THE TOWN OF CEREDO
WATER REVENUE BONDS, SERIES 2007 A
(WEST VIRGINIA DWTRF PROGRAM)

DATE OF CLOSING: JUNE 14, 2007

BONDS TRANSCRIPT

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THE TOWN OF CEREDO

Water Revenue Bonds, Series 2007 A
(West Virginia DWTRF Program)

BOND TRANSCRIPT

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THE TOWN OF CEREDO

WATER REVENUE BONDS, SERIES 2007 A
(WEST VIRGINIA DWTRF PROGRAM)

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THE TOWN OF CEREDO

ORDINANCE AUTHORIZING ACQUISITION AND CONSTRUCTION OF ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE EXISTING PUBLIC WATERWORKS SYSTEM OF THE TOWN OF CEREDO AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE TOWN OF CEREDO OF NOT MORE THAN $4,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2007 A (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 TOWN OF CEREDO:

ARTICLE I

STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

Section 1.01. Authority for this Ordinance. This Ordinance (together with any ordinance, order or resolution supplemental hereto or amendatory hereof, the "Bond Legislation") is enacted pursuant to the provisions of Chapter 16, Article 13C and Chapter 8, Article 19 of the West Virginia Code of 1931, as amended (collectively, the "Act"), and other applicable provisions of law.

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

A. The Town of Ceredo (the "Issuer") is a municipal corporation and political subdivision of the State of West Virginia in Wayne County of said State.

B. The Issuer presently owns and operates a public waterworks system. However, it is deemed necessary and desirable for the health and welfare of the inhabitants of the Issuer that there be acquired and constructed certain additions, betterments and

improvements for the existing public waterworks system of the Issuer, consisting of replacing the Town's existing reservoir with two water storage tanks; construction of a line from the new water storage tanks to downtown Ceredo; replacement of small diameter water lines with larger diameter water lines in the Hartz/Big Bear, southwest of Route 60 and Upper Broad Hollow area; installation of a hydro-pneumatic booster station and all necessary appurtenances (collectively, the "Project") in accordance with the plans and specifications prepared by the Consulting Engineers, which plans and specifications have heretofore been filed with the Issuer. The existing public waterworks system of the Issuer, the Project and any further additions, betterments and improvements thereto are herein called the "System". The acquisition and construction of the Project and the financing hereby authorized and provided for are public purposes of the Issuer and are ordered for the purpose of meeting and serving public convenience and necessity.

C. The Issuer intends to permanently finance the costs of acquisition and construction of the Project through the issuance of its revenue bonds to the West Virginia Water Development Authority (the "Authority"), which administers the West Virginia DWTRF Program (the "DWTRF Program") for the West Virginia Bureau for Public Health (the "BPH").

D. It is deemed necessary for the Issuer to issue its Water Revenue Bonds, Series 2007 A (West Virginia DWTRF Program), in the total aggregate principal amount of not more than $4,000,000 (the "Series 2007 A Bonds"), initially to be represented by a single bond, to permanently finance a portion of the costs of acquisition and construction of the Project. The remaining costs of the Project shall be funded from the sources set forth in Section 2.01 hereof. Such costs shall be deemed to include the cost of all property rights, easements and franchises deemed necessary or convenient therefor; interest, if any, upon the Series 2007 A 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 2007 A Bonds Reserve Account (as hereinafter defined); engineering and legal expenses; expenses for estimates of costs and revenues, expenses for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the enterprise, administrative expense, commitment fees, fees and expenses of the Authority; discount, initial fees for the services of registrars, paying agents, depositories or trustees or other costs in connection with the sale of the Series 2007 A Bonds and such other expenses as may be necessary or incidental to the financing herein authorized, the acquisition or construction of the Project and the placing of same in operation, and the performance of the things herein required or permitted, in connection with any thereof, provided, that reimbursement to the Issuer for any amounts expended by it for allowable costs prior to the issuance of the Series 2007 A Bonds or the repayment of indebtedness incurred by the Issuer for such purposes shall be deemed Costs of the Project, as hereinafter defined.

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 2007 A Bonds be sold to the Authority pursuant to the terms and provisions of a loan agreement (the "Loan Agreement") by and between the Issuer and the Authority, on behalf of the BPH, in form satisfactory to the Issuer, the Authority and the BPH, to be approved hereby if not previously approved by resolution of the Issuer.

G. On the Closing Date, there will be no 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 or are secured by revenues or assets of the System.

H. The estimated revenues to be derived in each year after completion of the Project from the operation of the System will be sufficient to pay all costs of operation and maintenance of the System, the principal of and interest, if any, on the Series 2007 A Bonds and to make payments into all funds and accounts and other payments provided for herein.

I. The Issuer has complied with all requirements of West Virginia law and the Loan Agreement relating to authorization of the acquisition, construction and operation of the Project and the System and issuance of the Series 2007 A Bonds, 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 West Virginia Bureau for Public Health and the obtaining of a Certificate of Public Convenience and Necessity from the Public Service Commission of West Virginia by final order, the time for rehearing and appeal of which will either have expired prior to the issuance of the Series 2007 A Bonds or such final order will not be subject to appeal.

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

Section 1.03. Bond Legislation Constitutes Contract. In consideration of the acceptance of the Series 2007 A Bonds by 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 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 16, Article 13C and Chapter 8, Article 19 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 Loan Agreement for the Series 2007 A Bonds.

"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.

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

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

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

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

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

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

"BPH" means the West Virginia Bureau for Public Health and any successor thereto.

"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.

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

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

"Depository Bank" means the bank designated as such in the Supplemental Resolution, and its successors and assigns.

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

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

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

"Issuer" means The Town of Ceredo, a municipal corporation and political subdivision of the State of West Virginia, in Wayne 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 between the Issuer and the Authority, on behalf of the BPH, providing for the purchase of the Series 2007 A Bonds from the Issuer by the Authority, the form of which shall be approved, and the execution and delivery by the Issuer authorized and directed or ratified by the Supplemental Resolution.

"Mayor" means the Mayor of the Issuer.

"Net Proceeds" means the face amount of the Series 2007 A Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds, if any, deposited in the Series 2007 A Bonds Reserve Account.

"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, the Administrative Fee, fees and expenses of the Authority, fiscal agents, the Depository Bank, the Registrar and Paying Agent (all as herein defined), 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, if any, on the Bonds, charges for depreciation, losses from the sale or other disposition of, or from any decrease in the value of, capital assets, amortization of debt discount or such miscellaneous deductions as are applicable to prior accounting periods.

"Outstanding" when used with reference to Bonds and as of any particular date, describes all Bonds theretofore and thereupon being authenticated and delivered except (i) any Bond cancelled by the Bond Registrar, at or prior to said date; (ii) any Bond, for the

payment of which monies, equal to its principal amount and redemption premium, if applicable, with interest to the date of maturity or redemption shall be in trust hereunder, and set aside for such payment (whether upon or prior to maturity); (iii) any Bond deemed to have been paid as provided in Article X hereof; and (iv) for purposes of consents or other action by a specified percentage of Bondholders, or holders of any Bonds registered to the Issuer.

"Parity Bonds" means Parity 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 BPH.

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

"Qualified Investments" means and includes any of the following, unless otherwise set forth in the Supplemental Resolution:

(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.

"Recorder" means the Recorder of the Issuer.

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

"Registrar" means the Bond Registrar.

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

"Renewal and Replacement Fund" means the Renewal and Replacement Fund created by Section 5.01 hereof.

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

"Series 2007 A Bonds" means the Water Revenue Bonds, Series 2007 A (West Virginia DWTRF 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 in Section 5.02 hereof.

"Series 2007 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 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.

"State" means the State of West Virginia.

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

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

"System" means, collectively, the complete public waterworks 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.

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

"West Virginia DWTRF Program" means the West Virginia DWTRF Program established by the State, administered by BPH and funded by capitalization grants awarded to the State pursuant to the federal Safe Drinking Water Act, as amended, for the purpose of establishing and maintaining a permanent perpetual fund for the acquisition, construction and improvement of drinking water projects.

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 not to exceed $4,000,000, 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 2007 A Bonds shall be applied as provided in Article VI hereof. The Issuer has received bids and will enter into contracts for the acquisition and construction of the Project, compatible with the financing plan submitted to the BPH 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 2007 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 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 and hereby are authorized to be issued the negotiable Series 2007 A Bonds of the Issuer. The Series 2007 A Bonds shall be issued as a single bond, designated "Water Revenue Bonds, Series 2007 A (West Virginia DWTRF Program)," 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 2007 A Bonds remaining after, funding of 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.

Section 3.02. Terms of Bonds. The Series 2007 A 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 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, 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 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, if any, as specified in a Supplemental Resolution.

Section 3.03. Execution of Bonds. The Series 2007 A Bonds shall be executed in the name of the Issuer by the Mayor, and the seal of the Issuer shall be affixed thereto or imprinted thereon and attested by the Recorder. In case any one or more of the officers who shall have signed or sealed the Series 2007 A Bonds shall cease to be such officer of the Issuer before the Series 2007 A Bonds so signed and sealed have been actually sold and delivered, such Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bonds had not ceased to hold such office. Any Series 2007 A Bonds may be signed and sealed on behalf of the Issuer by such person as at the actual time of the execution of such Bonds shall hold the proper office in the Issuer, although at the date of 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 cancelled by the Bond Registrar. For every such exchange or transfer of Series 2007 A Bonds, the Bond Registrar may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer and the cost of preparing each new Bond upon each exchange or transfer, and any other expenses of the Bond Registrar incurred in connection therewith, which sum or sums shall be paid by the Issuer. The Bond Registrar shall not be obliged to make any such exchange or transfer of Series 2007 A Bonds during the period commencing on the 15th day of the month next preceding an interest payment date on the Series 2007 A Bonds or, in the case of any proposed redemption of Series 2007 A Bonds, next preceding the date of the selection of Bonds to be redeemed, and ending on such interest payment date or redemption date.

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

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

Section 3.08. Bonds Secured by Pledge of Net Revenues. The payment of the debt service on the Series 2007 A Bonds shall be secured by a first lien on the Net Revenues derived from the System. The Net Revenues in an amount sufficient to pay the principal of and interest, if any, on and other payments for the Series 2007 A Bonds and to make all other payments hereinafter set forth, 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 Bond Registrar, and the Bond Registrar shall authenticate, register and deliver the Series 2007 A Bonds to the original purchasers upon receipt of the documents set forth below:

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

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

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

D. An executed copy of the Loan Agreement; and

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

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

(FORM OF BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE TOWN OF CEREDO
WATER REVENUE BONDS, SERIES 2007 A
(WEST VIRGINIA DWTRF PROGRAM)

No. AR-____ $_____

KNOW ALL MEN BY THESE PRESENTS: That The TOWN OF CEREDO, a municipal corporation and political subdivision of the State of West Virginia in Wayne 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.

This bond shall not bear interest. The Administrative Fee (as defined in the hereinafter described Bond Legislation) 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").

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 _____, 2007.

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

Project, and any further additions, betterments or improvements thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13C and Chapter 8, Article 19 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.

THE ISSUER HAS NO BONDS OR OBLIGATIONS OTHER THAN THIS BOND WHICH IS SECURED BY NET REVENUES OF THE SYSTEM.

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

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in 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 on this Bond.

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

IN WITNESS WHEREOF, The TOWN OF CEREDO has caused this Bond to be signed by its Mayor and its corporate seal to be hereunto affixed and attested by its Recorder, and has caused this Bond to be dated _____, 2007.

[SEAL]

_____
Mayor

ATTEST:

_____
Recorder

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

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

Date: _____, 2007.

THE HUNTINGTON NATIONAL BANK,
as Registrar

_____
Authorized Officer

(Form of)

EXHIBIT A

RECORD OF ADVANCES

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

TOTAL $_____

EXHIBIT B

DEBT SERVICE SCHEDULE

(Form of)

ASSIGNMENT

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

Dated: _____, _____.

_____

In the presence of:

_____

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

Section 3.12. "Amended Schedule A" Filing. Upon completion of the acquisition and construction of the Project, the Issuer will file with the Authority and the BPH a schedule the form of the 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 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;

(2) Renewal and Replacement Fund; and

(3) Series 2007 A Bonds Construction Trust Fund.

Section 5.02. Establishment of Funds and Accounts with Commission. The following special funds or accounts are hereby created 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 this Bond Legislation and shall be kept separate and distinct from all other funds of the Issuer and the Depository Bank and used only for the purposes and in the manner provided in this Bond Legislation. All monies in the Revenue Fund shall be disposed of only in the following manner and order of priority:

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

(2) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and remit to the Commission, commencing 3 months prior to the first date of payment of principal of the Series 2007 A Bonds for deposit in the Series 2007 A Bonds Sinking Fund, an amount equal to 1/3rd of the amount of principal which will mature and become due on the Series 2007 A Bonds on the next ensuing quarterly principal payment date; provided that, in the event the period to elapse between the date of such initial

deposit in the Series 2007 A Bonds Sinking Fund and the next quarterly principal payment date is less than 3 months, then such monthly payments shall be increased proportionately to provide, 1 month prior to the next quarterly principal payment date, the required amount of principal coming due on such date.

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

(4) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and remit to the Depository Bank for deposit in the Renewal and Replacement Fund, 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 as provided herein. Withdrawals and disbursements may be made from the Renewal and Replacement Fund for replacements, emergency repairs, improvements or extensions to the System; provided that, any deficiencies in any reserve account (except to the extent such deficiency exists because the required payments into such account have not, as of the date of determination of a deficiency, funded such account to the maximum extent required hereof) shall be promptly eliminated with monies from the Renewal and Replacement Fund.

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

All investment earnings on monies in the Series 2007 A Bonds Sinking Fund and the Series 2007 A Bonds Reserve Account shall be returned, not less than once each year, by the Commission to the Issuer, and such amounts shall, during construction of the Project, be deposited in the Series 2007 A Bonds Construction Trust Fund, and following completion of construction of the Project, shall be deposited in the Revenue Fund and applied

in full, first to the next ensuing interest payment, if any, due on the Series 2007 A Bonds and then to the next ensuing principal payment due thereon.

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

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

The Issuer shall not be required to make any further payments into the Series 2007 A Bonds Sinking Fund or 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, if any, to accrue until the maturity thereof.

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. All remittances made by the Issuer to the Commission shall clearly identify the fund or account into which each amount is to be deposited. If required by the Authority at anytime, the Issuer shall make the necessary arrangements whereby required payments into said accounts shall be automatically debited from the Revenue Fund and electronically transferred to the Commission on the dates required hereunder.

Monies in the Series 2007 A Bonds Sinking Fund 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 the first day is not a business day, then the first business day of each month) deposit with the Commission the required principal, interest, if any, 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 also on the first day of each month (if the first day is not a business day, then the first business day of each month) deposit with the Commission the Administrative Fee as set forth in the Schedule Y attached to the Loan Agreement.

C. 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 law, such excess shall be considered as surplus revenues (the "Surplus Revenues"). Surplus Revenues may be used for any lawful purpose of the System.

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 Section, the Issuer shall, if required by the Authority at anytime, make the necessary arrangements whereby such required payments shall be automatically debited from the Revenue Fund and electronically transferred to the Commission on the dates required.

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

G. If on any monthly payment date the revenues are insufficient to place the required amount in any of the funds and accounts as hereinabove provided, the deficiency shall be made up in the subsequent payments in addition to the payments which would otherwise be required to be made into the funds and accounts on the subsequent payment dates; provided, however, that the priority of curing deficiencies in the funds and accounts herein shall be in the same order as payments are to be made pursuant to this Section 5.03, and the Net Revenues shall be applied to such deficiencies before being applied to any other payments hereunder.

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

ARTICLE VI

BOND PROCEEDS; CONSTRUCTION DISBURSEMENTS

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

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

B. As the Issuer receives advances of the remaining monies derived from the sale of the Series 2007 A Bonds, such monies shall be deposited with the Depository Bank in the Series 2007 A Bonds Construction Trust Fund and applied solely to payment of 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.

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

Section 6.02. Disbursement from the Bond Construction Trust Fund.

The Issuer shall each month provide the BPH with a requisition for the costs incurred for the Project, together with such documentation as the BPH shall require. Payments for Costs of the Project shall be made monthly.

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

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

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

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

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

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

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, if any, thereon is Outstanding and unpaid.

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

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

Section 7.04. Initial Schedule of Rates and Charges. The Issuer has obtained any and all approvals of rates and charges required by State law and has taken any other action required to establish and impose such rates and charges, with all requisite appeal periods having expired without successful appeal. Such rates and charges shall be sufficient to comply with the requirements of the Loan Agreement. The initial schedule of rates and charges for the services of the facilities of the System shall be as set forth in the water rate ordinance of the Issuer enacted June 5, 2006, 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 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 Series 2007 A Bonds are outstanding and except as otherwise required by law or with the written consent of the Authority and the BPH, the System may not be sold, mortgaged, leased or otherwise disposed of, except as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to fully pay all the Bonds Outstanding, in accordance with Article X hereof. The proceeds from any such sale, mortgage, lease or other disposition of the System shall, with respect to the Series 2007 A Bonds, immediately be remitted to the Commission for deposit in the Series 2007 A Bonds Sinking Fund, and, with the written permission of the Authority, or in the event the Authority is no longer a Bondholder, the Issuer shall direct the Commission to apply such proceeds to the payment of principal of and interest, if any, on the Series 2007 A Bonds. Any balance remaining after the payment of the Series 2007 A Bonds and interest, if any, thereon shall be remitted to the Issuer by the Commission unless necessary for the payment of other obligations of the Issuer payable out of the revenues of the System.

The foregoing provision notwithstanding, the Issuer shall have and hereby reserves the right to sell, lease or otherwise dispose of any of the property comprising a part of the System hereinafter determined in the manner provided herein to be no longer necessary, useful or profitable in the operation thereof. Prior to any such sale, lease or other disposition of such property, if the amount to be received therefor is not in excess of $10,000, the Issuer shall, by resolution duly adopted, determine that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof, and may then provide for the sale of such property. The proceeds of any such sale shall be deposited in the Renewal and Replacement Fund. If the amount to be received from such sale, lease or other disposition of said property shall be in excess of $10,000 but not in excess of $50,000, the Issuer shall first, in writing, determine upon consultation with the Consulting Engineers that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof, and may then, if it be so advised, by resolution duly adopted, authorize such sale, lease or other disposition of such property 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 $10,000 and not in excess of $50,000, shall be deposited in the Renewal and Replacement Fund. The payment of such proceeds into the Renewal and Replacement Fund shall not reduce the amounts required to be paid into said funds by other provisions of this Bond Legislation.

No sale, lease or other disposition of the properties of the System shall be made by the Issuer if the proceeds to be derived therefrom shall be in excess of $50,000 and insufficient to pay all Bonds then Outstanding without the prior approval and consent in writing of the Holders of the Series 2007 A Bonds then Outstanding. The Issuer shall prepare the form of such approval and consent for execution by the then Holders of the Series 2007 A Bonds for the disposition of the proceeds of the sale, lease or other disposition of such properties of the System.

Section 7.06. Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances. Except as provided for in Section 7.07 hereof, the Issuer shall not issue any 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. 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 set forth herein have been made and are current at the time of the issuance of such subordinate obligations.

Except as provided above, the Issuer shall not create, or cause or permit to be created, any debt, lien, pledge, assignment, encumbrance or any other charge having priority over or being on a parity with the lien of the Series 2007 A Bonds, and the interest, if any, thereon, upon any of the income and revenues of the System pledged for payment of the Series 2007 A 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 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. Additional Parity Bonds. No additional 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 Ordinance, without the prior written consent of the Authority and the BPH and without complying with the conditions and requirements herein provided.

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

No Parity Bonds shall be issued except for the purposes of financing the costs of design, acquisition and construction of additions, betterments or improvements to the System or refunding the Bonds issued pursuant hereto, or both such purposes.

No such Parity Bonds shall be issued at any time, however, unless and until there has been procured and filed with the Recorder a written statement by 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 additional Parity Bonds, plus the estimated average increased annual Net Revenues to be received in each of the 3 succeeding years after the completion of the improvements to be financed by such Parity Bonds, if any, shall be not less than 115% of the largest aggregate amount that will mature and become due in any succeeding Fiscal Year for principal of and interest on the following:

(1) The Bonds then Outstanding;

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

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

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

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

All the 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 Series 2007 A 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 the Bonds issued on a parity, regardless of the time or times of their issuance, shall rank equally with respect to their lien on the Net Revenues of

the System, and their source of and security for payment from said Net Revenues, without preference of any Bond 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 on the revenues of the System of which is subject to the prior and superior lien of the Series 2007 A 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 in accordance with this Bond Legislation 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 2007 A Bonds except in the manner and under the conditions provided in this section.

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 on account of the Series 2007 A 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 issuance of the Parity Bonds and the Issuer is then in full compliance with all the covenants, agreements and terms of this Bond Legislation and every ordinance supplemental thereto, or shall have fully corrected any delinquency or deficiency in such payments.

Section 7.08. Books; Records and Audit. The Issuer shall keep complete and accurate records of the cost of acquiring the Project site and the costs of acquiring, constructing and installing the Project. The Issuer shall permit the Authority and the 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 Issuer 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 Issuer 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 Issuer will keep books and records of the System, which shall be separate and apart from all other books, records and accounts of the Issuer, in which complete and correct entries shall be made of all transactions relating to the System, and any Holder of a Bond or Bonds issued pursuant to this Bond Legislation shall have the right at all reasonable times to inspect the System and all parts thereof and all records, accounts and data of the Issuer relating thereto.

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

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

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

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

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

The Issuer shall also, at least once a year, cause the books, records and accounts of the System to be audited by Independent Certified Public Accountants which audit shall be 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 Accountants, or a summary thereof, to any Holder or Holders of the Series 2007 A Bonds and shall submit the report to the Authority and the BPH, or any other original purchaser of the Series 2007 A 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 they are, describes the instances of noncompliance and the audited financial statements shall include a statement that notes whether the revenues of the System are adequate to meet the Issuer's Operating Expenses and debt service and reserve requirements.

Subject to the terms, conditions and provisions of the Loan Agreement and the Act, the Issuer has acquired, or shall do all things necessary to acquire, the proposed site of

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

The Issuer shall permit the Authority or the BPH, or their agents and representatives, to enter and inspect the Project site and Project facilities at all reasonable times. Prior to, during and after completion of construction and commencement of operation of the Project, the Issuer shall also provide the Authority 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 2007 A Bonds, rates or charges for the use of the services and facilities of the System will be fixed and established, all in the manner and form required by law, and a copy of such rates and charges so fixed and established shall at all times be kept on file in the office of the Recorder of the Issuer, which copy will be open to inspection by all interested parties. The schedule or schedules 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 and accounts created hereunder. Such schedule or schedules of rates and charges shall be revised from time to time, 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 or schedules of rates or charges from time to time in effect shall be sufficient, together with other revenues of the System, (i) to provide for all Operating Expenses of the System and (ii) to leave a balance each year equal to at least 115% of the maximum amount required in any year for payment of principal of and interest, if any, on the Series 2007 A Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2007 A Bonds; provided that, in the event that amounts equal to or in excess of the reserve requirement are on deposit respectively in the Series 2007 A Bonds Reserve Account and 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, if any, on the Series 2007 A Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2007 A Bonds. In any event, the Issuer shall not reduce the rates or charges for services set forth in the rate ordinance currently in effect.

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 Issuer 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 Issuer shall annually, at least 45 days preceding the beginning of each Fiscal Year, prepare and adopt by resolution a detailed, balanced budget of the estimated revenues and expenditures for operation and maintenance of the System during the succeeding Fiscal Year and shall submit a copy of such budget to the Authority 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 registered professional engineer, which finding and recommendation shall state in detail the purpose of and necessity for such increased expenditures for the operation and maintenance of the System, and no such increased expenditures shall be made until the Issuer shall have approved such finding and recommendation by a resolution duly adopted. No increased expenditures in excess of 10% of the amount of such budget shall be made except upon the further certificate of a registered professional engineer that such increased expenditures are necessary for the continued operation of the System. The Issuer shall mail copies of such annual budget and all resolutions authorizing increased expenditures for operation and maintenance to the Authority, 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 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 Issuer shall each month complete a "Monthly Financial Report," a form of which is attached to the Loan Agreement, and forward a copy of such report to the Authority and the BPH by the 10th day of each month.

Section 7.11. Engineering Services and Operating Personnel. The Issuer will obtain a certificate of the Consulting Engineers in the form attached to the Loan Agreement, stating, among other things, that the Project has been or will be constructed in accordance with the approved plans, specifications and designs as submitted to the Authority and the 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 Issuer 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, 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 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 certified operator to operate the System during the entire term of the Loan Agreement. The Issuer shall notify BPH in writing of the certified operator employed at 50% completion stage,

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

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

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

charges for the restoration of service, have been fully paid and shall take all further actions to enforce collections to the maximum extent permitted by law.

Section 7.14. No Free Services. The Issuer will not render or cause to be rendered any free services of any nature by the System, nor will any preferential rates be established for users of the same class; and in the event the Issuer, or any department, agency, instrumentality, officer or employee of 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, and any such department, agency, instrumentality, officer or employee. The revenues so received shall be deemed to be revenues derived from the operation of the System, and shall be deposited and accounted for in the same manner as other revenues derived from such operation of the System.

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

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

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

System, and insurance with the same limits to protect the Issuer from claims arising out of operation or ownership of motor vehicles of or for the System.

(3) WORKER'S COMPENSATION COVERAGE FOR ALL EMPLOYEES OF OR FOR THE SYSTEM ELIGIBLE THEREFOR; AND PERFORMANCE AND PAYMENT BONDS, such bonds to be in the amounts of not less than 100% of the amount of any construction contract and to be required of each contractor dealing directly with the Issuer and such payment bonds will be filed with the Clerk of the County Commission of the County in which such work is to be performed prior to commencement of construction of 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 Issuer 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 Issuer shall require all contractors engaged in the construction of the Project to furnish a performance bond and a payment bond, each in an amount equal to 100% of the contract price of the portion of the Project covered by the particular contract as security for the faithful performance of such contract. The Issuer shall verify such bonds prior to commencement of construction.

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

Section 7.16. Connections. To the extent permitted by the laws of the State and rules and regulations of the Public Service Commission of West Virginia, the Issuer

shall require every owner, tenant or occupant of any house, dwelling, or building intended to be served by the System to connect thereto.

Section 7.17. Completion of Project; Permits and Orders. The Issuer 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 Issuer has obtained all permits required by state and federal laws for the acquisition and construction of the Project, all orders and approvals from the Public Service Commission of West Virginia and the BPH necessary for the acquisition and construction of the Project and the operation of the System and all approvals for the issuance of the Series 2007 A Bonds required by State law, with all appeal periods having expired without successful appeal.

Section 7.18. Compliance with Loan Agreement and Law. The Issuer shall perform, satisfy and comply with all the terms and conditions of the Loan Agreement and the Act. Notwithstanding anything herein to the contrary, the Issuer will provide the BPH with copies of all documents submitted to the Authority. The Issuer also agrees to comply with all applicable laws, rules and regulations issued by the Authority, the 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.

Section 7.19. Reserved.

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

Section 7.21. Contracts; Public Releases. A. The Issuer shall, simultaneously with the delivery of the Series 2007 A Bonds 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 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 BPH 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 BPH and the Authority in any press release, publication, program bulletin, sign or other public

communication that references the Project, including but not limited to any program document distributed in conjunction with any ground breaking or dedication of the Project.

ARTICLE VIII

INVESTMENT OF FUNDS

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

Any investment shall be held in and at all times deemed a part of the fund or account in which such monies were originally held, and the interest accruing thereon and any profit or loss realized from such investment shall be credited or charged to the appropriate fund or account. The investments held for any fund or account shall be valued at the lower of cost or then current market value, or at the redemption price thereof if then redeemable at the option of the holder, including the value of accrued interest and giving effect to the amortization of discount, or at par if such investment is held in the "Consolidated Fund." The Commission, the Depository Bank, or such other bank or national banking association, as the case may be, shall sell and reduce to cash a sufficient amount of such investments whenever the cash balance in any fund or account is insufficient to make the payments required from such fund or account, regardless of the loss on such liquidation. The Depository Bank 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.

Section 8.02. Certificate as to Use of Proceeds; Covenants as to Use of Proceeds. The Issuer shall deliver a certificate as to use of proceeds or other similar certificate to be prepared by nationally recognized bond counsel relating to restrictions on the use of proceeds of the Series 2007 A Bonds as a condition to issuance of the Series 2007 A Bonds. In addition, the Issuer covenants (i) to comply with the Code and all Regulations from time to time in effect and applicable to the Series 2007 A Bonds as may be necessary in order to maintain the status of the Series 2007 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 2007 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 BPH, as the case may be, from which the proceeds of the Series 2007 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 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 2007 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 2007 A Bonds:

(1) If default occurs in the due and punctual payment of the principal of or interest, if any, 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 files a petition seeking reorganization or arrangement under the federal bankruptcy laws or any other applicable law of the United States of America.

Section 9.02. Remedies. Upon the happening and continuance of any Event of Default, any Registered Owner of a 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, if any, then due, (ii) by mandamus or other appropriate proceeding enforce all rights of such Registered Owners including the right to require the Issuer to perform its duties under the Act and the Bond Legislation relating thereto, including but not limited to the making and collection of sufficient rates or charges for services rendered by the System, (iii) bring suit upon the Bonds; (iv) by action at law or bill in equity require the Issuer to account as if it were the trustee of an express trust for the Registered Owners of the Bonds, and (v) by action or bill in equity enjoin any acts in violation of the Bond Legislation with respect to the Bonds, or the rights of such Registered Owners.

Section 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, if any, due or to become due thereon, if any, at the times and in the manner stipulated therein and in this Bond Legislation, then the pledge of Net Revenues and other monies and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Registered Owners of the Series 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, if any, on the Series 2007 A Bonds from gross income for federal income tax purposes.

ARTICLE XI

MISCELLANEOUS

Section 11.01. Amendment or Modification of Bond Legislation. Prior to issuance of the Series 2007 A Bonds, this Ordinance may be amended or supplemented in any way by the Supplemental Resolution. Following issuance of the Series 2007 A Bonds, no material modification or amendment of this Ordinance, or of any ordinance, resolution or order amendatory or supplemental hereto, that would materially and adversely affect the rights of Registered Owners of the Series 2007 A Bonds shall be made without the consent in writing of the Registered Owners of the Series 2007 A Bonds so affected and then Outstanding; provided, that no change shall be made in the maturity of the Series 2007 A Bonds or the rate of interest, if any, thereon, or in the principal amount thereof, or affecting the unconditional promise of the Issuer to pay such principal and interest out of the funds herein pledged therefor without the consent of the Registered Owner thereof. No amendment or modification shall be made that would reduce the percentage of the principal amount of the Series 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. Notices. All notices to be sent to the Issuer, the Authority or the BPH shall be in writing and shall have been given when delivered in person or mailed by first class mail, postage prepaid, addressed as follows:

ISSUER:

The Town of Ceredo
700 B Street
Ceredo, West Virginia 25507
Attention: Mayor

AUTHORITY:

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

BPH:

West Virginia Bureau for Public Health
One Davis Square
Charleston, West Virginia 25301
Attention: Infrastructure and Capacity Development

Section 11.06. Conflicting Provisions Repealed. All ordinances, orders or resolutions and or parts thereof in conflict with the provisions of this Ordinance are, to the extent of such conflict, hereby repealed.

Section 11.07. Covenant of Due Procedure, Etc. The Issuer covenants that all acts, conditions, things and procedures required to exist, to happen, to be performed or to be taken precedent to and in the adoption of this Ordinance do exist, have happened, have been performed and have been taken in regular and due time, form and manner as required by and in full compliance with the laws and Constitution of the State of West Virginia applicable thereto; and that the Mayor, the Recorder and members of the Governing Body were at all times when any actions in connection with this Ordinance occurred and are duly in office and duly qualified for such office.

Section 11.08. 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 Wayne County News*, a newspaper published and of general circulation in The Town of Ceredo, 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.

Section 11.09. Effective Date. This Ordinance shall take effect immediately following public hearing hereon.

Passed on First Reading:	May 7, 2007
Passed on Second Reading:	May 21, 2007
Passed on Final Reading Following Public Hearing:	June 6, 2007

Mayor

CERTIFICATION

Certified a true copy of an Ordinance duly enacted by the Council of THE TOWN OF CEREDO on the 6th day of June, 2007.

Dated: June 14, 2007.

[SEAL]

Stanley E. Frith

Recorder

EXHIBIT A

Loan Agreement included in bond transcript as Document No. 3

THE TOWN OF CEREDO

Water Revenue Bonds, Series 2007A
(West Virginia DWTRF 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 WATER REVENUE BONDS, SERIES 2007A (WEST VIRGINIA DWTRF PROGRAM), OF THE TOWN OF CEREDO; 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; CHANGING THE SERIES DESIGNATION; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

WHEREAS, the council (the "Governing Body") of The Town of Ceredo (the "Issuer") has duly and officially adopted and enacted a bond ordinance, effective June 6, 2007 (the "Bond Ordinance"), entitled:

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE EXISTING PUBLIC WATERWORKS SYSTEM OF THE TOWN OF CEREDO AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE TOWN OF CEREDO OF NOT MORE THAN $4,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2007 A (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, capitalized terms used herein and not otherwise defined herein shall have the same meaning set forth in the Bond Ordinance when used herein;

WHEREAS, the Bond Ordinance provides for the issuance of Water Revenue Bonds, Series 2007 A (West Virginia DWTRF Program), of the Issuer (the "Bonds"), in an aggregate principal amount not to exceed $4,000,000, and has authorized the execution and delivery of the loan agreement relating to the Bonds, including all schedules and exhibits attached thereto, by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Bureau for Public Health (the "BPH") (the "Loan Agreement"), all in accordance with Chapter 16, Article 13C and Chapter 9, Article 19 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 Bonds be redesignated, that the Loan Agreement be approved and ratified by the Issuer, that the exact principal amount, the date, the maturity date, the redemption provision, the interest rate, the interest and principal payment dates and the sale price of the Bonds be fixed hereby in the manner stated herein, and that other matters relating to the Bonds be herein provided for;

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

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 Water Revenue Bonds, Series 2007 A (West Virginia DWTRF Program), of the Issuer, originally represented by a single bond, numbered AR-1, in the principal amount of $2,700,000. The Series 2007 A Bonds shall be dated the date of delivery thereof, shall finally mature March 1, 2039 and shall not bear interest. The principal on the Series 2007 A Bonds shall be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing June 1, 2009, and up to and including March 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 2007 A Bonds. The Series 2007 A Bonds shall be subject to redemption upon the written consent of the Authority and the BPH, and upon payment of the redemption premium, if any, and otherwise in compliance with the 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 Administrative Fee equal to 1% of the principal amount of the Series 2007 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 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 Bonds shall be 100% of par value, there being no interest accrued thereon, provided that the proceeds of the Bonds shall be advanced from time to time as requisitioned by the Issuer.

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

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

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

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

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

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

Section 10. The Mayor and the Recorder are hereby authorized and directed to execute and deliver such other documents and certificates required or desirable in connection with the Bonds hereby and by the Bond Ordinance approved and provided for, to the end that the Bonds may be delivered on or about June 14, 2007, to the Authority pursuant to the Loan Agreement.

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

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

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

Section 14. 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 promulgated or to be promulgated thereunder.

Section 15. This Supplemental Resolution shall be effective immediately following adoption hereof.

[Remainder of Page Intentionally Blank]

Adopted this 6th day of June, 2007.

By: _____
Its: Mayor

CERTIFICATION

Certified a true copy of a Supplemental Resolution duly adopted by the Council of The Town of Ceredo on the 6th day of June, 2007.

Dated: June 14, 2007.

[SEAL]

Stanley E. Fink
Recorder

138840.00001

DWTRF
(11/01/04)

LOAN AGREEMENT

THIS DRINKING WATER TREATMENT REVOLVING FUND LOAN AGREEMENT (the "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 under the direction of the WEST VIRGINIA BUREAU FOR PUBLIC HEALTH, a division of the West Virginia Department of Health and Human Resources (the "BPH"), and the local entity designated below (the "Local Entity").

TOWN OF CEREDO
(Local Entity)

W I T N E S S E T H:

WHEREAS, the United States Congress under Section 1452 of the Safe Drinking Water Act, as amended (the "Safe Drinking Water Act"), has provided for capitalization grants to be awarded to states for the express purpose of establishing and maintaining drinking water treatment revolving funds for the construction, acquisition and improvement of drinking water systems;

WHEREAS, pursuant to the provisions of Chapter 16, Article 13C of the Code of West Virginia, 1931, as amended (the "Act"), the State of West Virginia (the "State") has established a drinking water treatment revolving fund program (the "Program") to direct the distribution of loans to eligible Local Entities pursuant to the Safe Drinking Water Act;

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

WHEREAS, the Act establishes a permanent perpetual fund known as the "West Virginia Drinking Water Treatment Revolving Fund" (hereinafter the "Fund"), which fund is to be administered and managed by the Authority under the direction of the BPH;

WHEREAS, pursuant to the Act, the Authority and BPH are empowered to make loans from the Fund to Local Entities for the acquisition or construction of drinking water projects by such Local Entities, all subject to such provisions and limitations as are contained in the Safe Drinking Water Act and the Act;

WHEREAS, the Local Entity constitutes a local entity as defined by the Act;

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

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

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

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

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

ARTICLE I

Definitions

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

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

1.3 "Loan" means the loan to be made by the Authority and BPH to the Local Entity through the purchase of Local Bonds, as hereinafter defined, pursuant to this Loan Agreement.

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

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

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

1.7 "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.

1.8 "Program" means the drinking water facility acquisition, construction and improvement program coordinated through the capitalization grants program established under the Safe Drinking Water Act and administered by BPH.

1.9 "Project" means the drinking water project hereinabove referred to, to be constructed or being constructed by the Local Entity in whole or in part with the net proceeds of the Local Bonds or being or having been constructed by the Local Entity in whole or in part with the proceeds of bond anticipation notes or other interim financing, which is to be paid in whole or in part with the net proceeds of the Local Bonds.

1.10 "DWTRF Regulations" means the regulations set forth in the West Virginia Code of State Regulations.

1.11 "System" means the drinking water system owned by the Local Entity, 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 Local Entity by the Consulting Engineers, the BPH and Authority having found, to the extent applicable, that the Project is consistent with the applicable provisions of the Program.

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

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

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

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

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

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

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

2.9 The Local Entity shall provide and maintain competent and adequate engineering services satisfactory to the Authority and 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, BPH and the Local Entity at the completion of construction that construction is in accordance with the approved plans, specifications and designs, or amendments thereto, approved by all necessary governmental bodies. The Local Entity 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 Local Entity shall notify BPH in writing of such receipt.

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

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

2.12 The Local Entity, 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 A and incorporated herein by reference, and forward a copy by the 10th of each month to BPH and the Authority.

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

ARTICLE III

Conditions to Loan;
Issuance of Local Bonds

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

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

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

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

(d) The Local Entity 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 Local Entity 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 BPH shall have received a certificate of the Consulting Engineers to such effect, the form of which certificate is attached hereto as Exhibit C;

(e) The Local Entity 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 BPH shall have received a certificate of the Consulting Engineers to such effect;

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

Local Entity, which may be local counsel to the Local Entity, bond counsel or special PSC counsel but must be satisfactory to the Authority and BPH, to such effect;

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

(h) The Local Entity 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 BPH shall have received an opinion of counsel to the Local Entity, which may be local counsel to the Local Entity, bond counsel or special PSC counsel but must be satisfactory to the Authority and BPH, to such effect;

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

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

3.2 Subject to the terms and provisions of this Loan Agreement, the rules and regulations promulgated by the BPH, including the DWTRF Regulations, or any other appropriate State agency and any applicable rules, regulations and procedures promulgated from time to time by the federal government, it is hereby agreed that the Authority shall make the Loan to the Local Entity and the Local Entity shall accept the Loan from the Authority, and in furtherance thereof it is agreed that the Local Entity 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 Local Entity 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, BPH and the Local Entity. 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.

3.5 The Local Entity understands and acknowledges that it is one of several local entities which have applied to the Authority and BPH for loans from the Fund to finance drinking water projects and that the obligation of the Authority to make any such loan is subject to the Local Entity's fulfilling all of the terms and conditions of this Loan Agreement on or prior to the Date of Loan Closing and to the requirements of the Program. The Local Entity specifically recognizes that the Authority will not purchase the Local Bonds unless and until sufficient funds are available in the Fund to purchase all the Local Bonds and that, prior to execution of this Loan Agreement, the Authority may purchase the bonds of other local entities set out in the State Project Priority List, as defined in the DWTRF Regulations. The Local Entity further specifically recognizes that all loans will be originated in conjunction with the DWTRF Regulations and with the prior approval of BPH or such later date as is agreed to in writing by the BPH.

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

ARTICLE IV

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

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

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

(i) to pay Operating Expenses of the System;

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

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

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

Provided that if the Local Entity 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, as applicable, of the System as provided in the Local Act;

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

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

(iv) That, except as otherwise required by State law or the DWTRF Regulations, 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 from such sale, mortgage, lease or other disposition shall be sufficient to fully pay all of the Local Bonds outstanding and further provided that portions of the System when no longer required for the ongoing operation of the System as evidenced by certificates from the Consulting Engineer, may be disposed of with such restrictions as are normally contained in such covenants;

(v) That the Local Entity 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 BPH;

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

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

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

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

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

(xi) That the Local Entity shall annually, within six months of the end of the fiscal year, 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 BPH. If the Local Entity receives $300,000 or more (in federal funds) in a fiscal year, the audit shall be obtained in accordance with the Single Audit Act (as amended from time to time) and the applicable OMB Circular (or any successor thereto). Financial statement audits are required once all funds have been received by the Local Entity. The audit shall include a statement that notes whether the results of tests disclosed instances of noncompliance that are required to be reported under government auditing standards and, if they are, describes the instances of noncompliance and the audited financial statements shall include a statement that notes whether the Local Entity's revenues are adequate to meet its Operating Expenses and debt service and reserve requirements;

(xii) That the Local Entity 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 BPH within 30 days of adoption thereof;

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

(xiv) That the proceeds of the Local Bonds, advanced from time to time, except for accrued interest and capitalized interest, if any, must (a) be deposited in a construction fund, which, except as otherwise agreed to in writing by the Authority, shall be held separate and apart from all other funds of the Local Entity 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 funding of such Local Entity, the proceeds of which were used to finance the construction of the Project; provided that, with the prior written consent of the Authority and BPH, the proceeds of the Local Bonds may be used to fund all or a portion of the Reserve Account, on which the owner of the Local Bonds shall have a lien as provided herein;

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

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

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

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

(xix) That the Local Entity shall have obtained the certificate of the Consulting Engineers to the effect that the Project has been or will be constructed in accordance with the approved plans, specifications and design as submitted to the Authority and BPH, the Project is adequate for the purposes for which it was designed, the funding plan

as submitted to the Authority and 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;

(xx) That the Local Entity shall, to the full extent permitted by applicable law and the rules and regulations of the PSC, terminate its services to any customer of the System who is delinquent in payment of charges for services provided by the System and will not restore such services until all delinquent charges for the services of the System have been fully paid; and

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

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

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

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

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

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

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

ARTICLE V

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

5.1 The Local Entity hereby irrevocably covenants and agrees to comply with all of the terms, conditions and requirements of this Loan Agreement and the Local Act. The Local Entity 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 Local Entity 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 Local Entity defaults in any 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 Local Entity hereby irrevocably covenants and agrees with the Authority that, in the event of any default hereunder by the Local Entity, the Authority may exercise any or all of the rights and powers granted under Section 5 of the Act, including, without limitation, the right to impose, enforce and collect charges of the System.

ARTICLE VI

Other Agreements of the Local Entity

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

6.2 The Local Entity hereby warrants and represents that all information provided to the Authority and BPH 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 BPH 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 BPH by the Local Entity in connection with the Loan shall be incorrect or incomplete in any material respect or (b) the Local Entity has violated any commitment made by it in its Application or in any supporting documentation or has violated any of the terms of the Act, the DWTRF Regulations or this Loan Agreement.

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

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

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

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

6.7 The Local Entity hereby agrees to file with the Authority and BPH 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 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 Local Entity supplementing the Local Act, a certified copy of which official action shall be submitted to the Authority.

7.2 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.

7.3 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.

7.4 No waiver by any 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.

7.5 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.

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

7.7 This Loan Agreement shall terminate upon the earlier of:

(i) written notice of termination to the Local Entity from either the Authority or BPH;

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

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

(iv) payment in full of the principal of and interest on the Loan and of any fees and charges owed by the Local Entity to the Authority or BPH.

In the event funds are not available to make all of the Loan, the responsibility of the Authority and BPH to make all the Loan is terminated; provided further that the obligation of the Local Entity to repay the outstanding amount of the Loan made by the Authority and BPH is not terminated due to such non-funding on any balance of the Loan. The BPH agrees to use its best efforts to have the amount contemplated under this Loan Agreement included in its budget. Non-funding of the Loan shall not be considered an event of default under this Loan Agreement.

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

TOWN OF CEREDO

(SEAL)

By: _____
Its: Mayor
Date: June 14, 2007

Attest:

_____
Its: Recorder

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

(SEAL)

By: _____
Its: Director
Date: June 14, 2007

Attest:

_____
Its: Secretary-Treasurer

000832/00520
11/01/04

EXHIBIT A

MONTHLY FINANCIAL REPORT

Name of Local Entity _____

Name of Bond Issue(s) _____

Type of Project _____ **Water** _____ **Wastewater**

Fiscal Year _____ **Report Month** _____

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

_____

Name of Person Completing Form

_____

Address

_____

Telephone

INSTRUCTIONS FOR COMPLETING MONTHLY FINANCIAL REPORT

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

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

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

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

The Local Entity 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 B

PAYMENT REQUISITION FORM

EXHIBIT C

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 used herein and not defined herein shall have the same meaning 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 Bureau for Public Health (the "BPH"), 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 BPH and any change orders approved by the Issuer, BPH and all necessary governmental bodies; (ii) the Project, as designed, is adequate for its intended purpose and has a useful life of at least _____ years, if properly operated and maintained, excepting anticipated replacements due to normal wear and tear; (iii) the Issuer has received bids for the acquisition and construction of the Project which are in an amount and otherwise compatible with the plan of financing set forth in Schedule B attached hereto as Exhibit A, and my firm[1] has ascertained that all successful bidders have made

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

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 BPH 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 approved by BPH; and (xi) attached hereto as Exhibit A is the final amended "Schedule B - Total Cost of Project; Sources of Funds and Cost of Financing" for the Project.

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

[SEAL]

_____

By: _____

_____

West Virginia License No. _____

---

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 D

SPECIAL CONDITIONS

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.

Sixty days prior to the date of the first monthly payment to the Municipal Bond Commission, the Governmental Agency shall provide the Authority and the BPH with a written report stating the date on which the Project received a Certificate of Completion from the Consulting Engineers, the date on which the new rates became effective, the date on which the Governmental Agency began or will begin billing the new rates and the date when the Governmental Agency anticipates receiving revenues from the rate increase. If on the sixtieth day preceding the first monthly payment to the Municipal Bond Commission, the Governmental Agency has not received a Certificate of Completion, it covenants and agrees to petition the PSC for approval to immediately implement the new rates.

Additionally, the Governmental Agency shall provide the Authority and the BPH notice of any other rate changes.

EXHIBIT E

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 _____ on _____.
[Local Entity] [Date]

Sinking Fund:

Interest $_____

Principal $_____

Total: $_____

Reserve Account: $_____

Witness my signature this ___ day of _____.

_____
[Name of Local Entity]

By: _____
Authorized Officer

Enclosure: wire transfer form

EXHIBIT F

OPINION OF BOND COUNSEL FOR LOCAL ENTITY

[To Be Dated as of Date of Loan Closing]

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

West Virginia Bureau for Public Health
815 Quarrier Street, Suite 418
Charleston, WV 25301-2616

Ladies and Gentlemen:

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

We have examined a certified copy of proceedings and other papers relating to the authorization of a (i) loan agreement dated _____, including all schedules and exhibits attached thereto (the "Loan Agreement"), between the Local Entity and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Bureau for Public Health (the "BPH"), and (ii) the issue of a series of revenue bonds of the Local Entity, 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 principal and interest payable quarterly on March 1, June 1, September 1, and December 1 of each year, beginning _____ 1, ____, and ending ___ _____ 1, _____, all as set forth in the "Schedule Y" attached to the 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 Local Entity on _____, as supplemented by the supplemental resolution duly adopted by the Local Entity 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 Local Entity and is a valid and binding special obligation of the Local Entity, enforceable in accordance with the terms thereof.

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

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

4. The Local Act and all other necessary orders and resolutions have been legally and effectively adopted or enacted by the Local Entity and constitute valid and binding obligations of the Local Entity, enforceable against the Local Entity 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 Local Entity to the Authority and are valid, legally enforceable and binding special obligations of the Local Entity, payable from the gross or net revenues of the System set forth in the Local Act and secured by a first lien on and pledge of the gross or net 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 executed and authenticated Local Bond numbered R-1, and in our opinion the form of said bond and its execution and authentication are regular and proper.

Very truly yours,

SCHEDULE X

DESCRIPTION OF LOCAL BONDS

Principal Amount of Local Bonds	$ 2,700,000
Purchase Price of Local Bonds	$ 2,700,000

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

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

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

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

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

None.

SCHEDULE Y

$2,700,000

Town of Ceredo

30 Years, 0% Interest Rate, 1% Administrative Fee

Closing Date: June 14, 2007

Debt Service Schedule

Date	Principal	Coupon	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	22,500.00	-	22,500.00
09/01/2009	22,500.00	-	22,500.00
12/01/2009	22,500.00	-	22,500.00
03/01/2010	22,500.00	-	22,500.00
06/01/2010	22,500.00	-	22,500.00
09/01/2010	22,500.00	-	22,500.00
12/01/2010	22,500.00	-	22,500.00
03/01/2011	22,500.00	-	22,500.00
06/01/2011	22,500.00	-	22,500.00
09/01/2011	22,500.00	-	22,500.00
12/01/2011	22,500.00	-	22,500.00
03/01/2012	22,500.00	-	22,500.00
06/01/2012	22,500.00	-	22,500.00
09/01/2012	22,500.00	-	22,500.00
12/01/2012	22,500.00	-	22,500.00
03/01/2013	22,500.00	-	22,500.00
06/01/2013	22,500.00	-	22,500.00
09/01/2013	22,500.00	-	22,500.00
12/01/2013	22,500.00	-	22,500.00
03/01/2014	22,500.00	-	22,500.00
06/01/2014	22,500.00	-	22,500.00
09/01/2014	22,500.00	-	22,500.00
12/01/2014	22,500.00	-	22,500.00
03/01/2015	22,500.00	-	22,500.00
06/01/2015	22,500.00	-	22,500.00
09/01/2015	22,500.00	-	22,500.00
12/01/2015	22,500.00	-	22,500.00
03/01/2016	22,500.00	-	22,500.00
06/01/2016	22,500.00	-	22,500.00
09/01/2016	22,500.00	-	22,500.00
12/01/2016	22,500.00	-	22,500.00
03/01/2017	22,500.00	-	22,500.00
06/01/2017	22,500.00	-	22,500.00
09/01/2017	22,500.00	-	22,500.00
12/01/2017	22,500.00	-	22,500.00
03/01/2018	22,500.00	-	22,500.00
06/01/2018	22,500.00	-	22,500.00

$2,700,000
Town of Ceredo
30 Years, 0% Interest Rate, 1% Administrative Fee
Closing Date: June 14, 2007

Debt Service Schedule

Date	Principal	Coupon	Total P+I
09/01/2018	22,500.00	-	22,500.00
12/01/2018	22,500.00	-	22,500.00
03/01/2019	22,500.00	-	22,500.00
06/01/2019	22,500.00	-	22,500.00
09/01/2019	22,500.00	-	22,500.00
12/01/2019	22,500.00	-	22,500.00
03/01/2020	22,500.00	-	22,500.00
06/01/2020	22,500.00	-	22,500.00
09/01/2020	22,500.00	-	22,500.00
12/01/2020	22,500.00	-	22,500.00
03/01/2021	22,500.00	-	22,500.00
06/01/2021	22,500.00	-	22,500.00
09/01/2021	22,500.00	-	22,500.00
12/01/2021	22,500.00	-	22,500.00
03/01/2022	22,500.00	-	22,500.00
06/01/2022	22,500.00	-	22,500.00
09/01/2022	22,500.00	-	22,500.00
12/01/2022	22,500.00	-	22,500.00
03/01/2023	22,500.00	-	22,500.00
06/01/2023	22,500.00	-	22,500.00
09/01/2023	22,500.00	-	22,500.00
12/01/2023	22,500.00	-	22,500.00
03/01/2024	22,500.00	-	22,500.00
06/01/2024	22,500.00	-	22,500.00
09/01/2024	22,500.00	-	22,500.00
12/01/2024	22,500.00	-	22,500.00
03/01/2025	22,500.00	-	22,500.00
06/01/2025	22,500.00	-	22,500.00
09/01/2025	22,500.00	-	22,500.00
12/01/2025	22,500.00	-	22,500.00
03/01/2026	22,500.00	-	22,500.00
06/01/2026	22,500.00	-	22,500.00
09/01/2026	22,500.00	-	22,500.00
12/01/2026	22,500.00	-	22,500.00
03/01/2027	22,500.00	-	22,500.00
06/01/2027	22,500.00	-	22,500.00
09/01/2027	22,500.00	-	22,500.00
12/01/2027	22,500.00	-	22,500.00
03/01/2028	22,500.00	-	22,500.00
06/01/2028	22,500.00	-	22,500.00
09/01/2028	22,500.00	-	22,500.00
12/01/2028	22,500.00	-	22,500.00
03/01/2029	22,500.00	-	22,500.00
06/01/2029	22,500.00	-	22,500.00

$2,700,000
Town of Ceredo
30 Years, 0% Interest Rate, 1% Administrative Fee
Closing Date: June 14, 2007

Debt Service Schedule

Date	Principal	Coupon	Total P+I
09/01/2029	22,500.00	-	22,500.00
12/01/2029	22,500.00	-	22,500.00
03/01/2030	22,500.00	-	22,500.00
06/01/2030	22,500.00	-	22,500.00
09/01/2030	22,500.00	-	22,500.00
12/01/2030	22,500.00	-	22,500.00
03/01/2031	22,500.00	-	22,500.00
06/01/2031	22,500.00	-	22,500.00
09/01/2031	22,500.00	-	22,500.00
12/01/2031	22,500.00	-	22,500.00
03/01/2032	22,500.00	-	22,500.00
06/01/2032	22,500.00	-	22,500.00
09/01/2032	22,500.00	-	22,500.00
12/01/2032	22,500.00	-	22,500.00
03/01/2033	22,500.00	-	22,500.00
06/01/2033	22,500.00	-	22,500.00
09/01/2033	22,500.00	-	22,500.00
12/01/2033	22,500.00	-	22,500.00
03/01/2034	22,500.00	-	22,500.00
06/01/2034	22,500.00	-	22,500.00
09/01/2034	22,500.00	-	22,500.00
12/01/2034	22,500.00	-	22,500.00
03/01/2035	22,500.00	-	22,500.00
06/01/2035	22,500.00	-	22,500.00
09/01/2035	22,500.00	-	22,500.00
12/01/2035	22,500.00	-	22,500.00
03/01/2036	22,500.00	-	22,500.00
06/01/2036	22,500.00	-	22,500.00
09/01/2036	22,500.00	-	22,500.00
12/01/2036	22,500.00	-	22,500.00
03/01/2037	22,500.00	-	22,500.00
06/01/2037	22,500.00	-	22,500.00
09/01/2037	22,500.00	-	22,500.00
12/01/2037	22,500.00	-	22,500.00
03/01/2038	22,500.00	-	22,500.00
06/01/2038	22,500.00	-	22,500.00
09/01/2038	22,500.00	-	22,500.00
12/01/2038	22,500.00	-	22,500.00
03/01/2039	22,500.00	-	22,500.00
Total	**$2,700,000.00**	-	**$2,700,000.00** *

***Plus $3,403.13 one-percent Administrative Fee paid quarterly. Total fee over life of loan is $408,375.60.**

060934alj102606.wpd

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

Entered: October 26, 2006

FINAL
11/4/2006
Per Commission Order Waiving the Exception Period

CASE NO. 06-0934-W-CN

TOWN OF CEREDO
Application for a certificate of convenience and necessity for the construction, operation and maintenance of improvements to its water distribution system in Wayne County and for approval of financing related thereto.

RECOMMENDED DECISION

On July 21, 2006, the Town of Ceredo (Town or Applicant) filed an application for certificate of convenience and necessity for the construction, operation and maintenance of certain improvements to its water distribution system in Wayne County. The Town is also seeking approval of financing related to this project.

By Order dated July 21, 2006, the Applicant was directed to give notice of the filing of the application by publishing a copy of the Order once in a newspaper, duly qualified by the Secretary of State, published and of general circulation in Wayne County. The Order required that written protests be filed within 30 days of publication. If no protests are received, the Commission may waive formal hearing and grant the application based upon evidence submitted with the application.

On August 10, 2006, the Town submitted a proper affidavit of publication reflecting that publication had been made in accordance with the Commission's requirements in the Wayne County News with the date of publication being August 1, 2006. No protests were filed within the 30-day protest period, or as of the date of this Order.

On August 3, 2006, Leslie J. Anderson, Esquire, Staff Attorney, filed the Initial Joint Staff Memorandum, to which was attached the Initial Internal Memorandum prepared by Pete Lopez, Utilities Analyst II, Water and Wastewater Division, and Jim Spurlock, Technical Analyst II, Engineering Division. The proposed project in this case includes replacing the Town's existing reservoir with two water storage tanks each having a capacity of approximately 185,000 gallons. The project also includes the construction of a line from the new water storage tanks to downtown Ceredo; the replacement of small diameter water lines with larger diameter water lines in the Hartz/Big Bear, southeast U.S. Route 60 and upper Broad Hollow areas; installation of a hydro-pneumatic booster station to improve low pressure in the upper Broad Hollow area; the installation of fire hydrants along the south side of U.S. Route 60;

and the upgrading of the existing supplemental booster station at an existing Ceredo/City of Kenova interface. The project is expected to cost approximately $2,700,000 and is to be funded by a Drinking Water Treatment Revolving Fund (DWTRF) loan at an interest rate of 0% and a 1% administrative fee for a term of 30 years. The Town has adopted an ordinance which has three scheduled rate increases to its customers to fund the debt service and operation and maintenance expenses. Staff indicated that it would continue to review the filing and make a timely final recommendation in this case.

By Order dated August 2, 2006, this matter was referred to the Division of Administrative Law Judges, directing that a decision be rendered on or before December 4, 2006, if there are no protests, and on or before February 16, 2007, if protest is received.

On September 26, 2006, the District submitted a binding commitment letter issued by the Bureau for Public Health as evidence of the $2.7 million loan for the water distribution system improvement project.

On October 16, 2006, Staff Attorney Anderson filed a Final Joint Staff Memorandum to which was attached the Final Internal Memorandum prepared by Pete Lopez and Jim Spurlock. A sanitary survey by the State Office of Environmental Health Services cited the need for replacement of the Town's reservoir. The reservoir is a 103-year-old underground concrete storage tank whose structural integrity and size are inadequate. Also noted was the absence of telemetry for the tank, limited fire protection for customers due to the undersized water lines and the need to begin replacement of water lines due to age. Staff opined that the project did not conflict with any of the Commission's rules and regulations. The project cost estimate of $2.7 million is reasonable for the scope of the project. The Town serves approximately 965 customers. The cost per customer for these improvements would be $2,798. No new customers will be added with this project.

The Town does not anticipate an increase in operation and maintenance expenses as a result of this project.

The Town proposes that the estimated project cost of $2.7 million be financed with a Drinking Water Treatment Revolving Fund loan for $2.7 million and has provided a commitment letter from the DWTRF for $2.7 million. The loan is for 30 years at 0% interest with a 1% administrative fee, requiring an annual debt payment of approximately $90,000 and an annual administrative fee of approximately $14,211. The debt reserve payment, which is equal to 10% of the annual debt payment, will be $9,000 per year and the renewal replacement reserve payment, which is equal to 2.5% of the annual operating revenues, will be approximately $8,822.

The Town has adopted and passed by ordinance three phased rate increases to its customers for the funding of the debt service and operation and maintenance expenses. The first increase became effective July 20, 2006. The second increase is to take effect May 1, 2007, with a 21.1% increase to customers based on 4,500 gallons of usage. The third increase will become effective May 1, 2008, with a increase of 13.3% to customers using 4,500 gallons of water.

Based upon its review of the District's certificate application, supporting data and documents submitted therewith, Commission Staff recommended the following:

1. Pursuant to West Virginia Code §24-2-11, the Town of Ceredo be granted a certificate of convenience and necessity to upgrade their water distribution system in the amount of $2.7 million;

2. Approval of the project funding, consisting of a DWTRF loan to $2.7 million at 0% interest for 30 years with a 1% administrative fee;

3. If there is any change in the plans or scope of the project or where a change in financing affects rates, the Town must request a reopening of the certificate case for adjustments and approvals;

4. If there is a change in project cost that does not affect rates, the Town does not need to seek reopening and approval, but must file an affidavit signed by a CPA verifying that rates are not affected;

5. Should bids exceed the estimated construction costs approved herein, the Town must request approval of any necessary project revisions and submit necessary engineering data in support thereof;

6. The Town's engineer should submit a copy of certificate of substantial completion when available;

7. The Applicant shall file with the Commission a copy of the engineer's certified tabulation of bids within ten days of the bid opening date, for each construction contract or vendor bid contract to be awarded for this project; and

8. The Town should considered adopting, in its next rate ordinance, a leak adjustment increment for schedules 1, 2 and 3, as well as updating its tariffs with the most up-to-date Commission language and changes.

By letter dated October 16, 2006, the Town was furnished a copy of the Staff's recommendation and afforded ten days in which to respond thereto, in writing. As of the date of this Order, no response has been filed by the Town.

DISCUSSION

The proposed project will allow the Town to replace its 103-year-old underground concrete water storage tank, whose structural integrity and size are inadequate; to increase the size of the distribution lines; and provide additional fire protection for customers that was limited due to the undersized water lines. Staff opined that the cost per customer for the improvements in this case are reasonable for the scope of the project. Since the project is necessary to replace old and inadequate

water facilities, the project is necessary and convenient. Accordingly, the certificate application filed herein will be granted. The financing of the proposed project, consisting of a DWTRF loan for $2.7 million at 0% interest for 30 years with a 1% administrative fee, will also be approved.

FINDINGS OF FACT

1. The Town of Ceredo filed an application for a certificate of convenience and necessity for the construction, operation and maintenance of certain improvements to its water distribution system in Wayne County. (See, application filed July 21, 2006).

2. The project, which will cost approximately $2.7 million, will be financed by a DWTRF loan in the amount of $2.7 million at 0% interest for 30 years with a 1% administrative fee. (See, Commitment letter filed September 26, 2006; Final Joint Staff Memorandum filed October 16, 2006).

3. The Town submitted a proper affidavit of publication reflecting that the notice of filing of the application was published in the Wayne County New on August 1, 2006. (See, affidavit filed August 10, 2006).

4. No protests or objections were filed to the Town's certificate application within the 30-day protest period which expired September 1, 2006. (See, case file generally).

5. The Town's rates, which were approved by ordinance, will provide sufficient operating revenues to cover the proposed annual operating expenses, debt service and reserve requirements, while providing a surplus of approximately $8,048 and debt coverage ratio of 163.37%. (See, Final Joint Staff Memorandum filed October 13, 2006).

6. The proposed project will allow the Town to replace a 103-year-old water reservoir, increase the size of distribution lines and provide better fire protection to the Town's citizens. (See, Final Joint Staff Recommendation filed October 16, 2006).

7. Commission Staff recommended that the application be granted and that the funding be approved. (See, Final Joint Staff Memorandum filed October 16, 2006).

8. The Town did not file any objection to the Staff recommendations despite being given the opportunity to do so. (See, October 16, 2006 Executive Secretary's letter; case file generally).

CONCLUSIONS OF LAW

1. The public convenience and necessity require the project proposed by the Town of Ceredo to construct, operate and maintain certain improvements to its water distribution system in Wayne County. Accordingly, a certificate of convenience and necessity should be granted to the Town for the proposed project.

2. It is reasonable to approve the financing of the project consisting of a Drinking Water Treatment Revolving Fund loan in the

amount of $2.7 million at an interest rate of 0% and a 1% administrative fee for a term of 30 years.

ORDER

IT IS, THEREFORE, ORDERED that the application filed herein on July 21, 2006, by the Town of Ceredo for a certificate of convenience and necessity for the construction, operation and maintenance of improvements to its water distribution system in Wayne County be, and it hereby is, granted.

IT IS FURTHER ORDERED that the financing for the project, consisting of a Drinking Water Treatment Revolving Fund loan in the amount of $2.7 million for a period of 30 years at a interest rate of 0% and a 1% administrative fee, be, and it hereby is, approved.

IT IS FURTHER ORDERED that the Town of Ceredo, be, and hereby is, directed to submit a certificate of substantial completion of the project from the engineer as soon as it becomes available.

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

IT IS FURTHER ORDERED that the Town of Ceredo be, and hereby is, directed to file a copy of the engineer's certified tabulation of bids for each construction contract or vendor bid contract to be awarded the project, within ten days of the opening date for each contract.

IT IS FURTHER ORDERED that, if there are any changes in the scope, plans or financing of the project or if there is a change in project cost that affects rates, the Town of Ceredo obtain Commission approval of such changes prior to commencing construction.

IT IS FURTHER ORDERED that, if there is a change in project costs which doesn't affect rates, the Town of Ceredo does not need to petition for approval of those changes, but it must file an affidavit from its accountant verifying that rates will not be affected.

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

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

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

If no exceptions are so filed, this Order shall become the order of the Commission, without further action or order, five (5) days following

the expiration of the aforesaid fifteen (15) day time period, unless it is ordered stayed or postponed by the Commission.

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

Robert W. Glass
Administrative Law Judge

RWG:kkp
060934a.wpd

Affidavit of Legal
Publication and Posting
STATE OF WEST VIRGINIA
COUNTY OF WAYNE, TO-WIT:

I, *Thomas J. George*
publisher of the **WAYNE COUNTY NEWS**, a newspaper published in the **COUNTY OF WAYNE, STATE OF WEST VIRGINIA**, hereby certify that the annexed publication was inserted in said newspaper on the following dates:

Commencing on August 1, 2006

And Ending on August 1, 2006

Given under my hand this 3rd day

of August 20 06

Thomas J. George

Sworn to and subscribed before me this

3rd day of August,

20 06, at Wayne, Wayne County, West

Virginia.

Ruth A. Adkins
NOTARY PUBLIC

of, in and for **WAYNE COUNTY, WEST VIRGINIA.**

MY COMMISSION EXPIRES: Nov. 18, 2009

Amount Due for Publishing Annexed Notice:

$ 403.12

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
RUTH A. ADKINS
3921 Green Valley Rd.
Huntington, WV 25701
My Commission Expires November 18, 2009

RECEIVED
2006 AUG 10 AM 8:47
W VA PUBLIC SERVICE COMMISSION
SECRETARY'S OFFICE

PUBLIC SERVICE COMMISSION OF WEST VIRGINIA CHARLESTON

Entered by the Public Service Commission of West Virginia, in the City of Charleston on the 21st day of July, 2006.

Case No. 06-0934-W-CN

TOWN OF CEREDO

Application for a certificate of convenience and necessity for the construction, operation and maintenance of improvements to its water distribution system in Wayne County and for approval of financing related thereto.

NOTICE OF FILING

WHEREAS, on July 21, 2006, the Town of Ceredo filed an application, duly verified, for a Certificate for the construction, operation and maintenance of improvements to its water distribution system in Wayne County and for approval of financing related thereto. The application is on file with and available for public inspection at the Public Service Commission, 201 Brooks Street, in Charleston, West Virginia.

WHEREAS, the Town of Ceredo estimates that construction will cost approximately $2,700,000.00. It is proposed that the construction will be financed through a Drinking Water Treatment Revolving Fund loan not to exceed $3,000,000.00 at an interest rate of 0% plus 1% administrative fee for a term of 30 years.

WHEREAS, the Town anticipates charging the following water rates to its customers. The following Schedule No. 1 rates are currently in effect:

SCHEDULE NO. 1

APPLICABILITY

Applicable to entire territory served.

AVAILABILITY

Available for residential, commercial, governmental, industrial and resale water service.

RATES

First	2,000 gallons used per month	$5.80 per 1,000 gallons
Next	4,000 gallons used per month	4.88 per 1,000 gallons
All over	6,000 gallons used per month	4.40 per 1,000 gallons

MINIMUM CHARGE

No minimum bill will be rendered for less than $ 11.60 per month

(Equivalent to 2,000 gallons of water usage)

5/8 inch meter	$ 11.20 per month
3/4 inch meter	16.80 per month
1 inch meter	28.00 per month
1-1/4 inch meter	40.90 per month
1-1/2 inch meter	56.00 per month
2 inch meter	89.50 per month
3 inch meter	168.00 per month
4 inch meter	280.00 per month
6 inch meter	560.00 per month
8 inch meter	896.00 per month

DELAYED PAYMENT PENALTY

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

TAP FEE

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

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

A tap fee of $350 will be charged to all customers who apply for service outside of a certificate proceeding before the Commission for each new tap to the system.

WATER DISCONNECT-RECONNECT-ADMINISTRATIVE FEES $20.00

Whenever water service has been disconnected for any reason, a disconnection fee of $20.00 shall be charged; or in the event the delinquent water bill is collected in the field, an administrative fee of $20.00 shall be charged. Whenever water service which has been previously disconnected for any reason is reconnected, a reconnection fee of $20.00 shall be charged.

LEAK ADJUSTMENT

$1.60 per 1,000 gallons is to be used when a bill reflects unusual consumption which can be attributed to eligible leakage on the customer's side of the meter. This rate shall be applied to all such consumption above the customer's historical average usage.

The following increased water rates set forth in Schedule No. 2 will become effective May 1, 2007:

SCHEDULE NO. 2

APPLICABILITY

Applicable to entire territory served.

AVAILABILITY

Available for residential, commercial, governmental, industrial and resale water service.

RATES

First	2,500 gallons used per month	$6.60 per 1,00 gallons
Next	7,500 gallons used per month	6.00 per 1,000 gallons
All over	10,000 gallons used per month	5.60 per 1,000 gallons

MINIMUM CHARGE

No minimum bill will be rendered for less than $16.25 per month

(Equivalent to 2,500 gallons of water usage)

5/8 inch meter	$ 16.25 per month
3/4 inch meter	20.25 per month
1 inch meter	40.80 per month
1 - 1/4 inch meter	73.50 per month
1 - 1/2 inch meter	81.25 per month
2 inch meter	130.00 per month
3 inch meter	243.75 per month
4 inch meter	406.25 per month
6 inch meter	812.50 per month
8 inch meter	1,300.00 per month

DELAYED PAYMENT PENALTY

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

TAP FEE

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

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

A tap fee of $350 will be charged to all customers who apply for service outside of a certificate proceeding before the Commission for each new tap to the system.

WATER DISCONNECT-RECONNECT-ADMINISTRATIVE FEES $20.00

Whenever water service has been disconnected for any reason, a disconnection fee of $20.00 shall be charged; or in the event the delinquent water bill is collected in the field, an administrative fee of $20.00 shall be charged. Whenever water service which has been previously disconnected for any reason is reconnected, a reconnection fee of $20.00 shall be charged.

LEAK ADJUSTMENT

$2.00 per 1,000 gallons is to be used when a bill reflects unusual consumption which can be attributed to eligible leakage on the customer's side of the meter. This rate shall be applied to all such consumption above the customer's historical average usage.

The following increased water rates set forth in Schedule No. 3 will become effective May 1, 2008:

SCHEDULE NO. 3

APPLICABILITY

Applicable to entire territory served.

AVAILABILITY

Available for residential, commercial, governmental, industrial and resale water service.

RATES

First	3,000 gallons used per month	$ 7.333 per 1,000 gallons
Next	17,000 gallons used per month	5.87 per 1,000 gallons
All Over	20,000 gallons used per month	5.67 per 1,000 gallons

MINIMUM CHARGE

No minimum bill will be rendered for less than $ 22.00 per month

(Equivalent to 3,000 gallons of water usage)

5/8 inch meter	$ 22.00 per month
3/4 inch meter	33.00 per month
1 inch meter	55.00 per month
1 - 1/4 inch meter	80.20 per month
1 - 1/2 inch meter	110.00 per month
2 inch meter	176.00 per month
3 inch meter	329.99 per month
4 inch meter	549.95 per month
6 inch meter	1,099.96 per month
8 inch meter	1,759.92 per month

DELAYED PAYMENT PENALTY

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

TAP FEE

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

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

A tap fee of $350 will be charged to all customers who apply for service outside of a certificate proceeding before the Commission for each new tap to the system.

WATER DISCONNECT-RECONNECT-ADMINISTRATIVE FEES $ 20.00

Whenever water service has been disconnected for any reason, a disconnection fee of $20.00 shall be charged; or in the event the delinquent water bill is collected in the field, an administrative fee of $20.00 shall be charged. Whenever water service which has been previously disconnected for any reason is reconnected, a reconnection fee of $20.00 shall be charged.

LEAK ADJUSTMENT

$2.00 per 1,000 gallons is to be used when a bill reflects unusual consumption which can be attributed to eligible leakage on the customer's side of the meter. This rate shall be applied to all such consumption above the customer's historical average usage.

The Schedule No. 2 rates represent the following project-related increases:

	($) INCREASE	INCREASE (%)
Residential (4,500 gallons per month)	$ 4.92	21.1 %
Commercial (4,500 gallons per month)	$ 4.92	21.1 %
Industrial (4,500 gallons per month)	$ 4.92	21.1 %
Resale	N/A	N/A

The Schedule No. 3 rates represent the following project-related increases:

	($) INCREASE	INCREASE (%)
Residential (4,500 gallons per month)	$ 3.75	13.3 %
Commercial (4,500 gallons per month)	$ 3.75	13.3 %
Industrial (4,500 gallons per month)	$ 3.75	13.3 %
Resale	N/A	N/A

The Town of Ceredo has no resale customers.

The Schedule No. 2 increased water rates and charges will produce approximately $62,622.00 annually in additional revenue, an increase of 17.5%.

The Schedule No. 3 increased water rates and charges will produce approximately $50,355.00 annually in additional revenue, a further increase of 17.2%.

The increases shown are based on average of all customers in the indicated class. Individual customers may receive increases that are greater or less than average. Furthermore, the requested rates and charges are only a proposal and are subject to change (increase or decrease) by the Public Service Commission in its review of this filing.

Pursuant to §24-2-11, West Virginia Code, it is ordered that the Town of Ceredo give notice of the filing of said application, by publishing a copy of this order once in a newspaper duly qualified by the Secretary of State, published and of general circulation in Wayne County, making due return to this Commission of proper certification of publication immediately after publication. Anyone desiring to protest or intervene should file a written protest or notice of intervention within 30 days following the date of this publication unless otherwise modified by Commission order. Failure to timely protest or intervene can affect your right to protest aspects of this certificate case, including any associated rate increases, or to participate in future proceedings. All protests or requests to intervene should briefly state the reason for the protest or intervention. Requests to intervene must comply with the Commission's rules on intervention set forth in the Commission's Rules of Practice and Procedure. All protests and interventions should be addressed to Sandra Squire, Executive Secretary, P.O. Box 812, Charleston, West Virginia 25323.

IT IS FURTHER ORDERED that if no protests are received within said thirty (30) day period, the Commission may waive formal hearing and grant the application based on the evidence submitted with said application based on the evidence submitted with said application and its review thereof.

Sandra Squire
Executive Secretary
8/1 1tc

West Virginia Infrastructure & Jobs Development Council

Public Members:
Mark Prince
Hurricane
Dwight Calhoun
Petersburg
C. R. "Rennie" Hill, III
Beckley
Tim Stranko
Morgantown

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

Katy Mallory, PE
Executive Secretary

Katy.Mallory@verizon.net

July 7, 2005

The Honorable Mose Napier
Mayor, Town of Ceredo
P.O. Box 691
Ceredo, West Virginia 25507

Re: Town of Ceredo
Water Project 2005W-865

Dear Mayor Napier:

The West Virginia Infrastructure and Jobs Development Council (the "Infrastructure Council") has reviewed the Town of Ceredo's (the "Town") preliminary application regarding its proposed project to address distribution system deficiencies for existing customers, replace reservoir and provide backup long-term water supply source (the "Project").

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

Upon consideration of the preliminary application, the Infrastructure Council determined the Town should pursue a $2,100,000 Drinking Water Treatment Revolving Fund to fund this project. Please contact the WV Bureau for Public Health office at 558-6715 for specific information on the steps the Town needs to follow to apply for these funds. **Please note that this letter <u>does not</u> constitute funding approval from this agency.**

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

Sincerely,

Mark Prince

Enclosure
cc: Pat Taylor, BPH (w/o enclosure)
Region II Planning & Development Council
Terence Moran, P.E., Potesta & Associates, Inc.

THE TOWN OF CEREDO

Water Revenue Bonds, Series 2007 A
(West Virginia DWTRF Program)

CROSS-RECEIPT FOR BONDS AND BOND PROCEEDS

On this 14th day of June, 2007, the undersigned authorized representative of the West Virginia Water Development Authority (the "Authority"), for and on behalf of the Authority, and the undersigned Mayor of The Town of Ceredo (the "Issuer"), for and on behalf of the Issuer, hereby certify as follows:

1. On the date hereof, the Authority received the Water Revenue Bonds, Series 2007 A (West Virginia DWTRF Program), of the Issuer, in the principal amount of $2,700,000, numbered AR-1, issued as a single, fully registered Bond, and dated June 14, 2007 (the "Series 2007 A Bonds").

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

3. The Issuer has received and hereby acknowledges receipt from the Authority, as the original purchaser of the Series 2007 A Bonds, of the sum of $67,500, being a portion of the principal amount of the Series 2007 A Bonds. The balance of the principal amount of the Series 2007 A Bonds will be advanced by the Authority and the West Virginia Bureau for Public Health to the Issuer as acquisition and construction of the Project progresses.

[Remainder of Page Intentionally Blank]

Dated as of the day and year first above written.

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

Barbara B Meadows

Authorized Representative

THE TOWN OF CEREDO

Jose A Vargas

Mayor

138840.00001

THE TOWN OF CEREDO

Water Revenue Bonds, Series 2007 A
(West Virginia DWTRF Program)

DIRECTION TO AUTHENTICATE AND DELIVER BONDS

The Huntington National Bank
as Bond Registrar
Charleston, West Virginia

Ladies and Gentlemen:

On this 14th day of June, 2007, there are delivered to you herewith:

(1) Bond No. AR-1, constituting the entire original issue of The Town of Ceredo Water Revenue Bonds, Series 2007 A (West Virginia DWTRF Program), in the principal amount of $2,700,000, dated June 14, 2007 (the "Bonds"), executed by the Mayor and the Recorder of The Town of Ceredo (the "Issuer") and bearing the official seal of the Issuer, authorized to be issued under and pursuant to a Bond Ordinance duly enacted by the Issuer on June 6, 2007, and a Supplemental Resolution duly adopted by the Issuer on June 6, 2007 (collectively, the "Bond Legislation");

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

(3) Executed counterparts of the loan agreement for the Series 2007 A Bonds, dated June 14, 2007 (the "Loan Agreement"), by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Bureau for Public Health ("BPH"); and

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

You are hereby requested and authorized to deliver the Bonds to the Authority upon payment to the Issuer of the sum of $67,500, representing a portion of the principal amount of the Bonds. Prior to such delivery of the Bonds, you will please cause the Bonds to be authenticated and registered by an authorized officer, as Bond Registrar, in accordance with the form of Certificate of Authentication and Registration thereon.

Dated as of the day and year first above written.

THE TOWN OF CEREDO

Mayor

138840.00001

SPECIMEN

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE TOWN OF CEREDO
WATER REVENUE BONDS, SERIES 2007 A
(WEST VIRGINIA DWTRF PROGRAM)

No. AR-1 $2,700,000

KNOW ALL MEN BY THESE PRESENTS: That The TOWN OF CEREDO, a municipal corporation and political subdivision of the State of West Virginia in Wayne 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 SEVEN HUNDRED THOUSAND DOLLARS ($2,700,000), 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 June 1, 2009, as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference.

This bond shall not bear interest. The Administrative Fee (as defined in the hereinafter described Bond Legislation) shall also be payable quarterly on March 1, June 1, September 1 and December 1 of each year commencing June 1, 2009, as set forth on EXHIBIT B attached hereto.

Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent").

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 June 14, 2007.

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

SPECIMEN

Project, and any further additions, betterments or improvements thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13C and Chapter 8, Article 19 of the West Virginia Code of 1931, as amended (collectively, the "Act"), a Bond Ordinance duly enacted by the Issuer on June 6, 2007, and a Supplemental Resolution duly adopted by the Issuer on June 6, 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.

THE ISSUER HAS NO BONDS OR OBLIGATIONS OTHER THAN THIS BOND WHICH IS SECURED BY NET REVENUES OF THE SYSTEM.

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

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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 described in the Bond Legislation, and there shall be and hereby is created and granted a lien upon such monies, until so applied, in favor of the registered owner of this Bond.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in 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 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 TOWN OF CEREDO has caused this Bond to be signed by its Mayor and its corporate seal to be hereunto affixed and attested by its Recorder, and has caused this Bond to be dated June 14, 2007.

[SEAL]

Mayor

ATTEST:

Recorder

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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: June 14, 2007.

THE HUNTINGTON NATIONAL BANK,
as Registrar

Authorized Officer

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EXHIBIT A

RECORD OF ADVANCES

	AMOUNT	DATE		AMOUNT	DATE
(1)	$67,500	June 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 $_____

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EXHIBIT B

DEBT SERVICE SCHEDULE

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$2,700,000
Town of Ceredo
30 Years, 0% Interest Rate, 1% Administrative Fee
Closing Date: June 14, 2007

Debt Service Schedule

Date	Principal	Coupon	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	22,500.00	-	22,500.00
09/01/2009	22,500.00	-	22,500.00
12/01/2009	22,500.00	-	22,500.00
03/01/2010	22,500.00	-	22,500.00
06/01/2010	22,500.00	-	22,500.00
09/01/2010	22,500.00	-	22,500.00
12/01/2010	22,500.00	-	22,500.00
03/01/2011	22,500.00	-	22,500.00
06/01/2011	22,500.00	-	22,500.00
09/01/2011	22,500.00	-	22,500.00
12/01/2011	22,500.00	-	22,500.00
03/01/2012	22,500.00	-	22,500.00
06/01/2012	22,500.00	-	22,500.00
09/01/2012	22,500.00	-	22,500.00
12/01/2012	22,500.00	-	22,500.00
03/01/2013	22,500.00	-	22,500.00
06/01/2013	22,500.00	-	22,500.00
09/01/2013	22,500.00	-	22,500.00
12/01/2013	22,500.00	-	22,500.00
03/01/2014	22,500.00	-	22,500.00
06/01/2014	22,500.00	-	22,500.00
09/01/2014	22,500.00	-	22,500.00
12/01/2014	22,500.00	-	22,500.00
03/01/2015	22,500.00	-	22,500.00
06/01/2015	22,500.00	-	22,500.00
09/01/2015	22,500.00	-	22,500.00
12/01/2015	22,500.00	-	22,500.00
03/01/2016	22,500.00	-	22,500.00
06/01/2016	22,500.00	-	22,500.00
09/01/2016	22,500.00	-	22,500.00
12/01/2016	22,500.00	-	22,500.00
03/01/2017	22,500.00	-	22,500.00
06/01/2017	22,500.00	-	22,500.00
09/01/2017	22,500.00	-	22,500.00
12/01/2017	22,500.00	-	22,500.00
03/01/2018	22,500.00	-	22,500.00
06/01/2018	22,500.00	-	22,500.00

$2,700,000
Town of Ceredo
30 Years, 0% Interest Rate, 1% Administrative Fee
Closing Date: June 14, 2007

SPECIMEN

Debt Service Schedule

Date	Principal	Coupon	Total P+I
09/01/2018	22,500.00	-	22,500.00
12/01/2018	22,500.00	-	22,500.00
03/01/2019	22,500.00	-	22,500.00
06/01/2019	22,500.00	-	22,500.00
09/01/2019	22,500.00	-	22,500.00
12/01/2019	22,500.00	-	22,500.00
03/01/2020	22,500.00	-	22,500.00
06/01/2020	22,500.00	-	22,500.00
09/01/2020	22,500.00	-	22,500.00
12/01/2020	22,500.00	-	22,500.00
03/01/2021	22,500.00	-	22,500.00
06/01/2021	22,500.00	-	22,500.00
09/01/2021	22,500.00	-	22,500.00
12/01/2021	22,500.00	-	22,500.00
03/01/2022	22,500.00	-	22,500.00
06/01/2022	22,500.00	-	22,500.00
09/01/2022	22,500.00	-	22,500.00
12/01/2022	22,500.00	-	22,500.00
03/01/2023	22,500.00	-	22,500.00
06/01/2023	22,500.00	-	22,500.00
09/01/2023	22,500.00	-	22,500.00
12/01/2023	22,500.00	-	22,500.00
03/01/2024	22,500.00	-	22,500.00
06/01/2024	22,500.00	-	22,500.00
09/01/2024	22,500.00	-	22,500.00
12/01/2024	22,500.00	-	22,500.00
03/01/2025	22,500.00	-	22,500.00
06/01/2025	22,500.00	-	22,500.00
09/01/2025	22,500.00	-	22,500.00
12/01/2025	22,500.00	-	22,500.00
03/01/2026	22,500.00	-	22,500.00
06/01/2026	22,500.00	-	22,500.00
09/01/2026	22,500.00	-	22,500.00
12/01/2026	22,500.00	-	22,500.00
03/01/2027	22,500.00	-	22,500.00
06/01/2027	22,500.00	-	22,500.00
09/01/2027	22,500.00	-	22,500.00
12/01/2027	22,500.00	-	22,500.00
03/01/2028	22,500.00	-	22,500.00
06/01/2028	22,500.00	-	22,500.00
09/01/2028	22,500.00	-	22,500.00
12/01/2028	22,500.00	-	22,500.00
03/01/2029	22,500.00	-	22,500.00
06/01/2029	22,500.00	-	22,500.00

$2,700,000
Town of Ceredo
30 Years, 0% Interest Rate, 1% Administrative Fee
Closing Date: June 14, 2007

SPECIMEN

Debt Service Schedule

Date	Principal	Coupon	Total P+I
09/01/2029	22,500.00	-	22,500.00
12/01/2029	22,500.00	-	22,500.00
03/01/2030	22,500.00	-	22,500.00
06/01/2030	22,500.00	-	22,500.00
09/01/2030	22,500.00	-	22,500.00
12/01/2030	22,500.00	-	22,500.00
03/01/2031	22,500.00	-	22,500.00
06/01/2031	22,500.00	-	22,500.00
09/01/2031	22,500.00	-	22,500.00
12/01/2031	22,500.00	-	22,500.00
03/01/2032	22,500.00	-	22,500.00
06/01/2032	22,500.00	-	22,500.00
09/01/2032	22,500.00	-	22,500.00
12/01/2032	22,500.00	-	22,500.00
03/01/2033	22,500.00	-	22,500.00
06/01/2033	22,500.00	-	22,500.00
09/01/2033	22,500.00	-	22,500.00
12/01/2033	22,500.00	-	22,500.00
03/01/2034	22,500.00	-	22,500.00
06/01/2034	22,500.00	-	22,500.00
09/01/2034	22,500.00	-	22,500.00
12/01/2034	22,500.00	-	22,500.00
03/01/2035	22,500.00	-	22,500.00
06/01/2035	22,500.00	-	22,500.00
09/01/2035	22,500.00	-	22,500.00
12/01/2035	22,500.00	-	22,500.00
03/01/2036	22,500.00	-	22,500.00
06/01/2036	22,500.00	-	22,500.00
09/01/2036	22,500.00	-	22,500.00
12/01/2036	22,500.00	-	22,500.00
03/01/2037	22,500.00	-	22,500.00
06/01/2037	22,500.00	-	22,500.00
09/01/2037	22,500.00	-	22,500.00
12/01/2037	22,500.00	-	22,500.00
03/01/2038	22,500.00	-	22,500.00
06/01/2038	22,500.00	-	22,500.00
09/01/2038	22,500.00	-	22,500.00
12/01/2038	22,500.00	-	22,500.00
03/01/2039	22,500.00	-	22,500.00
Total	**$2,700,000.00**	**-**	**$2,700,000.00** *

***Plus $3,403.13 one-percent Administrative Fee paid quarterly. Total fee over life of loan is $408,375.60.**

File | Town of Ceredo Loans.sf | DWTRF 5-24-07 | 5/24/2007 | 4:18 PM

(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: _____, _____.

_____ SPECIMEN

In the presence of:

_____ SPECIMEN

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

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

Writer's Contact Information

June 14, 2007

The Town of Ceredo
Water Revenue Bonds, Series 2007 A
(West Virginia DWTRF Program)

The Town of Ceredo
Ceredo, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

West Virginia Bureau for Public Health
Charleston, West Virginia

Ladies and Gentlemen:

We have served as bond counsel in connection with the issuance by The Town of Ceredo (the "Issuer"), a municipal corporation and political subdivision organized and existing under the laws of the State of West Virginia, of its $2,700,000 Water Revenue Bonds, Series 2007 A (West Virginia DWTRF Program), dated the date hereof (the "Bonds").

We have examined the law and certified copies of proceedings and other papers relating to the authorization of a loan agreement, dated June 14 , 2007, including all schedules and exhibits attached thereto (the "Loan Agreement"), by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Bureau for Public Health (the "BPH"), and the Bonds, which are to be purchased by the Authority in accordance with the provisions of the Loan Agreement. The Bonds are originally issued in the form of one Bond, registered as to principal only to the Authority, bearing no interest, and with principal payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing June 1, 2009, and up to and including March 1 , 2039, all as set forth in the "Schedule Y" attached to the Loan Agreement and incorporated in and made a part of the Bonds.

The Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 8, Article 20 and Chapter 16, Article 13C of the West Virginia Code of 1931, as amended (collectively, the "Act"), for the purposes of (i) paying a portion of the costs of acquisition and construction of certain extensions, additions, betterments and improvements to the existing waterworks system of the Issuer (the "Project"); and (ii) paying certain costs of issuance and related costs.

We have also examined the applicable provisions of the Act, the Bond Ordinance duly enacted by the Issuer on June 6 , 2007, as supplemented by a Supplemental Resolution duly adopted by the Issuer on June 6, 2007 (collectively, the "Bond Legislation"), pursuant to and under which Act and Bond Legislation

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the Bonds are authorized and issued, and the Loan Agreement has been entered into. The Bonds are subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Bond Legislation and the Loan Agreement.

All capitalized terms used herein and not otherwise defined herein shall have the same meanings set forth in the Bond Legislation and the Loan Agreement when used herein.

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

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

2. The Loan Agreement has been duly authorized by and executed on behalf of the Issuer, is a valid and binding special obligation of the Issuer enforceable in accordance with the terms thereof, and inures to the benefit of the Authority and the BPH and cannot be amended by the Issuer so as to affect adversely the rights of the Authority or the BPH or diminish the obligations of the Issuer without the written consent of the Authority and the BPH.

3. The Bond Legislation and all other necessary ordinances, orders and resolutions have been duly and effectively enacted and adopted by the Issuer in connection with the issuance and sale of the Bonds and constitute valid and binding obligations of the Issuer enforceable against the Issuer in accordance with their terms. The Bond Legislation contains provisions and covenants substantially in the form of those set forth in Section 4.1 of the Loan Agreement.

4. The Bonds have been duly authorized, issued, executed and delivered by the Issuer to the Authority and are valid, legally enforceable and binding special obligations of the Issuer, payable from the Net Revenues of the System and secured by a first lien on and pledge of the Net Revenues all in accordance with the terms of the Bonds and the Bond Legislation.

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

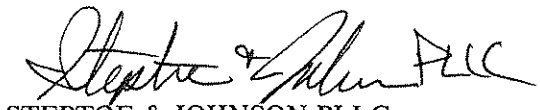
6. The Bonds are, under the Act, exempt from all taxation by the State of West Virginia or any county, municipality, political subdivision or agency thereof, and

the interest on the Bonds is exempt from personal and corporate net income taxes imposed directly thereon by the State of West Virginia.

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

138840.00001

Ronald J. Flora
ATTORNEY AT LAW
1115 SMITH STREET
MILTON, WEST VIRGINIA 25541

(304) 743-5354
FAX (304) 743-4120
E-MAIL: lawro77@aol.com

Jennifer R. Smith / CLA

June 14, 2007

The Town of Ceredo
Water Revenue Bonds, Series 2007 A
(West Virginia DWTRF Program)

West Virginia Water Development Authority
Charleston, West Virginia

West Virginia Bureau for Public Health
Charleston, West Virginia

Steptoe & Johnson PLLC
Charleston, West Virginia

Ladies and Gentlemen:

I am counsel to The Town of Ceredo in Wayne 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 for the Bonds dated June 14 , 2007, including all schedules and exhibits attached thereto (the "Loan Agreement"), by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Bureau for Public Health (the "BPH"), a Bond Ordinance duly enacted by the Issuer on June 6, 2007, as supplemented by a Supplemental Resolution duly adopted by the Issuer on June 6, 2007 (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.

I am 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, Recorder 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 duly authorized, executed and delivered by the Issuer and, assuming due authorization, execution and delivery by the Authority, constitutes a valid and binding agreement of the Issuer enforceable in accordance with its terms.

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

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

5. The Issuer has received all permits, licenses, approvals, consents, exemptions, orders, certificates and authorizations necessary for the issuance of the Bonds, the acquisition and construction of the Project, the operation of the System and the imposition of rates and charges for use of the System, including, without limitation, the receipt of all requisite orders and approvals from the West Virginia Department of Environmental Protection, the West Virginia Bureau of Public Health, the West Virginia Infrastructure and Jobs Development Council and the Public Service Commission of West Virginia, and has taken any other action required for the imposition of such rates and charges, including, without limitation, the enactment of an ordinance prescribing such rates and charges.

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

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

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

Very truly yours,

LAW OFFICES
ROBERT R. RODECKER
BB&T SQUARE
300 SUMMERS STREET, SUITE 1230
POST OFFICE BOX 3713
CHARLESTON, WEST VIRGINIA 25337

ROBERT R. RODECKER
rodecker@wvdsl.net

JAMES V. KELSH
OF COUNSEL
kelshlaw@yahoo.com

AREA CODE 304
343-1654

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343-1657

June 14, 2007

The Town of Ceredo
Water Revenue Bonds, Series 2007 A
(West Virginia DWTRF Program)

The Town of Ceredo
Ceredo, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

West Virginia Bureau for Public Health
Charleston, West Virginia

Steptoe & Johnson PLLC
Charleston, West Virginia

Ladies and Gentlemen:

I am special counsel to The Town of Ceredo, a municipality in Wayne County, West Virginia (the "Issuer"). As such counsel, I have represented the Issuer before the Public Service Commission of West Virginia in connection with the issuance of the above-referenced bonds, and the acquisition and construction of the Project. All capitalized terms used herein and not otherwise defined herein shall have the same meaning set forth in the Bond Legislation and the Loan Agreement when used herein.

I am of the opinion that:

The Issuer has received all orders, certificates and authorizations from the Public Service Commission of West Virginia necessary for the issuance of the Bonds, the acquisition and construction of the Project, the operation of the System and the implementation of rates and charges, and the Issuer has taken any other action required for the imposition of such rates and charges, including,

without limitation, the adoption of a resolution prescribing such rates and charges. The Issuer has received a Recommended Decision of the Public Service Commission of West Virginia entered on October 26, 2006, which became Final Order on November 4, 2006, in Case No. 06-0934-W-CN, among other things, granting to the Issuer a certificate of public convenience and necessity for the Project and approving the financing for the Project. The time for appeal of such Order has expired prior to the date hereof.

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

Sincerely,

Robert R. Rodecker

Robert R. Rodecker

RRR/bg

Ronald J. Flora
ATTORNEY AT LAW
1115 SMITH STREET
MILTON, WEST VIRGINIA 25541

(304) 743-5354
FAX (304) 743-4120
E-MAIL: lawro77@aol.com

Jennifer R. Smith / CLA

FINAL TITLE OPINION

The Town of Ceredo
Water Revenue Bonds, Series 2007 A
(West Virginia DWTRF Program)

June 11, 2007

Town of Ceredo
Post Office Box 691
Ceredo, West Virginia 25507

West Virginia Bureau for Public Health
Charleston, West Virginia

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

Steptoe & Johnson PLLC
Post Office Box 1588
Charleston, West Virginia 25326-8181

Re: Town of Ceredo

Dear Gentlemen:

This firm represents Town of Ceredo with regard to a proposed project to extend water service into areas of Wayne County to install two (2) water storage tanks and water line replacement (the "Project"), and provides this final title opinion on behalf of Town of Ceredo to satisfy the requirements of the West Virginia Bureau for Public Health (the "BPH") and the West Virginia Water Development Authority (the "WDA") for the project. Please be advised of the following:

1. That I am of the opinion that the Town of Ceredo is a duly created and existing public service district possessed with all the powers and authority granted to public service districts under the laws of the State of West Virginia and has the full power and authority to construct the Project as approved by the Bureau for Public Health.

2. That the Town of Ceredo has obtained approval for all necessary permits and approvals for the construction of the Project.

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

4. That I have examined the records on file in the Office of the Clerk of the County Commission of Wayne County, West Virginia, the county in which the Project is to be located, and, in my opinion, the Town of Ceredo has acquired legal title or such other estate or interest in the necessary site components for the Project sufficient to assure undisturbed use and possession for the purpose of construction, operation and maintenance for the estimated life of the facilities to be constructed.

The following listed properties are being acquired by eminent domain and the necessary filings have been made in the Office(s) of the Circuit Clerk of Wayne County, West Virginia to permit the Town of Ceredo a right-of-entry for the purpose of construction, operation and maintenance of the subject facilities on the subject properties. The Town of Ceredo's title thereto is defeasible in the event the Town of Ceredo 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:

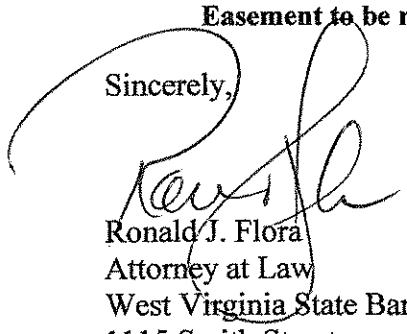
Gary Trent Deed Book 551, Page402; Tax Map 4, P/O Parcel 56.2
Civil Action No. 06-C-210

Clyde Sullivan, et al, Deed Book 381, Page 377; Tax Map 11, P/O Parcel 66/102/126
Civil Action No. 07-C-134

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

NAME:		TAX MAP/PARCEL	DEED BK/PG# (Source)	ESMT BK/PAGE # (Acquisition)
1.	Gary Trent	4/56.2	551/402	Right-of-Entry Order in the Circuit Court of Wayne County, WV entered 9/26/06 (C.A. 06-C-210)(Booster site)
2.	Kenova Box Co	10/19		651/47
3.	Eugene May	11/120	649/68	Quitclaim Deed to Ceredo
	Eugene May	11/120	612/638	649/62 (Tank Site)
4.	Heirs at Law of Clyde Sullivan	11/66,102,126	381/377	Right-of-Entry Order in the Circuit Court of Wayne County, WV entered 6/1/07 (C.A. 07-C-134)
5.	Estate of Pauline Stevenson			**Easements signed and to be recorded from Pamela Woods Michael David Stevenson and Virgil Stevenson**
6.	Gloria Ross	11/104	496/322	651/106
7.	The Ross Corp	11/54	603/468	651/109
8.	Montie Adkins	11/52, 51	632/178; 378/135	651/112
9.	Connie Adkins	11/124	596/3	651/115
10.	John Baisden	11/47	589/788	651/118
11.	Michael Bishop	11/71, 74	611/761; 610/714	651/121
12.	Robin Curtis	13/6	638/356	651/124
13.	Phillip G. Haye	13/8, 8.1, 8.2	624/786; 622/615	651/127
14.	William Whaley	13/2	621/810	651/130
15.	Carl Patterson	8/101	400/368	651/133
16.	James Hatfield			**Temporary Construction Easement to be recorded**

Sincerely,



Ronald J. Flora
Attorney at Law
West Virginia State Bar #1227
1115 Smith Street
Milton, West Virginia 25541
(304) 743-5354
(304) 743-4120 (facsimile)

RJF/js

THE TOWN OF CEREDO

Water Revenue Bonds, Series 2007 A
(West Virginia DWTRF Program)

GENERAL CERTIFICATE OF ISSUER AND ATTORNEY ON:

1. TERMS
2. NO LITIGATION
3. GOVERNMENTAL APPROVALS AND BIDDING
4. NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS
5. CERTIFICATION OF COPIES OF DOCUMENTS
6. INCUMBENCY AND OFFICIAL NAME
7. LAND AND RIGHTS-OF-WAY
8. MEETINGS, ETC.
9. CONTRACTORS' INSURANCE, ETC.
10. LOAN AGREEMENT
11. RATES
12. SIGNATURES AND DELIVERY
13. BOND PROCEEDS; OTHER FUNDS
14. PUBLICATION AND PUBLIC HEARING ON BOND ORDINANCE
15. PUBLIC SERVICE COMMISSION ORDERS
16. SPECIMEN BOND
17. CONFLICT OF INTEREST
18. PROCUREMENT OF ENGINEERING SERVICES
19. EXECUTION OF COUNTERPARTS

We, the undersigned MAYOR and RECORDER of The Town of Ceredo in Wayne County, West Virginia (the "Issuer"), and the undersigned COUNSEL to the ISSUER, hereby certify on this the 14th day of June, 2007, in connection with the Issuer's Water Revenue Bonds, Series 2007 A (West Virginia DWTRF Program), dated the date hereof (the "Bonds" or the "Series 2007 A Bonds"), as follows:

1. TERMS: All capitalized words and terms used in this General Certificate and not otherwise defined herein shall have the same meaning as set forth in the Bond Ordinance of the Issuer duly enacted June 6, 2007, and the Supplemental Resolution duly adopted June 6, 2007 (collectively, the "Bond Legislation").

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

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

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

Upon issuance of the Series 2007 A Bonds, the Issuer will have no other outstanding debt secured by revenues of the System.

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

Bond Ordinance

Supplemental Resolution

Loan Agreement

Public Service Commission Orders

Infrastructure and Jobs Development Council Approval

Charter and Rules of Procedure

Oaths of Office of Officers and Councilmembers

Water Rate Ordinance

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

Minutes on Adoption and Enactment of Water Rate Ordinance

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

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

Bureau for Public Health Permit

Evidence of Insurance

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

Name	Date of Commencement of Office	Date of Termination of Office
Mose Napier, Mayor	July 1, 2005	June 30, 2009
Stanley Fink, Recorder	July 1, 2005	June 30, 2009
Charles Bash	July 1, 2005	June 30, 2009
Dennis Adkins	September 11, 2005	June 30, 2009
Jim Billups	July 1, 2005	June 30, 2009
Otis Adkins	July 1, 2005	June 30, 2009
Robert Leslie	July 1, 2005	June 30, 2009

The duly appointed and acting Counsel to the Issuer is Ronald Flora, Esquire, in Milton, West Virginia and the duly appointed and acting Special PSC Counsel to the Issuer is Robert Rodecker, Esquire, 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 acquisition and construction of the Project and the operation and maintenance of the System have been acquired or can and will be acquired by purchase, or, if necessary, by condemnation by the Issuer and are adequate for such purposes and are not or will not be subject to any liens, encumbrances, reservations or exceptions which would adversely affect or interfere in any way with the use thereof for such purposes. The costs thereof, including costs of any properties which may have to be acquired by condemnation, are, in the opinion of all the undersigned, within the ability of the Issuer to pay for the same without jeopardizing the security of or payments on the Bonds.

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

9. CONTRACTORS' INSURANCE, ETC.: All contractors have been required to maintain Worker's Compensation, public liability and property damage insurance, and builder's risk insurance where applicable, in accordance with the Bond Legislation. All insurance for the System required by the Bond Legislation and Loan Agreement is in full force and effect.

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

11. RATES: The Issuer has duly enacted a water rate ordinance on June 5, 2006 setting rates and charges for the services of the System. The time for appeal of such water rate ordinance has expired prior to the date hereof without any appeal, and such rates are currently effective.

12. SIGNATURES AND DELIVERY: On the date hereof, the undersigned Mayor did officially sign all of the Bonds of the aforesaid issue, consisting upon

original issuance of a single Bond numbered AR-1, dated the date hereof, by his or her manual signature, and the undersigned Recorder did officially cause the official seal of the Issuer to be affixed upon said Bonds and to be attested by his or her manual signature, and the Registrar did officially authenticate, register and deliver the Bonds to a representative of the Authority as the original purchaser of the Bonds under the Loan Agreement. Said official seal of the Issuer is also impressed above the signatures appearing on this certificate.

13. BOND PROCEEDS; OTHER FUNDS: On the date hereof, the Issuer received the sum of $67,500 from the Authority and the BPH, being a portion of the principal amount of the Bonds. The balance of the principal amount of the Bonds will be advanced to the Issuer as acquisition and construction of the Project progresses.

14. PUBLICATION AND PUBLIC HEARING ON BOND ORDINANCE: Upon adoption of the Bond Ordinance, an abstract thereof, determined by the Governing Body to contain sufficient information as to give notice of the contents thereof, was published once each week for 2 successive weeks, with not less than 6 full days between each publication, the first such publication occurring not less than 10 days before the date stated below for the public hearing, in *Wayne County News*, a qualified newspaper of general circulation in The Town of Ceredo, there being no newspaper published therein, together with a notice to all persons concerned, stating that the Bond Ordinance had been adopted and that the Issuer contemplated the issuance of the Bonds described in such Bond Ordinance, stating that any person interested may appear before the Governing Body at the public hearing held at a public meeting of Governing Body on the 6th day of June, 2007, at 11:00 am, at the Town Hall, Ceredo, West Virginia, and present protests, and stating that a certified copy of the Bond Ordinance was on file at the office of the Recorder of the Issuer for review by interested parties during the office hours of the Issuer. At such hearing all objections and suggestions were heard by the Governing Body and the Bond Ordinance became finally adopted, enacted and effective as of the date of such public hearing, and remains in full force and effect.

15. PUBLIC SERVICE COMMISSION ORDERS: The Issuer has received a Recommended Decision of the Public Service Commission of West Virginia entered on October 26, 2006 which became Final Order on November 4, 2006 in Case No. 06-0934-W-CN, granting to the Issuer a certificate of public convenience and necessity for the Project and approving the financing for the Project. The time for appeal of the Final Order has expired prior to the date hereof without any appeal having been filed and is in full force and effect.

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

17. CONFLICT OF INTEREST: No member, officer or employee of the Issuer has a substantial financial interest, direct, indirect or by reason of ownership of stock in any corporation, in any contract with the Issuer or in the sale of any land, materials, supplies or services to the Issuer or to any contractor supplying the Issuer, relating to the Bonds, the Bond Legislation and/or the Project, including, without limitation, with respect

to the Depository Bank. For purposes of this paragraph, a "substantial financial interest" shall include, without limitation, an interest amounting to more than 5% of the particular business enterprise or contract.

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

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

[Remainder of Page Intentionally Blank]

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

[CORPORATE SEAL]

SIGNATURE	OFFICIAL TITLE
_____	Mayor
_____	Recorder
_____	Counsel to the Issuer
_____	Special PSC Counsel (Paragraph 15)

138840.0001

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

[CORPORATE SEAL]

SIGNATURE	OFFICIAL TITLE
_____	Mayor
_____	Recorder
_____	Counsel to the Issuer
_____	Special PSC Counsel (Paragraph 15)

138840.0001

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

[CORPORATE SEAL]

SIGNATURE	OFFICIAL TITLE
_____	Mayor
_____	Recorder
_____	Counsel to the Issuer
Robert L. Rodenbaugh	Special PSC Counsel (Paragraph 15)

138840.0001

THE TOWN OF CEREDO

Water Revenue Bonds, Series 2007 A
(West Virginia DWTRF Program)

CERTIFICATE OF ENGINEER

I, Terence C. Moran, Registered Professional Engineer, West Virginia License No. 12985 of Potesta & Associates, Inc., Charleston, West Virginia , hereby certify as follows:

1. My firm is engineer for the acquisition and construction of certain extensions, additions, betterments and improvements (the "Project") to the existing public waterworks system (the "System") of The Town of Ceredo (the "Issuer") to be constructed primarily in Wayne County, West Virginia, which acquisition and construction are being permanently financed by the proceeds of the above-captioned bonds (the "Bonds") of the Issuer. Capitalized terms used herein and not otherwise defined herein shall have the meanings set forth in the Bond Ordinance enacted by the Issuer on June 6, 2007, as supplemented by Supplemental Resolution duly adopted by the Issuer on June 6, 2007, and the loan agreement, by and between the Issuer and the West Virginia Water Development Authority, on behalf of the West Virginia Bureau for Public Health ("BPH"), dated June 14, 2007 (the "Loan Agreement").

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

3. To the best of my knowledge, information and belief, (i) within the limits and in accordance with the applicable and governing contractual requirements relating to the Project, the Project will be constructed in general accordance with the approved plans, specifications and designs prepared by my firm and approved by the BPH and any change orders approved by the Issuer, the BPH and all necessary governmental bodies; (ii) the Project, as designed, is adequate for its intended purpose and has a useful life of at least thirty-two (32) years, if properly constructed, operated and maintained, excepting anticipated replacements due to normal wear and tear; (iii) the Issuer has received bids for the acquisition and construction of the Project which are in an amount and otherwise compatible with the plan of financing set forth in the Schedule B, attached hereto as Exhibit A and the Issuer's counsel, Ronald Flora, Esquire, has ascertained that all successful bidders have made required provisions for all insurance and payment and performance bonds and that such insurance policies or binders and such bonds have been verified for accuracy; (iv) the successful bidders received any and all addenda to the original bid documents; (v) the bid documents relating to the Project reflect the Project as approved by the BPH and the bid forms provided to the bidders contain the critical operational components of the Project; (vi)

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

WITNESS my signature and seal on this 14th day of June, 2007.

POTESTA & ASSOCIATES, INC.

(SEAL)

Terence C. Moran, P.E.
West Virginia License No. 12985

138840.00001

Town of Ceredo
Schedule B
Water Revenue Bonds, Series 2007 A
(West Virginia DWTRF Program)

A. COST OF PROJECT	TOTAL	DWTRF	TOWN OF CEREDO
1. Construction			
a. Contract 1	830,500.00	830,500.00	
b. Contract 2	884,872.00	884,872.00	
2. Technical Services			
a. Preliminary	3,750.00	3,750.00	
b. Design	119,350.00	119,350.00	
c. Construction	120,000.00	120,000.00	
3. Legal & Fiscal			
a. Legal (Local)	25,000.00		25,000.00
b. Legal (PSC)	30,000.00		30,000.00
c. Accounting	16,500.00	16,500.00	
4. Administrative	25,000.00	25,000.00	
5. Sites & Other Lands	15,500.00	15,500.00	
6. Permits (RR, BPH)	8,300.00	8,300.00	
7. Project Contingency	655,728.00	655,728.00	
8. TOTAL of Lines 1 through 9	2,734,500.00	2,679,500.00	55,000.00
B. COST OF FINANCING			
9. Funding Reserve			
10 Other Costs			
a. Registar fees	500.00	500.00	
b. Bond Counsel	20,000.00	20,000.00	
11. Cost of Financing (Lines 9 through 10)	20,500.00	20,500.00	
12. Total Cost of Project (line 8 plus line 11)	2,755,000.00	2,700,000.00	55,000.00
C. SOURCES OF FUNDS			
13. Federal Grants			
14. State Grants			
15. Other Grants			
16. Any Other Source Town	55,000.00		55,000.00
17. TOTAL Lines 13 through 16	55,000.00	0.00	55,000.00
18. Net Proceeds from Bond Issue	2,700,000.00	2,700,000.00	0.00

Town of Ceredo — Date 6/6/07

Engineer — Date 6/6/07

Griffith & Associates

Accountants & Consultants

June 14, 2007

The Town of Ceredo
Water Revenue Bonds, Series 2007 A
(West Virginia DWTRF Program)

The Town of Ceredo
Ceredo, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

West Virginia Bureau for Public Health
Charleston, West Virginia

Ladies and Gentlemen:

Based upon the rates and charges set forth in the water rate ordinance of The Town of Ceredo (the "Issuer"), enacted June 5, 2006, the projected operating expenses and the anticipated customer usage as furnished to us by Potesta & Associates, Inc., it is our opinion that such rates and charges will be sufficient to provide revenues which, together with other revenues of the waterworks system of the Issuer (the "System"), will provide for all Operating 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 Water Revenue Bonds, Series 2007 A (West Virginia DWTRF Program) (the "Bonds"), to be issued in the original aggregate principal amount of $2,700,000 to the West Virginia Water Development Authority on the date hereof.

Very truly yours,

Michael D. Griffith, CPA

MDG/rm

Michael D. Griffith, CPA
michaelgriffithcpa@verizon.net

950 Little Coal River Road Alum Creek, WV 25003
Phone: (304) 756.3600 Facsimile: (304) 756.2911

THE TOWN OF CEREDO

Water Revenue Bonds, Series 2007 A
(West Virginia DWTRF Program)

CERTIFICATE AS TO USE OF PROCEEDS

The undersigned Mayor and Recorder of The Town of Ceredo in Wayne County, West Virginia (the "Issuer"), being the official of the Issuer duly charged with the responsibility for the issuance of $2,700,000 Water Revenue Bonds, Series 2007 A (West Virginia DWTRF Program), of the Issuer, dated June 14, 2007 (the "Bonds" or the "Series 2007 A Bonds"), hereby certifies as follows:

1. I am the officer of the Issuer duly charged with the responsibility of issuing the Bonds. I am familiar with the facts, circumstances and estimates herein certified and duly authorized to execute and deliver this certificate on behalf of the Issuer. Capitalized terms used herein and not otherwise defined herein shall have the meanings set forth in the Bond Ordinance duly enacted by the Issuer on June 6, 2007, as supplemented by Supplemental Resolution duly adopted by the Issuer on June 6, 2007 (collectively, the "Bond Ordinance"), authorizing the Bonds.

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

3. This certificate is based upon facts, circumstances, estimates and expectations of the Issuer in existence on June 14, 2007, the date on which the Bonds are being physically delivered in exchange for an initial advance of the principal amount of the Series 2007 A Bonds, and to the best of my knowledge and belief, the expectations of the Issuer set forth herein are reasonable.

4. In the Bond Ordinance pursuant to which the Bonds are issued, the Issuer has covenanted that it shall not take, or permit or suffer to be taken, any action with respect to Issuer's use of the proceeds of the Bonds which would cause any bonds, the interest, if any, on which is exempt from federal income taxation under Section 103(a) of the Internal Revenue Code of 1986, as amended, and the temporary and permanent regulations promulgated thereunder or under any predecessor thereto (collectively, the "Code"), issued by the West Virginia Water Development Authority (the "Authority") or the West Virginia Bureau for Public Health (the "BPH"), as the case may be, from which the proceeds of the Bonds are derived, to lose their status as tax-exempt bonds. The Issuer hereby covenants to take all actions necessary to comply with such covenant.

5. The Series 2007 A Bonds were sold on June 14, 2007, to the Authority, pursuant to a loan agreement dated June 14, 2007, by and between the Issuer and the Authority, on behalf of the BPH, for an aggregate purchase price of $2,700,000 (100% of par), at which time, the Issuer received $67,500 from the Authority and the BPH, being the first advance of the principal amount of the Series 2007 A Bonds. No accrued interest has been or will be paid on the Series 2007 A Bonds. The balance of the principal amount of the Series 2007 A Bonds will be advanced to the Issuer as acquisition and construction of the Project progresses.

6. The Series 2007 A Bonds are being delivered simultaneously with the delivery of this certificate and are issued for the purposes of (i) paying a portion of the costs of acquisition and construction of certain additions, betterments and improvements to the existing public waterworks facilities of the Issuer (the "Project"); and (ii) paying certain costs of issuance of the Bonds and related costs.

7. Within 30 days after the delivery of the Bonds, the Issuer shall enter into agreements which require the Issuer to expend at least 5% of the net sale proceeds of the Bonds on the Project, constituting a substantial binding commitment. The acquisition and construction of the Project shall commence immediately and shall proceed with due diligence to completion, and with the exception of proceeds deposited in the Series 2007 A Bonds Reserve Account, if any, all of the proceeds from the sale of the Bonds, together with any investment earnings thereon, will be expended for payment of costs of the Project on or before January 1, 2009. The acquisition and construction of the Project is expected to be completed by July 1, 2008.

8. The total cost of the Project, a portion of which is financed from the proceeds of the Bonds (including all costs of issuance of the Bonds), is estimated at $2,700,000. Sources and uses of funds for the Project are as follows:

SOURCES

Proceeds of the Series 2007 A Bonds	$2,700,000
Town contribution	55,000
Total Sources	$ 2,755,000

USES

Costs of Acquisition and Construction of the Project	$2,734,500
Costs of Issuance	20,500
Total Uses	$2,755,000

9. Pursuant to Article V of the Bond Ordinance, the following special funds or accounts have been created or continued relative to the Series 2007 A Bonds:

(1) Revenue Fund;

(2) Renewal and Replacement Fund;

(3) Series 2007 A Bonds Construction Trust Fund;

(4) Series 2007 A Bonds Sinking Fund; and

(5) Series 2007 A Bonds Reserve Account.

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

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

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

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

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

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

14. With the exception of the amount deposited in the Series 2007 A Bonds Reserve Account, if any, all of the proceeds of the Bonds will be expended on the Project within eighteen (18) months from the date of issuance thereof.

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

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

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

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

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

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

21. The Bonds are not federally guaranteed.

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

23. The Issuer has either (a) funded the Series 2007 A Bonds Reserve Account at the maximum amount of principal and interest which will mature and become due on the Bonds in the then current or any succeeding year with the proceeds of the Bonds, or (b) created the Series 2007 A Bonds Reserve Account which will be funded with equal payments made on a monthly basis over a 10-year period until such Series 2007 A Bonds Reserve Account holds an amount equal to the maximum amount of principal and interest which will mature and become due on the Bonds in the then current or any succeeding year.

Monies in the Series 2007 A Bonds Reserve Account and the Series 2007 A Bonds Sinking Fund will be used solely to pay principal of and interest on the Bonds and will not be available to pay costs of the Project.

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

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

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

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

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WITNESS our signatures on this 14th day of June, 2007.

THE TOWN OF CEREDO

By: _____
Its: Mayor

By: _____
Its: Recorder

138840.00001

TOWN CHARTER

Chapter 59 of Acts of 1866--AN ACT
to incorporate the Town of Ceredo,
in Wayne County.

(PASSED FEBRUARY 23, 1866)

TOWN CHARTER

1. The corporate limits and boundaries of the town of Ceredo, Wayne County, West Virginia, shall be as follows: Beginning at the mouth of Twelve Pole Creek, thence up said creek to a point where the centerline of Bridge Street would intersect said creek and extending the said line of Bridge Street south to the northern boundary of the Chesapeake & Ohio main line and running westerly with the said line to a point near the C & O Railroad Bridge over Twelve Pole Creek, which point is the northern end of a survey boundary extending over Chimney Rock to a marker on top of the hill immediately north of Lucas Hollow, a distance of approximately 1600 feet; thence from the said marker north of Lucas Hollow directly west to the center line of Twelve Pole Creek, turning upstream along said centerline to a point opposite Cole Branch; westerly along Cole Branch to a point west and south of the West Virginia Department of Highways right of way where said boundary intersects with Cole Branch, thence in a northeasterly direction along the access highway from Tri-State Airport to West Virginia Route 75, the southern and western highway right of way being the southern boundary of the town of Ceredo to its intersection with State Route 75, a distance of approximately 6000 feet; northerly across the Tri-State Airport access highway and following the right of way of State Route 75 to its intersection with Interstate 64 and following said interstate's southern right of way to a point opposite the Norfolk & Western Railroad's belt line near the N & W culvert

under the said railroad company's yards leading to their Twelve Pole division tracks, north across the Interstate 64 and the N & W Twelve Pole line to the point where the N & W belt line and yards property line intersect and following the eastern belt line right of way property line to the second culvert under the said belt line; thence leaving the N & W property in an easterly direction approximately 75 feet to a point of intersection with the original western boundary of the town of Ceredo; thence north toward the Ohio River to a marker in Beech Street and paralleling Kenova's corporate limits, thence westerly along Beech Street to a point near Twelfth Street and Beech Street approximately 300 feet east of the N & W Railroad bridge over the Ohio River, a distance of approximately 3000 feet; thence north to the Ohio River a distance of approximately 300 feet; and following the said Ohio River upstream to the place of beginning.

MUNICIPAL AUTHORITIES

2. The municipal authorities of said town shall be a mayor, a recorder, and five councilmen, who together, shall form a common council.

3. The mayor, recorder, and councilmen, so soon as they have been elected and qualified, as hereinafter provided, shall be a body politic and corporate, by the name of "The Town of Ceredo." and shall have perpetual succession, and a common seal; and by that name may sue and be sued, implead and be impleaded; may purchase and hold real

estate necessary to enable them the better to discharge their duties, and needful for the good order, government and welfare of said town.

4. All the corporate powers of said corporation shall be exercised by said council, or under their authority, except where otherwise provided.

APPOINTIVE OFFICERS

5. There shall be a town sergeant, a treasurer, and commissioner of the revenue, appointed by the council, to continue in office at its pleasure and perform the duties respectively, as hereinafter prescribed, or as may be required by the council.

6. The duties of the office of recorder, treasurer, and commissioner of the revenue may be discharged by the same person or otherwise, as the council may from time to time determine.

REGULAR ELECTION OF OFFICERS
TERM OF OFFICE AND TIME OF ELECTION

7. The mayor, recorder, and councilmen shall be elected by the citizens of the said town, who may be entitled to vote under this act, and (except when elected to fill vacancies,) for the term of one year, and until their successors shall have been qualified, and shall be free holders and residents of said town, and entitled to vote for members of the common council.

8. The first election under this act shall be held on the third Saturday in March, eighteen hundred and sixty-six, at the Ceredo House in said town, under the supervision of a justice of Ceredo township, and annually thereafter there shall be an election on the same day in each year, at such place and under such supervision, rules and regulations as the council of said town may prescribe. The person conducting the first election shall grant certificates to the persons elected, which shall be entered upon the records, with ordinances of said council, and their term of office shall commence on the first day of April next after election.

REVISION: The length of the terms of office of the elected officials was changed from one to two years by ordinance and by vote of the people in accordance with 8-5-5 at the regular election held in 1965 as follows:

> All regular elections for officers of the town of Ceredo shall be held bi-annually on the third Saturday in March: Provided, that the first regular election held in the town of Ceredo after this ordinance becomes effective shall be held on the third Saturday in March, in the year 1965.

SECOND REVISION: The length of the terms of office of the elected officials was changed from two to four years by ordinance and by vote of the people in accordance with 8-5-5 at the regular election held in 1985, as follows:

The regular election of officers in the Town of Ceredo shall be held quadrennially on the third Saturday in March of the odd numbered year next following leap year. IT IS FURTHER ORDAINED that the first election held as herein provided shall be the regular election held on the third Saturday in March, 1985.

ELECTIONS -- WHO IS ENTITLED TO VOTE

FILLING OF VACANCIES

9. All persons, residents of said town, and entitled to vote for county and township officers, shall be entitled to vote for mayor, recorder and councilmen.

10. When a vacancy shall occur from any cause, in the office of mayor, recorder or in the council, the vacancy shall be filled by appointment by the council.

11. At all elections, the vote shall be by ballot, and when two or more persons for the same office, at any election, shall receive an equal number of votes, the person or persons conducting such an election shall decide which of the said persons shall be returned elected. And all contested elections shall be heard and determined by the council, for the time being.

OATH OF OFFICE

12. The mayor, recorder, councilmen, sergeant, treasurer and commissioner of the revenue shall each, before entering upon the

duties of his office, and within ten days after being furnished with a certificate of his election, take and subscribe the oath of loyalty prescribed for county and township officers, and that they will truly, faithfully and impartially discharge the duties of their said offices, respectively, to the best of their ability, so long as they continue therein. The recorder shall take such oath or affirmation before a justice or other officer authorized to administer oaths, and thereupon he shall administer the oaths aforesaid to the other officers and councilmen. Certificates of said oaths or affirmations shall be recorded in the journal of the proceedings of the council.

WHEN ELECTED OFFICIALS TAKE OFFICE

13. When any four of the newly elected councilmen shall have been qualified, they shall enter upon the duties of their said offices and supersede the former councilmen.

14. If any one elected mayor, recorder or councilman shall not have been eligible, or shall fail or refuse to take the oath or affirmation required under this act, within the ten days aforesaid, such office shall be declared vacant, and the vacancy filled as hereinbefore prescribed, but in all cases from among the citizens of the town eligible to such office or position under this act.

PROCEEDINGS OF THE COUNCIL

15. The council shall be presided over at its meetings by the mayor, or in his absence by one of the councilmen selected by a majority of the council present, and a majority of the council shall be necessary to constitute a quorum to do business.

16. The council shall cause to be kept in a journal, an accurate record of all its proceedings, by-laws, acts and orders, which shall be fully indexed and open to the inspection of the voters of the town.

17. The proceedings of last meetings shall be read to the council, corrected when necessary, and signed by the person presiding for the time being. Upon the call of any member the ayes and noes on any question shall be called and recorded in the journal. The mayor, though voting as a member of the council, in cases of a tie, shall have the casting vote.

POWERS, DUTIES, AND RESPONSIBILITIES OF THE COUNCIL

18. The council, so constituted, shall have power within said town to lay off, open, curve and pave streets, alleys, walks, and gutters for the public use; and to alter, improve and light the same, and have them kept in order, and free from obstructions on or over them; to regulate the width of the sidewalks and streets, and to order the sidewalks, footways, and gutters to be curbed, paved and

kept in good order, free and clean, by the owners or occupants of the adjacent property; to lay off public grounds and provide, contract for and take care of public buildings proper to the town; to prevent injury or annoyance to the public or individuals, from anything dangerous, offensive, or unwholesome; to abate or cause to be abated, anything which, in the opinion of a majority of the whole council, shall be a nuisance; to regulate the keeping of gunpowder and other combustibles; to provide for the burial of the dead, and for this purpose may purchase and hold the necessary land for a cemetery near or convenient to said town, and provide for its improvement and security; to provide for the regular building of houses and other structures in or for said town; for the making of division fences, and to provide for shade and ornamental trees, and against danger or damage from fires or contagious diseases; to provide a revenue for the town, and appropriate the same, and to provide the annual assessment of taxable persons and property of the town; to adopt rules for the transaction of business and the government and regulation of its own body to promote the general welfare of the town, and protect the property, and preserve peace and good order therein; to keep a town guard; to appoint and order out a patrol for the town when deemed necessary; to appoint such officers as they may deem proper, including a sergeant, a commissioner of the revenue, and treasurer; to define their powers, prescribe their duties, fix their term of service and compensation, require and take from them bonds, with such sureties and in such penalties as the council may

determine, conditioned for the true and faithful discharge of their duties, and remove them at pleasure, (all bonds to be made payable to the town by its corporate name), to erect, or authorize, or prohibit the erection of gas works, or water works, in or near the town; to prevent injuries to, or pollution of the same; for all of which purposes named in this clause, except that of taxation, the council shall have jurisdiction for one mile beyond the borough; to regulate and provide for weighing and measuring hay, coal and other articles sold or for sale in said town, and to regulate the transportation thereof through the street, and generally do such things as the council shall deem necessary for the interests, prosperity, peace and good order of the citizens of said town.

19. To carry into effect these enumerated powers, and all others conferred upon said town or its council, expressly or by implication, in this or any other acts of the legislature, the council shall have power to adopt and enforce all needful orders, by-laws and ordinances not contrary to the constitution and laws of this state, and to prescribe, impose, and enforce reasonable fines and penalties, including imprisonment for a term not exceeding thirty days, under the judgment and order of the mayor of the said town, or the person lawfully exercising his functions. The council, with the consent of the supervisors of Wayne County, entered of record, may have the right to use the jail of said county for any purpose necessary in the administration of its affairs.

TAXATION

20. The annual levy ordered by the council may be upon all male persons within said town, over twenty-one years of age; dogs, hogs, and other animals, and on all real estate within said town which is not exempt from state taxation, and all such other subjects in said town as may at the time be assessed with state taxes, provided the taxes do not exceed one dollar on every hundred dollars of value of unimproved lots, and seventy-five cents on every one hundred dollars of the value of real and personal property, or two dollars per head on each taxable person.

AMENDED AND RE-ENACTED FEBRUARY 24, 1869, AS FOLLOWS:

21. When anything for which a state license is required is to be done within the limits of said town, the council may decide whether such license may be granted or not, and if granted it shall be assessed and collected, the same as if granted by the supervisors of Wayne County; in addition to the state tax for such license, the council may require an additional tax for the use of the town and in addition to the bonds and sureties required by the state, the council may require such additional bonds and sureties as they may determine.

COLLECTION OF TAXES AND FEES

22. The sergeant shall collect the town taxes, fines, levies and licenses, and after thirty days from the time he may receive the

books of the commissioner of revenue of said town, may distrain and sell therefor, in like manner as a sheriff to enforce the payment and collection thereof, and shall, within the corporate limits of the town, exercise all the duties that a constable can legally exercise in regard to the collection of claims, executing and levying process, and shall be entitled to the same compensation therefor; and he and his securities shall be liable to all the fines, penalties, and forfeitures that a constable is legally liable to for any failure or dereliction in said office to be recovered in the same manner and before the same tribunals that the same are now recovered against constables.

23. There shall be lien on real estate for the town taxes assessed thereon, from the commencement of the year for which they are assessed, and the council may order and require the same to be sold or rented by the sergeant at public auction for the arrears, with interest thereon, with much per centum as the council may prescribe, for charges and expenses thereof, and may regulate the terms upon, and time within, which the same may be redeemed. No such sale or renting shall be ordered until such realty shall be found delinquent, and the sale shall be after thirty days notice posted at the hotel and post office in said town.

COUNCIL MAY PROTECT MORALS, GOOD ORDER

24. The council may prohibit any theatrical or other performance show or exhibition it may deem injurious to the morals or good order of the town.

POWERS AND DUTIES OF THE MAYOR

25. The mayor shall be the chief executive officer of the town; shall take care that the by-laws, ordinances and orders of the council are faithfully executed; shall be ex-officio, a conservator and justice of the peace in the town, and shall, within the same, exercise all the powers and duties vested in justices; shall control the police of the town, and may appoint special police officers; shall see that peace and good order are preserved, and that the persons and property are protected in the town; shall have the power to issue executions for all fines and costs imposed by him, or may require the immediate payment of them, and in default of such payment may commit the party in default to jail until the fine and costs be paid, but them of imprisonment in such cases shall not exceed thirty days. He shall from time to time recommend to the council such measures as he may deem needful for the welfare of the town, and shall receive a compensation for his services, fixed by the council, which shall not be increased or diminished for the term for which he is elected.

POWERS AND DUTIES OF RECORDER

26. The recorder shall keep a journal of the proceedings of the council, and have charge of and preserve the records of the town and shall receive a compensation for his services to be fixed by the council, which shall not be increased or diminished for the term for which he was elected.

POWERS AND DUTIES OF TREASURER

27. All money belonging to said town shall be paid over to the treasurer, who shall pay the same out on the order of the mayor, countersigned by the recorder, and not otherwise; and for any default or liability upon the part of the treasurer or sergeant, the council, in the corporate name of said town, may, on motion, after ten days' notice, obtain judgment before the circuit court of said county, on account therefor, against them and their securities respectively, or any or either of them, or their heirs, or legal representatives.

MAINTENANCE OF STREETS

PROVIDING FOR THE POOR

28. The said town, and taxable persons and property therein shall be exempt from all expense or liability for the construction or repair of roads or bridges outside of the corporate limits of said town; provided, however, that the said town shall keep its streets and alleys in good order and provide for its own poor.

RULES OF PRACTICE

IN THE MAYOR'S COURT

Section 1. BE IT ORDAINED BY THE COMMON COUNCIL OF THE TOWN OF CEREDO, that all prosecutions, actions and proceedings for violation of the laws or ordinances of the town, or any of them or any section thereof, shall be entitled, "The Town of Ceredo vs. _____" (the person or persons violating the same).

Section 2. That in all prosecutions in cases of the arrest upon view of any person in the act of committing an offense, after the the offender shall have been brought before the mayor or police judge, such officer making the arrest shall forthwith reduce or have reduced to writing the charge alleged against said person, and state that said arrest was made on view, which writing shall be signed and sworn to by such officer; and which may be in ordinary and concise language and shall not be deemed defective in form if it shows substantially an offense against the laws or ordinances of the town.

Section 3. That in all prosecutions in cases where a person or persons charged with a breach of any of the ordinances has not been arrested in the act of committing the offense, and where the Charter, and laws made in the pursuance thereof authorize it, the first writ may be a warrant for the arrest of the person or persons charged, but shall not issue until complaint in writing supported by affidavit, has been duly made.

Section 4. Trials shall be conducted agreeable to law and established usage. Bills of exception may be taken, and new trials granted and in all cases the right of appeal shall lie from the judgment of the mayor in any case held by him, to the circuit court.

Section 5. Prosecutions, actions, and proceedings may be continued for good cause, at cost of the party desiring delay, and offenders defendant therein, may be held to bail for their appearance, and in default thereof may be committed. Their bail shall not be excessive.

Section 6. That in prosecutions when a fine is imposed for the violation of an ordinance it shall be lawful for the mayor to order and adjudge as part of his judgment in the case, that the party so convicted and fined be imprisoned until the said fine so imposed and costs be paid or the party otherwise discharged; and if the fine so imposed is not paid, with costs, the party convicted and fined shall by order of the mayor or on process issued for the purpose, be committed to jail until such fine and costs of prosecution be paid, or the party discharged by due process of law, provided that the term of said imprisonment shall in no case exceed thirty days.

Section 7. That in prosecutions for the violation of ordinances instead of the order of imprisonment until the fine is paid, and in prosecutions when the fine remains unpaid, and in civil actions to recover fines, penalties or forfeitures, it shall be lawful for the mayor in his discretion to issue execution upon the judgment

rendered, directed to the sergeant commanding him to make the said fine, forfeiture, or penalty imposed or adjudged and costs by levy and sale of the goods and chattles not exempt from sale upon execution of the party against whom the same has been imposed or adjudged.

"RESOLUTION ESTABLISHING RULES BY WHICH THE TIME AND PLACE OF ALL REGULARLY SCHEDULED MEETINGS AND THE TIME, PLACE AND PURPOSE OF ALL SPECIAL MEETINGS ARE TO BE MADE AVAILABLE, IN ADVANCE, TO THE PUBLIC AND NEWS MEDIA AND PROVIDING WHEN THIS RESOLUTION AND SUCH RULES SHALL TAKE EFFECT."

Be It Resolved and Ordered by The Common Council of The Town of Ceredo, Wayne County, West Virginia:

Section 1. Statutory Mandate for These Rules. The rules established in and by this Resolution are mandated by and promulgated pursuant to Chapter 6, Article 9A, of the Code of West Virginia, 1931, as amended (herein called the "Act"), and other applicable provisions of law.

Section 2. Findings and Determinations. It is hereby found, determined and declared as follows:

(A) Section 3 of the Act requires each governing body, as defined in the Act, to promulgate rules by which the time and place of all regularly scheduled meetings and the time, place and purpose of all special meetings are made available, in advance, to the public and news media.

(B) The Common Council of The Town of Ceredo, Wayne County, West Virginia (herein called the "Council"), is a governing body within the meaning of the Act.

(C) Accordingly, it is hereby ordered that the rules set out in Section 3 hereof be promulgated and established as Rules of Procedure of the Council.

Section 3. Rules. The following are hereby promulgated and established as Rules of Procedure of the Council:

Rule No. 1. Notice of Regularly Scheduled Meetings. Immediately after adoption of this Resolution and in July of each year thereafter, the Council shall instruct the Recorder to, and the Recorder shall, post, and leave posted throughout the year to which it applies, at the regular meeting place where notices customarily are posted a notice setting forth the times and places of the Council's regularly scheduled meetings for the ensuing year. Such notice shall be of size and style sufficient to give notice and shall be of quality sufficient to withstand deterioration throughout the year to which it applies. Additional copies of the notice shall be delivered to the Recorder.

Also immediately after adoption of this Resolution and in July of each year thereafter, the Council shall instruct the Recorder to, and the Recorder shall, distribute to each of the newspapers, television stations, radio stations and other news media listed below a notice identical to that posted.

News Medium	Address
Wayne County News	310 Central Avenue Wayne, WV 25570
The Herald-Dispatch	P. O. Box 2017 Huntington, WV 25720
WPBY - TV	Huntington, WV
WOWK - TV	Huntington, WV
WSAZ - TV	Huntington, WV
WAMX - FM, or its successor	Huntington, WV
WGNT - AM, or its successor	Huntington, WV
WTCR - AM	Huntington, WV
WTCR - FM	Huntington, WV
WKEE - AM	Huntington, WV
WKEE - FM	Huntington, WV

A notice shall be considered distributed to a news medium when it has been addressed to such news medium at the address listed above, or at such other address as the news medium has in writing requested be used, marked or stamped with first class postage and deposited in the United States mail. In June of each year after the adoption of this Resolution, the Council shall review the above list and shall amend such list as needed, in the opinion of the Council, to reflect properly all the newspapers, television stations, radio stations and other news media that customarily cover news of the area served by the Council.

In the event of any modification in the time or place of a regularly scheduled meeting of the Council, notice of such modification shall be given to the public and news media by posting at the place and distributing to the news media in the manner set forth above, not less than three (3) days prior to

the date of such regularly scheduled meeting, or, if such regularly scheduled meeting has been rescheduled for an earlier time, prior to the date of such rescheduled meeting, a notice setting forth such modification in the time or place of such regularly scheduled meeting. A copy of such notice shall be attached to and made a part of the minutes of the meeting for which such notice was given.

Notwithstanding the foregoing provisions, notice of the recess or adjournment of a regularly scheduled meeting and of the time and place for the continuation or reconvening thereof publicly given during such regularly scheduled meeting shall be adequate notice to the public and news media of the time and place thereof.

Provided, failure of the Recorder to comply exactly with the posting and distribution requirements hereof shall not invalidate the actions taken at the meeting for which such notice was posted and distributed if the Council shall determine that such posting and distribution were in substantial compliance herewith.

Rule No. 2. Notice of Special Meeting. Not less than three (3) but not more than eight (8) days prior to the date set for any special meeting of the Council, the Council shall instruct the Recorder to, and the Recorder shall, post on the door of the regular meeting place of the Council, and at such other place, if any, where notices customarily are posted a notice setting forth the time, place and purpose or purposes of such special meeting. Business at such special meeting shall be limited to the purpose or purposes specified in said notice.

As soon as practical after the posting of said notice, but not less than three (3) days prior to the date set for such special meeting, the Recorder shall distribute to each of the newspapers, television stations, radio stations and other news media listed in Rule No. 1 hereof a notice identical to that posted. Amendments made to such list, as provided for in said Rule No. 1, shall be incorporated by reference in this Rule No. 2. A notice shall be considered distributed to a news medium when it has been addressed to such news medium at the address listed in said Rule No. 1, or at such other address as the news medium has in writing requested be used, marked or stamped with first class postage and deposited in the United States mail.

A copy of such notice posted and distributed pursuant to this Rule No. 2 shall be attached to and made a part of the minutes of the meeting for which such notice was given.

Notwithstanding the foregoing provisions, notice of the recess or adjournment of any special meeting and of the time and place for the continuation or reconvening thereof publicly given during such special meeting shall be adequate

notice to the public and news media of the time and place thereof, the purpose or purposes therefor remaining the same.

Provided, failure of the Recorder to comply exactly with the posting and distribution requirements hereof shall not invalidate the actions taken at the meeting for which such notice was posted and distributed if the Council shall determine that such posting and distribution were in substantial compliance herewith.

Rule No. 3. Emergency Meeting. A meeting of the Council may be held without the notice to the public and news media required by Rule No. 1 and Rule No. 2 hereof only in the event of an emergency requiring immediate official action. The existence of such an emergency requiring immediate official action shall be determined by the Council and shall be attested to in a certificate by the Recorder describing such emergency and setting forth the reason or reasons immediate official action is required, which certificate shall be attached to and made a part of the minutes of such emergency meeting.

Section 4. Conflicting Provisions Repealed. All resolutions, orders and rules, or parts thereof, in conflict with the provisions of this Resolution are, to the extent of such conflicts, hereby repealed.

Section 5. Effective Time. This Resolution and the rules promulgated hereby shall take effect immediately upon the adoption hereof.

Introduced at Council Meeting: 6 May 91

Adopted by Council: 6 May 91

Mayor

Rose A. Napier

[SEAL]

Recorder

Stanley E. Fink

4363h

Ceredo, West Virginia

February 4, 1963

The Council of the Town of Ceredo, West Virginia, met in regular session at the Town Hall in said town at 7:00 o'clock P.M. The meeting was called to order and there were present Paul Billups, Mayor, presiding, and the following named Councilmen: Frank Plymale, J. J. Billups, Roger Byard, Dale Massie; also present Holbert E. VanHoose, Recorder.

Absent: Floyd Stark

* * * * *

Councilman Frank Plymale introduced and caused to be read in full a proposed ordinance, next hereinafter set out, entitled:

AN ORDINANCE providing for a sanitary board of the Town of Ceredo, West Virginia.

* * * * *

WHEREAS preliminary investigations and proceedings have heretofore been taken for the construction of extensions and improvements to the municipal sewage system of the Town of Ceredo, West Virginia, under the provisions of Article 13 of Chapter 16 of the West Virginia Code, and it is provided by said enabling law that a sanitary board shall be created for the custody, supervision, control, administration, operation and maintenance of said system;

NOW, THEREFORE, Be It Ordained by the Council of the Town of Ceredo, West Virginia, as follows:

Section 1. That there shall be and there is hereby created in and for the Town of Ceredo, West Virginia, a sanitary board for the custody, supervision, control, administration, operation and maintenance of the municipal sewage system, all as permitted and provided by Article 13 of Chapter 16 of the West Virginia Code. It shall be known as the Sanitary Board of the Town of Ceredo. Said sanitary board shall be composed of the Mayor of said town and two persons, one of whom is a registered professional engineer, namely, Ray Leslie, for a term of two years, and Charles W. Stewart, for a term of three years, and until their successors have been duly appointed and qualified.

Section 2. That the Mayor of said town shall act as Chairman of said sanitary board, and that upon organization said board shall elect a vice chairman and also designate a secretary and treasurer (who may be separate persons or one and the same), and the Council of said town hereby reserves the right and privilege from time to time by ordinance to fix the compensation of the members of said board and the secretary and treasurer thereof, and also to require and fix the amount of bonds which any or all of said officials may be required to furnish.

Section 3. That this ordinance be in full force and effect immediately upon its adoption.

Councilman Frank Plymale moved that all rules be suspended and that said ordinance as read be adopted, seconded by Councilman J. J. Billups, a. after due consideration of the motion the Mayor put the question and, upon the roll being called, the following voted:

Aye: Frank Plymale, J. J. Billups, Roger Byard, Dale Massie, Holbert E. VanHoose;
Nay: None.

Whereupon the Mayor declared the motion duly carried and said ordinance duly adopted.

Upon motion duly made, and seconded, the following ordinance was passed and adopted, namely:

NOW, THEREFORE, Be It Ordained by the Council of the Town of Ceredo, West Virginia, as follows:

That all resolutions or orders, or parts thereof in conflict with the provisions of the ordinance passed this 4th day of February, 1963, providing for a Sanitary Board of the Town of Ceredo, West Virginia, are, to the extent of such conflict, hereby repealed.

Whereupon the Mayor declared the motion duly carried and said ordinance duly adopted.

Paul Billups

THE TOWN OF CEREDO

RESOLUTION ON OPEN GOVERNMENTAL PROCEEDINGS RULES

Pursuant to Chapter 6, Article 9A, Section 3 of the West Virginia Code, the Council of The Town of Ceredo does hereby adopt the following rules to make available, in advance, the date, time, place and agenda of all regularly scheduled meetings of the Council, and the date, time, place and purpose of all special meetings of the Council to the public and news media (except in the case of an emergency requiring immediate action) as follows:

1. Regular Meetings. A notice shall be posted and maintained by the Town Clerk at the front door or bulletin board of the Town Hall of the date, time and place fixed and entered of record by Council for the holding of regularly scheduled meetings. In addition, a copy of the agenda for each regularly scheduled meeting shall be posted at the same location by the Town Clerk not less than 3 business days before such regular meeting is to be held. The agenda listing the matters requiring official action that may be addressed at the meeting may be amended up to two (2) business days prior to the meeting. If a particular regularly scheduled meeting is canceled or postponed, a notice of such cancellation or postponement shall be posted at the same location as soon as feasible after such cancellation or postponement has been determined.

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

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

Adopted this 24th day of April 2007.

Mayor

ATTEST:

Phyllis J. Robertson, Assistant City Clerk.
Town Clerk

CERTIFICATION

I, Sarah Byard, duly appointed Town Clerk of the Town of Ceredo do hereby certify that the foregoing is a true and accurate copy of a Resolution adopted by the Town Council of the Town of Ceredo at a regular meeting of Town Council held April 24, 2007, pursuant to proper notice, at which meeting a quorum was present and acting throughout.

Dated this 24th day of April, 2007.

[SEAL]

Sarah Byard PJR
Town Clerk

Phyllis J Robertson
Assistant City Clerk

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
PHYLLIS J. ROBERTSON
1A MAYWOOD HILLS
HUNTINGTON, WV 25704
My commission expires May 23, 2015

My Commission expires
May 23, 2015

04/17/07
138840.00001

TOWN OF CEREDO

An All West Virginia City

OFFICE OF THE MAYOR
(304) 453-1041

POST OFFICE BOX 691
CEREDO, WEST VIRGINIA 25507

OATH OF OFFICE

I, Otis Adkins due solemnly swear that I will support and defend the Constitution of the United States and will, to the best of my ability, execute the duties of the office of council member in the Town of Ceredo to the best of my skill and judgment.

Otis Adkins

Otis Adkins

May 13, 2005

Otis Adkins being sworn in as Ceredo's newest Council Member by the Mayor on Friday, May 13th, 2005.

TOWN OF CEREDO

An All West Virginia City

OFFICE OF THE MAYOR
(304) 453-1041

POST OFFICE BOX 691
CEREDO, WEST VIRGINIA 25507

I _____ DO SOLEMNLY SWEAR THAT I WILL SUPPORT AND DEFEND THE CONSTITUTION OF THE UNITED STATES AND FAITHFULLY EXECUTE THE DUTIES OF _____ TO THE BEST OF MY SKILL AND ABILITY SO HELP ME GOD.

April 4, 2005
DATE

TOWN OF CEREDO

An All West Virginia City

OFFICE OF THE MAYOR
(304) 453-1041

POST OFFICE BOX 691
CEREDO, WEST VIRGINIA 25507

I Stanley C. Fink DO SOLEMNLY SWEAR THAT I WILL SUPPORT AND DEFEND THE CONSTITUTION OF THE UNITED STATES AND FAITHFULLY EXECUTE THE DUTIES OF Recorder TO THE BEST OF MY SKILL AND ABILITY SO HELP ME GOD.

4-4-05
DATE

TOWN OF CEREDO

An All West Virginia City

OFFICE OF THE MAYOR
(304) 453-1041

POST OFFICE BOX 691
CEREDO, WEST VIRGINIA 25507

I Charles R. Bash DO SOLEMNLY SWEAR THAT I WILL SUPPORT AND DEFEND THE CONSTITUTION OF THE UNITED STATES AND FAITHFULLY EXECUTE THE DUTIES OF Councilman TO THE BEST OF MY SKILL AND ABILITY SO HELP ME GOD.

4/5/05
DATE

TOWN OF CEREDO

An All West Virginia City

OFFICE OF THE MAYOR
(304) 453-1041

POST OFFICE BOX 691
CEREDO, WEST VIRGINIA 25507

I James B Phillips DO SOLEMNLY SWEAR THAT I WILL SUPPORT AND DEFEND THE CONSTITUTION OF THE UNITED STATES AND FAITHFULLY EXECUTE THE DUTIES OF Councilman TO THE BEST OF MY SKILL AND ABILITY SO HELP ME GOD.

April 4th 2005
DATE

TOWN OF CEREDO

An All West Virginia City

OFFICE OF THE MAYOR
(304) 453-1041

POST OFFICE BOX 691
CEREDO, WEST VIRGINIA 25507

I Robert Leslie DO SOLEMNLY SWEAR THAT I WILL SUPPORT AND DEFEND THE CONSTITUTION OF THE UNITED STATES AND FAITHFULLY EXECUTE THE DUTIES OF Councilman TO THE BEST OF MY SKILL AND ABILITY SO HELP ME GOD.

4-04-05
DATE

TOWN OF CEREDO

An All West Virginia City

OFFICE OF THE MAYOR
(304) 453-1041

POST OFFICE BOX 691
CEREDO, WEST VIRGINIA 25507

OATH OF OFFICE

I, Dennis L. Adkins, do hereby swear that I will support and defend the Constitution of the United States, Constitution of the State of West Virginia, and will faithfully execute the duties of the office to which I have been elected, so help me God.

Dennis L. Adkins

Councilman

DATE Sept. 11, 2006

Town of Ceredo
Town Council
Statutory Meeting
March 25, 2005

The Town of Ceredo, Town Council, met in Statutory Session on Friday, March 25, 2005 at the City Hall. The Mayor called the meeting to order at 11:00 a.m. Those present included the Mayor, Mose A. Napier; the Recorder, Stanley E. Fink; and Councilmen, Jim Billups, Bob Leslie and J. D. Spangler. Terry Akers and C. R. Bash were absent.

Canvass of Votes of General Election of Officers held March 19, 2005

Council proceeded to open the sealed packages and, without unfolding them, counted the number in each package and entered the number into the record as follows; and, after resealing the packages of ballots, etc., signed their signatures across the seal.

General Election of Officers

The canvass of votes cast for the election of officers revealed the following:

Name	Precinct 11	Precinct 12	Total
Mayor, Mose A. Napier ✓	15	31	46
Recorder, Stanley E. Fink ✓	14	31	45
Council Members:			
Terry Akers	14	31	45
Charles R. Bash ✓	14	31	45
James T. Billups ✓	15	31	46
Robert Leslie ✓	13	31	44
~~J. D. Spangler~~	14	31	45

In addition, the Council accordingly declared the following candidates elected:

For Mayor: Mose A. Napier
For Recorder: Stanley E. Fink
For Council: Terry Akers Deceased
Charles R. Bash
James T. Billups
Robert Leslie
J. D. Spangler Deceased

Engineering Services and Funding for the Water Project East of Twelve Pole Creek

A discussion was held regarding the water project east of Twelve Pole Creek. It was decided that Council would proceed with the advertising for professional engineering services and with the application for WVIJDC funding.

On a motion by Bob Leslie and second by Jim Billups, Council voted to contact Terence Moran, Senior Engineer with Potesta and Associates and have him prepare the necessary documents for biding professional engineering services for Phases 2 through 6 of the improvements for areas east of Twelve Pole Creek, as well as other improvements; and, also prepare a West Virginia Infrastructure and Jobs Development Council Application for funding of the project. All were in favor, motion carried.

Adjournment

No further business was brought before the Council. The meeting adjourned at 1:45 p.m.

Mose A. Napier, Mayor

Stanley E. Fink, Recorder

Town of Ceredo
Town Council
Regular Session
September 11, 2006

The Town of Ceredo, Town Council, met in regular session on Monday, September 11, 2006 at the City Hall. The Mayor called the meeting to order at 7:30 p.m. Those present included the Mayor, Mose A. Napier; the Recorder, Stanley E. Fink; and Councilmen, Otis Adkins, C. R. Bash, Jim Billups and Bob Leslie.

Minutes and Treasurer's Report

The Recorder read the minutes of the previous meetings and the Treasurer reported on the various line items of the budget. These were accepted by general consent.

Dennis Adkins' Council Appointment

The Mayor read a letter he had received from Paul Billups, in which he highlighted the history and citizens of the Southside of Ceredo and the appointment of Dennis Adkins to Council. See attached copy.

The Mayor recommended the appointment of Mr. Dennis Adkins, Terry Akers' Brother-In-Law, to fulfill Terry's un-expired term on the Council.

On a motion by Jim Billups and second by Otis Adkins, Council voted to appoint Dennis Adkins to the Town of Ceredo Council. All were in favor, motion carried.

At this time, the Mayor administered the Oath of Office to Mr. Adkins.

Ceredo Police Department

Jack Butcher, Police Chief, presented a letter of appreciation for the support the Police Department receives from the Mayor and Council. See attached copy.

Fill in Jordan Branch

Councilman, Otis Adkins, updated Council on his conversation with Mr. Humphreys of the U. S. Corps of Engineers regarding the dumping at the Ceredo Grade School. He advised that the fill had not encroached on the ponding area; however the last two (2) loads would have to be removed and Council would be receiving a copy of a letter the Corps would be sending the School Board.

Paving

Stanley Fink, Recorder, addressed Council regarding a paving project being undertaken by the First Baptist Church. This project would include the paving of the alley from D Street to Main Street. The alley runs through the church lower level parking lot and up the hill to the upper parking lot, then out to Main Street.

After discussing the project, a motion was made by Bob Leslie and seconded by Jim Billups to approve $4,000 for the repairs and paving of the alley portion of the $12,905 project, which would be paid to the paving contractors. All were in favor, motion carried

Town of Ceredo
Town Council
Statutory Session
April 19, 2005

The Town of Ceredo, Town Council, met in Statutory Session on Tuesday, April 19, 2005 for the purpose of setting the budget for fiscal year 2005-2006. The Mayor called the meeting to order at 1:00 p.m. Present were the Mayor, Mose A. Napier; the Recorder, Stanley E. Fink; and Councilmen, Terry Akers, C. R. Bash, Jim Billups, and Bob Leslie.

Fiscal Year 2005-2006 Budget

The Council reviewed the budget for fiscal year 2005-2006. A call for objections was asked from the floor. There were none. The question for approving the budget was called.

On a motion by Jim Billups and second by Bob Leslie, Council voted to approve the 2005-2006 budget and tax levy as approved by the State Auditor's Office. All were in favor, motion carried.

Otis Adkins Appointed to Council

The Mayor and Council discussed the need to fill the vacancy on Council created by the passing of J. D. Spangler. A list of those who had shown interest in serving on Council was discussed. A letter from Paul Billups was read endorsing Mr. Otis Adkins for Council. See attached copy.

On a motion by C. R. Bash and second by Terry Akers, Mr. Otis Adkins was appointed to serve until the next regular municipal election. All were in favor, motion carried.

Note: A question had arisen as to whether this was a regular or special meeting. The matter will be revisited at the next regular session.

Adjournment

No further business was brought before the Council. The meeting adjourned at 1:40 p.m.

Mose A. Napier, Mayor

Stanley E. Fink, Recorder

TOWN OF CEREDO, WEST VIRGINIA

ORDINANCE NO. 945-A

AN ORDINANCE ESTABLISHING AND FIXING WATER RATES, FEES AND CHARGES OF THE TOWN OF CEREDO, WEST VIRGINIA

WHEREAS, the current and charges for water service provided by the Town of Ceredo have been in effect since May 10, 1994; and,

WHEREAS, in order to provide sufficient revenues to enable the Town of Ceredo to meet the increase since 1994 in its operation and maintenance expenses for the operation of its water system, and to provide significant improvements to its existing water distribution system, replace its reservoir, and provide a backup long-term water supply source, it is necessary for the Town to increase its rates and charges for providing water service. The increased rates will be placed into effect in three phases, the first of which will cover the City's current operational needs. The second and third phases are associated with the proposed improvement project and will become effective as set forth herein.

THEREFORE, THE TOWN COUNCIL OF THE TOWN OF CEREDO HEREBY ORDAINS:

The following rates, fees and charges for **water** service provided by it to customers throughout its territory served, are hereby fixed and determined as rates, fees and charges to be charged in lieu of those rates, fees and charges contained in its sewer tariff, P.S.C. W.Va. No. 4, currently on file with the Public Service Commission of West Virginia:

PHASE I

[TO BECOME EFFECTIVE FORTY-FIVE (45) DAYS FROM ENACTMENT OF THIS ORDINANCE]

APPLICABILITY
Applicable in entire territory served.

AVAILABILITY
Available for residential, commercial, governmental, industrial and resale water service.

RATES (Customers with metered water supply)

First	2,000 gallons used per month	$	5.60 per 1,000 gallons
Next	4,000 gallons used per month		4.85 per 1,000 gallons
All Over	6,000 gallons used per month		4.40 per 1,000 gallons

MINIMUM CHARGE

No minimum bill will be rendered for less than $ 11.20 per month
(Equivalent to 2,000 gallons of water usage)

5/8	inch meter	$ 11.20 per month
3/4	inch meter	16.80 per month
1	inch meter	28.00 per month
1-1/4	inch meter	40.90 per month
1-1/2	inch meter	56.00 per month
2	inch meter	89.60 per month
3	inch meter	168.00 per month
4	inch meter	280.00 per month
6	inch meter	560.00 per month
8	inch meter	896.00 per month

FLAT RATE CHARGE (Customers with non-metered water supply) $ 23.33 per month
(Equivalent to 4,500 gallons of water usage)

DELAYED PAYMENT PENALTY

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

TAP FEE

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

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

A tap fee of $350 will be charged to all customers who apply for service outside of a certificate proceeding before the Commission for each new tap to the system.

WATER DISCONNECT-RECONNECT-ADMINISTRATIVE FEES $25.00

Whenever water service has been disconnected for any reason, a disconnection fee of $25.00 shall be charged; or in the event the delinquent water bill is collected in the field, an administrative fee of $25.00 shall be charged. Whenever water service which has been previously disconnected for any reason is reconnected, a reconnection fee of $25.00 shall be charged.

RETURNED CHECK CHARGE

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

LEAK ADJUSTMENT

$1.50 per 1,000 gallons is to be used when a bill reflects unusual consumption which can be attributed to eligible leakage on the customer's side of the meter. This rate shall be applied to all such consumption above the customer's historical average usage.

PHASE II

[TO BECOME EFFECTIVE MAY 1, 2007]

APPLICABILITY
Applicable in entire territory served.

AVAILABILITY
Available for residential, commercial, governmental, industrial and resale water service.

RATES (Customers with metered water supply)

First	2,500 gallons used per month	$	6.50 per 1,000 gallons
Next	7,500 gallons used per month		6.00 per 1,000 gallons
All Over	10,000 gallons used per month		5.50 per 1,000 gallons

MINIMUM CHARGE

No minimum bill will be rendered for less than $ 16.25 per month
(Equivalent to 2,500 gallons of water usage)

5/8	inch meter	$	16.25 per month
3/4	inch meter		29.95 per month
1	inch meter		49.90 per month
1-1/4	inch meter		72.80 per month
1-1/2	inch meter		81.25 per month
2	inch meter		130.00 per month
3	inch meter		243.75 per month
4	inch meter		406.25 per month
6	inch meter		812.50 per month
8	inch meter		1,300.00 per month

FLAT RATE CHARGE (Customers with non-metered water supply) $ 28.25 per month
(Equivalent to 4,500 gallons of water usage)

DELAYED PAYMENT PENALTY
The above schedule is net. On all accounts not paid in full when due, ten percent will be added to the net current amount unpaid. This delayed payment penalty is not interest and is to be collected only once for each bill where it is appropriate.

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

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

after completion of construction adjacent to the applicant's premises that is associated with a certificate proceeding.

A tap fee of $350 will be charged to all customers who apply for service outside of a certificate proceeding before the Commission for each new tap to the system.

WATER DISCONNECT-RECONNECT-ADMINISTRATIVE FEES $25.00

Whenever water service has been disconnected for any reason, a disconnection fee of $25.00 shall be charged; or in the event the delinquent water bill is collected in the field, an administrative fee of $25.00 shall be charged. Whenever water service which has been previously disconnected for any reason is reconnected, a reconnection fee of $25.00 shall be charged.

RETURNED CHECK CHARGE

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

LEAK ADJUSTMENT

$3.00 per 1,000 gallons is to be used when a bill reflects unusual consumption which can be attributed to eligible leakage on the customer's side of the meter. This rate shall be applied to all such consumption above the customer's historical average usage.

PHASE III

[TO BECOME EFFECTIVE MAY 1, 2008]

APPLICABILITY

Applicable in entire territory served.

AVAILABILITY

Available for residential, commercial, governmental, industrial and resale water service.

RATES (Customers with metered water supply)

First	3,000 gallons used per month	$ 7.333 per 1,000 gallons
Next	17,000 gallons used per month	6.67 per 1,000 gallons
All Over	20,000 gallons used per month	5.67 per 1,000 gallons

MINIMUM CHARGE

No minimum bill will be rendered for less than $ 22.00 per month
(Equivalent to 3,000 gallons of water usage)

5/8	inch meter	$ 22.00 per month
3/4	inch meter	33.00 per month
1	inch meter	55.00 per month
1-1/4	inch meter	80.30 per month
1-1/2	inch meter	110.00 per month

2	inch meter	175.99 per month
3	inch meter	329.99 per month
4	inch meter	549.98 per month
6	inch meter	1,099.95 per month
8	inch meter	1,759.92 per month

FLAT RATE CHARGE (Customers with non-metered water supply) $ 32.00 per month
(Equivalent to 4,500 gallons of water usage)

DELAYED PAYMENT PENALTY

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

TAP FEE

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

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

A tap fee of $350 will be charged to all customers who apply for service outside of a certificate proceeding before the Commission for each new tap to the system.

WATER DISCONNECT-RECONNECT-ADMINISTRATIVE FEES $25.00

Whenever water service has been disconnected for any reason, a disconnection fee of $25.00 shall be charged; or in the event the delinquent water bill is collected in the field, an administrative fee of $25.00 shall be charged. Whenever water service which has been previously disconnected for any reason is reconnected, a reconnection fee of $25.00 shall be charged.

RETURNED CHECK CHARGE

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

LEAK ADJUSTMENT

$3.00 per 1,000 gallons is to be used when a bill reflects unusual consumption which can be attributed to eligible leakage on the customer's side of the meter. This rate shall be applied to all such consumption above the customer's historical average usage.

SECTION 2. EFFECTIVE DATE

The Rates and Charges provided herein for Phase I shall be effective 45 days after the enactment hereof, unless permitted to be placed into effect at an earlier date by Order of the Public Service Commission of West Virginia.

The Rates and Charges provided herein for Phase II shall become effective May 1, 2007.

The Rates and Charges provided herein for Phase III shall become effective May 1, 2008.

SECTION 3. SEPARABILITY; REPEAL OF CONFLICTING ORDINANCES

The provisions of this Ordinance are separable, and if any clause, provision or section hereof be held void or unenforceable by any court of competent jurisdiction, such holding shall not affect the remainder of this Ordinance. Upon the effective date of the fees, rates and charges as herein set forth, all ordinance, resolutions, orders or part thereof in conflict with the provisions of this Ordinance are, to the extent that the provisions of this Ordinance do not touch upon the provisions of prior ordinances, resolutions, order or parts thereof, the same shall remain in full force and effect.

SECTION 4. STATUTORY NOTICE AND PUBLIC HEARING

Upon introduction hereof, the Town Recorder shall publish a copy of a Public Notice of this Ordinance as a Class I legal publication in *The Wayne County News*, a newspaper published and of general circulation in Wayne County, and said notice shall state that this Ordinance has been introduced, and that any person interested may appear before Council on the **5th day of June, 2006** at **7:00 p.m.**, and present protests, if any. At such hearing all objections and suggestions shall be heard and the Council will thereafter meet at 7:30 p.m. for its final reading and vote on the ordinance and shall take such action as it shall deem proper on the premises.

Further, said Notice shall advise the public that a copy of this ordinance is available for public inspection.

Passed on First Reading May 15, 2006

Passed on Second Reading
Following Public Hearing June 5, 2006

Effective as of July 18, 2006

s/s Stanley E. Fink
Town Recorder

Jose A. Napier
Mayor

P.S.C. W. Va. No. 5
Canceling P.S.C. W. Va. No. 4

TOWN OF CEREDO, a municipal corporation

OF

CEREDO, WEST VIRGINIA

RATES, RULES AND REGULATIONS FOR FURNISHING

WATER

at Ceredo and vicinity, Wayne County, West Virginia

Filed with THE PUBLIC SERVICE COMMISSION
of
WEST VIRGINIA

Issued July 18, 2006

Effective for service rendered on and after
July 20, 2006 or as otherwise provided herein

Adopted By Town Council of
The Town of Ceredo

Issued by TOWN OF CEREDO, a municipal corporation

By Robert R. Rodecker

ITS ATTORNEY
Title

RULES AND REGULATIONS

I. Water service will be furnished in accordance with the "Rules and Regulations for the Government of Water Utilities" prescribed by the Public Service Commission of West Virginia and now in effect, and all amendments thereto and modifications thereof hereafter made by said Commission.

SCHEDULE NO. 1
[EFFECTIVE JULY 20, 2006]

APPLICABILITY

[C] Applicable in entire territory served.

AVAILABILITY

[C] Available for residential, commercial, governmental, industrial and resale water service.

[C] [I] RATES

First	2,000 gallons used per month	$	5.60 per 1,000 gallons
Next	4,000 gallons used per month		4.85 per 1,000 gallons
All Over	6,000 gallons used per month		4.40 per 1,000 gallons

[C] [I] MINIMUM CHARGE

No minimum bill will be rendered for less than $ 11.20 per month
(Equivalent to 2,000 gallons of water usage)

5/8	inch meter	$	11.20 per month
3/4	inch meter		16.80 per month
1	inch meter		28.00 per month
1-1/4	inch meter		40.90 per month
1-1/2	inch meter		56.00 per month
2	inch meter		89.60 per month
3	inch meter		168.00 per month
4	inch meter		280.00 per month
6	inch meter		560.00 per month
8	inch meter		896.00 per month

[C] Indicates change in text of regulations
[I] Indicates an increase in rates

SCHEDULE NO. 1 - CONTINUED

[C] DELAYED PAYMENT PENALTY

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

[C][I] TAP FEE

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

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

A tap fee of $350 will be charged to all customers who apply for service outside of a certificate proceeding before the Commission for each new tap to the system.

[C] WATER DISCONNECT-RECONNECT-ADMINISTRATIVE FEES $20.00

Whenever water service has been disconnected for any reason, a disconnection fee of $20.00 shall be charged; or in the event the delinquent water bill is collected in the field, an administrative fee of $20.00 shall be charged. Whenever water service which has been previously disconnected for any reason is reconnected, a reconnection fee of $20.00 shall be charged.

[N] LEAK ADJUSTMENT

$1.50 per 1,000 gallons is to be used when a bill reflects unusual consumption which can be attributed to eligible leakage on the customer's side of the meter. This rate shall be applied to all such consumption above the customer's historical average usage.

[C] Indicates change in text of regulations
[I] Indicates an increase in rates
[N] Indicates new rates or regulations

[N]

SCHEDULE NO. 2
[EFFECTIVE MAY 1, 2007]

APPLICABILITY

Applicable in entire territory served.

AVAILABILITY

Available for residential, commercial, governmental, industrial and resale water service.

[I] RATES

First	2,500 gallons used per month	$	6.50 per 1,000 gallons
Next	7,500 gallons used per month		6.00 per 1,000 gallons
All Over	10,000 gallons used per month		5.50 per 1,000 gallons

[I] MINIMUM CHARGE

No minimum bill will be rendered for less than $ 16.25 per month
(Equivalent to 2,500 gallons of water usage)

5/8	inch meter	$	16.25 per month
3/4	inch meter		29.95 per month
1	inch meter		49.90 per month
1-1/4	inch meter		72.80 per month
1-1/2	inch meter		81.25 per month
2	inch meter		130.00 per month
3	inch meter		243.75 per month
4	inch meter		406.25 per month
6	inch meter		812.50 per month
8	inch meter		1,300.00 per month

[N] Indicates new schedule
[I] Indicates an increase in rates

SCHEDULE NO. 2 - CONTINUED

DELAYED PAYMENT PENALTY

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

TAP FEE

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

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

A tap fee of $350 will be charged to all customers who apply for service outside of a certificate proceeding before the Commission for each new tap to the system.

WATER DISCONNECT-RECONNECT-ADMINISTRATIVE FEES $20.00

Whenever water service has been disconnected for any reason, a disconnection fee of $20.00 shall be charged; or in the event the delinquent water bill is collected in the field, an administrative fee of $20.00 shall be charged. Whenever water service which has been previously disconnected for any reason is reconnected, a reconnection fee of $20.00 shall be charged.

[I] LEAK ADJUSTMENT

$3.00 per 1,000 gallons is to be used when a bill reflects unusual consumption which can be attributed to eligible leakage on the customer's side of the meter. This rate shall be applied to all such consumption above the customer's historical average usage.

[I] Indicates an increase in rates

[N]

SCHEDULE NO. 3
[EFFECTIVE MAY 1, 2008]

APPLICABILITY

Applicable in entire territory served.

AVAILABILITY

Available for residential, commercial, governmental, industrial and resale water service.

[I] RATES

First	3,000 gallons used per month	$	7.333 per 1,000 gallons
Next	17,000 gallons used per month		6.67 per 1,000 gallons
All Over	20,000 gallons used per month		5.67 per 1,000 gallons

[I] MINIMUM CHARGE

No minimum bill will be rendered for less than $ 22.00 per month
(Equivalent to 3,000 gallons of water usage)

5/8	inch meter	$	22.00 per month
3/4	inch meter		33.00 per month
1	inch meter		55.00 per month
1-1/4	inch meter		80.30 per month
1-1/2	inch meter		110.00 per month
2	inch meter		175.99 per month
3	inch meter		329.99 per month
4	inch meter		549.98 per month
6	inch meter		1,099.95 per month
8	inch meter		1,759.92 per month

[N] Indicates new schedule
[I] Indicates an increase in rates

SCHEDULE NO. 3 - CONTINUED

DELAYED PAYMENT PENALTY

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

TAP FEE

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

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

A tap fee of $350 will be charged to all customers who apply for service outside of a certificate proceeding before the Commission for each new tap to the system.

WATER DISCONNECT-RECONNECT-ADMINISTRATIVE FEES $20.00

Whenever water service has been disconnected for any reason, a disconnection fee of $20.00 shall be charged; or in the event the delinquent water bill is collected in the field, an administrative fee of $20.00 shall be charged. Whenever water service which has been previously disconnected for any reason is reconnected, a reconnection fee of $20.00 shall be charged.

LEAK ADJUSTMENT

$3.00 per 1,000 gallons is to be used when a bill reflects unusual consumption which can be attributed to eligible leakage on the customer's side of the meter. This rate shall be applied to all such consumption above the customer's historical average usage.

PUBLIC NOTICE OF PROPOSED ORDINANCE RELATING TO WATER RATES, FEES AND CHARGES

Notice is hereby given, that, the TOWN OF CEREDO will hold a hearing before the final vote on a proposed ordinance first read on May 15, 2006, the principal object of which is the increase of water rates for customers of the water distribution system of the Town. The proposed ordinance is titled:

AN ORDINANCE ESTABLISHING AND FIXING WATER RATES, FEES AND CHARGES OF THE TOWN OF CEREDO, WEST VIRGINIA

Copies of the proposed Ordinance are available for public inspection at the offices of the Town of Ceredo, 700 B Street, Ceredo, West Virginia.

Any person interested may appear before Council in its Chambers at the Town of Ceredo, on the 5th day of June, 2006 at 7:00 p.m., and present protests, if any, to the proposed Ordinance. At such hearing all objections and suggestions shall be heard and the Council will thereafter meet at 7:30 p.m. for its final reading and vote on the Ordinance and shall take such action as it shall deem proper on the premises.

Town of Ceredo

5/19 1tc

Affidavit of Legal Publication and Posting
STATE OF WEST VIRGINIA
COUNTY OF WAYNE, TO-WIT:

I, *Thomas J. George* publisher of the **WAYNE COUNTY NEWS**, a newspaper published in the **COUNTY OF WAYNE, STATE OF WEST VIRGINIA**, hereby certify that the annexed publication was inserted in said newspaper on the following dates:

May 19, 2006

commencing on the 19th

day of May 20 06

Given under my hand this 24th day

of May 20 06

Sworn to and subscribed before me this

24th day of May

20 06, at Wayne, Wayne County, West

Virginia.

NOTARY PUBLIC

of, in and for **WAYNE COUNTY, WEST VIRGINIA.**

MY COMMISSION EXPIRES: Nov. 18, 2009

Amount Due for Publishing Annexed Notice:

$ 32.36

Town of Ceredo
Town Council
Regular Session
June 5, 2006

The Town of Ceredo, Town Council, met in regular session on Monday, June 5, 2006 at the City Hall. The Mayor called the meeting to order at 7:35 p.m. Those present included the Mayor, Mose A. Napier; the Recorder, Stanley E. Fink; and Councilmen, Otis Adkins, Terry Akers, C. R. Bash, Jim Billups and Bob Leslie.

Minutes and Treasurer's Report

The Recorder read the minutes of the previous meetings. The treasurer reported on the various line items of the budget.

Region II Bicycle Trail Maintenance Agreement

Mrs. Elliot from Region II presented Council with 3 letters of agreement for post- construction maintenance for that portion of the trail located within the boundaries of the Town.

Mrs. Elliot also presented a Letter of Agreement setting Kenova as the project construction overseer, since most of the first stages of the trail construction would be in Kenova and they would be issuing the payments for the project.

On a motion by Jim Billups and second by Bob Leslie, Council voted to authorize the Mayor to sign the agreements. All were in favor, motion carried.

West Virginia American Water Company

Mr. Dan Bickerton of West Virginia American Water addressed Council about what may be needed in the way of informational materials for the June 24th election. Samples of different flyers were discussed for distribution in the Town.

Ceredo Fire and Rescue

The Mayor informed Council that the Town had received an invoice from the Ceredo Fire and Rescue for the transportation of a patient from the jail to a medical facility in Huntington.

On a motion by C. R. Bash and seconded by Jim Billups, Council voted to approve the payment. All were in favor, motion carried.

House Painting Assistance

The Mayor advised Council that he had received a request from a homeowner at 241 Second Street, East for paint.

On a motion by Bob Leslie and second by C. R. Bash, Council voted to have the Mayor look into the request and upon his findings, authorize him to make the purchase. All were in favor, motion carried.

Employee Pay Schedule

The Mayor and Council discussed the adjustment of the pay for the employees of the Town. It was decided to table the matter to a later meeting.

Second Reading of the Water Rate Ordinance

The Recorder read, on second reading, ***AN ORDINANCE ESTABLISHING AND FIXING WATER RATES, FEES AND CHARGES OF THE TOWN OF CEREDO, WEST VIRGINIA.***

On a motion by Jim Billups and seconded by Otis Adkins, Council voted to approve the Ordinance as read. All were in favor, motion carried. See attached copy.

Setting of Poll Workers and Pay for the June 24th, 2006 Election

The Recorder presented Council with a proposed list of poll workers and alternates for Precincts 11 and 12.

Precinct 11	***Precinct 12***
Debbie Cantrell	Ruth Barton
Ramona King	Dottie Clarkson
Grover Lyons	Juanita Jessie
Amy Robinson	Kitty McDowell
William Sammons	Gloria Pierce
Alternate: Clyde Keyser	Alternate: Ryan Clarkson

Compensation for the poll workers would be the same as that for the municipal election.

On a motion by Terry Akers and second by C. R. Bash, Council voted to approve the list of poll workers and compensation as presented. All were in favor, motion carried.

Car Show

Councilman, C. R. Bash, updated Council on the preparation for the car show. He suggested the Town have a table with handouts and refreshments. All were in agreement.

Replacement for Backhoe

For Council's information and consideration, Councilman Jim Billups presented bids for a new backhoe.

Ceredo-Kenova Little League

Mr. Paul Billups gave Council an overview of the upcoming Little League Season and the return of the Nine to Ten-Year Old Tournament of Champions. He also asked if the Town could help with the purchase of the souvenir bats given to each player as a memento of the tournament. The cost is approximately $400. Mr. Billups also reported that an area of the field needed to be re-sodded, as part of the ongoing renovation project. The purchase and installation of the sod would be approximately $4,500.

On a motion by C. R. Bash and second by Bob Leslie, Council voted to purchase the bats and pay for the re-sodding of the field. All were in favor, motion carried.

Adjournment

No further business was brought before the Council. The meeting adjourned at 8:35 p.m.

Mose A. Napier, Mayor

Stanley E. Fink, Recorder

Town of Ceredo
Town Council
Public Hearing
June 5, 2006

The Town of Ceredo, Town Council met on Monday, June 5th, 2006. The Mayor called the meeting to order at 7:00 p.m. Those present included the Mayor, Mose A. Napier; the Recorder, Stanley E. Fink; and Councilmen, Otis Adkins, Terry Akers, C. R. Bash, Jim Billups, and Bob Leslie.

The meeting was called to allow for questions and public input on Ordinance 945-A, setting the water rates, fees and charges in the Town of Ceredo.

The Mayor asked for comments from those present. There being none, the meeting adjourned at 7:30 p.m.

Mose A. Napier, Mayor

Stanley E. Fink, Recorder

Town of Ceredo
Town Council
Special Session
May 15, 2006

The Town of Ceredo, Town Council, met in Special Session on Tuesday, May 16, 2006 at the City Hall. The Mayor called the meeting to order at 11:00 a.m. Those present included the Mayor, Mose A. Napier; the Recorder, Stanley E. Fink; and Councilmen, Terry Akers, Jim Billups and Bob Leslie. Otis Adkins and C. R. Bash were absent.

Water Board Recommendation

Mr. Bob Leslie presented the Mayor and Council with a copy of the Water Board Meeting Minutes, in which the Board recommended that Council adopt the rates, fees and charges set forth in Ordinance 945-A. See attached copy of minutes.

First Reading of Ordinance 945-A

The Mayor read, on first reading, an ordinance establishing and fixing water rates, fees and charges of the Town of Ceredo, West Virginia.

On a motion by Bob Leslie and second by Jim Billups, Council voted to approve the Ordinance as read, on first reading. All were in favor, motion carried.

The Mayor set June 5th Regular Session for second reading of the Ordinance.

Adjournment

No further business was brought before the Council. The meeting adjourned at 11:38 a.m.

Mose A. Napier, Mayor

Stanley E. Fink, Recorder

NOTICE OF PUBLIC HEARING ON THE TOWN OF CEREDO BOND ORDINANCE

A public hearing will be held on the following-entitled Ordinance at a special meeting of the Council of the Town of Ceredo (the "Town") to be held on Wednesday, June 6, 2007, at 11:00 at the Town of Ceredo Town Hall, Ceredo, West Virginia, and at such hearing any person interested may appear before the Town and present protests, and all protests and suggestions shall be heard by the Town at it shall then take such actions as it shall deem proper in the premises upon an Ordinance entitled:

Ordinance authorizing acquisition and construction of additions, betterments and improvements to the existing public waterworks system of the Town of Ceredo and the Financing of the cost, not otherwise provided, thereof through the issuance by the Town of Ceredo of not more than $4,000,000 in aggregate principal amount of water, revenue bonds, series 2007 a (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.

The above-quoted title of the Ordinance describes generally the contents thereof and the purposes of the Bonds contemplated thereby. The Town contemplates the issuance of the Bonds described in the Ordinance. The proceeds of the Bonds will be used to provide permanent financing of completion of the costs of acquisition and construction of certain additions, betterments and improvements to the existing municipal water system of the Town of Ceredo and to pay certain costs of issuance of the Bonds and related costs. The Bonds are payable solely from revenues to be derived from the ownership and operation of the system of the Town. No taxes may at any time be levied for the payment of the Bonds or the interest thereon.

The above-entitled Ordinance was adopted by the Council of the Town of Ceredo on May 21, 2007. A certified copy of the above-entitled Ordinance is on file with the Town for review by interested parties during regular office hours.

Following the public hearing, the Town intends to enact the Ordinance upon final reading.

Dated: May 16, 2007.

/s/ Mose Napier
Mayor

Affidavit of Legal Publication and Posting

STATE OF WEST VIRGINIA
COUNTY OF WAYNE, TO-WIT:

I, *Thomas J. George*
publisher of the **WAYNE COUNTY NEWS**, a newspaper published in the **COUNTY OF WAYNE, STATE OF WEST VIRGINIA**, hereby certify that the annexed publication was inserted in said newspaper on the following dates:

May 23, 07
May 30, 07

commencing on the 23rd
day of May 20 07

Given under my hand this 12th day
of June 20 07

Thomas J. George

Sworn to and subscribed before me this
12 day of June,
20 07, at Wayne, Wayne County, West Virginia.

NOTARY PUBLIC

of, in and for **WAYNE COUNTY, WEST VIRGINIA.**

MY COMMISSION EXPIRES: Nov. 18, 2009

Amount Due for Publishing Annexed Notice:

$ 121.41

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
RUTH A. ADKINS
3821 Green Valley Rd.
Huntington, WV 25701
My Commission Expires November 18, 2009

THE TOWN OF CEREDO

Water Revenue Bonds, Series 2007 A
(West Virginia DWTRF Program)

EXCERPT OF MINUTES ON ADOPTION OF BOND ORDINANCE, SUPPLEMENTAL RESOLUTION AND FIRST DRAW RESOLUTION

The undersigned Recorder of The Town of Ceredo (the "Town") hereby certifies that the following is a true and correct excerpt of the minutes of a special meeting of the said Town:

*** *** ***

The Council of the Town met in special session, pursuant to notice duly posted, on the 6th day of June, 2007, in Ceredo, West Virginia, at the hour of 11:00 am.

PRESENT: Mose Napier, Mayor
Stanley Fink, Recorder
Dennis Adkins
Jim Billups
Otis Adkins
Robert Leslie

ABSENT: Charles Bash

Thereupon, the Mayor stated that the proposed Bond Ordinance heretofore passed on first and second readings would be subject to protests and suggestions from any interested person at this time in accordance with the publication of an abstract of said Bond Ordinance and a Notice of Hearing, which publication has been duly made, and the Mayor called for protests and suggestions as to said Bond Ordinance and all persons desiring to protest the said Bond Ordinance or to make any suggestions with reference thereto were heard.

There being no protests or suggestions made as to said Bond Ordinance, the Mayor thereupon stated that it would be in order to consider the said Bond Ordinance for final enactment and the Mayor caused the said Bond Ordinance to be read as follows:

ORDINANCE AUTHORIZING ACQUISITION AND CONSTRUCTION OF ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE EXISTING PUBLIC WATERWORKS SYSTEM OF THE TOWN OF CEREDO AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE TOWN OF CEREDO OF NOT MORE THAN $4,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2007 A (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.

and caused the same to be read and there was discussion. Thereupon, upon motion duly made by Otis Adkins and seconded by Jim Billups, it was unanimously ordered that the said Bond Ordinance be adopted and be in full force and effect on and from the date hereof.

The Mayor presented a proposed Supplemental Resolution in writing entitled:

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNT, DATE, MATURITY DATE, REDEMPTION PROVISION, INTEREST RATE, INTEREST AND PRINCIPAL PAYMENT DATES, SALE PRICE AND OTHER TERMS OF THE WATER REVENUE BONDS, SERIES 2007A (WEST VIRGINIA DWTRF PROGRAM), OF THE TOWN OF CEREDO; 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; CHANGING THE SERIES DESIGNATION; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

and caused the same to be read and there was discussion. Thereupon, upon motion duly made by Jim Billups and seconded by Dennis Adkins, it was unanimously ordered that the said Supplemental Resolution be adopted and be in full force and effect on and from the date hereof.

Thereupon, the Mayor presented First Draw Resolution for consideration and there was discussion. Thereupon, on motion duly made by Robert Leslie and seconded by Otis Adkins, it was unanimously ordered that the said First Draw Resolution be adopted and be in full force and effect on and from the date hereof.

* * * * * * * * *

There being no further business to come before the meeting, on motion duly made and seconded, it was unanimously ordered that the meeting adjourn.

CERTIFICATION

I hereby certify that the foregoing is a true copy of the minutes of The Town of Ceredo and that such actions remain in full force and effect and have not been amended, rescinded, superseded, repealed or changed.

WITNESS my signature on this 14th day of June, 2007.

Recorder

138840.00001

THE TOWN OF CEREDO

PROPOSED AGENDA FOR, MAY 21, 2007

I. Call to Order/Roll Call

II. Reading and Approval of Minutes of Prior Council Meeting

III. Old Business

a. 2nd Reading of Bond Ordinance
b. Paving Projects
c. Equipment Purchases

IV. New Business

a. To consider and act upon a proposed Bond Ordinance providing for the issuance of its Water Revenue Bonds, Series 2007 A (the "Bonds"). The proceeds of the Bonds will be used (i) to pay a portion of the costs of acquisition and construction of certain extensions, additions, betterments and improvements to the public waterworks system of the Issuer (the "Project"); and (ii) to pay certain costs of issuance of the Bonds and related costs. The Bonds are payable solely from revenues to be derived from the ownership and operation of the waterworks system of the City.

b. To consider and act upon any measures related to the foregoing.

d. Finalizing Bid on proposed water project

e. _____

V. Adjournment

Phyllis J Robertson
Recorder/Clerk

CH887645.1

Town of Ceredo
Town Council
Special Session
May 21, 2007

The Town of Ceredo, Town Council, met in special session on Monday, May 21, 2007 at the City Hall. The meeting was called to order at 1:00 p.m. Those present included the Recorder, Stanley E. Fink, and Councilmen, Dennis Adkins, Otis Adkins, C. R. Bash, Jim Billups, and Bob Leslie. The Mayor, Mose A. Napier, was absent.

Minutes

The Recorder read the minutes of the Regular Session held May 7, 2007.

Water System Betterments and Financing Ordinance

The Recorder read, on second reading, the following ordinance:

THE TOWN OF CEREDO ORDINANCE AUTHORIZING ACQUISITION AND CONSTRUCTION OF ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE EXISTING PUBLIC WATERWORKS SYSTEM OF THE TOWN OF CEREDO AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE TOWN OF CEREDO OF NOT MORE THAN $4,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2007 A (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.

On a motion by Dennis Adkins and a second by C. R. Bash, Council voted to accept the ordinance as read on second reading. All were in favor, motion carried. See attached copy.

Paving Projects for 2007

Street Commissioner, C. R. Bash, presented Council with bids for the proposed blacktopping and excavation work.

1. Rick Eplion Paving, Inc.	$60,520
2. Blacktop Industries and Equipment Company	49,093

See attached copy.

Water Works Project Status

Mr. Terence Moran of Potesta and Associates, Inc., discussed at length the major items that needed to be addressed before the awarding of the contracts could take place and the effort that needed to be made to see that the MBE/WBE information was received. He also addressed possible areas that could be addressed with under-bid funds.

Mr. Moran and Council discussed a possible meeting to award the contracts and the need for posting of the meeting.

Police Cruiser

Police Chief, Jack Butcher, presented Council with State-Bid price for a 2008 Ford Crown Victoria. The base price for the vehicle was $21,208; however, Chief Butcher informed Council that some additional equipment may be needed, but the total project would cost approximately $25,000.

On a motion by C. R. Bash and a second by Dennis Adkins, Council voted to purchase the cruiser and necessary equipment. All were in favor, motion carried.

Council also requested that Chief Butcher check on preparing for public bid the cruiser being taken out of service.

City Hall Roof Repair

Councilman C. R. Bash recommended that Fairfax, Inc. make the repairs to that section of the roof on City Hall that had been found during a recent inspection. The estimated cost would be approximately $1,360.

On a motion by C. R. Bash and a second by Bob Leslie, Council voted to approve Fairfax, Inc. doing the repairs. All were in favor, motion carried. See attached copy.

Privacy Slats for Town Equipment Yard Fence

Councilman C. R. Bash advised Council that he had obtained the pricing on the slats from the vendors listed below:

1.	Lowes	$1,200.00
2.	McNeill Fence Co.	830.00
3.	Kenova Box	623.00

On a motion by Otis Adkins and a second by Dennis Adkins, Council voted to purchase the slats from Kenova Box for $623. All were in favor, motion carried.

Case 580K Backhoe End Loader

Council reviewed a list of repairs that were needed to bring the unit back into operating conditions. State Equipment, Inc. had given an estimate of $4,383.06 to do the work and supply the necessary parts.

On a motion by Otis Adkins and a second by C. R. Bash, Council voted to have the Case 580K repaired by State Equipment for the estimated cost of $4,383.06. All were in favor, motion carried. See attached copy.

Floodwall Mowing

Councilman Jim Billups discussed with Council the need to purchase a Z558 mower to work in conjunction with the John Deere Tractor to allow for a more proficient method of moving the earthen floodwall area. Mr. Billups advised Council that this was the same equipment being used by Huntington.

On a motion by Otis Adkins and a second by Jim Billups, Council voted to purchase a Z558 mower from Berry's Saw and Mower at a cost of $8,431.95. All were in favor, motion carried. See attached copy.

Spraying for Vegetation Control

Councilman C. R. Bash presented Council with a bid from Asplundh to treat areas located around the floodwall and the cemetery on Crescent Drive. The estimated cost is $1,250.

On a motion by C. R. Bash and a second by Otis Adkins, Council voted to approve Asplundh doing the work at a cost of $1,250. All were in favor, motion carried.

Adjournment

No further business was brought before the Council. The meeting adjourned at 2:50 p.m.

Mose A. Napier

Mose A. Napier, Mayor

Stanley E. Fink

Stanley E. Fink, Recorder

THE TOWN OF CEREDO

PROPOSED AGENDA FOR MONDAY, MAY 7, 2007

I. Call to Order/Roll Call

II. Reading and Approval of Minutes of Prior Council Meeting

III. Old Business

a. Fire Department Renovation
b. 2nd Reading Resolution on open governmental proceeding rules
c. _____

IV. New Business

a. To consider and act upon a proposed Bond Ordinance providing for the issuance of its Water Revenue Bonds, Series 2007 A (the "Bonds"). The proceeds of the Bonds will be used (i) to pay a portion of the costs of acquisition and construction of certain extensions, additions, betterments and improvements to the public waterworks system of the Issuer (the "Project") ; and (ii) to pay certain costs of issuance of the Bonds and related costs. The Bonds are payable solely from revenues to be derived from the ownership and operation of the waterworks system of the City.

b. To consider and act upon any measures related to the foregoing.

d. 1st Reading on Bond Ordinance

e. _____

V. Adjournment

Phyllis J. Robertson
Recorder/Clerk

CH887645.1

Town of Ceredo
Town Council
Regular Session
May 7, 2007

The Town of Ceredo, Town Council, met in Regular Session on Monday, May 7, 2007 at the City Hall. The meeting was called to order at 7:30 p.m. Those present included Stanley E. Fink, Recorder, and Councilmen, Dennis Adkins, Otis Adkins, C. R. Bash, Jim Billups and Bob Leslie. The Mayor, Mose A. Napier, was absent.

Minutes and Treasurer's Report

The Recorder read the minutes of the previous meeting and the treasurer reported on the various line items of the budget.

Shopping Center Sewer

Councilman Jim Billups reported on the problems with the sewer system at Harbor Freight. Mr. Billups explained that the line was flowing freely since the problem areas had been power flushed.

Fire Department Building Refurbishing

Assistant Chief David Caudill of the Ceredo Fire and Rescue advised Council that the Department had reviewed the project and had one question regarding the lighting on the Front and the 1st Street side of the building. Council assured Mr. Caudill that this issue would be addressed. It was agreed that the Town would proceed with the planned renovations.

Junk Car Ordinance

Police Chief, Jack Butcher, presented Council with the draft of an ordinance that addressed the issue of junk and/or abandoned vehicles in the Town. After reviewing the draft, Council requested that Chief Butcher look at the language in certain areas and bring the revised draft back to Council for further review and consideration.

Resolution: Open Governmental Proceedings Rules

The Recorder read, on second reading, the Resolution on Government Proceedings Rules. On a motion by C. R. Bash and a second by Dennis Adkins, Council voted to approve the Resolution on second reading. All were in favor, motion carried. See attached copy.

Water System Betterments and Financing Ordinance

The Recorder read, on first reading, the following ordinance:

THE TOWN OF CEREDO ORDINANCE AUTHORIZING ACQUISITION AND CONSTRUCTION OF ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE EXISTING PUBLIC WATERWORKS SYSTEM OF THE TOWN OF CEREDO AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE TOWN OF CEREDO OF NOT MORE THAN $4,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2007 A (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.

On a motion by Otis Adkins and a second by Bob Leslie, Council voted to approve the Ordinance as read on first reading. All were in favor, motion carried.

Roofing of the Floodwall Pump Houses

Council discussed the need for repairs to the pump houses. A bid of $8.400 for repair of both the 3rd Street and Main Street pump house roofs was reviewed.

On a motion by Otis Adkins and second by Jim Billups, Council voted to approve the proposed repairs at a cost of $8,400 to be done by Fairfax, Inc. All were in favor, motion carried. See attached copy.

Flood Plain Superintendent

Council discussed the need to appoint a Flood Plain Superintendent. Currently the Mayor holds this position.

On a motion by Bob Leslie and second by C. R. Bash, Council voted to appoint Dennis Adkins to the position. All were in favor, motion carried.

Tri-State Airport Authority Appointment

Council discussed the need to appoint a replacement for Tom Ferrell as the Town's representative on the Tri-State Airport Authority since Mr. Ferrell no longer resides in Ceredo.

On a motion by C. R. Bash and a second by Otis Adkins, Council voted to appoint Scott Byard as the Town's representative on the Tri-State Airport Authority. All were in favor, motion carried.

Memorial Day Program

Council C. R. Bash reported to Council on the progress of the preparations being made for the Memorial Day Celebration to be held Sunday, May 27, 2007 at the Veteran's Memorial in the Paul Billups park.

Speed Limit on the Airport Access Road

Police Chief Jack Butcher advised Council he had been contacted by a member of the Airport Authority about speeding tickets being written on the airport access road. The Chief requested permission to conduct a study on raising the speed limit on the access road.

On a motion by Jim Billups and second by C. R. Bash, Council voted to proceed with the study. All were in favor, motion carried.

Fence Along 1st Street East Town Equipment Lot

Councilman Otis Adkins advised Council that residents of the 100 block of 1st Street, East had asked if it were possible to have privacy slats installed in the chain link fence around the equipment lot to improve the appearance of the area. Council asked Councilman Bash to check on the availability and pricing of the slats.

Police Cruiser

Police Chief Butcher reported on the need to purchase a cruiser to replace a unit that was taken out of service. Council asked the Chief to check on the state bid prices and ask that he present them for consideration at next Special Session of the Council, May 21st 2007 at 1:00 p.m.

Adjournment

No further business was brought before the Council. The meeting adjourned at 9:10 p.m.

Mose A. Napier, Mayor

Stanley E. Fink, Recorder

WV MUNICIPAL BOND COMMISSION
#8 Capitol Street
Terminal Building, Suite 500
Charleston, WV 25301
(304) 558-3971

NEW ISSUE REPORT FORM

Date of Report: June 14, 2007

(See Reverse for Instructions)

ISSUE: The Town of Ceredo Water Revenue Bonds, Series 2007 A (West Virginia DWTRF Program)

ADDRESS: Post Office Box 691, Ceredo, WV 25507 COUNTY: Wayne

PURPOSE OF ISSUE: New Money: X
Refunding: _____

REFUNDS ISSUE(S) DATED: N/A

ISSUE DATE: June 14, 2007

CLOSING DATE: June 14, 2007

ISSUE AMOUNT: $ 2,700,000

RATE: 0% (1% admin fee)

1ST DEBT SERVICE DUE: June 1, 2009

1ST PRINCIPAL DUE: June 1, 2009

1ST DEBT SERVICE AMOUNT: $22,500

PAYING AGENT: Municipal Bond Commission

BOND COUNSEL: Steptoe & Johnson PLLC
Contact Person: John C. Stump, Esquire
Phone: 304.353.8196

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

CLOSING BANK: United Bank, Inc.
Contact Person: Marty Dunkle
Phone: 304.781.2407

ESCROW TRUSTEE: _____
Contact Person: _____
Phone: _____

KNOWLEDGEABLE ISSUER CONTACT
Contact Person: Mose Napier
Position: Mayor
Phone: 304.453.1041

OTHER:
Contact Person: Bob DeCrease, P.E.
Function: Manager
Phone: (304) 558-2981

DEPOSITS TO MBC AT CLOSE:
By: ____ Wire
____ Check

____ Accrued Interest: $_____
____ Capitalized Interest: $_____
____ Reserve Account: $_____
____ Other: _____ $_____

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

____ To Escrow Trustee: $_____
____ To Issuer $_____
____ To Cons. Invest. Fund $_____
____ To Other: _____ $_____

NOTES: Series 2007 A Bonds Reserve Account to be funded over a ten year period

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

CH829872.1

The purpose of the NEW ISSUE REPORT FORM is to provide the WV Municipal Bond Commission with an early warning of three basic facts no later than the day of closing on any issue for which the Commission is to act as fiscal agent. These are:

1. Formal notification that a new issue is outstanding.
2. Date of first action or debt service.
3. Contact people should we lack documents, information, or funds needed to administer the issue by the date of the first action or debt service.

The commission recognizes that as bond transcripts become increasingly long and complex, it has become more difficult to assemble and submit them to the Commission within the 30 days specified by the West Virginia Code 13-3-8. This notice is not intended to provide all the information needed to administer an issue, but to alert the Commission and ensure that no debt service payments are missed due to delays in assembling bond transcripts. If, at the time of closing, documents such as the ordinance and all supplements, debt service schedules, and a specimen bond or photostat are available and submitted with this form, it will greatly aid the Commission in the performance of its duties. These documents are needed to set up the proper accounts and to advise the issuer of monthly deposit requirements as far in advance of the first debt service as possible.

It is not necessary to complete all items if they are not pertinent to your issue. Indicate the County of the issuer. With PSDs that overlap more than one county, indicate the county of their business office. Complete "Rate" only if the issue has only one rate. Please complete a separate form for each series of an issue. Other important information can be recorded under "Notes."

Again, please submit this form on each new issue on the day of closing. If fund transfers into or out of the Commission at closing are required, please submit this form before closing. If no significant facts change by closing, no resubmission at closing is required. If, however, there are changes, please submit an updated form, with changes noted, at closing.

If you should have any questions concerning this form, please call the Commission.

THE TOWN OF CEREDO

Water Revenue Bonds, Series 2007 A
(West Virginia DWTRF Program)

ACCEPTANCE OF APPOINTMENT AS DEPOSITORY BANK

UNITED BANK, INC., Ceredo, West Virginia, hereby accepts appointment as Depository Bank in connection with a Bond Ordinance of The Town of Ceredo (the "Issuer") enacted by the Issuer on June 6, 2007, and a Supplemental Resolution adopted by the Issuer on June 6, 2007 (collectively, the "Bond Legislation"), authorizing issuance of the Issuer's Water Revenue Bonds, Series 2007 A (West Virginia DWTRF Program), dated June 14, 2007, issued in the original aggregate principal amount of $2,700,000 (the "Bonds"), and agrees to serve as Depository Bank in connection with the Bonds, all as set forth in the Bond Legislation.

WITNESS my signature on this 14th day of June, 2007.

UNITED BANK, INC.

By: Marty Dunkle
Its: Authorized Officer

138840.00001

THE TOWN OF CEREDO

Water Revenue Bonds, Series 2007 A
(West Virginia DWTRF Program)

ACCEPTANCE OF DUTIES AS REGISTRAR

The Huntington National Bank, Charleston, West Virginia, hereby accepts appointment as Registrar in connection with The Town of Ceredo Water Revenue Bonds, Series 2007 A (West Virginia DWTRF Program), dated June 14, 2007, issued in the original aggregate principal amount of $2,700,000 (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 14th day of June, 2007.

THE HUNTINGTON NATIONAL BANK

By: _____
Its: Authorized Officer

138840.00001

THE TOWN OF CEREDO

Water Revenue Bonds, Series 2007 A
(West Virginia DWTRF Program)

CERTIFICATE OF REGISTRATION OF BONDS

THE HUNTINGTON NATIONAL BANK, Charleston, West Virginia, as Registrar under the Bond Legislation and Registrar's Agreement providing for the above-captioned Bonds of The Town of Ceredo (the "Issuer"), hereby certifies that on the date hereof, the single, fully registered Water Revenue Bond, Series 2007 A (West Virginia DWTRF Program), of the Issuer, dated June 14, 2007, in the principal amount of $2,700,000, numbered AR-1, was registered as to principal only in the name of "West Virginia Water Development Authority" in the books of the Issuer kept for that purpose at our office, by a duly authorized officer on behalf of The Huntington National Bank, as Registrar.

WITNESS my signature on this 14th day of June, 2007.

THE HUNTINGTON NATIONAL BANK

By: _____
Its: Authorized Officer

138840.00001

THE TOWN OF CEREDO

Water Revenue Bonds, Series 2007 A
(West Virginia DWTRF Program)

REGISTRAR'S AGREEMENT

THIS REGISTRAR'S AGREEMENT, dated as of the 14th day of June, 2007, by and between THE TOWN OF CEREDO, a municipal corporation and political subdivision of the State of West Virginia (the "Issuer"), and THE HUNTINGTON NATIONAL BANK, Charleston, West Virginia (the "Registrar").

WHEREAS, the Issuer has, contemporaneously with the execution hereof, issued and sold its $2,700,000 Water Revenue Bonds, Series 2007 A (West Virginia DWTRF Program), dated June 14, 2007, in fully registered form (the "Bonds"), pursuant to a Bond Ordinance of the Issuer duly enacted June 6, 2007, and a Supplemental Resolution of the Issuer duly adopted June 6, 2007 (collectively, the "Bond Legislation");

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

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

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

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

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

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

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

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

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 Town of Ceredo
Post Office 691
Ceredo, WV 25507
Attention: Mayor

REGISTRAR: The Huntington National Bank
One Huntington Square
Charleston, West Virginia 25326
Attention: Corporate Trust Department

8. The Registrar is hereby requested and authorized to authenticate, register and deliver the Bonds in accordance with the Bond Legislation.

9. This document may be executed in one or more counterparts each of which shall be deemed an original and all of which shall constitute but one and the same document.

[Remainder of Page intentionally Blank]

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

THE TOWN OF CEREDO

Mayor

THE HUNTINGTON NATIONAL BANK

Assistant Vice President

138840.00001

EXHIBIT A

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

SCHEDULE OF COMPENSATION

(See attached)

Private Financial Group
P.O. Box 633 - WE3013
Charleston, West Virginia 25322-0633

Huntington

STATEMENT OF TRUSTEE'S FEES
Invoice Date June 14, 2007

The Town of Ceredo
Account Number 6089001809

The Town of Ceredo
Water Revenue Bonds, Series 2007 A
C/o John C. Stump
Steptoe & Johnson, PLLC
P.O. Box 1588
Charleston, WV 25326-1588

SUMMARY OF ACCOUNT

****

FEE CALCULATION FOR June, 2007

****

TOTAL AMOUNT	$	500.00
TOTAL DUE	**$**	**500.00**

* FEE INVOICES ARE PAYABLE WITHIN 30 DAYS. IF PAYMENT *
* IS NOT RECEIVED, FEES WILL BE DEDUCTED FROM THE PLAN *
* .. MAIL CHECK TO: HUNTINGTON NATIONAL BANK, ATTN: BARRY. . *
* .. GRIFFITH, PO BOX 633, CHARLESTON, WV 25322-0633 . . . . . .*

IF YOU HAVE ANY QUESTIONS, PLEASE CONTACT
Barry Morgan Griffith at (304)348-5035

06-0934-W-CN

PWSID# WV3305001

State of West Virginia

OFFICE OF ENVIRONMENTAL HEALTH SERVICES

CAPITOL and WASHINGTON STREETS | 1 DAVIS SQUARE, SUITE 200 TELEPHONE 304-558-2981 | CHARLESTON, WEST VIRGINIA 25301

(Water) **PERMIT**

PROJECT: Water Distribution Improvements PERMIT NO.: 17,155

LOCATION: Ceredo COUNTY: Wayne DATE: 7-25-2006

THIS IS TO CERTIFY that after reviewing plans, specifications, application forms, and other essential information that

Ceredo Municipal Water Department
P. O. Box 691
Ceredo, West Virginia 25507

is hereby granted approval to: install approximately 3,890 LF of 8", 6,600 LF of 6", 1,060 LF of 4" and 2,165 LF of 2" water line; one (1) 20 G.P.M. hydro-pneumatic booster pump station; replacement of the existing water storage reservoir with two (2) 170,603 gallon reservoirs; a new control valve vault; and all necessary valves, controls and appurtenances.

Facilities are to upgrade the existing Ceredo Municipal Water Department water distribution and storage facilities.

NOTE: **This permit is contingent upon: 1) All new water line and the new reservoirs being disinfected, flushed and bacteriologically tested, prior to use; and 2) Enclosing the new reservoirs and the new hydro-pneumatic pump station with a minimum six (6) feet high fence with a lockable gate.**

The Environmental Engineering Division of the St. Albans District Office (304) 722-0611 is to be notified when construction begins.

Validity of this permit is contingent upon conformity with plans, specifications, application forms, and other information submitted to the West Virginia Bureau for Public Health.

FOR THE DIRECTOR

William S. Herold, Jr., P.E., Assistant Manager
Infrastructure and Capacity Development
Environmental Engineering Division

RECEIVED
2006 AUG -8 PM 4:41
W.V. PUBLIC SERVICE COMMISSION
OFFICE

WSH:emt
pc: Potesta & Associates, Inc
James W. Ellars, P.E., PSC-Engineering Division
Amy Swann, PSC
Wayne County Health Department
OEHS-EED St. Albans District Office

ACORD CERTIFICATE OF LIABILITY INSURANCE

OP ID AH
CERED-1

DATE (MM/DD/YYYY) 05/30/07

PRODUCER

Commercial Insurance Services
340 MacCorkle Ave. Ste #200
Charleston WV 25314
Phone: 304-345-8000 Fax: 304-345-8014

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.

INSURERS AFFORDING COVERAGE	NAIC #
INSURER A: Redland Insurance Company	
INSURER B:	
INSURER C:	
INSURER D:	
INSURER E:	

INSURED

Town Of Ceredo
700 B Street
P. O. Box 691
Ceredo WV 25507-0691

COVERAGES

THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. AGGREGATE LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	ADD'L INSRD	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YY)	POLICY EXPIRATION DATE (MM/DD/YY)	LIMITS	
A		GENERAL LIABILITY X COMMERCIAL GENERAL LIABILITY CLAIMS MADE X OCCUR GEN'L AGGREGATE LIMIT APPLIES PER POLICY PRO-JECT LOC	APR 12-000107-06	08/01/06	08/01/07	EACH OCCURRENCE	$ 1,000,000
						DAMAGE TO RENTED PREMISES (Ea occurence)	$ 500,000
						MED EXP (Any one person)	$ 5,000
						PERSONAL & ADV INJURY	$ 1,000,000
						GENERAL AGGREGATE	$ 2,000,000
						PRODUCTS - COMP/OP AGG	$ 2,000,000
						Emp Ben.	1,000,000
A		AUTOMOBILE LIABILITY X ANY AUTO ALL OWNED AUTOS SCHEDULED AUTOS X HIRED AUTOS X NON-OWNED AUTOS	APR 11-000107-06	08/01/06	08/01/07	COMBINED SINGLE LIMIT (Ea accident)	$ 1,000,000
						BODILY INJURY (Per person)	$
						BODILY INJURY (Per accident)	$
						PROPERTY DAMAGE (Per accident)	$
		GARAGE LIABILITY ANY AUTO				AUTO ONLY - EA ACCIDENT	$
						OTHER THAN AUTO ONLY EA ACC	$
						AGG	$
A		EXCESS/UMBRELLA LIABILITY X OCCUR CLAIMS MADE DEDUCTIBLE X RETENTION $10,000	APR 16-000107-06	08/01/06	08/01/07	EACH OCCURRENCE	$ 1,000,000
						AGGREGATE	$ 1,000,000
							$
							$
							$
A		WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? If yes, describe under SPECIAL PROVISIONS below	APR 12-000107-06	08/01/06	08/01/07	X WC STATUTORY LIMITS OTHER	
						E.L. EACH ACCIDENT	$ 1000000
						E.L. DISEASE - EA EMPLOYEE	$ 1000000
						E.L. DISEASE - POLICY LIMIT	$ 1000000
		OTHER					

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES / EXCLUSIONS ADDED BY ENDORSEMENT / SPECIAL PROVISIONS

Certificate holder is named as additional insured as respects improvement to the water system.

CERTIFICATE HOLDER

WVWDCHA

WV Water Development Authority
180 Association Drive
Charleston WV 25311

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING INSURER WILL ENDEAVOR TO MAIL 10 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BUT FAILURE TO DO SO SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE INSURER, ITS AGENTS OR REPRESENTATIVES.

AUTHORIZED REPRESENTATIVE

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CLOSING MEMORANDUM

To: **Financing Team**

From: **John C. Stump, Esquire**

Date: **June 14, 2007**

Re: **The Town of Ceredo Water Revenue Bonds, Series 2007 A (West Virginia DWTRF Program)**

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1. DISBURSEMENTS TO THE TOWN OF CEREDO

Payor:	West Virginia DWTRF Program
Amount:	$67,500
Form:	Wire
Payee:	The Town of Ceredo
Bank:	United Bank, Inc.
ABA:	051900395
Account #:	006905-1621
Contact:	Marty Dunkle (304) 781-2407
Account:	Series 2007 A Bonds Construction Fund

138840.00001

RESOLUTION OF THE TOWN OF CEREDO APPROVING INVOICES RELATING TO CONSTRUCTION AND OTHER SERVICES FOR THE PROPOSED WATER PROJECT AND AUTHORIZING PAYMENT THEREOF,

WHEREAS, the Town of Ceredo, has reviewed the invoices attached hereto and incorporated herein by reference relation to the construction of the Water Project funded by the West Virginia Drinking Water Treatment Revolving Fund (DWTRF) and find as follows:

a) That none of the items for which payment is proposed to be made has formed the basis for any disbursement theretofore made.

b) That each item for which the payment is proposed to be paid is or was necessary in connection with the Project and constitutes a Cost of the project.

c) That each of such costs has been otherwise properly incurred.

d) That the payment for each of the items proposed is due and owing.

NOW, THEREFOR, BE IT RESOLVED Town of Ceredo by as follows: There is hereby authorized and directed the payment of the attached invoices as follows:

Vendor	Total	DWTRF
Huntington Banks (Registrar)	500.00	500.00
Steptoe & Johnson (Bond Counsel)	20,000.00	20,000.00
Potesta	16,300.00	16,300.00
Region II	5,000.00	5,000.00
Town of Ceredo (Reimbursement - accounting)	16,134.80	16,134.80
Future Draws* (*DWTRF requires 2.5% drawn at closing or $67,500)	9,565.20	9,565.20
TOTAL (2.5% of DWTRF Loan)	$ 67,500.00	$ 67,500.00

ADOPTED BY the Town of Ceredo, at the meeting held on the 6th day of June, 2007

By: Stanley E. Fink

Its: Recorder