by their respective manual or facsimile signatures, and the seal of the Issuer shall be affixed thereto or imprinted thereon and attested by the City Clerk by his or her manual or facsimile signature; provided, that, all such signatures and the seal may be by facsimile. In case any one or more of the officers who shall have signed or sealed any of the Series 2012 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 Series 2012 Bonds be signed and sealed on behalf of the City by such person as at the actual time of the execution of such Bonds shall hold

the proper office in the City, although at the date of such Bonds such person may not have held such office or may not have been so authorized.

Section 3.03. Authentication and Registration. No Series 2012 Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under this Ordinance unless and until the Certificate of Authentication and Registration on such Series 2012 Bond, substantially in the form set forth in EXHIBIT A - Series 2012 Bond FORM attached hereto and incorporated herein by reference with respect to the Series 2012 Bonds, shall have been duly manually executed by the Registrar. Any such manually executed Certificate of Authentication and Registration upon any such Series 2012 Bond shall be conclusive evidence that such Bond has been authenticated, registered and delivered under this Ordinance. The Certificate of Authentication and Registration on any Series 2012 Bond shall be deemed to have been executed by the Registrar if signed by an authorized officer of the Registrar, but it shall not be necessary that the same officer sign the Certificate of Authentication and Registration on all of the Series 2012 Bonds issued hereunder.

Section 3.04. Negotiability and Registration. Subject to the requirements for transfer set forth below, the Series 2012 Bonds shall be, and have all of the qualities and incidents of, negotiable instruments under the Uniform Commercial Code of the State, 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, 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 Series 2012 Bonds remains Outstanding, the Registrar shall keep and maintain books for the registration and transfer of the Series 2012 Bonds. The Series 2012 Bonds shall be transferable only by transfer of registration upon the Bond Register by the registered owner thereof in person or by his attorney or legal representative duly authorized in writing, upon surrender thereof, together with a written instrument of transfer satisfactory to the Registrar duly executed by the registered owner or such duly authorized attorney or legal representative. Upon transfer of a Series 2012 Bond, there shall be issued at the option of the Holder or the transferee another Bond or Bonds of the aggregate principal amount equal to the unpaid amount of the transferred Bond and of the same series, interest rate and maturity of said transferred Bond.

Upon surrender thereof at the office of the Registrar with a written instrument of transfer satisfactory to the Registrar and duly executed by the registered owner or his attorney or legal representative duly authorized in writing, Series 2012 Bonds may at the option of the Holder thereof be exchanged for an equal aggregate principal amount of Bonds of the same series, maturity and interest rate, in any authorized denominations.

In all cases in which the privilege of transferring or exchanging a Series 2012 Bond is exercised, Bonds shall be delivered in accordance with the provisions of this Ordinance. All Series 2012 Bonds surrendered in any such transfer or exchange shall

forthwith be canceled by the Registrar. Transfers of Series 2012 Bonds, the initial exchange of Bonds and exchanges of Bonds in the event of partial redemption of fully registered Bonds shall be made by the Registrar without charge to the Holder or the transferee thereof, except as provided below. For other exchanges of Series 2012 Bonds, the Registrar may impose a service charge. For every such transfer or exchange of Series 2012 Bonds, the Registrar may make a charge sufficient to reimburse its office for any tax or other governmental charge required to be paid with respect to such transfer or exchange, and such tax or governmental charge, and such service charge for exchange other than the initial exchange or in the event of partial redemption, shall be paid by the person requesting such transfer or exchange as a condition precedent to the exercise of the privilege of making such transfer or exchange. The Registrar shall not be obliged to make any such transfer or exchange of Series 2012 Bonds that have been called for redemption.

Section 3.05. Bonds Mutilated, Destroyed, Stolen or Lost. In case any Series 2012 Bond shall become mutilated or be destroyed, stolen or lost, the Issuer may execute, in its discretion, and the Registrar shall authenticate, register and deliver any new Bond of like series, maturity and principal amount as the Bond, so mutilated, destroyed, stolen or lost, in exchange and 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 the Issuer and the Registrar proof of his ownership thereof and that said Bond has been destroyed, stolen or lost and satisfactory indemnity and complying with such other reasonable regulations and conditions as the Issuer or the Registrar may prescribe and paying such expenses as the Issuer or the Registrar may incur. The name of the Bondholder listed in the Bond Register shall constitute proof of ownership. All Series 2012 Bonds so surrendered shall be submitted to and canceled by the Registrar, and evidence of such cancellation shall be given to the Issuer. If such Bond shall have matured or be about to mature, instead of issuing a substitute Bond, the Issuer, by and through the Registrar, may pay the same, upon being indemnified as aforesaid, and, if such Bond be lost, stolen or destroyed, without surrender therefor.

Any such duplicate Bonds issued pursuant to this section shall constitute original, additional contractual obligations on the part of the Issuer, whether or not the lost, stolen or destroyed Bonds be at any time found by any one, and such duplicate Bonds shall be entitled to equal and proportionate benefits and rights as to lien and source of and security for payment from the Revenues pledged herein with all other Bonds issued hereunder.

Section 3.06. Term Bonds. In the event Term Bonds are issued as part of the Series 2012 Bonds pursuant to this Ordinance, the following provisions shall apply:

1. The amounts to be deposited, apportioned and set apart by the Issuer from the Revenue Fund and into the Series 2012 Bonds Redemption Account in accordance with Subsection 4.03(A)(1) shall include (after credit as provided below) on the first of each month, beginning on the first day of that month which is 12 months prior to the first mandatory redemption date of said Term Bonds, a sum equal to 1/12th of the amount (or, if the Series 2012 Bonds mature semiannually rather than annually, that month which is 6 months prior to the first mandatory redemption date of said Term

Bonds, a sum equal to 1/6th of the amount) required to redeem the principal amount of such Term Bonds which are to be redeemed as of the next ensuing mandatory Redemption Date, which amounts and dates, if any, with respect to a series of Bonds shall be set forth in the Supplemental Resolution relating thereto.

2. At its option, to be exercised on or before the 60th day next preceding any such mandatory Redemption Date, the Issuer may (a) deliver to the Registrar for cancellation such Term Bonds in any aggregate principal amount desired or (b) receive a credit in respect of its mandatory redemption obligation for any such Term Bonds which prior to said date have been redeemed (otherwise than pursuant to this section) and canceled by the Registrar and not theretofore applied as a credit against any such mandatory redemption obligation. Each Term Bond so delivered or previously redeemed shall be credited by the Registrar at 100% of the principal amount thereof against the obligation of the Issuer on such mandatory Redemption Date, and Term Bonds delivered in excess of such mandatory redemption obligation shall be credited against future mandatory redemption obligations in the order directed by the Issuer, and the principal amount of such Term Bonds to be redeemed pursuant to mandatory sinking fund redemption shall be accordingly reduced.

3. The Issuer shall on or before the 60th day next preceding each mandatory Redemption Date furnish the Registrar and the Bond Commission with its certificate indicating whether and to what extent the provisions of (a) and (b) of the preceding paragraph are to be utilized with respect to such mandatory redemption payment and stating, in the case of the credit provided for in (b) of the preceding paragraph, that such credit has not theretofore been applied against any mandatory redemption obligation.

4. After said 60th day but prior to the date on which the Registrar selects the Term Bonds to be redeemed, the Bond Commission may use the monies in the Series 2012 Bonds Redemption Account to purchase Term Bonds at a price less than the par value thereof and accrued interest thereon. The Bond Commission shall advise the Issuer and the Registrar of any Term Bonds so purchased, and they shall be credited by the Registrar at 100% of the principal amount thereof against the obligation of the Issuer on such mandatory Redemption Date, and any excess shall be credited against future mandatory redemption obligations in the order directed by the Issuer, and the principal amount of such Term Bonds to be redeemed pursuant to mandatory sinking fund redemption shall be accordingly reduced.

5. The Registrar shall call for redemption, in the manner provided herein, an aggregate principal amount of such Term Bonds, at the principal amount thereof plus interest accrued to the Redemption Date (interest to be paid from the Series 2012 Bonds Sinking Fund), as will exhaust as nearly as practicable such Series 2012 Bonds Redemption Account payment designated to be made in accordance with paragraph (A)(1) of this section. Such redemption shall be by random selection made on the 45th day preceding the mandatory Redemption Date, in such manner as may be determined by the Registrar. For purposes of this section, "Term Bonds" shall include any portion of a fully registered Term Bond, in integrals of $5,000.

Section 3.07. Notice of Redemption. Unless waived by any Holder of the Series 2012 Bonds to be redeemed, official notice of any redemption shall be given by the Registrar on behalf of the Issuer by mailing a copy of an official redemption notice by registered or certified mail at least 30 days and not more than 60 days prior to the date fixed for redemption to the applicable Bond Insurer, the Original Purchaser, and the registered owner of the Series 2012 Bond or Bonds to be redeemed at the address shown on the Bond Register or at such other address as is furnished in writing by such registered owner to the Bond Registrar.

So long as DTC (as CEDE & CO.) is the registered Owner of the Series 2012 Bonds, the Registrar shall send all notices of redemption to DTC and shall verify that DTC has received notice. Copies of all redemption notices shall also be sent to registered securities depositories, nationally recognized municipal securities information repositories and to *Standard & Poor's Called Bond Record.*

All official notices of redemption shall be dated and shall state:

(1) The Redemption Date,

(2) The Redemption Price,

(3) If less than all Outstanding Bonds are to be redeemed, the identification (and, in the case of partial redemption, the respective principal amounts) of the Bonds to be redeemed,

(4) That on the Redemption Date the Redemption Price and interest accrued will become due and payable upon each such Bond or portion thereof called for redemption, and that interest thereon shall cease to accrue from and after said date,

(5) The place where such Bonds are to be surrendered for payment of the Redemption Price, which place of payment shall be the principal office of the Registrar, and

(6) Such other information, if any, as shall be required for DTC-Eligible Bonds.

If funds sufficient to redeem all Series 2012 Bonds called for optional redemption have not been deposited with the Paying Agent at the time of mailing any notice of optional redemption, such notice shall also state that such optional redemption is subject to the deposit of such monies with the Paying Agent on or before the Redemption Date. If such monies are not so deposited, the Registrar shall notify all holders of Series 2012 Bonds called for redemption of such fact.

Official notice of redemption having been given as aforesaid, the Series 2012 Bonds, or portions of Bonds so to be redeemed shall, on the Redemption Date, become due and payable at the Redemption Price therein specified, and from and after such date (unless the Issuer shall default in the payment of the Redemption Price) such Bonds or portions of Bonds shall cease to bear interest. Upon surrender of such Series 2012 Bonds

for redemption in accordance with said notice, such Bonds shall be paid by the Registrar at the Redemption Price. Installments of interest due on or prior to the Redemption Date shall be payable as herein provided for payment of interest. Upon surrender for any partial redemption of any Bond, there shall be prepared for the registered owner a new Bond or Bonds of the same maturity in the amount of the unpaid principal of such Bond. All Series 2012 Bonds which have been redeemed shall be canceled and destroyed by the Bond Registrar and shall not be reissued.

Failure to receive such notice or any defect therein or in the mailing thereof shall not affect the validity of proceedings for the redemption of Series 2012 Bonds, and failure to mail such notice shall not affect the validity of proceedings for the redemption of any portion of Bonds for which there was no such failure.

Section 3.08. Persons Treated as Owners. The Issuer, the Registrar and any agent of the Issuer or the Registrar may treat the person in whose name any Bond is registered as the owner of such Bond for the purpose of receiving payment of the principal of, and interest on, such Bond and (except as provided in Section 6.18) for all other purposes, whether or not such Bond is overdue.

Section 3.09. Temporary Bonds. Until Bonds of any series in definitive form are ready for delivery, the Issuer may execute and the Registrar shall authenticate, register, if applicable, and deliver, subject to the same provisions, limitations and conditions set forth in this Article III, one or more printed, lithographed or typewritten Bonds in temporary form, substantially in the form of the definitive Bonds of such series, with appropriate omissions, variations and insertions, and in authorized denominations. Until exchanged for Bonds in definitive form, such Bonds in temporary form shall be entitled to the lien and benefit created under this Ordinance. Upon the presentation and surrender of any Bond or Bonds in temporary form, the Issuer shall, without unreasonable delay, prepare, execute and deliver to the Registrar, and the Registrar shall authenticate, register, if applicable, and deliver, in exchange therefor, a Bond or Bonds in definitive form. Such exchange shall be made by the Registrar without making any charge therefor to the Holder of such Bond in temporary form.

Section 3.10. Series 2012 Bonds. For the purposes of paying costs of acquisition and construction of improvements and betterments to the stormwater portion of the System, funding the Series 2012 Bonds Reserve Account and paying costs in connection therewith, there shall be issued the Series 2012 Bonds of the Issuer, in an aggregate principal amount of not more than $3,500,000. Said Series 2012 Bonds shall be designated "Combined Utility System Revenue Bonds, Series 2012" or such other designation as may be appropriate for the year and sequence of the issue, as may be set forth in a Supplemental Resolution, and shall be issued in fully registered form, in the denomination of $5,000 or any integral multiple thereof for any period of maturity, not exceeding the aggregate principal amount of Series 2012 Bonds maturing in the period of maturity for which the denomination is to be specified. The Series 2012 Bonds shall be numbered from AR-1 consecutively upward. The Series 2012 Bonds shall be dated; shall be in such aggregate principal amount (not to exceed $3,500,000); shall bear interest at such rate or rates, not exceeding the then legally permissible rate (not to exceed 8%),

payable semiannually on such dates; shall mature on such dates (which may be annual or semi-annual) (not to exceed 35 years) and in such amounts; shall be subject to such mandatory and optional redemption provisions; and shall have such other terms, all as the Issuer shall prescribe herein and in the Supplemental Resolution.

Section 3.11. Book Entry System for Series 2012 Bonds.

A. The Series 2012 Bonds shall each initially be issued in the form of one fully-registered bond for the aggregate principal amount of the Series 2012 Bonds of each maturity, registered in the name of CEDE & CO., as nominee of DTC. Except as provided in paragraph E below, all of the Series 2012 Bonds shall be registered in the registration books kept by the Registrar in the name of CEDE & CO., as nominee of DTC; provided that if DTC shall request that the Series 2012 Bonds be registered in the name of a different nominee, the Registrar shall exchange all or any portion of the Series 2012 Bonds registered in the name of such nominee or nominees. No person other than DTC or its nominee shall be entitled to receive from the Issuer or the Registrar either a Series 2012 Bond or any other evidence of ownership of the Series 2012 Bonds, or any right to receive any payment in respect thereof unless DTC or its nominee shall transfer record ownership of all or any portion of the Series 2012 Bonds on the registration books maintained by the Registrar, in connection with discontinuing the book entry system as provided in paragraph E below.

B. At or prior to settlement for the Series 2012 Bonds, the Issuer and the Registrar shall execute or signify their approval of a representation letter addressed to DTC in a form satisfactory to DTC (the "Representation Letter"). Any successor Registrar shall, in its written acceptance of its duties under this Ordinance, agree to take any actions necessary from time to time to comply with the requirements of the Representation Letter.

C. So long as the Series 2012 Bonds or any portion thereof are registered in the name of DTC or any nominee thereof, all payments of the principal or Redemption Price of or interest on such Series 2012 Bonds shall be made to DTC or its nominee at the addresses set forth in the Representation Letter in New York Clearing House or equivalent next day funds on the dates provided for such payments to be made to any Bondholder under this Ordinance. Each such payment to DTC or its nominee shall be valid and effective to fully discharge all liability of the Issuer and the Registrar with respect to the principal or Redemption Price of or interest on the Series 2012 Bonds to the extent of the sum or sums so paid. In the event of the redemption of less than all of the Series 2012 Bonds Outstanding of any maturity, the Registrar shall not require surrender by DTC of the Series 2012 Bonds so redeemed, but DTC may retain such Series 2012 Bonds and make an appropriate notation on the Series 2012 Bonds certificate as to the amount of such partial redemption; provided that DTC shall deliver to the Registrar, upon request, a written confirmation of such partial redemption. The records maintained by the Registrar shall be conclusive as to the amount of the Series 2012 Bonds of such maturity which have been redeemed.

D. The Issuer, the Paying Agent and the Registrar may treat DTC as the sole and exclusive owner of the Series 2012 Bonds registered in its name or the name of its nominee for the purposes of payment of the principal or Redemption Price of or interest on the Series 2012 Bonds, selecting the Series 2012 Bonds or portions thereof to be redeemed, giving any notice permitted or required to be given to Bondholders under this Ordinance, registering the transfer of Series 2012 Bonds, obtaining any consent or other action to be taken by Bondholders and for all other purposes whatsoever; and neither the Issuer nor the Registrar shall be affected by any notice to the contrary. Neither the Issuer nor the Registrar shall have any responsibility or obligation to any direct or indirect participant in DTC, any person claiming a beneficial ownership interest in the Series 2012 Bonds under or through DTC or any such participant, or any other person which is not shown on the registration books of the Registrar as being a Bondholder with respect to (i) the Series 2012 Bonds, (ii) the accuracy of any records maintained by DTC or any such participant, (iii) the payment by DTC or any such participant of any amount in respect of the principal or Redemption Price of or interest on the Series 2012 Bonds, (iv) any notice which is permitted or required to be given to Bondholders under this Ordinance, (v) the selection by DTC or any such participant of any person to receive payment in the event of a partial redemption of the Series 2012 Bonds, or (vi) any consent given or other action taken by DTC as Bondholder.

E. The book entry system for registration of the ownership of the Series 2012 Bonds may be discontinued at any time if either: (i) DTC determines to resign as securities depository for the Series 2012 Bonds; or (ii) the Issuer determines that continuation of the system of book entry transfers through DTC (or through a successor securities depository) is not in the best interest of the beneficial owners of the Series 2012 Bonds. In either of such events (unless in the case described in clause (iii) above, the Issuer appoints a successor securities depository), the Series 2012 Bonds shall be delivered in registered certificate form to such persons, and in such maturities and principal amounts, as may be designated by DTC, but without any liability on the part of the Issuer or the Registrar for the accuracy of such designation. Whenever DTC requests the Issuer and the Registrar to do so, the Issuer and the Registrar shall cooperate with DTC in taking appropriate action after reasonable notice to arrange for another securities depository to maintain custody of certificates evidencing the Series 2012 Bonds.

Section 3.12. Delivery of Series 2012 Bonds.

A. The Issuer shall execute and deliver the Series 2012 Bonds to the Registrar, and the Registrar shall authenticate, register and deliver the Series 2012 Bonds to the Original Purchaser upon receipt of the documents set forth below:

(1) If not registered in the name of DTC or its nominee, a list of the names in which the Series 2012 Bonds are to be registered upon original issuance, together with such taxpayer identification and other information as the Registrar may reasonably require;

(2) A request and authorization to the Registrar on behalf of the Issuer, signed by an Authorized Officer, to authenticate and deliver the Series 2012 Bonds to DTC for the benefit of the Original Purchaser;

(3) Copies, certified by the City Clerk, of this Ordinance and the Supplemental Resolution;

(4) The unqualified approving opinion upon the Series 2012 Bonds by Bond Counsel; and

(5) Such other opinions, certificates and documents as shall be reasonably requested by the Original Purchaser.

Section 3.13. Form of Series 2012 Bonds. The definitive Series 2012 Bonds shall be in substantially the form set forth in EXHIBIT A - Series 2012 Bond FORM attached hereto and incorporated herein by reference, with such necessary and appropriate omissions, insertions and variations as are approved by those officers executing such Series 2012 Bonds on behalf of the Issuer and execution thereof by such officers shall constitute conclusive evidence of such approval, and the definitive Series 2012 Bonds shall have the form of the opinion of Steptoe & Johnson PLLC, as Bond Counsel, attached thereto or printed on the reverse thereof.

Section 3.14. Disposition of Proceeds of Series 2012 Bonds. Upon the issuance and delivery of the Series 2012 Bonds, the Issuer shall forthwith deposit the proceeds thereof as follows:

1. All interest accrued on the Series 2012 Bonds from the date thereof to the date of delivery thereof shall be deposited in the Series 2012 Bonds Sinking Fund and applied to payment of interest on the Series 2012 Bonds at the first interest payment date.

2. An amount of the proceeds of the Series 2012 Bonds equal to the amount, if any, set forth in the Supplemental Resolution shall be remitted to the Bond Commission for deposit in the Series 2012 Bonds Reserve Account, provided that, to the extent the Series 2012 Bonds Reserve Requirement is satisfied in whole or in part from a reserve account letter of credit, surety bond or other credit facility, proceeds of the Series 2012 Bonds shall be deposited in the Series 2012 Bonds Reserve Account only to the extent needed to satisfy the balance of the Series 2012 Bonds Reserve Requirement.

3. The amount of Series 2012 Bond proceeds which, together with other monies or securities deposited therein shall be equal to the Costs of Issuance of the Series 2012 Bonds shall be deposited with the Depository Bank in the Series 2012 Bonds Costs of Issuance Fund and shall be drawn out, used and applied by the Issuer solely to pay costs of issuance of the Series 2012 Bonds at the written direction of the Issuer. Monies not to be applied immediately to pay such costs of issuance may be invested in accordance with this Ordinance, subject however, to applicable yield restrictions as may be in effect under the Code. If for any reason such proceeds, or any part thereof, are not

necessary for, or are not applied to such purpose within 120 days following the Closing Date for the Series 2012 Bonds, such unapplied proceeds shall be transferred by the Issuer to the Series 2012 Bonds Sinking Fund established in Section 4.01 hereof and applied to the next ensuing payment of interest on the Series 2012 Bonds. All such proceeds shall constitute a trust fund for such purposes, and there hereby is created a lien upon such monies until so applied in favor of the Holders of the Series 2012 Bonds from which such proceeds are derived.

4. The balance of Series 2012 Bonds proceeds, if any, shall be deposited in the Series 2012 Bonds Acquisition and Construction Fund and disbursed as provided in Section 3.15(A) hereof.

Section 3.15. Disbursements from the Acquisition and Construction Fund. Disbursements from the Series 2012 Bonds Acquisition and Construction Fund, except for payment of Costs of Issuance of the Series 2012 Bonds in excess of the monies available in the Costs of Issuance Fund which shall be made upon request of the Issuer, shall be made only for acquisition and construction of capital improvements, repairs and replacements for the System, including all necessary engineering and other professional services relating thereto. Pending such application, monies in the Series 2012 Bonds Acquisition and Construction Fund, including any accounts therein, shall be invested and reinvested in Qualified Investments at the written direction of the Issuer.

## ARTICLE IV
## SYSTEM REVENUES; FUNDS AND ACCOUNTS

Section 4.01. Establishment of Funds and Accounts with Depository Bank. Pursuant to this Article IV, the following special funds are created with (or continued if previously established by Prior Ordinances), and shall be held by, the Depository Bank, segregated from all other funds and accounts of the Depository Bank or the Issuer and from each other (except as set forth in this Section 4.01), and used solely for the purposes provided herein:

(1) Revenue Fund (established by the Prior Ordinances);

(2) Depreciation Fund (established by the Prior Ordinances);

(3) Operation and Maintenance Fund (established by the Prior Ordinances); and

(4) Series 2012 Bonds Construction Fund.

Section 4.02. Establishment of Funds and Accounts with Bond Commission. The following special funds or accounts are hereby created (or continued is established by Prior Ordinances) with and shall be held by the Commission, separate and apart from all other funds or accounts of the Commission or the Issuer and from each other:

(1) Series 1992 Bonds Sinking Fund (established by Prior Ordinances);

(2) Series 1992 Bonds Reserve Account established by Prior Ordinances);

(3) Series 1995 Bonds Sinking Fund (established by Prior Ordinances);

(4) Series 1995 Bonds Reserve Account established by Prior Ordinances);

(5) Series 2000 A Bonds Sinking Fund (established by Prior Ordinances);

(6) Series 2000 A Bonds Reserve Account established by Prior Ordinances);

(7) Series 2000 B Bonds Sinking Fund (established by Prior Ordinances);

(8) Series 2000 B Bonds Reserve Account established by Prior Ordinances);

(9) Series 2001 A Bonds Sinking Fund (established by Prior Ordinances);

(10) Series 2001 A Bonds Reserve Account established by Prior Ordinances);

(11) Series 2006 A Bonds Sinking Fund (established by Prior Ordinances);

(12) Series 2006 A Bonds Reserve Account established by Prior Ordinances);

(13) Series 2007 A Bonds Sinking Fund (established by Prior Ordinances);

(14) Series 2007 A Bonds Reserve Account established by Prior Ordinances);

(15) Series 2010 A Bonds Sinking Fund (established by Prior Ordinance);

(16) Series 2010 A Bonds Reserve Account (established by Prior Ordinance);

(17) Series 2010 C Bonds Sinking Fund (established by Prior Ordinance);

(18) Series 2010 C Bonds Reserve Account (established by Prior Ordinance);

(19) Series 2010 D Bonds Sinking Fund (established by Prior Ordinance);

(20) Series 2010 D Bonds Reserve Account (established by Prior Ordinance);

(21) Series 2010 E Bonds Sinking Fund (established by Prior Ordinance);

(22) Series 2010 E Bonds Reserve Account (established by Prior Ordinance);

(23) Series 2010 F Bonds Sinking Fund (established by Prior Ordinance);

(24) Series 2010 F Bonds Reserve Account (established by Prior Ordinance);

(25) Series 2012 Bonds Sinking Fund; and

(26) Series 2012 Bonds Reserve Account

Section 4.03. System Revenues and Application Thereof. So long as any of the Series 2012 Bonds shall be Outstanding and unpaid, the Issuer covenants as follows:

A. The entire Gross Revenues derived from the operation of the System and all parts thereof shall be deposited by the Issuer in the Revenue Fund. The Revenue Fund 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 remaining on deposit in the Revenue Fund shall be disposed of only in the following manner and order of priority:

(1) The Issuer shall first, from the monies in the Revenue Fund, on the first day of each month, simultaneously remit to the Commission (i) the amounts required by the Prior Ordinances to be deposited in the Prior Bonds Sinking Funds for payment of interest on the respective Prior Bonds; and (ii) beginning on the first day of that month which is 6 months prior to the first interest payment date on the Series 2012 Bonds, apportion and set apart out of the Revenue Fund and deposit in the Series 2012 Bonds Sinking Fund, a sum equal to 1/6th of the amount of interest which will become due on said Series 2012 Bonds on the next ensuing semiannual interest payment date, provided, that in the event the period to elapse between the date of such initial deposit in the Series 2012 Bonds Sinking Fund and the next ensuing semiannual interest payment date is less than or greater

than 6 months, then such monthly payments shall be increased or decreased proportionately to provide, 1 month prior to the next ensuing semiannual interest payment date, the required amount of interest coming due on such date, and provided further, that the initial amount required to be transferred from the Revenue Fund and deposited in the Series 2012 Bonds Sinking Fund shall be reduced by the amount of accrued interest on the Series 2012 Bonds deposited therein and subsequent amounts required to be transferred from the Revenue Fund and deposited in the Series 2012 Bonds Sinking Fund shall be reduced by the amount of any earnings credited to the Series 2012 Bonds Sinking Fund.

(2) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and, simultaneously remit to the Commission (i) the amounts required by the Prior Ordinances to be deposited in the Prior Bonds Sinking Funds for payment of principal on the Prior Bonds; and (ii) for deposit in the Series 2012 Bonds Sinking Fund (and in the Series 2012 Bonds Redemption Account therein in the case of Term Bonds which are to be redeemed) on the first day of each month, beginning on the first day of that month which is 12 months prior to the first principal payment or mandatory Redemption Date of the Series 2012 Bonds, a sum equal to 1/12th of the amount (or 1/6th of the amount if the Series 2012 Bonds mature semiannually rather than annually) of principal which will mature or be redeemed and become due on the Series 2012 Bonds on the next ensuing principal payment or mandatory Redemption Date, provided, that in the event the period to elapse between the date of such initial deposit in the Series 2012 Bonds Sinking Fund and the next ensuing principal payment or mandatory Redemption Date is less than or greater than 12 months (or 6 months if the Series 2012 Bonds mature semiannually rather than annually), then such monthly payments shall be increased or decreased proportionately to provide, one month prior to the next ensuing principal payment date or mandatory Redemption Date, the required amount of principal coming due on such date, and provided further, that the amount of such deposits shall be reduced by the amount of any earnings credited to the Series 2012 Bonds Sinking Fund and not previously credited pursuant to the preceding paragraph.

(3) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and, simultaneously remit to the Commission (i) the amounts required by the Prior Ordinances to be deposited in the Prior Bonds Reserve Accounts for the Prior Bonds; and (ii) commencing 13 months prior to the first date of payment of principal of the Series 2012 Bonds or upon completion of construction of the Project, whichever is earlier, if not fully funded upon issuance of the Series 2012 Bonds, for deposit in the Series 2012 Bonds Reserve Account, an amount equal to 1/120th of the Series 2012 Bonds Reserve Requirement; provided that, no further payments shall be made into the Series 2012 Bonds Reserve Account when there shall have been deposited therein, and as long as there shall remain on deposit therein, an amount equal to the Series 2012 Bonds Reserve Requirement; provided further, that if the amounts in the Series 2012 Bonds Reserve Account, as a result of a decrease in value of the Series 2012 Bonds Reserve Account below the Series 2012 Bonds Reserve Account Requirement or any withdrawal from the Series 2012 Bonds Reserve Account, the Issuer shall apply such monies for deposit into the Series 2012 Bonds Reserve Account, beginning with the first full calendar month following the date on which (i) the valuation of investments in the Series 2012 Bonds Reserve Account results in a determination that the amount of monies and the value of the

Qualified Investments deposited to the credit of the Series 2012 Bonds Reserve Account is less than the Series 2012 Bond Reserve Account Requirement, or (ii) any amount is withdrawn from the Series 2012 Bonds Reserve Account for deposit into the Series 2012 Bonds Sinking Fund. To the extent Net Revenues and any other legally available funds are available therefor, the amount so deposited shall be used to restore the amount of monies on deposit in the Series 2012 Bonds Reserve Account to an amount equal to the Series 2012 Bond Reserve Account Requirement to the full extent that such Net Revenues are available; provided, however, that if the shortfall in the Series 2012 Bonds Reserve Account is due to a decrease in the value of investments therein, such shortfall shall be replenished by not less than 4 equal monthly payments, and if such shortfall is due to a withdrawal from the Series 2012 Bonds Reserve Account, such shortfall shall be replenished by not less than 12 equal monthly payments, and provided further, that no payments shall be required to be made into the Series 2012 Bonds Reserve Account whenever and as long as the amount deposited therein shall be equal to the Series 2012 Bond Reserve Account Requirement.

Amounts in the Series 2012 Bonds Reserve Account shall be used only for the purpose of making payments of principal of and interest on the Series 2012 Bonds when due, when amounts in the Series 2012 Bonds Sinking Fund are insufficient therefor and for no other purpose.

(4) The Issuer shall next, each month, transfer from the Revenue Fund an amount sufficient to pay current Operating Expenses of the System.

(5) The Issuer shall next, on the first day of each month, transfer from the monies remaining in the Revenue Fund and remit to the Depository Bank for deposit in the Renewal and Replacement Fund (as previously set forth in the Prior Ordinances and not in addition thereto), a sum equal to 2 1/2% of the Gross Revenues each month, exclusive of any payments for account of any Reserve Account. All funds in the Renewal and Replacement Fund shall be kept apart from all other funds of the Issuer or of the Depository Bank and shall be invested and reinvested in accordance with Article VIII hereof. Subject to the restrictions contained in the Prior Ordinances, so long as the Prior Bonds are outstanding, withdrawals and disbursements may be made from the Renewal and Replacement Fund for replacements, emergency repairs, or improvements or extensions to the System; provided, that any deficiency in any Reserve Account, except to the extent such deficiency exists because the required payments into such account have not, as of the date of determination of a deficiency, funded such account to the maximum extent required hereof, shall be promptly eliminated with monies from the Renewal and Replacement Fund.

(6) Whenever all of the required and provided transfers and payments from the Revenue Fund into the several special funds, as hereinabove provided, are current and there remains in the Revenue Fund a balance in excess of the estimated amounts required to be so transferred and paid into such funds during the following month or such other period as required by the Act, such excess shall be considered as surplus revenues (the "Surplus Revenues"). Surplus Revenues may be used for any lawful purpose of the System.

B. The Bond Commission is hereby designated as the fiscal agent for the administration of the Series 2012 Bonds Sinking Fund created hereunder, and all amounts required for said Sinking Fund shall be remitted to the Bond Commission from said Revenue Fund and from the proceeds of the sale of the Series 2012 Bonds, by the Issuer at the times and as otherwise provided herein. All remittances made by the Issuer to the Bond Commission shall clearly identify the fund or account into which each amount is to be deposited.

C. The monies on deposit in the Revenue Fund and the Renewal and Replacement Fund in excess of the sum insured by the FDIC shall at all times be secured, to the full extent thereof in excess of such insured sum, by Government Obligations or by other Qualified Investments as shall be eligible as security for deposits of municipal funds under the laws of the State.

D. Principal, interest or reserve payments, whether for a deficiency or otherwise, shall be made on a parity and pro rata, with respect to the Prior Bonds, the Series 2012 Bonds, all in accordance with the respective principal amounts then Outstanding.

## ARTICLE V
## INVESTMENTS; NON-ARBITRAGE; REBATES OF EXCESS INVESTMENT EARNINGS

Section 5.01. Investments. The Issuer shall invest and reinvest, and shall instruct the Bond Commission and the Depository Bank to invest and reinvest, any monies held as a part of the funds and accounts created by this Ordinance in Qualified Investments to the fullest extent possible under applicable laws, this Ordinance, the need for such monies for the purposes set forth herein and the specific restrictions and provisions set forth in this section.

Except as provided below, 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 Issuer 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 Issuer may make any and all investments permitted by this section through the bond department of the Depository Bank. The Depository Bank shall not be responsible for any losses from such investments, other than for its own negligence or willful misconduct.

The following specific provisions shall apply with respect to any investments made under this section (unless otherwise required by the Bond Insurer and as set forth in the Supplemental Resolution):

(A) Qualified Investments acquired for the Series 2012 Bonds Reserve Account shall mature or be subject to retirement at the option of the holder within not more than 5 years from the date of such investment.

(B) The Issuer shall, or shall cause the Bond Commission to, annually transfer from the Series 2012 Bonds Reserve Account to the Sinking Fund any earnings on the monies deposited therein and any other funds in excess of the Series 2012 Bonds Reserve Requirement, provided, however, that there shall at all times remain on deposit in the Series 2012 Bonds Reserve Account an amount at least equal to the Series 2012 Bonds Reserve Requirement.

(C) In computing the amount in any fund or account, Qualified Investments shall be valued at the lower of the cost or the market price, exclusive of accrued interest. Valuation of all funds and accounts shall occur annually, except in the event of a withdrawal from the Series 2012 Bonds Reserve Account, whereupon it shall be valued immediately after such withdrawal. If amounts on deposit in the Series 2012 Bonds Reserve Account shall, at any time, be less than the applicable Series 2012 Bonds Reserve Requirement, the applicable Bond Insurer shall be notified immediately of such deficiency, and such deficiency shall be made up from the first available Gross Revenues after required deposits to the Sinking Fund and otherwise in accordance with Section 4.03(3).

(E) All amounts representing accrued and capitalized interest shall be held by the Bond Commission, pledged solely to the payment of interest on the Series 2012 Bonds, as appropriate, and invested only in Government Obligations maturing at such times and in such amounts as are necessary to match the interest payments to which they are pledged.

(F) Notwithstanding the foregoing, all monies deposited in the Series 2012 Bonds Sinking Fund may be invested by the Bond Commission in the West Virginia "consolidated fund" managed by the West Virginia Investment Management Board pursuant to Chapter 12, Article 6 of the Code of West Virginia, 1931, as amended.

Section 5.02. Continuing Disclosure Agreement. The Issuer shall deliver a continuing disclosure agreement or certificate in form acceptable to the Original Purchaser sufficient to ensure compliance with SEC Rule 15c2-12, as it may be amended from time to time, and the Issuer hereby instructs the Mayor and City Manager to take all actions necessary for the Issuer to comply with the continuing disclosure agreement.

Section 5.03. Arbitrage. The Issuer covenants that (i) it will restrict the use of the proceeds of the Series 2012 Bonds in such manner and to such extent as may be necessary, so that such Series 2012 Bonds will not constitute "arbitrage bonds" under Section 148 of the Code and Regulations prescribed thereunder, 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 such Bonds) so that the interest on the Series 2012 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 5.04. Tax Certificate, Rebates, and Rebate Fund. The Issuer shall deliver a certificate of arbitrage, a tax certificate or other similar certificate (the "Tax Certificate") to be prepared by nationally recognized bond counsel or tax counsel relating to payment of arbitrage rebate and other tax matters as a condition to issuance of any series of Bonds. In addition, the Issuer covenants to comply with all Regulations from time to time in effect and applicable to the Series 2012 Bonds as may be necessary in order to fully comply with Section 148(f) of the Code, and covenants to take such actions, and refrain from taking such actions, as may be necessary to fully comply with such Section 148(f) of the Code and such Regulations, regardless of whether such actions may be contrary to any of the provisions of this Ordinance.

The Issuer shall calculate, annually, the rebatable arbitrage, determined in accordance with Section 148(f) of the Code. Upon completion of each such annual calculation, the Issuer or the Board shall deposit, or cause to be deposited, in the Rebate Fund such sums as are necessary to cause the aggregate amount on deposit in the Rebate Fund to equal the sum determined to be subject to rebate to the United States, which, notwithstanding anything herein to the contrary, shall be paid from investment earnings on the underlying fund or account established hereunder and on which such rebatable arbitrage was earned or from other lawfully available sources. Notwithstanding anything herein to the contrary, the Rebate Fund shall be held free and clear of any lien or pledge hereunder and used only for payment of rebatable arbitrage to the United States. The Issuer shall pay, or cause to be paid, to the United States, from the Rebate Fund, the rebatable arbitrage in accordance with Section 148(f) of the Code and such Regulations. In the event that there are any amounts remaining in the Rebate Fund following all such payments required by the preceding sentence, the Depository Bank shall pay said amounts to the Issuer to be used for any lawful purpose of the System. The Issuer shall remit payments to the United States in the time and at the address prescribed by the Regulations as the same may be 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, 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 therefore. The Issuer at its expense, may provide for the employment of independent attorneys, accountants or consultants compensated on such reasonable basis as the Issuer may deem appropriate in order to assure compliance with this Section 5.04. The Issuer shall keep and retain, or cause to be kept and retained, records of the determinations made pursuant to this Section 5.04 in accordance with the requirements of Section 148(f) of the Code and such Regulations. In the event the Issuer fails to make such rebates as required, the Issuer shall pay any and all penalties and other amounts, from lawfully available sources, and obtain a waiver from the Internal Revenue Service, if necessary, in order to maintain the exclusion of interest on the Bonds from gross income for federal income tax purposes.

## ARTICLE VI
## ADDITIONAL COVENANTS OF THE ISSUER

Section 6.01. Covenants Binding and Irrevocable. All the covenants, agreements and provisions of this Ordinance shall be and constitute valid and legally

binding covenants of the Issuer and shall be enforceable in any court of competent jurisdiction by any Holder or Holders of the Series 2012 Bonds, as prescribed by Article VII. In addition to the other covenants, agreements and provisions of this Ordinance, the Issuer hereby covenants and agrees with the Holders of the Series 2012 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 the Series 2012 Bonds or the interest thereon, are Outstanding and unpaid.

Section 6.02. Bonds not to be Indebtedness of the Issuer. The Series 2012 Bonds shall not be or constitute an indebtedness of the Issuer within the meaning of any constitutional, statutory or charter limitation of indebtedness but shall be payable solely from the Gross Revenues of the System, the monies in the Series 2012 Bonds Sinking Fund and all accounts therein, the unexpended proceeds of the Series 2012 Bonds or monies in a construction fund, if any, all as herein provided. No Holder or Holders of any Series 2012 Bonds issued hereunder shall ever have the right to compel the exercise of the taxing power of the Issuer to pay said Series 2012 Bonds or the interest thereon.

Section 6.03. Bonds Secured by Pledge of Gross Revenues and Monies in Sinking Fund. The payment of the debt service of all of the Series 2012 Bonds issued hereunder shall be secured forthwith equally and ratably by a first lien on the Gross Revenues derived from the operation of the System on a parity with one another and with the lien on the Gross Revenues in favor of the Holders of the Prior Bonds and, in the instance of the Series 2012 Bonds, all monies and securities in the Series 2012 Sinking Fund, including the Series 2012 Bonds Reserve Account therein, to the extent necessary to make the payments required under Section 4.03. The Gross Revenues derived from the System, in an amount sufficient to pay the principal of and interest on the Prior Bonds and the Series 2012 Bonds herein authorized, and to make the payments into the Series 2012 Bonds Sinking Fund, all monies and securities in the Series 2012 Bonds Sinking Fund, including the Series 2012 Bonds Reserve Account therein.

Section 6.04. Rates. Equitable rates or charges for the use of and service rendered by the System have been established all in the manner and form required by law, and copies of such rates and charges so established will be continuously on file with the City Clerk, which copies will be open to inspection by all interested parties. The schedule of rates and charges shall at all times be adequate to produce Gross Revenues from the System sufficient to pay Operating Expenses and to make the prescribed payments into the funds created hereunder. Such schedule of rates and charges shall be changed and readjusted whenever necessary so that the aggregate of the rates and charges will be sufficient for such purposes. In order to assure full and continuous performance of this covenant, with a margin for contingencies and temporary unanticipated reduction in income and revenues, the Issuer hereby covenants and agrees that the schedule of rates or charges from time to time in effect shall be sufficient, together with other revenues of the System (i) to provide for all Operating Expenses of the System and (ii) to leave a balance each year equal to at least 115% of the maximum amount required in any year for payment of principal of and interest on the Series 2012 Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2012 Bonds, including the Prior Bonds.

The Issuer hereby covenants to commence enactment of such ordinance or ordinances as shall be required to increase the rates and charges for the services and facilities of the System within 30 days following a determination of the Independent Accountant that less than the above-required coverage exists or in the event that the annual audit report shows less than the above-required coverage, such increase to provide rates and charges sufficient to produce such required coverage. In any event, subject to the requirements of law, the Issuer shall not reduce the rates or charges for services set forth in the current rate ordinance.

Section 6.05. Completion of Project; Operation and Maintenance. The Issuer will complete the Project as promptly as possible. The Issuer will maintain the System in good condition and will operate the same as a revenue-producing enterprise in an efficient and economical manner, making such expenditures for equipment and for renewal, repair and replacement as may be proper for the economical operation and maintenance thereof from the revenues of said System in the manner provided in this Ordinance.

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 6.06. Sale of the System. So long as the Prior Bonds are Outstanding, the Issuer shall not sell, mortgage, lease or otherwise dispose of the System, except as provided by the Prior Ordinances. Additionally, so long as the Series 2012 Bonds are Outstanding, the System may be sold, mortgaged, leased or otherwise disposed of only as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to defease the pledge created by this Ordinance as provided by Section 9.01. The proceeds from such sale, mortgage, lease or other disposition of the System shall be immediately remitted to the Bond Commission for deposit in the Series 2012 Bonds Sinking Fund, and otherwise as prescribed by Section 9.01. Any balance remaining after such defeasance shall be remitted to the Issuer by the Bond 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 Board 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 is not in excess of $250,000, the Board shall, in writing, determine that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof, and the Board may then provide for the sale of such property. The proceeds of any such sale shall be used for any lawful purpose of the System. If the amount to be received from such sale, lease or other disposition of said property shall be in excess of $250,000 but not in excess of $1,000,000, the Board 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 the Board may then, if it be so advised, by resolution duly adopted, approve and concur in such finding and authorize such sale, lease or other disposition of such property in accordance with the laws of the State. The proceeds derived from any such sale, lease or other disposition of such property, in excess of $250,000 and not in excess of $1,000,000, shall be deposited by the Issuer into the Renewal and Replacement Fund. Such payments of such proceeds into the Renewal and Replacement Fund shall reduce the amounts required to be paid into said funds by other provisions of this Ordinance.

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 shall be in excess of $1,000,000 and insufficient to defease the pledge created by this Ordinance, as provided by Section 9.01, without the prior approval and consent in writing of any applicable Bond Insurer and the Holders, or their duly authorized representatives, of 60% in amount of Bonds then Outstanding. The Issuer shall prepare the form of such approval and consent for execution by the Bond Insurer and 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 6.07. Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances. The Issuer shall not issue any other obligations whatsoever, except Additional Parity Bonds provided for in Section 6.08 hereof, 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 the Gross Revenues with the Series 2012 Bonds; and all obligations hereafter issued by the Issuer payable from the revenues of the System, except such Additional Parity Bonds, shall contain an express statement that such obligations are junior and subordinate as to lien on and source of and security for payment from such revenues and in all other respects to the Series 2012 Bonds.

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, except with respect to such Additional Parity Bonds, being on a parity with the lien of the Series 2012 Bonds, and the interest thereon, upon any of the income and revenues of the System pledged for payment of the Series 2012 Bonds and the interest thereon in this Ordinance or upon the System or any part thereof.

Section 6.08. Additional Parity Bonds. So long as the Prior Bonds are outstanding, the limitations on the issuance of parity obligations set forth in the Prior Ordinances shall be applicable. In addition, no additional Parity Bonds, as in this section defined, payable out of the revenues of the System shall be issued after the issuance of any Bonds pursuant to this Ordinance, except under the conditions and in the manner herein provided.

No such Additional Parity Bonds shall be issued except for the purpose of financing the costs of design, acquisition or construction of additions, betterments or improvements to the System, refunding all or a portion of one or more series of Bonds

issued pursuant hereto or the Prior Bonds, to pay claims which may exist against the revenues or facilities of the System, or all of such purposes.

No such Additional Parity Bonds shall be issued at any time, however, unless and until there has been procured and filed with the City Clerk a written statement by an Independent Accountant, 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 Additional Parity Bonds, plus the estimated average increased annual Net Revenues to be received in each of the 3 succeeding years after the date of issuance of such Additional Parity Bonds, shall be not less than 115% of the Maximum Annual Debt Service on the following:

(1) The Series 2012 Bonds then Outstanding;

(2) The Prior Bonds Outstanding;

(3) Any Additional Parity Bonds theretofore issued pursuant to the provisions contained in this Bond Legislation then Outstanding; and

(4) The Additional Parity Bonds then proposed to be issued.

The "estimated average increased annual Net Revenues to be received in each of the 3 succeeding years," as that term is used in the computation provided in the above paragraph, shall refer only to the increased Net Revenues estimated to be derived from the improvements to be financed by such Additional Parity Bonds and any increase in rates enacted by the Issuer, the time for appeal of which shall have expired (without successful appeal) prior to the issuance of such Additional Parity Bonds, and shall not exceed the amount to be stated in a certificate of the Independent Accountant, which shall be filed in the office of the Clerk prior to the issuance of such Additional 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 Accountant, as stated in a certificate on account of increased rates, rentals, fees and charges for the System enacted by the Issuer, the time for appeal of which shall have expired (without successful appeal) prior to issuance of such Additional Parity Bonds.

The term "Additional Parity Bonds," as used in this section, shall be deemed to mean additional Bonds issued under the provisions and within the limitations of this section, payable from the Gross Revenues of the System on a parity with the Series 2012 Bonds and the Prior Bonds, and all the covenants and other provisions of this Ordinance (except as to details of such Additional Parity Bonds inconsistent herewith) shall be for the equal benefit, protection and security of the Holders of the Series 2012 Bonds and the Prior Bonds and the Holders of any Additional Parity Bonds theretofore or subsequently issued from time to time within the limitations of and in compliance with this section. All

the Bonds, regardless of the time or times of their issuance, shall rank equally with respect to their lien on the Gross Revenues of the System, and their source of and security for payment from said Gross Revenues, without preference of any Bond over any other. The Issuer shall comply fully with all the increased payments into the various funds and accounts created in this Ordinance required for and on account of such Additional Parity Bonds, in addition to the payments required for Bonds theretofore issued pursuant to this Ordinance.

The term "Additional Parity Bonds," as used in this section, shall not be deemed to include bonds, notes, certificates or other obligations subsequently issued, the lien on the Revenues of the System of which is subject to the prior and superior lien of the Bonds on such Revenues. Any such subordinate bonds, notes, certificates or other obligations shall be payable from the Net Revenues remaining after all payments required to be made pursuant to Section 4.03(1), (2) and (3) have first been paid. The Issuer shall not issue any obligations whatsoever payable from the Revenues of the System, or any part thereof, which rank prior to or equally, as to lien and source of and security for payment from such Revenues, with the Series 2012 Bonds except in the manner and under the conditions provided in this section.

No Additional Parity Bonds, as in this section defined, shall be issued at any time, however, unless all of the payments into the respective funds and accounts provided for in this Ordinance on account of the Bonds then Outstanding (excluding the Renewal and Replacement Fund), and any other payments provided for in this Ordinance, shall have been made in full as required to the date of delivery of the Additional Parity Bonds and the Issuer shall then be in full compliance with all the covenants, agreements and terms in the Ordinance and every ordinance supplemental thereto, or shall have fully corrected any delinquency or deficiency with respect to such payments and compliance.

Section 6.09. Insurance and Bonds. The Issuer hereby covenants and agrees, that so long as the Series 2012 Bonds remain Outstanding, the Issuer or the Board will, as an Operating Expense, procure, carry and maintain insurance and bonds and worker's compensation coverage with a reputable insurance carrier or carriers or bonding company or companies rated at least "A" by Standard & Poor's Corporation covering the following risks and in the following amounts:

A. FIRE, LIGHTNING, VANDALISM, MALICIOUS MISCHIEF AND EXTENDED COVERAGE INSURANCE, on all above-ground insurable portions of the System in an amount equal to the greater of the fair appraised value or the original cost thereof. In the event of any damage to or destruction of any portion of the System, the Board will promptly arrange for the application of the insurance proceeds for the repair or reconstruction of such damages or destroyed portion. The Board will itself, or will require each contractor and subcontractor to, obtain and maintain builder's risk insurance to protect the interests of the Board and the Issuer during construction of the Project in the full insurable value thereof.

B. PUBLIC LIABILITY INSURANCE, with limits of not less than is customarily carried by municipalities of equivalent size with respect to works and

properties similar to the System to protect the Issuer and the Board from claims for bodily injury and/or death and 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 and the Board from claims arising out of operation or ownership of motor vehicles of or for the System, provided that, the Board, with the review of an insurance consultant and the concurrence of the Issuer, may elect to self-insure, so long as the following requirements are met:

(i) The self-insurance program has been reviewed by an insurance consultant;

(ii) The self-insurance program includes an actuarially sound claims reserve fund out of which each self-insured claim shall be paid; the adequacy of such fund shall be evaluated on an annual basis by an insurance consultant; and any deficiencies in any self-insured claims reserve fund will be remedied in accordance with the recommendation of the insurance consultant;

(iii) The self-insured claims reserve fund shall be held in the United States of America in a separate trust fund by an independent corporate trustee; and

(iv) In the event the current funding of the self-insurance program shall be discontinued, the actuarial soundness of its claims reserve fund, as determined by an insurance consultant, shall be maintained.

If the Issuer determines in good faith that any required insurance is not commercially available at a reasonable cost with reasonable terms, it shall engage an insurance consultant to verify the determination and to make recommendations regarding the types, amounts and provisions of any such insurance that should be purchased or funded by the Issuer, taking into consideration the costs and practices of other municipal water and sewer systems of similar size and type in the State to the extent that such information is available. The Issuer may, upon resolution adopted in good faith and upon the recommendations of the insurance consultant, adopt alternate or supplemental risk management programs which the Issuer determines to be reasonable, including the right to self-insure and participate in captive insurance companies.

C. WORKER'S COMPENSATION COVERAGE FOR ALL EMPLOYEES OF OR FOR THE SYSTEM ELIGIBLE THEREFOR; AND PERFORMANCE AND PAYMENT OR COMPLETION BONDS, such bonds to be in the amounts of not less than 100% of the amount of any construction contract and to be

required of each contractor dealing directly with the Board and such payment bonds will be filed with the Clerk of the County Commission of Monongalia County prior to commencement of construction of any additions, extensions or improvements for the System in compliance with West Virginia Code, Section 38-2-39.

D. 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.

E. BUSINESS INTERRUPTION INSURANCE, to the extent available at reasonable cost to the Issuer.

F. 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.

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 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.

Section 6.10. Services Rendered to the Board or Issuer. The Board will not render or cause to be rendered any free services of any nature by its System; and, in the event the Board, the Issuer or any department, agency, instrumentality, officer or employee thereof shall avail himself 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 Board, the Issuer and any such department, agency, instrumentality, officer or employee. Such charges shall be paid as they accrue, and the Board or the Issuer shall transfer from its general funds sufficient sums to pay such charges for service to any of its departments or properties. 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 6.11. Enforcement of Collections. The Issuer or the Board will diligently enforce and collect all fees, rentals or other charges for the services and facilities of the System, and take all steps, actions and proceedings for the enforcement and collection of such fees, rentals or other charges which shall become delinquent to the full extent permitted or authorized by the Act, the rules and regulations of the Public Service Commission of West Virginia and other laws of the State of West Virginia.

Whenever any fees, rates, rentals or other charges for the services and facilities of the System shall remain unpaid for a period of 20 days after the same shall become due and payable, the user of the services and facilities shall be delinquent until such time as all such rates and charges are fully paid and to the extent authorized by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, all delinquent rates, rentals and other changes, if not paid, shall become a lien on the premises served by the System. The Issuer further covenants and agrees that, it will, to the full extent permitted by law and the rules and regulations promulgated by the Public Service Commission of West Virginia, discontinue and shut off the services and facilities of the System and any services and facilities of the Issuer's waterworks system, to all delinquent users of services and facilities of the System and will not restore such services of the System (or waterworks system) until all billing for charges for the services and facilities of the System, plus penalty charges for the restoration of service, has been fully paid or an appropriate payment plan has been established.

Section 6.12. No Competing Franchise. To the extent legally allowable, neither the Issuer nor the Board will grant or cause, consent to or allow the granting of any franchise or permit to any person, firm, corporation or body, or agency or instrumentality whatsoever for the providing of any services which would compete with services provided by the System.

Section 6.13. Books and Records. The Board will keep books and records of the System, which shall be separate and apart from all other books, records and accounts of the Board or the Issuer, in which complete and correct entries shall be made of all transactions relating to the System, and any Holder of a Series 2012 Bond, shall have the right at all reasonable times to inspect the System, and all parts thereof, and all records, accounts and data of the Board relating thereto.

The accounting system for the System shall follow current generally accepted accounting principles, to the extent allowable under and in accordance with the rules and regulations of the Public Service Commission of West Virginia and the Act. Separate control accounting records shall be maintained by the Board. Subsidiary records as may be required shall be kept in the manner, on the forms, in the books and along with other bookkeeping records as prescribed by the Board. The Board 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 Board shall be reported to such agent of the Board as it shall direct.

The Issuer or the Board shall file with the Original Purchaser and any Bond Insurer, and shall mail to any Bondholder requesting the same, an annual report within 30 days following the date of receipt of the final audit containing a balance sheet, statement of revenues, expenses, and changes in retained earnings, and statement of cash flows, as prescribed by generally accepted accounting principles.

The Issuer or the Board shall also file with the Original Purchaser and any Bond Insurer, and mail to any Bondholder requesting the same, a monthly unaudited report within 30 days following the end of each month containing the following:

(A) A statement of Gross Revenues, Operating Expenses, and Net Revenues derived from the System; and

(B) A statement of account balances in the Sinking Fund accounts provided for in this Ordinance and status of said funds.

The Issuer or the Board shall also, at least once a year, cause the books, records and accounts of the System to be completely audited by an Independent Accountant, shall mail upon request, and make available generally, the report of said Independent Accountant, or a summary thereof, to any Holder or Holders of Series 2012 Bonds issued pursuant to this Ordinance and shall file said report with the Original Purchaser.

Section 6.14. Operating Budget. The Board shall annually, at least 45 days preceding the beginning of each Fiscal Year, or at such earlier date required by the charter of the Issuer, prepare and adopt by resolution a detailed, balanced budget of the estimated revenues and expenditures for operation and maintenance of the System during the succeeding Fiscal Year. No increased expenditures in excess of 10% of the amount of such budget shall be made except upon the further certificate of such a registered professional engineer that such increased expenditures are necessary for the continued operation of the System. The Board shall mail copies of such annual budget and all resolutions authorizing increased expenditures for operation and maintenance to the Original Purchaser and the Bond Insurer, if any, 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 Original Purchaser and to any Bondholder or anyone acting for and in behalf of such Bondholder who requests the same.

Section 6.15. Mandatory Connections. The mandatory use of the sewerage portion of the System is essential and necessary for the protection and preservation of the public health, comfort, safety, convenience and welfare of the inhabitants and residents of, and the economy of, the Issuer, and in order to assure the rendering harmless of sewage and waterborne waste matter produced or arising within the territory served by the sewerage portion of the System. Accordingly, every owner, tenant or occupant of any house, dwelling or building located near the System, to the extent permitted by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, shall connect with and use the sewerage portion of the System and shall cease the use of all other means for the collection, treatment and disposal of sewage and waste matters from such house, dwelling or building and every such owner, tenant or occupant shall, after a 30 day notice of the availability of sewerage services of the System, pay the rates and charges established therefor.

Any such house, dwelling or building from which emanates sewage or waterborne waste matter and which is not so connected with the sewerage portion of the System is hereby declared and found to be a hazard to the health, safety, comfort and welfare of the residents of the Issuer and a public nuisance which shall be abated to the extent permitted by law and as promptly as possible by proceedings in a court of competent jurisdiction.

Section 6.16. Statutory Mortgage Lien. For the further protection of the Holders of the Series 2012 Bonds, a statutory mortgage lien upon the System is granted and created by the Act, which statutory mortgage lien is hereby recognized and declared to be valid and binding, shall take effect immediately upon the issuance of the Series 2012 Bonds and shall be on a parity with one another and with the statutory mortgage lien in favor of the Holders of the Prior Bonds.

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 Series 2012 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 such Series 2012 Bonds during the term thereof is, under the terms of such 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) in the event that both (A) in excess of 5% of the Net Proceeds of the Series 2012 Bonds are used for a Private Business Use, and (B) an amount in excess of 5% of the principal or 5% of the interest due on the Series 2012 Bonds during the terms thereof is, under the terms of such Series 2012 Bonds or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for said Private Business Use or in payments in respect of property used or to be used for said Private Business Use or is to be derived from payments, whether or not to the Issuer, in respect of property or borrowed money used or to be used for said Private Business Use, then said excess over said 5% of Net Proceeds of the Series 2012 Bonds used for a Private Business Use shall be used for a Private Business Use related to the governmental use of the System, or if the Series 2012 Bonds are for the purpose of financing more than one project, a portion of the System, and shall not exceed the proceeds used for the governmental use of that portion of the System to which such Private Business Use is related. All of the foregoing shall be determined as provided for in the Code.

B. PRIVATE LOAN LIMITATION. The Issuer shall assure that not in excess of the lesser of 5% of the Net Proceeds of the Series 2012 Bonds or $5,000,000 are used, directly or indirectly, to make or finance a loan to persons other than state or local government units.

C. FEDERAL GUARANTEE PROHIBITION. The Issuer shall not take any action or permit or suffer any action to be taken if the result of the same would be to

cause the Series 2012 Bonds to be directly or indirectly "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 Series 2012 Bonds and the interest thereon, including without limitation, the information return required under Section 149(e) of the Code.

E. FURTHER ACTIONS. The Issuer will take all actions that may be required of it so that the interest on the Series 2012 Bonds will be and remain excludable from gross income for federal income tax purposes, and will not take any actions which would adversely affect such exclusion. Without limiting the generality of the foregoing, the Issuer agrees to comply with the provisions of the Tax Certificate, which are hereby incorporated herein. This covenant shall survive payment in full or defeasance of the Series 2012 Bonds.

Section 6.18. Covenants Regarding the Municipal Bond Insurance Policy. The Issuer intends to obtain Municipal Bond Insurance Policies for the Series 2012 Bonds. In the event such Municipal Bond Insurance Policies are obtained, certain additional covenants of the Issuer will be required by the Bond Insurer as a condition to insuring the Series 2012 Bonds. These additional covenants shall be set forth in full in the Supplemental Resolution, shall apply to the Series 2012 Bonds and any other Bonds which may be insured by such Bond Insurer, and shall be controlling in the event any other provisions of this Ordinance may be in conflict therewith.

Section 6.19. Designation of Series 2012 Bonds as "Qualified Tax-Exempt Obligations". The Issuer hereby designates the Series 2012 Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b)(3)(B) of the Code and covenants that the Series 2012 Bonds do not constitute private activity bonds as defined in Section 141 of the Code, and reasonably anticipates that not more than $10,000,000 aggregate principal amount of obligations the interest on which is excludable (under Section 103(a) of the Code) from gross income for federal income tax purposes (excluding, however, obligations described in Section 265(b)(3)(c)(ii) of the Code, including the Series 2012 Bonds, shall be issued by the Issuer, including all subordinate entities of the Issuer, during the calendar year 2012, all as determined in accordance with the Code.

## ARTICLE VII
## DEFAULTS AND REMEDIES

Section 7.01. Events of Default. Each of the following events shall constitute an "Event of Default" with respect to the Series 2012 Bonds:

(A) If default occurs in the due and punctual payment of the principal of or interest on any Bond;

(B) If default occurs in the Issuer's observance of any of the covenants, agreements or conditions on its part in this Ordinance or any Supplemental Resolution or

in the Series 2012 Bonds contained, and such default shall have continued for a period of 30 days after written notice specifying such default and requiring the same to be remedied shall have been given to the Issuer by any Bondholder or any Insurer; or

(C) 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

(D) If default occurs with respect to the Prior Bonds or the Prior Ordinances.

Section 7.02. Enforcement. Upon the happening and continuance of any Event of Default, any Bondholder (with the prior written consent of the applicable Bond Insurer) or any Bond Insurer may exercise any available remedy and bring any appropriate action, suit or proceeding to enforce his rights and, in particular:

(A) Bring suit for any unpaid principal or interest then due;

(B) By mandamus or other appropriate proceeding enforce all rights of the Bondholders, including the right to require the Issuer to perform its duties under the Act and this Ordinance;

(C) Bring suit upon the Series 2012 Bonds, as applicable;

(D) 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 Bondholders; and

(E) By action or bill in equity enjoin any acts in violation of this Ordinance or the rights of the Bondholders.

No remedy by the terms of this Ordinance conferred upon or reserved to the Bondholders is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to any other remedy given to the Bondholders hereunder or now or hereafter existing at law or by statute.

No delay or omission to exercise any right or power accruing upon any default or Event of Default shall impair any such right or power or shall be construed to be a waiver of any such default or Event of Default or acquiescence therein, and every such right and power may be exercised from time to time and as often as may be deemed expedient.

No waiver of any default or Event of Default hereunder by the Bondholders shall be made without the prior written consent of the applicable Bond Insurer or shall extend to or shall affect any subsequent default or Event of Default or shall impair any rights or remedies consequent thereto.

Section 7.03. Appointment of Receiver. If there be any Event of Default existing and continuing, any Bondholder or any Bond Insurer shall, in addition to all other remedies or rights, have the right by appropriate legal proceedings to obtain the

appointment of a receiver to administer the System on behalf of the Issuer, with power to charge rates, rentals, fees and other charges sufficient to provide for the payment of the principal of and interest on the Series 2012 Bonds, and the Prior Bonds, the deposits into the funds and accounts hereby established as herein provided and the payment of Operating Expenses of the System and to apply such rates, rentals, fees, charges or other Revenues in conformity with the provisions of this Ordinance and the Act.

The receiver so appointed shall forthwith, directly or by his agents and attorneys, enter into and upon and take possession of all facilities of said System and shall hold, operate, 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 Series 2012 Bonds issued pursuant to this Ordinance and interest thereon and under any covenants of this Ordinance for reserve, sinking or other funds and accounts 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 Ordinance shall have been cured and made good, and all monies due hereunder or under any Supplemental Resolution have been paid in full, 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 Bondholder 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, 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 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 the Holders of the Series 2012 Bonds issued pursuant to this Ordinance. 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 the Bondholders, and the curing and making good of any default under the provisions of this Ordinance, 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, mortgage or otherwise dispose of any assets of the System.

Notwithstanding any other provision of this Ordinance, in determining whether the rights of the Bondholders will be adversely affected by any action taken pursuant to the terms and provisions of this Ordinance, any trustee or Bondholder's

committee shall consider the effect on the Bondholders as if no Municipal Bond Insurance Policy were then in effect.

Section 7.04. Restoration of Issuer and Bondholder. In case any Bondholder shall have proceeded to enforce any right under this Ordinance by the appointment of a receiver, by entry or otherwise, and such proceedings shall have been discontinued or abandoned for any reason, or shall have been determined adversely, then and in every such case the Issuer and such Bondholder shall be restored to their former positions and rights hereunder, and all rights and remedies of such Bondholder shall continue as if no such proceedings had been taken.

## ARTICLE VIII
## REGISTRAR AND PAYING AGENT

Section 8.01. Appointment of Registrar. The Registrar for the Series 2012 Bonds shall be appointed pursuant to the Supplemental Resolution. The Issuer is hereby authorized and directed to enter into an agreement with the Registrar, the substantial form of which agreement is to be approved by Supplemental Resolution.

Section 8.02. Responsibilities of Registrar. The recitals of fact in the Bonds shall be taken as statements of the Issuer, and the Registrar shall not be responsible for their accuracy. The Registrar shall not be deemed to make any representation as to, and shall not incur any liability on account of, the validity of the execution of any Series 2012 Bonds by the Issuer. Notwithstanding the foregoing, the Registrar shall be responsible for any representation in its Certificate of Authentication on the Series 2012 Bonds. The Registrar and any successor thereto shall agree to perform all the duties and responsibilities spelled out in this Ordinance and any other duties and responsibilities incident thereto, all as provided by said agreement described in Section 8.01.

Section 8.03. Evidence on Which Registrar May Act. Except as otherwise provided by Section 10.02, the Registrar shall be protected in acting upon any notice, resolution, request, consent, order, certificate, opinion or other document believed by it to be genuine and to have been signed or presented by the proper party or parties. Whenever the Registrar shall deem it necessary or desirable that a fact or matter be proved or established prior to taking or suffering any action, such fact or matter, unless other evidence is specifically prescribed, may be deemed to be conclusively proved and established by a certificate of an Authorized Officer of the Issuer, but in its discretion the Registrar may instead accept other evidence of such fact or matter.

Section 8.04. Compensation and Expenses. The Issuer shall pay to the Registrar from time to time reasonable compensation for all services, including the transfer of registration of Series 2012 Bonds, the first exchange of Series 2012 Bonds and the exchange of Series 2012 Bonds in the event of partial redemption, incurred in the performance of its duties hereunder.

Section 8.05. Certain Permitted Acts. The Registrar may become the owner of or may deal in Series 2012 Bonds as fully and with the same rights it would have if it were not Registrar. To the extent permitted by law, the Registrar may act as depository for, and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Bondholders or effect or aid in any reorganization growing out of the enforcement of the Series 2012 Bonds, or this Ordinance, whether or not any such committee shall represent the Holders of a majority in principal amount of the Series 2012 Bonds Outstanding.

Section 8.06. Resignation of Registrar. The Registrar may at any time resign and be discharged of its duties and obligations under this Ordinance by giving not less than 60 days' written notice to the Issuer and publishing in an Authorized Newspaper notice (or mailing such notice to each Bondholder in the event all Bonds are fully registered), specifying the date when such resignation shall take effect, within 20 days after the giving of such written notice. A copy of such notice shall also be mailed to each owner of a fully registered Bond or a coupon Bond registered as to principal (other than to bearer). Such resignation shall take effect upon the day specified in such notice unless a successor shall have been previously appointed by the Issuer or bondholders, in which event such resignation shall take effect immediately, provided that in no event shall such resignation take effect until a successor has been appointed and has accepted its duties as Registrar.

Section 8.07. Removal. The Registrar may be removed at any time by the Issuer, the applicable Bond Insurer or by the Holders of a majority in principal amount of the Series 2012 Bonds then Outstanding by an instrument or concurrent instruments in writing signed and duly acknowledged by the Issuer, the applicable Bond Insurer or by such Bondholders or their attorneys duly authorized in writing and delivered to the Issuer, as the case may be. Copies of each such instrument shall be delivered by the Issuer to the Registrar. Such removal shall take effect upon the date stated in such instrument, provided that in no event shall such removal take effect until a successor has been appointed and has accepted its duties as Registrar.

Section 8.08. Appointment of Successor. In case at any time the Registrar shall resign or shall be removed or shall become incapable of acting, or shall be adjudged bankrupt or insolvent, or if a receiver, liquidator or conservator of the Registrar or of its property shall be appointed, or if any public officer or court shall take charge or control of the Registrar or of its property or affairs, a successor may be appointed by the Holders of a majority in principal amount of the Series 2012 Bonds then Outstanding by an instrument or concurrent instruments in writing signed by such Bondholders or their attorneys duly authorized in writing and delivered to the Issuer and such successor Registrar, notification thereof being given to the predecessor Registrar. Pending such appointment, the Issuer shall forthwith appoint a Registrar to fill such vacancy until a successor Registrar shall be appointed by such Bondholders. The Issuer shall publish in an Authorized Newspaper (or mail to each Bondholder in the event all Bonds are fully registered) notice of any such appointment within 20 days after the effective date of such appointment. A copy of such notice shall also be mailed to each owner of a fully registered Bond or a coupon Bond registered as to principal (other than to bearer). Any

successor Registrar appointed by the Issuer shall, immediately and without further act, be superseded by a Registrar appointed by such Bondholders. If in a proper case no appointment of a successor Registrar shall be made within 45 days after the Registrar shall have given to the Issuer written notice of resignation or after the occurrence of any other event requiring such appointment, the Registrar or any Bondholder may apply to any court of competent jurisdiction to appoint a successor. Any Registrar appointed under the provisions of this section shall be a bank, trust company or national banking association authorized to perform the duties imposed upon it by this Ordinance.

Section 8.09. Transfer of Rights and Property to Successor. Any predecessor Registrar or Paying Agent shall pay over, assign and deliver any monies, books and records held by it to its successor.

Section 8.10. Merger or Consolidation. Any company into which the Registrar may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party, or any company to which the Registrar or any public officer or court may sell or transfer all or substantially all of its corporate trust business, shall be the successor to such Registrar without the execution or filing of any paper or the performance of any further act; provided, however, that such company shall be a bank, trust company or national banking association meeting the requirements set forth in Section 8.08.

Section 8.11. Adoption of Authentication. In case any of the Series 2012 Bonds shall have been authenticated but not delivered, any successor Registrar may adopt a Certificate of Authentication and Registration executed by any predecessor Registrar and deliver such Bonds so authenticated, and, in case any Bonds shall have been prepared but not authenticated, any successor Registrar may authenticate such Bonds in the name of the predecessor Registrar or in its own name.

Section 8.12. Paying Agent. The West Virginia Municipal Bond Commission shall initially serve as Paying Agent. Any alternate Paying Agent must be a bank, trust company or national banking association authorized to perform the duties imposed upon it by this Ordinance. Such alternate Paying Agent shall signify its acceptance of the duties and obligations imposed upon it pursuant hereto by executing and delivering to the Issuer a written acceptance thereof. Any successor Paying Agent shall take such actions as may be necessary to ensure that the Series 2012 Bond shall be and remain DTC-Eligible.

Each Paying Agent shall be entitled to payment and reimbursement for reasonable fees for its services rendered hereunder and all advances, counsel fees and other expenses reasonably and necessarily made or incurred by such Paying Agent in connection with such services solely from monies available therefor.

Any bank, trust company or national banking association with or into which any Paying Agent may be merged or consolidated, or to which the assets and business of such Paying Agent may be sold, shall be deemed the successor of such Paying Agent for the purposes of this Ordinance. If the position of Paying Agent shall become vacant for

any reason, the Issuer shall, within 30 days thereafter, appoint a bank, trust company or national banking association located in the same city as such Paying Agent to fill such vacancy; provided, however, that, if the Issuer shall fail to appoint such Paying Agent within said period, the Bond Commission, a court of competent jurisdiction or a majority of the Bondholders may make such appointment.

The Paying Agents shall enjoy the same protective provisions in the performance of their duties hereunder as are specified in this Article VIII with respect to the Registrar, insofar as such provisions may be applicable.

Notice of the appointment of successor or additional Paying Agents or fiscal agents shall be given in the same manner as provided by Section 8.08 hereof with respect to the appointment of a successor Registrar.

All monies received by the Paying Agents shall, until used or applied as provided in this Ordinance, be held in trust for the purposes for which they were received.

## ARTICLE IX
## DEFEASANCE; DISCHARGE OF PLEDGE OF ORDINANCE

Section 9.01. Defeasance; Discharge of Pledge of Ordinance. If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the respective Holders of all Series 2012 Bonds the principal of and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Ordinance, and all other monies due hereunder have been paid, then this Ordinance and the pledges of the Gross Revenues and other monies and securities pledged hereunder, and all covenants, agreements and other obligations of the Issuer on behalf of the Holders of the Series 2012 Bonds made hereunder, as applicable, shall thereupon cease, terminate and become void and be discharged and satisfied.

Bonds for the payment of which either monies in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide monies which, together with the monies, if any, deposited with the Paying Agent at the same or earlier time, shall be sufficient, to pay as and when due the respective principal of and interest on such 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 2012 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 Bond Commission or an escrow trustee either monies in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide monies which, together with the monies, if any, deposited with the Bond Commission or said escrow trustee at the same or earlier time shall be sufficient, to pay when due the principal of, any redemption premium on and interest due and to become due on said Bonds on and prior to the maturity date thereof, or if the Issuer irrevocably determines to redeem any of said Bonds prior to the maturity thereof, on and prior to said Redemption Date. Neither securities nor monies deposited with the Bond Commission or an escrow

trustee 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 of and interest on said Bonds; provided, that any cash received from such principal, redemption premium, if any, and interest payments on such securities deposited with the Bond Commission or said escrow trustee, 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 of and redemption premium, if any, and interest to become due on said Bonds on and prior to such maturity or Redemption Dates thereof, and interest earned from such reinvestments shall be paid over to the Issuer as received by the Bond Commission or said escrow trustee, free and clear of any trust, lien or pledge.

## ARTICLE X
## MISCELLANEOUS

Section 10.01. Amendment of Ordinance. Prior to issuance of the Series 2012 Bonds, this Ordinance may be amended, modified or supplemented in any way by the Supplemental Resolution. All provisions required by the Bond Insurer, if any, shall be set forth in the Supplemental Resolution and to the extent they constitute an amendment or modification of this Ordinance, shall be controlling. Following issuance of the Series 2012 Bonds, this Ordinance and any Supplemental Resolution may, without the consent of any Bondholder or other person, be amended, modified or supplemented in any manner which, in the opinion of Bond Counsel, does not materially adversely affect the interests of the Bondholders or any Bond Insurer, provided that, in the event any of the Bonds are insured, no such amendment or modification which affects the rights of the applicable Bond Insurer for such Bonds may be made without the written consent of such Bond Insurer. Otherwise, no materially adverse amendment or modification to this Ordinance, or of any Supplemental Resolution, may be made without the written consent of the Holders of 60% in aggregate principal amount of the Series 2012 Bonds then Outstanding and affected thereby and the Bond Insurer, which must be filed with the Clerk of the Issuer before any such modification or amendment may be made. No such modification or amendment shall extend the maturity of or reduce the interest rate on, or otherwise alter the terms of payment of the principal of or interest on, any Bond without the express written consent of the Holder of such Bond, nor reduce the percentage of Series 2012 Bonds required for consent to any such modification or amendment.

Section 10.02. Evidence of Signatures of Bondholders and Ownership of Bonds. Any request, consent, revocation of consent or other instrument which this Ordinance may require or permit to be signed and executed by Bondholders may be in one or more instruments of similar tenor, and shall be signed or executed by such Bondholders in person or by their attorneys duly authorized in writing. Proof of the execution of any such instrument, or of an instrument appointing or authorizing any such attorney, shall be sufficient for any purpose of this Ordinance if made in the following manner, or in any other manner satisfactory to the Issuer or the Registrar, as the case may be, which may nevertheless in its discretion require further or other proof in cases where it deems the same desirable:

A. The fact and date of the execution by any Bondholder or his attorney of any such instrument may be proved (i) by the certificate of a notary public or other officer authorized to take acknowledgments of deeds to be recorded in the jurisdiction in which he purports to act that the person signing such instrument acknowledged to him the execution thereof, or by the affidavit of a witness of such execution, duly sworn to before such a notary public or other officer or (ii) by the certificate, which need not be acknowledged or verified, of an officer of a bank, a trust company or a financial firm or corporation satisfactory to the Issuer or the Registrar, as the case may be, that the person signing such instrument acknowledged to such bank, trust company, firm or corporation the execution thereof.

B. The authority of a person or persons to execute any such instrument on behalf of a corporate Bondholder may be established without further proof if such instrument is signed by a person purporting to be the president or treasurer or a vice-president or an assistant treasurer of such corporation with a corporate seal affixed, and is attested by a person purporting to be its secretary or assistant secretary.

C. The amount of fully registered Series 2012 Bonds held by a person executing any instrument as a Bondholder, the date of his holding such Series 2012 Bonds and the numbers and other identification thereof, shall be confirmed by the Bond Register.

Any request, consent or other instrument executed by the Holder of any Bond shall bind all future Holders and owners of such Bond in respect of anything done or suffered to be done hereunder by the Issuer or the Registrar in accordance therewith.

Section 10.03. Preservation and Inspection of Documents. To the extent allowable under law, all reports, certificates, statements and other documents received by the Registrar under the provisions of this Ordinance shall be retained in its possession and shall be available at all reasonable times for the inspection of the Issuer or any Bondholder, and their agents and their representatives, but any such reports, certificates, statements or other documents may, at the election of the Registrar, be destroyed or otherwise disposed of at any time after such date as the pledge created by this Ordinance shall be discharged as provided in Section 9.01.

Section 10.04. Cancellation of Bonds. All Series 2012 Bonds purchased or paid shall, if surrendered to the Issuer, be canceled and delivered to the Registrar, or, if surrendered to the Registrar, be canceled by it. No such Bonds shall be deemed Outstanding under this Ordinance and no Series 2012 Bonds shall be issued in lieu thereof. All such Bonds shall be canceled and upon order of the Issuer shall be destroyed, and a certificate evidencing such destruction shall be delivered to the Issuer.

Section 10.05. Failure to Present Bonds. Anything in this Ordinance to the contrary notwithstanding, any monies held by the Bond Commission or a Paying Agent in trust for the payment and discharge of any of the Series 2012 Bonds which remain unclaimed for two years after the date on which such Bonds have become due and payable, whether by maturity or upon call for redemption, shall at the written request of

the Issuer be paid by the Bond Commission or said Paying Agent to the Issuer as its absolute property and free from trust, and the Bond Commission or said Paying Agent shall thereupon be released and discharged with respect thereto, and the Holders of such Bonds shall look only to the Issuer for the payment of such Bonds; provided, however, that, before making any such payment to the Issuer, the Registrar, if so advised by the Bond Commission, or said Paying Agent shall send to the Holder, at the address listed on the Bond Register, by certified mail, a notice that such monies remain unclaimed and that, after a date named in said notice, which date shall be not less than 30 days after the date of such notice is mailed, the balance of such monies then unclaimed will be returned to the Issuer.

Section 10.06. Notices, Demands and Requests. Unless otherwise expressly provided, all notices, demands and requests to be given or made hereunder to or by the Issuer, the Registrar, the Depository Bank, the Original Purchaser or the Bond Insurer shall be in writing and shall be properly made if sent by United States mail, postage prepaid, and addressed as follows or if hand-delivered to the individual to whom such notice, demand or request is required to be directed as indicated below:

CITY

The City of Morgantown
389 Spruce Street
Morgantown, West Virginia 26505
Attention: City Manager

REGISTRAR

[Name(s) and address(s) to be set forth in Supplemental Resolution]

PAYING AGENT

West Virginia Municipal Bond Commission
8 Capitol Street
Suite 500, Terminal Building
Charleston, West Virginia 25301
Attn: Executive Director

DEPOSITORY BANK

[Name(s) and address(s) to be set forth in Supplemental Resolution]

ORIGINAL PURCHASER

Crews & Associates, Inc.
2000 Union National Plaza
124 West Capitol
Little Rock, Arkansas 72201

BOND INSURER

[Name(s) and address(es) to be set forth in the Supplemental Resolution]

Any party listed above may change such address listed for it at any time upon written notice of change sent by United States mail, postage prepaid, to the other parties.

Section 10.07. No Personal Liability. No member of the Council, the Board or officer or employee of the Issuer shall be individually or personally liable for the payment of the principal of or the interest on any Bond, but nothing herein contained shall relieve any such member, official or employee from the performance of any official duty provided by law or this Ordinance.

Section 10.08. Law Applicable. The laws of the State shall govern the construction of this Ordinance and of all Series 2012 Bonds issued hereunder.

Section 10.09. Parties Interested Herein. Nothing in this Ordinance expressed or implied is intended or shall be construed to confer upon, or give to, any person or corporation, other than the Issuer, the Registrar, the Paying Agent, the Holders of the Series 2012 Bonds, the applicable Bond Insurer, if any, and the Original Purchaser, any right, remedy or claim under or by reason of this Ordinance. All the covenants, stipulations, promises and agreements contained in this Ordinance by and on behalf of the Issuer shall be for the sole and exclusive benefit of the Issuer, the Registrar, the Paying Agent, the Holders of the Series 2012 Bonds, the Bond Insurer and the Original Purchaser.

Section 10.10. Severability of Invalid Provisions. If any section, paragraph, clause or provision of this Ordinance shall be held invalid, such invalidity shall not affect any of the remaining provisions of this Ordinance.

Section 10.11. Table of Contents and Headlines. The Table of Contents and headings of the articles, sections and subsections hereof are for convenience only and shall neither control nor affect in any way the meaning or construction of any of the provisions hereof.

Section 10.12. Conflicting Provisions Repealed. All ordinances, orders, resolutions or parts thereof in conflict with the provisions of this Ordinance, are, to the extent of such conflict, hereby repealed.

Section 10.13. Procedure on Enactment of Ordinance; Public Hearing. Upon adoption of this Ordinance, the Clerk is hereby authorized and directed to have an abstract of this Ordinance, which abstract has been determined by the Council of the Issuer to contain sufficient information to give notice of the contents of such Ordinance, published once each week for 2 successive weeks, with not less than six full days between each publication, the first such publication to be not less than 10 days before the date stated below for the public hearing, in the *Dominion Post*, a newspaper published and having a general circulation in The City of Morgantown, together with a notice to all persons concerned, stating that this Ordinance has been adopted and that the Issuer contemplates the issuance of the Series 2012 Bonds described in this Ordinance and that any person interested may appear before the Council at the public hearing to be had at a public meeting of Council on the 3rd day of January, 2012, at 7:30 p.m., in the Council

Chambers of the City Hall, Morgantown and present protests, and that a certified copy of this Ordinance is on file with the Clerk for review by interested parties during the office hours of the Clerk. At such hearing all protests and suggestions shall be heard by the Council and it shall then take such action as it shall deem proper in the premises.

[Remainder of Page Intentionally Blank]

This Ordinance shall become effective following public hearing hereon in accordance with the Act.

| | |
|---|---|
| First Reading: | December 6, 2011 |
| Second Reading: | December 20, 2011 |
| Effective following Public Hearing held on: | January 3, 2012 |

[SEAL]

Mayor

City Manager

ATTEST:

City Clerk

APPROVED AND CORRECT AS TO FORM:

City Attorney



5874612

## CERTIFICATION

Certified a true, correct and complete copy of an Ordinance duly enacted by the City Council of THE CITY OF MORGANTOWN at a regular meeting of the City Council held on January 3, 2012, pursuant to proper notice, at which meeting a quorum was present and acting throughout, and which Ordinance was enacted following a public hearing thereon, notice of which public hearing was published once a week for two successive weeks in a newspaper having a general circulation in The City of Morgantown, the first publication having been not less than 10 days prior to such public hearing.

Dated this 5th day of October, 2012.

[SEAL]

Linda L. Sutton
City Clerk

EXHIBIT A - SERIES 2012 BOND FORM

[DTC Legend]

No. AR-_____

$_____

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE CITY OF MORGANTOWN (WEST VIRGINIA)
COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2012

| INTEREST RATE: | MATURITY DATE: | BOND DATE: | CUSIP: |
|---|---|---|---|
| _____% | _____ | _____ | _____ |

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: _____

KNOW ALL MEN BY THESE PRESENTS: That THE CITY OF MORGANTOWN (West Virginia), a municipal corporation organized and existing under the laws of the State of West Virginia (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, the Principal Amount specified above and solely from such special funds also to pay interest on said Principal Amount from the Interest Payment Date (as hereinafter defined) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, or, if and to the extent that the Issuer shall default in the payment of interest on any Interest Payment Date, then this Bond shall bear interest from the most recent Interest Payment Date to which interest has been paid or duly provided for, and in which case any Bond surrendered for transfer or exchange shall be dated as of the Interest Payment Date to which interest has been paid in full, at the Interest Rate per annum specified above, semiannually, on _____ 1 and _____ 1, in each year, beginning _____ 1, 20__ (each an "Interest Payment Date"), until maturity or until the date fixed for redemption if this Bond is called

for prior redemption and payment on such date is provided for. Capitalized terms used and not defined herein shall have the meanings ascribed thereto in the hereinafter-described Ordinance.

Interest accruing on this Bond on and prior to the Maturity Date hereof shall be payable by check or draft mailed by the West Virginia Municipal Bond Commission, Charleston, West Virginia, as paying agent (in such capacity, the "Paying Agent"), to the Registered Owner hereof as of the applicable Record Date (each _____ 15 and _____ 15) or, in the event of a default in the payment of Bonds, that special record date to be fixed by the hereinafter named Registrar by notice given to the Registered Owners not less than 10 days prior to said special record date at the address of such Registered Owner as it appears on the registration books of the Issuer maintained by _____, _____, West Virginia, as registrar (in such capacity, the "Registrar"), or, at the option of any Registered Owner of at least $500,000 in aggregate principal amount of Bonds, by wire transfer in immediately available funds to a domestic bank account specified in writing by the Registered Owner to the Paying Agent at least 5 days prior to such Record Date. Principal and premium, if any, shall be paid when due upon presentation and surrender of this Bond for payment at the office of the Paying Agent, in Charleston, West Virginia.

This Bond is one of an issue of a series of bonds, in the aggregate principal amount of $_____ designated "The City of Morgantown Combined Utility System Revenue Bonds, Series 2012" (the "Series 2012 Bonds"), of like tenor and effect, except as to number, denomination, date of maturity and interest rate, dated _____, 2012, upon original issuance, the proceeds of which are to be used, together with other funds of the Issuer, (i) to finance the cost of acquisition and construction of certain additions, betterments and improvements to the waterworks portion of the combined waterworks, sewerage and stormwater system of the Issuer, (ii) to fund a reserve account for the Series 2012 Bonds, and (iv) to pay certain costs of issuance of the Series 2012 Bonds and related costs. The Series 2012 Bonds are issued under the authority of and in full compliance with the Constitution and statute 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 duly enacted by the City Council of the Issuer on _____, 2012, and supplemented by a supplemental resolution adopted by said Council on _____, 2012 (hereinafter collectively referred to as the "Ordinance"), and is subject to all the terms and conditions of said Ordinance. The Ordinance 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 Series 2012 Bonds under the Ordinance. Reference is hereby made to the Ordinance, as the same may be amended and supplemented from time to time, for a description of the rights, limitations of rights, obligations, duties and immunities of the Issuer, the Registrar, the Paying Agent, the Registered Owners of the Series 2012 Bonds and the Registered Owners of any subsequently issued additional bonds. Executed counterparts or certified copies of the Ordinance are on file at the office of the City Clerk in The City of Morgantown, West Virginia.

**[The Series 2012 Bonds are additionally secured, but only to the extent described in the Statement of Insurance printed on the Bonds, by a policy of municipal bond insurance issued by __[Bond Insurer]__.]**

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) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 1992 (WEST VIRGINIA SRF PROGRAM), DATED SEPTEMBER 8, 1992, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $11,900,000 (THE "SERIES 1992 BONDS"); (2) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 1995 (WEST VIRGINIA SRF PROGRAM), DATED APRIL 27, 1995, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,601,477 (THE "SERIES 1995 BONDS"); (3) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2000 A (WEST VIRGINIA SRF PROGRAM), DATED FEBRUARY 29, 2000, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $7,842,000 (THE "SERIES 2000 A BONDS"); (4) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2000 B (WEST VIRGINIA INFRASTRUCTURE FUND), DATED FEBRUARY 29, 2000, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,488,000 (THE "SERIES 2000 B BONDS"); (5) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2001 A (WEST VIRGINIA INFRASTRUCTURE FUND), DATED FEBRUARY 8, 2001, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $3,812,470 (THE "SERIES 2001 A BONDS"); (6) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2006 A (WEST VIRGINIA SRF PROGRAM), DATED JUNE 30, 2006, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $6,410,191 (THE "SERIES 2006 A BONDS"); (7) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2007 A (WEST VIRGINIA SRF PROGRAM), DATED AUGUST 14, 2007, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $8,500,000 (THE "SERIES 2007 A BONDS"); (8) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 A (DIRECT PAYMENT BUILD AMERICA BONDS), DATED JANUARY 28, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $37,950,000 (THE "SERIES 2010 A BONDS"); (9) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 B (WEST VIRGINIA SRF PROGRAM/ARRA), DATED JANUARY 28, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $81,600 (THE "SERIES 2010 B BONDS"); (10) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 C (WEST VIRGINIA SRF PROGRAM), DATED JANUARY 28, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $15,380,227 (THE "SERIES 2010 C BONDS"); (11) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 D (WEST VIRGINIA DWTRF PROGRAM), DATED JANUARY 28, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $9,317,286 (THE "SERIES 2010 D BONDS"); (12) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 E (WEST VIRGINIA DWTRF PROGRAM/ARRA), DATED JANUARY 28, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $100,000 (THE "SERIES 2010 E BONDS"); AND (13) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 F (BANK QUALIFIED), DATED JANUARY 28, 2010, ISSUED IN THE ORIGINAL AGGREGATE AMOUNT OF $7,250,000 (THE "SERIES 2010 F BONDS"); (COLLECTIVELY, THE "PRIOR BONDS").

The Series 2012 Bonds are subject to redemption prior to their stated maturity dates, as provided in the Ordinance and as set forth in the following lettered paragraphs:

(A) Optional Redemption. The Bonds maturing on and after _____, 20____, are subject to redemption prior to maturity at the option of the Issuer on or after _____, 20_____, in whole at any time and in part on any Interest Payment Date, as directed by the Issuer, in reverse order of maturity and by lot within a maturity, at the following Redemption Prices (expressed as percentages of the principal amount of Bonds to be redeemed), plus interest accrued thereon to the date fixed for redemption:

| Period During Which Redeemed (Dates Inclusive) | Redemption Price |
|---|---|

_____(B) Mandatory Sinking Fund Redemption. The Bonds maturing on _____, 20_____ and 20_____ are subject to annual mandatory sinking fund redemption prior to maturity by random selection as may be determined by the Registrar, on _____ 1 of the years and in the principal amounts set forth below, at the Redemption Price of 100% of the principal amount of each Bond so called for redemption plus interest accrued to the date fixed for redemption:

Bonds Maturing _____ 1, 20

| _____ Year ( 1) | Principal Amount |
|---|---|

Bonds Maturing _____ 1, 20

| _____ Year ( 1) | Principal Amount |
|---|---|

* Final Maturity

In the event of any redemption of less than all outstanding Series 2012 Bonds, the maturities to be redeemed shall be selected by the Paying Agent at the direction of the Issuer and Series 2012 Bonds to be redeemed shall be determined by lot within a maturity, or in such other manner deemed appropriate by the Paying Agent. If less than all the Series 2012 Bonds are to be redeemed, the Series 2012 Bonds to be redeemed shall be identified by reference to the Series designation, date of issue, CUSIP numbers and Maturity Dates.

Notice of any redemption of this Series 2012 Bond, unless waived, shall be given by the Paying Agent on behalf of the Issuer by mailing an official redemption notice by registered or certified mail at least 30 days and not more than 60 days prior to the date fixed for redemption to the Registered Owner of the Series 2012 Bond or Series 2012 Bonds to be redeemed at the address shown on the Bond Register or at such other address as is furnished in writing by such Registered Owner to the Paying Agent. Such notice shall also be given by the Paying Agent to the Registrar. Notice of redemption having been given as aforesaid, the Series 2012 Bonds or portions of Series 2012 Bonds so to be redeemed shall, on the Redemption Date, become due and payable at the Redemption Price therein specified, and from and after such date (unless the Issuer shall default in the payment of the Redemption Price) such Series 2012 Bonds or portions of Series 2012 Bonds shall cease to bear interest.

Failure to receive such notice or any defect therein or in the mailing thereof shall not affect the validity of proceedings for the redemption of this Series 2012 Bond.

The Series 2012 Bonds and the interest thereon are payable only from and are secured by the Gross Revenues (as defined in the Ordinance) to be derived from the operation of the System, on a parity in all respects with the pledge of the Gross Revenues created in favor of the holders of the Prior Bonds, all monies in the Series 2012 Bonds Sinking Fund, and the Series 2012 Bonds Reserve Account therein, established under the Ordinance, and the unexpended proceeds of the Series 2012 Bonds, and the Issuer hereby and in the Ordinance pledges such revenues and monies to such payment. Said Gross Revenues shall be sufficient to pay the principal of and interest 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 and to make the other payments required by the Ordinance. This Series 2012 Bond does not constitute an indebtedness of the Issuer within any constitutional or statutory provision or limitation, nor shall the Issuer be obligated to pay the same or the interest hereon except from said special fund provided from the Gross Revenues, the monies in the Series 2012 Bonds Sinking Fund and the Series 2012 Bonds Reserve Account and said unexpended Series 2012 Bond proceeds. Pursuant to the Ordinance, 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 Series 2012 Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2012 Bonds, including the Prior Bonds. The Issuer has entered into certain further covenants with the registered

owners of the Series 2012 Bonds, for the terms of which reference is made to the Ordinance. Remedies provided the registered owners of the Series 2012 Bonds are exclusively as provided in the Ordinance, to which reference is here made for a detailed description thereof.

All monies received from the sale of the Bonds except for accrued interest thereon shall be applied solely to pay all costs of the Project, funding a reserve account for the Series 2012 Bonds and pay costs of issuance of the Bonds, and there shall be, and hereby is, created and granted a lien upon such monies, until so applied, in favor of the registered owners of said Series 2012 Bonds.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Series 2012 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 Series 2012 Bond, together with all other obligations of said 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 said Issuer for the prompt payment of the principal of and interest on the Series 2012 Bonds of which this Series 2012 Bond is one.

This Series 2012 Bond, under the provisions of the Act is and has all the qualities and incidents of, a negotiable instrument under the Uniform Commercial Code of the State of West Virginia, but may be transferred only upon the surrender hereof at the office of the Registrar and otherwise as provided by the within-described Ordinance.

This Series 2012 Bond and the income therefrom are, under the Act, exempt from all taxation by the State of West Virginia, or any county, municipality, political subdivision or agency thereof.

This Series 2012 Bond shall not be entitled to any benefit under the Ordinance, or become valid or obligatory for any purpose, until the certificate of authentication and registration hereon shall have been signed by the Registrar.

All provisions of the Ordinance, as defined on the reverse hereof, and the statutes under which this Series 2012 Bond is issued shall be deemed to be a part of the contract evidenced by this Series 2012 Bond to the same extent as if written fully herein.

[Remainder of Page Intentionally Blank]

IN WITNESS WHEREOF, THE CITY OF MORGANTOWN (West Virginia) has caused this Bond to be signed by its Mayor and City Manager, and its corporate seal to be imprinted hereon and attested by its City Clerk, and has caused this Series 2012 Bond to be dated as of the Series 2012 Bond Date specified above.

[SEAL]

[Manual or facsimile signature]

Mayor

[Manual or facsimile signature]

City Manager

ATTEST:

[Manual or facsimile signature]
City Clerk

## CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Series 2012 Bond is one of the fully registered Series 2012 Bonds described in the within-mentioned Ordinance and has been duly registered in the name of the Registered Owner on the date set forth below. Attached hereto is the complete text of the opinion of Steptoe & Johnson PLLC, bond counsel, signed originals of which are on file with the Registrar, delivered and dated on the date of the original delivery of and payment for the Series 2012 Bonds.

Dated: _____, 2012.

_____,
As Registrar

By _____
Its Authorized Officer

STATEMENT OF INSURANCE

[Bond Insurance Legend]

(FORM OF)
ASSIGNMENT

Social Security or Other Identifying Number of Assignee

_____

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto _____ the within Bond and does hereby irrevocably constitute and appoint _____ to transfer the said Bond on the books kept for registration thereof with full power of substitution in the premises.

Dated: _____, 20___.

_____

SIGNATURE GUARANTEED:

_____
(Bank, Trust Company or Firm)

_____
(Authorized Officer)

NOTICE: The Assignor's signature to this Assignment must correspond with the name as it appears upon the face of the within Bond in every particular, without alteration or any change whatever.

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION REDESIGNATING BONDS, PROVIDING PARAMETERS AS TO DATES, AMOUNTS, MATURITIES, INTEREST RATES, REDEMPTION PROVISIONS, PURCHASE PRICE AND OTHER DETAILS AS TO THE COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2012 (TAX-EXEMPT) OF THE CITY OF MORGANTOWN; AUTHORIZING AND APPROVING BOND PURCHASE AGREEMENTS, A COMMITMENT FOR MUNICIPAL BOND INSURANCE, A CONTINUING DISCLOSURE AGREEMENT, A REGISTRAR AGREEMENT, AN OFFICIAL STATEMENT, AND OTHER INSTRUMENTS RELATING TO THE BONDS, PROVIDING FOR APPOINTMENT OF 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 Morgantown (the "Issuer" or "Governmental Agency") has duly and officially adopted and enacted a bond ordinance, effective January 3, 2012 (the "Bond Ordinance"), entitled:

AN ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE STORMWATER PORTION OF THE EXISTING COMBINED UTILITY SYSTEM OF THE CITY OF MORGANTOWN AND THE FINANCING OF THE COST THEREOF, NOT OTHERWISE PROVIDED, THROUGH THE ISSUANCE BY THE CITY OF NOT MORE THAN $3,500,000 IN AGGREGATE PRINCIPAL AMOUNT OF COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2012; PROVIDING FOR THE RIGHTS AND REMEDIES OF, AND THE SECURITY FOR, THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING THE EXECUTION AND DELIVERY OF A BOND PURCHASE AGREEMENT, A CONTINUING DISCLOSURE AGREEMENT AND OTHER DOCUMENTS RELATING TO THE BONDS; AND ENACTING OTHER PROVISIONS WITH RESPECT TO SUCH BONDS.

WHEREAS, capitalized terms used herein and not otherwise defined herein shall have the meanings set forth in the Ordinance when used herein;

WHEREAS, the Issuer desired to amend the Bond Ordinance through this Supplemental Resolution (collectively, the Bond Legislation);

WHEREAS, the Ordinance provided for the issuance by the Issuer of its Combined Utility System Revenue Bonds, Series 2012 (Tax-Exempt) in one or more series in the aggregate principal amount of not more than $3,500,000 (the "Series 2012 Bonds"), for the purposes of paying a portion of the costs of acquisition and construction of additions, betterments and improvements to the System capitalizing interest on the Series 2012 Bonds, funding a reserve account for the Series 2012 Bonds and paying costs of issuance thereof, all in accordance with Chapter 8, Article 20 of the West Virginia Code of 1931, as amended (the "Act");

WHEREAS, the Ordinance further provided that the exact dates, amounts, maturities, interest rates, redemption provisions, purchase price and other terms of the Series 2012 Bonds should be established by a supplemental resolution, that a Registrar, Paying Agent and Depository Bank be designated, that a Bond Purchase Agreement, a Continuing Disclosure Agreement, a Registrar Agreement and an Official Statement be approved and that other matters pertaining to the Series 2012 Bonds be provided for by a supplemental resolution of the Governing Body, that additional covenants and provisions relating to the Bonds be provided therein, and that other matters pertaining to the Series 2012 Bonds be provided for by a supplemental resolution of this Board;

WHEREAS, the Series 2012 Bonds are proposed to be purchased by Crews & Associates, Inc., (the "Original Purchaser"), pursuant to a Bond Purchase Agreement between the Original Purchaser and the Issuer, to be dated the date of execution thereof and in general form attached hereto and incorporated herein by reference (the "Bond Purchase Agreement");

WHEREAS, the Governing Body wishes to delegate to the Mayor the authority to approve, within the parameters set forth herein and in the Ordinance, the final terms and provisions of all documents relating to the Series 2012 Bonds (the "Bond Documents"), without the requirement of further official action by this Board; and

WHEREAS, the Governing Body deems it essential and desirable that this Supplemental Resolution be adopted, that the Bond Purchase Agreement, the Continuing Disclosure Agreement and the Registrar Agreement hereinafter provided for be entered into by the Issuer, that the Official Statement relating to the Series 2012 Bonds, hereinafter described, be approved, that the Issuer's Mayor be authorized to enter into the Bond Purchase Agreement within the parameters hereby approved by the Board, and that other matters relating to the Series 2012 Bonds be herein provided for, all in accordance with said Ordinance,

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF THE CITY OF MORGANTOWN:

Section 1. The following special funds are created with and shall be held by, the Depository Bank, segregated from all other funds and accounts of the Depository Bank or the Issuer and from each other:

(1) Cost of Issuance Fund; and

(2) Redemption Account

Section 2. Pursuant to the Ordinance and the Act, this Supplemental Resolution is adopted and there are hereby authorized and ordered to be issued the Series 2012 Bonds. The Series 2012 Bonds shall be issued in the aggregate principal amount not to exceed $3,500,000, bear interest at a rate not to exceed 8.0% payable semiannually as shown on the Certificate of Determinations shall mature within 30 years as shown on the Certificate of Determinations, shall be dated such date, upon original issuance, shall mature in such principal amounts on such dates, shall be subject to such redemption provisions, all as shall subsequently be approved by the Mayor; and shall be substantially in the form set forth in the Ordinance, provided however, that the specific terms of the Series 2012 Bonds shall be as determined by the Mayor at the time of the execution of the Bond Purchase Agreement and as approved by the Mayor in the Certificate of Series 2012 Bonds Determinations attached hereto as EXHIBIT A. All other provisions relating to the Series 2012 Bonds shall be as provided in the Ordinance, and the Series 2012 Bonds shall be in substantially the form provided in the Ordinance.

Section 3. The Bond Purchase Agreement by and between the Original Purchaser and the Issuer, substantially in the form submitted to this meeting, and the execution and delivery (in multiple counterparts) by the Mayor thereof shall be and the same are hereby authorized, approved, and directed. The Mayor shall execute the Bond Purchase Agreement on behalf of the Issuer with such changes, insertions and omissions as may be approved by the Mayor. The execution of the Bond Purchase Agreement by the mayor shall be conclusive evidence of any approval required by this Section, and authorization of any action required by the Bond Purchase Agreement relating to the issuance and sale of the Series 2012 Bonds, including the payment of all necessary fees and expenses in connection therewith.

Section 4. The Continuing Disclosure Agreement by and between the Issuer and the Original Purchaser, to be dated as of the date of delivery of the Series 2012 Bonds, the form to be approved by the Mayor, and the execution and delivery (in multiple counterparts) by the Mayor thereof shall be and the same are hereby authorized, approved and directed. The execution of the Continuing Disclosure Agreement by the Mayor shall be conclusive evidence of any approval required by this Section.

Section 5. The Official Statement to be substantially in the form attached hereto (with such changes, insertions and omissions as may be necessary or advisable in the opinion of the Mayor), and the distribution of counterparts or copies thereof by the Original Purchaser are hereby approved. The Mayor shall execute and deliver the Official Statement with such changes, insertions and omissions as may be approved by the Mayor. The execution of the Official Statement by the Mayor shall be conclusive evidence of any approval required by this Section. The certificate of the Issuer relating to compliance with SEC Rule 15c2-12 and the execution and delivery thereof by the Mayor is hereby ratified and approved.

Section 6. The Registrar Agreement by and between the Issuer and the designated Registrar, to be dated as of the date of delivery of the Series 2012 Bonds, the form to be approved by the Mayor, shall be and the same is hereby approved. The Mayor shall execute and deliver the Registrar Agreement. The execution of the Registrar Agreement by the Mayor shall be conclusive evidence of any approval required by this Section.

Section 7. The firm of Steptoe & Johnson PLLC, Charleston, West Virginia, is hereby appointed bond counsel to the Issuer in connection with the issuance of the Series 2012 Bonds.

Section 8. The Issuer does hereby authorize the Mayor to designate the Registrar.

Section 9. The Issuer does hereby authorize the Mayor to designate the Depository Bank.

Section 10. The Issuer does hereby appoint and designate the West Virginia Municipal Bond Commission for the purpose of serving in the capacity of Paying Agent.

Section 11. The notice addresses for the Paying Agent and Original Purchaser shall be as follows:

PAYING AGENT

West Virginia Municipal Bond Commission
900 Pennsylvania Avenue, Suite 1117
Charleston, West Virginia 25302
Attention: Executive Director

ORIGINAL PURCHASER

Crews & Associates, Inc.
300 Summers Street, Suite 930
Charleston, West Virginia 25301
Attention: Public Finance

Section 12. The Mayor and Clerk are hereby authorized and directed to execute and deliver such other documents and certificates, including a tax and arbitrage certificate, required or desirable in connection with the Series 2012 Bonds issue to the end that the Series 2012 Bonds may be delivered on a timely basis to the Original Purchaser pursuant to the Bond Purchase Agreement.

Section 13. The General Manager of the Morgantown Utility Board is hereby authorized to approve invoices and requests for payment for the Project.

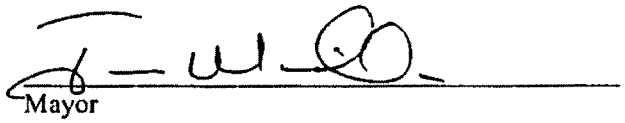
Section 14. The financing of the project with proceeds of the Series 2012 Bonds is in the public interest, serves a public purpose of the Issuer and will promote the health, welfare and safety of the residents of the Issuer.

Section 15. Upon approval by the Mayor, the Issuer may purchase insurance, as permitted by Section 6.18 of the Bond Legislation.

Section 16. This Supplemental Resolution shall be effective immediately.

[Remainder of Page Intentionally Left Blank]

Adopted this 6th day of March, 2012.



Mayor

CERTIFICATION

Certified a true, correct and complete copy of a Supplemental Resolution duly adopted by the Council of THE CITY OF MORGANTOWN on the 6th day of March, 2012.

Dated this 5th day of October, 2012.

[SEAL]

Linda L. Lutte
Clerk

627490.00044

**EXHIBIT A**

FORM OF

CERTIFICATE OF SERIES 2012 BONDS DETERMINATIONS

THE CITY OF MORGANTOWN
COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2012

CERTIFICATE OF DETERMINATIONS

The undersigned, Jim Manilla, Mayor of The City of Morgantown (the "Issuer"), in accordance with the Supplemental Parameters Resolution adopted by the Council of the Issuer on _____, 2012 (the "Supplemental Parameters Resolution"), with respect to the Issuer's Combined Utility System Revenue Bonds, Series 2012 (the "Series 2012 Bonds"), hereby finds and determines as follows:

1. The Series 2012 Bonds shall be dated the date of closing thereon (estimated to be _____, 2012) and shall bear interest on June 1 and December 1 of each year commencing _____, 2012.

2. The Series 2012 Bonds shall be issued in the aggregate principal amount of $_____, at a true interest cost of _____%. Such interest rates do not exceed 8.0%, being the maximum interest rate authorized by the Supplemental Parameters Resolution.

3. The Series 2012 Bonds shall mature in the amounts and on the dates and shall be subject to mandatory sinking fund redemption in the amounts and on the dates set forth on Schedule 1 attached hereto and incorporated herein.

4. The Series 2012 Bonds shall bear interest at the rates and produce the yields set forth on Schedule 1 attached hereto and incorporated herein.

5. The Series 2012 Bonds shall be subject to optional and mandatory redemption as set forth on Schedule 2 attached hereto and incorporated herein.

6. The Series 2012 Bonds shall be sold to Crews & Associates, Inc., (the "Underwriter"), pursuant to the terms of the Bond Purchase Agreement by and between the Underwriter and the Issuer, at an aggregate purchase price of $_____ (representing par value less an Underwriter's discount of $_____ and a net original issue discount of $ ____).

7. _____, West Virginia is hereby designated as the Registrar

REGISTRAR

United Bank, Inc.
Charleston, West Virginia

8. _____, West Virginia is hereby designated as the Depository Bank.

9. The forms of the Bond Purchase Agreement, the Continuing Disclosure Agreement, the Registrar Agreement and Official Statement attached hereto are hereby approved.

The undersigned hereby certifies that the foregoing terms and conditions of the Series 2012 Bonds are within the parameters prescribed by the Supplemental Parameters Resolution, and the Series 2012 Bonds may be issued with such terms and conditions as authorized by the Supplemental Parameters Resolution.

[Remainder of Page Intentionally Left Blank]

WITNESS my signature this _____ day of _____, 2012.

THE CITY OF MORGANTOWN

By: _____
Its: Mayor

Schedule 1

SERIES 2012 BOND TERMS

Mandatory Sinking Fund Redemption and Maturity

| Bond No. | Maturity Date or Sinking Fund (1) | Principal Amount | Interest Rate | Price or Yield | CUSIP No. |
|---|---|---|---|---|---|

Schedule 2

Redemption Provisions:

EXHIBIT B

Form of Bond Purchase Agreement

EXHIBIT C

Form of Official Statement
[Final Official Statement Found in Tab 27]

SPECIMEN

Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the Trustee or its agent for registration of transfer, exchange or payment, and any bond issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasumuch as the registered owner hereof, Cede & Co., has an interest herein.

No. CR-1 $280,000

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE CITY OF MORGANTOWN (WEST VIRGINIA)
COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2012 C
(BANK QUALIFIED)

| INTEREST RATE: | MATURITY DATE: | BOND DATE: | CUSIP: |
|---|---|---|---|
| 1.500% | 10/01/2015 | 10/05/2012 | 61759C AV0 |

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: TWO HUNDRED EIGHTY THOUSAND DOLLARS

KNOW ALL MEN BY THESE PRESENTS: That THE CITY OF MORGANTOWN (West Virginia), a municipal corporation organized and existing under the laws of the State of West Virginia (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, the Principal Amount specified above and solely from such special funds also to pay interest on said Principal Amount from the Interest Payment Date (as hereinafter defined) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, or, if and to the extent that the Issuer shall default in the payment of interest on any Interest Payment Date, then this Bond shall bear interest from the most recent Interest Payment Date to which interest has been paid or duly provided for, and in which case any Bond surrendered for transfer or exchange shall be dated as of the Interest Payment Date to which interest has been paid in full, at the Interest Rate per annum specified above, semiannually, on April 1 and October 1, in each year, beginning April 1, 2013 (each an "Interest Payment Date"), until maturity or until the date fixed for redemption if this Bond is called for prior redemption and payment on such date is provided for. Capitalized terms used and not defined herein shall have the meanings ascribed thereto in the hereinafter-described Ordinance.

Interest accruing on this Bond on and prior to the Maturity Date hereof shall be payable by check or draft mailed by the West Virginia Municipal Bond Commission, Charleston, West Virginia, as paying agent (in such capacity, the "Paying Agent"), to the Registered Owner hereof as of the applicable Record Date (each March 15 and September 15) or, in the event of a default in the payment of Bonds, that special record date to be fixed by the hereinafter named Registrar by notice given to the Registered Owners not less than 10 days prior to said special record date at the address of such Registered Owner as it appears on the registration books of the Issuer maintained by United Bank, Inc., Charleston, West Virginia, as registrar (in such capacity, the "Registrar"), or, at the option of any Registered Owner of at least $1,000,000 in aggregate principal amount of Bonds, by wire transfer in immediately available funds to a domestic bank account specified in writing by the Registered Owner to the Paying Agent at least 5 days prior to such Record Date. Principal and premium, if any, shall be paid when due upon presentation and surrender of this Bond for payment at the office of the Paying Agent, in Charleston, West Virginia.

This Bond is one of an issue of a series of bonds, in the aggregate principal amount of $2,330,000, designated "The City of Morgantown Combined Utility System Revenue Bonds, Series 2012 C" (the "Series 2012 C Bonds"), of like tenor and effect, except as to number, denomination, date of maturity and interest rate, dated October 5, 2012, upon original issuance, the proceeds of which are to be used, together with other funds of the Issuer, (i) to finance the cost of acquisition and construction of certain additions, betterments and improvements to the stormwater portion of the combined waterworks, sewerage and stormwater system of the Issuer, (ii) to fund a reserve account for the Series 2012 C Bonds, and (iii) to pay certain costs of issuance of the Series 2012 C Bonds and related costs. The Series 2012 C 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 of the West Virginia Code of 1931, as amended (the "Act"), and an ordinance duly enacted by the City Council of the Issuer on January 3, 2012, and supplemented by a supplemental resolution adopted by said Council on March 6, 2012 (hereinafter collectively referred to as the "Ordinance"), and is subject to all the terms and conditions of said Ordinance. The Ordinance 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 Series 2012 C Bonds under the Ordinance. Reference is hereby made to the Ordinance, as the same may be amended and supplemented from time to time, for a description of the rights, limitations of rights, obligations, duties and immunities of the Issuer, the Registrar, the Paying Agent, the Registered Owners of the Series 2012 C Bonds and the Registered Owners of any subsequently issued additional bonds. Executed counterparts or certified copies of the Ordinance are on file at the office of the City Clerk in The City of Morgantown, West Virginia.

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) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 1992 (WEST VIRGINIA SRF PROGRAM), DATED SEPTEMBER 8, 1992, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $11,900,000 (THE "SERIES 1992 BONDS"); (2) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 1995 (WEST VIRGINIA SRF PROGRAM), DATED APRIL 27, 1995, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,601,477 (THE "SERIES 1995 BONDS"); (3) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2000 A (WEST VIRGINIA SRF PROGRAM), DATED FEBRUARY 29, 2000, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $7,842,000 (THE "SERIES 2000 A BONDS"); (4) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2000 B (WEST VIRGINIA INFRASTRUCTURE FUND), DATED FEBRUARY 29, 2000, ISSUED IN THE ORIGINAL

AGGREGATE PRINCIPAL AMOUNT OF $2,488,000 (THE "SERIES 2000 B BONDS"); (5) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2001 A (WEST VIRGINIA INFRASTRUCTURE FUND), DATED FEBRUARY 8, 2001, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $3,812,470 (THE "SERIES 2001 A BONDS"); (6) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2006 A (WEST VIRGINIA SRF PROGRAM), DATED JUNE 30, 2006, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $6,410,191 (THE "SERIES 2006 A BONDS"); (7) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2007 A (WEST VIRGINIA SRF PROGRAM), DATED AUGUST 14, 2007, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $8,500,000 (THE "SERIES 2007 A BONDS"); (8) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 A (DIRECT PAYMENT BUILD AMERICA BONDS), DATED JANUARY 28, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $37,950,000 (THE "SERIES 2010 A BONDS"); (9) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 B (WEST VIRGINIA SRF PROGRAM/ARRA), DATED JANUARY 28, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $81,600 (THE "SERIES 2010 B BONDS"); (10) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 C (WEST VIRGINIA SRF PROGRAM), DATED JANUARY 28, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $15,380,227 (THE "SERIES 2010 C BONDS"); (11) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 D (WEST VIRGINIA DWTRF PROGRAM), DATED JANUARY 28, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $9,317,286 (THE "SERIES 2010 D BONDS"); (12) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 E (WEST VIRGINIA DWTRF PROGRAM/ARRA), DATED JANUARY 28, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $100,000 (THE "SERIES 2010 E BONDS"); (13) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 F (BANK QUALIFIED), DATED JANUARY 28, 2010, ISSUED IN THE ORIGINAL AGGREGATE AMOUNT OF $7,250,000 (THE "SERIES 2010 F BONDS"); (14) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2012 A (WEST VIRGINIA DWTRF PROGRAM), DATED AUGUST 24, 2012, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $570,000 (THE "SERIES 2012 A BONDS"); AND (15) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2012 B (WEST VIRGINIA DWTRF PROGRAM), DATED AUGUST 24, 2012, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $444,835 (THE "SERIES 2012 B BONDS") (COLLECTIVELY, THE "PRIOR BONDS").

The Series 2012 C Bonds are subject to redemption prior to their stated maturity dates, as provided in the Ordinance and as set forth in the following lettered paragraphs:

(A) Optional Redemption

The Series 2012 C Bonds are subject to optional redemption prior to maturity, at the option of the City, in whole or in part at any time on and after October 1, 2017, in any order of maturities directed by the City, at a redemption price equal to par, plus accrued interest to the date of redemption.

(B) Mandatory Sinking Fund Redemption

The Series 2012 C Bonds are subject to annual mandatory redemption prior to maturity by random selection on October 1 of the years and in the principal amounts set forth below, at the redemption price of 100% of the principal amount of each Bond so called for redemption plus interest accrued to the date fixed for redemption:

Bonds Maturing 2015

| Year (October 1) | Principal Amount |
|---|---|
| 2013 | $90,000 |
| 2014 | $95,000 |
| 2015* | $95,000 |

Bonds Maturing 2017

| Year (October 1) | Principal Amount |
|---|---|
| 2016 | $95,000 |
| 2017* | $95,000 |

Bonds Maturing 2019

| Year (October 1) | Principal Amount |
|---|---|
| 2018 | $100,000 |
| 2019* | $100,000 |

Bonds Maturing 2022

| Year (October 1) | Principal Amount |
|---|---|
| 2020 | $105,000 |
| 2021 | $110,000 |
| 2022* | $110,000 |

Bonds Maturing 2025

| Year (October 1) | Principal Amount |
|---|---|
| 2023 | $115,000 |
| 2024 | $120,000 |
| 2025* | $120,000 |

Bonds Maturing 2027

| Year (October 1) | Principal Amount |
|---|---|
| 2026 | $125,000 |
| 2027* | $130,000 |

Bonds Maturing 2029

| Year (October 1) | Principal Amount |
|---|---|
| 2028 | $135,000 |
| 2029* | $140,000 |

Bonds Maturing 2032

| Year (October 1) | Principal Amount |
|---|---|
| 2030 | $145,000 |
| 2031 | $150,000 |
| 2032* | $155,000 |

*Final Maturity

In the event of any redemption of less than all outstanding Series 2012 C Bonds, the maturities to be redeemed shall be selected by the Paying Agent at the direction of the Issuer and Series 2012 C Bonds to be redeemed shall be determined by lot within a maturity, or in such other manner deemed appropriate by the Paying Agent. If less than all the Series 2012 C Bonds are to be redeemed, the Series 2012 C Bonds to be redeemed shall be identified by reference to the Series designation, date of issue, CUSIP numbers and Maturity Dates.

Notice of any redemption of this Series 2012 C Bond, unless waived, shall be given by the Paying Agent on behalf of the Issuer by mailing an official redemption notice by registered or certified mail at least 30 days and not more than 60 days prior to the date fixed for redemption to the Registered Owner of the Series 2012 C Bond or Series 2012 C Bonds to be redeemed at the address shown on the Bond Register or at such other address as is furnished in writing by such Registered Owner to the Paying Agent. Such notice shall also be given by the Paying Agent to the Registrar. Notice of redemption having been given as aforesaid, the Series 2012 C Bonds or portions of Series 2012 C Bonds so to be redeemed shall, on the Redemption Date, become due and payable at the Redemption Price therein specified, and from and after such date (unless the Issuer shall default in the payment of the Redemption Price) such Series 2012 C Bonds or portions of Series 2012 C Bonds shall cease to bear interest.

Failure to receive such notice or any defect therein or in the mailing thereof shall not affect the validity of proceedings for the redemption of this Series 2012 C Bond.

The Series 2012 C Bonds and the interest thereon are payable only from and are secured by the Gross Revenues (as defined in the Ordinance) to be derived from the operation of the System, on a parity in all respects with the pledge of the Gross Revenues created in favor of the holders of the Prior Bonds, all monies in the Series 2012 C Bonds Sinking Fund, and the Series 2012 C Bonds Reserve Account therein, established under the Ordinance, and the unexpended proceeds of the Series 2012 C Bonds, and the Issuer hereby and in the Ordinance pledges such revenues and monies to such payment.

Said Gross Revenues shall be sufficient to pay the principal of and interest 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 and to make the other payments required by the Ordinance. This Series 2012 C Bond does not constitute an indebtedness of the Issuer within any constitutional or statutory provision or limitation, nor shall the Issuer be obligated to pay the same or the interest hereon except from said special fund provided from the Gross Revenues, the monies in the Series 2012 C Bonds Sinking Fund and the Series 2012 C Bonds Reserve Account and said unexpended Series 2012 C Bond proceeds. Pursuant to the Ordinance, 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 Series 2012 C Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2012 C Bonds, including the Prior Bonds. The Issuer has entered into certain further covenants with the registered owners of the Series 2012 C Bonds, for the terms of which reference is made to the Ordinance. Remedies provided the registered owners of the Series 2012 C Bonds are exclusively as provided in the Ordinance, to which reference is here made for a detailed description thereof.

All monies received from the sale of the Bonds except for accrued interest thereon shall be applied solely to pay all costs of the Project, funding a reserve account for the Series 2012 C Bonds and pay costs of issuance of the Bonds, and there shall be, and hereby is, created and granted a lien upon such monies, until so applied, in favor of the registered owners of said Series 2012 C Bonds.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Series 2012 C 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 Series 2012 C Bond, together with all other obligations of said 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 said Issuer for the prompt payment of the principal of and interest on the Series 2012 C Bonds of which this Series 2012 C Bond is one.

This Series 2012 C Bond, under the provisions of the Act is and has all the qualities and incidents of, a negotiable instrument under the Uniform Commercial Code of the State of West Virginia, but may be transferred only upon the surrender hereof at the office of the Registrar and otherwise as provided by the within-described Ordinance.

This Bond has been designated a "qualified tax-exempt obligation" by the Issuer within the meaning of Section 265(b)(3)(B) of the Internal Revenue Code of 1986, as amended.

This Series 2012 C Bond and the income therefrom are, under the Act, exempt from all taxation by the State of West Virginia, or any county, municipality, political subdivision or agency thereof.

This Series 2012 C Bond shall not be entitled to any benefit under the Ordinance, or become valid or obligatory for any purpose, until the certificate of authentication and registration hereon shall have been signed by the Registrar.

All provisions of the Ordinance, as defined on the reverse hereof, and the statutes under which this Series 2012 C Bond is issued shall be deemed to be a part of the contract evidenced by this Series 2012 C Bond to the same extent as if written fully herein.

[Remainder of Page Intentionally Blank]

IN WITNESS WHEREOF, THE CITY OF MORGANTOWN (West Virginia) has caused this Bond to be signed by its Mayor and City Manager, and its corporate seal to be imprinted hereon and attested by its City Clerk, and has caused this Series 2012 C Bond to be dated as of the Series 2012 C Bond Date specified above.

[SEAL] SPECIMEN

Mayor

SPECIMEN

City Manager

ATTEST: SPECIMEN

City Clerk

CERTIFICATE OF AUTHENTICATION
AND REGISTRATION

This Series 2012 C Bond is one of the fully registered Series 2012 C Bonds described in the within-mentioned Ordinance and has been duly registered in the name of the Registered Owner on the date set forth below. Attached hereto is the complete text of the opinion of Steptoe & Johnson PLLC, bond counsel, signed originals of which are on file with the Registrar, delivered and dated on the date of the original delivery of and payment for the Series 2012 C Bonds.

Dated: October 5, 2012.

UNITED BANK, INC.,
As Registrar

By _____
Its Authorized Officer

(FORM OF)
ASSIGNMENT

Social Security or Other Identifying Number of Assignee

_____

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto _____ the within Bond and does hereby irrevocably constitute and appoint _____ to transfer the said Bond on the books kept for registration thereof with full power of substitution in the premises.

Dated: _____, 20____.

_____

SIGNATURE GUARANTEED:

_____
(Bank, Trust Company or Firm)

_____
(Authorized Officer)

NOTICE: The Assignor's signature to this Assignment must correspond with the name as it appears upon the face of the within Bond in every particular, without alteration or any change whatever.

SPECIMEN

Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the Trustee or its agent for registration of transfer, exchange or payment, and any bond issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasumuch as the registered owner hereof, Cede & Co., has an interest herein.

No. CR-2 $190,000

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE CITY OF MORGANTOWN (WEST VIRGINIA)
COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2012 C
(BANK QUALIFIED)

| INTEREST RATE: | MATURITY DATE: | BOND DATE: | CUSIP: |
|---|---|---|---|
| 2.000% | 10/01/2017 | 10/05/2012 | 61759C AW8 |

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: ONE HUNDRED NINETY THOUSAND DOLLARS

KNOW ALL MEN BY THESE PRESENTS: That THE CITY OF MORGANTOWN (West Virginia), a municipal corporation organized and existing under the laws of the State of West Virginia (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, the Principal Amount specified above and solely from such special funds also to pay interest on said Principal Amount from the Interest Payment Date (as hereinafter defined) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, or, if and to the extent that the Issuer shall default in the payment of interest on any Interest Payment Date, then this Bond shall bear interest from the most recent Interest Payment Date to which interest has been paid or duly provided for, and in which case any Bond surrendered for transfer or exchange shall be dated as of the Interest Payment Date to which interest has been paid in full, at the Interest Rate per annum specified above, semiannually, on April 1 and October 1, in each year, beginning April 1, 2013 (each an "Interest Payment Date"), until maturity or until the date fixed for redemption if this Bond is called for prior redemption and payment on such date is provided for. Capitalized terms used and not defined herein shall have the meanings ascribed thereto in the hereinafter-described Ordinance.

Interest accruing on this Bond on and prior to the Maturity Date hereof shall be payable by check or draft mailed by the West Virginia Municipal Bond Commission, Charleston, West Virginia, as paying agent (in such capacity, the "Paying Agent"), to the Registered Owner hereof as of the applicable Record Date (each March 15 and September 15) or, in the event of a default in the payment of Bonds, that special record date to be fixed by the hereinafter named Registrar by notice given to the Registered Owners not less than 10 days prior to said special record date at the address of such Registered Owner as it appears on the registration books of the Issuer maintained by United Bank, Inc., Charleston, West Virginia, as registrar (in such capacity, the "Registrar"), or, at the option of any Registered Owner of at least $1,000,000 in aggregate principal amount of Bonds, by wire transfer in immediately available funds to a domestic bank account specified in writing by the Registered Owner to the Paying Agent at least 5 days prior to such Record Date. Principal and premium, if any, shall be paid when due upon presentation and surrender of this Bond for payment at the office of the Paying Agent, in Charleston, West Virginia.

This Bond is one of an issue of a series of bonds, in the aggregate principal amount of $2,330,000, designated "The City of Morgantown Combined Utility System Revenue Bonds, Series 2012 C" (the "Series 2012 C Bonds"), of like tenor and effect, except as to number, denomination, date of maturity and interest rate, dated October 5, 2012, upon original issuance, the proceeds of which are to be used, together with other funds of the Issuer, (i) to finance the cost of acquisition and construction of certain additions, betterments and improvements to the stormwater portion of the combined waterworks, sewerage and stormwater system of the Issuer, (ii) to fund a reserve account for the Series 2012 C Bonds, and (iii) to pay certain costs of issuance of the Series 2012 C Bonds and related costs. The Series 2012 C 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 of the West Virginia Code of 1931, as amended (the "Act"), and an ordinance duly enacted by the City Council of the Issuer on January 3, 2012, and supplemented by a supplemental resolution adopted by said Council on March 6, 2012 (hereinafter collectively referred to as the "Ordinance"), and is subject to all the terms and conditions of said Ordinance. The Ordinance 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 Series 2012 C Bonds under the Ordinance. Reference is hereby made to the Ordinance, as the same may be amended and supplemented from time to time, for a description of the rights, limitations of rights, obligations, duties and immunities of the Issuer, the Registrar, the Paying Agent, the Registered Owners of the Series 2012 C Bonds and the Registered Owners of any subsequently issued additional bonds. Executed counterparts or certified copies of the Ordinance are on file at the office of the City Clerk in The City of Morgantown, West Virginia.

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) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 1992 (WEST VIRGINIA SRF PROGRAM), DATED SEPTEMBER 8, 1992, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $11,900,000 (THE "SERIES 1992 BONDS"); (2) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 1995 (WEST VIRGINIA SRF PROGRAM), DATED APRIL 27, 1995, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,601,477 (THE "SERIES 1995 BONDS"); (3) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2000 A (WEST VIRGINIA SRF PROGRAM), DATED FEBRUARY 29, 2000, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $7,842,000 (THE "SERIES 2000 A BONDS"); (4) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2000 B (WEST VIRGINIA INFRASTRUCTURE FUND), DATED FEBRUARY 29, 2000, ISSUED IN THE ORIGINAL

AGGREGATE PRINCIPAL AMOUNT OF $2,488,000 (THE "SERIES 2000 B BONDS"); (5) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2001 A (WEST VIRGINIA INFRASTRUCTURE FUND), DATED FEBRUARY 8, 2001, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $3,812,470 (THE "SERIES 2001 A BONDS"); (6) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2006 A (WEST VIRGINIA SRF PROGRAM), DATED JUNE 30, 2006, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $6,410,191 (THE "SERIES 2006 A BONDS"); (7) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2007 A (WEST VIRGINIA SRF PROGRAM), DATED AUGUST 14, 2007, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $8,500,000 (THE "SERIES 2007 A BONDS"); (8) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 A (DIRECT PAYMENT BUILD AMERICA BONDS), DATED JANUARY 28, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $37,950,000 (THE "SERIES 2010 A BONDS"); (9) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 B (WEST VIRGINIA SRF PROGRAM/ARRA), DATED JANUARY 28, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $81,600 (THE "SERIES 2010 B BONDS"); (10) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 C (WEST VIRGINIA SRF PROGRAM), DATED JANUARY 28, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $15,380,227 (THE "SERIES 2010 C BONDS"); (11) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 D (WEST VIRGINIA DWTRF PROGRAM), DATED JANUARY 28, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $9,317,286 (THE "SERIES 2010 D BONDS"); (12) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 E (WEST VIRGINIA DWTRF PROGRAM/ARRA), DATED JANUARY 28, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $100,000 (THE "SERIES 2010 E BONDS"); (13) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 F (BANK QUALIFIED), DATED JANUARY 28, 2010, ISSUED IN THE ORIGINAL AGGREGATE AMOUNT OF $7,250,000 (THE "SERIES 2010 F BONDS"); (14) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2012 A (WEST VIRGINIA DWTRF PROGRAM), DATED AUGUST 24, 2012, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $570,000 (THE "SERIES 2012 A BONDS"); AND (15) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2012 B (WEST VIRGINIA DWTRF PROGRAM), DATED AUGUST 24, 2012, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $444,835 (THE "SERIES 2012 B BONDS") (COLLECTIVELY, THE "PRIOR BONDS").

The Series 2012 C Bonds are subject to redemption prior to their stated maturity dates, as provided in the Ordinance and as set forth in the following lettered paragraphs:

(A) Optional Redemption

The Series 2012 C Bonds are subject to optional redemption prior to maturity, at the option of the City, in whole or in part at any time on and after October 1, 2017, in any order of maturities directed by the City, at a redemption price equal to par, plus accrued interest to the date of redemption.

(B) Mandatory Sinking Fund Redemption

The Series 2012 C Bonds are subject to annual mandatory redemption prior to maturity by random selection on October 1 of the years and in the principal amounts set forth below, at the redemption price of 100% of the principal amount of each Bond so called for redemption plus interest accrued to the date fixed for redemption:

Bonds Maturing 2015

| Year (October 1) | Principal Amount |
|---|---|
| 2013 | $90,000 |
| 2014 | $95,000 |
| 2015* | $95,000 |

Bonds Maturing 2017

| Year (October 1) | Principal Amount |
|---|---|
| 2016 | $95,000 |
| 2017* | $95,000 |

Bonds Maturing 2019

| Year (October 1) | Principal Amount |
|---|---|
| 2018 | $100,000 |
| 2019* | $100,000 |

Bonds Maturing 2022

| Year (October 1) | Principal Amount |
|---|---|
| 2020 | $105,000 |
| 2021 | $110,000 |
| 2022* | $110,000 |

Bonds Maturing 2025

| Year (October 1) | Principal Amount |
|---|---|
| 2023 | $115,000 |
| 2024 | $120,000 |
| 2025* | $120,000 |

Bonds Maturing 2027

| Year (October 1) | Principal Amount |
|---|---|
| 2026 | $125,000 |
| 2027* | $130,000 |

Bonds Maturing 2029

| Year (October 1) | Principal Amount |
|---|---|
| 2028 | $135,000 |
| 2029* | $140,000 |

Bonds Maturing 2032

| Year (October 1) | Principal Amount |
|---|---|
| 2030 | $145,000 |
| 2031 | $150,000 |
| 2032* | $155,000 |

*Final Maturity

In the event of any redemption of less than all outstanding Series 2012 C Bonds, the maturities to be redeemed shall be selected by the Paying Agent at the direction of the Issuer and Series 2012 C Bonds to be redeemed shall be determined by lot within a maturity, or in such other manner deemed appropriate by the Paying Agent. If less than all the Series 2012 C Bonds are to be redeemed, the Series 2012 C Bonds to be redeemed shall be identified by reference to the Series designation, date of issue, CUSIP numbers and Maturity Dates.

Notice of any redemption of this Series 2012 C Bond, unless waived, shall be given by the Paying Agent on behalf of the Issuer by mailing an official redemption notice by registered or certified mail at least 30 days and not more than 60 days prior to the date fixed for redemption to the Registered Owner of the Series 2012 C Bond or Series 2012 C Bonds to be redeemed at the address shown on the Bond Register or at such other address as is furnished in writing by such Registered Owner to the Paying Agent. Such notice shall also be given by the Paying Agent to the Registrar. Notice of redemption having been given as aforesaid, the Series 2012 C Bonds or portions of Series 2012 C Bonds so to be redeemed shall, on the Redemption Date, become due and payable at the Redemption Price therein specified, and from and after such date (unless the Issuer shall default in the payment of the Redemption Price) such Series 2012 C Bonds or portions of Series 2012 C Bonds shall cease to bear interest.

Failure to receive such notice or any defect therein or in the mailing thereof shall not affect the validity of proceedings for the redemption of this Series 2012 C Bond.

The Series 2012 C Bonds and the interest thereon are payable only from and are secured by the Gross Revenues (as defined in the Ordinance) to be derived from the operation of the System; on a parity in all respects with the pledge of the Gross Revenues created in favor of the holders of the Prior Bonds, all monies in the Series 2012 C Bonds Sinking Fund, and the Series 2012 C Bonds Reserve Account therein, established under the Ordinance, and the unexpended proceeds of the Series 2012 C Bonds, and the Issuer hereby and in the Ordinance pledges such revenues and monies to such payment.

Said Gross Revenues shall be sufficient to pay the principal of and interest 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 and to make the other payments required by the Ordinance. This Series 2012 C Bond does not constitute an indebtedness of the Issuer within any constitutional or statutory provision or limitation, nor shall the Issuer be obligated to pay the same or the interest hereon except from said special fund provided from the Gross Revenues, the monies in the Series 2012 C Bonds Sinking Fund and the Series 2012 C Bonds Reserve Account and said unexpended Series 2012 C Bond proceeds. Pursuant to the Ordinance, 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 Series 2012 C Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2012 C Bonds, including the Prior Bonds. The Issuer has entered into certain further covenants with the registered owners of the Series 2012 C Bonds, for the terms of which reference is made to the Ordinance. Remedies provided the registered owners of the Series 2012 C Bonds are exclusively as provided in the Ordinance, to which reference is here made for a detailed description thereof.

All monies received from the sale of the Bonds except for accrued interest thereon shall be applied solely to pay all costs of the Project, funding a reserve account for the Series 2012 C Bonds and pay costs of issuance of the Bonds, and there shall be, and hereby is, created and granted a lien upon such monies, until so applied, in favor of the registered owners of said Series 2012 C Bonds.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Series 2012 C 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 Series 2012 C Bond, together with all other obligations of said 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 said Issuer for the prompt payment of the principal of and interest on the Series 2012 C Bonds of which this Series 2012 C Bond is one.

This Series 2012 C Bond, under the provisions of the Act is and has all the qualities and incidents of, a negotiable instrument under the Uniform Commercial Code of the State of West Virginia, but may be transferred only upon the surrender hereof at the office of the Registrar and otherwise as provided by the within-described Ordinance.

This Bond has been designated a "qualified tax-exempt obligation" by the Issuer within the meaning of Section 265(b)(3)(B) of the Internal Revenue Code of 1986, as amended.

This Series 2012 C Bond and the income therefrom are, under the Act, exempt from all taxation by the State of West Virginia, or any county, municipality, political subdivision or agency thereof.

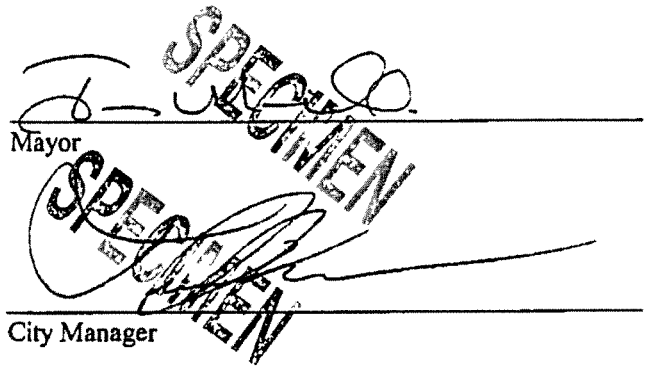
This Series 2012 C Bond shall not be entitled to any benefit under the Ordinance, or become valid or obligatory for any purpose, until the certificate of authentication and registration hereon shall have been signed by the Registrar.

All provisions of the Ordinance, as defined on the reverse hereof, and the statutes under which this Series 2012 C Bond is issued shall be deemed to be a part of the contract evidenced by this Series 2012 C Bond to the same extent as if written fully herein.

[Remainder of Page Intentionally Blank]

IN WITNESS WHEREOF, THE CITY OF MORGANTOWN (West Virginia) has caused this Bond to be signed by its Mayor and City Manager, and its corporate seal to be imprinted hereon and attested by its City Clerk, and has caused this Series 2012 C Bond to be dated as of the Series 2012 C Bond Date specified above.

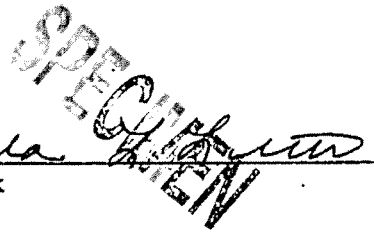
[SEAL]




Mayor

City Manager

ATTEST:




City Clerk

CERTIFICATE OF AUTHENTICATION
AND REGISTRATION

This Series 2012 C Bond is one of the fully registered Series 2012 C Bonds described in the within-mentioned Ordinance and has been duly registered in the name of the Registered Owner on the date set forth below. Attached hereto is the complete text of the opinion of Steptoe & Johnson PLLC, bond counsel, signed originals of which are on file with the Registrar, delivered and dated on the date of the original delivery of and payment for the Series 2012 C Bonds.

Dated: October 5, 2012.

UNITED BANK, INC.,
As Registrar

By _____
Its Authorized Officer

(FORM OF)
ASSIGNMENT

Social Security or Other Identifying Number of Assignee

_____

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto _____ the within Bond and does hereby irrevocably constitute and appoint _____ to transfer the said Bond on the books kept for registration thereof with full power of substitution in the premises.

Dated: _____, 20____.

_____

SIGNATURE GUARANTEED:

_____
(Bank, Trust Company or Firm)

_____
(Authorized Officer)

NOTICE: The Assignor's signature to this Assignment must correspond with the name as it appears upon the face of the within Bond in every particular, without alteration or any change whatever.

SPECIMEN

Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the Trustee or its agent for registration of transfer, exchange or payment, and any bond issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasumuch as the registered owner hereof, Cede & Co., has an interest herein.

No. CR-3 $200,000

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE CITY OF MORGANTOWN (WEST VIRGINIA)
COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2012 C
(BANK QUALIFIED)

| INTEREST RATE: | MATURITY DATE: | BOND DATE: | CUSIP: |
|---|---|---|---|
| 2.500% | 10/01/2019 | 10/05/2012 | 61759C AX6 |

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: TWO HUNDRED THOUSAND DOLLARS

KNOW ALL MEN BY THESE PRESENTS: That THE CITY OF MORGANTOWN (West Virginia), a municipal corporation organized and existing under the laws of the State of West Virginia (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, the Principal Amount specified above and solely from such special funds also to pay interest on said Principal Amount from the Interest Payment Date (as hereinafter defined) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, or, if and to the extent that the Issuer shall default in the payment of interest on any Interest Payment Date, then this Bond shall bear interest from the most recent Interest Payment Date to which interest has been paid or duly provided for, and in which case any Bond surrendered for transfer or exchange shall be dated as of the Interest Payment Date to which interest has been paid in full, at the Interest Rate per annum specified above, semiannually, on April 1 and October 1, in each year, beginning April 1, 2013 (each an "Interest Payment Date"), until maturity or until the date fixed for redemption if this Bond is called for prior redemption and payment on such date is provided for. Capitalized terms used and not defined herein shall have the meanings ascribed thereto in the hereinafter-described Ordinance.

Interest accruing on this Bond on and prior to the Maturity Date hereof shall be payable by check or draft mailed by the West Virginia Municipal Bond Commission, Charleston, West Virginia, as paying agent (in such capacity, the "Paying Agent"), to the Registered Owner hereof as of the applicable Record Date (each March 15 and September 15) or, in the event of a default in the payment of Bonds, that special record date to be fixed by the hereinafter named Registrar by notice given to the Registered Owners not less than 10 days prior to said special record date at the address of such Registered Owner as it appears on the registration books of the Issuer maintained by United Bank, Inc., Charleston, West Virginia, as registrar (in such capacity, the "Registrar"), or, at the option of any Registered Owner of at least $1,000,000 in aggregate principal amount of Bonds, by wire transfer in immediately available funds to a domestic bank account specified in writing by the Registered Owner to the Paying Agent at least 5 days prior to such Record Date. Principal and premium, if any, shall be paid when due upon presentation and surrender of this Bond for payment at the office of the Paying Agent, in Charleston, West Virginia.

This Bond is one of an issue of a series of bonds, in the aggregate principal amount of $2,330,000, designated "The City of Morgantown Combined Utility System Revenue Bonds, Series 2012 C" (the "Series 2012 C Bonds"), of like tenor and effect, except as to number, denomination, date of maturity and interest rate, dated October 5, 2012, upon original issuance, the proceeds of which are to be used, together with other funds of the Issuer, (i) to finance the cost of acquisition and construction of certain additions, betterments and improvements to the stormwater portion of the combined waterworks, sewerage and stormwater system of the Issuer, (ii) to fund a reserve account for the Series 2012 C Bonds, and (iii) to pay certain costs of issuance of the Series 2012 C Bonds and related costs. The Series 2012 C 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 of the West Virginia Code of 1931, as amended (the "Act"), and an ordinance duly enacted by the City Council of the Issuer on January 3, 2012, and supplemented by a supplemental resolution adopted by said Council on March 6, 2012 (hereinafter collectively referred to as the "Ordinance"), and is subject to all the terms and conditions of said Ordinance. The Ordinance 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 Series 2012 C Bonds under the Ordinance. Reference is hereby made to the Ordinance, as the same may be amended and supplemented from time to time, for a description of the rights, limitations of rights, obligations, duties and immunities of the Issuer, the Registrar, the Paying Agent, the Registered Owners of the Series 2012 C Bonds and the Registered Owners of any subsequently issued additional bonds. Executed counterparts or certified copies of the Ordinance are on file at the office of the City Clerk in The City of Morgantown, West Virginia.

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(B) Mandatory Sinking Fund Redemption

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| Year (October 1) | Principal Amount |
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| 2016 | $95,000 |
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Bonds Maturing 2019

| Year (October 1) | Principal Amount |
|---|---|
| 2018 | $100,000 |
| 2019* | $100,000 |

Bonds Maturing 2022

| Year (October 1) | Principal Amount |
|---|---|
| 2020 | $105,000 |
| 2021 | $110,000 |
| 2022* | $110,000 |

Bonds Maturing 2025

| Year (October 1) | Principal Amount |
|---|---|
| 2023 | $115,000 |
| 2024 | $120,000 |
| 2025* | $120,000 |

Bonds Maturing 2027

| Year (October 1) | Principal Amount |
|---|---|
| 2026 | $125,000 |
| 2027* | $130,000 |

Bonds Maturing 2029

| Year (October 1) | Principal Amount |
|---|---|
| 2028 | $135,000 |
| 2029* | $140,000 |

Bonds Maturing 2032

| Year (October 1) | Principal Amount |
|---|---|
| 2030 | $145,000 |
| 2031 | $150,000 |
| 2032* | $155,000 |

*Final Maturity

In the event of any redemption of less than all outstanding Series 2012 C Bonds, the maturities to be redeemed shall be selected by the Paying Agent at the direction of the Issuer and Series 2012 C Bonds to be redeemed shall be determined by lot within a maturity, or in such other manner deemed appropriate by the Paying Agent. If less than all the Series 2012 C Bonds are to be redeemed, the Series 2012 C Bonds to be redeemed shall be identified by reference to the Series designation, date of issue, CUSIP numbers and Maturity Dates.

Notice of any redemption of this Series 2012 C Bond, unless waived, shall be given by the Paying Agent on behalf of the Issuer by mailing an official redemption notice by registered or certified mail at least 30 days and not more than 60 days prior to the date fixed for redemption to the Registered Owner of the Series 2012 C Bond or Series 2012 C Bonds to be redeemed at the address shown on the Bond Register or at such other address as is furnished in writing by such Registered Owner to the Paying Agent. Such notice shall also be given by the Paying Agent to the Registrar. Notice of redemption having been given as aforesaid, the Series 2012 C Bonds or portions of Series 2012 C Bonds so to be redeemed shall, on the Redemption Date, become due and payable at the Redemption Price therein specified, and from and after such date (unless the Issuer shall default in the payment of the Redemption Price) such Series 2012 C Bonds or portions of Series 2012 C Bonds shall cease to bear interest.

Failure to receive such notice or any defect therein or in the mailing thereof shall not affect the validity of proceedings for the redemption of this Series 2012 C Bond.

The Series 2012 C Bonds and the interest thereon are payable only from and are secured by the Gross Revenues (as defined in the Ordinance) to be derived from the operation of the System, on a parity in all respects with the pledge of the Gross Revenues created in favor of the holders of the Prior Bonds, all monies in the Series 2012 C Bonds Sinking Fund, and the Series 2012 C Bonds Reserve Account therein, established under the Ordinance, and the unexpended proceeds of the Series 2012 C Bonds, and the Issuer hereby and in the Ordinance pledges such revenues and monies to such payment.

Said Gross Revenues shall be sufficient to pay the principal of and interest 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 and to make the other payments required by the Ordinance. This Series 2012 C Bond does not constitute an indebtedness of the Issuer within any constitutional or statutory provision or limitation, nor shall the Issuer be obligated to pay the same or the interest hereon except from said special fund provided from the Gross Revenues, the monies in the Series 2012 C Bonds Sinking Fund and the Series 2012 C Bonds Reserve Account and said unexpended Series 2012 C Bond proceeds. Pursuant to the Ordinance, 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 Series 2012 C Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2012 C Bonds, including the Prior Bonds. The Issuer has entered into certain further covenants with the registered owners of the Series 2012 C Bonds, for the terms of which reference is made to the Ordinance. Remedies provided the registered owners of the Series 2012 C Bonds are exclusively as provided in the Ordinance, to which reference is here made for a detailed description thereof.

All monies received from the sale of the Bonds except for accrued interest thereon shall be applied solely to pay all costs of the Project, funding a reserve account for the Series 2012 C Bonds and pay costs of issuance of the Bonds, and there shall be, and hereby is, created and granted a lien upon such monies, until so applied, in favor of the registered owners of said Series 2012 C Bonds.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Series 2012 C 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 Series 2012 C Bond, together with all other obligations of said 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 said Issuer for the prompt payment of the principal of and interest on the Series 2012 C Bonds of which this Series 2012 C Bond is one.

This Series 2012 C Bond, under the provisions of the Act is and has all the qualities and incidents of, a negotiable instrument under the Uniform Commercial Code of the State of West Virginia, but may be transferred only upon the surrender hereof at the office of the Registrar and otherwise as provided by the within-described Ordinance.

This Bond has been designated a "qualified tax-exempt obligation" by the Issuer within the meaning of Section 265(b)(3)(B) of the Internal Revenue Code of 1986, as amended.

This Series 2012 C Bond and the income therefrom are, under the Act, exempt from all taxation by the State of West Virginia, or any county, municipality, political subdivision or agency thereof.

This Series 2012 C Bond shall not be entitled to any benefit under the Ordinance, or become valid or obligatory for any purpose, until the certificate of authentication and registration hereon shall have been signed by the Registrar.

All provisions of the Ordinance, as defined on the reverse hereof, and the statutes under which this Series 2012 C Bond is issued shall be deemed to be a part of the contract evidenced by this Series 2012 C Bond to the same extent as if written fully herein.

[Remainder of Page Intentionally Blank]

IN WITNESS WHEREOF, THE CITY OF MORGANTOWN (West Virginia) has caused this Bond to be signed by its Mayor and City Manager, and its corporate seal to be imprinted hereon and attested by its City Clerk, and has caused this Series 2012 C Bond to be dated as of the Series 2012 C Bond Date specified above.

[SEAL]

SPECIMEN

Mayor

SPECIMEN

City Manager

ATTEST:

SPECIMEN

City Clerk

CERTIFICATE OF AUTHENTICATION
AND REGISTRATION

This Series 2012 C Bond is one of the fully registered Series 2012 C Bonds described in the within-mentioned Ordinance and has been duly registered in the name of the Registered Owner on the date set forth below. Attached hereto is the complete text of the opinion of Steptoe & Johnson PLLC, bond counsel, signed originals of which are on file with the Registrar, delivered and dated on the date of the original delivery of and payment for the Series 2012 C Bonds.

Dated: October 5, 2012.

UNITED BANK, INC.,
As Registrar

By _____
Its Authorized Officer

(FORM OF)
ASSIGNMENT

Social Security or Other Identifying Number of Assignee

_____

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto _____ the within Bond and does hereby irrevocably constitute and appoint _____ to transfer the said Bond on the books kept for registration thereof with full power of substitution in the premises.

Dated: _____, 20____.

_____

SIGNATURE GUARANTEED:

_____
(Bank, Trust Company or Firm)

_____
(Authorized Officer)

NOTICE: The Assignor's signature to this Assignment must correspond with the name as it appears upon the face of the within Bond in every particular, without alteration or any change whatever.

SPECIMEN

Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the Trustee or its agent for registration of transfer, exchange or payment, and any bond issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasumuch as the registered owner hereof, Cede & Co., has an interest herein.

No. CR-4 $325,000

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE CITY OF MORGANTOWN (WEST VIRGINIA)
COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2012 C
(BANK QUALIFIED)

| INTEREST RATE: | MATURITY DATE: | BOND DATE: | CUSIP: |
|---|---|---|---|
| 3.000% | 10/01/2022 | 10/05/2012 | 61759C AY4 |

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: THREE HUNDRED TWENTY-FIVE THOUSAND DOLLARS

KNOW ALL MEN BY THESE PRESENTS: That THE CITY OF MORGANTOWN (West Virginia), a municipal corporation organized and existing under the laws of the State of West Virginia (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, the Principal Amount specified above and solely from such special funds also to pay interest on said Principal Amount from the Interest Payment Date (as hereinafter defined) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, or, if and to the extent that the Issuer shall default in the payment of interest on any Interest Payment Date, then this Bond shall bear interest from the most recent Interest Payment Date to which interest has been paid or duly provided for, and in which case any Bond surrendered for transfer or exchange shall be dated as of the Interest Payment Date to which interest has been paid in full, at the Interest Rate per annum specified above, semiannually, on April 1 and October 1, in each year, beginning April 1, 2013 (each an "Interest Payment Date"), until maturity or until the date fixed for redemption if this Bond is called for prior redemption and payment on such date is provided for. Capitalized terms used and not defined herein shall have the meanings ascribed thereto in the hereinafter-described Ordinance.

Interest accruing on this Bond on and prior to the Maturity Date hereof shall be payable by check or draft mailed by the West Virginia Municipal Bond Commission, Charleston, West Virginia, as paying agent (in such capacity, the "Paying Agent"), to the Registered Owner hereof as of the applicable Record Date (each March 15 and September 15) or, in the event of a default in the payment of Bonds, that special record date to be fixed by the hereinafter named Registrar by notice given to the Registered Owners not less than 10 days prior to said special record date at the address of such Registered Owner as it appears on the registration books of the Issuer maintained by United Bank, Inc., Charleston, West Virginia, as registrar (in such capacity, the "Registrar"), or, at the option of any Registered Owner of at least $1,000,000 in aggregate principal amount of Bonds, by wire transfer in immediately available funds to a domestic bank account specified in writing by the Registered Owner to the Paying Agent at least 5 days prior to such Record Date. Principal and premium, if any, shall be paid when due upon presentation and surrender of this Bond for payment at the office of the Paying Agent, in Charleston, West Virginia.

This Bond is one of an issue of a series of bonds, in the aggregate principal amount of $2,330,000, designated "The City of Morgantown Combined Utility System Revenue Bonds, Series 2012 C" (the "Series 2012 C Bonds"), of like tenor and effect, except as to number, denomination, date of maturity and interest rate, dated October 5, 2012, upon original issuance, the proceeds of which are to be used, together with other funds of the Issuer, (i) to finance the cost of acquisition and construction of certain additions, betterments and improvements to the stormwater portion of the combined waterworks, sewerage and stormwater system of the Issuer, (ii) to fund a reserve account for the Series 2012 C Bonds, and (iii) to pay certain costs of issuance of the Series 2012 C Bonds and related costs. The Series 2012 C 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 of the West Virginia Code of 1931, as amended (the "Act"), and an ordinance duly enacted by the City Council of the Issuer on January 3, 2012, and supplemented by a supplemental resolution adopted by said Council on March 6, 2012 (hereinafter collectively referred to as the "Ordinance"), and is subject to all the terms and conditions of said Ordinance. The Ordinance 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 Series 2012 C Bonds under the Ordinance. Reference is hereby made to the Ordinance, as the same may be amended and supplemented from time to time, for a description of the rights, limitations of rights, obligations, duties and immunities of the Issuer, the Registrar, the Paying Agent, the Registered Owners of the Series 2012 C Bonds and the Registered Owners of any subsequently issued additional bonds. Executed counterparts or certified copies of the Ordinance are on file at the office of the City Clerk in The City of Morgantown, West Virginia.

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) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 1992 (WEST VIRGINIA SRF PROGRAM), DATED SEPTEMBER 8, 1992, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $11,900,000 (THE "SERIES 1992 BONDS"); (2) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 1995 (WEST VIRGINIA SRF PROGRAM), DATED APRIL 27, 1995, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,601,477 (THE "SERIES 1995 BONDS"); (3) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2000 A (WEST VIRGINIA SRF PROGRAM), DATED FEBRUARY 29, 2000, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $7,842,000 (THE "SERIES 2000 A BONDS"); (4) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2000 B (WEST VIRGINIA INFRASTRUCTURE FUND), DATED FEBRUARY 29, 2000, ISSUED IN THE ORIGINAL

AGGREGATE PRINCIPAL AMOUNT OF $2,488,000 (THE "SERIES 2000 B BONDS"); (5) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2001 A (WEST VIRGINIA INFRASTRUCTURE FUND), DATED FEBRUARY 8, 2001, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $3,812,470 (THE "SERIES 2001 A BONDS"); (6) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2006 A (WEST VIRGINIA SRF PROGRAM), DATED JUNE 30, 2006, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $6,410,191 (THE "SERIES 2006 A BONDS"); (7) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2007 A (WEST VIRGINIA SRF PROGRAM), DATED AUGUST 14, 2007, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $8,500,000 (THE "SERIES 2007 A BONDS"); (8) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 A (DIRECT PAYMENT BUILD AMERICA BONDS), DATED JANUARY 28, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $37,950,000 (THE "SERIES 2010 A BONDS"); (9) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 B (WEST VIRGINIA SRF PROGRAM/ARRA), DATED JANUARY 28, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $81,600 (THE "SERIES 2010 B BONDS"); (10) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 C (WEST VIRGINIA SRF PROGRAM), DATED JANUARY 28, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $15,380,227 (THE "SERIES 2010 C BONDS"); (11) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 D (WEST VIRGINIA DWTRF PROGRAM), DATED JANUARY 28, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $9,317,286 (THE "SERIES 2010 D BONDS"); (12) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 E (WEST VIRGINIA DWTRF PROGRAM/ARRA), DATED JANUARY 28, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $100,000 (THE "SERIES 2010 E BONDS"); (13) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 F (BANK QUALIFIED), DATED JANUARY 28, 2010, ISSUED IN THE ORIGINAL AGGREGATE AMOUNT OF $7,250,000 (THE "SERIES 2010 F BONDS"); (14) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2012 A (WEST VIRGINIA DWTRF PROGRAM), DATED AUGUST 24, 2012, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $570,000 (THE "SERIES 2012 A BONDS"); AND (15) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2012 B (WEST VIRGINIA DWTRF PROGRAM), DATED AUGUST 24, 2012, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $444,835 (THE "SERIES 2012 B BONDS") (COLLECTIVELY, THE "PRIOR BONDS").

The Series 2012 C Bonds are subject to redemption prior to their stated maturity dates, as provided in the Ordinance and as set forth in the following lettered paragraphs:

(A) Optional Redemption

The Series 2012 C Bonds are subject to optional redemption prior to maturity, at the option of the City, in whole or in part at any time on and after October 1, 2017, in any order of maturities directed by the City, at a redemption price equal to par, plus accrued interest to the date of redemption.

(B) Mandatory Sinking Fund Redemption

The Series 2012 C Bonds are subject to annual mandatory redemption prior to maturity by random selection on October 1 of the years and in the principal amounts set forth below, at the redemption price of 100% of the principal amount of each Bond so called for redemption plus interest accrued to the date fixed for redemption:

Bonds Maturing 2015

| Year (October 1) | Principal Amount |
|---|---|
| 2013 | $90,000 |
| 2014 | $95,000 |
| 2015* | $95,000 |

Bonds Maturing 2017

| Year (October 1) | Principal Amount |
|---|---|
| 2016 | $95,000 |
| 2017* | $95,000 |

Bonds Maturing 2019

| Year (October 1) | Principal Amount |
|---|---|
| 2018 | $100,000 |
| 2019* | $100,000 |

Bonds Maturing 2022

| Year (October 1) | Principal Amount |
|---|---|
| 2020 | $105,000 |
| 2021 | $110,000 |
| 2022* | $110,000 |

Bonds Maturing 2025

| Year (October 1) | Principal Amount |
|---|---|
| 2023 | $115,000 |
| 2024 | $120,000 |
| 2025* | $120,000 |

Bonds Maturing 2027

| Year (October 1) | Principal Amount |
|---|---|
| 2026 | $125,000 |
| 2027* | $130,000 |

Bonds Maturing 2029

| Year (October 1) | Principal Amount |
|---|---|
| 2028 | $135,000 |
| 2029* | $140,000 |

Bonds Maturing 2032

| Year (October 1) | Principal Amount |
|---|---|
| 2030 | $145,000 |
| 2031 | $150,000 |
| 2032* | $155,000 |

*Final Maturity

In the event of any redemption of less than all outstanding Series 2012 C Bonds, the maturities to be redeemed shall be selected by the Paying Agent at the direction of the Issuer and Series 2012 C Bonds to be redeemed shall be determined by lot within a maturity, or in such other manner deemed appropriate by the Paying Agent. If less than all the Series 2012 C Bonds are to be redeemed, the Series 2012 C Bonds to be redeemed shall be identified by reference to the Series designation, date of issue, CUSIP numbers and Maturity Dates.

Notice of any redemption of this Series 2012 C Bond, unless waived, shall be given by the Paying Agent on behalf of the Issuer by mailing an official redemption notice by registered or certified mail at least 30 days and not more than 60 days prior to the date fixed for redemption to the Registered Owner of the Series 2012 C Bond or Series 2012 C Bonds to be redeemed at the address shown on the Bond Register or at such other address as is furnished in writing by such Registered Owner to the Paying Agent. Such notice shall also be given by the Paying Agent to the Registrar. Notice of redemption having been given as aforesaid, the Series 2012 C Bonds or portions of Series 2012 C Bonds so to be redeemed shall, on the Redemption Date, become due and payable at the Redemption Price therein specified, and from and after such date (unless the Issuer shall default in the payment of the Redemption Price) such Series 2012 C Bonds or portions of Series 2012 C Bonds shall cease to bear interest.

Failure to receive such notice or any defect therein or in the mailing thereof shall not affect the validity of proceedings for the redemption of this Series 2012 C Bond.

The Series 2012 C Bonds and the interest thereon are payable only from and are secured by the Gross Revenues (as defined in the Ordinance) to be derived from the operation of the System, on a parity in all respects with the pledge of the Gross Revenues created in favor of the holders of the Prior Bonds, all monies in the Series 2012 C Bonds Sinking Fund, and the Series 2012 C Bonds Reserve Account therein, established under the Ordinance, and the unexpended proceeds of the Series 2012 C Bonds, and the Issuer hereby and in the Ordinance pledges such revenues and monies to such payment.

Said Gross Revenues shall be sufficient to pay the principal of and interest 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 and to make the other payments required by the Ordinance. This Series 2012 C Bond does not constitute an indebtedness of the Issuer within any constitutional or statutory provision or limitation, nor shall the Issuer be obligated to pay the same or the interest hereon except from said special fund provided from the Gross Revenues, the monies in the Series 2012 C Bonds Sinking Fund and the Series 2012 C Bonds Reserve Account and said unexpended Series 2012 C Bond proceeds. Pursuant to the Ordinance, 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 Series 2012 C Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2012 C Bonds, including the Prior Bonds. The Issuer has entered into certain further covenants with the registered owners of the Series 2012 C Bonds, for the terms of which reference is made to the Ordinance. Remedies provided the registered owners of the Series 2012 C Bonds are exclusively as provided in the Ordinance, to which reference is here made for a detailed description thereof.

All monies received from the sale of the Bonds except for accrued interest thereon shall be applied solely to pay all costs of the Project, funding a reserve account for the Series 2012 C Bonds and pay costs of issuance of the Bonds, and there shall be, and hereby is, created and granted a lien upon such monies, until so applied, in favor of the registered owners of said Series 2012 C Bonds.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Series 2012 C 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 Series 2012 C Bond, together with all other obligations of said 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 said Issuer for the prompt payment of the principal of and interest on the Series 2012 C Bonds of which this Series 2012 C Bond is one.

This Series 2012 C Bond, under the provisions of the Act is and has all the qualities and incidents of, a negotiable instrument under the Uniform Commercial Code of the State of West Virginia, but may be transferred only upon the surrender hereof at the office of the Registrar and otherwise as provided by the within-described Ordinance.

This Bond has been designated a "qualified tax-exempt obligation" by the Issuer within the meaning of Section 265(b)(3)(B) of the Internal Revenue Code of 1986, as amended.

This Series 2012 C Bond and the income therefrom are, under the Act, exempt from all taxation by the State of West Virginia, or any county, municipality, political subdivision or agency thereof.

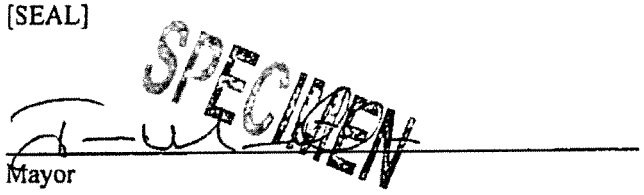
This Series 2012 C Bond shall not be entitled to any benefit under the Ordinance, or become valid or obligatory for any purpose, until the certificate of authentication and registration hereon shall have been signed by the Registrar.

All provisions of the Ordinance, as defined on the reverse hereof, and the statutes under which this Series 2012 C Bond is issued shall be deemed to be a part of the contract evidenced by this Series 2012 C Bond to the same extent as if written fully herein.

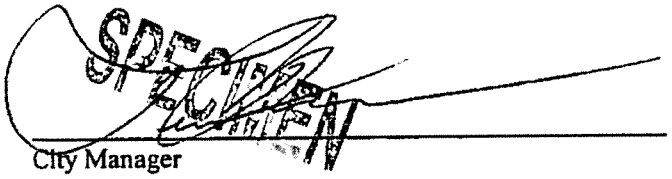
[Remainder of Page Intentionally Blank]

IN WITNESS WHEREOF, THE CITY OF MORGANTOWN (West Virginia) has caused this Bond to be signed by its Mayor and City Manager, and its corporate seal to be imprinted hereon and attested by its City Clerk, and has caused this Series 2012 C Bond to be dated as of the Series 2012 C Bond Date specified above.

[SEAL]

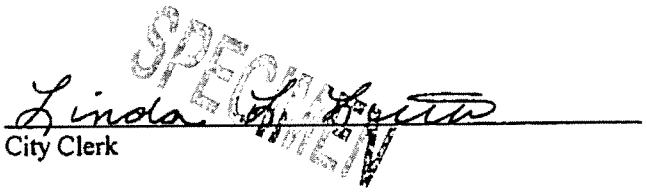



Mayor




City Manager

ATTEST:




City Clerk

CERTIFICATE OF AUTHENTICATION
AND REGISTRATION

This Series 2012 C Bond is one of the fully registered Series 2012 C Bonds described in the within-mentioned Ordinance and has been duly registered in the name of the Registered Owner on the date set forth below. Attached hereto is the complete text of the opinion of Steptoe & Johnson PLLC, bond counsel, signed originals of which are on file with the Registrar, delivered and dated on the date of the original delivery of and payment for the Series 2012 C Bonds.

Dated: October 5, 2012.

UNITED BANK, INC.,
As Registrar

SPECIMEN

By _____
Its Authorized Officer

(FORM OF)
ASSIGNMENT

Social Security or Other Identifying Number of Assignee

_____

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers' unto _____ the within Bond and does hereby irrevocably constitute and appoint _____ to transfer the said Bond on the books kept for registration thereof with full power of substitution in the premises.

Dated: _____, 20____.

_____

SIGNATURE GUARANTEED:

_____
(Bank, Trust Company or Firm)

_____
(Authorized Officer)

NOTICE: The Assignor's signature to this Assignment must correspond with the name as it appears upon the face of the within Bond in every particular, without alteration or any change whatever.

SPECIMEN

Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the Trustee or its agent for registration of transfer, exchange or payment, and any bond issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasumuch as the registered owner hereof, Cede & Co., has an interest herein.

No. CR-5 $355,000

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE CITY OF MORGANTOWN (WEST VIRGINIA)
COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2012 C
(BANK QUALIFIED)

| INTEREST RATE: | MATURITY DATE: | BOND DATE: | CUSIP: |
|---|---|---|---|
| 3.250% | 10/01/2025 | 10/05/2012 | 61759C AZ1 |

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: THREE HUNDRED FIFTY-FIVE THOUSAND DOLLARS

KNOW ALL MEN BY THESE PRESENTS: That THE CITY OF MORGANTOWN (West Virginia), a municipal corporation organized and existing under the laws of the State of West Virginia (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, the Principal Amount specified above and solely from such special funds also to pay interest on said Principal Amount from the Interest Payment Date (as hereinafter defined) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, or, if and to the extent that the Issuer shall default in the payment of interest on any Interest Payment Date, then this Bond shall bear interest from the most recent Interest Payment Date to which interest has been paid or duly provided for, and in which case any Bond surrendered for transfer or exchange shall be dated as of the Interest Payment Date to which interest has been paid in full, at the Interest Rate per annum specified above, semiannually, on April 1 and October 1, in each year, beginning April 1, 2013 (each an "Interest Payment Date"), until maturity or until the date fixed for redemption if this Bond is called for prior redemption and payment on such date is provided for. Capitalized terms used and not defined herein shall have the meanings ascribed thereto in the hereinafter-described Ordinance.

Interest accruing on this Bond on and prior to the Maturity Date hereof shall be payable by check or draft mailed by the West Virginia Municipal Bond Commission, Charleston, West Virginia, as paying agent (in such capacity, the "Paying Agent"), to the Registered Owner hereof as of the applicable Record Date (each March 15 and September 15) or, in the event of a default in the payment of Bonds, that special record date to be fixed by the hereinafter named Registrar by notice given to the Registered Owners not less than 10 days prior to said special record date at the address of such Registered Owner as it appears on the registration books of the Issuer maintained by United Bank, Inc., Charleston, West Virginia, as registrar (in such capacity, the "Registrar"), or, at the option of any Registered Owner of at least $1,000,000 in aggregate principal amount of Bonds, by wire transfer in immediately available funds to a domestic bank account specified in writing by the Registered Owner to the Paying Agent at least 5 days prior to such Record Date. Principal and premium, if any, shall be paid when due upon presentation and surrender of this Bond for payment at the office of the Paying Agent, in Charleston, West Virginia.

This Bond is one of an issue of a series of bonds, in the aggregate principal amount of $2,330,000, designated "The City of Morgantown Combined Utility System Revenue Bonds, Series 2012 C" (the "Series 2012 C Bonds"), of like tenor and effect, except as to number, denomination, date of maturity and interest rate, dated October 5, 2012, upon original issuance, the proceeds of which are to be used, together with other funds of the Issuer, (i) to finance the cost of acquisition and construction of certain additions, betterments and improvements to the stormwater portion of the combined waterworks, sewerage and stormwater system of the Issuer, (ii) to fund a reserve account for the Series 2012 C Bonds, and (iii) to pay certain costs of issuance of the Series 2012 C Bonds and related costs. The Series 2012 C 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 of the West Virginia Code of 1931, as amended (the "Act"), and an ordinance duly enacted by the City Council of the Issuer on January 3, 2012, and supplemented by a supplemental resolution adopted by said Council on March 6, 2012 (hereinafter collectively referred to as the "Ordinance"), and is subject to all the terms and conditions of said Ordinance. The Ordinance 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 Series 2012 C Bonds under the Ordinance. Reference is hereby made to the Ordinance, as the same may be amended and supplemented from time to time, for a description of the rights, limitations of rights, obligations, duties and immunities of the Issuer, the Registrar, the Paying Agent, the Registered Owners of the Series 2012 C Bonds and the Registered Owners of any subsequently issued additional bonds. Executed counterparts or certified copies of the Ordinance are on file at the office of the City Clerk in The City of Morgantown, West Virginia.

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) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 1992 (WEST VIRGINIA SRF PROGRAM), DATED SEPTEMBER 8, 1992, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $11,900,000 (THE "SERIES 1992 BONDS"); (2) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 1995 (WEST VIRGINIA SRF PROGRAM), DATED APRIL 27, 1995, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,601,477 (THE "SERIES 1995 BONDS"); (3) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2000 A (WEST VIRGINIA SRF PROGRAM), DATED FEBRUARY 29, 2000, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $7,842,000 (THE "SERIES 2000 A BONDS"); (4) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2000 B (WEST VIRGINIA INFRASTRUCTURE FUND), DATED FEBRUARY 29, 2000, ISSUED IN THE ORIGINAL

AGGREGATE PRINCIPAL AMOUNT OF $2,488,000 (THE "SERIES 2000 B BONDS"); (5) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2001 A (WEST VIRGINIA INFRASTRUCTURE FUND), DATED FEBRUARY 8, 2001, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $3,812,470 (THE "SERIES 2001 A BONDS"); (6) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2006 A (WEST VIRGINIA SRF PROGRAM), DATED JUNE 30, 2006, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $6,410,191 (THE "SERIES 2006 A BONDS"); (7) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2007 A (WEST VIRGINIA SRF PROGRAM), DATED AUGUST 14, 2007, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $8,500,000 (THE "SERIES 2007 A BONDS"); (8) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 A (DIRECT PAYMENT BUILD AMERICA BONDS), DATED JANUARY 28, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $37,950,000 (THE "SERIES 2010 A BONDS"); (9) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 B (WEST VIRGINIA SRF PROGRAM/ARRA), DATED JANUARY 28, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $81,600 (THE "SERIES 2010 B BONDS"); (10) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 C (WEST VIRGINIA SRF PROGRAM), DATED JANUARY 28, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $15,380,227 (THE "SERIES 2010 C BONDS"); (11) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 D (WEST VIRGINIA DWTRF PROGRAM), DATED JANUARY 28, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $9,317,286 (THE "SERIES 2010 D BONDS"); (12) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 E (WEST VIRGINIA DWTRF PROGRAM/ARRA), DATED JANUARY 28, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $100,000 (THE "SERIES 2010 E BONDS"); (13) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 F (BANK QUALIFIED), DATED JANUARY 28, 2010, ISSUED IN THE ORIGINAL AGGREGATE AMOUNT OF $7,250,000 (THE "SERIES 2010 F BONDS"); (14) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2012 A (WEST VIRGINIA DWTRF PROGRAM), DATED AUGUST 24, 2012, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $570,000 (THE "SERIES 2012 A BONDS"); AND (15) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2012 B (WEST VIRGINIA DWTRF PROGRAM), DATED AUGUST 24, 2012, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $444,835 (THE "SERIES 2012 B BONDS") (COLLECTIVELY, THE "PRIOR BONDS").

The Series 2012 C Bonds are subject to redemption prior to their stated maturity dates, as provided in the Ordinance and as set forth in the following lettered paragraphs:

(A) Optional Redemption

The Series 2012 C Bonds are subject to optional redemption prior to maturity, at the option of the City, in whole or in part at any time on and after October 1, 2017, in any order of maturities directed by the City, at a redemption price equal to par, plus accrued interest to the date of redemption.

(B) Mandatory Sinking Fund Redemption

The Series 2012 C Bonds are subject to annual mandatory redemption prior to maturity by random selection on October 1 of the years and in the principal amounts set forth below, at the redemption price of 100% of the principal amount of each Bond so called for redemption plus interest accrued to the date fixed for redemption:

Bonds Maturing 2015

| Year (October 1) | Principal Amount |
|---|---|
| 2013 | $90,000 |
| 2014 | $95,000 |
| 2015* | $95,000 |

Bonds Maturing 2017

| Year (October 1) | Principal Amount |
|---|---|
| 2016 | $95,000 |
| 2017* | $95,000 |

Bonds Maturing 2019

| Year (October 1) | Principal Amount |
|---|---|
| 2018 | $100,000 |
| 2019* | $100,000 |

Bonds Maturing 2022

| Year (October 1) | Principal Amount |
|---|---|
| 2020 | $105,000 |
| 2021 | $110,000 |
| 2022* | $110,000 |

Bonds Maturing 2025

| Year (October 1) | Principal Amount |
|---|---|
| 2023 | $115,000 |
| 2024 | $120,000 |
| 2025* | $120,000 |

Bonds Maturing 2027

| Year (October 1) | Principal Amount |
|---|---|
| 2026 | $125,000 |
| 2027* | $130,000 |

Bonds Maturing 2029

| Year (October 1) | Principal Amount |
|---|---|
| 2028 | $135,000 |
| 2029* | $140,000 |

Bonds Maturing 2032

| Year (October 1) | Principal Amount |
|---|---|
| 2030 | $145,000 |
| 2031 | $150,000 |
| 2032* | $155,000 |

*Final Maturity

In the event of any redemption of less than all outstanding Series 2012 C Bonds, the maturities to be redeemed shall be selected by the Paying Agent at the direction of the Issuer and Series 2012 C Bonds to be redeemed shall be determined by lot within a maturity, or in such other manner deemed appropriate by the Paying Agent. If less than all the Series 2012 C Bonds are to be redeemed, the Series 2012 C Bonds to be redeemed shall be identified by reference to the Series designation, date of issue, CUSIP numbers and Maturity Dates.

Notice of any redemption of this Series 2012 C Bond, unless waived, shall be given by the Paying Agent on behalf of the Issuer by mailing an official redemption notice by registered or certified mail at least 30 days and not more than 60 days prior to the date fixed for redemption to the Registered Owner of the Series 2012 C Bond or Series 2012 C Bonds to be redeemed at the address shown on the Bond Register or at such other address as is furnished in writing by such Registered Owner to the Paying Agent. Such notice shall also be given by the Paying Agent to the Registrar. Notice of redemption having been given as aforesaid, the Series 2012 C Bonds or portions of Series 2012 C Bonds so to be redeemed shall, on the Redemption Date, become due and payable at the Redemption Price therein specified, and from and after such date (unless the Issuer shall default in the payment of the Redemption Price) such Series 2012 C Bonds or portions of Series 2012 C Bonds shall cease to bear interest.

Failure to receive such notice or any defect therein or in the mailing thereof shall not affect the validity of proceedings for the redemption of this Series 2012 C Bond.

The Series 2012 C Bonds and the interest thereon are payable only from and are secured by the Gross Revenues (as defined in the Ordinance) to be derived from the operation of the System, on a parity in all respects with the pledge of the Gross Revenues created in favor of the holders of the Prior Bonds, all monies in the Series 2012 C Bonds Sinking Fund, and the Series 2012 C Bonds Reserve Account therein, established under the Ordinance, and the unexpended proceeds of the Series 2012 C Bonds, and the Issuer hereby and in the Ordinance pledges such revenues and monies to such payment.

Said Gross Revenues shall be sufficient to pay the principal of and interest 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 and to make the other payments required by the Ordinance. This Series 2012 C Bond does not constitute an indebtedness of the Issuer within any constitutional or statutory provision or limitation, nor shall the Issuer be obligated to pay the same or the interest hereon except from said special fund provided from the Gross Revenues, the monies in the Series 2012 C Bonds Sinking Fund and the Series 2012 C Bonds Reserve Account and said unexpended Series 2012 C Bond proceeds. Pursuant to the Ordinance, 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 Series 2012 C Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2012 C Bonds, including the Prior Bonds. The Issuer has entered into certain further covenants with the registered owners of the Series 2012 C Bonds, for the terms of which reference is made to the Ordinance. Remedies provided the registered owners of the Series 2012 C Bonds are exclusively as provided in the Ordinance, to which reference is here made for a detailed description thereof.

All monies received from the sale of the Bonds except for accrued interest thereon shall be applied solely to pay all costs of the Project, funding a reserve account for the Series 2012 C Bonds and pay costs of issuance of the Bonds, and there shall be, and hereby is, created and granted a lien upon such monies, until so applied, in favor of the registered owners of said Series 2012 C Bonds.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Series 2012 C 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 Series 2012 C Bond, together with all other obligations of said 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 said Issuer for the prompt payment of the principal of and interest on the Series 2012 C Bonds of which this Series 2012 C Bond is one.

This Series 2012 C Bond, under the provisions of the Act is and has all the qualities and incidents of, a negotiable instrument under the Uniform Commercial Code of the State of West Virginia, but may be transferred only upon the surrender hereof at the office of the Registrar and otherwise as provided by the within-described Ordinance.

This Bond has been designated a "qualified tax-exempt obligation" by the Issuer within the meaning of Section 265(b)(3)(B) of the Internal Revenue Code of 1986, as amended.

This Series 2012 C Bond and the income therefrom are, under the Act, exempt from all taxation by the State of West Virginia, or any county, municipality, political subdivision or agency thereof.

This Series 2012 C Bond shall not be entitled to any benefit under the Ordinance, or become valid or obligatory for any purpose, until the certificate of authentication and registration hereon shall have been signed by the Registrar.

All provisions of the Ordinance, as defined on the reverse hereof, and the statutes under which this Series 2012 C Bond is issued shall be deemed to be a part of the contract evidenced by this Series 2012 C Bond to the same extent as if written fully herein.

[Remainder of Page Intentionally Blank]

IN WITNESS WHEREOF, THE CITY OF MORGANTOWN (West Virginia) has caused this Bond to be signed by its Mayor and City Manager, and its corporate seal to be imprinted hereon and attested by its City Clerk, and has caused this Series 2012 C Bond to be dated as of the Series 2012 C Bond Date specified above.

[SEAL]

SPECIMEN

Mayor

SPECIMEN

City Manager

ATTEST: SPECIMEN

City Clerk

CERTIFICATE OF AUTHENTICATION
AND REGISTRATION

This Series 2012 C Bond is one of the fully registered Series 2012 C Bonds described in the within-mentioned Ordinance and has been duly registered in the name of the Registered Owner on the date set forth below. Attached hereto is the complete text of the opinion of Steptoe & Johnson PLLC, bond counsel, signed originals of which are on file with the Registrar, delivered and dated on the date of the original delivery of and payment for the Series 2012 C Bonds.

Dated: October 5, 2012.

UNITED BANK, INC.,
As Registrar

By _____
Its Authorized Officer

(FORM OF)
ASSIGNMENT

Social Security or Other Identifying Number of Assignee

_____

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto _____ the within Bond and does hereby irrevocably constitute and appoint _____ to transfer the said Bond on the books kept for registration thereof with full power of substitution in the premises.

Dated: _____, 20____.

_____

SIGNATURE GUARANTEED:

_____
(Bank, Trust Company or Firm)

_____
(Authorized Officer)

NOTICE: The Assignor's signature to this Assignment must correspond with the name as it appears upon the face of the within Bond in every particular, without alteration or any change whatever.

SPECIMEN

Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the Trustee or its agent for registration of transfer, exchange or payment, and any bond issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasumuch as the registered owner hereof, Cede & Co., has an interest herein.

No. CR-6 $255,000

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE CITY OF MORGANTOWN (WEST VIRGINIA)
COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2012 C
(BANK QUALIFIED)

| INTEREST RATE: | MATURITY DATE: | BOND DATE: | CUSIP: |
|---|---|---|---|
| 3.500% | 10/01/2027 | 10/05/2012 | 61759C BA5 |

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: TWO HUNDRED FIFTY-FIVE THOUSAND DOLLARS

KNOW ALL MEN BY THESE PRESENTS: That THE CITY OF MORGANTOWN (West Virginia), a municipal corporation organized and existing under the laws of the State of West Virginia (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, the Principal Amount specified above and solely from such special funds also to pay interest on said Principal Amount from the Interest Payment Date (as hereinafter defined) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, or, if and to the extent that the Issuer shall default in the payment of interest on any Interest Payment Date, then this Bond shall bear interest from the most recent Interest Payment Date to which interest has been paid or duly provided for, and in which case any Bond surrendered for transfer or exchange shall be dated as of the Interest Payment Date to which interest has been paid in full, at the Interest Rate per annum specified above, semiannually, on April 1 and October 1, in each year, beginning April 1, 2013 (each an "Interest Payment Date"), until maturity or until the date fixed for redemption if this Bond is called for prior redemption and payment on such date is provided for. Capitalized terms used and not defined herein shall have the meanings ascribed thereto in the hereinafter-described Ordinance.

Interest accruing on this Bond on and prior to the Maturity Date hereof shall be payable by check or draft mailed by the West Virginia Municipal Bond Commission, Charleston, West Virginia, as paying agent (in such capacity, the "Paying Agent"), to the Registered Owner hereof as of the applicable Record Date (each March 15 and September 15) or, in the event of a default in the payment of Bonds, that special record date to be fixed by the hereinafter named Registrar by notice given to the Registered Owners not less than 10 days prior to said special record date at the address of such Registered Owner as it appears on the registration books of the Issuer maintained by United Bank, Inc., Charleston, West Virginia, as registrar (in such capacity, the "Registrar"), or, at the option of any Registered Owner of at least $1,000,000 in aggregate principal amount of Bonds, by wire transfer in immediately available funds to a domestic bank account specified in writing by the Registered Owner to the Paying Agent at least 5 days prior to such Record Date. Principal and premium, if any, shall be paid when due upon presentation and surrender of this Bond for payment at the office of the Paying Agent, in Charleston, West Virginia.

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(B) Mandatory Sinking Fund Redemption

The Series 2012 C Bonds are subject to annual mandatory redemption prior to maturity by random selection on October 1 of the years and in the principal amounts set forth below, at the redemption price of 100% of the principal amount of each Bond so called for redemption plus interest accrued to the date fixed for redemption:

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Bonds Maturing 2019

| Year (October 1) | Principal Amount |
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Bonds Maturing 2022

| Year (October 1) | Principal Amount |
|---|---|
| 2020 | $105,000 |
| 2021 | $110,000 |
| 2022* | $110,000 |

Bonds Maturing 2025

| Year (October 1) | Principal Amount |
|---|---|
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| 2024 | $120,000 |
| 2025* | $120,000 |

Bonds Maturing 2027

| Year (October 1) | Principal Amount |
|---|---|
| 2026 | $125,000 |
| 2027* | $130,000 |

Bonds Maturing 2029

| Year (October 1) | Principal Amount |
|---|---|
| 2028 | $135,000 |
| 2029* | $140,000 |

Bonds Maturing 2032

| Year (October 1) | Principal Amount |
|---|---|
| 2030 | $145,000 |
| 2031 | $150,000 |
| 2032* | $155,000 |

*Final Maturity

In the event of any redemption of less than all outstanding Series 2012 C Bonds, the maturities to be redeemed shall be selected by the Paying Agent at the direction of the Issuer and Series 2012 C Bonds to be redeemed shall be determined by lot within a maturity, or in such other manner deemed appropriate by the Paying Agent. If less than all the Series 2012 C Bonds are to be redeemed, the Series 2012 C Bonds to be redeemed shall be identified by reference to the Series designation, date of issue, CUSIP numbers and Maturity Dates.

Notice of any redemption of this Series 2012 C Bond, unless waived, shall be given by the Paying Agent on behalf of the Issuer by mailing an official redemption notice by registered or certified mail at least 30 days and not more than 60 days prior to the date fixed for redemption to the Registered Owner of the Series 2012 C Bond or Series 2012 C Bonds to be redeemed at the address shown on the Bond Register or at such other address as is furnished in writing by such Registered Owner to the Paying Agent. Such notice shall also be given by the Paying Agent to the Registrar. Notice of redemption having been given as aforesaid, the Series 2012 C Bonds or portions of Series 2012 C Bonds so to be redeemed shall, on the Redemption Date, become due and payable at the Redemption Price therein specified, and from and after such date (unless the Issuer shall default in the payment of the Redemption Price) such Series 2012 C Bonds or portions of Series 2012 C Bonds shall cease to bear interest.

Failure to receive such notice or any defect therein or in the mailing thereof shall not affect the validity of proceedings for the redemption of this Series 2012 C Bond.

The Series 2012 C Bonds and the interest thereon are payable only from and are secured by the Gross Revenues (as defined in the Ordinance) to be derived from the operation of the System, on a parity in all respects with the pledge of the Gross Revenues created in favor of the holders of the Prior Bonds, all monies in the Series 2012 C Bonds Sinking Fund, and the Series 2012 C Bonds Reserve Account therein, established under the Ordinance, and the unexpended proceeds of the Series 2012 C Bonds, and the Issuer hereby and in the Ordinance pledges such revenues and monies to such payment.

Said Gross Revenues shall be sufficient to pay the principal of and interest 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 and to make the other payments required by the Ordinance. This Series 2012 C Bond does not constitute an indebtedness of the Issuer within any constitutional or statutory provision or limitation, nor shall the Issuer be obligated to pay the same or the interest hereon except from said special fund provided from the Gross Revenues, the monies in the Series 2012 C Bonds Sinking Fund and the Series 2012 C Bonds Reserve Account and said unexpended Series 2012 C Bond proceeds. Pursuant to the Ordinance, 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 Series 2012 C Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2012 C Bonds, including the Prior Bonds. The Issuer has entered into certain further covenants with the registered owners of the Series 2012 C Bonds, for the terms of which reference is made to the Ordinance. Remedies provided the registered owners of the Series 2012 C Bonds are exclusively as provided in the Ordinance, to which reference is here made for a detailed description thereof.

All monies received from the sale of the Bonds except for accrued interest thereon shall be applied solely to pay all costs of the Project, funding a reserve account for the Series 2012 C Bonds and pay costs of issuance of the Bonds, and there shall be, and hereby is, created and granted a lien upon such monies, until so applied, in favor of the registered owners of said Series 2012 C Bonds.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Series 2012 C 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 Series 2012 C Bond, together with all other obligations of said 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 said Issuer for the prompt payment of the principal of and interest on the Series 2012 C Bonds of which this Series 2012 C Bond is one.

This Series 2012 C Bond, under the provisions of the Act is and has all the qualities and incidents of, a negotiable instrument under the Uniform Commercial Code of the State of West Virginia, but may be transferred only upon the surrender hereof at the office of the Registrar and otherwise as provided by the within-described Ordinance.

This Bond has been designated a "qualified tax-exempt obligation" by the Issuer within the meaning of Section 265(b)(3)(B) of the Internal Revenue Code of 1986, as amended.

This Series 2012 C Bond and the income therefrom are, under the Act, exempt from all taxation by the State of West Virginia, or any county, municipality, political subdivision or agency thereof.

This Series 2012 C Bond shall not be entitled to any benefit under the Ordinance, or become valid or obligatory for any purpose, until the certificate of authentication and registration hereon shall have been signed by the Registrar.

All provisions of the Ordinance, as defined on the reverse hereof, and the statutes under which this Series 2012 C Bond is issued shall be deemed to be a part of the contract evidenced by this Series 2012 C Bond to the same extent as if written fully herein.

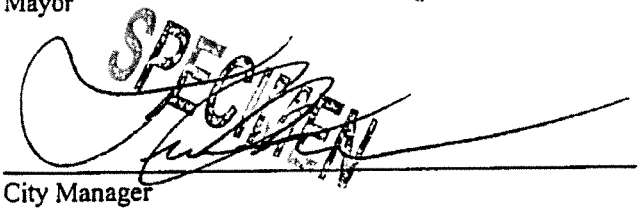
[Remainder of Page Intentionally Blank]

IN WITNESS WHEREOF, THE CITY OF MORGANTOWN (West Virginia) has caused this Bond to be signed by its Mayor and City Manager, and its corporate seal to be imprinted hereon and attested by its City Clerk, and has caused this Series 2012 C Bond to be dated as of the Series 2012 C Bond Date specified above.

[SEAL]

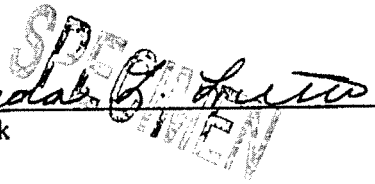



Mayor




City Manager

ATTEST:




City Clerk

CERTIFICATE OF AUTHENTICATION
AND REGISTRATION

This Series 2012 C Bond is one of the fully registered Series 2012 C Bonds described in the within-mentioned Ordinance and has been duly registered in the name of the Registered Owner on the date set forth below. Attached hereto is the complete text of the opinion of Steptoe & Johnson PLLC, bond counsel, signed originals of which are on file with the Registrar, delivered and dated on the date of the original delivery of and payment for the Series 2012 C Bonds.

Dated: October 5, 2012.

UNITED BANK, INC.,
As Registrar

SPECIMEN

By _____
Its Authorized Officer

(FORM OF)
ASSIGNMENT

Social Security or Other Identifying Number of Assignee

_____

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto _____ the within Bond and does hereby irrevocably constitute and appoint _____ to transfer the said Bond on the books kept for registration thereof with full power of substitution in the premises.

Dated: _____, 20____.

_____

SIGNATURE GUARANTEED:

_____
(Bank, Trust Company or Firm)

_____
(Authorized Officer)

NOTICE: The Assignor's signature to this Assignment must correspond with the name as it appears upon the face of the within Bond in every particular, without alteration or any change whatever.

SPECIMEN

Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the Trustee or its agent for registration of transfer, exchange or payment, and any bond issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasumuch as the registered owner hereof, Cede & Co., has an interest herein.

No. CR-7 $275,000

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE CITY OF MORGANTOWN (WEST VIRGINIA)
COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2012 C
(BANK QUALIFIED)

| INTEREST RATE: | MATURITY DATE: | BOND DATE: | CUSIP: |
|---|---|---|---|
| 4.000% | 10/01/2029 | 10/05/2012 | 61759C BB3 |

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: TWO HUNDRED SEVENTY-FIVE THOUSAND DOLLARS

KNOW ALL MEN BY THESE PRESENTS: That THE CITY OF MORGANTOWN (West Virginia), a municipal corporation organized and existing under the laws of the State of West Virginia (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, the Principal Amount specified above and solely from such special funds also to pay interest on said Principal Amount from the Interest Payment Date (as hereinafter defined) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, or, if and to the extent that the Issuer shall default in the payment of interest on any Interest Payment Date, then this Bond shall bear interest from the most recent Interest Payment Date to which interest has been paid or duly provided for, and in which case any Bond surrendered for transfer or exchange shall be dated as of the Interest Payment Date to which interest has been paid in full, at the Interest Rate per annum specified above, semiannually, on April 1 and October 1, in each year, beginning April 1, 2013 (each an "Interest Payment Date"), until maturity or until the date fixed for redemption if this Bond is called for prior redemption and payment on such date is provided for. Capitalized terms used and not defined herein shall have the meanings ascribed thereto in the hereinafter-described Ordinance.

Interest accruing on this Bond on and prior to the Maturity Date hereof shall be payable by check or draft mailed by the West Virginia Municipal Bond Commission, Charleston, West Virginia, as paying agent (in such capacity, the "Paying Agent"), to the Registered Owner hereof as of the applicable Record Date (each March 15 and September 15) or, in the event of a default in the payment of Bonds, that special record date to be fixed by the hereinafter named Registrar by notice given to the Registered Owners not less than 10 days prior to said special record date at the address of such Registered Owner as it appears on the registration books of the Issuer maintained by United Bank, Inc., Charleston, West Virginia, as registrar (in such capacity, the "Registrar"), or, at the option of any Registered Owner of at least $1,000,000 in aggregate principal amount of Bonds, by wire transfer in immediately available funds to a domestic bank account specified in writing by the Registered Owner to the Paying Agent at least 5 days prior to such Record Date. Principal and premium, if any, shall be paid when due upon presentation and surrender of this Bond for payment at the office of the Paying Agent, in Charleston, West Virginia.

This Bond is one of an issue of a series of bonds, in the aggregate principal amount of $2,330,000, designated "The City of Morgantown Combined Utility System Revenue Bonds, Series 2012 C" (the "Series 2012 C Bonds"), of like tenor and effect, except as to number, denomination, date of maturity and interest rate, dated October 5, 2012, upon original issuance, the proceeds of which are to be used, together with other funds of the Issuer, (i) to finance the cost of acquisition and construction of certain additions, betterments and improvements to the stormwater portion of the combined waterworks, sewerage and stormwater system of the Issuer, (ii) to fund a reserve account for the Series 2012 C Bonds, and (iii) to pay certain costs of issuance of the Series 2012 C Bonds and related costs. The Series 2012 C 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 of the West Virginia Code of 1931, as amended (the "Act"), and an ordinance duly enacted by the City Council of the Issuer on January 3, 2012, and supplemented by a supplemental resolution adopted by said Council on March 6, 2012 (hereinafter collectively referred to as the "Ordinance"), and is subject to all the terms and conditions of said Ordinance. The Ordinance 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 Series 2012 C Bonds under the Ordinance. Reference is hereby made to the Ordinance, as the same may be amended and supplemented from time to time, for a description of the rights, limitations of rights, obligations, duties and immunities of the Issuer, the Registrar, the Paying Agent, the Registered Owners of the Series 2012 C Bonds and the Registered Owners of any subsequently issued additional bonds. Executed counterparts or certified copies of the Ordinance are on file at the office of the City Clerk in The City of Morgantown, West Virginia.

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) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 1992 (WEST VIRGINIA SRF PROGRAM), DATED SEPTEMBER 8, 1992, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $11,900,000 (THE "SERIES 1992 BONDS"); (2) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 1995 (WEST VIRGINIA SRF PROGRAM), DATED APRIL 27, 1995, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,601,477 (THE "SERIES 1995 BONDS"); (3) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2000 A (WEST VIRGINIA SRF PROGRAM), DATED FEBRUARY 29, 2000, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $7,842,000 (THE "SERIES 2000 A BONDS"); (4) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2000 B (WEST VIRGINIA INFRASTRUCTURE FUND), DATED FEBRUARY 29, 2000, ISSUED IN THE ORIGINAL

AGGREGATE PRINCIPAL AMOUNT OF $2,488,000 (THE "SERIES 2000 B BONDS"); (5) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2001 A (WEST VIRGINIA INFRASTRUCTURE FUND), DATED FEBRUARY 8, 2001, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $3,812,470 (THE "SERIES 2001 A BONDS"); (6) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2006 A (WEST VIRGINIA SRF PROGRAM), DATED JUNE 30, 2006, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $6,410,191 (THE "SERIES 2006 A BONDS"); (7) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2007 A (WEST VIRGINIA SRF PROGRAM), DATED AUGUST 14, 2007, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $8,500,000 (THE "SERIES 2007 A BONDS"); (8) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 A (DIRECT PAYMENT BUILD AMERICA BONDS), DATED JANUARY 28, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $37,950,000 (THE "SERIES 2010 A BONDS"); (9) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 B (WEST VIRGINIA SRF PROGRAM/ARRA), DATED JANUARY 28, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $81,600 (THE "SERIES 2010 B BONDS"); (10) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 C (WEST VIRGINIA SRF PROGRAM), DATED JANUARY 28, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $15,380,227 (THE "SERIES 2010 C BONDS"); (11) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 D (WEST VIRGINIA DWTRF PROGRAM), DATED JANUARY 28, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $9,317,286 (THE "SERIES 2010 D BONDS"); (12) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 E (WEST VIRGINIA DWTRF PROGRAM/ARRA), DATED JANUARY 28, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $100,000 (THE "SERIES 2010 E BONDS"); (13) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 F (BANK QUALIFIED), DATED JANUARY 28, 2010, ISSUED IN THE ORIGINAL AGGREGATE AMOUNT OF $7,250,000 (THE "SERIES 2010 F BONDS"); (14) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2012 A (WEST VIRGINIA DWTRF PROGRAM), DATED AUGUST 24, 2012, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $570,000 (THE "SERIES 2012 A BONDS"); AND (15) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2012 B (WEST VIRGINIA DWTRF PROGRAM), DATED AUGUST 24, 2012, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $444,835 (THE "SERIES 2012 B BONDS") (COLLECTIVELY, THE "PRIOR BONDS").

The Series 2012 C Bonds are subject to redemption prior to their stated maturity dates, as provided in the Ordinance and as set forth in the following lettered paragraphs:

(A) Optional Redemption

The Series 2012 C Bonds are subject to optional redemption prior to maturity, at the option of the City, in whole or in part at any time on and after October 1, 2017, in any order of maturities directed by the City, at a redemption price equal to par, plus accrued interest to the date of redemption.

(B) Mandatory Sinking Fund Redemption

The Series 2012 C Bonds are subject to annual mandatory redemption prior to maturity by random selection on October 1 of the years and in the principal amounts set forth below, at the redemption price of 100% of the principal amount of each Bond so called for redemption plus interest accrued to the date fixed for redemption:

Bonds Maturing 2015

| Year (October 1) | Principal Amount |
|---|---|
| 2013 | $90,000 |
| 2014 | $95,000 |
| 2015* | $95,000 |

Bonds Maturing 2017

| Year (October 1) | Principal Amount |
|---|---|
| 2016 | $95,000 |
| 2017* | $95,000 |

Bonds Maturing 2019

| Year (October 1) | Principal Amount |
|---|---|
| 2018 | $100,000 |
| 2019* | $100,000 |

Bonds Maturing 2022

| Year (October 1) | Principal Amount |
|---|---|
| 2020 | $105,000 |
| 2021 | $110,000 |
| 2022* | $110,000 |

Bonds Maturing 2025

| Year (October 1) | Principal Amount |
|---|---|
| 2023 | $115,000 |
| 2024 | $120,000 |
| 2025* | $120,000 |

Bonds Maturing 2027

| Year (October 1) | Principal Amount |
|---|---|
| 2026 | $125,000 |
| 2027* | $130,000 |

Bonds Maturing 2029

| Year (October 1) | Principal Amount |
|---|---|
| 2028 | $135,000 |
| 2029* | $140,000 |

Bonds Maturing 2032

| Year (October 1) | Principal Amount |
|---|---|
| 2030 | $145,000 |
| 2031 | $150,000 |
| 2032* | $155,000 |

*Final Maturity

In the event of any redemption of less than all outstanding Series 2012 C Bonds, the maturities to be redeemed shall be selected by the Paying Agent at the direction of the Issuer and Series 2012 C Bonds to be redeemed shall be determined by lot within a maturity, or in such other manner deemed appropriate by the Paying Agent. If less than all the Series 2012 C Bonds are to be redeemed, the Series 2012 C Bonds to be redeemed shall be identified by reference to the Series designation, date of issue, CUSIP numbers and Maturity Dates.

Notice of any redemption of this Series 2012 C Bond, unless waived, shall be given by the Paying Agent on behalf of the Issuer by mailing an official redemption notice by registered or certified mail at least 30 days and not more than 60 days prior to the date fixed for redemption to the Registered Owner of the Series 2012 C Bond or Series 2012 C Bonds to be redeemed at the address shown on the Bond Register or at such other address as is furnished in writing by such Registered Owner to the Paying Agent. Such notice shall also be given by the Paying Agent to the Registrar. Notice of redemption having been given as aforesaid, the Series 2012 C Bonds or portions of Series 2012 C Bonds so to be redeemed shall, on the Redemption Date, become due and payable at the Redemption Price therein specified, and from and after such date (unless the Issuer shall default in the payment of the Redemption Price) such Series 2012 C Bonds or portions of Series 2012 C Bonds shall cease to bear interest.

Failure to receive such notice or any defect therein or in the mailing thereof shall not affect the validity of proceedings for the redemption of this Series 2012 C Bond.

The Series 2012 C Bonds and the interest thereon are payable only from and are secured by the Gross Revenues (as defined in the Ordinance) to be derived from the operation of the System, on a parity in all respects with the pledge of the Gross Revenues created in favor of the holders of the Prior Bonds, all monies in the Series 2012 C Bonds Sinking Fund, and the Series 2012 C Bonds Reserve Account therein, established under the Ordinance, and the unexpended proceeds of the Series 2012 C Bonds, and the Issuer hereby and in the Ordinance pledges such revenues and monies to such payment.

Said Gross Revenues shall be sufficient to pay the principal of and interest 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 and to make the other payments required by the Ordinance. This Series 2012 C Bond does not constitute an indebtedness of the Issuer within any constitutional or statutory provision or limitation, nor shall the Issuer be obligated to pay the same or the interest hereon except from said special fund provided from the Gross Revenues, the monies in the Series 2012 C Bonds Sinking Fund and the Series 2012 C Bonds Reserve Account and said unexpended Series 2012 C Bond proceeds. Pursuant to the Ordinance, 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 Series 2012 C Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2012 C Bonds, including the Prior Bonds. The Issuer has entered into certain further covenants with the registered owners of the Series 2012 C Bonds, for the terms of which reference is made to the Ordinance. Remedies provided the registered owners of the Series 2012 C Bonds are exclusively as provided in the Ordinance, to which reference is here made for a detailed description thereof.

All monies received from the sale of the Bonds except for accrued interest thereon shall be applied solely to pay all costs of the Project, funding a reserve account for the Series 2012 C Bonds and pay costs of issuance of the Bonds, and there shall be, and hereby is, created and granted a lien upon such monies, until so applied, in favor of the registered owners of said Series 2012 C Bonds.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Series 2012 C 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 Series 2012 C Bond, together with all other obligations of said 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 said Issuer for the prompt payment of the principal of and interest on the Series 2012 C Bonds of which this Series 2012 C Bond is one.

This Series 2012 C Bond, under the provisions of the Act is and has all the qualities and incidents of, a negotiable instrument under the Uniform Commercial Code of the State of West Virginia, but may be transferred only upon the surrender hereof at the office of the Registrar and otherwise as provided by the within-described Ordinance.

This Bond has been designated a "qualified tax-exempt obligation" by the Issuer within the meaning of Section 265(b)(3)(B) of the Internal Revenue Code of 1986, as amended.

This Series 2012 C Bond and the income therefrom are, under the Act, exempt from all taxation by the State of West Virginia, or any county, municipality, political subdivision or agency thereof.

This Series 2012 C Bond shall not be entitled to any benefit under the Ordinance, or become valid or obligatory for any purpose, until the certificate of authentication and registration hereon shall have been signed by the Registrar.

All provisions of the Ordinance, as defined on the reverse hereof, and the statutes under which this Series 2012 C Bond is issued shall be deemed to be a part of the contract evidenced by this Series 2012 C Bond to the same extent as if written fully herein.

[Remainder of Page Intentionally Blank]

IN WITNESS WHEREOF, THE CITY OF MORGANTOWN (West Virginia) has caused this Bond to be signed by its Mayor and City Manager, and its corporate seal to be imprinted hereon and attested by its City Clerk, and has caused this Series 2012 C Bond to be dated as of the Series 2012 C Bond Date specified above.

[SEAL] SPECIMEN

Mayor

SPECIMEN

City Manager

ATTEST SPECIMEN

City Clerk

CERTIFICATE OF AUTHENTICATION
AND REGISTRATION

This Series 2012 C Bond is one of the fully registered Series 2012 C Bonds described in the within-mentioned Ordinance and has been duly registered in the name of the Registered Owner on the date set forth below. Attached hereto is the complete text of the opinion of Steptoe & Johnson PLLC, bond counsel, signed originals of which are on file with the Registrar, delivered and dated on the date of the original delivery of and payment for the Series 2012 C Bonds.

Dated: October 5, 2012.

UNITED BANK, INC.,
As Registrar

By _____
Its Authorized Officer

(FORM OF)
ASSIGNMENT

Social Security or Other Identifying Number of Assignee

_____

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto _____ the within Bond and does hereby irrevocably constitute and appoint _____ to transfer the said Bond on the books kept for registration thereof with full power of substitution in the premises.

Dated: _____, 20____.

_____

SIGNATURE GUARANTEED:

_____
(Bank, Trust Company or Firm)

_____
(Authorized Officer)

NOTICE: The Assignor's signature to this Assignment must correspond with the name as it appears upon the face of the within Bond in every particular, without alteration or any change whatever.

SPECIMEN

Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the Trustee or its agent for registration of transfer, exchange or payment, and any bond issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasumuch as the registered owner hereof, Cede & Co., has an interest herein.

No. CR-8 $450,000

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE CITY OF MORGANTOWN (WEST VIRGINIA)
COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2012 C
(BANK QUALIFIED)

| INTEREST RATE: | MATURITY DATE: | BOND DATE: | CUSIP: |
|---|---|---|---|
| 4.000% | 10/01/2032 | 10/05/2012 | 61759C BC1 |

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: FOUR HUNDRED FIFTY THOUSAND DOLLARS

KNOW ALL MEN BY THESE PRESENTS: That THE CITY OF MORGANTOWN (West Virginia), a municipal corporation organized and existing under the laws of the State of West Virginia (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, the Principal Amount specified above and solely from such special funds also to pay interest on said Principal Amount from the Interest Payment Date (as hereinafter defined) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, or, if and to the extent that the Issuer shall default in the payment of interest on any Interest Payment Date, then this Bond shall bear interest from the most recent Interest Payment Date to which interest has been paid or duly provided for, and in which case any Bond surrendered for transfer or exchange shall be dated as of the Interest Payment Date to which interest has been paid in full, at the Interest Rate per annum specified above, semiannually, on April 1 and October 1, in each year, beginning April 1, 2013 (each an "Interest Payment Date"), until maturity or until the date fixed for redemption if this Bond is called for prior redemption and payment on such date is provided for. Capitalized terms used and not defined herein shall have the meanings ascribed thereto in the hereinafter-described Ordinance.

Interest accruing on this Bond on and prior to the Maturity Date hereof shall be payable by check or draft mailed by the West Virginia Municipal Bond Commission, Charleston, West Virginia, as paying agent (in such capacity, the "Paying Agent"), to the Registered Owner hereof as of the applicable Record Date (each March 15 and September 15) or, in the event of a default in the payment of Bonds, that special record date to be fixed by the hereinafter named Registrar by notice given to the Registered Owners not less than 10 days prior to said special record date at the address of such Registered Owner as it appears on the registration books of the Issuer maintained by United Bank, Inc., Charleston, West Virginia, as registrar (in such capacity, the "Registrar"), or, at the option of any Registered Owner of at least $1,000,000 in aggregate principal amount of Bonds, by wire transfer in immediately available funds to a domestic bank account specified in writing by the Registered Owner to the Paying Agent at least 5 days prior to such Record Date. Principal and premium, if any, shall be paid when due upon presentation and surrender of this Bond for payment at the office of the Paying Agent, in Charleston, West Virginia.

This Bond is one of an issue of a series of bonds, in the aggregate principal amount of $2,330,000, designated "The City of Morgantown Combined Utility System Revenue Bonds, Series 2012 C" (the "Series 2012 C Bonds"), of like tenor and effect, except as to number, denomination, date of maturity and interest rate, dated October 5, 2012, upon original issuance, the proceeds of which are to be used, together with other funds of the Issuer, (i) to finance the cost of acquisition and construction of certain additions, betterments and improvements to the stormwater portion of the combined waterworks, sewerage and stormwater system of the Issuer, (ii) to fund a reserve account for the Series 2012 C Bonds, and (iii) to pay certain costs of issuance of the Series 2012 C Bonds and related costs. The Series 2012 C 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 of the West Virginia Code of 1931, as amended (the "Act"), and an ordinance duly enacted by the City Council of the Issuer on January 3, 2012, and supplemented by a supplemental resolution adopted by said Council on March 6, 2012 (hereinafter collectively referred to as the "Ordinance"), and is subject to all the terms and conditions of said Ordinance. The Ordinance 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 Series 2012 C Bonds under the Ordinance. Reference is hereby made to the Ordinance, as the same may be amended and supplemented from time to time, for a description of the rights, limitations of rights, obligations, duties and immunities of the Issuer, the Registrar, the Paying Agent, the Registered Owners of the Series 2012 C Bonds and the Registered Owners of any subsequently issued additional bonds. Executed counterparts or certified copies of the Ordinance are on file at the office of the City Clerk in The City of Morgantown, West Virginia.

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) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 1992 (WEST VIRGINIA SRF PROGRAM), DATED SEPTEMBER 8, 1992, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $11,900,000 (THE "SERIES 1992 BONDS"); (2) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 1995 (WEST VIRGINIA SRF PROGRAM), DATED APRIL 27, 1995, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,601,477 (THE "SERIES 1995 BONDS"); (3) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2000 A (WEST VIRGINIA SRF PROGRAM), DATED FEBRUARY 29, 2000, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $7,842,000 (THE "SERIES 2000 A BONDS"); (4) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2000 B (WEST VIRGINIA INFRASTRUCTURE FUND), DATED FEBRUARY 29, 2000, ISSUED IN THE ORIGINAL

AGGREGATE PRINCIPAL AMOUNT OF $2,488,000 (THE "SERIES 2000 B BONDS"); (5) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2001 A (WEST VIRGINIA INFRASTRUCTURE FUND), DATED FEBRUARY 8, 2001, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $3,812,470 (THE "SERIES 2001 A BONDS"); (6) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2006 A (WEST VIRGINIA SRF PROGRAM), DATED JUNE 30, 2006, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $6,410,191 (THE "SERIES 2006 A BONDS"); (7) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2007 A (WEST VIRGINIA SRF PROGRAM), DATED AUGUST 14, 2007, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $8,500,000 (THE "SERIES 2007 A BONDS"); (8) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 A (DIRECT PAYMENT BUILD AMERICA BONDS), DATED JANUARY 28, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $37,950,000 (THE "SERIES 2010 A BONDS"); (9) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 B (WEST VIRGINIA SRF PROGRAM/ARRA), DATED JANUARY 28, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $81,600 (THE "SERIES 2010 B BONDS"); (10) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 C (WEST VIRGINIA SRF PROGRAM), DATED JANUARY 28, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $15,380,227 (THE "SERIES 2010 C BONDS"); (11) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 D (WEST VIRGINIA DWTRF PROGRAM), DATED JANUARY 28, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $9,317,286 (THE "SERIES 2010 D BONDS"); (12) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 E (WEST VIRGINIA DWTRF PROGRAM/ARRA), DATED JANUARY 28, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $100,000 (THE "SERIES 2010 E BONDS"); (13) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 F (BANK QUALIFIED), DATED JANUARY 28, 2010, ISSUED IN THE ORIGINAL AGGREGATE AMOUNT OF $7,250,000 (THE "SERIES 2010 F BONDS"); (14) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2012 A (WEST VIRGINIA DWTRF PROGRAM), DATED AUGUST 24, 2012, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $570,000 (THE "SERIES 2012 A BONDS"); AND (15) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2012 B (WEST VIRGINIA DWTRF PROGRAM), DATED AUGUST 24, 2012, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $444,835 (THE "SERIES 2012 B BONDS") (COLLECTIVELY, THE "PRIOR BONDS").

The Series 2012 C Bonds are subject to redemption prior to their stated maturity dates, as provided in the Ordinance and as set forth in the following lettered paragraphs:

(A) Optional Redemption

The Series 2012 C Bonds are subject to optional redemption prior to maturity, at the option of the City, in whole or in part at any time on and after October 1, 2017, in any order of maturities directed by the City, at a redemption price equal to par, plus accrued interest to the date of redemption.

(B) Mandatory Sinking Fund Redemption

The Series 2012 C Bonds are subject to annual mandatory redemption prior to maturity by random selection on October 1 of the years and in the principal amounts set forth below, at the redemption price of 100% of the principal amount of each Bond so called for redemption plus interest accrued to the date fixed for redemption:

Bonds Maturing 2015

| Year (October 1) | Principal Amount |
|---|---|
| 2013 | $90,000 |
| 2014 | $95,000 |
| 2015* | $95,000 |

Bonds Maturing 2017

| Year (October 1) | Principal Amount |
|---|---|
| 2016 | $95,000 |
| 2017* | $95,000 |

Bonds Maturing 2019

| Year (October 1) | Principal Amount |
|---|---|
| 2018 | $100,000 |
| 2019* | $100,000 |

Bonds Maturing 2022

| Year (October 1) | Principal Amount |
|---|---|
| 2020 | $105,000 |
| 2021 | $110,000 |
| 2022* | $110,000 |

Bonds Maturing 2025

| Year (October 1) | Principal Amount |
|---|---|
| 2023 | $115,000 |
| 2024 | $120,000 |
| 2025* | $120,000 |

Bonds Maturing 2027

| Year (October 1) | Principal Amount |
|---|---|
| 2026 | $125,000 |
| 2027* | $130,000 |

Bonds Maturing 2029

| Year (October 1) | Principal Amount |
|---|---|
| 2028 | $135,000 |
| 2029* | $140,000 |

Bonds Maturing 2032

| Year (October 1) | Principal Amount |
|---|---|
| 2030 | $145,000 |
| 2031 | $150,000 |
| 2032* | $155,000 |

*Final Maturity

In the event of any redemption of less than all outstanding Series 2012 C Bonds, the maturities to be redeemed shall be selected by the Paying Agent at the direction of the Issuer and Series 2012 C Bonds to be redeemed shall be determined by lot within a maturity, or in such other manner deemed appropriate by the Paying Agent. If less than all the Series 2012 C Bonds are to be redeemed, the Series 2012 C Bonds to be redeemed shall be identified by reference to the Series designation, date of issue, CUSIP numbers and Maturity Dates.

Notice of any redemption of this Series 2012 C Bond, unless waived, shall be given by the Paying Agent on behalf of the Issuer by mailing an official redemption notice by registered or certified mail at least 30 days and not more than 60 days prior to the date fixed for redemption to the Registered Owner of the Series 2012 C Bond or Series 2012 C Bonds to be redeemed at the address shown on the Bond Register or at such other address as is furnished in writing by such Registered Owner to the Paying Agent. Such notice shall also be given by the Paying Agent to the Registrar. Notice of redemption having been given as aforesaid, the Series 2012 C Bonds or portions of Series 2012 C Bonds so to be redeemed shall, on the Redemption Date, become due and payable at the Redemption Price therein specified, and from and after such date (unless the Issuer shall default in the payment of the Redemption Price) such Series 2012 C Bonds or portions of Series 2012 C Bonds shall cease to bear interest.

Failure to receive such notice or any defect therein or in the mailing thereof shall not affect the validity of proceedings for the redemption of this Series 2012 C Bond.

The Series 2012 C Bonds and the interest thereon are payable only from and are secured by the Gross Revenues (as defined in the Ordinance) to be derived from the operation of the System, on a parity in all respects with the pledge of the Gross Revenues created in favor of the holders of the Prior Bonds, all monies in the Series 2012 C Bonds Sinking Fund, and the Series 2012 C Bonds Reserve Account therein, established under the Ordinance, and the unexpended proceeds of the Series 2012 C Bonds, and the Issuer hereby and in the Ordinance pledges such revenues and monies to such payment.

Said Gross Revenues shall be sufficient to pay the principal of and interest 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 and to make the other payments required by the Ordinance. This Series 2012 C Bond does not constitute an indebtedness of the Issuer within any constitutional or statutory provision or limitation, nor shall the Issuer be obligated to pay the same or the interest hereon except from said special fund provided from the Gross Revenues, the monies in the Series 2012 C Bonds Sinking Fund and the Series 2012 C Bonds Reserve Account and said unexpended Series 2012 C Bond proceeds. Pursuant to the Ordinance, 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 Series 2012 C Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2012 C Bonds, including the Prior Bonds. The Issuer has entered into certain further covenants with the registered owners of the Series 2012 C Bonds, for the terms of which reference is made to the Ordinance. Remedies provided the registered owners of the Series 2012 C Bonds are exclusively as provided in the Ordinance, to which reference is here made for a detailed description thereof.

All monies received from the sale of the Bonds except for accrued interest thereon shall be applied solely to pay all costs of the Project, funding a reserve account for the Series 2012 C Bonds and pay costs of issuance of the Bonds, and there shall be, and hereby is, created and granted a lien upon such monies, until so applied, in favor of the registered owners of said Series 2012 C Bonds.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Series 2012 C 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 Series 2012 C Bond, together with all other obligations of said 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 said Issuer for the prompt payment of the principal of and interest on the Series 2012 C Bonds of which this Series 2012 C Bond is one.

This Series 2012 C Bond, under the provisions of the Act is and has all the qualities and incidents of, a negotiable instrument under the Uniform Commercial Code of the State of West Virginia, but may be transferred only upon the surrender hereof at the office of the Registrar and otherwise as provided by the within-described Ordinance.

This Bond has been designated a "qualified tax-exempt obligation" by the Issuer within the meaning of Section 265(b)(3)(B) of the Internal Revenue Code of 1986, as amended.

This Series 2012 C Bond and the income therefrom are, under the Act, exempt from all taxation by the State of West Virginia, or any county, municipality, political subdivision or agency thereof.

This Series 2012 C Bond shall not be entitled to any benefit under the Ordinance, or become valid or obligatory for any purpose, until the certificate of authentication and registration hereon shall have been signed by the Registrar.

All provisions of the Ordinance, as defined on the reverse hereof, and the statutes under which this Series 2012 C Bond is issued shall be deemed to be a part of the contract evidenced by this Series 2012 C Bond to the same extent as if written fully herein.

[Remainder of Page Intentionally Blank]

IN WITNESS WHEREOF, THE CITY OF MORGANTOWN (West Virginia) has caused this Bond to be signed by its Mayor and City Manager, and its corporate seal to be imprinted hereon and attested by its City Clerk, and has caused this Series 2012 C Bond to be dated as of the Series 2012 C Bond Date specified above.

[SEAL] SPECIMEN

Mayor

SPECIMEN

City Manager

ATTEST:

SPECIMEN

City Clerk

CERTIFICATE OF AUTHENTICATION
AND REGISTRATION

This Series 2012 C Bond is one of the fully registered Series 2012 C Bonds described in the within-mentioned Ordinance and has been duly registered in the name of the Registered Owner on the date set forth below. Attached hereto is the complete text of the opinion of Steptoe & Johnson PLLC, bond counsel, signed originals of which are on file with the Registrar, delivered and dated on the date of the original delivery of and payment for the Series 2012 C Bonds.

Dated: October 5, 2012.

UNITED BANK, INC.,
As Registrar

By _____
Its Authorized Officer

(FORM OF)
ASSIGNMENT

Social Security or Other Identifying Number of Assignee

_____

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto _____ the within Bond and does hereby irrevocably constitute and appoint _____ to transfer the said Bond on the books kept for registration thereof with full power of substitution in the premises.

Dated: _____, 20____.

_____

SIGNATURE GUARANTEED:

_____
(Bank, Trust Company or Firm)

_____
(Authorized Officer)

NOTICE: The Assignor's signature to this Assignment must correspond with the name as it appears upon the face of the within Bond in every particular, without alteration or any change whatever.

Final

**$2,330,000**

The City of Morgantown, WV
Combined Utility System Revenue Bonds
Series 2012 C (BQ/NR)

# Sources & Uses

**Dated 10/05/2012 | Delivered 10/05/2012**

| Sources Of Funds | |
|---|---|
| Par Amount of Bonds | $2,330,000.00 |
| Original Issue Discount (OID) | (12,096.00) |
| **Total Sources** | **$2,317,904.00** |

| Uses Of Funds | |
|---|---|
| Deposit to Project Construction Fund | 2,050,000.00 |
| Deposit to Debt Service Reserve Fund (DSRF) | 166,062.50 |
| Costs of Issuance | 65,000.00 |
| Total Underwriter's Discount (1.500%) | 34,950.00 |
| Rounding Amount | 1,891.50 |
| **Total Uses** | **$2,317,904.00** |



*Crews & Associates, Inc.*
Capital Markets Group

Final

**$2,330,000**

The City of Morgantown, WV
Combined Utility System Revenue Bonds
Series 2012 C (BQ/NR)

# Net Debt Service Schedule

| Date | Principal | Coupon | Interest | Total P+I | DSR | Net New D/S | Fiscal Total |
|---|---|---|---|---|---|---|---|
| 10/05/2012 | - | - | - | - | - | - | - |
| 04/01/2013 | - | - | 35,303.89 | 35,303.89 | - | 35,303.89 | - |
| 10/01/2013 | 90,000.00 | 1.500% | 36,106.25 | 126,106.25 | - | 126,106.25 | 161,410.14 |
| 04/01/2014 | - | - | 35,431.25 | 35,431.25 | - | 35,431.25 | - |
| 10/01/2014 | 95,000.00 | 1.500% | 35,431.25 | 130,431.25 | - | 130,431.25 | 165,862.50 |
| 04/01/2015 | - | - | 34,718.75 | 34,718.75 | - | 34,718.75 | - |
| 10/01/2015 | 95,000.00 | 1.500% | 34,718.75 | 129,718.75 | - | 129,718.75 | 164,437.50 |
| 04/01/2016 | - | - | 34,006.25 | 34,006.25 | - | 34,006.25 | - |
| 10/01/2016 | 95,000.00 | 2.000% | 34,006.25 | 129,006.25 | - | 129,006.25 | 163,012.50 |
| 04/01/2017 | - | - | 33,056.25 | 33,056.25 | - | 33,056.25 | - |
| 10/01/2017 | 95,000.00 | 2.000% | 33,056.25 | 128,056.25 | - | 128,056.25 | 161,112.50 |
| 04/01/2018 | - | - | 32,106.25 | 32,106.25 | - | 32,106.25 | - |
| 10/01/2018 | 100,000.00 | 2.500% | 32,106.25 | 132,106.25 | - | 132,106.25 | 164,212.50 |
| 04/01/2019 | - | - | 30,856.25 | 30,856.25 | - | 30,856.25 | - |
| 10/01/2019 | 100,000.00 | 2.500% | 30,856.25 | 130,856.25 | - | 130,856.25 | 161,712.50 |
| 04/01/2020 | - | - | 29,606.25 | 29,606.25 | - | 29,606.25 | - |
| 10/01/2020 | 105,000.00 | 3.000% | 29,606.25 | 134,606.25 | - | 134,606.25 | 164,212.50 |
| 04/01/2021 | - | - | 28,031.25 | 28,031.25 | - | 28,031.25 | - |
| 10/01/2021 | 110,000.00 | 3.000% | 28,031.25 | 138,031.25 | - | 138,031.25 | 166,062.50 |
| 04/01/2022 | - | - | 26,381.25 | 26,381.25 | - | 26,381.25 | - |
| 10/01/2022 | 110,000.00 | 3.000% | 26,381.25 | 136,381.25 | - | 136,381.25 | 162,762.50 |
| 04/01/2023 | - | - | 24,731.25 | 24,731.25 | - | 24,731.25 | - |
| 10/01/2023 | 115,000.00 | 3.250% | 24,731.25 | 139,731.25 | - | 139,731.25 | 164,462.50 |
| 04/01/2024 | - | - | 22,862.50 | 22,862.50 | - | 22,862.50 | - |
| 10/01/2024 | 120,000.00 | 3.250% | 22,862.50 | 142,862.50 | - | 142,862.50 | 165,725.00 |
| 04/01/2025 | - | - | 20,912.50 | 20,912.50 | - | 20,912.50 | - |
| 10/01/2025 | 120,000.00 | 3.250% | 20,912.50 | 140,912.50 | - | 140,912.50 | 161,825.00 |
| 04/01/2026 | - | - | 18,962.50 | 18,962.50 | - | 18,962.50 | - |
| 10/01/2026 | 125,000.00 | 3.500% | 18,962.50 | 143,962.50 | - | 143,962.50 | 162,925.00 |
| 04/01/2027 | - | - | 16,775.00 | 16,775.00 | - | 16,775.00 | - |
| 10/01/2027 | 130,000.00 | 3.500% | 16,775.00 | 146,775.00 | - | 146,775.00 | 163,550.00 |
| 04/01/2028 | - | - | 14,500.00 | 14,500.00 | - | 14,500.00 | - |
| 10/01/2028 | 135,000.00 | 4.000% | 14,500.00 | 149,500.00 | - | 149,500.00 | 164,000.00 |
| 04/01/2029 | - | - | 11,800.00 | 11,800.00 | - | 11,800.00 | - |
| 10/01/2029 | 140,000.00 | 4.000% | 11,800.00 | 151,800.00 | - | 151,800.00 | 163,600.00 |
| 04/01/2030 | - | - | 9,000.00 | 9,000.00 | - | 9,000.00 | - |
| 10/01/2030 | 145,000.00 | 4.000% | 9,000.00 | 154,000.00 | - | 154,000.00 | 163,000.00 |
| 04/01/2031 | - | - | 6,100.00 | 6,100.00 | - | 6,100.00 | - |
| 10/01/2031 | 150,000.00 | 4.000% | 6,100.00 | 156,100.00 | - | 156,100.00 | 162,200.00 |
| 04/01/2032 | - | - | 3,100.00 | 3,100.00 | - | 3,100.00 | - |
| 10/01/2032 | 155,000.00 | 4.000% | 3,100.00 | 158,100.00 | (166,062.50) | (7,962.50) | (4,862.50) |
| **Total** | **$2,330,000.00** | - | **$937,285.14** | **$3,267,285.14** | **(166,062.50)** | **$3,101,222.64** | - |



*Crews & Associates, Inc.*
Capital Markets Group

Final

**$2,330,000**

The City of Morgantown, WV
Combined Utility System Revenue Bonds
Series 2012 C (BQ/NR)

# Pricing Summary

| Maturity | Type of Bond | Coupon | Yield | Maturity Value | Price | Dollar Price |
|---|---|---|---|---|---|---|
| 10/01/2015 | Term 1 Coupon | 1.500% | 1.500% | 280,000.00 | 100.000% | 280,000.00 |
| 10/01/2017 | Term 2 Coupon | 2.000% | 2.000% | 190,000.00 | 100.000% | 190,000.00 |
| 10/01/2019 | Term 3 Coupon | 2.500% | 2.500% | 200,000.00 | 100.000% | 200,000.00 |
| 10/01/2022 | Term 4 Coupon | 3.000% | 3.000% | 325,000.00 | 100.000% | 325,000.00 |
| 10/01/2025 | Term 5 Coupon | 3.250% | 3.250% | 355,000.00 | 100.000% | 355,000.00 |
| 10/01/2027 | Term 6 Coupon | 3.500% | 3.500% | 255,000.00 | 100.000% | 255,000.00 |
| 10/01/2029 | Term 7 Coupon | 4.000% | 4.000% | 275,000.00 | 100.000% | 275,000.00 |
| 10/01/2032 | Term 8 Coupon | 4.000% | 4.200% | 450,000.00 | 97.312% | 437,904.00 |
| **Total** | - | - | - | **$2,330,000.00** | - | **$2,317,904.00** |

**Bid Information**

| | |
|---|---|
| Par Amount of Bonds | $2,330,000.00 |
| Reoffering Premium or (Discount) | (12,096.00) |
| Gross Production | $2,317,904.00 |
| Total Underwriter's Discount (1.500%) | $(34,950.00) |
| Bid (97.981%) | 2,282,954.00 |
| Total Purchase Price | $2,282,954.00 |
| Bond Year Dollars | $26,689.11 |
| Average Life | 11.455 Years |
| Average Coupon | 3.5118635% |
| Net Interest Cost (NIC) | 3.6881376% |
| True Interest Cost (TIC) | 3.6925670% |



*Crews & Associates, Inc.*
Capital Markets Group

Final

**$2,330,000**

The City of Morgantown, WV
Combined Utility System Revenue Bonds
Series 2012 C (BQ/NR)

# Proof Of Bond Yield @ 3.5247995%

| Date | Cashflow | PV Factor | Present Value | Cumulative PV |
|---|---|---|---|---|
| 10/05/2012 | - | 1.0000000x | - | - |
| 04/01/2013 | 35,303.89 | 0.9830628x | 34,705.94 | 34,705.94 |
| 10/01/2013 | 126,106.25 | 0.9660374x | 121,823.35 | 156,529.29 |
| 04/01/2014 | 35,431.25 | 0.9493068x | 33,635.13 | 190,164.42 |
| 10/01/2014 | 130,431.25 | 0.9328660x | 121,674.87 | 311,839.29 |
| 04/01/2015 | 34,718.75 | 0.9167099x | 31,827.02 | 343,666.31 |
| 10/01/2015 | 129,718.75 | 0.9008336x | 116,855.01 | 460,521.32 |
| 04/01/2016 | 34,006.25 | 0.8852323x | 30,103.43 | 490,624.75 |
| 10/01/2016 | 129,006.25 | 0.8699011x | 112,222.68 | 602,847.43 |
| 04/01/2017 | 33,056.25 | 0.8548355x | 28,257.66 | 631,105.08 |
| 10/01/2017 | 128,056.25 | 0.8400308x | 107,571.19 | 738,676.28 |
| 04/01/2018 | 32,106.25 | 0.8254825x | 26,503.15 | 765,179.43 |
| 10/01/2018 | 132,106.25 | 0.8111862x | 107,162.76 | 872,342.19 |
| 04/01/2019 | 30,856.25 | 0.7971374x | 24,596.67 | 896,938.86 |
| 10/01/2019 | 130,856.25 | 0.7833320x | 102,503.88 | 999,442.74 |
| 04/01/2020 | 29,606.25 | 0.7697656x | 22,789.87 | 1,022,232.61 |
| 10/01/2020 | 134,606.25 | 0.7564342x | 101,820.77 | 1,124,053.39 |
| 04/01/2021 | 28,031.25 | 0.7433337x | 20,836.57 | 1,144,889.96 |
| 10/01/2021 | 138,031.25 | 0.7304601x | 100,826.32 | 1,245,716.28 |
| 04/01/2022 | 26,381.25 | 0.7178094x | 18,936.71 | 1,264,652.99 |
| 10/01/2022 | 136,381.25 | 0.7053778x | 96,200.31 | 1,360,853.30 |
| 04/01/2023 | 24,731.25 | 0.6931616x | 17,142.75 | 1,377,996.05 |
| 10/01/2023 | 139,731.25 | 0.6811569x | 95,178.90 | 1,473,174.95 |
| 04/01/2024 | 22,862.50 | 0.6693601x | 15,303.24 | 1,488,478.19 |
| 10/01/2024 | 142,862.50 | 0.6577676x | 93,970.32 | 1,582,448.51 |
| 04/01/2025 | 20,912.50 | 0.6463758x | 13,517.33 | 1,595,965.85 |
| 10/01/2025 | 140,912.50 | 0.6351814x | 89,505.00 | 1,685,470.85 |
| 04/01/2026 | 18,962.50 | 0.6241808x | 11,836.03 | 1,697,306.87 |
| 10/01/2026 | 143,962.50 | 0.6133708x | 88,302.39 | 1,785,609.27 |
| 04/01/2027 | 16,775.00 | 0.6027480x | 10,111.10 | 1,795,720.36 |
| 10/01/2027 | 146,775.00 | 0.5923091x | 86,936.17 | 1,882,656.53 |
| 04/01/2028 | 14,500.00 | 0.5820510x | 8,439.74 | 1,891,096.27 |
| 10/01/2028 | 149,500.00 | 0.5719706x | 85,509.61 | 1,976,605.88 |
| 04/01/2029 | 11,800.00 | 0.5620648x | 6,632.36 | 1,983,238.25 |
| 10/01/2029 | 151,800.00 | 0.5523305x | 83,843.77 | 2,067,082.02 |
| 04/01/2030 | 9,000.00 | 0.5427648x | 4,884.88 | 2,071,966.91 |
| 10/01/2030 | 154,000.00 | 0.5333648x | 82,138.18 | 2,154,105.09 |
| 04/01/2031 | 6,100.00 | 0.5241276x | 3,197.18 | 2,157,302.27 |
| 10/01/2031 | 156,100.00 | 0.5150504x | 80,399.36 | 2,237,701.63 |
| 04/01/2032 | 3,100.00 | 0.5061303x | 1,569.00 | 2,239,270.63 |
| 10/01/2032 | 158,100.00 | 0.4973648x | 78,633.37 | 2,317,904.00 |
| **Total** | **$3,267,285.14** | - | **$2,317,904.00** | - |

**Derivation Of Target Amount**

| | |
|---|---|
| Par Amount of Bonds | $2,330,000.00 |
| Reoffering Premium or (Discount) | (12,096.00) |
| Original Issue Proceeds | $2,317,904.00 |



*Crews & Associates, Inc.*
Capital Markets Group

Preliminary

**$2,330,000**

The City of Morgantown, WV
Combined Utility System Revenue Bonds
Series 2012 C (BQ/NR)

# Derivation Of Form 8038 Yield Statistics

| Maturity | Issuance Value | Price | Issuance Price | Exponent | Bond Years |
|---|---|---|---|---|---|
| 10/05/2012 | - | - | - | - | - |
| 10/01/2013 | 90,000.00 | 100.000% | 90,000.00 | 0.9888889x | 89,000.00 |
| 10/01/2014 | 95,000.00 | 100.000% | 95,000.00 | 1.9888889x | 188,944.44 |
| 10/01/2015 | 95,000.00 | 100.000% | 95,000.00 | 2.9888889x | 283,944.44 |
| 10/01/2016 | 95,000.00 | 100.000% | 95,000.00 | 3.9888889x | 378,944.44 |
| 10/01/2017 | 95,000.00 | 100.000% | 95,000.00 | 4.9888889x | 473,944.44 |
| 10/01/2017 | 200,000.00 | 100.000% | 200,000.00 | 4.9888889x | 997,777.78 |
| 10/01/2017 | 325,000.00 | 100.000% | 325,000.00 | 4.9888889x | 1,621,388.89 |
| 10/01/2017 | 355,000.00 | 100.000% | 355,000.00 | 4.9888889x | 1,771,055.56 |
| 10/01/2017 | 255,000.00 | 100.000% | 255,000.00 | 4.9888889x | 1,272,166.67 |
| 10/01/2017 | 275,000.00 | 100.000% | 275,000.00 | 4.9888889x | 1,371,944.44 |
| 10/01/2017 | 450,000.00 | 97.312% | 437,904.00 | 4.9888889x | 2,184,654.40 |
| **Total** | **$2,330,000.00** | - | **$2,317,904.00** | - | **$10,633,765.51** |

**IRS Form 8038**

| | |
|---|---|
| Weighted Average Maturity = Bond Years/Issue Price | 4.588 Years |
| Total Interest from Debt Service | 345,835.14 |
| Reoffering (Premium) or Discount | 12,096.00 |
| Total Interest | 357,931.14 |
| NIC = Interest / (Issue Price * Average Maturity) | 3.3659868% |
| Bond Yield for Arbitrage Purposes | 3.3526331% |



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