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
(304) 353-8196 - Telephone
(304) 353-8181 - Fax
john.stump@steptoe-johnson.com

July 25, 2007

RECEIVED
7 6 2007
MBC

The City of Kenova
Sewer Revenue Bonds, Series 2007 A
(West Virginia Infrastructure Fund) and
Sewer Revenue Bonds, Series 2007 B
(West Virginia SRF Program)

Sara Boardman, Executive Director
West Virginia Municipal Bond Commission
8 Capitol Street
Terminal Building, Suite 500
Charleston, West Virginia 25301

Dear Sara:

Please find enclosed herein the following executed closing documents for the above-referenced financing:

1. Bond Ordinance;
2. Series 2007 A Specimen Bond;
3. Series 2007 A Bond Counsel Opinion;
4. Series 2007 B Specimen Bond;
5. Series 2007 B Bond Counsel Opinion; and
6. Municipal Bond Commission New Issue Reports.

I believe that, upon your receipt of the enclosed documents, you will have copies of all documents which you require from our office prior to your receipt of the closing transcript. Please call me if you require any additional documents.

Thank you for your attention to this letter. If you have any questions regarding any of the issues set forth herein, or if I can be of any other service, please do not hesitate to call.

My best regards.

Very truly yours,

John C. Stump

JCS/bsl
Enclosures

cc: Ric Griffith, Mayor (w/o encls.)

472140.00005

CH905968.1

TERRALEX®
The Worldwide Network of Independent Law Firms

WV MUNICIPAL BOND COMMISSION
#8 Capitol Street
Terminal Building, Suite 500
Charleston, WV 25301
(304) 558-3971

NEW ISSUE REPORT FORM

Date of Report: July 25, 2007

(See Reverse for Instructions)

ISSUE: The City of Kenova Sewer Revenue Bonds, Series 2007 A (West Virginia Infrastructure Fund)

ADDRESS: Post Office Box 268, Kenova, West Virginia 25530 COUNTY: Wayne

PURPOSE OF ISSUE: New Money: X
Refunding: _____

REFUNDS ISSUE(S) DATED: N/A

ISSUE DATE: July 12, 2007

CLOSING DATE: July 12, 2007

ISSUE AMOUNT: $3,747,000

RATE: 0%

1ST DEBT SERVICE DUE: June 1, 2009

1ST PRINCIPAL DUE: June 1, 2009

1ST DEBT SERVICE AMOUNT: $24,491

PAYING AGENT: Municipal Bond Commission

BOND COUNSEL: Steptoe & Johnson PLLC
Contact Person: John Stump, Esquire
Phone: (304) 353-8196

UNDERWRITERS COUNSEL: Jackson Kelly PLLC
Contact Person: Samme Gee, Esquire
Phone: (304) 340-1318

CLOSING BANK: United Bank, Inc.
Contact Person: Gloria McClung
Phone: 304.781.2908

ESCROW TRUSTEE: _____
Contact Person: _____
Phone: _____

KNOWLEDGEABLE ISSUER CONTACT
Contact Person: Ric Griffith
Position: Mayor
Phone: (304) 453.1571

OTHER: WV Infrastructure Jobs Development Council
Contact Person: Jeff Brady, P.E.
Function: Executive Director
Phone: (304) 558-4607

DEPOSITS TO MBC AT CLOSE:
By: ____ Wire
____ Check

____ Accrued Interest: $_____
____ Capitalized Interest: $_____
____ Reserve Account: $_____
____ Other: _____ $_____

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

____ To Escrow Trustee: $_____
____ To Issuer $_____
____ To Cons. Invest. Fund $_____
____ To Other: _____ $_____

NOTES: The Series 2007 A Bonds Reserve Account will be funded over 10 years

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

CH867024.2

WV MUNICIPAL BOND COMMISSION
#8 Capitol Street
Terminal Building, Suite 500
Charleston, WV 25301
(304) 558-3971

NEW ISSUE REPORT FORM

Date of Report: July 25, 2007

(See Reverse for Instructions)

ISSUE: The City of Kenova Sewer Revenue Bonds, Series 2007 B (West Virginia SRF Program)

ADDRESS: Post Office Box 268, Kenova, West Virginia 25530 COUNTY: Wayne

PURPOSE OF ISSUE: New Money: X
Refunding: _____

REFUNDS ISSUE(S) DATED: N/A

ISSUE DATE: July 12, 2007

CLOSING DATE: July 12, 2007

ISSUE AMOUNT: $4,649,209

RATE: 0% interest; 0.5% administrative fee

1ST DEBT SERVICE DUE: June 1, 2009

1ST PRINCIPAL DUE: June 1, 2009

1ST DEBT SERVICE AMOUNT: $30,387

PAYING AGENT: Municipal Bond Commission

BOND COUNSEL: Steptoe & Johnson PLLC
Contact Person: John C. Stump, Esquire
Phone: (304) 353-8196

UNDERWRITERS COUNSEL: Jackson Kelly PLLC
Contact Person: Samme Gee, Esquire
Phone: (304) 340-1318

CLOSING BANK: United Bank, Inc.
Contact Person: Gloria McClung
Phone: 304.781.2908

ESCROW TRUSTEE: _____
Contact Person: _____
Phone: _____

KNOWLEDGEABLE ISSUER CONTACT
Contact Person: Ric Griffith
Position: Mayor
Phone: (304) 453.1571

OTHER: WV Department of Environmental Protection
Contact Person: Rosalie Brodersen
Function: Section Manager
Phone: (304) 926-0499

DEPOSITS TO MBC AT CLOSE:
By: ____ Wire
____ Check

____ Accrued Interest: $_____
____ Capitalized Interest: $_____
____ Reserve Account: $_____
____ Other: _____ $_____

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

____ To Escrow Trustee: $_____
____ To Issuer $_____
____ To Cons. Invest. Fund $_____
____ To Other: _____ $_____

NOTES: The Series 2007 B Bonds Reserve Account will be funded over 10 years

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

CH867025.2

28B

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
(304) 353-8196 - Telephone
(304) 353-8181 - Fax
John.Stump@steptoe-johnson.com

August 21, 2007

RECEIVED
AUG 23 2007
MBC

The City of Kenova
Sewer Revenue Bonds, Series 2007 A
(West Virginia SRF Program); and
Sewer Revenue Bonds, Series 2007 B
(West Virginia Infrastructure Fund)

Ric Griffith, Mayor
City of Kenova
Post Office Box 268
Kenova, West Virginia 25530

Dear Mayor Griffith:

Enclosed is the transcript of closing documents for the above-referenced bond issues for the City of Kenova. For auditing purposes, the City should keep the transcript on file until the bonds mature. Upon receipt, should you have any questions, please call me.

It was a pleasure working with you and the Council. We look forward to working with you again.

My best regards.

Very truly yours,

John C. Stump

JCS/rmc
Enclosures
cc: Distribution (attached)
472140.00005

CH909492.1

TERRALEX
The Worldwide Network of Independent Law Firms

City of Kenova
Sewer Revenue Bonds, Series 2007 A
(West Virginia SRF Program); and
Sewer Revenue Bonds, Series 2007 B
(West Virginia Infrastructure Fund)

Ric Griffith, Mayor
City of Kenova
Post Office Box 268
Kenova, West Virginia 25530
Phone: 304.453.1571
Fax: 304.453.1009
E-Mail: kenovamayor@yahoo.com

Rosalie Brodersen, Program Manager
WV Department of Environmental Protection
601 57th Street
Building 2002, Room 2159, SE
Charleston, West Virginia 25304
Phone: 304.926.0499
Fax: 304.926.0496
E-Mail: rbrodersen@wvdep.org

Jefferson Brady, P.E., Executive Director
WV Infrastructure and Jobs Development Council
300 Summers Street, Suite 980
Charleston, West Virginia 25301
Phone: 304.558.4607
Fax: 304.558.4609
E-Mail: jefferson.brady@verizon.net

Daniel B. Yonkosky, Director
Water Development Authority
180 Association Drive
Charleston, West Virginia 25311
Phone: 304.558.3612
Fax: 304.558.0299
E-Mail: dyonkosky@wvwda.org

Sara Boardman, Director
West Virginia Municipal Bond Commission
8 Capitol Street, Suite 500, Terminal Building
Charleston, West Virginia 25301
Phone: 304.558.3971
Fax: 304.558.1280
E-Mail: sboardman@state.wv.us

Samme L. Gee, Esquire
Jackson & Kelly PLLC
1600 Laidley Tower
Post Office Box 553
Charleston, West Virginia 25322
Phone: 304.340.1318 (Samme)
Fax: 304.340.1272
E-Mail: sgee@jacksonkelly.com

John C. Stump, Esquire
Katy Mallory, P.E.
Steptoe & Johnson PLLC
Bank One Center, 7th Floor (25301)
Post Office Box 1588
Charleston, West Virginia 25326-1588
Phone: 304.353.8196 (John)
Phone: 304.353.8161 (Katy)
Fax: 304.353.8180
E-Mail: John.Stump@steptoe-johnson.com
E-Mail: Katy.Mallory@steptoe-johnson.com

08/10/07
472140.00005

THE CITY OF KENOVA

SEWER REVENUE BONDS, SERIES 2007 A
(WEST VIRGINIA INFRASTRUCTURE FUND); AND
SEWER REVENUE BONDS, SERIES 2007 B
(WEST VIRGINIA SRF PROGRAM)

DATE OF CLOSING: JULY 25, 2007

BONDS TRANSCRIPT

STEPTOE & JOHNSON PLLC

John C. Stump, Esquire
707 Virginia Street, East
Chase Tower, Seventh Floor
Charleston, WV 25326
(304)353-8196
john.stump@steptoe-johnson.com

Vincent A. Collins, Esquire
1085 Van Voorhis Road
United Center, Suite 400
Morgantown, WV 26505
(304)598-8161
vincent.collins@steptoe-johnson.com

THE CITY OF KENOVA

Sewer Revenue Bonds, Series 2007 A (West Virginia Infrastructure Fund); and Sewer Revenue Bonds, Series 2007 B (West Virginia SRF Program)

BOND TRANSCRIPT

Table of Contents

BASIC DOCUMENTS

1. Conformed Bond Ordinance
2. Supplemental Resolution
3. Loan Agreement for Series 2007 A Bonds
4. Bond Purchase Agreement for Series 2007 B Bonds
5. Public Service Commission Order
6. Infrastructure Council Approval
7. Cross-Receipt for Bonds and Bond Proceeds
8. Direction to Authenticate and Deliver Bonds
9. Specimen Series 2007 A Bond
10. Specimen Series 2007 B Bond

OPINIONS OF COUNSEL

11. (A) Approving Opinion on Series 2007 A Bond of Steptoe & Johnson, PLLC, Bond Counsel

    (B) Approving Opinion on Series 2007 B Bond of Steptoe & Johnson, PLLC, Bond Counsel

12. Opinion of Counsel to Issuer

13. Title Opinion

CERTIFICATES

14. General Certificate of Issuer and Attorney

15. Certificate as to Use of Proceeds

16. Certificate of Engineer, with Schedule B Attached

17. Certificate of Certified Public Accountant

DOCUMENTS OF THE ISSUER

18. City Charter

19. Oaths of Office of Officers and Councilmembers

20. Approved Sewer Rates

21. Sewer Rate Ordinance and Certification on Adoption and Enactment of Sewer Rate Ordinance

22. Affidavit of Publication on Sewer Rate Ordinance and Notice of Public Hearing

23. Resolution on Open Governmental Proceedings Rules

24. Ordinance creating Sanitary Board

25. Petition of Sanitary Board

26. Minutes on Enactment of Bond Ordinance and Adoption of Supplemental Resolution and Rules of Procedure
    (A) July 3, 2007
    (B) October 19, 2006
    (C) September 21, 2006
    (D) August 17, 2006

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

28. Municipal Bond Commission New Issue Reports
    (A) Series 2007 A
    (B) Series 2007 B

MISCELLANEOUS DOCUMENTS

29. Acceptance of Appointment as Depository Bank

30. Acceptance of Duties as Registrar

31. Certificate of Registration of Bonds

32. Registrar's Agreement

33 Evidence of Small Cities Block Grant

34. 1991 Bond Ordinance and Supplemental Resolution

35. Consent of WDA to Issuance of Parity Bonds

36. Evidence of Insurance

37. Closing Memorandum

38. Approval of Plans and Specifications and NPDES permit

472140.00005

THE CITY OF KENOVA

SEWER REVENUE BONDS, SERIES 2007 A (WEST VIRGINIA INFRASTRUCTURE FUND); AND SEWER REVENUE BONDS, SERIES 2007 B (WEST VIRGINIA SRF PROGRAM)

CONFORMED BOND ORDINANCE

Table of Contents

ARTICLE I
STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

Section 1.01	Authority for this Ordinance
Section 1.02	Findings
Section 1.03	Bond Legislation Constitutes Contract
Section 1.04	Definitions

ARTICLE II
AUTHORIZATION OF ACQUISITION AND CONSTRUCTION OF THE PROJECT

Section 2.01	Authorization of Acquisition and Construction of the Project

ARTICLE III
AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND SALE OF BONDS; AUTHORIZATION AND EXECUTION OF LOAN AGREEMENTS

Section 3.01	Authorization of Bonds
Section 3.02	Terms of Bonds
Section 3.03	Execution of Bonds
Section 3.04	Authentication and Registration
Section 3.05	Negotiability, Transfer and Registration
Section 3.06	Bonds Mutilated, Destroyed, Stolen or Lost
Section 3.07	Bonds not to be Indebtedness of the Issuer

Section 3.08 Bonds Secured by Pledge of Net Revenues; Lien Position with respect to Prior Bonds
Section 3.09 Delivery of Bonds
Section 3.10 Form of Bonds
FORM OF SERIES 2007 A BOND
FORM OF SERIES 2007 B BOND
Section 3.11 Sale of Bonds; Approval and Ratification of Execution of Loan Agreement and Bond Purchase Agreement
Section 3.12 Filing of Amended Schedule

ARTICLE IV
[RESERVED]

ARTICLE V
FUNDS AND ACCOUNTS; SYSTEM REVENUES AND APPLICATION THEREOF

Section 5.01 Establishment of Funds and Accounts with Depository Bank
Section 5.02 Establishment of Funds and Accounts with Commission
Section 5.03 System Revenues; Flow of Funds

ARTICLE VI
APPLICATION OF BOND PROCEEDS

Section 6.01 Application of Bond Proceeds; Pledge of Unexpended Bond Proceeds
Section 6.02 Disbursements of Bond Proceeds

ARTICLE VII
ADDITIONAL COVENANTS OF THE ISSUER

Section 7.01 General Covenants of the Issuer
Section 7.02 Bonds not to be Indebtedness of the Issuer
Section 7.03 Bonds Secured by Pledge of Net Revenues; Lien Position with respect to Prior Bonds
Section 7.04 Rates and Charges
Section 7.05 Sale of the System
Section 7.06 Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances
Section 7.07 Parity Bonds
Section 7.08 Books; Records and Audit
Section 7.09 Rates
Section 7.10 Operating Budget and Monthly Financial Report

Section 7.11	Engineering Services and Operating Personnel
Section 7.12	No Competing Franchise
Section 7.13	Enforcement of Collections
Section 7.14	No Free Services
Section 7.15	Insurance and Construction Bonds
Section 7.16	Mandatory Connections
Section 7.17	Completion of Project; Permits and Orders
Section 7.18	Compliance with the Loan Agreement and Bond Purchase Agreement and the Law
Section 7.19	Reserved
Section 7.20	Securities Law Compliance
Section 7.21	Contracts; Public Releases
Section 7.22	Statutory Mortgage Lien

ARTICLE VIII
INVESTMENT OF FUNDS

Section 8.01	Investments
Section 8.02	Certificate as to Use of Proceeds

ARTICLE IX
DEFAULT AND REMEDIES

Section 9.01	Events of Default
Section 9.02	Remedies
Section 9.03	Appointment of Receiver

ARTICLE X
PAYMENT OF BONDS

Section 10.01	Payment of Series 2007 A Bonds
Section 10.02	Payment of Series 2007 B Bonds

ARTICLE XI
MISCELLANEOUS

Section 11.01	Amendment or Modification of Bond Legislation
Section 11.02	Bond Legislation Constitutes Contract
Section 11.03	Severability of Invalid Provisions
Section 11.04	Headings, Etc.
Section 11.05	Conflicting Provisions Repealed; Prior Ordinance
Section 11.06	Covenant of Due Procedure, Etc.

Section 11.07 Effective Date
Section 11.08 Statutory Notice and Public Hearing
SIGNATURES
CERTIFICATION
EXHIBIT A

THE CITY OF KENOVA

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN EXTENSIONS, ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE EXISTING PUBLIC SEWERAGE SYSTEM OF THE CITY OF KENOVA AND THE FINANCING OF THE COST THEREOF, NOT OTHERWISE PROVIDED, THROUGH THE ISSUANCE BY THE CITY OF KENOVA OF NOT MORE THAN $6,000,000 IN ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2007 A (WEST VIRGINIA INFRASTRUCTURE FUND), AND NOT MORE THAN $6,000,000 IN ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2007 B (WEST VIRGINIA SRF PROGRAM); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING LOAN AGREEMENT AND BOND PURCHASE AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

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

ARTICLE I

STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

Section 1.01. Authority for this Ordinance. This Ordinance (together with any ordinance, order or resolution supplemental hereto or amendatory hereof, the "Bond Legislation") is enacted pursuant to the provisions of Chapter 16, Article 13, Chapter 22C, Article 2 and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"), and other applicable provisions of law.

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

A. The City of Kenova (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 sewerage system. However, it is deemed necessary and desirable for the health and welfare of the inhabitants of the Issuer that there be acquired and constructed certain extensions, additions, betterments and improvements for the existing public sewerage system of the Issuer, consisting of construction of new sanitary lines, replacement of the existing two pumping stations, and installation of new pumping stations, in accordance with the plans and specifications prepared by the Consulting Engineers, which plans and specifications have heretofore been filed with the City Clerk-Treasurer of the Issuer, which constitute properties for the collection, treatment, purification and disposal of liquid or solid wastes, sewage or industrial wastes

(collectively, the "Project") (the existing public sewerage system of the Issuer, the Project and any further extensions, additions, betterments and improvements thereto are herein called the "System"), in accordance with the plans and specifications prepared by the Consulting Engineers, which plans and specifications have heretofore been filed with the Issuer.

C. The Issuer intends to permanently finance a portion of the costs of acquisition and construction of the Project through the issuance of its revenue bonds to the West Virginia Water Development Authority (the "Authority"), which administers the West Virginia Infrastructure Fund (the "Infrastructure Fund") for the West Virginia Infrastructure and Jobs Development Council (the "Council") and the West Virginia Water Pollution Control Revolving Fund Program (the "SRF Program"), all pursuant to the Act.

D. It is deemed necessary for the Issuer to issue its Sewer Revenue Bonds, in the total aggregate principal amount of not more than $12,000,000 in two or more series (collectively, the "Series 2007 Bonds"), initially planned to be (i) the Sewer Revenue Bonds, Series 2007 A (West Virginia Infrastructure Fund), in the aggregate principal amount of not more than $6,000,000 (the "Series 2007 A Bonds"); and (ii) the Sewer Revenue Bonds, Series 2007 B (West Virginia SRF Program), in the aggregate principal amount of not more than $6,000,000 (the "Series 2007 B Bonds"), to permanently finance a portion of the costs of acquisition and construction of the Project. Such costs shall be deemed to include the cost of all property rights, easements and franchises deemed necessary or convenient therefor and eligible under the Act; interest, if any, upon the Series 2007 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 Reserve Accounts (as hereinafter defined) for the Series 2007 Bonds; 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 Bonds and such other expenses as may be necessary or incidental to the financing herein authorized; the design, acquisition or construction of the Project and the placing of same in operation; and the performance of the things herein required or permitted, in connection with any thereof, provided, that reimbursement to the Issuer for any amounts expended by it for allowable costs prior to the issuance of the Series 2007 Bonds or the repayment of indebtedness incurred by the Issuer for such purposes shall be deemed Costs of the Project, as hereinafter defined.

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

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

G. There are outstanding obligations of the Issuer which will rank on a parity with the Series 2007 Bonds as to liens, pledge, source of and security for payment, being the Sewer Revenue Bonds, Series 1991 A (West Virginia Water Development Authority), dated August 9, 1991, issued in the original aggregate principal amount of $508,101 (the "Series 1991 A Bonds"). There are also outstanding obligations of the Issuer which will be junior and subordinate to the Series 2007 Bonds as to liens, pledge, source of and security for payment, being the Issuer's Sewer Revenue Bonds, Series 1991 B (West Virginia Water Development Authority), dated August 9, 1991, issued in the original aggregate principal amount of $22,941 (the "Series 1991 B Bonds"). The Series 1991 A Bonds and the Series 1991 B Bonds may be hereinafter collectively referred to as the "Prior Bonds".

The Series 2007 Bonds shall be issued on a parity with the Series 1991 A Bonds and senior and prior to the Series 1991 B Bonds with respect to liens, pledge and source of and security for payment and in all other respects. Prior to the issuance of the Series 2007 Bonds, the Issuer will obtain (a) a certificate of an Independent Certified Public Accountant stating that the coverage and parity tests of the Series 1991 A Bonds are met, (b) the written consent of the registered owners of the Series 1991 A Bonds to the issuance of the Series 2007 Bonds on a parity with the Series 1991 A Bonds and (c) the written consent of the Holders of the Series 1991 B Bonds to the issuance of the Series 2007 Bonds senior and prior to the Series 1991 B Bonds. Except for the Prior Bonds the Issuer has no other bonds, notes, or other obligations secured by or payable from revenues or assets of the System.

H. The estimated revenues to be derived in each year after completion of the Project from the operation of the System will be sufficient to pay all costs of operation and maintenance of the System, the principal of and interest on the Issuer's Prior Bonds, and the Series 2007 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, the Loan Agreement and Bond Purchase Agreement (hereinafter defined) relating to authorization of the acquisition, construction and operation of the Project and the System and issuance of the Series 2007 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 Infrastructure and Jobs Development Council and the West Virginia Water Pollution Control Revolving Fund Program and the obtaining of a Certificate of Public Convenience and Necessity from the Public Service Commission of West Virginia.

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

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

Section 1.03. Bond Legislation Constitutes Contract. In consideration of the acceptance of the Series 2007 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 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 13, Chapter 22C, Article 2 and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended and in effect on the date of enactment hereof.

"Authority" means the West Virginia Water Development Authority, which is expected to be the original purchaser and Registered Owner of the Series 2007 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.

"Board" means the Sanitary Board of the Issuer.

"Bond Construction Trust Funds" means the respective Bond Construction Trust Funds established by Section 5.01 hereof.

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

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

"Bond Purchase Agreement" means the Bond Purchase Agreement heretofore entered, or to be entered into, by and among the Issuer, the Authority and the DEP, providing for the purchase of the Series 2007 B Bonds from the Issuer by the Authority, the forms of which shall be approved and the execution and delivery by the Issuer authorized and directed or ratified by the Supplemental Resolution.

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

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

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

"City Clerk", "Clerk", "City Clerk-Treasurer" or "Recorder" means the City Clerk-Treasurer of the Issuer.

"Closing Date" means the date upon which there is an exchange of the Series 2007 Bonds for all or a portion of the proceeds of the Series 2007 Bonds from the Council and the DEP.

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

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

"Completion Date" means the completion date of the Project, as defined in the SRF Regulations.

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

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

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

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

"Depository Bank" means the bank designated as such by resolution of the Board.

"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 all rates, rents, fees, charges or other income received by the Issuer, or accrued to the Issuer, or any department, board, agency or instrumentality thereof in control of the management and operation of the System, from the operation of the System and all parts thereof, all as calculated in accordance with sound accounting practices.

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

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

"Issuer" means The City of Kenova, 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 individually or collectively, the Loan Agreement heretofore entered, or to be entered into, by and between the Issuer and the Authority, on behalf of the Council, providing for the purchase of the Series 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 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 or the Series 2007 B Bonds Reserve Account. For purposes of the Private Business Use limitations set forth herein, the term Net Proceeds shall include any amounts resulting from the investment of proceeds of the Series 2007 Bonds, without regard to whether or not such investment is made in tax-exempt obligations.

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

"Operating Expenses" means the current expenses, paid or accrued, of operation and maintenance of the System and its facilities, and includes, without limiting the generality of the foregoing, the SRF Administrative Fee (as hereinafter defined), insurance premiums, salaries, wages and administrative expenses of the Issuer relating and chargeable solely to the System, the accumulation of appropriate reserves for charges not annually recurrent but which are such as may reasonably be expected to be incurred, and such other reasonable operating costs as are normally and regularly included under recognized accounting practices.

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

"Parity Bonds" means additional 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, the Council, and the DEP.

"Prior Bonds" means, collectively, the Series 1991 A and Series 1991 B.

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

"Prior Bonds Sinking Funds" means, collectively, the respective sinking funds established for the Prior Bonds.

"Prior Ordinance" means the ordinance of the Issuer authorizing the issuance of the Prior Bonds.

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

"Qualified Investments" means and includes the following:

(a) Government Obligations;

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

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

(d) Any bond, debenture, note, participation certificate or other similar obligations issued by the Federal National Mortgage Association to the

extent such obligation is guaranteed by the Government National Mortgage Association or issued by any other federal agency and backed by the full faith and credit of the United States of America;

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

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

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

(h) The West Virginia "consolidated fund" managed by the West Virginia Investment Board of Treasury Investments pursuant to Chapter 12, Article 6C of the West Virginia Code of 1931, as amended, including, without limitation, authorized pools of investments operated by such State Board of Investments; and

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

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

"Registrar" means the Bond Registrar.

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

"Renewal and Replacement Fund" means the Renewal and Replacement Fund established by Prior Ordinance and continued hereby.

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

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

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

"Series 1991 A Bonds" means the Issuer's Sewer Revenue Bonds, Series 1991 A (West Virginia Water Development Authority), dated August 9, 1991, issued in the original aggregate principal amount of $508,101.

"Series 1991 B Bonds" means the Issuer's Sewer Revenue Bonds, Series 1991 B (West Virginia Water Development Authority), dated August 9, 1991, issued in the original aggregate principal amount of $22,941.

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

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

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

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

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

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

"Series 2007 B Bonds" means the Sewer Revenue Bonds, Series 2007 B (West Virginia SRF Program), of the Issuer, authorized by this Ordinance.

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

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

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

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

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

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

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

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

"State" means the State of West Virginia.

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

"Surplus Revenues" means the Gross Revenues not required by the Bond Legislation or the Prior Ordinance 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 Sinking Funds, the Reserve Accounts and the Renewal and Replacement Fund.

"System" means the complete existing public sewerage system of the Issuer, as presently existing in its entirety or any integral part thereof, and shall include the Project and any further extensions, additions, betterments and improvements thereto hereafter 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 Infrastructure Fund" means the West Virginia Infrastructure Fund established in accordance with Chapter 31, Article 15A, Section 9 of the West Virginia Code of 1931, as amended and in effect on the date of adoption hereof.

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 $13,500,000, in accordance with the plans and specifications which have been prepared by the Consulting Engineers, heretofore filed in the office of the Governing Body. The proceeds of the Series 2007 A Bonds and the Series 2007 B Bonds hereby authorized shall be applied as provided in Article VI hereof. The Issuer has received bids and will enter into contracts for the acquisition and construction of the Project, compatible with the financing plan submitted to the Council, the Authority and the DEP.

The cost of the Project is estimated not to exceed $13,500,000, of which up to $6,000,000 will be obtained from proceeds of the Series 2007 A Bonds, up to $6,000,000 will be obtained from proceeds of the Series 2007 B Bonds, and up to $1,500,000 will be obtained pursuant to a Small Cities Block Grant.

ARTICLE III

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

Section 3.01. Authorization of Bonds. For the purposes of paying a portion of the Costs of the Project not otherwise provided for and paying certain costs of issuance of the Series 2007 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 Bonds of the Issuer. The Series 2007 Bonds shall be issued in two series, each as a single bond, designated respectively as "Sewer Revenue Bonds, Series 2007 A (West Virginia Infrastructure Fund)", in the principal amount of not more than $6,000,000, and "Sewer Revenue Bonds, Series 2007 B (West Virginia SRF Program)," in the principal amount of not more than $6,000,000, and all shall have such terms as set forth hereinafter and in the Supplemental Resolution. The proceeds of the Series 2007 Bonds remaining after funding of the Reserve Accounts (if funded from Bond proceeds) and capitalization of interest, if any, shall be deposited in or credited to the respective Bond Construction Trust Funds established by Section 5.01 hereof.

Section 3.02. Terms of Bonds. The Series 2007 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 and Bond Purchase Agreement. The Series 2007 Bonds shall be payable as to principal at the office of the Paying Agent, in any coin or currency which, on the dates of payment of principal is legal tender for the payment of public or private debts under the laws of the United States of America. Interest, if any, on the Series 2007 Bonds shall be paid by check or draft of the Paying Agent or its agent, mailed to the Registered Owner thereof at the address as it appears on the books of the Bond Registrar, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner thereof.

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

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

Section 3.03. Execution of Bonds. The Series 2007 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 City Clerk-Treasurer. In case any one or more of the officers who shall have signed or sealed the Series 2007 Bonds shall cease to be such officer of the Issuer before the Series 2007 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 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 Bonds shall be valid or obligatory for any purpose or entitled to any security or benefit under this Bond Legislation unless and until the Certificate of Authentication and Registration on such Bond, substantially in the form set forth in Section 3.10 hereof shall have been manually executed by the Bond Registrar. Any such executed Certificate of Authentication and Registration upon any such Bond shall be conclusive evidence that such Bond has been authenticated, registered and delivered under this Bond Legislation. The Certificate of Authentication and Registration on any Series 2007 Bonds shall be deemed to have been executed by the Bond Registrar if manually signed by an authorized officer of the Bond Registrar, but it shall not be necessary that the same officer sign the Certificate of Authentication and Registration on all of the Bonds issued hereunder.

Section 3.05. Negotiability, Transfer and Registration. Subject to the provisions for transfer of registration set forth below, the Series 2007 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 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 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 Bonds shall be transferable only upon the books of the Bond Registrar, by the registered owner thereof in person or by his attorney duly authorized in writing, upon surrender thereto together with a written instrument of transfer satisfactory to the Bond Registrar duly executed by the registered owner or his duly authorized attorney.

In all cases in which the privilege of exchanging or transferring the registered Series 2007 Bonds are exercised, all Series 2007 Bonds shall be delivered in accordance with the provisions of this Bond Legislation. All Series 2007 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 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 any Series 2007 Bonds during the period commencing on the 15th day of the month next preceding an interest payment date on the Series 2007 Bonds or, in the case of any proposed redemption of such 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 Bonds shall become mutilated or be destroyed, stolen or lost, the Issuer may, in its discretion, issue, and the Bond Registrar shall, if so advised by the Issuer, authenticate and deliver, a new Bond of the same series and of like tenor as the Bonds so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond, upon surrender and cancellation of such mutilated Bond, or in lieu of and substitution for the Bond destroyed, stolen or lost, and upon the Holder's furnishing satisfactory indemnity and complying with such other reasonable regulations and conditions as the Issuer may prescribe and paying such expenses as the Issuer and the Bond Registrar may incur. All Bonds so surrendered shall be 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 Bonds shall not, in any event, be or constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provision or limitation, but shall be payable solely from the Net Revenues derived from the operation of the System as herein provided. No holder or holders of the Series 2007 Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Series 2007 Bonds or the interest thereon.

Section 3.08. Bonds Secured by Pledge of Net Revenues; Lien Position with respect to Prior Bonds. The payment of the debt service on the Series 2007 Bonds shall be secured by a first lien on the Net Revenues derived from the System, on a parity with each other and with the lien on the Net Revenues in favor of the Holders of the Series 1991 A Bonds and senior and prior to the Series 1991 B Bonds. The Net Revenues in an amount sufficient to pay the principal of and interest, if any, on and other payments for the 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 Bonds to the Bond Registrar, and the Bond Registrar shall authenticate, register and deliver the Series 2007 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 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 Bonds to the original purchasers;

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

D. An executed copy of the Loan Agreement and Bond Purchase Agreement; and

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

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

and a Supplemental Resolution duly adopted by the Issuer on _____, 2007 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY, WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, TO THE ISSUER'S (i) SEWER REVENUE BONDS, SERIES 1991 A (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED AUGUST 9, 1991, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $508,101, (THE "SERIES 1991 A BONDS"), AND (ii) THE SERIES 2007 B BONDS, DATED _____, 2007, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $_____, (THE "SERIES 2007 B BONDS"), ISSUED SIMULTANEOUSLY HEREWITH.

THIS BOND IS ISSUED SENIOR AND PRIOR, WITH RESPECT TO LIENS, PLEDGE, AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, TO THE ISSUER'S SEWER REVENUE BONDS, SERIES 1991 B (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED AUGUST 9, 1991, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $22,941, (THE "SERIES 1991 B BONDS").

THE SERIES 1991 A BONDS AND THE SERIES 1991 B BONDS ARE HEREINAFTER COLLECTIVELY CALLED THE "PRIOR BONDS".

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Net Revenues in favor of the Holders of the Series 1991 A Bonds and the Series 2007 B Bonds, and from monies in the Reserve Account created under the Bond Legislation for the Series 2007 A Bonds (the "Series 2007 A Bonds Reserve Account"), and unexpended proceeds of the Series 2007 A Bonds. Such Net Revenues shall be sufficient to pay all operating expenses of the System and the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same, except from said special fund provided from the Net Revenues, the monies in the Series 2007 A Bonds Reserve Account and unexpended proceeds of the Series 2007 A 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 revenue on a parity with the Series 2007 A Bonds including the Prior Bonds and the Series 2007 B 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 Series 2007 A Bonds in the then current or any succeeding year, and in the respective reserve accounts

established for any other obligations outstanding on a parity with or junior and subordinate to the Series 2007 A Bonds, including the Series 2007 B Bonds and the Prior Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

All money received from the sale of this Bond, after reimbursement and repayment of all amounts advanced for preliminary expenses as provided by law and the Bond Legislation, shall be applied solely to payment of the costs of the Project and costs of issuance 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 of this Bond.

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

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

[SEAL]

_____
Mayor

ATTEST:

_____
City Clerk-Treasurer

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

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

Date: _____ _____, 2007.

_____
as Registrar

_____
Authorized Officer

(Form of)

EXHIBIT A

RECORD OF ADVANCES

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

TOTAL $

(Form of)

EXHIBIT B

DEBT SERVICE SCHEDULE

(Form of)

ASSIGNMENT

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

Dated: _____, _____.

_____

In the presence of:

_____

(FORM OF SERIES 2007 B BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE CITY OF KENOVA
SEWER REVENUE BONDS, SERIES 2007 B
(WEST VIRGINIA SRF PROGRAM)

No. BR-_____ $_____

KNOW ALL MEN BY THESE PRESENTS: That on the ___ day of _____, 2007, THE CITY OF KENOVA, 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, 20___, as set forth on the "Debt Service Schedule" attached as Exhibit B hereto and incorporated herein by reference. The SRF Administrative Fee (as defined in the hereinafter described Bond Legislation) shall be payable quarterly on March 1, June 1, September 1, and December 1 of each year, commencing _____ 1, 20___, as set forth on Exhibit B attached hereto.

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

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the West Virginia Department of Environmental Protection (the "DEP"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Bond Purchase Agreement by and among the Issuer, the Authority, and the DEP, dated _____, 200__.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain extensions, additions, betterments and improvements to the existing public sewerage system of the Issuer (the "Project"); and (ii) to pay certain costs of issuance hereof and related costs. The existing public sewerage system of the Issuer, the Project, and any further extensions, additions, betterments or improvements thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13 and Chapter 22 C, Article 2 of the West Virginia Code of 1931, as amended (collectively, the "Act"), a Bond Ordinance duly enacted by the Issuer on _____, 2007, and a Supplemental Resolution duly adopted by the Issuer on _____, 2007 (collectively,

the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY, WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, TO THE ISSUER'S (i) SEWER REVENUE BONDS, SERIES 1991 A (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED AUGUST 9, 1991, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $508,101, (THE "SERIES 1991 A BONDS"), AND (ii) THE SERIES 2007 A BONDS, DATED _____, 2007, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $_____, (THE "SERIES 2007 A BONDS"), ISSUED SIMULTANEOUSLY HEREWITH.

THIS BOND IS ISSUED SENIOR AND PRIOR, WITH RESPECT TO LIENS, PLEDGE, AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, TO THE ISSUER'S SEWER REVENUE BONDS, SERIES 1991 B (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED AUGUST 9, 1991, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $22,941, (THE "SERIES 1991 B BONDS").

THE SERIES 1991 A BONDS AND THE SERIES 1991 B BONDS ARE HEREINAFTER COLLECTIVELY CALLED THE "PRIOR BONDS".

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Net Revenues in favor of the Holders of the Series 1991 A Bonds and the Series 2007 A Bonds, and from monies in the Reserve Account created under the Bond Legislation for the Series 2007 B Bonds (the "Series 2007 B Bonds Reserve Account"), and unexpended proceeds of the Series 2007 B Bonds. Such Net Revenues shall be sufficient to pay all operating expenses of the System and the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same, except from said special fund provided from the Net Revenues, the monies in the Series 2007 B Bonds Reserve Account and unexpended proceeds of the Series 2007 B 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 Series 2007 B Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2007 B Bonds including the Series 2007 A Bonds and the Prior Bonds; provided however, that, so long as there exists in the Series 2007 B Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest which will become due on the Series 2007 B Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with or junior and subordinate to the Bonds, including the Series 2007 A Bonds and the Prior Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The

Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

All money received from the sale of this Bond, after reimbursement and repayment of all amounts advanced for preliminary expenses as provided by law and the Bond Legislation, shall be applied solely to payment of the costs of the Project and costs of issuance 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 of this Bond.

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

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

[SEAL]

_____
Mayor

ATTEST:

_____
City Clerk-Treasurer

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

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

Date: _____, 2007.

_____,
as Registrar

_____
Authorized Officer

(Form of)

EXHIBIT A

RECORD OF ADVANCES

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

TOTAL $

(Form of)

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

Section 3.12. Filing of Amended Schedule. Upon completion of the acquisition and construction of the Project, the Issuer will file with the Council and the Authority a schedule for the Series 2007 A Bonds, the form of which will be provided by the Authority and the Council, setting forth the actual costs of the Project and sources of funds therefor. Within 60 days following the Completion Date, the Issuer will file with the Authority and the DEP a schedule for the Series 2007 B Bonds, the form of which will be provided by the DEP, setting forth the actual costs of the Project and sources of funds therefor.

ARTICLE IV

[RESERVED]

ARTICLE V

FUNDS AND ACCOUNTS; SYSTEM REVENUES AND APPLICATION THEREOF

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

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

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

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

(4) Series 2007 B Bonds Construction Trust Fund.

Section 5.02. Establishment of Funds and Accounts with Commission. The following special funds or accounts are hereby created with (or continued if previously established by Prior Ordinance) 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 1991 A Bonds Sinking Fund (established by Prior Ordinance);

(2) Series 1991 A Bonds Reserve Account (established by Prior Ordinance);

(3) Series 1991 B Bonds Sinking Fund (established by Prior Ordinance);

(4) Series 1991 B Bonds Reserve Account (established by Prior Ordinance);

(5) Series 2007 A Bonds Sinking Fund;

(6) Series 2007 A Bonds Reserve Account;

(7) Series 2007 B Bonds Sinking Fund; and

(8) Series 2007 B Bonds Reserve Account.

Section 5.03. System Revenues; Flow of Funds. A. The entire Gross Revenues derived from the operation of the System and all parts thereof shall be deposited

upon receipt in the Revenue Fund. The Revenue Fund shall constitute a trust fund for the purposes provided in the Prior Ordinance and 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 the Prior Ordinance and 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, pay from the Revenue Fund the current Operating Expenses of the System.

(2) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and remit to the Commission for deposit in the Series 1991 A Bonds Sinking Fund, the amount required by the Prior Ordinance for the payment of interest on the Series 1991 A Bonds.

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

(3) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the Commission (i) for deposit in the Series 1991 A Bonds Reserve Account, the amount required by the Prior Ordinance; (ii) commencing

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

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

(5) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and remit to the Commission for deposit in the Series 1991 B Bonds Sinking Fund the amounts required by the Prior Ordinance to pay principal of the Series 1991 B Bonds.

(6) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and remit to the Commission for deposit in the Series 1991 B Bonds Reserve Account the amount required by the Prior Ordinance.

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

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

Any withdrawals from the Series 2007 A Bonds Reserve Account or the Series 2007 B Bonds Reserve Account which result in a reduction in the balance of such accounts to below the respective Reserve Requirements thereof, shall be restored from the first Net Revenues available after all required payments have been made in full in the order set forth above, all on a pro rata basis.

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

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

Principal, interest or reserve payments, whether made for a deficiency or otherwise, shall be made on a parity and pro rata, with respect to the Series 1991 A Bonds, the Series 2007 A Bonds, and the Series 2007 B Bonds in accordance with the respective principal amounts then Outstanding and senior and prior to the Series 1991 B Bonds.

The Commission is hereby designated as the fiscal agent for the administration of the Series 2007 A Bonds Sinking Fund, the Series 2007 A Bonds Reserve Account, the Series 2007 B Bonds Sinking Fund and the Series 2007 B Bonds Reserve Account, created hereunder, and all amounts required for said accounts shall be remitted to the Commission from the Revenue Fund by the Issuer at the times provided herein. 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, the Series 2007 A Bonds Reserve Account, the Series 2007 B Bonds Sinking Fund and the Series 2007 B Bonds Reserve Account shall be invested and reinvested by the Commission in accordance with Section 8.01 hereof.

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

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

C. The Issuer shall on the first day of each month (if the first day is not a business day, then the first business day of each month) deposit with the Commission the required principal, interest and reserve payments with respect to the Series 2007 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 SRF Administrative Fee as set forth in the Bond Purchase Agreement for the Series 2007 B Bonds.

D. The Issuer shall complete the "Monthly Payment Form," a form of which is attached to the respective Loan Agreement and Bond Purchase 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 respective parties shall require, such additional sums as shall be necessary to pay their respective charges and fees then due. In the case of payments to the Commission under this paragraph, the Issuer shall, if required by the Authority at anytime, make the necessary arrangements whereby such required payments shall be automatically debited from the Revenue Fund and electronically transferred to the Commission on the dates required.

F. The monies in excess of the 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 Government Obligations or by other 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 herein above 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 on a parity and pro rata with respect to the Series 2007 Bonds and the Series 1991 A Bonds and senior and prior to the Series 1991 B Bonds all in accordance with the respective principal amounts outstanding 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

APPLICATION OF BOND PROCEEDS

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

A. As the Issuer receives advances of the 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.

B. As the Issuer receives advances of the monies derived from the sale of the Series 2007 B Bonds, such monies shall be deposited with the Depository Bank in the Series 2007 B Bonds Construction Trust Fund and applied solely to payment of 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 B 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 approved by the Council and any remaining proceeds of the Series 2007 B Bonds shall be expended as approved by the DEP.

Section 6.02. Disbursements of Bond Proceeds.

A. The Issuer shall each month provide the Council with a requisition for the costs incurred for the Project, together with such documentation as the Council shall require. Payments for Costs of the Project shall be made monthly. Invoices for which repayment from the 2007 A Bonds Construction Trust Fund will be sought must be first approved by the Issuer.

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

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

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

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

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

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

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

B. On or before the Closing Date, the Issuer shall have delivered to the Authority and the DEP a report listing the specific purposes for which the proceeds of the Series 2007 B Bonds will be expended and the disbursement procedures for such proceeds, including an estimated monthly draw schedule. Payments for Costs of the Project shall be made monthly. Invoices for which repayment from the 2007 B Bonds Construction Trust Fund will be sought must be first approved by the Issuer.

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

(1) a completed and signed "Payment Requisition Form," a form of which is attached to the Bond Purchase Agreement, in compliance with the construction schedule; and

(2) a certificate, signed by an Authorized Officer and the Consulting Engineers, stating that:

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

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

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

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

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

Section 7.03. Bonds Secured by Pledge of Net Revenues; Lien Position with respect to Prior Bonds. The payment of the debt service on the Series 2007 Bonds issued hereunder shall be secured equally and ratably by a first lien on the Net Revenues derived from the System, on a parity with each other and with the lien on the Net Revenues in favor of the Holders of the Series 1991 A Bonds and senior and prior to the Series 1991 B Bonds. The Net Revenues in an amount sufficient to pay the principal of and interest on and other payments for the Bonds, and to make all other payments hereinafter set forth, are hereby irrevocably pledged to such payments as they become due.

Section 7.04. Rates and Charges. The Issuer has obtained any and all approvals of rates and charges required by State law and has taken any other action required to establish and impose such rates and charges, with all requisite appeal periods having expired without successful appeal. Such rates and charges shall be sufficient to comply with the requirements of the Loan Agreement and Bond Purchase Agreement. The initial schedule of rates and charges for the services and facilities of the System shall be as set forth in the sewer rate ordinance of the Issuer enacted May 19, 2005, as amended by Commission Order entered on September 27, 2005 by the Public Service Commission of West Virginia in Case No. 05-0894-S-MA, which rates are incorporated herein by reference as a part hereof.

So long as the Series 2007 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 and Bond Purchase Agreement. In the event the schedule of rates and charges initially established for the System in connection

with the Series 2007 Bonds shall prove to be insufficient to produce the amounts required by this Bond Legislation and the Loan Agreement and Bond Purchase Agreement, the Issuer hereby covenants and agrees that it will, to the extent or in the manner authorized by law, immediately adjust and increase such schedule of rates and charges and take all such actions necessary to provide funds sufficient to produce the amounts required by this Bond Legislation and the Loan Agreement and Bond Purchase Agreement.

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

So long as the Series 2007 Bonds are outstanding and except as otherwise required by law or with the written consent of the Authority, the DEP and the Council, the System may not be sold, mortgaged, leased or otherwise disposed of, except as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to fully pay all the Bonds Outstanding, in accordance with Article X hereof. The proceeds from any such sale, mortgage, lease or other disposition of the System shall immediately be remitted to the Commission for deposit in the Series 2007 A Bonds Sinking Fund and the Series 2007 B Bonds Sinking Fund, respectively, pro rata with respect to the principal amount of each of the Bonds then Outstanding, 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 and the Series 2007 B Bonds in accordance with Article X hereof. Any balance remaining after the payment of the Bonds and interest thereon shall be remitted to the Issuer by the Commission unless necessary for the payment of other obligations of the Issuer payable out of the revenues of the System.

The foregoing provision notwithstanding, the Issuer shall have and hereby reserves the right to sell, lease or otherwise dispose of any of the property comprising a part of the System hereinafter determined in the manner provided herein to be no longer necessary, useful or profitable in the operation thereof. Prior to any such sale, lease or other disposition of such property, if the amount to be received therefor, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, is not in excess of $10,000, the Issuer shall, by resolution, determine that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then provide for the sale of such property. The proceeds of any such sale shall be deposited in the Renewal and Replacement Fund. If the amount to be received from such sale, lease or other disposition of said property, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, shall be in excess of $10,000 but not in excess of $50,000, the Issuer shall first, determine, upon consultation with a professional engineer, that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then, if it be so advised, by resolution duly adopted, authorize such sale, lease or other disposition of such property in accordance with the laws of the State. The proceeds of any

such sale shall be deposited in the Renewal and Replacement Fund. The payment of such proceeds into the Renewal and Replacement Fund shall not reduce the amount required to be paid into such account by other provisions of this Bond Legislation.

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

Section 7.06. Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances. Except as provided for in Section 7.07 hereof, the Issuer shall not issue any 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 Bonds. All obligations issued by the Issuer after the issuance of the Series 2007 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 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 Bonds, and the interest, if any, thereon, upon any of the income and revenues of the System pledged for payment of the Series 2007 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, the Council and the DEP prior written notice of its issuance of any other obligations to be used for the System, payable from the revenues of the System or from any grants for the Project, or any other obligations related to the Project or the System.

Section 7.07. Parity Bonds. So long as the Prior Bonds are outstanding, the limitations on the issuance of parity obligations set forth in the Prior Ordinance shall be applicable. In addition, no additional Parity Bonds, payable out of the revenues of the System, shall be issued after the issuance of the Series 2007 Bonds pursuant to this Ordinance, without the prior written consent of the Authority, the Council and the DEP and without complying with the conditions and requirements herein provided (unless less restrictive than the provisions of the Prior Ordinance).

No such additional Parity Bonds shall be issued except for the purposes of financing the costs of the design, acquisition and construction of extensions, additions, betterments or improvements to the System, refunding all or a portion of one or more series of Bonds issued pursuant hereto, or to pay claims which may exist against the revenues or facilities of the System or all of such purposes.

No Parity Bonds shall be issued at any time, however, unless and until there has been procured and filed with the City Clerk-Treasurer a written statement by Independent Certified Public Accountants, reciting the conclusion that the Net Revenues actually derived, subject to the adjustment 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 additional Parity Bonds theretofore issued pursuant to the provisions contained in the Prior Ordinance and this Bond Legislation then Outstanding; and

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

The "estimated average increased annual Net Revenues to be received in each of the 3 succeeding years," as that term is used in the computation provided in the above paragraph, shall refer only to the increased Net Revenues estimated to be derived from the improvements to be financed by such Parity Bonds and any increase in rates enacted by the Issuer, the time for appeal of which shall have expired (without successful appeal) prior to the 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 City Clerk-Treasurer prior to the issuance of such Parity Bonds.

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

All covenants and other provisions of this Ordinance (except as to details of such Parity Bonds inconsistent herewith) shall be for the equal benefit, protection and security of the Holders of the Bonds and the Holders of any Parity Bonds theretofore or subsequently issued from time to time within the limitations of and in compliance with this

section. Bonds issued on a parity, regardless of the time or times of their issuance, shall rank equally with respect to their lien on the revenues of the System and their source of and security for payment from said revenues, without preference of any Bond of one series over any other Bond of the same series. The Issuer shall comply fully with all the increased payments into the various funds and accounts created in this Ordinance required for and on account of such Parity Bonds, in addition to the payments required for the Bonds theretofore issued pursuant to this Ordinance.

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

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

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

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

The 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 and the Act. 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 Governing Body shall direct.

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

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

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

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

The Issuer shall also, at least once a year, cause the books, records and accounts of the System to be audited by Independent Certified Public Accountants (and in compliance with the applicable OMB Circular, or any successor 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 Bonds and shall submit the report to the Authority, the Council and the DEP or any other original purchaser of the Series 2007 Bonds. Such audit report submitted to the Authority, the Council, and the DEP shall include a statement that the Issuer is in compliance with the terms and provisions of the Act, the Loan Agreement and Bond Purchase Agreement and this Bond Legislation and that the revenues of the System are adequate to meet the Issuer's Operating Expenses and debt service and reserve requirements.

Subject to the terms, conditions and provisions of the Loan Agreement and Bond Purchase Agreement and the Act, the Issuer has acquired, or shall do all things necessary to acquire, the proposed site of the Project and shall do, is doing or has done all things necessary to construct the Project in accordance with the plans, specifications and

designs prepared by the Consulting Engineers. All real estate and interests in real estate and all personal property constituting the Project and the Project site heretofore or hereafter acquired shall at all times be and remain the property of the Issuer.

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

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

Section 7.09. Rates. Prior to the issuance of the Series 2007 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 City Clerk-Treasurer 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 Net 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, to meet the coverage requirements set forth in the Prior Ordinance so long as the Prior Bonds are outstanding and thereafter, (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 Bonds, and all other obligations secured by a lien on or payable from such revenues on a parity with, or subordinate to, the Series 2007 Bonds including the Prior Bonds; provided that, in the event that, an amount equal to or in excess of the Reserve Requirement is on deposit in the Reserve Accounts and any reserve accounts for obligations on a parity with the Series 2007 Bonds are funded at least at the requirement therefor, such sum need only equal 110% of the maximum amount required in any year for payment of principal of and interest, if any, on the Series 2007 Bonds, and all other obligations secured by a lien on or payable from such revenues on a parity with, or subordinate to, the Series 2007 Bonds.

The Issuer hereby covenants to commence enactment of such ordinance or ordinances as shall be required to increase the rates and charges for the services and facilities

of the System within 30 days following a determination of the Independent Certified Public Accountant that less than the above-required coverage exists or in the event that the annual audit report shows less than the above-required coverage, such increase to provide rates and charges sufficient to produce such required coverage.

Section 7.10. Operating Budget and Monthly Financial Report. The Issuer shall annually, at least 45 days preceding the beginning of each Fiscal Year, prepare and adopt by resolution a detailed, balanced budget of the estimated revenues and expenditures for operation and maintenance of the System during the succeeding Fiscal Year and shall submit a copy of such budget to the Authority, the Council and the DEP within 30 days of adoption thereof. No expenditures for the operation and maintenance of the System shall be made in any Fiscal Year in excess of the amounts provided therefor in such budget without a written finding and recommendation by a registered professional engineer, which finding and recommendation shall state in detail the purpose of and necessity for such increased expenditures for the operation and maintenance of the System, and no such increased expenditures shall be made until the 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 Council and the DEP and to any Holder of any Bonds who shall file his or her address with the Issuer and request in writing that copies of all such budgets and resolutions be furnished him or her, within 30 days of adoption thereof and shall make available such budgets and all resolutions authorizing increased expenditures for operation and maintenance of the System at all reasonable times to the Authority, the DEP, the Council and any Holder of any Bonds or anyone acting for and on behalf of such Holder.

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 Bond Purchase Agreement, and forward a copy of such report to the Authority, the DEP, and the Council by the 10th day of each month.

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

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

The Issuer shall require the Consulting Engineers to submit Recipient As-Built Plans, as defined in the SRF Regulations, to it within 60 days of the completion of the Project. The Issuer shall notify the DEP in writing of such receipt. The Issuer shall submit a "Performance Certificate," a form of which is attached to the Bond Purchase Agreement for the Series 2007 B Bonds as Exhibit A, to the DEP within 60 days of the end of the first year after the Project is completed.

The Issuer shall require the Consulting Engineers to submit the final Operation and Maintenance Manual, as defined in the SRF Regulations, to the DEP when the Project is 90% completed. The Issuer shall at all times provide operation and maintenance of the System in compliance with all state and federal standards.

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

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

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

Whenever any fees, rates, rentals or other charges for the services and facilities of the System shall remain unpaid for a period of 30 days after the same shall become due and payable, the property and the owner thereof, as well as the user of the services and facilities, shall be delinquent until such time as all such rates and charges are fully paid. To the extent authorized by the laws of the State and the rules and regulations of the Public

Service Commission of West Virginia, rates, rentals and other charges, if not paid when due, shall become a lien on the premises served by the System. The Issuer further covenants and agrees that, it will, to the full extent permitted by law and the rules and regulations promulgated by the Public Service Commission of West Virginia, discontinue and shut off the services of the System, and any services and facilities of the water system, to all users of the services of the System delinquent in payment of charges for the services of the System and will not restore such services of either system until all delinquent charges for the services of the System, plus reasonable interest and penalty charges for the restoration of service, have been fully paid and shall take all further actions to enforce collections to the maximum extent permitted by law.

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 Bonds remain Outstanding, the Issuer will, as an Operating Expense, procure, carry and maintain insurance with a reputable insurance carrier or carriers as is customarily covered with respect to works and properties similar to the System. Such insurance shall initially cover the following risks and be in the following amounts:

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

Project, such insurance to be made payable to the order of the Authority, the Issuer, the contractors and subcontractors, as their interests may appear.

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

(3) WORKER'S COMPENSATION COVERAGE FOR ALL EMPLOYEES OF OR FOR THE SYSTEM ELIGIBLE THEREFOR; AND PERFORMANCE AND PAYMENT BONDS, such bonds to be in the amounts of 100% of the amount of any construction contract and to be required of each contractor contracting directly with the Issuer, and such payment bonds will be filed with the Clerk of The County Commission of the County in which such work is to be performed prior to commencement of construction of the Project in compliance with West Virginia Code, Chapter 38, Article 2, Section 39.

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

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

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

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

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

subcontractors, as their interests may appear. The Issuer shall verify such insurance prior to commencement of construction.

Section 7.16. Mandatory Connections. The mandatory use of the System is essential and necessary for the protection and preservation of the public health, comfort, safety, convenience and welfare of the inhabitants and residents of, and the economy of, the Issuer and in order to assure the rendering harmless of sewage and water-borne waste matter produced or arising within the territory served by the System. Accordingly, every owner, tenant or occupant of any house, dwelling or building located near the System, where sewage will flow by gravity or be transported by such other methods approved by the State Bureau for Health from such house, dwelling or building into the System, to the extent permitted by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, shall connect with and use the System and shall cease the use of all other means for the collection, treatment and disposal of sewage and waste matters from such house, dwelling or building where there is such gravity flow or transportation by such other method approved by the State Bureau for Health and such house, dwelling or building can be adequately served by the System, and every such owner, tenant or occupant shall, after a 30-day notice of the availability of the System, pay the rates and charges established therefor.

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

Section 7.17. Completion of Project; Permits and Orders. The Issuer will complete the acquisition and construction of 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 will obtain all permits required by state and federal laws for the acquisition and construction of the Project, all orders and approvals from the Public Service Commission of West Virginia and the Council necessary for the acquisition and construction of the Project and the operation of the System and all approvals of issuance of the Series 2007 Bonds required by State law, with all requisite appeal periods having expired without successful appeal, except as otherwise provided in Section 1.02(I).

Section 7.18. Compliance with the Loan Agreement and Bond Purchase Agreement and the Law. The Issuer shall perform, satisfy and comply with all the terms and conditions of the Loan Agreement and Bond Purchase Agreement and the Act. Notwithstanding anything herein to the contrary, the Issuer will provide the Council and the DEP 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 DEP, the

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

Section 7.19. [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 Bonds or immediately thereafter, enter into written contracts for the immediate acquisition or construction of the Project.

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

C. The Issuer shall list the funding provided by the Council, the DEP 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.

Section 7.22. Statutory Mortgage Lien. For the further protection of the Holders of the Series 2007 Bonds, a statutory mortgage lien upon the System is granted and created by the Act, which statutory mortgage lien is hereby recognized and declared to be valid and binding, shall take effect immediately upon delivery of the Series 2007 Bonds and shall be on a parity with the statutory mortgage lien in favor of the Holders of the Series 1991 A Bonds and senior and prior to the Series 1991 B Bonds.

ARTICLE VIII

INVESTMENT OF FUNDS

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

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

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

Section 8.02. Certificate 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 Bonds as a condition to issuance of the Series 2007 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 Bonds as may be necessary in order to maintain the status of the Series 2007 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 Bonds which would cause any bonds, the interest on which is exempt from federal income taxation under Section

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

The Issuer shall annually furnish to the Authority information with respect to the Issuer's use of the proceeds of the Series 2007 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 Bonds:

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

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

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

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

Section 9.02. Remedies. Upon the happening and continuance of any Event of Default, any Registered Owner or Holder of a Bond may exercise any available remedy and bring any appropriate action, suit or proceeding to enforce his or her rights and, in particular, (i) bring suit for any unpaid principal or interest then due, (ii) by mandamus or other appropriate proceeding enforce all rights of such Registered Owners or Bondholders 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 or Bondholders of the Bonds, and (v) by action or bill in equity enjoin any acts in violation of the Bond Legislation with respect to the Bonds, or the rights of such Registered Owners; provided that, all rights and remedies of the Holders of the Series 2007 Bonds shall be on a parity with those of the Holders of the Series 1991 A Bonds, and senior and prior to the Series 1991 B Bonds.

Section 9.03. Appointment of Receiver. Any Registered Owner of a Bond may, by proper legal action, compel the performance of the duties of the Issuer under the Bond Legislation and the Act, including, the completion of the Project and after commencement of operation of the System, the making and collection of sufficient rates and charges for services rendered by the System and segregation of the revenues therefrom and the application thereof. If there be any Event of Default with respect to such Bonds, any

Registered Owner of a Bond shall, in addition to all other remedies or rights, have the right by appropriate legal proceedings to obtain the appointment of a receiver to administer the System or to complete the acquisition and construction of the Project on behalf of the Issuer, with power to charge rates, rentals, fees and other charges sufficient to provide for the payment of Operating Expenses of the System, the payment of the Bonds and interest and the deposits into the funds and accounts hereby established, and to apply such rates, rentals, fees, charges or other revenues in conformity with the provisions of this Bond Legislation and the Act.

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

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

Such receiver, in the performance of the powers herein above 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 Series 2007 A Bonds. If the Issuer shall pay, or there shall otherwise be paid, to the Registered Owners of the Series 2007 A Bonds, the principal of and interest, if any, due or to become due thereon, at the times and in the manner stipulated therein and in this Bond Legislation, then the pledge of Net Revenues and other monies and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Registered Owners of the Series 2007 A Bonds 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.

Section 10.02. Payment of Series 2007 B Bonds. If the Issuer shall pay, or there shall otherwise be paid, to the Registered Owners of all of the Series 2007 B Bonds, the principal of and interest, if any, due or to become due thereon, at the times and in the manner stipulated therein and in this Bond Legislation, then the pledge of Net Revenues and other monies and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Registered Owners of the Series 2007 B Bonds shall thereupon cease, terminate and become void and be discharged and satisfied, except as may otherwise be necessary to assure the exclusion of interest, if any, on the Series 2007 B 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 Bonds, this Ordinance may be amended or supplemented in any way by the Supplemental Resolution. Following issuance of the Series 2007 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 Bonds shall be made without the consent in writing of the Registered Owners of the Series 2007 Bonds so affected and then Outstanding; provided, that no change shall be made in the maturity of the Series 2007 Bonds or the rate of interest thereon, or in the principal amount thereof, or affecting the unconditional promise of the Issuer to pay such principal and interest out of the funds herein pledged therefor without the consent of the Registered Owner thereof. No amendment or modification shall be made that would reduce the percentage of the principal amount of the Series 2007 Bonds required for consent to the above-permitted amendments or modifications. Notwithstanding the foregoing, this Bond Legislation may be amended without the consent of any Bondholder as may be necessary to assure compliance with Section 148(f) of the Code relating to rebate requirements or otherwise as may be necessary to assure the excludability of interest, if any, on the Series 2007 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 Bonds.

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

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

Section 11.06. Covenant of Due Procedure, Etc. The Issuer covenants that all acts, conditions, things and procedures required to exist, to happen, to be performed or to be taken precedent to and in the adoption of this Ordinance do exist, have happened, have

been performed and have been taken in regular and due time, form and manner as required by and in full compliance with the laws and Constitution of the State of West Virginia applicable thereto; and that the Mayor, the City Clerk-Treasurer and members of the Governing Body were at all times when any actions in connection with this Ordinance occurred and are duly in office and duly qualified for such office.

Section 11.07. Effective Date. This Ordinance shall take effect immediately following public hearing hereon.

Section 11.08. Statutory Notice and Public Hearing. Upon adoption hereof, an abstract of this Ordinance determined by the Governing Body to contain sufficient information as to give notice of the contents hereof shall be published once a week for 2 successive weeks within a period of fourteen consecutive days, with at least 6 full days intervening between each publication, in the *Wayne County News*, a newspaper of general circulation in The City of Kenova, no newspaper being published therein, together with a notice stating that this Ordinance has been adopted and that the Issuer contemplates the issuance of the Series 2007 Bonds, and that any person interested may appear before the Governing Body upon a date certain, not less than ten days subsequent to the date of the first publication of such abstract of this Ordinance and notice, and present protests, and that a certified copy of this Ordinance is on file with the Governing Body for review by interested persons during office hours of the Governing Body. At such hearing, all objections and suggestions shall be heard and the Governing Body shall take such action as it shall deem proper in the premises.

Passed on First Reading:	August 17, 2006
Passed on Second Reading:	September 21, 2006
Passed on Final Reading Following Public Hearing:	October 19, 2006

Richard Griffith
Mayor

EXHIBIT A

Loan Agreement and Bond Purchase Agreement included in bond transcript as Documents 3 and 4

06.27.07
472140.00005

CERTIFICATION

Certified a true copy of an Ordinance duly enacted by the Governing Body of THE CITY OF KENOVA on the 19th day of October, 2006.

Dated: July 25, 2007.

[SEAL]

Sheila A Wheeler

City Clerk-Treasurer

THE CITY OF KENOVA

Sewer Revenue Bonds, Series 2007 A
(West Virginia Infrastructure Fund); and
Sewer Revenue Bonds, Series 2007 B
(West Virginia SRF Program)

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNTS, DATES, MATURITY DATES, REDEMPTION PROVISIONS, INTEREST RATES, INTEREST AND PRINCIPAL PAYMENT DATES, SALE PRICES AND OTHER TERMS OF THE SEWER REVENUE BONDS, SERIES 2007 A (WEST VIRGINIA INFRASTRUCTURE FUND) AND SEWER REVENUE BONDS, SERIES 2007 B (WEST VIRGINIA SRF PROGRAM) OF THE CITY OF KENOVA; APPROVING AND RATIFYING THE LOAN AGREEMENTS RELATING TO SUCH BONDS AND THE SALE AND DELIVERY OF SUCH BONDS TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; APPROVING A CONFORMED BOND ORDINANCE; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

WHEREAS, the City council (the "Governing Body") of The City of Kenova (the "Issuer" or "Governmental Agency") has duly and officially adopted and enacted a bond ordinance, effective October 19, 2006 (the "Bond Ordinance"), entitled:

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN EXTENSIONS, ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE SEWERAGE PORTION OF THE EXISTING PUBLIC SEWERAGE SYSTEM OF THE CITY OF KENOVA AND THE FINANCING OF THE COST THEREOF, NOT OTHERWISE PROVIDED, THROUGH THE ISSUANCE BY THE CITY OF KENOVA OF NOT MORE THAN $6,000,000 IN ORIGINAL

AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2006 A (WEST VIRGINIA INFRASTRUCTURE FUND), AND NOT MORE THAN $6,000,000 IN ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2006 B (WEST VIRGINIA SRF PROGRAM); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING LOAN AGREEMENT AND BOND PURCHASE AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

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

WHEREAS , the Bond Ordinance provides for the issuance of the Sewer Revenue Bonds, Series 2006 A (West Virginia Infrastructure Fund) in an aggregate principal amount not to exceed $6,000,000 and Sewer Revenue Bonds, Series 2006 B (West Virginia SRF Program) in an aggregate principal amount not to exceed $6,000,000;

WHEREAS, the Sewer Revenue Bonds, Series 2006 A (West Virginia Infrastructure Fund) and Sewer Revenue Bonds, series 2006 B (West Virginia SRF Program) were not issued in 2006, but will be issued in 2007;

WHEREAS, the Governing Body desires to redesignate the Sewer Revenue Bonds, Series 2006 A (West Virginia Infrastructure Fund) and Sewer Revenue Bonds, Series 2006 B (West Virginia SRF Program) as Sewer Revenue Bonds, Series 2007 A (West Virginia Infrastructure Fund) and Sewer Revenue Bonds, Series 2007 B (West Virginia SRF Program) respectively;

WHEREAS, the Bond Ordinance has authorized the execution and delivery of a loan agreement relating to the Series 2007 A Bonds, by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), and a bond purchase

agreement relating to the Series 2007 B Bonds, including all schedules and exhibits attached thereto, by and among the Issuer, the Authority and the West Virginia Department of Environmental Protection (the "DEP") (collectively, the "Loan Agreements"), all in accordance with Chapter 16, Article 13, Chapter 22C, Article 2, and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"); and in the Bond Ordinance it is provided that the form of the Loan Agreements and the exact principal amounts, dates, maturity dates, redemption provisions, interest rates, interest and principal payment dates, sale prices and other terms of the Series 2007 Bonds should be established by a supplemental resolution pertaining to the Series 2007 Bonds; and that other matters relating to the Series 2007 Bonds be herein provided for;

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

WHEREAS, the Series 2007 A Bonds are proposed to be purchased by the Authority pursuant to the Loan Agreement and the Series 2007 B Bonds are proposed to be purchased by the Authority pursuant to a Bond Purchase Agreement; and

WHEREAS, the Governing Body deems it essential and desirable that this supplemental resolution (the "Supplemental Resolution") be adopted, that the Loan Agreement and Bond Purchase Agreement be approved and ratified by the Issuer, that the exact principal amounts, the dates, the maturity dates, the redemption provisions, the interest rates, the interest and principal payment dates and the sale prices of the Series 2007 Bonds be fixed hereby in the manner stated herein, and that other matters relating to the Series 2007 Bonds be herein provided for;

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

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

A. Sewer Revenue Bonds, Series 2007 A (West Virginia Infrastructure Fund), of the Issuer, originally represented by a single Bond, numbered AR-1, in the original aggregate principal amount of $3,747,000. The Series 2007 A Bonds shall be dated the date of delivery thereof, shall finally mature June 1, 2047, and shall bear no interest. The principal of the Series 2007 A Bonds shall be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing June 1, 2009, to and including June 1, 2047, and in the amounts as set forth in the "Schedule Y" attached to the Loan Agreement for the Series 2007 A Bonds and incorporated in and made a part of the Series 2007 A Bonds.

The Series 2007 A Bonds shall be subject to redemption upon the written consent of the Authority and the Council, and upon payment of the interest and redemption premium, if any, and otherwise in compliance with the Loan Agreement, so long as the Authority shall be the registered owner of the Series 2007 A Bonds.

B. Sewer Revenue Bonds, Series 2007 B (West Virginia SRF Program), of the Issuer, originally represented by a single Bond, numbered BR-1, in the original aggregate principal amount of $4,649,209. The Series 2007 B Bonds shall be dated the date of delivery thereof, shall finally mature June 1, 2047, and shall bear no interest. The principal of the Series 2007 B Bonds shall be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing June 1, 2009, to and including June 1, 2047, and in the amounts as set forth in the "Schedule Y" attached to the Bond Purchase Agreement for the Series 2007 B Bonds and incorporated in and made a part of the Series 2007 B Bonds. The Series 2007 B Bonds shall be subject to redemption upon the written consent of the Authority and the DEP, and upon payment of the interest and redemption premium, if any, and otherwise in compliance with the Bond Purchase Agreement for the Series 2007 B Bonds, so long as the Authority shall be the registered owner of the Series 2007 B Bonds. The Issuer does hereby approve and shall pay the SRF Administrative Fee equal to 0.5% of the principal amount of the Series 2007 B Bonds set forth in "Schedule Y" attached to the Bond Purchase Agreement.

Section 2. All other provisions relating to the Series 2007 Bonds and the text of each series of the Series 2007 Bonds shall be in substantially the forms provided in the Bond Ordinance.

Section 3. The Issuer does hereby authorize, approve, ratify and accept the Loan Agreement and Bond Purchase Agreement, copies of which are incorporated herein by reference, and the execution and delivery of the Loan Agreement and Bond Purchase 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 Bond Purchase Agreement and in the applications to the Council, the DEP, and the Authority. The price of the Series 2007 Bonds shall be 100% of par value, there being no interest accrued thereon, provided that the proceeds of the Series 2007 Bonds shall be advanced from time to time as requisitioned by the Issuer.

Section 4. The Issuer does hereby appoint and designate The Huntington National Bank, Charleston, West Virginia, to serve as Registrar (the "Registrar") for the Series 2007 Bonds under the Bond Ordinance and does approve and accept the Registrar's Agreement to be dated the date of delivery of the Series 2007 Bonds, by and between the Issuer and the Registrar, and the execution and delivery of the Registrar's Agreement by the Mayor, and the performance of the obligations contained therein, on behalf of the Issuer, are hereby authorized, approved and directed.

Section 5. The Issuer does hereby appoint and designate the West Virginia Municipal Bond Commission, Charleston, West Virginia, to serve as Paying Agent for the Series 2007 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. Series 2007 B Bonds proceeds in the amount of $-0- shall be deposited in the Series 2007 B Bonds Sinking Fund, as capitalized interest.

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

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

Section 12. 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 Series 2007 Bonds hereby and by the Bond Ordinance approved and provided for, to the end that the Series 2007 Bonds may be delivered on or about July 12, 2007, to the Authority pursuant to the Loan Agreement and Bond Purchase Agreement.

Section 13. The acquisition and construction of the Project and the financing thereof in part with proceeds of the Series 2007 Bonds are in the public interest, serve a public purpose of the Issuer and will promote the health, welfare and safety of the residents of the Issuer.

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

Section 15. The Issuer hereby determines to invest all 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 Sinking Funds and the

Reserve Accounts for the Series 2007 Bonds, shall be invested by the West Virginia Municipal Bond Commission in the West Virginia Consolidated Fund.

Section 16. The Issuer hereby approves the Conformed Bond Ordinance attached hereto as Exhibit A.

Section 17. Sixty days prior to the date of the first monthly payment to the Municipal Bond Commission, the Governmental Agency shall provide the Authority, the Council and the DEP 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.

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

[Remainder of Page Intentionally Blank]

Adopted this 3rd day of July, 2007.

Mayor

CERTIFICATION

Certified a true copy of a Supplemental Resolution duly adopted by the Council of The City of Kenova on the 3rd day of July, 2007.

Dated: July 25, 2007.

[SEAL]

Sheila A Wheeler

City Clerk-Treasurer

472140.00005

EXHIBIT A

CONFORMED BOND ORDINANCE

(Included in Bond Transcript as Document 1)

IC-1
(11/01/04)

LOAN AGREEMENT

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

CITY OF KENOVA

(Governmental Agency)

W I T N E S S E T H:

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

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

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

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

WHEREAS, the Governmental Agency has completed and filed with the Authority an Application for a Construction Loan with attachments and exhibits and an Amended Application for a Construction Loan also with attachments and exhibits (together,

as further revised and supplemented, the "Application"), which Application is incorporated herein by this reference; and

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

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

ARTICLE I

Definitions

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE II

The Project and the System

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

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

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

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

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

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

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

2.8 The Governmental Agency shall require that each of its contractors and all subcontractors maintain, during the life of the construction contract, workers' compensation coverage, public liability insurance, property damage insurance and vehicle liability insurance in amounts and on terms satisfactory to the Council and the Authority and shall verify or have verified such insurance prior to commencement of construction. Until the Project facilities are completed and accepted by the Governmental Agency, the Governmental Agency or (at the option of the Governmental Agency) the contractor shall maintain builder's risk insurance (fire and extended coverage) on a one hundred percent (100%) basis (completed value form) on the insurable portion of the Project, such insurance to be made payable to the order of the Authority, the Governmental Agency, the prime

contractor and all subcontractors, as their interests may appear. If facilities of the System which are detrimentally affected by flooding are or will be located in designated special flood or mudslide-prone areas and if flood insurance is available at a reasonable cost, a flood insurance policy must be obtained by the Governmental Agency on or before the Date of Loan Closing, as hereinafter defined, and maintained so long as any of the Local Bonds is outstanding. Prior to commencing operation of the Project, the Governmental Agency must also obtain, and maintain so long as any of the Local Bonds are outstanding, business interruption insurance if available at a reasonable cost.

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

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

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

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

ARTICLE III

Conditions to Loan;
Issuance of Local Bonds

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

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

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

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

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

(e) The Governmental Agency shall have obtained all requisite orders of and approvals from the Public Service Commission of West Virginia (the "PSC") and the Council necessary for the construction of the Project and operation of the System, with all requisite appeal periods having expired without successful appeal, and the Authority and the Council shall have received an opinion of counsel to the Governmental Agency, which may be local counsel to the Governmental Agency, bond counsel or special PSC counsel but must be satisfactory to the Authority and the Council, to such effect;

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

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

(h) Such rates and charges for the System shall be sufficient to comply with the provisions of Subsections 4.1(a) and 4.1(b)(ii) hereof, and the Authority and the Council shall have received a certificate of the accountant for the Governmental Agency, or such other person or firm experienced in the finances of governmental agencies and satisfactory to the Authority and the Council, to such effect; and

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

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

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

3.4 The Local Bonds shall be delivered to the Authority, at the offices of the Authority, on a date designated by the Governmental Agency by written notice to the Authority, which written notice shall be given not less than ten (10) business days prior to the date designated; provided, however, that if the Authority is unable to accept delivery on the date designated, the Local Bonds shall be delivered to the Authority on a date as close as

possible to the designated date and mutually agreeable to the Authority, the Council and the Governmental Agency. The date of delivery so designated or agreed upon is hereinafter referred to as the "Date of Loan Closing." Notwithstanding the foregoing, the Date of Loan Closing shall in no event occur more than ninety (90) days after the date of execution of this Loan Agreement by the Authority or such later date as is agreed to in writing by the Council.

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

ARTICLE IV

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

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

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

(i) to pay Operating Expenses of the System;

(ii) to the extent not otherwise limited by any outstanding loan resolution, indenture or other act or document and beginning on the date set forth in Schedule X, to provide debt service on the Local Bonds by depositing in a sinking fund one-third (1/3) of the interest payment next coming due on the Local Bonds and one-third (1/3) of the principal payment next coming due on the Local Bonds and, beginning three (3) months prior to the first date of payment of principal of the Local Bonds, if the reserve account for the Local Bonds (the "Reserve Account") was not funded from proceeds of the Local Bonds or otherwise concurrently with the issuance thereof (which, with an approving opinion of bond counsel to the Governmental Agency, may be with a letter of credit or surety) in an amount

equal to the maximum amount of principal and interest which will come due on the Local Bonds in the then current or any succeeding year (the "Reserve Requirement"), by depositing in the Reserve Account an amount not less than one-twelfth (1/12) of one-tenth (1/10) of the Reserve Requirement or, if the Reserve Account has been so funded (whether by Local Bond proceeds, monthly deposits or otherwise), any amount necessary to maintain the Reserve Account at the Reserve Requirement;

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

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

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

(b) Covenants substantially as follows:

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

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

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

(iv) That, except as otherwise required by State law or with the written consent of the Council and the Authority, the System may not be sold, mortgaged, leased or otherwise disposed of, except as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to pay fully all the Local Bonds

outstanding, with further restrictions on the disposition of portions of the System as are normally contained in such covenants;

(v) That the Governmental Agency shall not issue any other obligations payable from the revenues of the System which rank prior to, or equally, as to lien and security with the Local Bonds, except parity bonds which shall only be issued if net revenues of the System prior to issuance of such parity bonds, plus reasonably projected revenues from rate increases and the improvements to be financed by such parity bonds, shall not be less than one hundred fifteen percent (115%) of the maximum debt service in any succeeding year on all Local Bonds and parity bonds theretofore and then being issued and on any obligations secured by a lien on or payable from the revenues of the System prior to the Local Bonds and with the prior written consent of the Authority and the Council; provided, however, that additional parity bonds may be issued to complete the Project, as described in the Application as of the date hereof, without regard to the foregoing;

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

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

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

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

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

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

revenues are adequate to meet its Operating Expenses and debt service and reserve requirements;

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

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

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

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

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

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

(xviii) That, unless it qualifies for an exception to the provisions of Section 148 of the Internal Revenue Code of 1986, as amended, which exception shall be set forth in an opinion of bond counsel, the Governmental Agency will furnish to the Authority, annually, at such time as it is required to perform its rebate calculations under the

Internal Revenue Code of 1986, as amended, a certificate with respect to its rebate calculations and, at any time, any additional information requested by the Authority;

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

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

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

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

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

(xxiv) That the Governmental Agency shall list the funding provided by the Authority and the Council in any press release, publication, program bulletin, sign or other public communication that references the Project, including but not limited to any program document distributed in conjunction with any groundbreaking or dedication of the Project; and

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

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

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

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

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

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

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

ARTICLE V

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

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

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

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

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

ARTICLE VI

Other Agreements of the Governmental Agency

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

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

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

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

6.5 The Governmental Agency hereby agrees to file with the Authority and the Council upon completion of acquisition and construction of the Project a schedule in substantially the form of Amended Schedule B to the Application, setting forth the actual costs of the Project and sources of funds therefor.

ARTICLE VII

Miscellaneous

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

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

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

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

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

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

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

7.8 The Authority acknowledges that certain terms and requirements in this Loan Agreement may not be applicable when the Project is financed in part by the West Virginia Department of Environmental Protection, Office of Abandoned Mine Lands and under that circumstance those terms and requirements are specifically waived or modified as agreed to by the Authority and set forth in the Local Act.

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

7.10 This Loan Agreement shall terminate upon the earlier of:

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

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

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

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

CITY OF KENOVA

(SEAL)

By: _____
Its: Mayor
Date: July 12, 2007

Attest:

_____
Its: Recorder

WEST VIRGINIA WATER
DEVELOPMENT AUTHORITY

(SEAL)

By: _____
Its: Director
Date: July 12, 2007

Attest:

_____
Its: Secretary-Treasurer

{C1204412.1}

EXHIBIT A

FORM OF CERTIFICATE OF CONSULTING ENGINEER

_____
(Issuer)

_____
(Name of Bonds)

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

1. My firm is engineer for the acquisition and construction of _____ to the _____ system (the "Project") of _____ (the "Issuer"), to be constructed primarily in _____ County, West Virginia, which acquisition and construction are being permanently financed in part by the above-captioned bonds (the "Bonds") of the Issuer. Capitalized words not defined herein shall have the same meanings set forth in the bond _____ adopted or enacted by the Issuer on _____, and the Loan Agreement by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), dated _____.

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

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

[1]If another responsible party, such as the Issuer's attorney, reviews the insurance and payment bonds, then insert the following: [and in reliance upon the opinion of _____,

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

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

[SEAL]

_____

By: _____
West Virginia License No. _____

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

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

EXHIBIT B

OPINION OF BOND COUNSEL FOR GOVERNMENTAL AGENCY

[To Be Dated as of Date of Loan Closing]

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

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

Ladies and Gentlemen:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Very truly yours,

EXHIBIT C

MONTHLY FINANCIAL REPORT

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

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

_____
Name of Person Completing Form

_____
Address

_____
Telephone

INSTRUCTIONS FOR COMPLETING MONTHLY FINANCIAL REPORT

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

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

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

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

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

EXHIBIT D

MONTHLY PAYMENT FORM

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

Re: [Name of bond issue]

Ladies and Gentlemen:

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

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

Witness my signature this ___ day of_____.

[Name of Governmental Agency]

By: _____
Authorized Officer

Enclosure: copy of check(s)

SCHEDULE X

DESCRIPTION OF LOCAL BONDS

Principal Amount of Local Bonds $3,747,000
Purchase Price of Local Bonds $3,747,000

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

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

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

The Governmental Agency may prepay the Local Bonds in full at any time at the price of par but only with the Council's written consent. The Governmental Agency shall request approval from the Authority and Council in writing of any proposed debt which will be issued by the Governmental Agency on a parity with the Local Bonds which request must be filed at least 60 days prior to the intended date of issuance.

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

City of Kenova Sewer Revenue Bonds, Series 1991 A (West Virginia Water Development Authority), dated August 9, 1991, issued in the original principal amount of $508,101.

There are also outstanding obligations of the Issuer which will be junior and subordinate to the Series 2007 Bonds as to liens, pledge, source of and security for payment, being the Issuer's Sewer Revenue Bonds, Series 1991 B (West Virginia Water Development Authority), dated August 9, 1991, issued in the original principal amount of $22,941.

SCHEDULE Y

$3,747,000

City of Kenova

40 Years, 0% Interest Rate

Closing Date: July 25, 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	24,491.00	-	24,491.00
09/01/2009	24,491.00	-	24,491.00
12/01/2009	24,491.00	-	24,491.00
03/01/2010	24,491.00	-	24,491.00
06/01/2010	24,491.00	-	24,491.00
09/01/2010	24,491.00	-	24,491.00
12/01/2010	24,491.00	-	24,491.00
03/01/2011	24,491.00	-	24,491.00
06/01/2011	24,491.00	-	24,491.00
09/01/2011	24,491.00	-	24,491.00
12/01/2011	24,491.00	-	24,491.00
03/01/2012	24,491.00	-	24,491.00
06/01/2012	24,491.00	-	24,491.00
09/01/2012	24,491.00	-	24,491.00
12/01/2012	24,491.00	-	24,491.00
03/01/2013	24,491.00	-	24,491.00
06/01/2013	24,491.00	-	24,491.00
09/01/2013	24,491.00	-	24,491.00
12/01/2013	24,491.00	-	24,491.00
03/01/2014	24,491.00	-	24,491.00
06/01/2014	24,491.00	-	24,491.00
09/01/2014	24,491.00	-	24,491.00
12/01/2014	24,491.00	-	24,491.00
03/01/2015	24,491.00	-	24,491.00
06/01/2015	24,491.00	-	24,491.00
09/01/2015	24,491.00	-	24,491.00
12/01/2015	24,491.00	-	24,491.00
03/01/2016	24,491.00	-	24,491.00
06/01/2016	24,491.00	-	24,491.00
09/01/2016	24,491.00	-	24,491.00
12/01/2016	24,490.00	-	24,490.00
03/01/2017	24,490.00	-	24,490.00
06/01/2017	24,490.00	-	24,490.00
09/01/2017	24,490.00	-	24,490.00
12/01/2017	24,490.00	-	24,490.00
03/01/2018	24,490.00	-	24,490.00
06/01/2018	24,490.00	-	24,490.00

$3,747,000
City of Kenova
40 Years, 0% Interest Rate
Closing Date: July 25, 2007

Debt Service Schedule

Date	Principal	Coupon	Total P+I
09/01/2018	24,490.00	-	24,490.00
12/01/2018	24,490.00	-	24,490.00
03/01/2019	24,490.00	-	24,490.00
06/01/2019	24,490.00	-	24,490.00
09/01/2019	24,490.00	-	24,490.00
12/01/2019	24,490.00	-	24,490.00
03/01/2020	24,490.00	-	24,490.00
06/01/2020	24,490.00	-	24,490.00
09/01/2020	24,490.00	-	24,490.00
12/01/2020	24,490.00	-	24,490.00
03/01/2021	24,490.00	-	24,490.00
06/01/2021	24,490.00	-	24,490.00
09/01/2021	24,490.00	-	24,490.00
12/01/2021	24,490.00	-	24,490.00
03/01/2022	24,490.00	-	24,490.00
06/01/2022	24,490.00	-	24,490.00
09/01/2022	24,490.00	-	24,490.00
12/01/2022	24,490.00	-	24,490.00
03/01/2023	24,490.00	-	24,490.00
06/01/2023	24,490.00	-	24,490.00
09/01/2023	24,490.00	-	24,490.00
12/01/2023	24,490.00	-	24,490.00
03/01/2024	24,490.00	-	24,490.00
06/01/2024	24,490.00	-	24,490.00
09/01/2024	24,490.00	-	24,490.00
12/01/2024	24,490.00	-	24,490.00
03/01/2025	24,490.00	-	24,490.00
06/01/2025	24,490.00	-	24,490.00
09/01/2025	24,490.00	-	24,490.00
12/01/2025	24,490.00	-	24,490.00
03/01/2026	24,490.00	-	24,490.00
06/01/2026	24,490.00	-	24,490.00
09/01/2026	24,490.00	-	24,490.00
12/01/2026	24,490.00	-	24,490.00
03/01/2027	24,490.00	-	24,490.00
06/01/2027	24,490.00	-	24,490.00
09/01/2027	24,490.00	-	24,490.00
12/01/2027	24,490.00	-	24,490.00
03/01/2028	24,490.00	-	24,490.00
06/01/2028	24,490.00	-	24,490.00
09/01/2028	24,490.00	-	24,490.00
12/01/2028	24,490.00	-	24,490.00
03/01/2029	24,490.00	-	24,490.00
06/01/2029	24,490.00	-	24,490.00

$3,747,000
City of Kenova
40 Years, 0% Interest Rate
Closing Date: July 25, 2007

Debt Service Schedule

Date	Principal	Coupon	Total P+I
09/01/2029	24,490.00	-	24,490.00
12/01/2029	24,490.00	-	24,490.00
03/01/2030	24,490.00	-	24,490.00
06/01/2030	24,490.00	-	24,490.00
09/01/2030	24,490.00	-	24,490.00
12/01/2030	24,490.00	-	24,490.00
03/01/2031	24,490.00	-	24,490.00
06/01/2031	24,490.00	-	24,490.00
09/01/2031	24,490.00	-	24,490.00
12/01/2031	24,490.00	-	24,490.00
03/01/2032	24,490.00	-	24,490.00
06/01/2032	24,490.00	-	24,490.00
09/01/2032	24,490.00	-	24,490.00
12/01/2032	24,490.00	-	24,490.00
03/01/2033	24,490.00	-	24,490.00
06/01/2033	24,490.00	-	24,490.00
09/01/2033	24,490.00	-	24,490.00
12/01/2033	24,490.00	-	24,490.00
03/01/2034	24,490.00	-	24,490.00
06/01/2034	24,490.00	-	24,490.00
09/01/2034	24,490.00	-	24,490.00
12/01/2034	24,490.00	-	24,490.00
03/01/2035	24,490.00	-	24,490.00
06/01/2035	24,490.00	-	24,490.00
09/01/2035	24,490.00	-	24,490.00
12/01/2035	24,490.00	-	24,490.00
03/01/2036	24,490.00	-	24,490.00
06/01/2036	24,490.00	-	24,490.00
09/01/2036	24,490.00	-	24,490.00
12/01/2036	24,490.00	-	24,490.00
03/01/2037	24,490.00	-	24,490.00
06/01/2037	24,490.00	-	24,490.00
09/01/2037	24,490.00	-	24,490.00
12/01/2037	24,490.00	-	24,490.00
03/01/2038	24,490.00	-	24,490.00
06/01/2038	24,490.00	-	24,490.00
09/01/2038	24,490.00	-	24,490.00
12/01/2038	24,490.00	-	24,490.00
03/01/2039	24,490.00	-	24,490.00
06/01/2039	24,490.00	-	24,490.00
09/01/2039	24,490.00	-	24,490.00
12/01/2039	24,490.00	-	24,490.00
03/01/2040	24,490.00	-	24,490.00
06/01/2040	24,490.00	-	24,490.00

$3,747,000
City of Kenova
40 Years, 0% Interest Rate
Closing Date: July 25, 2007

Debt Service Schedule

Date	Principal	Coupon	Total P+I
09/01/2040	24,490.00	-	24,490.00
12/01/2040	24,490.00	-	24,490.00
03/01/2041	24,490.00	-	24,490.00
06/01/2041	24,490.00	-	24,490.00
09/01/2041	24,490.00	-	24,490.00
12/01/2041	24,490.00	-	24,490.00
03/01/2042	24,490.00	-	24,490.00
06/01/2042	24,490.00	-	24,490.00
09/01/2042	24,490.00	-	24,490.00
12/01/2042	24,490.00	-	24,490.00
03/01/2043	24,490.00	-	24,490.00
06/01/2043	24,490.00	-	24,490.00
09/01/2043	24,490.00	-	24,490.00
12/01/2043	24,490.00	-	24,490.00
03/01/2044	24,490.00	-	24,490.00
06/01/2044	24,490.00	-	24,490.00
09/01/2044	24,490.00	-	24,490.00
12/01/2044	24,490.00	-	24,490.00
03/01/2045	24,490.00	-	24,490.00
06/01/2045	24,490.00	-	24,490.00
09/01/2045	24,490.00	-	24,490.00
12/01/2045	24,490.00	-	24,490.00
03/01/2046	24,490.00	-	24,490.00
06/01/2046	24,490.00	-	24,490.00
09/01/2046	24,490.00	-	24,490.00
12/01/2046	24,490.00	-	24,490.00
03/01/2047	24,490.00	-	24,490.00
06/01/2047	24,490.00	-	24,490.00
Total	**$3,747,000.00**	-	**$3,747,000.00**

Yield Statistics

Bond Year Dollars	$78,124.49
Average Life	20.850 Years
Average Coupon	-
Net Interest Cost (NIC)	-
True Interest Cost (TIC)	1.17E-10
Bond Yield for Arbitrage Purposes	1.17E-10
All Inclusive Cost (AIC)	1.17E-10

IRS Form 8038

Net Interest Cost	-
Weighted Average Maturity	20.850 Years

SCHEDULE Z

ADDITIONAL COVENANTS AND AGREEMENTS

Sixty days prior to the date of the first monthly payment to the Municipal Bond Commission, the Governmental Agency shall provide the Authority, the Council and the DEP 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.

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

BOND PURCHASE AGREEMENT

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

CITY OF KENOVA
(Local Government)

W I T N E S S E T H:

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

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE I

Definitions

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

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

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

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

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

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

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

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

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

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

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

ARTICLE II

The Project and the System

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

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE III

Conditions to Purchase of Local Bonds; Issuance of Local Bonds

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE IV

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

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

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

(i) to pay Operating Expenses of the System;

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

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

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

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

(b) Covenants substantially as follows:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE V

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

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

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

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

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

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

ARTICLE VI

Other Agreements of the Local Government

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

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

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

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

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

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

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

ARTICLE VII

Miscellaneous

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

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

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

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

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

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

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

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

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

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

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

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

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

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

CITY OF KENOVA

(SEAL)

By: _____
Its: Mayor
Date: 6-6-07

Attest:

_____
Its: Recorder

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

By: _____
Its: Director
Date: June 11, 2007

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

(SEAL)

By: _____
Its: Director
Date: May 24, 2007

Attest:

_____
Its: Secretary-Treasurer

EXHIBIT A

FORM OF PERFORMANCE CERTIFICATE

[To Be Provided By DEP]

EXHIBIT B

MONTHLY FINANCIAL REPORT

Name of Local Government _____

Name of Bond Issue(s) _____

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

Fiscal Year _____ **Report Month** _____

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

_____

Name of Person Completing Form

_____

Address

_____

Telephone

INSTRUCTIONS FOR COMPLETING MONTHLY FINANCIAL REPORT

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

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

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

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

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

EXHIBIT C

PAYMENT REQUISITION FORM

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

EXHIBIT D

FORM OF CERTIFICATE OF CONSULTING ENGINEER

_____
(Issuer)

_____
(Name of Bonds)

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

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

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

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

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

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

_____

By _____

West Virginia License No. __

[SEAL]

---

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

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

EXHIBIT E

SPECIAL CONDITIONS

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

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

C. FINAL TITLE OPINION.

D. APPROVED NPDES MODIFICATION.

E. SIXTY DAYS prior to the date of the first monthly payment to the Municipal Bond Commission, the Governmental Agency shall provide the Authority, the Council and the DEP 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.

EXHIBIT F

MONTHLY PAYMENT FORM

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

Re: [Name of bond issue]

Ladies and Gentlemen:

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

Sinking Fund:

Interest	$_____
Principal	$_____
Total:	$_____
Reserve Account:	$_____

Witness my signature this ___ day of_____.

[Name of Local Government]

By: _____
Authorized Officer

Enclosure: copy of check(s)

EXHIBIT G

OPINION OF BOND COUNSEL FOR LOCAL GOVERNMENT

[To Be Dated as of Date of Closing]

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

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

Ladies and Gentlemen:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Very truly yours,

SCHEDULE X

DESCRIPTION OF LOCAL BONDS

Principal Amount of Local Bonds	$4,649,209
Purchase Price of Local Bonds	$4,649,209

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

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

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

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

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

City of Kenova Sewer Revenue Bonds, Series 1991 A (West Virginia Water Development Authority), dated August 9, 1991, issued in the original principal amount of $508,101;

There are also outstanding obligations of the Issuer which will be junior and subordinate to the Series 2007 Bonds as to liens, pledge, source of and security for payment, being the Issuer's Sewer Revenue Bonds, Series 1991 B (West Virginia Water Development Authority), dated August 9, 1991, issued in the original principal amount of $22,941.

SCHEDULE Y

$4,649,209

City of Kenova

40 Years from Closing Date, 0% Interest Rate, 0.5% Adminstrative Fee

Closing Date: July 25, 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	30,387.00	-	30,387.00
09/01/2009	30,387.00	-	30,387.00
12/01/2009	30,387.00	-	30,387.00
03/01/2010	30,387.00	-	30,387.00
06/01/2010	30,387.00	-	30,387.00
09/01/2010	30,387.00	-	30,387.00
12/01/2010	30,387.00	-	30,387.00
03/01/2011	30,387.00	-	30,387.00
06/01/2011	30,387.00	-	30,387.00
09/01/2011	30,387.00	-	30,387.00
12/01/2011	30,387.00	-	30,387.00
03/01/2012	30,387.00	-	30,387.00
06/01/2012	30,387.00	-	30,387.00
09/01/2012	30,387.00	-	30,387.00
12/01/2012	30,387.00	-	30,387.00
03/01/2013	30,387.00	-	30,387.00
06/01/2013	30,387.00	-	30,387.00
09/01/2013	30,387.00	-	30,387.00
12/01/2013	30,387.00	-	30,387.00
03/01/2014	30,387.00	-	30,387.00
06/01/2014	30,387.00	-	30,387.00
09/01/2014	30,387.00	-	30,387.00
12/01/2014	30,387.00	-	30,387.00
03/01/2015	30,387.00	-	30,387.00
06/01/2015	30,387.00	-	30,387.00
09/01/2015	30,387.00	-	30,387.00
12/01/2015	30,387.00	-	30,387.00
03/01/2016	30,387.00	-	30,387.00
06/01/2016	30,387.00	-	30,387.00
09/01/2016	30,387.00	-	30,387.00
12/01/2016	30,387.00	-	30,387.00
03/01/2017	30,387.00	-	30,387.00
06/01/2017	30,387.00	-	30,387.00
09/01/2017	30,387.00	-	30,387.00
12/01/2017	30,387.00	-	30,387.00
03/01/2018	30,387.00	-	30,387.00
06/01/2018	30,387.00	-	30,387.00

$4,649,209
City of Kenova
40 Years from Closing Date, 0% Interest Rate, 0.5% Adminstrative Fee
Closing Date: July 25, 2007

Debt Service Schedule

Date	Principal	Coupon	Total P+I
09/01/2018	30,387.00	-	30,387.00
12/01/2018	30,387.00	-	30,387.00
03/01/2019	30,387.00	-	30,387.00
06/01/2019	30,387.00	-	30,387.00
09/01/2019	30,387.00	-	30,387.00
12/01/2019	30,387.00	-	30,387.00
03/01/2020	30,387.00	-	30,387.00
06/01/2020	30,387.00	-	30,387.00
09/01/2020	30,387.00	-	30,387.00
12/01/2020	30,387.00	-	30,387.00
03/01/2021	30,387.00	-	30,387.00
06/01/2021	30,387.00	-	30,387.00
09/01/2021	30,387.00	-	30,387.00
12/01/2021	30,387.00	-	30,387.00
03/01/2022	30,387.00	-	30,387.00
06/01/2022	30,387.00	-	30,387.00
09/01/2022	30,387.00	-	30,387.00
12/01/2022	30,387.00	-	30,387.00
03/01/2023	30,387.00	-	30,387.00
06/01/2023	30,387.00	-	30,387.00
09/01/2023	30,387.00	-	30,387.00
12/01/2023	30,387.00	-	30,387.00
03/01/2024	30,387.00	-	30,387.00
06/01/2024	30,387.00	-	30,387.00
09/01/2024	30,387.00	-	30,387.00
12/01/2024	30,387.00	-	30,387.00
03/01/2025	30,387.00	-	30,387.00
06/01/2025	30,387.00	-	30,387.00
09/01/2025	30,387.00	-	30,387.00
12/01/2025	30,387.00	-	30,387.00
03/01/2026	30,387.00	-	30,387.00
06/01/2026	30,387.00	-	30,387.00
09/01/2026	30,387.00	-	30,387.00
12/01/2026	30,387.00	-	30,387.00
03/01/2027	30,387.00	-	30,387.00
06/01/2027	30,387.00	-	30,387.00
09/01/2027	30,387.00	-	30,387.00
12/01/2027	30,387.00	-	30,387.00
03/01/2028	30,387.00	-	30,387.00
06/01/2028	30,387.00	-	30,387.00
09/01/2028	30,387.00	-	30,387.00
12/01/2028	30,387.00	-	30,387.00
03/01/2029	30,387.00	-	30,387.00
06/01/2029	30,387.00	-	30,387.00

$4,649,209
City of Kenova
40 Years from Closing Date, 0% Interest Rate, 0.5% Adminstrative Fee
Closing Date: July 25, 2007

Debt Service Schedule

Date	Principal	Coupon	Total P+I
09/01/2029	30,387.00	-	30,387.00
12/01/2029	30,387.00	-	30,387.00
03/01/2030	30,387.00	-	30,387.00
06/01/2030	30,387.00	-	30,387.00
09/01/2030	30,387.00	-	30,387.00
12/01/2030	30,387.00	-	30,387.00
03/01/2031	30,387.00	-	30,387.00
06/01/2031	30,387.00	-	30,387.00
09/01/2031	30,387.00	-	30,387.00
12/01/2031	30,387.00	-	30,387.00
03/01/2032	30,387.00	-	30,387.00
06/01/2032	30,387.00	-	30,387.00
09/01/2032	30,387.00	-	30,387.00
12/01/2032	30,387.00	-	30,387.00
03/01/2033	30,387.00	-	30,387.00
06/01/2033	30,387.00	-	30,387.00
09/01/2033	30,387.00	-	30,387.00
12/01/2033	30,387.00	-	30,387.00
03/01/2034	30,387.00	-	30,387.00
06/01/2034	30,387.00	-	30,387.00
09/01/2034	30,387.00	-	30,387.00
12/01/2034	30,387.00	-	30,387.00
03/01/2035	30,387.00	-	30,387.00
06/01/2035	30,387.00	-	30,387.00
09/01/2035	30,387.00	-	30,387.00
12/01/2035	30,387.00	-	30,387.00
03/01/2036	30,387.00	-	30,387.00
06/01/2036	30,387.00	-	30,387.00
09/01/2036	30,387.00	-	30,387.00
12/01/2036	30,387.00	-	30,387.00
03/01/2037	30,387.00	-	30,387.00
06/01/2037	30,387.00	-	30,387.00
09/01/2037	30,387.00	-	30,387.00
12/01/2037	30,387.00	-	30,387.00
03/01/2038	30,387.00	-	30,387.00
06/01/2038	30,387.00	-	30,387.00
09/01/2038	30,387.00	-	30,387.00
12/01/2038	30,387.00	-	30,387.00
03/01/2039	30,387.00	-	30,387.00
06/01/2039	30,387.00	-	30,387.00
09/01/2039	30,387.00	-	30,387.00
12/01/2039	30,387.00	-	30,387.00
03/01/2040	30,387.00	-	30,387.00
06/01/2040	30,387.00	-	30,387.00

$4,649,209
City of Kenova
40 Years from Closing Date, 0% Interest Rate, 0.5% Adminstrative Fee
Closing Date: July 25, 2007

Debt Service Schedule

Date	Principal	Coupon	Total P+I
09/01/2040	30,387.00	-	30,387.00
12/01/2040	30,387.00	-	30,387.00
03/01/2041	30,387.00	-	30,387.00
06/01/2041	30,387.00	-	30,387.00
09/01/2041	30,387.00	-	30,387.00
12/01/2041	30,387.00	-	30,387.00
03/01/2042	30,387.00	-	30,387.00
06/01/2042	30,387.00	-	30,387.00
09/01/2042	30,387.00	-	30,387.00
12/01/2042	30,387.00	-	30,387.00
03/01/2043	30,387.00	-	30,387.00
06/01/2043	30,387.00	-	30,387.00
09/01/2043	30,387.00	-	30,387.00
12/01/2043	30,387.00	-	30,387.00
03/01/2044	30,387.00	-	30,387.00
06/01/2044	30,387.00	-	30,387.00
09/01/2044	30,387.00	-	30,387.00
12/01/2044	30,387.00	-	30,387.00
03/01/2045	30,387.00	-	30,387.00
06/01/2045	30,387.00	-	30,387.00
09/01/2045	30,387.00	-	30,387.00
12/01/2045	30,387.00	-	30,387.00
03/01/2046	30,387.00	-	30,387.00
06/01/2046	30,387.00	-	30,387.00
09/01/2046	30,387.00	-	30,387.00
12/01/2046	30,387.00	-	30,387.00
03/01/2047	30,386.00	-	30,386.00
06/01/2047	30,386.00	-	30,386.00
Total	**$4,649,209.00**	-	**$4,649,209.00** *

*Plus $2,924.75 one-half percent Administrative Fee paid quarterly. Total fee over life of loan is $447,486.75.

Yield Statistics

Bond Year Dollars	$97,103.86
Average Life	20.886 Years
Average Coupon	-
Net Interest Cost (NIC)	-
True Interest Cost (TIC)	1.40E-10
Bond Yield for Arbitrage Purposes	1.40E-10
All Inclusive Cost (AIC)	0.4588167%

IRS Form 8038

Net Interest Cost	-
Weighted Average Maturity	20.886 Years

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

FINAL

12/27/2006

Entered: December 7, 2006

CASE NO. 06-0476-S-CN

CITY OF KENOVA
Application for a certificate of convenience and necessity to upgrade and expand its wastewater treatment system to separate the lines that carry storm water from the lines that carry wastewater, replace two existing pump stations, and add additional pump stations to help transport sewage from the new sanitary sewers, all in the City of Kenova, Wayne County, West Virginia.

RECOMMENDED DECISION

On April 13, 2006, the City of Kenova, a municipal utility (Applicant), filed an application for a certificate to construct certain additions and improvements to its sewer system in Wayne County. The City of Kenova estimates that the proposed project will cost approximately $8,994,000. It is proposed that the construction will be financed by a Small Cities Block Grant (SCBG) in the amount of $1,500,000; a loan in the amount of $3,747,000 from the State Revolving Loan Fund for a term of 30 years at 0% interest, plus a ½% administrative fee; and a loan from the West Virginia Infrastructure and Jobs Development Council (IJDC) in the amount of $3,700,000.

By Order dated April 13, 2006, the Applicant was required to give notice of the filing of the application by publishing a copy of the Notice of Filing once in a newspaper, duly qualified by the Secretary of State, published and of general circulation in Wayne County, making due return to the Commission of proper certification of publication immediately after publication. The Notice provided that anyone desiring to protest or intervene could file a written protest or notice of intervention within 30 days following the date of the publication.

On May 12, 2006, Commission Staff filed its first set of interrogatories, data requests or requests for information upon the City of Kenova.

Also on May 12, 2006, Staff Attorney Lisa Wansley-Layne filed an Initial Joint Staff Memorandum to which was attached the Initial Internal Memorandum prepared by Ms. Karen L. Buckley, Utilities Analyst II, Water and Wastewater Division, and Mr. Jim Spurlock, Technical Analyst, Engineering Division. Staff advised that commitment letters for the Small Cities Block Grant and the State Revolving Fund Loan were attached

to the application and that the City anticipated receiving the commitment letter from the IJDC following its meeting in July 2006. This project required a sewer rate increase. In a Recommended Decision in Case No. 05-0894-S-MA dated September 26, 2005, which became a Final Order on October 16, 2005, the proposed rate increase was approved, pending the City obtaining a certificate of convenience and necessity and upon substantial completion of the project. Staff advised that, when additional information is received from the Applicant, Staff would submit its final recommendations in this case. Staff recommended that the matter be referred to the Division of Administrative Law Judges.

On May 15, 2006, the Applicant filed an affidavit of publication reflecting that publication had been made in accordance with the Commission's requirement in Wayne County in the Wayne County News with the date of publication being May 3, 2006.

On May 16, 2006, two letters of protest were received to the application.

On May 22, 2006, an additional protest was received to the application.

By Order dated May 24, 2006, this matter was referred to the Division of Administrative Law Judges for a decision to be rendered on or before November 9, 2006.

On May 23, 2006, an additional letter of protest was filed.

On June 6, 2006, an additional letter of protest was filed.

On June 21, 2006, the Applicant filed a Notice of Substitution of Counsel reflecting that Debra C. Price, Esquire, was being replaced by John C. Stump, Esquire.

On June 27, 2006, the Applicant filed a request for waiver of the filing of the Rule 42 exhibit financial information.

On July 5, 2006, the City of Kenova filed its responses to Commission Staff's first set of interrogatories, data requests or requests for information.

On July 12, 2006, Staff Attorney Wansley-Layne filed a Final Joint Staff Memorandum to which was attached the Final Internal Memorandum prepared by Ms. Buckley and Mr. Spurlock. Since the required information was only recently filed and the commitment letter from the IJDC continues to be unavailable, Staff recommended that the case be dismissed or, in the alternative, that the City of Kenova be given ten (10) days to file a motion to toll the statutory deadline for sixty days. Staff pointed out that West Virginia Code §24-2-11(e) requires a final decision to be issued in this case within 180 days or 270 days if protests are received. Since protests have been filed, this would be a 270-day case.

In a letter filed July 13, 2006, counsel for the City of Kenova filed a request that the Commission toll the statutory period established by West Virginia Code §24-2-11 for sixty days to allow the City to obtain

the recently approved commitment letter from the IJDC and to give Commission Staff additional time to review the information provided by the City in response to the data requests.

On July 20, 2006, the Applicant filed the binding commitment letter for an Infrastructure Fund Loan of $3,747,000 from the IJDC.

By Order dated August 3, 2006, the Commission granted the Applicant's motion to toll the statutory due date by sixty (60) days. The new deadline is March 9, 2007, and the Administrative Law Judge's decision due date of November 9, 2006, was extended until January 8, 2007.

By Order dated August 15, 2006, was this matter set for a hearing to be held in the Kenova City Hall, Kenova, West Virginia on September 26, 2006. Said Order also required that the City of Kenova give notice of the hearing to be held on September 26, 2006, by publishing a Notice of Hearing once in a newspaper, duly qualified by the Secretary of State, published and of general circulation in Wayne and Cabell Counties in accordance with the Commission's requirements.

On September 8, 2006, Staff Attorney Wansley-Layne filed a Final Joint Staff Memorandum to which was attached the Further Final Internal Memorandum prepared by Ms. Karen Buckley and Mr. Jim Spurlock. The project cost is $8,994,000. Staff opined that the construction cost estimate is reasonable for a project of this scope. The City serves approximately 1,511 customers. The cost per customer is $5,952. Although the City has not yet received a modified NPDES permit for this project, Staff has been informed that clarification is being sought from the Division of Environmental Protection as to whether this project actually requires a modified NPDES permit. Staff recommends that approval of the certificate in this case be contingent upon either the issuance of the NPDES permit or verification that the modified permit is not required.

Staff recommended that the City of Kenova's application for a certificate of convenience and necessity to expand its wastewater treatment system in the amount of $8,994,000 be approved. Commission Staff also recommended approval of the proposed financing and the following conditions:

1. If there are changes in project costs which do not affect rates the City does not need to seek reopening and approval but must file an affidavit signed by its CPA certifying that rates are not affected;

2. The applicant shall provide a copy of the engineer's certified tabulation of bids for all contracts associated with this project;

3. The applicant shall submit copies of the *"Certificate of Substantial Completion"* for all contracts associated with this project;

4. If there are substantive changes in the project scope or in significant design aspects of the project, the applicant shall petition the Commission for approval; and

5. The City is to notify the Commission when their Engineer has performed the substantial completion inspection.

The hearing was held as scheduled. The City appeared by its counsel, John C. Stump, Esquire. Commission Staff appeared by Lisa Wansley-Layne, Esquire. The City presented a proper affidavit of publication reflecting that publication had been made of the Notice of Hearing in Cabell and Wayne Counties. (See, transcript, p. 5).

No one appeared at the hearing in protest to the application. (See, transcript, p. 6). Counsel for the City of Kenova indicated that the City had applied for, but not yet received, its NPDES permit. The City, however, stipulates to Staff's recommendation of approval, contingent upon receipt of the modified NPDES permit. (See, Tr. p. 7). Since no one appeared in protest to the application, the matter was submitted for a decision. (See, Tr. p. 8).

In a letter filed on September 15, 2006, the City filed with the Commission a binding letter from the IJDC for a loan of approximately $3,747,000.

DISCUSSION

The project proposed by the City of Kenova is a sewer separation project. No sanitary sewer lines will be constructed in the areas where combined sewers now exist. The existing lines which now carry sanitary sewage only will be connected to the new sanitary system. This will leave the existing combined sewer lines to carry storm sewage only. New pumps will be installed on the sanitary system to reduce the depth of sanitary sewer lines, which reduces the cost and difficulty of maintenance. The overall project cost in this case is $8,994,000. Because the application was protested, a hearing was held in Kenova, at which no one appeared in protest to the application. The City of Kenova stipulated to the Staff recommendation that the certificate be granted, contingent upon the City receiving a modified NPDES permit for this project or verification that the permit is not necessary. Since the public convenience and necessity require the proposed project, Commission Staff has recommended approval of the project and the project cost is fully funded, it is reasonable to grant the application of the City of Kenova for a certificate of convenience and necessity, contingent upon the issuance of a modified NPDES permit or verification that such a permit is not required in this case.

Also, it is reasonable to approve the proposed financing for the project, consisting of a Small Cities Block Grant in the amount of $1,500,000, a State Revolving Fund Loan in the amount of $3,747,000 and an IJDC loan in the amount of $3,747,000.

FINDINGS OF FACT

1. The City of Kenova filed an application, duly verified, for a certificate of convenience of necessity to upgrade and expand its wastewater treatment system to separate the lines that carry storm water from lines that carry wastewater, replace two existing pump stations and add additional pump stations to help transport sewage from the new sanitary sewerage system, all in the City of Kenova, Wayne County, West Virginia. (See, April 13, 2006 filing).

2. The project will cost approximately $8,994,000, to be financed by a Small Cities Block Grant of $1,500,000; a State Revolving Fund Loan in the amount of $3,747,000, with a term of 30 years at 0% interest with a ½% administrative fee; and a WVIJDC loan in the amount of $3,747,000 with a term of 30 years at 0% interest. All commitment letters for the funding have been received. (See, April 13 and September 15, 2006 filings and Final Joint Staff Memorandum filed September 8, 2006).

3. The City submitted an affidavit of publication reflecting that the notice of filing of the application was published in the Wayne County News on May 3, 2006, a newspaper, duly qualified by the Secretary of State, published and in general circulation in Wayne County. (See, Affidavit of Publication filed May 15, 2006).

4. Since several protest were received to the application, a hearing was scheduled to be held in this matter in the City on September 26, 2006. The City was required to publish a notice of hearing once in a newspaper, duly qualified by the Secretary of State, published and in general circulation in Wayne and Cabell Counties. At the hearing, the City provided proper affidavits of publication reflecting that publication had been made in accordance with the Commission's requirements. No one appeared in protest to the application and the City stipulated to Staff's recommendation that the certificate be approved contingent upon the receipt of the NPDES modified permit, if necessary. (See, transcript pp. 5-6 and affidavits of publication in the case file).

5. Rates and charges have been approved for the City of Kenova that are sufficient, but not more than sufficient, to cover all of the City of Kenova's operation and maintenance expenses and increased debt service requirements for the proposed sewer certificate project. These rates will not become effective until the City of Kenova has filed with the Commission a certificate of substantial completion. (See, Further Final Joint Staff Memorandum filed September 8, 2006; Case No. 05-0894-S-MA, Recommended Decision issued September 26, 2005, final on October 16, 2005).

6. The project will separate Kenova's Storm Water System from its Wastewater System and bring the City's system into compliance with applicable laws. (See, Application filed April 13, 2006; Further Final Joint Staff Memorandum filed September 8, 2006).

7. Commission Staff recommended that the City of Kenova's application for a certificate of convenience and neceessity to expand its wastewater treatment system in the amount of $8,994,000 be approved contingent upon the receipt of a modified NPDES permit for this project,

or verification that the permit is not required. (See, Further Final Joint Staff Memorandum filed September 8, 2006).

CONCLUSIONS OF LAW

1. The public convenience and necessity requires the City of Kenova's project to expand and upgrade its wastewater treatment system.

2. It is reasonable to approve the financing of the project, consisting of a Small Cities Block Grant in the amount of $1,500,000; an SRF loan in the amount of $3,747,000 to be paid over a term of 30 years at 0% interest, with a ½% administrative fee; and an IJDC loan in the amount of $3,747,000, to be paid over a term of 38 years at 0% interest.

3. It is reasonable to grant the certificate of convenience and necessity contingent upon the City of Kenova filing a modified NPDES Permit or verification that the permit is not required.

ORDER

IT IS, THEREFORE, ORDERED that the application filed herein on April 13, 2006, by the City of Kenova for a certificate of convenience of necessity to expand its wastewater treatment system be, and the same hereby is, granted, contingent upon the City of Kenova filing with the Commission a modified NPDES permit or verification that the permit is not required, immediately upon receipt, but no later than 60 days from the date of this Order.

IT IS FURTHER ORDERED that the financing for the project, consisting of a Small Cities Block Grant in the amount of $1,500,000; a State Revolving Fund Loan in the amount of $3,747,000, to be paid over a term of 30 years at 0% interest, with a ½% administrative fee; and an Infrastructure and Jobs Development Council loan in the amount of $3,747,000 to be paid over a term of38 years at 0% interest, be, and hereby are, approved.

IT IS FURTHER ORDERED that, if this project requires the use of Division of Highways' rights-of-way, the City of Kenova 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 City of Kenova be, and hereby is, directed to file a copy of the engineer's certified tabulation of bids for each contract of the project within ten (10) days of the opening date.

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

IT IS FURTHER ORDERED that, if there is a change in project costs which does not affect rates, the City need not obtain Commission approval of said changes.

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

IT IS FURTHER ORDERED that this matter 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:lc
060476aa.wpd

RECEIVED
2006 MAY 15 AM 9:04
W VA PUBLIC SERVICE
COMMISSION
SECRETARY'S OFFICE

May 9, 2006

Sandra Squire, Executive Secretary
Public Service Commission
201 Brooks Street
Post Office Box 812
Charleston, West Virginia 25523

RE: Case No. 06-0476-S-CN
City of Kenova

Dear Mr. Squire:

Enclosed please find the original and twelve (12) copies of the *Certification of Publication* pertinent to the above-referenced matter.

Please note that all future mailings in this matter should be addressed to me at: **City of Kenova, Post Office Box 268, Kenova, West Virginia 25530.**

Thank you for your assistance in this matter.

Sincerely,

George B. Morrone III

Enclosure: *Certificate of Publication* (original and twelve copies)

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

CASE NO. 06-0476-S-CN

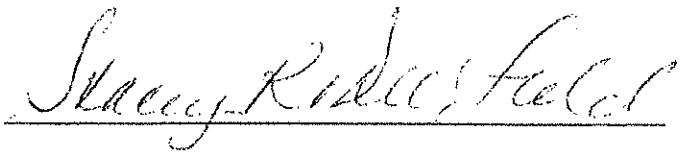
CITY OF KENOVA
Post Office Box 268
Kenova, WV 25530

Application for a certificate of convenience and necessity to upgrade and expand its wastewater treatment to system to separate the lines that carry storm water from the lines that carry wastewater, replace two existing pump stations, and to add additional pump stations to help transport sewage from the new sanitary sewers, all in the City of Kenova, Wayne County, West Virginia.

CERTIFICATE OF FILING

The undersigned, Stacey R. Deerfield, Clerk/Treasurer of the City of Kenova and Treasurer of the Kenova Sanitary Board does hereby certify that the City of Kenova has caused the *Notice of Filing* issued by the Public Service Commission on the 13th day of April, 2006, to be published in a newspaper duly qualified by the Secretary of State, said publication having occurred on the 26th day of April, 2006. Furthermore, the undersigned does hereby certify that a copy of said *Notice of Filing* was mailed to each customer of the Kenova Sewer System on the 9th day of May, 2006.

DATED this 9th day of May, 2006.



Stacey R. Deerfield, Clerk/Treasurer

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:

April 26, 2006

commencing on the 26

day of April 20 06

Given under my hand this 3 day

of May 20 06

Sworn to and subscribed before me this

3 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:

$ 132.64

PUBLIC SERVICE COMMISSION OF WEST VIRGINIA CHARLESTON

Entered by the Public Service Commission of West Virginia in the City of Charleston on the 13th day of April, 2006.

Case No. 06-0476-S-CN

City of Kenova, Post Office Box 268, Kenova, WV 25530

Application for a certificate of convenience and necessity to upgrade and expand its wastewater treatment system to separate the lines that carry storm water from the lines that carry wastewater, replace two existing pump stations, and to add additional pump stations to help transport sewage from the new sanitary sewers all in the City of Kenova, Wayne County, West Virginia.

Notice of Filing

WHEREAS, on April 13, 2006, the City of Kenova, a municipal utility, filed an application, duly verified, for a Certificate to construct certain additions and improvements to the Kenova wastewater system in Wayne County. The application is on file with and available for public inspection at the Public Service Commission, 201 Brooks Street, in Charleston, West Virginia.

WHEREAS, Kenova estimates that construction will cost approximately Eight Million Nine Hundred Ninety Four Thousand Dollars ($8,994,000.00). It is proposed that the construction will be financed by a Small Cities Block Grant in the amount of One Million, Five Hundred Thousand Dollars ($1,500,000.00), Three Million Seven Hundred Forty Seven Thousand ($3,747,000.00) from a State Revolving Loan Fund for a period of thirty (30) years at 0% interest rate in addition to a one half percent (1/2%) administrative fee, and Three Million Seven Hundred Forty Seven Thousand Dollars ($3,747,000.00) from a loan from the West Virginia Infrastructure Jobs and Development Council ("IJDC").

WHEREAS, the Kenova anticipates charging the following increased sewer rates to its customers as set forth in Approved Tariff No.. 2 included as part of the Commission Order made final on October 16, 2005 in Case No. 05-0894-S-MA:

APPLICABILITY

Applicable in entire territory served.

AVAILABILITY OF SERVICE

Available for general domestic, commercial and industrial service

RATES (Customers with metered water supply)

First 2,000 gallons used per month $10.01 per 1,000 gallons

All Over 2,000 gallons used per month $7.89 per 1,000 gallons

MINIMUM CHARGE

No bill will be rendered for less than $20.02 per month, which is the equivalent of 2,000 gallons.

DELAYED PAYMENT PENALTY

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

TAP FEE

The following charge is to be made whenever the utility installs a new tap to serve an applicant.

A tap fee of $500.00 will be charged to customers applying for service outside of a certificate proceeding before the Commission for each new tap to the system.

SECURITY DEPOSIT

Not to exceed one-twelfth (1/12) of the annual estimated charge for residential service or one-sixth (1/6) of annual estimated charge for commercial service.

LEAK ADJUSTMENT

$3.61 per M gallons. To be used when the bill reflects unusual consumption which can be attributed to eligible water leakage on the customer's side of the meter. This rate shall be applied to all such unusual consumption above the customer's historical average usage.

RETURNED CHECK CHARGE

A service charge equal to the actual bank fee assessed to the sewer utility up to a maximum of $25.00 will be imposed upon any customer whose check for payments of charges is returned by the bank due to insufficient funds.

Pursuant to §24-2-11, West Virginia Code, IT IS ORDERED that the City of Kenova 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 and its view thereof.

FOR THE CO
MISSION

Sandra Squ
Execut
Secret

PUBLIC SERVICE COMMISSION OF WEST VIRGINIA

CASE NO. 06-0476-S-CN (REOPENED)

CITY OF KENOVA, a municipal utility, Wayne County, West Virginia

State of **West Virginia**
County of **Kanawha**, to wit:

AFFIDAVIT

I, Annjeanette Vealey, CPA, after making an oath of affirmation to tell the truth, say that the information I reflected in my Rule 42 exhibit, filed in PSC Case No. 05-0894-S-MA, and considered in PSC Case No. 06-0476-S-CN (REOPENED), was based solely upon the information provided to me by the City of Kenova and Ghosh Engineers, Inc., relating to the proposed sewer project. Subsequently, the Upon review of additional information provided regarding the additional financing needed in the amount of $903,000 to be financed through the West Virginia State Revolving Fund, based upon the new terms of the loan, and based on all the information that has been provided, to date, it is my opinion that the rates and charges will be sufficient to provide revenues which, together with other revenues of the system, will permit me to provide the CPA Certification of the sewer rates of the City of Kenova, and to allow the project's financial closing to proceed.

Annjeanette Vealey, CPA

Annjeanette Vealey, CPA

This Affidavit was sworn to or affirmed before me this 4th day of May 2007.

Notary Public

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
BETH A. VanBIBBER
SMITH, COCHRAN & HICKS, P.L.L.C.
405 CAPITOL STREET, SUITE 908
CHARLESTON, WV 25301
My commission expires December 13, 2015

West Virginia Infrastructure & Jobs Development Council

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

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

Jefferson E. Brady, PE
Executive Director

Jefferson.Brady@verizon.net

June 11, 2007

The Honorable George Morrone III
Mayor, City of Kenova
P.O. Box 268
Kenova, West Virginia 25530

Re: City of Kenova
Bid Overrun
Sewer Project 2002S-693

Dear Mayor Morrone:

The West Virginia Infrastructure and Jobs Development Council (the "Council") has reviewed the City of Kenova's (the "City") revised preliminary application regarding its proposed project to separate combined sewer and rehabilitate the gravity collection system including pump stations (the "Project").

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

Upon consideration of the revised preliminary application, the Infrastructure Council recommends that the City utilize a $1,500,000 Small Cities Block Grant, a $3,747,000 Infrastructure Fund loan (0%, 40 yrs) and pursue a $4,649,209 Clean Water State Revolving Fund loan to fund this project. Please contact the WV Department of Environmental Protection office at 926-0495 for specific information on the steps the District 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 Jeff Brady at 558-4607.

Sincerely,

Kenneth Lowe, Jr.

Enclosure
cc: Mike Johnson, P.E., DEP (w/o enclosure)'
Debbie Legg, WVDO (w/o enclosure)
Region II Planning & Development Council
Ghosh Engineers, Inc.

West Virginia Infrastructure & Jobs Development Council

Public Members:
Mark Prince
Hurricane
Dwight Calhoun
Petersburg
Tim Stranko
Morgantown
Dave McComas
Prichard

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

Jefferson E. Brady, PE
Executive Director

Jefferson.Brady@verizon.net

September 14, 2006

The Honorable George Morrone III
Mayor, City of Kenova
P.O. Box 268
Kenova, West Virginia 25530

Re: Binding Commitment Letter
City of Kenova
Wastewater Project 2002S-693

Dear Mayor Morrone:

The West Virginia Infrastructure and Jobs Development Council (the "Infrastructure Council") provides this binding offer of an Infrastructure Fund loan of approximately $3,747,000 (the "Loan") to the City of Kenova (the "City") for the above referenced wastewater project (the "Project"). The Project has been determined to be technically feasible within the guidelines of the Infrastructure and Jobs Development Act by the Infrastructure Council. The Loan will be subject to the terms set forth on Schedule A attached hereto and incorporated herein by reference. The final Loan amount will be established after the City has received acceptable bids for the Project. The Infrastructure Council will set aside a portion of the Infrastructure Fund to make the Loan upon the City's compliance with the program requirements. The Loan agreement will be between the City and the West Virginia Water Development Authority (Authority), acting on behalf of the Infrastructure Council.

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

a. Advertise for bids no later than January 30, 2007.
(The City must receive authority from the Infrastructure Council before bidding the project.)

The Infrastructure Council reserves the right to withdraw this Loan commitment if any of the above schedule dates are not met. The Infrastructure Council may, when justifiable circumstances occur, offer to modify the schedule. Any decision to modify the schedule is at the sole discretion of the Infrastructure Council.

If the City becomes aware that it will not meet one or more of the above schedule dates, the City should immediately notify the Infrastructure Council of this fact and the circumstances which

have caused or will cause the City to be unable to meet the schedule. In addition, please immediately notify the Infrastructure Council if any of the other dates on the attached schedule have or will not be met.

The Authority will enter into Loan agreement with the City following receipt of the completed Schedule B, a final, nonappealable order from the Public Service Commission authorizing construction of the Project, evidence of binding commitments for other funding; evidence of all permits; evidence of acceptable bids; and any other documents requested by the Infrastructure Council.

No statements or representations made before or after the issuance of this contingent commitment by any person, member of the Infrastructure Council, or agent or employee of the Authority shall be construed as approval to alter or amend this commitment, as all such amendments or alterations shall only be made in writing after approval of the Infrastructure Council.

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

Sincerely,

Mark Prince

MP/jb

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

City of Kenova

By:_____

Its: _____

Date:_____

cc: Mike Johnson, DEP
Debbie Legg, WVDO
Region II Planning & Development Council
Ghosh Engineers, Inc.
John Stump, Steptoe & Johnson

WEST VIRGINIA INFRASTRUCTURE & JOBS DEVELOPMENT COUNCIL

City of Kenova
Wastewater Project
Project 2002S-693
September 14, 2006

SCHEDULE A

A. Approximate Amount: $3,747,000 Loan

B. Loan: $3,747,000

1. Maturity Date: 40 years from date of closing.

2. Interest Rate: 0%

3. Loan Advancement Date(s) Monthly, upon receipt of proper requisition

4. Debt Service Commencement: The first quarter following completion of construction, which date must be identified prior to closing.

5. Reserve & Coverage Requirements:

   A. Reserve requirements One year's annual debt service
   OR
   Funding one year's annual debt service over the first ten years

   B. Coverage 115% unless reserve fund is fully funded then coverage is 110%

NOTICE: The terms set forth above are subject to change following the receipt of construction bids.

C. Other Funding Sources:

CWSRF loan	$3,747,000
SCBG	$1,500,000

D. Total Project Cost: $8,994,000

Project Schedule

		Funding	
Project:	City of Kenova	IJDC loan	$ 3,747,000
County:	Wayne	CWSRF loan	3,747,000
Project Number:	2002S-693	SCBG	1,500,000
		Total:	**$ 8,994,000**

Action	Responsible Party	Completion
Engineering Agreement	Ghosh	complete
Prepare & Submit Plans & Specs to BPH/DEP	Ghosh	complete
Plans & Specs. Review & Approval	DEP	complete
Prepare & submit permit applications	Ghosh	complete
Prepare Rule 42	Smith Cochran & Hicks	complete
Rate Ordinance	City	complete
File Certificate Case with PSC	Steptoe & Johnson	complete (4/13/06)
Review & Approve PSC Certificate	PSC	January 2007
Rights-of-way, Easements & Land Acquisition	Steptoe & Johnson	October 2006
Authority to Advertise	IJDC / CWSRF	January 2007
Advertise for Bids	City / Ghosh	January 2007
Bid Opening	City / Ghosh	February 2007
Loan Closing	Steptoe & Johnson / City	March 2007
Start Construction	Contractors	April 2007

BPH - Bureau of Public Health
City - City of Kenova
CWSRF - Clean Water State Revolving Fund
DEP - Department of Environmental Protection
Ghosh - Ghosh Engineers, Inc.
IJDC - Infrastructure Council
PSC - Public Service Commission

PSC file

West Virginia Infrastructure & Jobs Development Council

Public Members:
Mark Prince
Hurricane
Dwight Calhoun
Petersburg
Tim Stranko
Morgantown
Dave McComas
Prichard

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

Jefferson E. Brady, PE
Executive Director

Jefferson.Brady@verizon.net

July 14, 2006

The Honorable George Morrone III
Mayor, City of Kenova
P.O. Box 268
Kenova, West Virginia 25530

472140.00005

Re: City of Kenova
Sewer Project 2002S-693

Dear Mayor Morrone:

The West Virginia Infrastructure and Jobs Development Council, at its July 12, 2006 meeting, determined that the City of Kenova (the "City") should utilize a $1,500,000 Small Cities Block Grant, pursue a $3,747,000 Clean Water State Revolving Fund loan and voted to offer a binding commitment for an Infrastructure Fund loan of $3,747,000 (0%, 40 yrs) to finance this $8,994,000 project. This project consists of the separation of combined sewer and rehabilitation of gravity collection system including pump stations.

In order to receive the proposed binding commitment the City must adhere to a certain project schedule. Please contact Jeff Brady at 558-4607 by **August 31, 2006** to establish the necessary schedule and finalize the proposed binding commitment.

Sincerely,

Mark Prince

cc: Mike Johnson, DEP
Debbie Legg, WVDO
Region II Planning & Development Council
Ghosh Engineers, Inc.

RECEIVED
JUL 17 2006

THE CITY OF KENOVA

Sewer Revenue Bonds, Series 2007 A
(West Virginia Infrastructure Fund); and
Sewer Revenue Bonds, Series 2007 B
(West Virginia SRF Program)

CROSS-RECEIPT FOR BOND AND BOND PROCEEDS

On the 25th day of July, 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 City of Kenova (the "Issuer"), for and on behalf of the Issuer, hereby certify as follows:

1. On the 25th day of July, 2007, the Authority received the Sewer Revenue Bonds, Series 2007 A (West Virginia Infrastructure Fund), of the Issuer, in the principal amount of $3,747,000, numbered AR-1 (the "Series 2007 A Bonds") and the Sewer Revenue Bonds, Series 2007 B (West Virginia SRF Program), of the Issuer, in the principal amount of $4,649,209, numbered BR-1 (the "Series 2007 B Bonds"), each issued as a single, fully registered Bond, and each dated July 25, 2007.

2. At the time of such receipt, all the Series 2007 A Bonds and the Series 2007 B Bonds had been executed by the Mayor and the City Clerk-Treasurer 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 $123,956, 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 Infrastructure and Jobs Development Council to the Issuer as acquisition and construction of the Project progresses.

4. The Issuer has received and hereby acknowledges receipt from the Authority, as the original purchaser of the Series 2007 B Bonds, of $329,000, being a portion of the principal amount of the Series 2007 B Bonds. The balance of the principal amount of the Series 2007 B Bonds will be advanced by the Authority and by the West Virginia Department of Environmental Protection to the Issuer as acquisition and construction of the Project progresses.

Dated as of the day and year first written above.

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

By: _____
Its: Authorized Representative

THE CITY OF KENOVA

By: _____
Its: Mayor

06.27.07
472140.00005

CH866991.2

THE CITY OF KENOVA

Sewer Revenue Bonds, Series 2007 A
(West Virginia Infrastructure Fund); and
Sewer Revenue Bonds, Series 2007 B
(West Virginia SRF Program)

DIRECTION TO AUTHENTICATE AND DELIVER BONDS

The Huntington National Bank,
as Bond Registrar
Charleston, West Virginia

Ladies and Gentlemen:

There are delivered to you herewith on this 25th day of July, 2007.

(1) Bond No. AR-1, constituting the entire original issue of The City of Kenova Sewer Revenue Bonds, Series 2007 A (West Virginia Infrastructure Fund), in the principal amount of $3,747,000 (the "Series 2007 A Bonds") and Bond No. BR-1, constituting the entire original issue of The City of Kenova Sewer Revenue Bonds, Series 2007 B (West Virginia SRF Program), in the principal amount of $4,649,209 (the "Series 2007 B Bonds"), both dated July 25, 2007 (collectively, the "Series 2007 Bonds"), executed by the Mayor and the City Clerk-Treasurer of The City of Kenova (the "Issuer") and bearing the official seal of the Issuer, authorized to be issued under and pursuant to a Bond Ordinance duly enacted by the Issuer on October 19, 2006, and a Supplemental Resolution and Conformed Ordinance duly adopted by the Issuer on July 3, 2007 (collectively, the "Bond Legislation");

(2) A copy of the Bond Legislation authorizing the above-described Bond issue, duly certified by the City Clerk-Treasurer of the Issuer;

(3) Executed counterparts of a loan agreement for the Series 2007 A Bonds, dated July 12, 2007 (the "Loan Agreement"), by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council") and a Bond Purchase Agreement for the Series 2007 B Bonds, dated

May 24, 2007 (the "Bond Purchase Agreement"), by and among the Issuer, the Authority, and the West Virginia Department of Environmental Protection; and

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

You are hereby requested and authorized to deliver the Series 2007 A Bonds to the Authority upon payment to the Issuer of the sum of $123,956, representing a portion of the principal amount of the Series 2007 A Bonds. You are further hereby requested and authorized to deliver the Series 2007 B Bonds to the Authority upon payment to the Issuer of the sum of $329,000, representing a portion of the principal amount of the Series 2007 B Bonds. Prior to such delivery of the Series 2007 Bonds, you will please cause the Series 2007 Bonds to be authenticated and registered by an authorized officer, as Bond Registrar, in accordance with the forms of Certificate of Authentication and Registration thereon.

[Remainder of Page Intentionally Left Blank]

Dated as of the day and year first written above.

THE CITY OF KENOVA

By: _____
Its: Mayor

06.27.07
472140.00005

SPECIMEN

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE CITY OF KENOVA
SEWER REVENUE BONDS, SERIES 2007 A
(WEST VIRGINIA INFRASTRUCTURE FUND)

No. AR-1 $3,747,000

KNOW ALL MEN BY THESE PRESENTS: That on the 25th day of July, 2007, THE CITY OF KENOVA, 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 THREE MILLION SEVEN HUNDRED FORTY-SEVEN THOUSAND DOLLARS ($3,747,000), 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 bear no interest. Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent").

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the West Virginia Infrastructure and Jobs Development Council (the "Council"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement by and between the Issuer and the Authority, on behalf of the Council, dated July 12, 2007.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain extensions, additions, betterments and improvements to the existing public sewerage system of the Issuer (the "Project"); and (ii) to pay certain costs of issuance hereof and related costs. The existing public sewerage system of the Issuer, the Project, and any further extensions, additions, betterments or improvements thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13 and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"), and a Bond Ordinance duly enacted by the Issuer on October 19, 2006, as supplemented by the Supplemental Resolution and Conformed Ordinance duly adopted by the Issuer on July 3, 2007 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such

bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY, WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, TO THE ISSUER'S (i) SEWER REVENUE BONDS, SERIES 1991 A (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED AUGUST 9, 1991, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $508,101, (THE "SERIES 1991 A BONDS"), AND (ii) THE SEWER REVENUE BONDS, SERIES 2007 B (WEST VIRGINIA SRF PROGRAM), DATED JULY 25, 2007, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $4,649,209, (THE "SERIES 2007 B BONDS"), ISSUED SIMULTANEOUSLY HEREWITH.

THIS BOND IS ISSUED SENIOR AND PRIOR, WITH RESPECT TO LIENS, PLEDGE, AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, TO THE ISSUER'S SEWER REVENUE BONDS, SERIES 1991 B (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED AUGUST 9, 1991, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $22,941, (THE "SERIES 1991 B BONDS").

THE SERIES 1991 A BONDS AND THE SERIES 1991 B BONDS ARE HEREINAFTER COLLECTIVELY CALLED THE "PRIOR BONDS".

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Net Revenues in favor of the Holders of the Series 1991 A Bonds and the Series 2007 B Bonds, and from monies in the Reserve Account created under the Bond Legislation for the Series 2007 A Bonds (the "Series 2007 A Bonds Reserve Account"), and unexpended proceeds of the Series 2007 A Bonds. Such Net Revenues shall be sufficient to pay all operating expenses of the System and the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same, except from said special fund provided from the Net Revenues, the monies in the Series 2007 A Bonds Reserve Account and unexpended proceeds of the Series 2007 A 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 revenue on a parity with the Series 2007 A Bonds including the Prior Bonds and the Series 2007 B 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 Series 2007 A Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with or junior and

subordinate to the Series 2007 A Bonds, including the Series 2007 B Bonds and the Prior Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

All money received from the sale of this Bond, after reimbursement and repayment of all amounts advanced for preliminary expenses as provided by law and the Bond Legislation, shall be applied solely to payment of the costs of the Project and costs of issuance 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 of this Bond.

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

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

[SEAL]

Mayor

ATTEST:

City Clerk-Treasurer

SPECIMEN

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

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

Date: July 25, 2007.

THE HUNTINGTON NATIONAL BANK
as Registrar

SPECIMEN

Authorized Officer

EXHIBIT A

RECORD OF ADVANCES

	AMOUNT	DATE		AMOUNT	DATE
(1)	$ 123,956	July 25, 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 $_____

$3,747,000
City of Kenova (West Virginia)
40 Years, 0% Interest Rate
Closing Date: July 25, 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	24,491.00	-	24,491.00
09/01/2009	24,491.00	-	24,491.00
12/01/2009	24,491.00	-	24,491.00
03/01/2010	24,491.00	-	24,491.00
06/01/2010	24,491.00	-	24,491.00
09/01/2010	24,491.00	-	24,491.00
12/01/2010	24,491.00	-	24,491.00
03/01/2011	24,491.00	-	24,491.00
06/01/2011	24,491.00	-	24,491.00
09/01/2011	24,491.00	-	24,491.00
12/01/2011	24,491.00	-	24,491.00
03/01/2012	24,491.00	-	24,491.00
06/01/2012	24,491.00	-	24,491.00
09/01/2012	24,491.00	-	24,491.00
12/01/2012	24,491.00	-	24,491.00
03/01/2013	24,491.00	-	24,491.00
06/01/2013	24,491.00	-	24,491.00
09/01/2013	24,491.00	-	24,491.00
12/01/2013	24,491.00	-	24,491.00
03/01/2014	24,491.00	-	24,491.00
06/01/2014	24,491.00	-	24,491.00
09/01/2014	24,491.00	-	24,491.00
12/01/2014	24,491.00	-	24,491.00
03/01/2015	24,491.00	-	24,491.00
06/01/2015	24,491.00	-	24,491.00
09/01/2015	24,491.00	-	24,491.00
12/01/2015	24,491.00	-	24,491.00
03/01/2016	24,491.00	-	24,491.00
06/01/2016	24,491.00	-	24,491.00
09/01/2016	24,491.00	-	24,491.00
12/01/2016	24,490.00	-	24,490.00
03/01/2017	24,490.00	-	24,490.00
06/01/2017	24,490.00	-	24,490.00
09/01/2017	24,490.00	-	24,490.00
12/01/2017	24,490.00	-	24,490.00
03/01/2018	24,490.00	-	24,490.00
06/01/2018	24,490.00	-	24,490.00

$3,747,000
City of Kenova (West Virginia)
40 Years, 0% Interest Rate
Closing Date: July 25, 2007

Debt Service Schedule

Date	Principal	Coupon	Total P+I
09/01/2018	24,490.00	-	24,490.00
12/01/2018	24,490.00	-	24,490.00
03/01/2019	24,490.00	-	24,490.00
06/01/2019	24,490.00	-	24,490.00
09/01/2019	24,490.00	-	24,490.00
12/01/2019	24,490.00	-	24,490.00
03/01/2020	24,490.00	-	24,490.00
06/01/2020	24,490.00	-	24,490.00
09/01/2020	24,490.00	-	24,490.00
12/01/2020	24,490.00	-	24,490.00
03/01/2021	24,490.00	-	24,490.00
06/01/2021	24,490.00	-	24,490.00
09/01/2021	24,490.00	-	24,490.00
12/01/2021	24,490.00	-	24,490.00
03/01/2022	24,490.00	-	24,490.00
06/01/2022	24,490.00	-	24,490.00
09/01/2022	24,490.00	-	24,490.00
12/01/2022	24,490.00	-	24,490.00
03/01/2023	24,490.00	-	24,490.00
06/01/2023	24,490.00	-	24,490.00
09/01/2023	24,490.00	-	24,490.00
12/01/2023	24,490.00	-	24,490.00
03/01/2024	24,490.00	-	24,490.00
06/01/2024	24,490.00	-	24,490.00
09/01/2024	24,490.00	-	24,490.00
12/01/2024	24,490.00	-	24,490.00
03/01/2025	24,490.00	-	24,490.00
06/01/2025	24,490.00	-	24,490.00
09/01/2025	24,490.00	-	24,490.00
12/01/2025	24,490.00	-	24,490.00
03/01/2026	24,490.00	-	24,490.00
06/01/2026	24,490.00	-	24,490.00
09/01/2026	24,490.00	-	24,490.00
12/01/2026	24,490.00	-	24,490.00
03/01/2027	24,490.00	-	24,490.00
06/01/2027	24,490.00	-	24,490.00
09/01/2027	24,490.00	-	24,490.00
12/01/2027	24,490.00	-	24,490.00
03/01/2028	24,490.00	-	24,490.00
06/01/2028	24,490.00	-	24,490.00
09/01/2028	24,490.00	-	24,490.00
12/01/2028	24,490.00	-	24,490.00
03/01/2029	24,490.00	-	24,490.00
06/01/2029	24,490.00	-	24,490.00

$3,747,000
City of Kenova (West Virginia)
40 Years, 0% Interest Rate
Closing Date: July 25, 2007

Debt Service Schedule

Date	Principal	Coupon	Total P+I
09/01/2029	24,490.00	-	24,490.00
12/01/2029	24,490.00	-	24,490.00
03/01/2030	24,490.00	-	24,490.00
06/01/2030	24,490.00	-	24,490.00
09/01/2030	24,490.00	-	24,490.00
12/01/2030	24,490.00	-	24,490.00
03/01/2031	24,490.00	-	24,490.00
06/01/2031	24,490.00	-	24,490.00
09/01/2031	24,490.00	-	24,490.00
12/01/2031	24,490.00	-	24,490.00
03/01/2032	24,490.00	-	24,490.00
06/01/2032	24,490.00	-	24,490.00
09/01/2032	24,490.00	-	24,490.00
12/01/2032	24,490.00	-	24,490.00
03/01/2033	24,490.00	-	24,490.00
06/01/2033	24,490.00	-	24,490.00
09/01/2033	24,490.00	-	24,490.00
12/01/2033	24,490.00	-	24,490.00
03/01/2034	24,490.00	-	24,490.00
06/01/2034	24,490.00	-	24,490.00
09/01/2034	24,490.00	-	24,490.00
12/01/2034	24,490.00	-	24,490.00
03/01/2035	24,490.00	-	24,490.00
06/01/2035	24,490.00	-	24,490.00
09/01/2035	24,490.00	-	24,490.00
12/01/2035	24,490.00	-	24,490.00
03/01/2036	24,490.00	-	24,490.00
06/01/2036	24,490.00	-	24,490.00
09/01/2036	24,490.00	-	24,490.00
12/01/2036	24,490.00	-	24,490.00
03/01/2037	24,490.00	-	24,490.00
06/01/2037	24,490.00	-	24,490.00
09/01/2037	24,490.00	-	24,490.00
12/01/2037	24,490.00	-	24,490.00
03/01/2038	24,490.00	-	24,490.00
06/01/2038	24,490.00	-	24,490.00
09/01/2038	24,490.00	-	24,490.00
12/01/2038	24,490.00	-	24,490.00
03/01/2039	24,490.00	-	24,490.00
06/01/2039	24,490.00	-	24,490.00
09/01/2039	24,490.00	-	24,490.00
12/01/2039	24,490.00	-	24,490.00
03/01/2040	24,490.00	-	24,490.00
06/01/2040	24,490.00	-	24,490.00

(Form of)

ASSIGNMENT

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

Dated: _____, _____.

_____

In the presence of:

_____

SPECIMEN

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE CITY OF KENOVA
SEWER REVENUE BONDS, SERIES 2007 B
(WEST VIRGINIA SRF PROGRAM)

No. BR-1 $4,649,209

KNOW ALL MEN BY THESE PRESENTS: That on the 25th day of July, 2007, THE CITY OF KENOVA, 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 FOUR MILLION SIX HUNDRED FORTY NINE THOUSAND TWO HUNDRED NINE DOLLARS ($4,649,209), 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. The SRF Administrative Fee (as defined in the hereinafter described Bond Legislation) shall be payable quarterly on March 1, June 1, September 1, and December 1 of each year, commencing June 1, 2009, as set forth on Exhibit B attached hereto.

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

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the West Virginia Department of Environmental Protection (the "DEP"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Bond Purchase Agreement by and among the Issuer, the Authority, and the DEP, dated May 24, 2007.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain extensions, additions, betterments and improvements to the existing public sewerage system of the Issuer (the "Project"); and (ii) to pay certain costs of issuance hereof and related costs. The existing public sewerage system of the Issuer, the Project, and any further extensions, additions, betterments or improvements thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13 and Chapter 22 C, Article 2 of the West Virginia Code of 1931, as amended

EXHIBIT A

RECORD OF ADVANCES

	AMOUNT	DATE		AMOUNT	DATE
(1)	$ 329,000	July 25, 2007	(19)	$	
(2)	$		(20)	$	
(3)	$		(21)	$	
(4)	$		(22)	$	
(5)	$		(23)	$	
(6)	$		(24)	$	
(7)	$		(25)	$	
(8)	$		(26)	$	
(9)	$		(27)	$	
(10)	$		(28)	$	
(11)	$		(29)	$	
(12)	$		(30)	$	
(13)	$		(31)	$	
(14)	$		(32)	$	
(15)	$		(33)	$	
(16)	$		(34)	$	
(17)	$		(35)	$	
(18)	$		(36)	$	

TOTAL $_____

EXHIBIT B

DEBT SERVICE SCHEDULE

$4,649,209
City of Kenova
40 Years from Closing Date, 0% Interest Rate, 0.5% Adminstrative Fee
Closing Date: July 25, 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	30,387.00	-	30,387.00
09/01/2009	30,387.00	-	30,387.00
12/01/2009	30,387.00	-	30,387.00
03/01/2010	30,387.00	-	30,387.00
06/01/2010	30,387.00	-	30,387.00
09/01/2010	30,387.00	-	30,387.00
12/01/2010	30,387.00	-	30,387.00
03/01/2011	30,387.00	-	30,387.00
06/01/2011	30,387.00	-	30,387.00
09/01/2011	30,387.00	-	30,387.00
12/01/2011	30,387.00	-	30,387.00
03/01/2012	30,387.00	-	30,387.00
06/01/2012	30,387.00	-	30,387.00
09/01/2012	30,387.00	-	30,387.00
12/01/2012	30,387.00	-	30,387.00
03/01/2013	30,387.00	-	30,387.00
06/01/2013	30,387.00	-	30,387.00
09/01/2013	30,387.00	-	30,387.00
12/01/2013	30,387.00	-	30,387.00
03/01/2014	30,387.00	-	30,387.00
06/01/2014	30,387.00	-	30,387.00
09/01/2014	30,387.00	-	30,387.00
12/01/2014	30,387.00	-	30,387.00
03/01/2015	30,387.00	-	30,387.00
06/01/2015	30,387.00	-	30,387.00
09/01/2015	30,387.00	-	30,387.00
12/01/2015	30,387.00	-	30,387.00
03/01/2016	30,387.00	-	30,387.00
06/01/2016	30,387.00	-	30,387.00
09/01/2016	30,387.00	-	30,387.00
12/01/2016	30,387.00	-	30,387.00
03/01/2017	30,387.00	-	30,387.00
06/01/2017	30,387.00	-	30,387.00
09/01/2017	30,387.00	-	30,387.00
12/01/2017	30,387.00	-	30,387.00
03/01/2018	30,387.00	-	30,387.00
06/01/2018	30,387.00	-	30,387.00

$4,649,209
City of Kenova
40 Years from Closing Date, 0% Interest Rate, 0.5% Adminstrative Fee
Closing Date: July 25, 2007

Debt Service Schedule

Date	Principal	Coupon	Total P+I
09/01/2018	30,387.00	-	30,387.00
12/01/2018	30,387.00	-	30,387.00
03/01/2019	30,387.00	-	30,387.00
06/01/2019	30,387.00	-	30,387.00
09/01/2019	30,387.00	-	30,387.00
12/01/2019	30,387.00	-	30,387.00
03/01/2020	30,387.00	-	30,387.00
06/01/2020	30,387.00	-	30,387.00
09/01/2020	30,387.00	-	30,387.00
12/01/2020	30,387.00	-	30,387.00
03/01/2021	30,387.00	-	30,387.00
06/01/2021	30,387.00	-	30,387.00
09/01/2021	30,387.00	-	30,387.00
12/01/2021	30,387.00	-	30,387.00
03/01/2022	30,387.00	-	30,387.00
06/01/2022	30,387.00	-	30,387.00
09/01/2022	30,387.00	-	30,387.00
12/01/2022	30,387.00	-	30,387.00
03/01/2023	30,387.00	-	30,387.00
06/01/2023	30,387.00	-	30,387.00
09/01/2023	30,387.00	-	30,387.00
12/01/2023	30,387.00	-	30,387.00
03/01/2024	30,387.00	-	30,387.00
06/01/2024	30,387.00	-	30,387.00
09/01/2024	30,387.00	-	30,387.00
12/01/2024	30,387.00	-	30,387.00
03/01/2025	30,387.00	-	30,387.00
06/01/2025	30,387.00	-	30,387.00
09/01/2025	30,387.00	-	30,387.00
12/01/2025	30,387.00	-	30,387.00
03/01/2026	30,387.00	-	30,387.00
06/01/2026	30,387.00	-	30,387.00
09/01/2026	30,387.00	-	30,387.00
12/01/2026	30,387.00	-	30,387.00
03/01/2027	30,387.00	-	30,387.00
06/01/2027	30,387.00	-	30,387.00
09/01/2027	30,387.00	-	30,387.00
12/01/2027	30,387.00	-	30,387.00
03/01/2028	30,387.00	-	30,387.00
06/01/2028	30,387.00	-	30,387.00
09/01/2028	30,387.00	-	30,387.00
12/01/2028	30,387.00	-	30,387.00
03/01/2029	30,387.00	-	30,387.00
06/01/2029	30,387.00	-	30,387.00

$4,649,209

City of Kenova

40 Years from Closing Date, 0% Interest Rate, 0.5% Adminstrative Fee

Closing Date: July 25, 2007

Debt Service Schedule

Date	Principal	Coupon	Total P+I
09/01/2029	30,387.00	-	30,387.00
12/01/2029	30,387.00	-	30,387.00
03/01/2030	30,387.00	-	30,387.00
06/01/2030	30,387.00	-	30,387.00
09/01/2030	30,387.00	-	30,387.00
12/01/2030	30,387.00	-	30,387.00
03/01/2031	30,387.00	-	30,387.00
06/01/2031	30,387.00	-	30,387.00
09/01/2031	30,387.00	-	30,387.00
12/01/2031	30,387.00	-	30,387.00
03/01/2032	30,387.00	-	30,387.00
06/01/2032	30,387.00	-	30,387.00
09/01/2032	30,387.00	-	30,387.00
12/01/2032	30,387.00	-	30,387.00
03/01/2033	30,387.00	-	30,387.00
06/01/2033	30,387.00	-	30,387.00
09/01/2033	30,387.00	-	30,387.00
12/01/2033	30,387.00	-	30,387.00
03/01/2034	30,387.00	-	30,387.00
06/01/2034	30,387.00	-	30,387.00
09/01/2034	30,387.00	-	30,387.00
12/01/2034	30,387.00	-	30,387.00
03/01/2035	30,387.00	-	30,387.00
06/01/2035	30,387.00	-	30,387.00
09/01/2035	30,387.00	-	30,387.00
12/01/2035	30,387.00	-	30,387.00
03/01/2036	30,387.00	-	30,387.00
06/01/2036	30,387.00	-	30,387.00
09/01/2036	30,387.00	-	30,387.00
12/01/2036	30,387.00	-	30,387.00
03/01/2037	30,387.00	-	30,387.00
06/01/2037	30,387.00	-	30,387.00
09/01/2037	30,387.00	-	30,387.00
12/01/2037	30,387.00	-	30,387.00
03/01/2038	30,387.00	-	30,387.00
06/01/2038	30,387.00	-	30,387.00
09/01/2038	30,387.00	-	30,387.00
12/01/2038	30,387.00	-	30,387.00
03/01/2039	30,387.00	-	30,387.00
06/01/2039	30,387.00	-	30,387.00
09/01/2039	30,387.00	-	30,387.00
12/01/2039	30,387.00	-	30,387.00
03/01/2040	30,387.00	-	30,387.00
06/01/2040	30,387.00	-	30,387.00

$4,649,209
City of Kenova
40 Years from Closing Date, 0% Interest Rate, 0.5% Adminstrative Fee
Closing Date: July 25, 2007

Debt Service Schedule

Date	Principal	Coupon	Total P+I
09/01/2040	30,387.00	-	30,387.00
12/01/2040	30,387.00	-	30,387.00
03/01/2041	30,387.00	-	30,387.00
06/01/2041	30,387.00	-	30,387.00
09/01/2041	30,387.00	-	30,387.00
12/01/2041	30,387.00	-	30,387.00
03/01/2042	30,387.00	-	30,387.00
06/01/2042	30,387.00	-	30,387.00
09/01/2042	30,387.00	-	30,387.00
12/01/2042	30,387.00	-	30,387.00
03/01/2043	30,387.00	-	30,387.00
06/01/2043	30,387.00	-	30,387.00
09/01/2043	30,387.00	-	30,387.00
12/01/2043	30,387.00	-	30,387.00
03/01/2044	30,387.00	-	30,387.00
06/01/2044	30,387.00	-	30,387.00
09/01/2044	30,387.00	-	30,387.00
12/01/2044	30,387.00	-	30,387.00
03/01/2045	30,387.00	-	30,387.00
06/01/2045	30,387.00	-	30,387.00
09/01/2045	30,387.00	-	30,387.00
12/01/2045	30,387.00	-	30,387.00
03/01/2046	30,387.00	-	30,387.00
06/01/2046	30,387.00	-	30,387.00
09/01/2046	30,387.00	-	30,387.00
12/01/2046	30,387.00	-	30,387.00
03/01/2047	30,386.00	-	30,386.00
06/01/2047	30,386.00	-	30,386.00
Total	**$4,649,209.00**	-	**$4,649,209.00** *

***Plus $2,924.75 one-half percent Administrative Fee paid quarterly. Total fee over life of loan is $447,486.75.**

Yield Statistics

Bond Year Dollars	$97,103.86
Average Life	20.886 Years
Average Coupon	-
Net Interest Cost (NIC)	-
True Interest Cost (TIC)	1.40E-10
Bond Yield for Arbitrage Purposes	1.40E-10
All Inclusive Cost (AIC)	0.4588167%

IRS Form 8038

Net Interest Cost	-
Weighted Average Maturity	20.886 Years

(Form of)

ASSIGNMENT

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

Dated: _____, _____.

_____

In the presence of:

_____

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

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

Writer's Contact Information

July 25, 2007

The City of Kenova
Sewer Revenue Bonds, Series 2007 A
(West Virginia Infrastructure Fund)

The City of Kenova
Kenova, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

West Virginia Infrastructure and Jobs Development Council
Charleston, West Virginia

Ladies and Gentlemen:

We have served as bond counsel to The City of Kenova (the "Issuer"), a municipal corporation and political subdivision of the State of West Virginia in connection with its $3,747,000 Sewer Revenue Bonds, Series 2007 A (West Virginia Infrastructure Fund), dated the date hereof (the "Bonds").

We have examined the law and a certified copy of proceedings and other papers relating to the authorization of (i) a loan agreement dated July 12, 2007, including all schedules and exhibits attached thereto (the "Loan Agreement"), between the Issuer and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), and (ii) the Bonds to be purchased by the Authority in accordance with the provisions of the Loan Agreement. The Bonds are issued in the principal amount of $3,747,000, in the form of one bond, bearing no interest, registered as to principal only to the Authority, with principal payable quarterly on March 1, June 1, September 1, and December 1 of each year, beginning June 1, 2009, to and including June 1, 2047, all as set forth in "Schedule Y" attached to the Loan Agreement and incorporated in and made a part of the Bonds.

The Bonds are issued for the purposes of (i) paying a portion of the costs of acquisition and construction of certain additions, betterments and improvements to the existing public sewerage system of the Issuer (the "Project") and (ii) paying certain issuance and other costs in connection therewith.

11A

TERRALEX®
The Worldwide Network of Independent Law Firms

We have also examined the applicable provisions of Chapter 16, Article 13 and Chapter 31, Article 15A of the Code of West Virginia, 1931, as amended (collectively, the "Act"), and the bond ordinance duly enacted by the Issuer on October 19, 2006, as supplemented by the Supplemental Resolution and Conformed Ordinance duly adopted by the Issuer on July 3, 2007 (collectively, the "Bond Legislation"), pursuant to and under which Act and Bond Legislation the Bonds are authorized and issued, and the Loan Agreement has been undertaken. 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 defined herein shall have the same meanings set forth in the Bond Legislation.

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

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

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

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

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

5. The Bonds have been duly authorized, issued, executed and delivered by the Issuer to the Authority and are valid, legally enforceable and binding special obligations of the Issuer, payable from the Net Revenues of the System and secured by a first lien on and pledge of the Net Revenues of the System, on a parity with the Issuer's Sewer Revenue Bonds, Series 1991 A (West Virginia Water Development Authority), dated August 9, 1991, issued in the original aggregate principal amount of $508,101 (the "Series 1991 A Bonds") and Sewer Revenue Bonds, Series 2007 B (West Virginia SRF Program), dated July 25, 2007, issued in the original aggregate principal amount of $4,649,209, (the "Series 2007 B Bonds") issued contemporaneously herewith, and senior and prior to, with respect to liens, pledge and source of and security for payment the Issuer's Sewer Revenue Bonds, Series 1991 B (West Virginia Water Development authority), dated August 9, 1991, issued in the original aggregate principal amount of $22,941 (the "Series 1991 B 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.

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

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

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

Very truly yours,

STEPTOE & JOHNSON PLLC

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

July 25, 2007

The City of Kenova
Sewer Revenue Bonds, Series 2007 B
(West Virginia SRF Program)

The City of Kenova
Kenova, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

West Virginia Department of Environmental Protection
Charleston, West Virginia

Ladies and Gentlemen:

We have served as bond counsel to The City of Kenova (the "Issuer"), a municipal corporation and political subdivision of the State of West Virginia in connection with its $4,649,209 Sewer Revenue Bonds, Series 2007 B (West Virginia SRF Program), dated the date hereof (the "Bonds").

We have examined the law and a certified copy of proceedings and other papers relating to the authorization of (i) a bond purchase agreement dated May 24, 2007, including all schedules and exhibits attached thereto (the "Bond Purchase Agreement"), among the Issuer, the West Virginia Water Development Authority (the "Authority"), and the West Virginia Department of Environmental Protection (the "DEP"), and (ii) the Bonds to be purchased by the Authority in accordance with the provisions of the Bond Purchase Agreement. The Bonds are issued in the principal amount of $4,649,209, in the form of one bond, bearing no interest, registered as to principal only to the Authority, with principal payable quarterly on March 1, June 1, September 1, and December 1 of each year, beginning June 1, 2009, to and including June 1, 2047, all as set forth in "Schedule Y" attached to the Bond Purchase Agreement and incorporated in and made a part of the Bonds. The Series 2007 B Bonds are subject to the SRF Administrative Fee equal to 0.5% of the principal amount of the Series 2007 B Bonds as set forth in the Schedule Y attached to the Bond Purchase Agreement.

The Bonds are issued for the purposes of (i) paying a portion of the costs of acquisition and construction of certain additions, betterments and improvements to the existing public sewerage system of the Issuer (the "Project") and (ii) paying certain issuance and other costs in connection therewith.

We have also examined the applicable provisions of Chapter 16, Article 13 and Chapter 22C, Article 2 of the Code of West Virginia, 1931, as amended (collectively, the "Act"), and the bond ordinance duly enacted by the Issuer on October 19, 2006, as supplemented by the Supplemental Resolution and Conformed Ordinance duly adopted by the Issuer on July 3, 2007 (collectively, the "Bond Legislation"), pursuant to and under which Act and Bond Legislation the Bonds are authorized and issued, and the Bond Purchase Agreement has been undertaken. The Bonds are subject to redemption prior to maturity to the

TERRALEX®
The Worldwide Network of Independent Law Firms

extent, at the time, under the conditions and subject to the limitations set forth in the Bond Legislation and the Loan Agreement. All capitalized terms used herein and not defined herein shall have the same meanings set forth in the Bond Legislation.

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

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

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

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

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

5. The Bonds have been duly authorized, issued, executed and delivered by the Issuer to the Authority and are valid, legally enforceable and binding special obligations of the Issuer, payable from the Net Revenues of the System and secured by a first lien on and pledge of the Net Revenues of the System, on a parity with the Issuer's Sewer Revenue Bonds, Series 1991 A (West Virginia Water Development Authority), dated August 9, 1991, issued in the original aggregate principal amount of $508,101 (the "Series 1991 A Bonds") and Sewer Revenue Bonds, Series 2007 A (West Virginia Infrastructure Fund), dated July 25, 2007, issued in the original aggregate principal amount of $3,747,000, (the "Series 2007 A Bonds") issued contemporaneously herewith, and senior and prior to, with respect to liens, pledge and source of and security for payment the Issuer's Sewer Revenue Bonds, Series 1991 B (West Virginia Water Development authority), dated August 9, 1991, issued in the original aggregate principal amount of $22,941 (the "Series 1991 B Bonds"), all in accordance with the terms of the Bond Legislation.

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.

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

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

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

Very truly yours,

STEPTOE & JOHNSON PLLC

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

July 25, 2007

The City of Kenova
Sewer Revenue Bonds, Series 2007 A
(West Virginia Infrastructure Fund); and
Sewer Revenue Bonds, Series 2007 B
(West Virginia SRF Program)

The City of Kenova
Kenova, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

West Virginia Infrastructure and Jobs Development Council
Charleston, West Virginia

West Virginia Department of Environmental Protection
Charleston, West Virginia

Ladies and Gentlemen:

We are counsel to The City of Kenova 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 Series 2007 A Bonds, dated July 12, 2007, including all schedules and exhibits attached thereto, by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), a bond purchase agreement for the Series 2007 B Bonds, dated May 24, 2007, including all schedules and exhibits attached thereto, by and among the Issuer, the Authority and the West Virginia Department of Environmental Protection (the "DEP") (the "Bond Purchase Agreement"), a Bond Ordinance duly enacted by the Issuer on October 19, 2006, as supplemented by a Supplemental Resolution and Conformed Bond Ordinance duly adopted by the Issuer on July 3, 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, Loan Agreement and the Bond Purchase Agreement when used herein.

TERRALEX
The World-wide Network of Independent Law Firms

We are of the opinion that:

1. The Issuer has been duly created and is validly existing as a municipal corporation and political subdivision of the State of West Virginia, and the Mayor, City Clerk-Treasurer 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 and Bond Purchase Agreement have been duly authorized, executed and delivered by the Issuer and, assuming due authorization, execution and delivery by the other parties thereto, constitute valid and binding agreements 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, the Loan Agreement, the Bond Purchase Agreement and the consummation of the transactions contemplated by the Bonds, the Loan Agreement, the Bond Purchase 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 DEP, the Council and the Public Service Commission of West Virginia, and has taken any other action required for the imposition of such rates and charges, including, without limitation, the enactment of an ordinance dated May 19, 2005 as amended by Commission Order entered on September 27, 2005 by the Public Service Commission of West Virginia in Case No. 05-0894-S-MA. The time for appeal of such Final Order has expired prior to the date hereof without any appeal. Such order remains in full force and effect.

6. The Issuer has received the Final Order of the Public Service Commission of West Virginia entered on December 27, 2006, in Case No. 06-0476-S-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 such Final Order has expired prior to the date hereof without any appeal. Such Order is not subject to any appeal, further hearing, reopening or rehearing by any customer, protestant, intervenor or other person not a party to such Order. Such order remains in full force and effect.

7. To the best of our knowledge, there is no litigation, action, suit, proceeding or investigation at law or in equity before or by any court, public board or body, pending or threatened, wherein an unfavorable decision, ruling or finding would adversely affect the transactions contemplated

by the Loan Agreement, the Bond Purchase Agreement, the Bond Legislation, the acquisition and construction of the Project, the operation of the System, the validity of the Bonds or the collection or pledge of the Net Revenues therefor.

8. Prior to the execution of construction contracts by the Issuer, we will verify that all successful bidders have made the required provisions for all insurance and payment and performance bonds and we will verify such insurance policies and bonds for accuracy. Prior to the execution of construction contracts by the Issuer, we 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 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, the Loan Agreement and the Bond Purchase 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,

STEPTOE & JOHNSON PLLC

472140.00005

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

1000 Fifth Avenue, Suite 250
P.O. Box 2195
Huntington, WV 25722-2195
(304) 522-8290 (304) 526-8089 Fax
www.steptoe-johnson.com

Writer's Contact Information

David.Lunsford@steptoe-johnson.com

July 25, 2007

West Virginia Infrastructure & Jobs Development Council
Charleston, WV

West Virginia Water Development Authority
Charleston, WV

West Virginia Department of Environmental Protection
Charleston, WV 25301

RE: City of Kenova, West Virginia
Wastewater System Improvements

Ladies & Gentlemen:

This firm represents the City of Kenova, West Virginia, (the "City") with regard to a proposed project to construct a wastewater sewer improvement project (the "Project"), and provides this final title opinion on behalf of the City to satisfy the requirements of the West Virginia Infrastructure & Jobs Development Council (the "Council"), the West Virginia Department of Environmental Protection (the "DEP") and the West Virginia Water Development Authority (the "Authority") with regard to the Infrastructure Fund, Clean Water State Revolving Fund and the Water Development Authority financing proposed for the Project. Please be advised of the following:

1. That we are of the opinion that the City is a duly created and existing municipal corporation possessed with all the powers and authority granted to municipal corporations under the laws of the State of West Virginia has the full power and authority to construct, operate and maintain the Project as approved by the West Virginia Bureau for Public Health.

2. As represented to us by Ghosh Engineers, Inc., that the City has obtained approval for all necessary permits and approvals for the construction of the Project.

3. That we have investigated and ascertained the location of and are 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 Ghosh Engineers, Inc., the consulting engineers for the Project.

4. That we 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 our opinion, the City 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, except and subject to the following:

The following listed property is being acquired by eminent domain and the necessary filings have been made in the Office of the Circuit Clerk of Wayne County, West Virginia, and an Order Granting Right-of-Entry has been entered by the Wayne County Circuit Court to permit the City an immediate right-of-entry for the purpose of construction, operation and maintenance of the subject facilities on the subject property. The City title thereto is defeasible in the event the City 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:

a. City of Kenova, West Virginia, a West Virginia municipal corporation, v. C.E. Wetherall, Civil Action No. 07-P-062, in regard to a condemnation proceeding of the Wetherall parcel for Pump Station site, which parcel is more fully described in Exhibit A attached hereto and which is incorporated herein by reference.

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

6. The City has applied for, has received approval from and has received from the West Virginia Department of Highways a permit authorizing the construction of the Project as described in the plans upon, over and through the public rights of way as shown in the plans.

This final title opinion is for the sole benefit of the West Virginia Infrastructure & Jobs Development Council, the West Virginia Water Development Authority, the West Virginia Department of Environmental Protection and The City of Kenova, West Virginia. This final title opinion may not be relied upon by any parties, other than those expressly stated above, without the prior written consent of this firm.

Sincerely,

David H. Lunsford

EXHIBIT A

LEGAL DESCRIPTION

1,657.1 SQ. FT. TRACT

C.E. WETHERALL PUMP STATION SITE

Beginning at a point in the westerly line of 13th Street West and being located N. 21° 37' E. 99.61 feet from the intersection of said 13th Street West and Beech Street, corner to the C.E. Wetherall tract recorded in Deed Book 515, Page 529;

Thence through the said C.E. Wetherall tract from which this tract is a part for three (3) calls;

1) N. 66° 41' W., passing a 5/8 inch rebar with cap set at 17.87 feet, in all 47.94 feet to a P.K. Nail set in broken concrete;

2) N 23° 33' E, 34.98 feet to a Railroad Spike set;

3) S 66° 43' E, passing a Railroad Spike set at 29.93 feet, in all 46.76 feet to a point in the westerly line of said 13th Street West;

Thence with said 13th Street West, S 21° 37' W, 35.03 feet to the place of beginning, containing 1,657.1 square feet more or less as shown on a map titled, "PLAT OR SURVEY FOR CITY OF KENOVA SHOWING 1,657.1 SQ. FT. TRACT," dated May 23, 2007.

THE CITY OF KENOVA

Sewer Revenue Bonds, Series 2007 A
(West Virginia Infrastructure Fund); and
Sewer Revenue Bonds, Series 2007 B
(West Virginia SRF 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 AND BOND PURCHASE AGREEMENT
11. RATES
12. SIGNATURES AND DELIVERY
13. BOND PROCEEDS; GRANTS
14. PUBLICATION AND PUBLIC HEARING ON BOND ORDINANCE
15. PUBLIC SERVICE COMMISSION ORDER
16. SPECIMEN BONDS
17. CONFLICT OF INTEREST
18. CLEAN WATER ACT
19. PROCUREMENT OF ENGINEERING SERVICES
20. EXECUTION OF COUNTERPARTS

We, the undersigned MAYOR and CITY CLERK-TREASURER of The City of Kenova in Wayne County, West Virginia (the "Issuer"), and the undersigned COUNSEL TO THE ISSUER hereby certifies on this 25th day of July, 2007 in connection with the Issuer's Sewer Revenue Bonds, Series 2007 A (West Virginia Infrastructure Fund) and Sewer Revenue Bonds, Series 2007 B (West Virginia SRF Program), both dated the date hereof (collectively, the "Series 2007 Bonds" or individually, the "Series 2007 A Bonds" and the "Series 2007 B Bonds," respectively), as follows:

THE CITY OF KENOVA

Sewer Revenue Bonds, Series 2007 A
(West Virginia Infrastructure Fund); and
Sewer Revenue Bonds, Series 2007 B
(West Virginia SRF 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 AND BOND PURCHASE AGREEMENT
11. RATES
12. SIGNATURES AND DELIVERY
13. BOND PROCEEDS; GRANTS
14. PUBLICATION AND PUBLIC HEARING ON BOND ORDINANCE
15. PUBLIC SERVICE COMMISSION ORDER
16. SPECIMEN BONDS
17. CONFLICT OF INTEREST
18. CLEAN WATER ACT
19. PROCUREMENT OF ENGINEERING SERVICES
20. EXECUTION OF COUNTERPARTS

We, the undersigned MAYOR and CITY CLERK-TREASURER of The City of Kenova in Wayne County, West Virginia (the "Issuer"), and the undersigned COUNSEL TO THE ISSUER hereby certifies on this 25th day of July, 2007 in connection with the Issuer's Sewer Revenue Bonds, Series 2007 A (West Virginia Infrastructure Fund) and Sewer Revenue Bonds, Series 2007 B (West Virginia SRF Program), both dated the date hereof (collectively, the "Series 2007 Bonds" or individually, the "Series 2007 A Bonds" and the "Series 2007 B Bonds," respectively), as follows:

1. TERMS: All capitalized words and terms used in this General Certificate and not otherwise defined herein shall have the same meaning as set forth in the Bond Ordinance of the Issuer duly enacted October 19, 2006, and the Supplemental Resolution and Conformed Ordinance duly adopted July 3, 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 Series 2007 Bonds, the acquisition and construction of the Project, the operation of the System, the receipt of the Gross Revenues or any grants, or in any way contesting or affecting the validity of the Series 2007 Bonds, or any proceedings of the Issuer taken with respect to the issuance or sale of the Series 2007 Bonds, the pledge or application of the Gross Revenues or any other moneys or security provided for the payment of the Series 2007 Bonds or the existence or the powers of the Issuer insofar as they relate to the authorization, sale and issuance of the Series 2007 Bonds, the acquisition and construction of the Project, the operation of the System, the pledge or application of moneys and security or the collection of the Net Revenues or the pledge of Net Revenues as security for the Series 2007 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 and the issuance of the Series 2007 Bonds have been obtained and remain in full force and effect, and competitive bids for the acquisition and construction of the Project have been solicited in accordance with Chapter 5, Article 22, Section 1 of the West Virginia Code of 1931, as amended, which bids remain in full force and effect.

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

There are outstanding obligations of the Issuer which will rank on a parity with the Series 2007 Bonds as to liens, pledge, source of and security for payment, being the Issuer's Sewer Revenue Bonds, Series 1991 A (West Virginia Water Development Authority), dated August 9, 1991, issued in the original aggregate principal amount of $508,101 (the "Series 1991 A Bonds"). There are also outstanding obligations of the Issuer which will be junior and subordinate to the Series 2007 Bonds as to liens, pledge and source of security for payment, being the Issuer's Sewer Revenue Bonds, Series 1991 B (West Virginia Water Development Authority), dated August 9, 1991, issued in the original aggregate principal amount of $22,941 (the "Series 1991 B Bonds"). The Series 1991 A Bonds and the Series 1991 B Bonds are hereinafter referred to as the "Prior Bonds". The

Issuer is current on all Prior Bonds' payments and is in compliance with all covenants and requirements of the Prior Ordinance.

The Series 2007 Bonds shall be issued on a parity with the Series 1991 A Bonds, with respect to liens, pledge, source of and security for payment and in all other respects. The Issuer has obtained (i) a certificate of an Independent Certified Public Accountant stating that the coverage and parity tests of the Series 1991 A Bonds are met, (ii) the written consent of the registered owners of the Series 1991 A Bonds to the issuance of the Series 2007 Bonds on a parity with the Prior Bonds, and (iii) written consent of the Holders of the Series 1991 B Bonds to the issuance of the Series 2007 Bonds, senior and prior to the Series 1991 B Bonds. Other than the Prior Bonds, there are no other bonds, notes or other obligations of the Issuer which are secured by revenues or assets of the System.

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

Bond Ordinance

Supplemental Resolution

Loan Agreement for Series 2007 A Bonds

Bond Purchase Agreement for Series 2007 B Bonds

Public Service Commission Orders

Infrastructure Council Approval

City Charter

Ordinance creating Sanitary Board

Petition of Sanitary Board

Oaths of Office of Officers and Councilmembers

Resolution on Open Governmental Proceedings Rules

Sewer Rate Ordinance

Minutes on Enactment of Sewer Rate Ordinance and Notice of Public Hearing

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

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

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

1991 Bond Ordinance and Supplemental Resolution

Consent of WDA to Issuance of Parity Bonds

Evidence of Insurance

Evidence of Small Cities Block Grant

6. INCUMBENCY AND OFFICIAL NAME: The proper corporate title of the Issuer is "The City of Kenova". The Issuer is a municipal corporation in Wayne County and is presently existing under the laws of, and is a political subdivision of, the State of West Virginia. The governing body of the Issuer is its Council, consisting of a Mayor, City Clerk-Treasurer and five (5) councilmembers, all duly elected or appointed, as applicable, qualified and acting, and whose names and dates of commencement and termination of current terms of office are as follows:

Name		Date of Commencement of Office	Date of Termination of Office
Ric Griffith	- Mayor	07/01/07	06/30/11
Sheila Wheeler	- City Clerk-Treasurer	07/01/07	06/30/11
Don Robinson	- Councilmember	07/01/07	06/30/11
Jim McCallister	- Councilmember	07/01/07	06/30/11
Danny Pelfrey	- Councilmember	07/01/07	06/30/11
Terry Parsons	- Councilmember	07/01/07	06/30/11
Stanley Wood	- Councilmember	07/01/07	06/30/11

Name	Term of Office
Ric Griffith, Chairman	07/01/07 to 06/30/2011
Raymond Lukas	07/01/06 to 06/30/09
Vacant	

Prior to commencing construction of the Project the Issuer shall appoint a registered professional engineer as a member of the Sanitary Board pursuant to the provisions of Chapter 16, Article 13.

The duly appointed and acting Counsel to the Issuer is Steptoe & Johnson PLLC, 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 will be acquired by condemnation by the Issuer and are adequate for such purposes and are not or will not be subject to any liens, encumbrances, reservations or exceptions which would adversely affect or interfere in any way with the use thereof for such purposes. The costs thereof, including costs of any properties which may have to be acquired by condemnation, are, in the opinion of all the undersigned~~, within the ability of the~~ Issuer to pay for the same without jeopardizing the security of or payments on the Series 2007 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 Series 2007 Bonds and the acquisition, construction, operation and financing of the Project or 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. Prior to the execution of construction contracts by the Issuer, all insurance for the System required by the Bond Legislation will be in full force and effect.

10. LOAN AGREEMENT AND BOND PURCHASE AGREEMENT: As of the date hereof, (i) the representations of the Issuer contained in the Loan Agreement and Bond Purchase Agreement are true and correct in all material respects as if made on the date hereof; (ii) the Loan Agreement and Bond Purchase Agreement do not contain any untrue

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

11. RATES: The Issuer has duly enacted a sewer rate ordinance on May 19, 2005, setting rates and charges of the System as amended by Commission Order entered September 27, 2005 by the Public Service Commission of West Virginia in Case No. 05-0894-S-MA. The time for appeal of such Order has expired prior to the date hereof without any appeal and such rates are currently in full force and effect.

12. SIGNATURES AND DELIVERY: On the date hereof, the undersigned Mayor did officially sign all of the Series 2007 Bonds of the aforesaid issue, consisting upon original issuance of a single Bond of each series, dated the date hereof, by his or her manual signature, and the undersigned City Clerk-Treasurer did officially cause the official seal of the Issuer to be affixed upon said Series 2007 Bonds and to be attested by his or her manual signature, and the Registrar did officially authenticate and deliver the Series 2007 Bonds to a representative of the Authority as the original purchaser of the Series 2007 Bonds under the Loan Agreement and Bond Purchase Agreement. Said official seal of the Issuer is also impressed above the signatures appearing on this certificate.

13. BOND PROCEEDS; GRANTS: On the date hereof, the Issuer received $123,956 from the Authority and the Council, being a portion of the principal amount of the Series 2007 A Bonds and $329,000 from the Authority and the DEP, being a portion of the principal amount of the Series 2007 B Bonds. The balance of the principal amount of the Series 2007 A Bonds and the Series 2007 B Bonds will be advanced to the Issuer as acquisition and construction of the Project progresses. As of the date hereof, the Small Cities Block Grant in the amount of $1,500,000 is committed for the Project and in full force and effect.

14. PUBLICATION AND PUBLIC HEARING ON BOND ORDINANCE: Upon adoption of the Bond Ordinance, an abstract thereof, determined by the Governing Body to contain sufficient information as to give notice of the contents thereof, was published once each week for 2 successive weeks, with not less than 6 full days between each publication, the first such publication occurring not less than 10 days before the date stated below for the public hearing, in the *Wayne County News*, a qualified newspaper of general circulation in The City of Kenova, no newspaper being published therein, together with a

notice to all persons concerned, stating that the Bond Ordinance had been adopted and that the Issuer contemplated the issuance of the Series 2007 Bonds described in such Bond Ordinance, stating that any person interested may appear before the Council at the public hearing held at a public meeting of Council on the 19th day of October, 2006, at 7:30 p.m., at The Kenova City Hall and present protests, and stating that a certified copy of the Bond Ordinance was on file at the office of the City Clerk-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 ORDER: The Issuer has received the Final Order of the Public Service Commission of West Virginia entered on December 27, 2006, in Case No. 06-0476-S-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 such Final Order has expired prior to the date hereof without any appeal. Such Order is not subject to any appeal, further hearing, reopening or rehearing by any customer, protestant, intervenor or other person not a party to such Order. Such order remains in full force and effect.

16. SPECIMEN BONDS: Delivered concurrently herewith are true and accurate specimens of the Series 2007 Bonds.

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 Series 2007 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. CLEAN WATER ACT: The Project described in the Bond Ordinance complies with the Clean Water Act.

19. 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.

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

WITNESS our signatures and the official seal of THE CITY OF KENOVA on this the day and year first above written.

[CORPORATE SEAL]

SIGNATURE	OFFICIAL TITLE
Rickey W Griffith	Mayor
Sheila A Wheeler	City Clerk-Treasurer
Stephen & Johnson PLLC	Counsel to Issuer

06.28.07
472140.00005

THE CITY OF KENOVA

Sewer Revenue Bonds, Series 2007 A
(West Virginia Infrastructure Fund); and
Sewer Revenue Bonds, Series 2007 B
(West Virginia SRF Program)

CERTIFICATE AS TO USE OF PROCEEDS

The undersigned Mayor of The City of Kenova in Wayne County, West Virginia (the "Issuer"), being the official of the Issuer duly charged with the responsibility for the issuance of $3,747,000 Sewer Revenue Bonds, Series 2007 A (West Virginia Infrastructure Fund), and $4,649,209 Sewer Revenue Bonds, Series 2007 B (West Virginia SRF Program), of the Issuer, dated July 25, 2007 (the "Bonds" or the "Series 2007 Bonds"), hereby certifies on the 25th day of July, 2007, 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 October 19, 2006, as supplemented by Supplemental Resolution and Conformed Ordinance duly adopted by the Issuer on July 3, 2007 (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 July 25, 2007, the date on which the Bonds are being physically delivered in exchange for an initial advance of $123,956, being a portion of the principal amount of the Series 2007 A Bonds and $329,000, being a portion of the principal amount of the Series 2007 B Bonds, and to the best of my knowledge and belief, the expectations of the Issuer set forth herein are reasonable.

4. In the Bond Ordinance pursuant to which the Bonds are issued, the Issuer has covenanted that it shall not take, or permit or suffer to be taken, any action with respect to Issuer's use of the proceeds of the Bonds which would cause any bonds, the interest on which is exempt from federal income taxation under Section 103(a) of the Internal Revenue Code of 1986, as amended, and the temporary and permanent regulations promulgated thereunder or under any predecessor thereto (collectively, the "Code"), issued by the West Virginia Water Development Authority (the "Authority") or the West Virginia Infrastructure

and Jobs Development Council (the "Council"), as the case may be, from which the proceeds of the Bonds are derived, to lose their status as tax-exempt bonds. The Issuer hereby covenants to take all actions necessary to comply with such covenant.

5. The Series 2007 A Bonds were sold on July 25, 2007, to the Authority, pursuant to a loan agreement dated July 12, 2007, by and between the Issuer and the Authority, on behalf of the Council, for an aggregate purchase price of $3,747,000 (100% of par) (the "Loan Agreement"), at which time, the Issuer received $123,956 from the Authority and the Council, 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 B Bonds were sold on July 25, 2007, to the Authority, pursuant to a bond purchase agreement dated May 24, 2007, by and among the Issuer, the Authority and the West Virginia Department of Environmental Protection (the "DEP"), for an aggregate purchase price of $4,649,209 (100% of par) (the "Bond Purchase Agreement"), at which time, the Issuer received $329,000 from the Authority and the DEP, being the first advance of the principal amount of the Series 2007 B Bonds. No accrued interest has been or will be paid on the Series 2007 B Bonds. The balance of the principal amount of the Series 2007 B Bonds will be advanced to the Issuer as acquisition and construction of the Project progresses.

7. The Series 2007 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 sewerage system of the Issuer (the "Project"); and (ii) paying certain costs of issuance of the Bonds and related costs.

8. 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 and the allocation of the net sale proceeds of the Bonds to expenditures of the Project shall commence immediately and shall proceed with due diligence to completion, and with the exception of proceeds deposited in the Series 2007 A Bonds Reserve Account or the Series 2007 B 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 March 1, 2009. The acquisition and construction of the Project is expected to be completed by September 1, 2008.

9. The total cost of the Project is estimated at $9,896,209. Sources and uses of funds for the Project are as follows:

SOURCES	
Proceeds of the Series 2007 A Bond	$3,747,000
Proceeds of the Series 2007 B Bond	$4,649,209
Small Cities Block Grant	$1,500,000
Total Sources	$9,896,209
USES	
Costs of Acquisition and Construction of the Project	$9,870,709
Costs of Issuance	$25,500
Total Uses	$9,896,209

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

(1) Revenue Fund;

(2) Series 2007 A Bonds Construction Trust Fund;

(3) Series 2007 B Bonds Construction Trust Fund;

(4) Series 2007 A Bonds Sinking Fund;

(5) Series 2007 A Bonds Reserve Account;

(6) Series 2007 B Bonds Sinking Fund; and

(7) Series 2007 B Bonds Reserve Account.

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

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

(2) Proceeds of the Series 2007 B Bonds in the amount of $-0- will be deposited with the Commission in the Series 2007 B Bonds Reserve Account.

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

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

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

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

14. 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 13 months of the date hereof.

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

16. With the exception of the amount deposited in the Series 2007 A Bonds Reserve Account, if any, or the Series 2007 B Bonds Reserve Account, if any, all of the proceeds of the Bonds will be expended on the Project within 16 months from the date of issuance thereof.

17. 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.

18. 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.

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

20. 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.

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

22. 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.

23. The Bonds are not federally guaranteed.

24. 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 public purpose or governmental bonds.

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

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

27. 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.

28. 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.

29. 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.

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

[Remainder of Page Intentionally Left Blank]

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

THE CITY OF KENOVA

By: _____
Its: Mayor

472140.00005

THE CITY OF KENOVA

Sewer Revenue Bonds, Series 2007 A
(West Virginia Infrastructure Fund); and
Sewer Revenue Bonds, Series 2007 B
(West Virginia SRF Program)

CERTIFICATE OF ENGINEER

I, Paul Ghosh, Registered Professional Engineer, West Virginia License No. 7806, of Ghosh Engineers, 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 sewerage system (the "System") of The City of Kenova (the "Issuer"), to be constructed in Wayne County, West Virginia, which acquisition and construction are being permanently financed in part by the proceeds of the above-captioned bonds (collectively, the "Bonds") of the Issuer. Capitalized terms used herein and not defined herein shall have the same meaning set forth in the Bond Ordinance enacted by the Issuer on October 19, 2006, as supplemented by the Supplemental Resolution and Conformed Ordinance of the Issuer adopted July 3, 2007 (collectively, the "Bond Legislation"), the Loan Agreement for the Series 2007 A Bonds by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), dated July 12, 2007, and the Bond Purchase Agreement for the Series 2007 B Bonds, by and among the Issuer, the Authority and the West Virginia Department of Environmental Protection (the "DEP"), dated May 24, 2007 (collectively, the "Loan Agreements").

2. The Bonds are being issued (i) to pay a portion of the costs of acquisition and construction of the Project; and (ii) to pay certain costs of issuance 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 DEP, the Council and the Authority and any change orders approved by the Issuer, the Authority, the Council, the DEP and all necessary governmental bodies; (ii) the Project, as designed, is adequate for its intended purpose and has a useful life of at least 40 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 Steptoe & Johnson, PLLC, counsel to the Issuer, will ascertain that all successful bidders have made required provisions for all insurance and payment and performance bonds and such insurance policies or binders and such bonds will be verified for accuracy; (iv) the successful bidders received any and all addenda to the original bid documents; (v) the bid documents relating to the Project reflect the Project as approved by the Council and the DEP 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 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) in reliance upon the certificate of the Issuer's certified public accountant, Smith, Cochran & Hicks, PLLC, of even date herewith, as of the effective date thereof, the rates and charges for the System as enacted by the Issuer will be sufficient to comply with the provisions of the respective Loan Agreements; (x) the net proceeds of the Bonds, together with all other monies 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 Council and the DEP; 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 25th day of July, 2007.

GHOSH ENGINEERS, INC.

(SEAL)

Paul Ghosh, P.E.
West Virginia License No. 7806

472140.00005

SCHEDULE B

CITY OF KENOVA - WASTEWATER SYSTEM IMPROVEMENTS

A. COST OF PROJECT	TOTAL	CWSRF LOAN	HUD GRANT	IJDC FUNDS
1. Construction				
Contract I	3,345,545	972,545	1,470,000	903,000
Contract 2	4,648,400	2,324,400	-	2,324,000
Contract 3	352,980	352,980	-	-
Contract 4	102,170	102,170	-	-
2. Technical Services				
Design	304,000	-	-	304,000
Engineering during Construction	134,000	134,000	-	-
Inspection	260,544	260,544	-	-
Special Services	30,570	30,570	-	-
Other Engineering	-	-	-	-
3. Legal & Fiscal				
a. Legal	35,000	-	-	35,000
b. Accounting	21,000	-	-	21,000
4. Administrative				
a. Region	30,000	-	30,000	-
b. City	-	-	-	-
5. Sites & Other Lands	20,000	-	-	20,000
6. Design & Loan Repayment	-	-	-	-
7. Interim Financing	-	-	-	-
8. Contingency	447,000	447,000	-	-
9. Miscellaneous				
a. Railroad Permits	128,340	-	-	128,340
b. Highway Permit & Bond	6,160	-	-	6,160
c. WVDEP E&S Permits	5,000	-	-	5,000
10. TOTAL OF LINES 1 THROUGH 9	9,870,709	4,624,209	1,500,000	3,746,500
B. SOURCES OF FUNDS				
11. Federal Grants - HUD CDBG	1,500,000	-	1,500,000	-
12. State Grants - IJDC	-	-	-	-
13. Other Grants -	-	-	-	-
14. Any Other Source	-	-	-	-
15. TOTAL LINES 11 THROUGH 14	1,500,000	-	1,500,000	-
16. Net Proceeds from Bond Issue	8,370,709	4,624,209	-	3,746,500
C. COST OF FINANCING				
17. Funded Reserve	-	-	-	-
a. CWSRF Funded Reserve	-	-	-	-
b. Other Funded Reserve - IJDC Loa	-	-	-	-
18. Other Costs		-		
a. Registar Fees	1,000	500	-	500
b. Bond Counsel	24,500	24,500	-	-
19. Total Cost of Financing	25,500	25,000	-	500
20. Size of Bond Issue	8,396,209	4,649,209	-	3,747,000

Richard W Griffith
City of Kenova

7-3-07
Date

William E Fleming Jr.
Ghosh Engineers

6-3-07
Date

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

July 25, 2007

The City of Kenova
Sewer Revenue Bonds, Series 2007 A
(West Virginia Infrastructure Fund) and
Sewer Revenue Bonds, Series 2007 B
(West Virginia SRF Program)

The City of Kenova
Kenova, West Virginia

West Virginia Infrastructure and Jobs Development Council
Charleston, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

West Virginia Department of Environmental Protection
Charleston, West Virginia

Ladies and Gentlemen:

Based upon the rates and charges set forth in the sewer rate ordinance of The City of Kenova (the "Issuer"), enacted May 19, 2005, as amended by Commission Order entered September 27, 2005 by the Public Service Commission of West Virginia in Case No. 05-0894-S-MA and projected operation and maintenance expenses and anticipated customer usage as furnished to us by Ghosh Engineers, Inc., the Consulting Engineer to the Issuer, it is our opinion that such rates and charges will be sufficient to provide revenues which, together with other revenues of the sewerage system (the "System") of the Issuer, will pay all repair, operation and maintenance expenses of the System and leave a balance each year equal to at least 115% of the maximum amount required in any year for debt service on the Issuer's Sewer Revenue Bonds, Series 2007 A (West Virginia Infrastructure Fund) and Sewer Revenue Bonds, Series 2007 B (West Virginia SRF Program) (collectively, the "Bonds"), and all other obligations secured by a lien on or payable from such revenues, including the Issuer's: (1) Sewer Revenue Bonds, Series 1991 A and (2) Sewer Revenue Bonds, Series 1991 B.

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

Very truly yours,

Smith Cochran & Hicks

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

Exhibit A

CHARTER

CITY OF

KENOVA, WEST VIRGINIA

ARTICLE ONE POWERS AND FORM OF GOVERNMENT

SECTION 1.1 INCORPORATION.

The inhabitants of the City of Kenova, West Virginia, within the corporate limits as now established or as hereafter established, shall continue to be a Municipal corporation under the name of "The City of Kenova" and in the manner provided by law.

SECTION 1.2 POWERS OF CITY.

This City, incorporated under this Charter, shall have all the powers granted to municipal corporations and to cities of its class by the constitution and laws of the State of West Virginia, together with all the implied powers necessary to carry into execution all powers granted.

SECTION 1.3 CONSTRUCTION.

The powers of the City under this Charter shall be construed liberally in favor of the City and the specific mention of particular powers in this Charter shall not be construed as limiting in any way the general power stated in this Article.

SECTION 1.4 FORM OF GOVERNMENT.

The municipal government provided by this Charter shall be the "strong mayor plan". All powers of the City shall be exercised in the manner prescribed by this Charter or by general law.

ARTICLE TWO GENERAL PROVISIONS

SECTION 2.1 DEFINITION OF RESIDENT.

As used in this Charter, the term "resident" shall mean any individual who maintains a usual and bona fide place of abode within the corporate limits of the City of Kenova, who has the intent to maintain said usual and bona fide place of abode for an indefinite period of time in the future, and who is eligible to register to vote.

SECTION 2.2 RESIDENCY REQUIREMENT.

Any person elected to any City office or any person appointed to any City board or commission under this Charter shall be a resident at the time elected or appointed and shall remain a resident of the City of Kenova during his or her respective tenure in office. Any person employed in or appointed to a full-time position on the City payroll after July 1, 1986 shall be a resident at the time employed or appointed or shall become a resident within ninety days from the date of employment or appointment and shall remain a resident during the period of employment or appointment. There shall be no exception or waiver of the requirements contained in this section and any violation of any requirement contained herein shall result in a forfeiture of the respective office or position.

SECTION 2.3 CONFLICT OF INTEREST.

Any City officer or employee who has a substantial financial interest, direct, indirect or by reason of ownership of stock in any corporation, in any contract with the City or in the sale of any land, materials, supplies or services to the City or to any contractor supplying the City, shall make known that interest to the Mayor and Council and shall refrain from voting upon or otherwise participating in his or her capacity as a City officer or employee in the making of such sale or in the making or performance of such contract. Any City officer or employee who willfully conceals such a substantial financial interest or willfully violates the requirements of this section shall be guilty of malfeasance in office or position and shall forfeit the office or position. Violation of this section with the knowledge, express or implied, of the person or corporation contracting with or making a sale to the City shall render the contract or sale voidable by the Mayor or Council. A "substantial financial interest" as used herein, shall be deemed to be an interest amounting to more than five percent of the particular business enterprise or contract.

SECTION 2.4 BONDS.

Before entering the duties of their office, each member of Council, the Mayor, the City Clerk-Treasurer and such other personnel as Council may require, shall give bond for the faithful performance of their duties, payable to the City of Kenova, in such amounts and with such corporate surety as may be approved by Council. Council may provide for obtaining a blanket bond covering all City officers and employees. The premiums on all bonds shall be paid by the City; provided, however, that the premiums shall not be in excess of the premium schedule filed by the bonding company with the West Virginia Commissioner of Insurance or successor. If any person elected, appointed or employed shall not be able to give the required bond within ten days after assuming an office or position, said office or position shall, by reason thereof, become vacant.

SECTION 2.5 OATH (AFFIRMATION).

All elected and appointed officers and such employees as Council may require, shall take and subscribe to the following oath (affirmation) to be filed and kept in the office of the City Clerk-Treasurer:

"I,_____, solemnly swear (or affirm) that I will support the Constitution of the United States of America and of the State of West Virginia, and that I will, in all respects, observe the provisions of the Charter, ordinances, resolutions, regulations and rules of the City of Kenova, and will faithfully discharge the duties of_____ to the best of my skill and judgment.

Signature_____."

SECTION 2.6 GENERAL ATTENDANCE REQUIREMENT.

If a member of any City agency, board, commission or Council is absent from forty or more percent of the regularly scheduled meetings in any twelve month period of from three consecutive regularly scheduled meetings of said agency, board, commission or Council, the office, position or appointment shall become vacant and such vacancy shall be filled according to applicable law.

SECTION 2.7 PUBLIC ACCESS.

All meetings, records and documents of City departments, agencies, boards, commissions and Council shall be open to the public under reasonable regulations established by Council; provided, however, said regulations and any exclusionary clauses therein shall be subject to the general laws of the State of West Virginia.

SECTION 2.8 ARTICLE AND SECTION TITLES.

The article and section titles or headings in this Charter are intended for convenience only to indicate the content of the article or section and shall not be deemed or taken to be a part of the article or section.

SECTION 2.9 SEPARABILITY CLAUSE.

If any article, section, subsection, paragraph, sentence, clause or word of this Charter is for any reason held invalid or unconstitutional, such holding shall not affect the validity, constitutionality or application of any other portion of this Charter.

SECTION 2.10 REFERENCE TO LAW.

A reference contained in this Charter to general law shall be construed to mean the respective law as it exists on the effective date of this Charter or as it may thereafter be amended. Where additional parts are added to the subject matter of such law referred to in this Charter, the reference shall include such additional parts.

SECTION 2.11 REMOVAL OF OFFICERS.

Any elected or appointed City officer may be removed from office as prescribed by the general laws of the State of West Virginia or by this Charter.

SECTION 2.12 EFFECTIVE DATE.

This Charter shall become effective on July 1, 1986; provided, however, the Mayor and Council in office on said effective date shall serve, with the Mayor continuing to be the presiding officer for and voting member of Council without veto power, until July 1, 1987.

ARTICLE THREE ELECTED OFFICER – MAYOR

SECTION 3.1 POWERS AND DUTIES OF MAYOR.

The Mayor shall be the chief executive officer of the City and shall exercise all powers and perform all duties vested in or imposed upon him or her by this Charter, ordinance, or general law. The Mayor shall exercise directly, or through authorized and duly appointed representatives, supervision over all executive and administrative work of the City and shall supervise the investment of all City funds. The Mayor shall report upon the state of the City in writing at least annually to Council and may recommend to Council such measures as he or she deems to be in the best interests of the City and its inhabitants.

SECTION 3.2 MAYOR OR REPRESENTATIVE MAY ATTEND COUNCIL MEETINGS.

The Mayor or a designated representative who must be an employee of the City may attend every meeting of Council and may express views, orally or in writing, on matters pending before Council. The Mayor shall have no right to introduce any motion, resolution, ordinance or amendments thereto, nor to vote on questions before Council.

SECTION 3.3 ACTING MAYOR.

In case of the Mayor's temporary absence, the President of Council shall serve as Acting Mayor. A vacancy shall be created in the office of Mayor if the Mayor's temporary absence exceeds sixty days.

SECTION 3.4 VACANCY OF OFFICE OF MAYOR.

If a vacancy occurs in the office of Mayor for any reason, the President of Council shall become Mayor after resigning from Council. If the President declines to resign from Council and become Mayor, the other members of Council shall vote by secret ballot during the first Council meeting after the vacancy in the office of Mayor occurs until a new Mayor is selected from the membership of Council or if necessary, from the residents of the City eligible to the office of Mayor. Any Council member so selected must resign from Council prior to assuming the office of Mayor. The new Mayor filling a vacancy shall hold office for the unexpired term or until a successor has been duly elected and qualified.

SECTION 3.5 MAYOR'S POWER OF APPOINTMENT.

The Mayor shall appoint, with the approval of Council, the City Clerk-Treasurer, the City Judge, and all other City officers, employees and members of agencies, boards and commissions as provided by general law, this Charter or ordinance and may, except where prohibited by general law, this Charter, ordinance or any duly adopted merit or civil service systems, remove any City officer, employee or member of an agency, board or commission at the Mayor's pleasure; provided, however, any officer or employee so removed who is not covered by a duly adopted merit or civil service system shall have a right to appeal the removal to Council, which after holding a hearing at which the officer or employee and the Mayor may testify, may by an affirmative vote of three members of Council retain said officer or employee. Excluding employees, appointments by the Mayor shall be made within ten days after the Mayor takes office or after a vacancy in an office or in membership occurs. The Mayor shall submit the names of designated appointees and prospective employees to Council for approval or disapproval. If Council fails to act within fifteen days from its receipt of the name of any designated appointee or prospective employee, said name shall be deemed approved by Council. If a name is disapproved by Council, the Mayor shall submit a list with the names of three persons to Council (which list may include the original name), and Council shall approve one of those three persons.

If Council fails to act within fifteen days of its receipt of the list, the Mayor shall appoint or employ one of the three persons on said list.

SECTION 3.6 APPOINTMENT OF LEGAL COUNSEL.

The Mayor with the approval of Council may contract for the services of general and special legal counsel as required to conduct City business. Any general counsel obtained shall be an attorney licensed to practice law in West Virginia and shall serve as attorney for all elected and appointed City officers; for all City boards, agencies and commissions; and at the direction of the Mayor, for any other officer or employee of the City in connection with their official duties.

ARTICLE FOUR ELECTED OFFICERS – COUNCIL.

SECTION 4.1 POWERS OF COUNCIL.

All legislative powers of the City shall be vested in Council which shall be the governing body of the City.

SECTION 4.2 ORGANIZATION OF COUNCIL.

Council shall consist of five members elected at large. The President of Council shall be the member of the newly elected Council who received the highest number of votes in the latest City election. If two or more members of Council tied with the highest number of votes in said City election, the other members of Council shall vote by secret ballot during the first Council meeting to determine which of the tied members of Council shall be President. The member of the newly elected Council who received the second highest number of votes in said City election shall be the Vice President of Council. The Vice President shall assume the duties of the President during the temporary absence of the President and shall become President of Council if a vacancy occurs for any reason in that office. A tie among members for the office of Vice President shall be decided as prescribed above for the office of President. If vacancies occur simultaneously in both the offices of President and Vice President, Council shall select its officers from its membership by secret ballot. The President shall be the presiding officer and shall prepare an agenda for each Council meeting which shall be posted at the office of the City Clerk-Treasurer at least twelve hours prior to said meeting. A copy of each agenda shall be delivered to the office of the Mayor at the same time it is posted, and may be delivered to members of Council as they may direct. Each member of Council, including the President and Vice President, shall be entitled to one vote on any matter before Council. Three members of Council shall constitute a quorum, and no business shall be transacted by Council in absence of such quorum. Council shall determine and adopt its own rules for the conduct of its meetings. Council shall hold regular meetings not less than monthly at Council chambers or other suitable public place at a time and on a day to be established by Council. Special meetings may be called at any time, upon reasonable notice given by the President of Council, and shall be so called by the President upon the written request of a majority of all members of Council. The requirement of reasonable notice, may be satisfied by delivering to each member of Council, the Mayor and the City Clerk-Treasurer a written notice of the time, place and purpose of the special meeting in the method provided by general law for the service of process in a civil action at least twelve hours prior to the time set for the meeting or by such other method as Council by ordinance may provide.

SECTION 4.3 POWER TO CONDUCT INVESTIGATIONS.

Council shall have power to conduct investigations of the operation of any office, department, division, agency, commission or board of the City and of any subject upon which it may legislate.

SECTION 4.4 VACANCIES ON COUNCIL.

If a vacancy on Council shall occur for any reason, Council shall select a resident with the requisite qualifications by a majority vote of its remaining members at a meeting held not less than fifteen nor more than thirty days following the declaration of such vacancy. The person so selected shall hold office for the unexpired term or until a successor has been duly elected and qualified.

ARTICLE FIVE APPOINTED OFFICERS

SECTION 5.1 CITY CLERK-TREASURER.

The City Clerk-Treasurer shall give notice of and attend all Council meetings. The City Clerk-Treasurer shall keep in a journal an accurate record of all Council proceedings. The journal shall show the passage of ordinances and resolutions by inserting the title of said ordinance or resolution. The City Clerk-Treasurer shall keep in a well-bound book, separate from the journal of Council preceedings, a record of all adopted ordinances and resolutions, which book shall show the date of the passage of such ordinances or resolutions, and shall contain the full text of such ordinances or resolutions. Both the journal of proceedings and the book of ordinances and resolutions shall be fully indexed and open to inspection by the public. The City Clerk-Treasurer shall be the chief election official for all City elections. The City Clerk-Treasurer shall: collect all taxes, fines and fees due to the City; conduct an annual inventory of all City property which had, at the time of purchase, a value of one thousand dollars or more; prescribe the forms of receipts, requisitions, vouchers, bills or claims to be used by all offfices, agencies, boards and commissions of the City; examine all contracts and other documents by which the City incurs financial obigation; inspect and audit before payment all purchase orders, bills, invoices, payrolls and other evidence of claims, demands or charges against the City; inspect and audit any account or record of financial transactions which may be maintained by any office, agency, board or commission of the City; provide Council and the Mayor with a complete financial statement for all City accounts monthly; and perform such other duties as may be required by the Mayor, this Charter, ordinances or general law.

SECTION 5.2 CITY JUDGE.

The Judge of the City Court shall be at least twenty-five years of age at the time of appointment, shall have earned a high school or general equivalency diploma, and shall not have been convicted of any felony or of any misdemeanor involving moral turpitude. The Judge shall preside over the City Court and, with respect to offenses over which the City Court has jurisdiction, shall have all the powers and duties which a Magistrate or successor has with regard to violation of the criminal law of the State of West Virginia. The Judge shall have the power to issue warrants, upon complaint under oath of any person or officer, for the arrest of anyone charged with any City offense within the jurisdiction of the Court or for search and seizure in connection with violation of a City ordinance. The Judge shall try and determine all cases over which the City Court has jurisdiction and, within the limits prescribed by ordinance or general law, shall have the power to summon persons or subpoena witnesses for the trial of any case before the Court, to compel the attendance of police officers of the City or to require the Chief of Police to enforce all judgments or orders entered by the Court in the excercise of its powers. In City Court proceedings for the recovery of fines or for the enforcement of penalties fixed by ordinance or other law, the Court shall, so far as applicable, conform to the provisions of general law governing civil proceedings before a Magistrate of the State of West Virginia or successor. The Judge shall have such other powers and duties as Council may by ordinance provide pursuant to general law.

SECTION 5.3 OTHER APPOINTED OFFICERS.

Other officers may be appointed as necessary to conduct City business.

SECTION 5.4 ACTING APPOINTED OFFICERS AND VACANCIES.

In the event of the temporary absence of any appointed officer, the Mayor shall appoint a person, other than a member of Council, with the qualifications and under the conditions required by this Charter to serve as an acting officer during such absence. A vacancy shall be created in any appointed office if the officer's temporary absence exceeds sixty days. Any vacancy in any appointed office shall be filled in accordance with Section 3.5.

ARTICLE SIX OPERATING PROCEDURES.

SECTION 6.1 SUBMISSION OF ORDINANCES AND RESOLUTIONS TO MAYOR.

Within five days after the adjournment of any Council meeting, the City Clerk-Treasurer shall present to the Mayor the record of proceedings of the meeting and all ordinances and resolutions adopted at the meeting. The Mayor, within seven days of receipt of an ordinance or resolution, shall return it to the City Clerk-Treasurer with his or her approval signature, or with his or her written veto, or the Mayor may not act. If the ordinance or resolution is signed by the Mayor, it shall become effective as specified in the ordinance or resolution. If the ordinance or resolution is disapproved by veto, the Mayor shall attach thereto a written statement explaining the reasons for the veto. If the Mayor does not act, the ordinance or resolution shall become effective at noon on the seventh day after it is received by the Mayor. Ordinances or resolutions vetoed by the Mayor shall be presented by the City Clerk-Treasurer to Council for its consideration at its next regular meeting and should Council then and thereafter adopt the ordinance or resolution by an affirmative vote of at least four of its members, the ordinance or resolution shall be effective on the date specified by Council, but in no event less than fifteen days after the date of final passage. The Mayor's veto power shall extend, in accordance with the above procedure, to disapproving or reducing any individual appropriation item in the budget or any ordinance or resolution.

SECTION 6.2 BUDGET.

Annually the Mayor shall submit to Council the budget for the next fiscal year. The budget shall provide a complete financial plan for all City offices, boards, agencies and commissions for the next fiscal year. It shall begin with a clear general summary of its contents, shall show in detail all estimated income, indicate the proposed tax levies, outline all proposed expenditures including debt service and salaries, detail the relationship of the proposed expenditures to a proposed work and activity program, propose capital expenditures and the method of financing such capital expenditures, and display the comparative figures for actual and estimated income and expenditures of the current fiscal year and actual income and expenditures of the preceding fiscal year. The total of proposed expenditures in the budget for any fiscal year shall not exceed the total of estimated income.

SECTION 6.3 COUNCIL ACTION ON BUDGET.

Council shall hold a public hearing on the proposed budget annually after publishing an advance notice of said hearing in one or more newspapers of general circulation in the City. After the public hearing, Council may adopt the budget with or without amendment. In amending the budget, Council may add or increase programs and amounts and may delete or decrease programs or amounts, except expenditures required by law or for debt service or for estimated cash deficits; provided, however, no amendment to the budget shall increase the authorized expenditures to an amount greater than the total of estimated income submitted by the Mayor. Council shall adopt the budget on or before the date it enters its order adopting the statutory levy estimate and laying the levies. Adoption of the budget shall constitute appropriation of the amounts specified therein as expenditures from the funds indicated.

SECTION 6.4 ADMINISTRATION OF BUDGET.

Within sixty days from the beginning of each fiscal year, the City Clerk-Treasurer shall determine the actual carry-over balance, whether surplus or deficit, of all accounts of the City and shall submit a report of said balance to the Mayor and Council. The Mayor shall submit to Council amendments to the budget, reflecting how surplus funds are to be used or how a deficit is to be eliminated, for approval by Council. At any time the Mayor may propose to Council for its approval the transfer of unencumbered funds within City budget accounts, except as otherwise provided by general law. Annually the City Clerk-Treasurer shall cause to be published in one or more newspapers of general circulation in the City a financial statement of income and expenditures for all City accounts for the previous fiscal year. The requirements of the Tax Department of the State of West Virginia or its successor shall be met in the preparation, submission and administration of the annual budget.

SECTION 6.5 SALARIES.

Except as otherwise provided by general law, the Mayor shall in the budget propose the salaries of all City employees, appointed officers, the members of Council and the Mayor; provided, however, any change in the salary of the Mayor or of Council members must also be adopted by ordinance, which ordinance shall not become effective during the current term of any Mayor or Council member. Beginning with the Council elected in 1987 and continuing thereafter, all members of Council shall be paid a fixed sum for each regular or special Council meeting attended not to exceed the annual salary limit which sum and limit shall be set in the adopted budget. In no event shall any Council member receive compensation for any meeting which he or she did not attend. No officer or employee of the City shall be entitled to receive compensation for more than one position in City government even though he or she performs the duties of two or more positions therein. The Mayor and Council in office at the time the budget for the 1987-88 fiscal year is prepared shall, by ordinance adopted prior to the submission of said budget to the State, set the salaries for the Mayor and Council members who will take office July 1, 1987.

SECTION 6.6 COMPETITIVE BIDDING.

Before any employee or any elected or appointed officer of the City shall make any purchase of or contract for supplies, materials, equipment or services for more than one thousand dollars, he or she shall give ample opportunity for competitive bidding or quotations by qualified vendors under such rules and regulations as Council shall prescribe; provided, however, Council shall not exempt any contract, purchase or sale of more than one thousand dollars from the requirement of competitive bidding.

SECTION 6.7 PERSONNEL POLICY.

Employment, appointments and promotions in City government shall be made according to merit and fitness. No person in the employment of the City or seeking employment with the City shall be appointed, employed, compensated, promoted, reduced, removed or in any way favored or discriminated against because of race, sex, religion, age, handicap, national origin, or kinship.

SECTION 6.8 PROHIBITIONS.

Except as otherwise provided by general law, no person in City government shall directly or indirectly solicit any assessment, subscription or contribution for any political purpose whatever from any officer or employee of the City. Except for the Mayor and members of Council, no officer or employee of the City shall take any active part in the management or promotion of any City Political campaign. No person who holds an elected public office shall, at the same time, be an employee or appointed officer of the City. Any person who willfully violates any of the provisions of this section shall be subject to such punishment as Council shall, by ordinance, prescribe and such person shall forfeit the City office or position he or she holds and shall, for a period of five years, be ineligible for any City appointment or employment. Neither Council nor any member thereof shall direct, interfere or obstruct the appointment or removal of any City employee, except as provided by this Charter or general law. Neither Council nor any member thereof shall give orders to any subordinate of the Mayor either publicly or privately, except as provided by this Charter or general law. Violation of the provisions of this section by any Council member shall constitute official misconduct. Nothing herein contained however, shall prohibit any Council member from bringing to the attention of the Mayor any fact or circumstance which may indicate misconduct or deficiency on the part of any City personnel.

ARTICLE SEVEN NOMINATIONS AND ELECTIONS.

SECTION 7.1 GENERAL ELECTION LAWS TO CONTROL.

Except as otherwise provided herein, the provisions of general law with respect to primary, general and special elections, so far as applicable, shall govern the nomination and election of the Mayor and members of Council and shall govern any special City elections.

SECTION 7.2 BALLOTS FOR CITY ELECTIONS.

The ballot for all City elections shall contain the names of all candidates and issues to be presented to the voters. All candidates shall run as individuals without party affiliation and shall be listed on the ballot by name only. The order in which the names of candidates appear on the ballot shall be determined by a drawing of lot conducted by the City Clerk-Treasurer in accordance with general law. Not less than ten days prior to any election, the City Clerk-Treasurer shall cause a sample ballot to be published in one or more newspapers of general circulation in the City.

SECTION 7.3 FILING AS A CANDIDATE.

Any person eligible to the office of Mayor or member of Council of the City shall be placed on the primary ballot after filing a certificate of candidacy, a petition and a filing fee in a timely manner with the City Clerk-Treasurer. The certificate, the petition and the fee must be delivered to the City Clerk-Treasurer during the month of January next preceding the primary election day or if mailed, shall be postmarked before midnight on the thirty-first day of said January.

(a) The certificate of candidacy shall be in the following form:

" Certificate of Candidacy

I hereby certify that I am a candidate for election as _____ Mayor or _____ Member of Council (check one) of the City of Kenova, West Virginia, and desire my name be printed on the ballot for the primary election of said City to be held on the _____ day of April, _____; that my residence is in Kenova at_____; that my occupation is _____; that I am eligible to hold the office I am seeking and that I would accept nomination and election to that office if nominated and/or elected.

_____
Signature of Candidate

State of West Virginia
County of_____
The foregoing instrument was acknowledged before me this _____ day of _____, _____ by _____.
My commission expires _____.

_____
Notary Public

"(b) The petition to be filed shall be in the following form:

"We, the undersigned qualified registered voters of the City of Kenova hereby petition that the name of _____, whose residence is at _____ in Kenova, be placed on the ballot for the primary election to be held on the _____day of April, _____ as a candidate for_____.

Name Address Princinct Date of Signing"

A petition shall be filed separately for each candidate and shall be signed by at least twenty-five qualified registered voters of the City to be valid. Each such voter shall be entitled to sign only the petition for one candidate for Mayor and only the petitions for five different candidates for Council prior to any primary election.

(c) The filing fee for the office of Mayor shall be a minimum of fifty dollars; the filing fee for the office of member of Council shall be a minimum of twenty-five dollars. Council may by ordinance increase the filing fees; provided, however, that the respective filing fee for an office shall never exceed one-twelfth of the annual salary for that office in effect at the time of passage of said ordinance. In accordance with general law, Council may by ordinance provide for the waiver of such filing fees only in the case of a candidate who files a certificate of indigence.

The City Clerk-Treasurer shall receive the certificate of candidacy properly completed, shall verify the signatures on each petition through comparison with voter registration records, and shall collect the filing fee prior to placing the name of a candidate on the primary ballot.

SECTION 7.4 VOTER REGISTRATION RECORDS; SUPPLIES AND DEVICES; POLL WORKERS.

In all City elections, the permanent registration of voters used in county and state elections shall be used. Council may by resolution contract with the Wayne County Commission or its successor to provide necessary supplies and devices for City elections. Council shall by resolution appoint a sufficient number of poll workers to conduct any City election and set the level of compensation for said workers not to exceed the limits of compensation established by general law.

SECTION 7.5 ELECTION DATES.

The primary election shall be held on the first Tuesday of April, 1987 and on such day in each fourth year thereafter. The general election shall be held on the first Tuesday of June, 1987 and on such day in each fourth year thereafter except as provided below. The names of the two candidates for Mayor and the names of the ten candidates for Council which receive the highest number of votes in any primary election shall be placed on the general election ballot; provided, however, if in any primary election, the names of two or fewer candidates for Mayor and of ten or fewer candidates for council appear on the primary ballot, the candidate for Mayor and the five Council candidates receiving the highest number of votes in the primary shall be declared elected and the general election for that year will not be held.

SECTION 7.6 CANVASS AND CONTESTS.

On the first Monday following any election, Council shall canvass the returns of the election and declare and certify the result within five days thereafter. In case of a contest, Council shall be the judge of the nomination, election and qualification of all candidates.

SECTION 7.7 TERMS.

The terms of Mayor and Council shall run concurrently and shall be four years beginning on July first of each election year. No individual who has been elected to two full and consecutive four-year terms in a particular office shall be eligible for reelection to said office, unless a period of four years shall have passed since the expiration of said individual's last previous term in said office.

SECTION 7.8 QUALIFICATIONS OF MAYOR AND COUNCIL.

Prior to becoming a candidate for Mayor or for Council, a person shall be a citizen of the United States and the State of West Virginia, shall be a resident of the City of Kenova, and shall be at least twenty-five years of age.

SECTION 7.9 RECALL.

The question of the recall of the Mayor or a member of Council shall be submitted to the qualified registered voters of the City at a special election to be held not less than thirty nor more than ninety days after a petition bearing the signatures of not less than twenty percent of the qualified registered voters of the City is delivered to the City Clerk-Treasurer, who shall verify the signatures through comparison with voter registration records within seven days after receipt. Upon certification of the results of said election, if a majority of those voting on the question have favored recall, the office of the individual so recalled shall be vacant. No recall petition shall be filed against any officer within six months after he or she takes office nor within six months prior to the end of his or her term. No officer shall be subjected to more than one recall election during a term of office.

The City of Kenova, West Virginia

Oath of Office for Councilman

TERRY PARSONS

I, Terry Parsons, solemnly swear that I will support the Constitution of the United States of America and of the State of West Virginia, and that I will, in all respects, observe the provisions of the Charter, ordinances, resolutions, regulations and rules of the City of Kenova, and will faithfully discharge the duties of Councilman to the best of my skill and judgement.

Terry L. Parsons

Signed *Date*

Municipal Judge Steve Jordan

KENOVA 1858 1894 WEST VIRGINIA

I, Rickey W. Griffith, do solemnly swear (or affirm) that I will support the Constitution of the United States of America and of the State of West Virginia, and that I will,,in all respects,observe the provisions of the Charter, ordinances, resolutions, regulations and rules of the City of Kenova, and will faithfully discharge the duties of Mayor to the best of my skill and judgement.

Rickey W. Griffith

[illegible]

I, Sheila A Wheeler do solemnly swear (or affirm) that I will support the Constitution of the United States of America and of the State of West Virginia, and that I will,,in all respects,observe the provisions of the Charter, ordinances, resolutions, regulations and rules of the City of Kenova, and will faithfully discharge the duties of City Clerk to the best of my skill and judgement.

Sheila A Wheeler

[illegible]

The City of Kenova, West Virginia

Oath of Office for Council President

STANLEY A. WOOD

I, Stanley A. Wood, solemnly swear that I will support the Constitution of the United States of America and of the State of West Virginia, and that I will, in all respects, observe the provisions of the Charter, ordinances, resolutions, regulations and rules of the City of Kenova, and will faithfully discharge the duties of Council President to the best of my skill and judgement.

Stanley A. Wood

Signed *Date*

Municipal Judge Steve Jordan

KENOVA 1858 1894 WEST VIRGINIA

The City of Kenova, West Virginia

Oath of Office for Council Vice President

JIM MCCALLISTER

I, Jim McCallister, solemnly swear that I will support the Constitution of the United States of America and of the State of West Virginia, and that I will, in all respects, observe the provisions of the Charter, ordinances, resolutions, regulations and rules of the City of Kenova, and will faithfully discharge the duties of Council Vice President to the best of my skill and judgement.

Signed *Date*

Municipal Judge Steve Jordan

KENOVA 1858 1894 WEST VIRGINIA

The City of Kenova, West Virginia

Oath of Office for Councilman

DON ROBINSON

I, Don Robinson, solemnly swear that I will support the Constitution of the United States of America and of the State of West Virginia, and that I will, in all respects, observe the provisions of the Charter, ordinances, resolutions, regulations and rules of the City of Kenova, and will faithfully discharge the duties of Councilman to the best of my skill and judgement.

Don L. Robinson

Signed *Date*

Municipal Judge Steve Jordan

KENOVA 1858 1894 WEST VIRGINIA

The City of Kenova, West Virginia

Oath of Office for Councilman

DAN PELFREY

I, Dan Pelfrey, solemnly swear that I will support the Constitution of the United States of America and of the State of West Virginia, and that I will, in all respects, observe the provisions of the Charter, ordinances, resolutions, regulations and rules of the City of Kenova, and will faithfully discharge the duties of Councilman to the best of my skill and judgement.

Dan Pelfrey — 7/1/07

Signed — *Date*

Municipal Judge Steve Jordan

KENOVA 1858 1894 WEST VIRGINIA

PUBLIC SERVICE COMMISSION
OF STATE VIRGINIA
CHARLESTON

Entered: September 27, 2005

CASE NO. 05-0894-S-MA

CITY OF KENOVA, a municipal
corporation, Wayne County.
Investigation and suspension of increase
in sewer rates and charges as a result
of petitions filed in accordance with
West Virginia Code §24-2-4b.

CORRECTIVE ORDER

On May 19, 2005, the City of Kenova (Kenova), a municipal corporation, Kenova, Wayne County, adopted an ordinance increasing its rates and charges to provide sewer service to its customers inside and outside its corporate boundaries, to become effective July 3, 2005. Kenova published a notice of these rates, and, pursuant thereto, on or about June 15, 2005, Floyd J. Sowards submitted a petition with the Public Service Commission signed by not less than 25% of Kenova's customers protesting Kenova's May 19, 2005 rate ordinance. Pursuant to the protest and pursuant to *West Virginia Code (Code)* §24-2-4b, on June 16, 2005, the Commission invoked its jurisdiction over the municipal appeal by entering the Commission Order Suspending Rates and Referring to Administrative Law Judge (Order).

By said June 16, 2005 Order, the Commission made Kenova a Respondent to this proceeding and, pending investigation, hearing and decision in this matter, the Commission suspended the aforesaid rate ordinance and deferred using the rates and charges stated in the rate ordinance until 12:01 a.m., October 31, 2005, unless otherwise ordered by the Commission, to enable the Commission to examine and investigate the supporting data filed with the rate ordinance and to provide time for Commission Staff to make reports concerning the matters involved in this proceeding. Also, the Order referred this matter to the Division of Administrative Law Judges for decision on or before September 30, 2005, effectively 31 days prior to the end of the statutory suspension period. Finally, the Order directed Commission Staff to file its report on or before August 17, 2005.

After hearing, on September 26, 2005, the ALJ entered a Recommended Decision approving the Staff-recommended rates and charges. The ALJ attached Appendix A to the September 26, 2005 Recommended Decision, which contained the approved rates. Through inadvertence and clerical

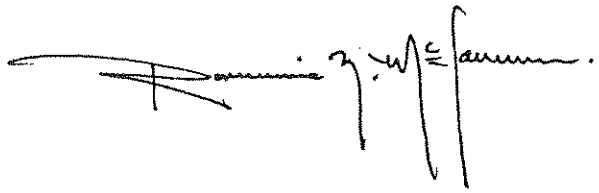
error, Appendix A states that "Approved Tariff No. 1" is to become effective "on and after 12:01 a.m., October 30, 2005." This should have stated ***on and after 12:01 a.m., October 31, 2005***.

Having considered all of the above, the ALJ will correct Appendix A attached to the September 26, 2005 Recommended Decision. The Corrected Appendix A is attached to this Order.

ORDER

IT IS, THEREFORE, ORDERED that Appendix A attached to the September 26, 2005 Recommended Decision be, and hereby is, set aside and the Corrected Appendix A attached to this Order be, and hereby is, approved as the proper statement of rates and charges approved in this case.

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



Ronnie Z. McCann
Deputy Chief Administrative Law Judge

RZM:s/pst
050894ac.wpd

PUBLIC SERVICE COMMISSION
OF STATE VIRGINIA
CHARLESTON

CASE NO. 05-0894-S-MA

CITY OF KENOVA, a municipal
corporation, Wayne County.
Investigation and suspension of increase
in sewer rates and charges as a result
of petitions filed in accordance with
West Virginia Code §24-2-4b.

APPROVED TARIFF NO. 1
(To become effective on and after 12:01 a.m., October 31, 2005)

APPLICABILITY

Applicable within the entire territory served.

AVAILABILITY

Available for general domestic, commercial and industrial service.

RATES (Customers with metered water supply)

First	2,000 gallons used per month	$6.86 per 1,000 gallons
All Over	2,000 gallons used per month	$5.41 per 1,000 gallons

MINIMUM CHARGE

No bill will be rendered for less than $13.72 per month, which is the equivalent of 2,000 gallons.

DELAYED PAYMENT PENALTY

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

TAP FEE

The following charge is to be made whenever the utility installs a new tap to serve an applicant.

A tap fee of $500.00 will be charged to customers applying for service outside of a certificate proceeding before the Commission for each new tap to the system.

SECURITY DEPOSIT

Not to exceed one-twelfth (1/12) of the annual estimated charge for residential service or one-sixth (1/6) of annual estimated charge for commercial service.

LEAK ADJUSTMENT

$3.48 per M. gallons. To be used when the bill reflects unusual consumption which can be attributed to eligible leakage on customer's side of the meter. This rate shall be applied to all such unusual consumption above the customer's historical average usage.

RETURNED CHECK CHARGE

A service charge equal to the actual bank fee assessed to the sewer utility up to a maximum of $25.00 will be imposed upon any customer whose check for payment of charges is returned by the bank due to insufficient funds.

HUNTINGTON SANITARY BOARD DEFICIENCY SURCHARGE

$1.63 per M. gallons, per month, to be in effect for a period of twelve (12) months or until the deficiencies are satisfied.

WDA DEBT SERVICE DEFICIENCY SURCHARGE

$0.21 per M. gallons, per month, to be in effect for a period of twelve (12) months or until the deficiencies are satisfied.

APPROVED TARIFF NO. 2

(To become effective following substantial completion of the proposed project)

APPLICABILITY

Applicable within the entire territory served.

AVAILABILITY

Available for general domestic, commercial and industrial service.

RATES (Customers with metered water supply)

First	2,000 gallons used per month	$10.01 per 1,000 gallons
All Over	2,000 gallons used per month	$ 7.89 per 1,000 gallons

MINIMUM CHARGE

No bill will be rendered for less than $20.02 per month, which is the equivalent of 2,000 gallons.

DELAYED PAYMENT PENALTY

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

TAP FEE

The following charge is to be made whenever the utility installs a new tap to serve an applicant.

A tap fee of $500.00 will be charged to customers applying for service outside of a certificate proceeding before the Commission for each new tap to the system.

SECURITY DEPOSIT

Not to exceed one-twelfth (1/12) of the annual estimated charge for residential service or one-sixth (1/6) of annual estimated charge for commercial service.

LEAK ADJUSTMENT

$3.61 per M. gallons. To be used when the bill reflects unusual consumption which can be attributed to eligible leakage on customer's side of the meter. This rate shall be applied to all such unusual consumption above the customer's historical average usage.

RETURNED CHECK CHARGE

A service charge equal to the actual bank fee assessed to the sewer utility up to a maximum of $25.00 will be imposed upon any customer whose check for payment of charges is returned by the bank due to insufficient funds.

PUBLIC SERVICE COMMISSION
OF STATE VIRGINIA
CHARLESTON

Entered: September 26, 2005

CASE NO. 05-0894-S-MA

CITY OF KENOVA, a municipal
corporation, Wayne County.
Investigation and suspension of increase
in sewer rates and charges as a result
of petitions filed in accordance with
West Virginia Code §24-2-4b.

RECOMMENDED DECISION

PROCEDURE

On May 19, 2005, the City of Kenova (Kenova), a municipal corporation, Kenova, Wayne County, adopted an ordinance increasing its rates and charges to provide sewer service to its customers inside and outside its corporate boundaries, to become effective July 3, 2005. Kenova published a notice of these rates, and, pursuant thereto, on or about June 15, 2005, Floyd J. Sowards submitted a petition with the Public Service Commission signed by not less than 25% of Kenova's customers protesting Kenova's May 19, 2005 rate ordinance. Pursuant to the protest and pursuant to *West Virginia Code (Code)* §24-2-4b, on June 16, 2005, the Commission invoked its jurisdiction over the municipal appeal by entering the Commission Order Suspending Rates and Referring to Administrative Law Judge (Order).

By said June 16, 2005 Order, the Commission made Kenova a Respondent to this proceeding and, pending investigation, hearing and decision in this matter, the Commission suspended the aforesaid rate ordinance and deferred using the rates and charges stated in the rate ordinance until 12:01 a.m., October 31, 2005, unless otherwise ordered by the Commission, to enable the Commission to examine and investigate the supporting data filed with the rate ordinance and to provide time for Commission Staff to make reports concerning the matters involved in this proceeding. Also, the Order referred this matter to the Division of Administrative Law Judges for decision on or before September 30, 2005, effectively 31 days prior to the end of the statutory suspension period. Finally, the Order directed Commission Staff to file its report on or before August 17, 2005.

On June 27, 2005, Melissa K. Marland, Chief Administrative Law Judge, issued a Procedural Order appointing the undersigned Deputy Chief Administrative Law Judge (ALJ), Ronnie Z. McCann, to review the grievances raised by the petitioners in this proceeding, to conduct a hearing and to issue a recommended decision on the matters involved in this proceeding.

Responding to all of the above, on June 27, 2005, the ALJ issued a Procedural Order adopting a procedural schedule to process and resolve this matter, including a Tuesday, August 23, 2005 hearing date.

On July 7, 2005, Kenova moved the Commission to grant emergency interim rate relief due to the increased cost of sewage treatment by the City of Huntington (Huntington) by 96.8%, which makes it impossible for Kenova to meet its operation and maintenance (O&M) expenses. Kenova requested that the 45-day waiting period be waived so that the rates could become effective immediately.

On July 19, 2005, Staff Attorney Lisa L. Wansley-Layne submitted the Initial Joint Staff Memorandum Including Emergency Sewer Rate Request, attaching the July 14, 2005 Initial Internal Memorandum from Utilities Analyst Charles Knurek, Water and Wastewater Division, and from Staff Engineer Jefferson E. Brady, P.E., Engineering Division. Commission Staff concurred that, since Huntington had increased its sewage treatment rate by 96.8%, Kenova was not able to meet its O&M expenses and debt service requirements or provide a surplus sufficient to absorb daily operations. Staff opined that Kenova is operating at a $7,456 cash flow deficit at per books. Staff opined that Kenova should be granted interim rate relief that would provide a cash flow surplus equal to 1/12 of the annual going-level O&M expenses. Based on Staff's initial findings, Kenova's going-level operating revenues should be increased by $143,920, or 35.2%, which would provide a $38,170 cash flow surplus and a debt service coverage ratio of 218%. Staff recommended that the rates set forth in the Staff-recommended tariff, which will achieve the revenue levels recommended by Staff, become effective immediately, pending the final resolution of this municipal appeal proceeding, subject to refund should the final rates adopted by the Commission be less than the interim rates.

Responding to all of the above, on July 20, 2005, the ALJ issued an Interim Recommended Decision approving the Staff-recommended rates and charges, reciting that said approved rates and charges were attached to the July 20, 2005 Order as Appendix A, to become effective immediately, pending the final resolution of this municipal appeal proceeding, subject to refund. The July 20, 2005 Interim Recommended Decision also required Kenova to publish the approved interim rates.

On July 28, 2005, the ALJ received a telephone call from counsel for Kenova, Debra Price, who informed the ALJ that Appendix A attached to the July 20, 2005 Interim Recommended Decision contained Kenova's current rates, not the Staff-recommended or approved rates. Ms. Price indicated that Kenova had caused the contents of Appendix A attached to the July 20, 2005 Interim Recommended Decision to be published before realizing that said Appendix A did not contain the approved interim rates.

Responding to all of the above, on July 28, 2005, the ALJ entered a Corrective Order correcting the deficiencies of the July 20, 2005 Interim Recommended Decision.

On August 23, 2005, the ALJ convened the hearing as scheduled. Kenova appeared by counsel, Debra C. Price, Esquire; Commission Staff appeared by counsel, Staff Attorney Lisa Wansley-Layne, Esquire; Thomas M. Plymale, Esquire, appeared on behalf of two Protestants, Robert Bradshaw and Jay Sowards, to whom the ALJ granted Intervenor status at the hearing; and numerous other Protestants appeared at the hearing in person, *pro se*.

Commission Staff presented the testimony of one witness and presented one exhibit. Kenova presented no evidence, except to cross-examine the other parties' witnesses and to indicate that it accepted the Staff-recommended rates and charges and revenue requirement. The Intervenors presented the testimony of one witness and presented one exhibit.

The ALJ granted the parties until September 16, 2005, to submit proposed orders, proposed findings of fact and conclusions of law, briefs, replies or other written legal arguments, pursuant to *West Virginia Code* §24-1-9(b). None of the parties submitted any written legal arguments.

EVIDENCE

The first person who testified was Utility Analyst Charles Knurek, who testified on behalf of Commission Staff. Mr. Knurek identified the Staff Report for the test year ending June 30, 2004, which he and Jefferson Brady, P.E., jointly prepared, and which the ALJ received into evidence as Staff Exhibit No. 1. Staff reported that Kenova sought a 92.5% rate increase with the rate ordinance. Kenova's five-year average for plant additions is $3,000. Staff recommended that the revenue requirement provide for the replacement of a 1983 truck with almost 162,000 miles on it, at a cost of $20,000, amortized over five years. Kenova is in the process of obtaining funding and Commission approval for a major sewer system rehabilitation project that will separate its storm sewers from its sanitary sewers, at a projected cost of $9,000,000, with construction to begin in late 2006. This improvement will increase operation and maintenance expenses by $11,000 annually. Kenova is over $17,000 behind in paying its debt service requirements. Staff recommended a $0.21 per 1,000 surcharge to eliminate the debt service arrearage within approximately one year, with the revenues generated by the surcharge to be deposited in a separate interest-bearing account and paid monthly to the Municipal Bond Commission. Kenova needs to adjust its accounting procedures to report billed revenues rather than cash receipts in its billing journal and annual report to the Commission. (Tr., pp. 8-10; Staff Exhibit No. 1).

Commission Staff reported that, at going-level, Kenova experienced an $83,000 cash flow deficit during the test year. However, after the test year, Kenova experienced a significant increased charge when the Commission approved an increase in the City of Huntington's resale treatment rate of approximately 100%. Huntington treats all of the sewage generated by Kenova's customers. In attempting to pay this increased treatment cost, Kenova was experiencing an arrearage of $134,058 owed to Huntington. Staff recommended a $1.63 surcharge for one year to eliminate this arrearage,

with the revenues generated by the surcharge to be deposited in a separate interest-bearing account and paid monthly to the Huntington Sanitary Board. This increased treatment cost was the chief reason for the emergency interim rates approved by the Commission on July 20, 2005. (Staff Exhibit No. 1).

Staff emphasized that, although the test year ended on June 30, 2004, due to the significant known and measurable increased expenses for Kenova, Staff made several large going-level adjustments to arrive at the Staff-recommended revenue requirement. In addition to the increased treatment rate, Staff approved some payroll increases and some other minor operation and maintenance expense increases. (Staff Exhibit No. 1).

Staff also prepared a customer class cost of service study as the basis for designing the Staff-recommended rates. Staff designed two sets of rates, one set to take effect upon Commission approval and the other set to take effect upon substantial completion of the proposed certificate project. Kenova has not yet filed a certificate application. For the present, Staff recommended rates, including the Staff-recommended surcharges, that would produce revenues of approximately $696,000, which would provide a $40,659 cash flow surplus and a debt service coverage factor of 578%. For the proposed project, once approved by the Commission and certified as substantially completed, Staff recommended rates that would produce revenues of approximately $946,000, which would generate a $38,000 cash flow surplus and a 177% debt service coverage factor. (Staff Exhibit No. 1).

Mr. Knurek explained that Staff has recommended two separate rate increases, one to take effect upon the Commission's final ruling on the rate ordinance and the other to take effect at some time in the future, conditioned upon Kenova filing for and obtaining a certificate of public convenience and necessity for the proposed $9,000,000 project. The rates tied to the project would not take effect until the project was substantially completed or otherwise as directed in the future certificate application case. (Tr., pp. 10-13).

Mr. Knurek reviewed the effect of the Staff-recommended rates on customers with various usage levels. Generally, the greater the usage level, the less the rate of increase. For anyone using 2,000 gallons or less, the immediate rate increase would be 52.44%. A customer using 2,000 gallons paid $7.86 per month at the per-books rate and will pay $12.16 at the emergency interim rate; $13.72 at the pre-project rate; and $20.02 if the project is approved and built. Likewise, a customer using 4,500 gallons paid $17.89 per month at the per-books rate, but will pay $27.36 at the emergency interim rate; $27.25 at the pre-project rate; and $39.75 if the project is approved and built. A customer using 500,000 gallons would experience a 20.35% rate increase. The additional increase due to the project would further increase the rates of all customer classes approximately 46%, unless a separate customer class cost of service study is performed as part of the certificate project. (Tr., pp. 13-14; Staff Exhibit No.1).

Mr. Knurek explained that the increased treatment rate recently approved for the City of Huntington has caused Kenova to fall even farther behind in its obligations. Staff has recommended

two surcharges, one to eliminate Kenova's debt service arrearage and one to eliminate the arrearage owed to the City of Huntington. Both of these surcharges would be eliminated in about one year, or as soon as each respective arrearage was eliminated. Staff has recommended that a customer using 2,000 gallons of water or less pay a rate of $6.86 per 1,000 gallons, with a rate of $5.41 per 1,000 gallons for all water used in excess of 2,000 gallons per month. This rate would remain in effect until Kenova had obtained a certificate for the proposed project and substantially completed the project, at which time the rates would increase to cover the additional debt service and operation and maintenance expenses required by the project to $10.01 per 1,000 gallons for all water used up to 2,000 gallons per month and $7.89 per 1,000 gallons for all water used over 2,000 gallons per month. Mr. Knurek clarified that the $6.86 and $5.41 rates do not include the two surcharges that will be in effect for about one year, i.e., $0.21 and $1.63, which would make the immediate rate $8.70 per 1,000 gallons for the first 2,000 gallons used and $7.25 per 1,000 gallons for all usage above 2,000 gallons per month. The surcharges would be removed once the two delinquencies are eliminated. The rates to cover the proposed project will not become effective unless and until Kenova builds the project. (Tr., pp. 14-21).

Mr. Knurek reiterated his explanation of the various rate recommendations that Staff has made, their effective dates and how they are to be handled. The percentage increases do not include the first year when the surcharges will be paid by Kenova's customers, i.e., the percentage increases would be greater during the initial year. The Staff-recommended minimum bill of $13.72, which is a 52.44% increase, actually will be $17.40 for the first year. This minimum bill increase, from $9 to $17.40, or $8.40, would be a 93% increase, until the delinquencies for which the surcharges will be collected are eliminated, which would be approximately one year. Mr. Knurek clarified that Kenova cannot start the proposed project until it at least eliminates the delinquency owed to the WDA, since Kenova would not qualify for financing until that arrearage is eliminated. (Tr., pp. 24-30; Staff Exhibit No. 1).

Mr. Knurek testified that Staff designed rates based on what it will take Kenova to operate, i.e., to pay all of its operation and maintenance expenses, pay its recurring debt service and eliminate the two delinquencies, plus allow enough surplus revenue for plant additions based on historical plant additions. He clarified that Kenova's sewer operation has to stand alone, i.e., the Commission must approve rates that do not permit Kenova's other operations to subsidize the sewer operation and that will not permit the sewer operation to subsidize Kenova's other operations. All monies collected as sewage fees are deposited into a separate account and can be used only for operating the sewage system. Although Kenova may share some personnel and equipment with its water operation or other endeavors, the Staff-recommended rates allocate expenses for those shared items according to their use. The sewer operation only pays for its fair share of those expenses. Kenova was operating at a cash flow deficit even before Huntington increased its treatment fees by 96.8%, since its last rate increase of 14.5% was not sufficient. The only factors considered in developing a revenue requirement for Kenova after it builds the proposed project were the debt service increase and an $11,000 operation and maintenance increase to cover the additional costs of pumping that the new project will require. (Tr., pp. 30-44).

The only witness who testified on behalf of the Intervenors was Floyd Jay Sowards. Mr. Sowards opposes the rate hike. He stated that Kenova has been behind in its payments to the City of Huntington for sewage treatment since the 1990s. Kenova has routinely incurred delayed payment penalties for not paying its sewage treatment bill to Huntington on time. He believes that the Commission should hold Kenova more accountable. He recognizes that, now that Huntington has increased the treatment fee so much, Kenova might need higher rates, but he believes that Kenova has not been spending the money it collects in a proper manner for years. He identified billing records for Kenova from the City of Huntington, which he had to obtain through a Freedom of Information Act request, that reflect Kenova's late payments for several years. The ALJ received these documents into evidence as Intervenors Exhibit No. 1. Prior to the 2004 Huntington rate increase, Kenova owed Huntington $82,101.64, according to an invoice dated November 12, 2004. (Tr., pp. 45-54; Intervenors Exhibit No. 1).

Mr. Sowards, the person who obtained all of the signatures from the Protestants who petitioned the Commission to initiate this municipal appeal case, in particular objects to the surcharge to eliminate the delinquencies. He explained that, since 1991, Kenova has been incurring a delinquency owed to Huntington. He questioned why Kenova did not make payments to Huntington on many occasions since the early 1990s. Mr. Sowards believes that Kenova's rates should have generated enough revenues to cover its sewage treatment bills from Huntington, until Huntington almost doubled that rate in 2004. The surcharges are his primary concern. He testified that 451 other citizens of Kenova feel the same way that he does. (Tr., pp. 54-57).

DISCUSSION

The ALJ holds that, since Kenova was operating at a cash flow deficit prior to the City of Huntington almost doubling its sewage treatment rate for Kenova; since Kenova already owed an arrearage to Huntington for sewage treatment; since Kenova has now incurred an arrearage owed to the WDA on its debt service; and since the Staff-recommended rates will generate revenues sufficient to cover Kenova's operation and maintenance expenses and its debt service requirements while producing a cash flow surplus sufficient to cover plant additions, he will approve the Staff-recommended revenue requirement, the Staff-recommended rate design and the Staff-recommended rates. Since Kenova has incurred two significant delinquencies owed to the City of Huntington for sewage treatment and to the WDA for debt service, the ALJ also will approve the two Staff-recommended surcharges of $0.21 per 1,000 gallons (for the WDA arrearage) and $1.63 per 1,000 gallons (for the City of Huntington arrearage), to be charged by Kenova for approximately one year or until Kenova has eliminated the two delinquencies. Kenova shall separate the monies collected as a result of the surcharges, depositing the WDA surcharge collections directly with the Municipal Bond Commission in an interest-bearing account to be used exclusively to eliminate the WDA arrearage. Kenova shall deposit the Huntington surcharge into an interest-bearing account and pay those surcharge collections to the City of Huntington monthly.

As for the Staff-recommended rates to support the proposed certificate project, the ALJ will approve those rates to become effective only after Kenova obtains a certificate of public convenience

and necessity for the project from the Commission and files with the Commission a certificate of substantial completion of the project, unless ordered otherwise in the anticipated separate certificate case. The ALJ has made one change to the Staff-recommended rates for the proposed project. The two surcharges to eliminate the WDA and Huntington arrearages have been removed from the certificate rates, since, based upon the testimony, those arrearages should have been eliminated by the time those rates become effective. If, for some reason, those arrearages still exist when the certificate proceeding is pending, those surcharges can be revisited at that time.

FINDINGS OF FACT

1. The City of Kenova adopted an ordinance increasing its rates and charges to provide sewer service to its customers inside and outside its corporate boundaries, to become effective July 3, 2005. Kenova published a notice of these rates, and, pursuant thereto, on or about June 15, 2005, Floyd J. Sowards submitted a petition with the Public Service Commission signed by not less than 25% of Kenova's customers protesting Kenova's May 19, 2005 rate ordinance. Pursuant to the protest and pursuant to *Code* §24-2-4b, the Commission invoked its jurisdiction over the municipal appeal, thereby suspending the aforesaid rate ordinance and deferring the use of the rates and charges stated in the rate ordinance until 12:01 a.m., October 31, 2005. (See, May 19, 2005 rate ordinance; June 16, 2005 Order).

2. Since Huntington had increased its sewage treatment rate by 96.8%, Kenova was not able to meet its O&M expenses and debt service requirements or provide a surplus sufficient to absorb daily operations. Kenova was operating at a $7,456 cash flow deficit at per books. Staff opined that Kenova should be granted interim rate relief that would provide a cash flow surplus equal to 1/12 of the annual going-level O&M expenses. Based on Staff's initial findings, Kenova's going-level operating revenues should be increased by $143,920, or 35.2%, which would provide a $38,170 cash flow surplus and a debt service coverage ratio of 218%. Staff recommended that interim rates be approved, pending the final resolution of this municipal appeal proceeding, subject to refund should the final rates adopted by the Commission be less than the interim rates. (See, July 19, 2005 Initial Joint Staff Memorandum Including Emergency Sewer Rate Request, and attachment).

3. The ALJ issued an Interim Recommended Decision approving the Staff-recommended rates and charges, to become effective immediately, pending the final resolution of this municipal appeal proceeding, subject to refund. (See, July 20, 2005 Interim Recommended Decision and July 28, 2005 Corrective Order).

4. Commission Staff reported that Kenova sought a 92.5% rate increase with the rate ordinance. Kenova's five-year average for plant additions is $3,000. Staff recommended that the revenue requirement provide for the replacement of a 1983 truck with almost 162,000 miles on it, at a cost of $20,000 amortized over five years. Kenova is in the process of obtaining funding and Commission approval for a major sewer system rehabilitation project that will separate its storm sewers from its sanitary sewers, at a projected cost of $9,000,000, with construction to begin in late 2006. This improvement will increase operation and maintenance expenses by $11,000 annually.

Kenova is over $17,000 behind in paying its debt service requirements. Staff recommended a $0.21 per 1,000 surcharge to eliminate the debt service arrearage within approximately one year, with the revenues generated by the surcharge to be deposited in a separate interest-bearing account and paid monthly to the Municipal Bond Commission. Kenova needs to adjust its accounting procedures to report billed revenues rather than cash receipts in its billing journal and annual report to the Commission. (See, Testimony of Charles Knurek, Tr., pp. 8-10; Staff Exhibit No. 1).

5. Commission Staff reported that, at going-level, Kenova experienced a $83,000 cash flow deficit during the test year. However, after the test year, Kenova experienced a significant increased charge when the Commission approved an increase in the City of Huntington's resale treatment rate of approximately 100%. Huntington treats all of the sewage generated by Kenova's customers. In attempting to pay this increased treatment cost, Kenova was experiencing an arrearage of $134,058 owed to Huntington. Staff recommended a $1.63 surcharge for one year to eliminate this arrearage, with the revenues generated by the surcharge to be deposited in a separate interest-bearing account and paid monthly to the Huntington Sanitary Board. This increased treatment cost was the chief reason for the emergency interim rates approved by the Commission on July 20, 2005. (See, Staff Exhibit No. 1).

6. Staff emphasized that, although the test year ended on June 30, 2004, due to the significant known and measurable increased expenses for Kenova, Staff made several large going-level adjustments to arrive at the Staff-recommended revenue requirement. In addition to the increased treatment rate, Staff approved some payroll increases and some other minor operation and maintenance expense increases. (Staff Exhibit No. 1).

7. Staff also prepared a customer class cost of service study as the basis for designing the Staff-recommended rates. Staff designed two sets of rates, one set to take effect upon Commission approval in this case and the other set to take effect upon substantial completion of the proposed certificate project. Kenova has not yet filed a certificate application. For the present, Staff has recommended rates, including the Staff-recommended surcharges, that would produce revenues of approximately $696,000, which would provide a $40,659 cash flow surplus and a debt service coverage factor of 578%. For the proposed project, once approved by the Commission and certified as substantially completed, Staff recommended rates that would produce revenues of approximately $946,000, which would generate a $38,000 cash flow surplus and a 177% debt service coverage factor. (See, Testimony of Charles Knurek, Tr., pp. 10-13; Staff Exhibit No. 1).

8. Under the Staff-recommended rates, for anyone using 2,000 gallons or less, the immediate rate increase would be 52.44%. A customer using 2,000 gallons paid $7.86 per month at the per-books rate, but will pay $12.16 at the emergency interim rate; $13.72 at the pre-project rate; and $20.02 if the project is approved and built. Likewise, a customer using 4,500 gallons paid $17.89 per month at the per-books rate, but will pay $27.36 at the emergency interim rate; $27.25 at the pre-project rate; and $39.75 if the project is approved and built. A customer using 500,000 gallons would experience a 20.35% rate increase. The additional increase due to the project would further increase the rates of all customer classes approximately 46%, unless a separate customer class

cost of service study is performed as part of the certificate project. (Tr., pp. 13-14; Staff Exhibit No.1).

9. The percentage increases in Staff Exhibit No. 1 do not include the first year when the surcharges will be paid by Kenova's customers, i.e., the percentage increases would be greater during the initial year. The Staff-recommended minimum bill of $13.72, which is a 52.44% increase, actually will be $17.40 for the first year. This minimum bill increase, from $9 to $17.40, or $8.40, would be a 93% increase, until the delinquencies for which the surcharges will be collected are eliminated, which would be approximately one year. Kenova cannot start the proposed project until it at least eliminates the delinquency owed to the WDA, since Kenova would not qualify for financing until that arrearage is eliminated. (See, Testimony of Charles Knurek, Tr., pp. 24-30; Staff Exhibit No. 1).

10. Staff has designed rates based on what it will take Kenova to operate, i.e., to pay all of its operation and maintenance expenses, pay its recurring debt service and eliminate the two delinquencies, plus allow enough surplus revenue for plant additions based on historical plant additions. Kenova's sewer operation has to stand alone, i.e., the Commission must approve rates that do not permit Kenova's other operations to subsidize the sewer operation and that will not permit the sewer operation to subsidize Kenova's other operations. All monies collected as sewage fees are deposited into a separate account and can be used only for operating the sewage system. Although Kenova may share some personnel and equipment with its water operation or other endeavors, the Staff-recommended rates allocate expenses for those shared items according to their use. The sewer operation only pays for its share of those expenses. Kenova was operating at a cash flow deficit even before Huntington increased its treatment fees by 96.8%, since its last rate increase of 14.5% was not sufficient. The only factors considered in developing a revenue requirement for Kenova after it builds the proposed project were the debt service increase and an $11,000 operation and maintenance increase to cover the additional costs of pumping that the new project will require. (See, Testimony of Charles Knurek, Tr., pp. 30-44).

CONCLUSIONS OF LAW

1. Since the Staff-recommended rates and charges will produce revenues that are sufficient, but not more than sufficient, to cover all of Kenova's operation and maintenance expenses and its debt service, while generating a cash flow surplus sufficient to cover reasonable plant additions, it is reasonable to conclude that the Staff-recommended rates are just and reasonable.

2. For all of the reasons set forth in Finding of Fact Nos. 1 through 10 and Conclusion of Law No. 1, it is reasonable to set aside the rate ordinance and approve the Staff-recommended revenue requirement, the Staff-recommended rate design and the Staff-recommended rates, including the two surcharges to be used by Kenova exclusively to eliminate the delinquencies owed to the WDA and to the City of Huntington.

3. It is also reasonable to approve the Staff-recommended rates to cover increased operation and maintenance expenses and the increased debt service requirements for the proposed sewer certificate project, provided, however, that those rates shall not become effective unless and until Kenova has obtained a certificate of public convenience and necessity for the project and has filed with the Commission a certificate of substantial completion, unless otherwise ordered in the certificate case.

4. It is also reasonable to approve the two Staff-recommended surcharges and require that Kenova deposit the monies collected as a result of the two surcharges into separate interest-bearing accounts, paying the proceeds from the $0.21 per 1,000 surcharge directly to the Municipal Bond Commission to be used exclusively to eliminate the arrearage owed to the WDA and paying the proceeds of the $1.63 surcharge to the City of Huntington on a monthly basis for the sole purpose of eliminating the arrearage owed to Huntington.

ORDER

IT IS, THEREFORE, ORDERED that the municipal rate ordinance passed by the City of Kenova on May 19, 2005, increasing its rates and charges to provide sewer service to its customers inside and outside its corporate boundaries, to become effective July 3, 2005, be, and hereby is, set aside.

IT IS FURTHER ORDERED that the Staff-recommended revenue requirement be, and hereby is, approved.

IT IS FURTHER ORDERED that the Staff-recommended rates and charges, attached as Appendix A, be, and hereby are, approved for all service rendered by the City of Kenova on and after 12:01 a.m., October 31, 2005.

IT IS FURTHER ORDERED that the Staff-recommended $0.21 per 1,000 surcharge to be used exclusively to eliminate the arrearage the City of Kenova owes to the Water Development Authority be, and hereby is, approved, to become effective for all service rendered on and after 12:01 a.m., October 31, 2005. This surcharge shall be collected for a period of approximately one year, but shall be collected only until such time as Kenova has eliminated the arrearage owed to the WDA. Kenova shall deposit the monies collected as a result of the surcharge into a separate interest-bearing account, paying the proceeds directly to the Municipal Bond Commission to be used exclusively to eliminate the arrearage owed to the WDA.

IT IS FURTHER ORDERED that the Staff-recommended $1.63 per 1,000 surcharge to be used exclusively to eliminate the arrearage the City of Kenova owes to the City of Huntington be, and hereby is, approved, to become effective for all service rendered on and after 12:01 a.m., October 31, 2005. This surcharge shall be collected for a period of approximately one year, but shall be collected only until such time as Kenova has eliminated the arrearage owed to the Huntington. Kenova shall deposit the monies collected as a result of the surcharge into a separate interest-bearing

account, paying the proceeds directly to the City of Huntington on a monthly basis for the sole purpose of eliminating the arrearage owed to Huntington.

IT IS FURTHER ORDERED that the Staff-recommended rates and charges to cover the increased debt service and operation and maintenance expenses as a result of a proposed sewer project be, and hereby are, approved for all service rendered by the City of Kenova after Kenova obtains a certificate of public convenience and necessity from the Commission for the project **and** submits to the Commission a certificate of substantial completion, unless ordered otherwise in the separate certificate case to be filed by Kenova.

IT IS FURTHER ORDERED that, within thirty days of this Recommended Decision becoming final, the City of Kenova shall file with the Commission an original and at lease five copies of a proper tariff setting forth the rates and charges hereby approved.

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

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

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

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

Ronnie Z. McCann
Deputy Chief Administrative Law Judge

RZM:s/pst
050894ad.wpd

PUBLIC SERVICE COMMISSION
OF STATE VIRGINIA
CHARLESTON

CASE NO. 05-0894-S-MA

CITY OF KENOVA, a municipal
corporation, Wayne County.
Investigation and suspension of increase
in sewer rates and charges as a result
of petitions filed in accordance with
West Virginia Code §24-2-4b.

APPROVED TARIFF NO. 1
(To become effective on and after 12:01 a.m., October 30, 2005)

APPLICABILITY

Applicable within the entire territory served.

AVAILABILITY

Available for general domestic, commercial and industrial service.

RATES (Customers with metered water supply)

First	2,000 gallons used per month	$6.86 per 1,000 gallons
All Over	2,000 gallons used per month	$5.41 per 1,000 gallons

MINIMUM CHARGE

No bill will be rendered for less than $13.72 per month, which is the equivalent of 2,000 gallons.

DELAYED PAYMENT PENALTY

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

TAP FEE

The following charge is to be made whenever the utility installs a new tap to serve an applicant.

A tap fee of $500.00 will be charged to customers applying for service outside of a certificate proceeding before the Commission for each new tap to the system.

SECURITY DEPOSIT

Not to exceed one-twelfth (1/12) of the annual estimated charge for residential service or one-sixth (1/6) of annual estimated charge for commercial service.

LEAK ADJUSTMENT

$3.48 per M. gallons. To be used when the bill reflects unusual consumption which can be attributed to eligible leakage on customer's side of the meter. This rate shall be applied to all such unusual consumption above the customer's historical average usage.

RETURNED CHECK CHARGE

A service charge equal to the actual bank fee assessed to the sewer utility up to a maximum of $25.00 will be imposed upon any customer whose check for payment of charges is returned by the bank due to insufficient funds.

HUNTINGTON SANITARY BOARD DEFICIENCY SURCHARGE

$1.63 per M. gallons, per month, to be in effect for a period of twelve (12) months or until the deficiencies are satisfied.

WDA DEBT SERVICE DEFICIENCY SURCHARGE

$0.21 per M. gallons, per month, to be in effect for a period of twelve (12) months or until the deficiencies are satisfied.

APPROVED TARIFF NO. 2

(To become effective following substantial completion of the proposed project)

APPLICABILITY

Applicable within the entire territory served.

AVAILABILITY

Available for general domestic, commercial and industrial service.

RATES (Customers with metered water supply)

First	2,000 gallons used per month	$10.01 per 1,000 gallons
All Over	2,000 gallons used per month	$ 7.89 per 1,000 gallons

MINIMUM CHARGE

No bill will be rendered for less than $20.02 per month, which is the equivalent of 2,000 gallons.

DELAYED PAYMENT PENALTY

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

TAP FEE

The following charge is to be made whenever the utility installs a new tap to serve an applicant.

A tap fee of $500.00 will be charged to customers applying for service outside of a certificate proceeding before the Commission for each new tap to the system.

SECURITY DEPOSIT

Not to exceed one-twelfth (1/12) of the annual estimated charge for residential service or one-sixth (1/6) of annual estimated charge for commercial service.

LEAK ADJUSTMENT

$3.61 per M. gallons. To be used when the bill reflects unusual consumption which can be attributed to eligible leakage on customer's side of the meter. This rate shall be applied to all such unusual consumption above the customer's historical average usage.

RETURNED CHECK CHARGE

A service charge equal to the actual bank fee assessed to the sewer utility up to a maximum of $25.00 will be imposed upon any customer whose check for payment of charges is returned by the bank due to insufficient funds.

ORDINANCE AMENDING SECTION 905.04 "SEWER RATE SCHEDULE" OF THE CODIFIED ORDINANCES OF THE CITY OF KENOVA, WEST VIRGINIA

PURSUANT TO LAWFUL AUTHORITY VESTED IN THE MUNICIPALITY KNOWN AS "THE CITY OF KENOVA," BE IT ORDAINED AND ENACTED BY THE COUNCIL OF THE CITY OF KENOVA THAT:

905.04 SEWER RATE SCHEDULE

Applicable in entire territory served.

(a) Availability of Service. Available for all general, domestic, commercial, industrial and public authority service.

(b) Rates are based on water usage.

(A) Rate: Eight Dollars and Sixty-Six Cents ($8.66) per each 1,000 gallons of water used.

(A) Minimum Charge: No bill shall be rendered for less than the following amounts, according to the size of the water meter installed.

Meter Size (inches)	Minimum Bill (dollars)	Minimum Usage (gallons)
5/8	$17.32	2,000
3/4	$21.65	2,500
1	$45.90	5,300
1-1/4	$64.95	7,500
1-1/2	$95.26	11,000
2	$190.52	22,000
3	$329.08	38,000
4	$597.54	69,000
6	$1,463.54	169,000
8	$2,632.64	304,000
10	$4,520.52	522,000
12	$7,516.88	868,000

(A) Indicates advance.

(c) Delayed Payment Penalty. The above tariff is net. On all accounts not paid in full within twenty days of the billing date, ten percent (10%) shall be added to the net amount shown. The delayed payment penalty is not interest and is only to be collected once for each bill where it is appropriate.

(d) Connection Fee. The connection fee shall be $500.00.

(e) Customer Deposit. The City may require any applicant for any service by the system to deposit a reasonable and equitable amount to insure payment of all charges for the services rendered by the system, which deposit shall be handled and disposed of under the applicable rules and regulations of the State Public Service Commission. Such deposit shall not be more than one-twelfth (1/12) of the annual estimated charge for residential service and one-sixth (1/6) for all other service.

(f) Adjustments. When a bill reflects unusual usage which can be attributed to leakage on the customer's side of the water meter, the bill shall be recalculated to reflect the City's incremental cost of treating or purchasing the treatment of sewage for all amounts above the customer's historic usage. Any amounts that the customer can prove did not enter the sanitary sewer systems shall be credited at full tariff rates. In the alternative, the City may, at its option, use an adjustment that allows it to recover the Public Service Commission's estimate of "typical incremental cost" per thousand gallons of sewage on usage above the historic usage. Leaking commodes, dripping faucets, malfunctioning appliances and similar situations shall not constitute leaks which entitle the customer to a recalculated bill.

(g) City Not Liable. The City shall not be liable to any customer for any damage resulting from bursting or breakage of any line, main, pipe, valve, equipment or part or from discontinuance of the operation of any part of the system or from failure of any part thereof for any cause whatsoever.

(h) Emergency Restriction of Use. In case of emergency, the City shall have the right to restrict the use of any part of the system in any reasonable manner for the protection of the system and the inhabitants of the City.

(j) Separate Payments Not Permitted. The City shall not accept payment of a water or sewer bill separately, when the customer concerned owes for both water and sewer services. For nonpayment of charges for water or sewer services, or both, the city, after notice of discontinuance in accordance with the applicable Public Service Commission rules and regulations, shall shut off water services and lock the meter, and shall restore service only upon payment of all water and sewer charges and accrued penalties.

(Ord. 03/01/93; amended 06/28/99; amended 11/11/03; amended 05/19/05)

ACTION BY KENOVA CITY COUNCIL:

FIRST READING: April 21, 2005

SECOND READING: May 19, 2005

MOTION TO ADOPT: By Ric Griffith

SECONDED BY: Don Robinson

VOTE BY COUNCIL: **YEA:** (5) Five **NAY:** zero **ABSTAIN:** zero

DATE: May 19, 2005

Stacey R Deerfield

STACEY R. DEERFIELD, CITY CLERK

ACTION BY MAYOR:

DATE: 05/19/05 **APPROVE:** X **VETO:** _____

GB Morrone III

GEORGE B. MORRONE III

July 4, 2005

EFFECTIVE DATE

NOTICE
CITY OF KENOVA

Notice is hereby given that the City of Kenova, West Virginia, a municipal corporations, will hold a hearing before the final vote on a proposed ordinance, the principal object of which is the increase of sewer rates for sewer customers of the City of Kenova. The title of such ordinance is "Ordinance of Amending Section 905.04 'Sewer Rate Schedule' of the Codified Ordinances of the City of Kenova." The final vote on the adoption of said proposed ordinance shall be held in the Council Chambers of the Kenova Municipal Building, 1501 Pine Street, Kenova, Wayne County, West Virginia on May 19, 2005, at 7:30 p.m. Interested parties may appear and be heard at such time with respect to the passage of the proposed ordinance. Copies of the proposed ordinance are available at the Office of the City Clerk, Kenova Municipal Building, 1501 Pine Street, Kenova, WV 25530.

5/04 2tc 5/11

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 4, 2005

May 11, 2005

commencing on the 4th day of May 20 05

Given under my hand this 17th day of May 20 05

Thomas J. George

Sworn to and subscribed before me this 17th day of May, 20 05, 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:

$ 37.27

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
RUTH A. ADKINS
3821 Green Valley Rd.
Huntington, WV 25701
My Commission Expires November 18, 2009

Ref 6/16

The City Of Kenova

Post Office Box 268
Kenova, West Virginia 25530

George B. Morrone III ..... Mayor
Debra C. Price ..... Attorney
Sheila A. Wheeler ..... Clerk/Treasurer
Steven G. Jordan ..... Judge
Steven D. Salyers ..... Police/Fire Chief
W. Jennings Jarrell ..... Inspector
Roger L. Sifford ..... Supervisor

City Hall ..... (304) 453-1571
Fax ..... (304) 453-1009
Web Address ..... www.kenova.org

City Council
President ..... Rickey W. Griffith
Vice-Pres. ..... Donnie L. Robinson
Member ..... James W. McCallister
Member ..... Ronald Ted Rakes
Member ..... James W. Spry

RECEIVED
2005 JUN 23 AM 9:03
W VA PUBLIC SERVICE COMMISSION
SECRETARY'S OFFICE

June 22, 2005

Sandra Squire, Executive Secretary
Public Service Commission
201 Brooks Street
P. O. Box 812
Charleston, WV 25323

ORDS Kenova OSA

Re: RFA 05-60/S;
Case No. 05-0894-S-MA
City of Kenova–Sewer Rate Increase Ordinance

Dear Ms. Squire:

Pursuant to the *Rules of Practice and Procedure of the Public Service Commission* ("PSC") and the letter from Staff Attorney Lisa Wansley-Layne dated June 1, 2005 (incorrectly referring to the "City of Richwood" and designating case "RFA 05-60-W"), the City of Kenova, West Virginia, a municipal public utility, files the original and twelve copies of the following documents relating to the City's enactment of an ordinance increasing Kenova's sewer rates:

1. **Affidavit of publication for post-adoption newspaper publication;**

2. **Affidavit of Kenova City Clerk of 30-Day Public Notice by Posting; and**

3. **Letter to Wayne County News requesting news release relating to sewer rate increase.** Although news release was not published as requested, the proposed increase was widely publicized and resulted in a Petition purporting to be signed by twenty-five (25) percent of Kenova's sewer customers. The City is planning to challenge the validity of this Petition.

Please file these documents in the appropriate files. If further information is needed, please contact me. Thank you.

Sincerely

Debra C. Price

Debra C. Price (304) 453-1564

cc: Mayor George B. Morrone, III
Floyd J. Sowards

ALJ
Legal
IS
W

PUBLIC NOTICE OF CHANGE TO SEWER RATES BY CITY OF KENOVA

Notice is hereby given that the City of Kenova, a municipal public water utility, has adopted by ordinance by ordinance on May 19, 2005, a tariff containing increased rates, tolls, and charges for furnishing sewer service to 1,439 customers in Wayne County, West Virginia.

The proposed increased rates and changes will become effective July 6, 2005, unless otherwise ordered by Public Service Commission and will produce approximately $337,970 annually in additional revenue, an increase of 92.5%. The ordinance will increase the sewer charges from the current rate of Four Dollars and Fifty Cents ($4.50) per 1,000 gallons of water used to Eight Dollars and Eighty-six Cents ($8.66) per 1,000 gallons of water used. The average monthly bill for the various classes of customers will be changed as follows:

	($) INCREASE	INCREASE (%)
Residential (4,500 gallons)	$ 18.72	92.5%
Commercial (10,700 gallons)	$ 44.51	92.5%
Industrial (12,250 gallons)	$ 50.96	92.5%
Multi-Family (111,800 gallons)	$ 465.08	92.5%

The increases shown are based on averages of all customers in the indicated class. Individual customers may receive increases that are greater or less than average. Furthermore, the requested changes are only a proposal and are subject to change (increase or decease) by the Public Service Commission in its review of this filing. The Commission shall review and approve or modify the changes only upon the filing of a petition within thirty (30) days of the adoption of the ordinance changing said charge by:

(1) Any customer aggrieved by the changed rates or charges who presents the Commission a petition signed by not less than twenty-five (25) percent of all the customers served by such municipally operated public utility; or

(2) Any customer who is served by a municipally operated public utility and who resides outside the corporate limits and who is affected by the change in said charge and who presents to the Commission a petition alleging discrimination between customers within or without the municipal boundaries. Said petition shall be accompanied by evidence of discrimination; or

(3) Any customer or group of customers who are affected by said charge in rates who reside within the municipal boundaries and who present a petition to the Commission a petition alleging discrimination between said customer or group of customers and other customers of the municipal utility. Said petition shall be accompanied by evidence of discrimination.

All petitions should be addressed to the Executive Secretary, Public Service Commission of West Virginia, 201 Brooks Street, P.O. Box 812, Charleston, West Virginia 25323.

A complete copy of the proposed changes, as well as a representative of the City to provide any information requested concerning it, is available to all customers and prospective customers at the Office of City Clerk, Kenova, West Virginia 25530.

A copy of the proposed rates is available for public inspection at the Office of the Executive Secretary of the Public Service Commission at 201 Brooks Street, P.O. Box 812, Charleston, West Virginia 25323.

5/24 2tc 5/31

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 24, 2005
May 31, 2005

commencing on the 24th day of May 20 05

Given under my hand this 3rd day of June 20 05

Sworn to and subscribed before me this 3rd day of June, 20 05, 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:

$ 125.45

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

The City of Kenova
Post Office Box 258
Kenova, West Virginia 25530

George H. Morrone III.....Mayor
Debra C. Price.....Attorney
Stacey R. Deerfield.....Clerk/Treasurer
Steven G. Jordan.....Judge
Steven D. Sylvers.....Police Fire Chief
W. Jennings Jarrell.....Inspector
Roger L. Sifford.....Supervisor

City Hall.....(304) 453-1571
Fax.....(304) 453-1009
Web Address.....www.kenova.org

City Council
President.....Rickey W. Griffith
Vice-Pres.....Donnie L. Robinson
Member.....James W. McCallister
Member.....Ronald Ted Rakes
Member.....James W. Spry

AFFIDAVIT OF PUBLIC NOTICE BY POSTING

State of West Virginia
County of Wayne, to wit:

I, Stacey Deerfield, being first duly sworn upon my oath, do depose and say that I am the City Clerk for the City of Kenova, West Virginia, and that I have been duly authorized to execute this affidavit of public notice by posting.

The attached public notice, substantially in the format of Tariff Form No.12 of the Public Service Commission of West Virginia's *Rules for the Construction and Filing of Tariffs*, 150 C.S.R. 2, and as required by 150 C.S.R. 2.22.1.c.4., was first posted in a conspicuous place on the premises where the City of Kenova conducts its utility business with the public on May 20, 2005 and has remained posted until June 22, 2005.

Date: June 22, 2005 Signed: Stacey R Deerfield

Taken, subscribed and sworn to before me in said county this 22nd day of June, 2005.
My commission expires April 15, 2012.

David J. Francis
Notary Public

OFFICIAL SEAL
DAVID J. FRANCIS
NOTARY PUBLIC
STATE OF WEST VIRGINIA
KENOVA POLICE DEPT
1501 Pine Street
Kenova, WV 25530
My Commission Expires April 15, 2012

Tariff Form No. 12

PUBLIC NOTICE OF CHANGE TO SEWER RATES BY CITY OF KENOVA

NOTICE is hereby given that the City of Kenova, a municipal public water utility, has adopted by ordinance on May 19, 2005, a tariff containing increased rates, tolls, and charges for furnishing sewer service to 1,439 customers in Wayne County, West Virginia.

The proposed increased rates and changes will become effective July 6, 2005, unless otherwise ordered by the Public Service Commission and will produce approximately $337,970 annually in additional revenue, an increase of 92.5 %. The ordinance will increase the sewer charges from the current rate of Four Dollars and Fifty Cents ($4.50) per 1,000 gallons of water used to Eight Dollars and Eighty-six Cents ($8.66) per 1,000 gallons of water used. The average monthly bill for the various classes of customers will be changed as follows:

	($) INCREASE	INCREASE (%)
Residential (4,500 gallons)	$ 18.72	92.5 %
Commercial (10,700 gallons)	$ 44.51	92.5 %
Industrial (12,250 gallons)	$ 50.96	92.5 %
Multi-Family (111,800 gallons)	$465.08	92.5 %

The increases shown are based on averages of all customers in the indicated class. Individual customers may receive increases that are greater or less than average. Furthermore, the requested changes are only a proposal and are subject to change (increase or decrease) by the Public Service Commission in its review of this filing. The Commission shall review and approve or modify the changes only upon the filing of a petition within thirty (30) days of the adoption of the ordinance changing said charge by:

(1) Any customer aggrieved by the changed rates or charges who presents the Commission a petition signed by not less than twenty-five (25) percent of all the customers served by such municipally operated public utility; or

(2) Any customer who is served by a municipally operated public utility and who resides outside the corporate limits and who is affected by the change in said charge and who presents to the Commission a petition alleging discrimination between customers within or without the municipal boundaries. Said petition shall be accompanied by evidence of discrimination; or

(3) Any customer or group of customers who are affected by said charge in rates who reside within the municipal boundaries and who present a petition to the Commission alleging discrimination between said customer or group of customers

and other customers of the municipal utility. Said petition shall be accompanied by evidence of discrimination.

All petitions should be addressed to the Executive Secretary, Public Service Commission of West Virginia, 201 Brooks Street, P. O. Box 812, Charleston, West Virginia 25323.

A complete copy of the proposed changes, as well as a representative of the City to provide any information requested concerning it, is available to all customers and prospective customers at the Office of City Clerk, Kenova Municipal Building, 1501 Pine Street, Kenova, West Virginia 25530.

A copy of the proposed rates is available for public inspection at the Office of the Executive Secretary of the Public Service Commission at 201 Brooks Street, P. O. Box 812, Charleston, West Virginia 25323.

The City Of Kenova

Post Office Box 268
Kenova, West Virginia 25530

George B. Morrone III ..... Mayor
Debra C. Price ..... Attorney
Sheila A. Wheeler ..... Clerk/Treasurer
Steven G. Jordan ..... Judge
Steven D. Salvers ..... Police/Fire Chief
W. Jennings Jarrell ..... Inspector
Roger L. Sifford ..... Supervisor

City Hall.....(304) 453-1571
Fax.....(304) 453-1009
Web Address.....www.kenova.org

City Council
President..... Rickey W. Griffith
Vice-Pres..... Donnie L. Robinson
Member..... James W. McCallister
Member..... Ronald Ted Rakes
Member..... James W. Spry

May 20, 2005

Via fax (304) 272-6516 and U.S. Mail

Wayne County News
310 Central Ave.
Wayne, WV 25570

Attn: Angel

Re: City of Kenova–Legal Advertisement

Dear Angel:

Please publish the enclosed Tariff Form No. 12 as a Class II legal advertisement, with the first publication to be made by Tuesday, May 24, 2005. I enclose two copies. Since this is a matter of public interest to many of your readers, I encourage you to print a news article containing the information reflected in the Tariff Form. As soon as the second publication has been made, please provide me with an affidavit of publication and a tear sheet containing the newspaper article.

Thank you so much for your attention to this matter. Please call me with any questions.

Sincerely,

Debra C. Price

Debra C. Price

cc: George B. Morrone, III, Mayor

THE CITY OF KENOVA

RESOLUTION ON OPEN GOVERNMENTAL PROCEEDINGS RULES

Pursuant to Chapter 6, Article 9A, Section 3 of the West Virginia Code, the Council of The City of Kenova 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 Clerk at the front door or bulletin board of the City Hall of the date, time and place fixed and entered of record by Council for the holding of regularly scheduled meetings. In addition, a copy of the agenda for each regularly scheduled meeting shall be posted at the same location by the City Clerk not less than three (3) business days before such regular meeting is to be held. The agenda listing the matters requiring official action that may be addressed at the meeting may be amended up to two (2) business days prior to the meeting. If a particular regularly scheduled meeting is canceled or postponed, a notice of such cancellation or postponement shall be posted at the same location as soon as feasible after such cancellation or postponement has been determined.

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

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

Adopted this 3rd day of July, 2007.

Mayor

CH890471.1

SPECIAL MEETING
JULY 30,2007

Meeting called to order by Council President, Stanley Wood.

Council present Terry Parsons and Don Robinson.

Purpose of meeting to approve Project Engineer for Sewer System Improvement Project.

Motion by Stanley seconded by Don to approve Scott Wheeler to the board. All ayes.

Motion by Terry seconded by Stanley to adjourn. All ayes.

SHEILA WHEELER, CITY CLERK_____

RIC GRIFFITH, MAYOR_____

1501 PINE STREET
KENOVA, WV 25530
Phone: 304.453.3121
Fax: 304.453.1009

CITY OF KENOVA

Fax

To: Katy Mallory From: Sheila

Fax: Date: 8/10/07

Phone: Pages:

Re: CC:

☐ Urgent ☐ For Review ☐ Please Comment ☐ Please Reply ☐ Please Recycle

•Comments:

ARTICLE 135
Sanitary Board

135.01 **Definitions.**
135.02 **Creation of Sanitary Board.**
135.03 **Composition; chairman; appointment of members.**
135.04 **Organizational meetings; vice chairman, secretary, treasurer; official bonds.**
135.05 **Compensation and expenses of Board members.**
135.06 **Powers, duties and limitations.**
135.07 **Duties of Board to restore property damaged by its activities.**
135.08 **Publication of financial statement.**
135.09 **Procedure for disbursement of funds.**
135.10 **Bonding of employees who handle money.**

CROSS REFERENCES
Composition of board - see W.Va. Code 16-13-18
Publication of financial statement - see W.Va. Code 16-13-18a
Powers and duties - see W.Va. Code 16-13-3 et seq.

135.01 DEFINITIONS.

The following words when used in this Article 135 shall, for the purpose of this Article have the following meanings ascribed to them:

(a) "System" means the sanitary sewage system utilized by the City of Kenova, or any additions, extensions and improvements thereto, and future additions, extensions and improvements thereto;

(b) "Act" means Chapter 16, Article 13 of the West Virginia Code of 1931, as amended.

(Ord. Eff. 5-16-91)

135.02 CREATION OF SANITARY BOARD.

Council of the City of Kenova does hereby create and establish a Sanitary Board, with all powers and duties as provided in and pursuant to the Act.
(Ord. Eff. 5-16-91)

135.03 COMPOSITION; CHAIRMAN; APPOINTMENT OF MEMBERS.

The Sanitary Board shall be composed of the Mayor of the City of Kenova, and two persons appointed by the City Council, one of whom, during the period of construction of the System or any additions thereto must be a registered professional engineer. The engineer member of the Board need not be a resident of said Municipality. After the construction of the System has been completed, the engineer may be succeeded by a person not an engineer. Said appointees shall originally be appointed for terms of 2 and 3 years, respectively, and upon the expiration of each such term and each succeeding term, appointment of a successor shall be made in like manner for a term of 3 years. Vacancies shall be filled for an unexpired term in the same manner as the original appointment. No officer or employee of the City of Kenova, whether holding a paid or unpaid office, shall be eligible to appointment on said Sanitary Board until at least 1 year after the expiration of the term of his public office.
(Ord. Eff. 5-16-91)

135.04 ORGANIZATIONAL MEETINGS; VICE CHAIRMAN, SECRETARY, TREASURER; OFFICIAL BONDS.

As soon as may be practicable following the appointment of a new member of the Sanitary Board, the Board shall hold an organizational meeting and choose a vice chairman from among its members, and a secretary and treasurer, who may be one person and need not be a Board member, and such officers shall hold office at the will of the Board. No bond shall be required of the Board members as such, but the treasurer, whether a member of the Board or not, shall give bond in the penalty of $2,000 for the proper application of all money received by him as treasurer of the Board, and otherwise conditioned according to law.
(Ord. Eff. 5-16-91)

135.05 COMPENSATION AND EXPENSES OF BOARD MEMBERS.

The members of the Sanitary Board as such shall be paid no compensation. All members of the Board shall be reimbursed from sewage works funds for all necessary expenses incurred in the discharge of their duties, but there shall be no liability upon the City for any salary or expenses so incurred. (Ord. Eff. 5-16-91)

135.06 POWERS, DUTIES AND LIMITATIONS.

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

(b) The Sanitary Board shall have power to take all steps and proceedings and to make and enter into all contracts or agreements necessary or incidental to the performance of its duties and the execution of the powers granted to such Board by this article and under and by virtue of Article 13, of Chapter 16, of the Code of West Virginia, as the same now exists and may hereafter be amended; but the powers of the Sanitary Board shall be subject to all restrictions and limitations contained in said Article 13 as the same now exists or may hereafter be amended.

(c) The Sanitary Board may employ engineers, architects, inspectors, superintendents, a manager, collectors, attorneys and such other personnel as in its judgment may be necessary in the execution of its powers and duties, and may fix their compensation, all of whom shall do such work as the Board shall direct. All such compensation and all expenses incurred in carrying out the provisions of said Article 13 shall be paid solely and only from funds provided under the authority or power given it so as to bind the Board or the City beyond the extent to which money shall have been or may be provided under the authority of said Article 13. No contract or agreement with any contractor or contractors for labor or material exceeding in amount the sum of $1,000 shall be made without advertising for bids, which bids shall be publicly opened and award made to the best bidder, with power in the Board to reject any and all bids.

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

(e) After the construction, installation and completion of such works the Sanitary Board shall operate, manage and control the same and may order and complete any extensions, betterments and improvements of and to the works that the Board may deem expedient if funds therefor be available or made available as provided by law, and shall establish rules and regulations for the use and operation of the works and of other sewers and drains connected therewith so far as they may affect the operation of such works, and to do all things necessary or expedient for the successful operation thereof, and the Board shall have in addition hereto any and all powers granted to it by said Article 13, or which may be granted to it by amendments to said Article 13, hereafter made, subject to any and all restrictions and limitations therein contained.
(Ord. Eff. 5-16-91)

135.07 DUTIES OF BOARD TO RESTORE PROPERTY DAMAGED BY ITS ACTIVITIES.

All public ways or public works damaged or destroyed by the Sanitary Board in carrying out its authority under said Chapter 16 shall be restored or repaired by the Board and placed in their original condition, as nearly as practicable, if requested so to do by the proper authorities, out of the funds provided pursuant to the provisions of Article 13, Chapter 16 of the Code of West Virginia. (Ord. Eff. 5-16-91)

135.08 PUBLICATION OF FINANCIAL STATEMENT.

The Sanitary Board shall prepare a financial statement and cause it to be published as a Class I legal advertisement in compliance with the provisions of Article 3, Chapter 59 of the Code of West Virginia, and the publication area for such publication shall be the sanitary district. Such statement shall contain an itemized account of the receipts and expenditures of the Board during the previous fiscal year, showing the source from which all money was derived, and the name of the person to whom an order was issued, together with the amount of such order, and why such order was issued, arranging the same under distinct heads, and including all money received and expended from the sale of bonds, and also a specific statement of the debts of such Board, showing the purpose for which any debt was contracted, the amount of money in all funds at the end of the preceding year, and the amount of uncollected service charges. Such statement shall be prepared and published by the Board as soon as practicable after the close of the fiscal year. The statement shall be sworn to by the chairman and secretary and treasurer of the Board. (Ord. Eff. 5-16-91)

135.09 PROCEDURE FOR DISBURSEMENT OF FUNDS.

All funds under the supervision of the Sanitary Board shall be disbursed, as disbursements are required, by check drawn upon the proper fund or account, and such checks shall be properly signed by the authorized officer or agent of the Board. All such disbursements shall be approved by the Board. (Ord. Eff. 5-16-91)

135.10 BONDING OF EMPLOYEES WHO HANDLE MONEY.

The Sanitary Board may from time to time, in its discretion, require any of its employees to furnish a good and suitable indemnity bond, with a recognized and reputable surety, conditioned upon the faithful discharge of their duties as such, and to deliver up and pay over all money as provided by law. The Board shall require all persons who collect or otherwise handle funds of the Board to furnish a good and proper bond, with a recognized and reputable corporate surety conditioned upon the faithful performance of their duties and for the proper handling and care of said funds in their hands. Such bond shall be in an amount equal to the sum of money which might at any one time be in the hands of such person or persons, as may be determined by the Board. (Ord. Eff. 5-16-91)

CITY OF KENOVA

ORDINANCE CREATING A SANITARY BOARD
OF THE CITY OF KENOVA

WHEREAS, the City of Kenova now contemplates the issuance of its Sewer Revenue Bonds to finance the acquisition, construction and equipping of a sanitary sewerage system, or additions, extensions and improvements thereto, and future additions, extensions and improvements (collectively, the "System"), pursuant to Chapter 16, Article 13 of the West Virginia Code of 1931, as amended (the "Act"); and

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

NOW, THEREFORE, BE IT ORDAINED AND ENACTED BY THE CITY COUNCIL OF THE CITY OF KENOVA AS FOLLOWS:

Section 1. That the Council of the City of Kenova does hereby create and establish a Sanitary Board, with all powers and duties as provided in and pursuant to the Act.

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

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

20

from among its members, and a secretary and treasurer, who may be one person and need not be a Board member, and such officers shall hold office at the will of the Board. No bond shall be required of the Board members as such, but the treasurer, whether a member of the Board or not, shall give bond in the penalty of $2,000 for the proper application of all money received by him as treasurer of the Board, and otherwise conditioned according to law.

Section 4. Compensation and Expenses of Board Members. The members of the Sanitary Board as such shall be paid no compensation. All members of the Board shall be reimbursed from sewage works funds for all necessary expenses incurred in the discharge of their duties, but there shall be no liability upon the City for any salary or expenses so incurred.

Section 5. Powers, Duties and Limitations. A. The Sanitary Board shall have the supervision and control of the custody, administration, operation and maintenance of any and all works for the collection, treatment and disposal of sewage, which are now owned or may hereafter be acquired by the City of Kenova.

B. The Sanitary Board shall have power to take all steps and proceedings and to make and enter into all contracts or agreements necessary or incidental to the performance of its duties and the execution of the powers granted to such Board by this chapter and under and by virtue of Article 13, of Chapter 16, of the Code of West Virginia, as the same now exists and may hereafter be amended; but the powers of the Sanitary Board shall be subject to all restrictions and limitations contained in said Article 13 as the same now exists or may hereafter be amended.

C. The Sanitary Board may employ engineers, architects, inspectors, superintendents, a manager, collectors, attorneys and such other personnel as in its judgment may be necessary in the execution of its powers and duties, and may fix their compensation, all of whom shall do such work as the Board shall direct. All such compensation and all expenses incurred in carrying out the provisions of said Article 13 shall be paid solely and only from funds provided under the authority or power given it so as to bind the Board or the City beyond the extent to which money shall have been or may be provided under the authority of said Article 13. No contract or agreement with any contractor or contractors for labor or material exceeding in amount the sum of $1,000 shall be made without advertising for bids, which bids shall be publicly opened and award made to the best bidder, with power in the Board to reject any and all bids.

D. The construction, acquisition, improvement, equipment, custody, operation and maintenance of any such works for the

collection, treatment or disposal of sewage and the collection of revenues therefrom for the service rendered thereby shall be under the supervision and control of the Sanitary Board.

E. After the construction, installation and completion of such works the Sanitary Board shall operate, manage and control the same and may order and complete any extensions, betterments and improvements of and to the works that the Board may deem expedient if funds therefor be available or made available as provided by law, and shall establish rules and regulations for the use and operation of the works and of other sewers and drains connected therewith so far as they may affect the operation of such works, and to do all things necessary or expedient for the successful operation thereof, and the Board shall have in addition hereto any and all powers granted to it by said Article 13, or which may be granted to it by amendments to said Article 13, hereafter made, subject to any and all restrictions and limitations therein contained.

Section 6. Duty of Board to Restore Property Damaged by its Activities. All public ways or public works damaged or destroyed by the Sanitary Board in carrying out its authority under said Chapter 16 shall be restored or repaired by the Board and placed in their original condition, as nearly as practicable, if requested so to do by the proper authorities, out of the funds provided pursuant to the provisions of Article 13, Chapter 16 of the Code of West Virginia.

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

Section 8. Procedure for Disbursement of Funds. All funds under the supervision of the Sanitary Board shall be disbursed,

as disbursements are required, by check drawn upon the proper fund or account, and such checks shall be properly signed by the authorized officer or agent of the Board. All such disbursements shall be approved by the Board.

Section 9. Bonding of Employees Who Handle Money. The Sanitary Board may from time to time, in its discretion, require any of its employees to furnish a good and suitable indemnity bond, with a recognized and reputable surety, conditioned upon the faithful discharge of their duties as such, and to deliver up and pay over all money as provided by law. The Board shall require all persons who collect or otherwise handle funds of the Board to furnish a good and proper bond, with a recognized and reputable corporate surety conditioned upon the faithful performance of their duties and for the proper handling and care of said funds in their hands. Such bond shall be in an amount equal to the sum of money which might at any one time be in the hands of such person or persons, as may be determined by the Board.

Larry Smith
Mayor

ATTEST:

Sheila A. Wheeler
Clerk

First Reading: May 7, 1991

Enacted on Second Reading and effective: May 16, 1991

08/07/91
KENSJ.D3
47214/91002

CITY OF KENOVA

Sewer Revenue Bonds, Series 2006 A
(West Virginia Infrastructure Fund) and
Sewer Revenue Bonds, Series 2006 B
(West Virginia Housing Development Fund)

PETITION OF SANITARY BOARD

The Sanitary Board of the City of Kenova (the "City") hereby petitions the Council of the City to enact an ordinance directing that sewerage revenue bonds of the City be issued pursuant to the provisions of Chapter 16, Article 13 of the West Virginia Code of 1931, as amended, such bonds to be in an amount not to exceed $12,000,000, for the purpose of financing the costs of certain additions, betterments and improvements and acquisition and construction of certain improvements to the existing public sewerage system of the City, together with all necessary appurtenances, and the costs of issuance and related costs.

Directed this 14th day of August, 2006.

CITY OF KENOVA

By: Richard W. Griffith
Its: Chairman

THE CITY OF KENOVA

Sewer Revenue Bonds, Series 2007 A
(West Virginia Infrastructure Fund) and
Sewer Revenue Bonds, Series 2007 B
(West Virginia SRF Program)

EXCERPT OF MINUTES ON ADOPTION OF RULES OF PROCEDUREAND SUPPLEMENTAL RESOLUTION AND CONFORMED ORDINANCE

The undersigned City Clerk-Treasurer of The City of Kenova (the "City") hereby certifies that the following is a true and correct excerpt of the minutes of a special meeting of the Council of the City.

* * * * * * * * *

The Council of the City met in special session, pursuant to notice duly given, on the 3rd day of July, 2007, in Kenova, West Virginia, at the hour of 7:30 p.m.

PRESENT:	Ric Griffith	-	Mayor
	Sheila Wheeler	-	City Clerk-Treasurer
	Don Robinson	-	Councilman
	Jim McCallister	-	Councilman
	Danny Pelfrey	-	Councilman
	Terry Parsons	-	Councilman
	Stanley Wood	-	Councilman

ABSENT: None

Ric Griffith, Mayor, presided, and Sheila Wheeler, acted as City Clerk-Treasurer.

The Mayor announced that a quorum of members was present and that the meeting was open for any business properly before it.

Thereupon, a motion was made by Jim McCallister and seconded by Don Robinson to appoint Sheila Wheeler as City Clerk-Treasurer.

Thereupon, the Mayor presented proposed Rules of Procedure of The City of Kenova and caused the same to be reviewed and there was discussion. Thereupon, on motion of Terry Parsons, seconded by Jim McCallister, it was unanimously ordered that the said Rules of Procedure be adopted.

The Mayor presented a proposed Supplemental Resolution in writing entitled:

> SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNTS, DATES, MATURITY DATES, REDEMPTION PROVISIONS, INTEREST RATES, INTEREST AND PRINCIPAL PAYMENT DATES, SALE PRICES AND OTHER TERMS OF THE SEWER REVENUE BONDS, SERIES 2007 A (WEST VIRGINIA INFRASTRUCTURE FUND) AND SEWER REVENUE BONDS, SERIES 2007 B (WEST VIRGINIA SRF PROGRAM) OF THE CITY OF KENOVA; APPROVING AND RATIFYING THE LOAN AGREEMENTS RELATING TO SUCH BONDS AND THE SALE AND DELIVERY OF SUCH BONDS TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; APPROVING A CONFORMED BOND ORDINANCE; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

and caused the same to be read and there was discussion.

Thereupon, on motion duly made by Jim McCallister and seconded by Don Robinson, it was unanimously ordered that the above-entitled Supplemental Resolution be finally enacted and put into effect immediately.

* * * * * * * * *

There being no further business to come before the meeting, on motion duly made and seconded, it was unanimously ordered that the meeting adjourn.

CERTIFICATION

I hereby certify that the foregoing is a true copy of the minutes of The City of Kenova 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 25th day of July, 2007.

Sheila A Wheeler

City Clerk-Treasurer

472140.00005

THE CITY OF KENOVA

Sewer Revenue Bonds, Series 2007 A
(West Virginia Infrastructure Fund) and
Sewer Revenue Bonds, Series 2007 B
(West Virginia SRF Program)

EXCERPT OF MINUTES ON ADOPTION OF BOND ORDINANCE

The undersigned City Clerk-Treasurer of The City of Kenova (the "City") hereby certifies that the following is a true and correct excerpt of the minutes of a regular meeting of the Council of the City.

* * * * * * * * *

The Council of the City met in regular session, pursuant to notice duly given, on the 19th day of October, 2006, in Kenova, West Virginia, at the hour of 7:30 p.m.

PRESENT:	George Morrone	-	Mayor
	Stacey Deerfield	-	City Clerk-Treasurer
	Ted Rakes	-	Councilman
	Ric Griffith	-	Councilman
	Don Robinson	-	Councilman
	Jim McCallister	-	Councilman
	Jim Spry	-	Councilman

ABSENT: None

George Morrone, Mayor, presided, and Stacey Deerfield, acted as City Clerk-Treasurer.

The Mayor announced that a quorum of members was present and that the meeting was open for any business properly before it.

Thereupon, the Mayor stated that the proposed Bond Ordinance heretofore passed on first and second readings would be subject to protests and suggestions from any interested person at this time in accordance with the publication of an abstract of said Bond Ordinance and a Notice of Hearing, which publication has been duly made, and the Mayor called for protests and suggestions as to said Bond Ordinance and all persons desiring to

protest the said Bond Ordinance or to make any suggestions with reference thereto were heard.

There being no protests or suggestions made as to said Bond Ordinance, the Mayor thereupon stated that it would be in order to consider the said Bond Ordinance for final enactment and the Mayor caused the said Bond Ordinance to be read as follows:

> ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN EXTENSIONS, ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE EXISTING PUBLIC SEWERAGE SYSTEM OF THE CITY OF KENOVA AND THE FINANCING OF THE COST THEREOF, NOT OTHERWISE PROVIDED, THROUGH THE ISSUANCE BY THE CITY OF KENOVA OF NOT MORE THAN $6,000,000 IN ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2006 A (WEST VIRGINIA INFRASTRUCTURE FUND), AND NOT MORE THAN $6,000,000 IN ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2006 B (WEST VIRGINIA SRF PROGRAM); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING LOAN AGREEMENT AND BOND PURCHASE AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

and caused the same to be read and there was discussion.

Thereupon, on motion duly made and seconded, it was unanimously ordered that the above-entitled Bond Ordinance be adopted and be in full force and effect on and from the date thereof.

* * * * * * * * *

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 City of Kenova 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 12th day of July, 2007.

Sheila Q Wheeler

City Clerk-Treasurer

472140.00005

THE CITY OF KENOVA

Sewer Revenue Bonds, Series 2007 A
(West Virginia Infrastructure Fund) and
Sewer Revenue Bonds, Series 2007 B
(West Virginia SRF Program)

EXCERPT OF MINUTES ON SECOND READING OF BOND ORDINANCE

The undersigned City Clerk-Treasurer of The City of Kenova (the "City") hereby certifies that the following is a true and correct excerpt of the minutes of a regular meeting of the Council of the City.

* * * * * * * * *

The Council of the City met in regular session, pursuant to notice duly given, on the 21st day of September, 2006, in Kenova, West Virginia, at the hour of 7:30 p.m.

PRESENT:	George Morrone	-	Mayor
	Stacey Deerfield	-	City Clerk-Treasurer
	Ted Rakes	-	Councilman
	Ric Griffith	-	Councilman
	Don Robinson	-	Councilman
	Jim McCallister	-	Councilman
	Jim Spry	-	Councilman

ABSENT: None

George Morrone, Mayor, presided, and Stacey Deerfield, acted as City Clerk-Treasurer.

The Mayor announced that a quorum of members was present and that the meeting was open for any business properly before it.

The Mayor presented a proposed Bond Ordinance in writing entitled:

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN EXTENSIONS, ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE EXISTING PUBLIC SEWERAGE SYSTEM OF THE CITY OF KENOVA AND THE FINANCING OF THE COST THEREOF, NOT OTHERWISE PROVIDED, THROUGH THE ISSUANCE BY THE CITY OF KENOVA OF NOT MORE THAN $6,000,000 IN ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2006 A (WEST VIRGINIA INFRASTRUCTURE FUND), AND NOT MORE THAN $6,000,000 IN ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2006 B (WEST VIRGINIA SRF PROGRAM); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING LOAN AGREEMENT AND BOND PURCHASE AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

and caused the same to be read and there was discussion.

Thereupon, on motion duly made and seconded, it was unanimously ordered that the above-entitled Bond Ordinance be passed on second reading.

* * * * * * * * *

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 excerpt of minutes of The City of Kenova 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 12th day of July, 2007.

Sheila A Wheeler

City Clerk-Treasurer

472140.00005

THE CITY OF KENOVA

Sewer Revenue Bonds, Series 2007 A
(West Virginia Infrastructure Fund) and
Sewer Revenue Bonds, Series 2007 B
(West Virginia SRF Program)

EXCERPT OF MINUTES ON FIRST READING OF BOND ORDINANCE

The undersigned City Clerk-Treasurer of The City of Kenova (the "City") hereby certifies that the following is a true and correct excerpt of the minutes of a regular meeting of the Council of the City.

* * * * * * * * *

The Council of the City met in regular session, pursuant to notice duly given, on the 17th day of August, 2006, in Kenova, West Virginia, at the hour of 7:30 p.m.

PRESENT:	George Morrone	-	Mayor
	Stacey Deerfield	-	City Clerk-Treasurer
	Ted Rakes	-	Councilman
	Ric Griffith	-	Councilman
	Don Robinson	-	Councilman
	Jim McCallister	-	Councilman
	Jim Spry	-	Councilman

ABSENT: None

George Morrone, Mayor, presided, and Stacey Deerfield, acted as City Clerk-Treasurer.

The Mayor announced that a quorum of members was present and that the meeting was open for any business properly before it.

The Mayor presented a proposed Bond Ordinance in writing entitled:

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN EXTENSIONS, ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE EXISTING PUBLIC SEWERAGE SYSTEM OF THE CITY OF KENOVA AND THE FINANCING OF THE COST THEREOF, NOT OTHERWISE PROVIDED, THROUGH THE ISSUANCE BY THE CITY OF KENOVA OF NOT MORE THAN $6,000,000 IN ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2006 A (WEST VIRGINIA INFRASTRUCTURE FUND), AND NOT MORE THAN $6,000,000 IN ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2006 B (WEST VIRGINIA SRF PROGRAM); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING LOAN AGREEMENT AND BOND PURCHASE AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

and caused the same to be read and there was discussion.

Thereupon, on motion duly made and seconded, it was unanimously ordered that the above-entitled Bond Ordinance be passed on first reading.

* * * * * * * * *

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 excerpt of minutes of The City of Kenova 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 12th day of July, 2007.

Sheila A Wheeler

City Clerk-Treasurer

472140.00005

CITY OF KENOVA NOTICE OF PUBLIC HEARING ON BOND ORDINANCE

A public hearing will be held on the following-entitled Ordinance at a regular meeting of the Council of the City of Kenova on Thursday, October 19, 2006, at 7:30 p.m. in the Council Chambers at the City Hall, 1501 Pine Street, Kenova, West Virginia, and at such hearing any person interested may appear before the Council and present protests, and all protests and suggestions shall be heard by the Council and it shall then take such actions as it deem proper in the premises upon an Ordinance entitled:

Ordinance authorizing the acquisition and construction of certain extensions, additions, betterments and improvements to the existing public sewerage system of the City of Kenova and the financing of the cost thereof, not otherwise provided, through the issuance by the City of Kenova of not more than $6,000,000 in original aggregate principal amount of sewer revenue bonds, series 2006 a (West Virginia Infrastructure Fund), and not more than $6,000,000 in original aggregate principal amount of sewer revenue bonds, series 2006 B (West Virginia SRF Program); providing for the rights and remedies of and security for the registered owners of such bonds; authorizing execution and delivery of all documents relating to the issuance of such bonds; approving, ratifying and confirming loan agreement and bond purchase 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-entitled Ordinance was adopted by the Council of the City of Kenova on September 21, 2006.

The above-quoted title of the Ordinance describes generally the contents thereof and the purposes of the Bonds contemplated thereby. The City of Kenova contemplates the issuance of the Bonds described in said Ordinance. The proceeds of the Bonds will be used to provide permanent financing of a portion of the costs of acquisition and construction of additions, betterments and improvements for the existing public sewerage facilities of the City of Kenova (the "City"). The Bonds are payable solely from revenues to be derived from the ownership and operation of the waterworks of the City. No taxes may at any time be levied for the payment of the Bonds or the interest thereon.

A certified copy of the above-entitled Ordinance is on file with the Council at the office of the City Clerk-Treasurer of the City of Kenova for review by interested parties during regular office hours.

Following said public hearing, the Council intends to enact said Ordinance upon final reading.

Dated: October 4, 2006.

Stacey Deerfield
Clerk

10/04 2tc 10/11

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:

October 4, 2006

October 11, 2006

commencing on the 4th day of October 20 06

Given under my hand this 8th day of February 20 07

Thomas J. George

Sworn to and subscribed before me this 8th day of February, 20 07, 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:

$ 130.77

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

WV MUNICIPAL BOND COMMISSION
#8 Capitol Street
Terminal Building, Suite 500
Charleston, WV 25301
(304) 558-3971

NEW ISSUE REPORT FORM

Date of Report: July 25, 2007

(See Reverse for Instructions)

ISSUE: The City of Kenova Sewer Revenue Bonds, Series 2007 A (West Virginia Infrastructure Fund)

ADDRESS: Post Office Box 268, Kenova, West Virginia 25530 COUNTY: Wayne

PURPOSE OF ISSUE: New Money: X
Refunding: ____

REFUNDS ISSUE(S) DATED: N/A

ISSUE DATE: July 12, 2007

CLOSING DATE: July 12, 2007

ISSUE AMOUNT: $3,747,000

RATE: 0%

1ST DEBT SERVICE DUE: June 1, 2009

1ST PRINCIPAL DUE: June 1, 2009

1ST DEBT SERVICE AMOUNT: $24,491

PAYING AGENT: Municipal Bond Commission

BOND COUNSEL: Steptoe & Johnson PLLC
Contact Person: John Stump, Esquire
Phone: (304) 353-8196

UNDERWRITERS COUNSEL: Jackson Kelly PLLC
Contact Person: Samme Gee, Esquire
Phone: (304) 340-1318

CLOSING BANK: United Bank, Inc.
Contact Person: Gloria McClung
Phone: 304.781.2908

ESCROW TRUSTEE: ____
Contact Person: ____
Phone: ____

KNOWLEDGEABLE ISSUER CONTACT
Contact Person: Ric Griffith
Position: Mayor
Phone: (304) 453.1571

OTHER: WV Infrastructure Jobs Development Council
Contact Person: Jeff Brady, P.E.
Function: Executive Director
Phone: (304) 558-4607

DEPOSITS TO MBC AT CLOSE:
By: ____ Wire
____ Check

____ Accrued Interest: $____
____ Capitalized Interest: $____
____ Reserve Account: $____
____ Other: ____ $____

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

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

NOTES: The Series 2007 A Bonds Reserve Account will be funded over 10 years

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

CH867024.2

WV MUNICIPAL BOND COMMISSION
#8 Capitol Street
Terminal Building, Suite 500
Charleston, WV 25301
(304) 558-3971

NEW ISSUE REPORT FORM

Date of Report: July 25, 2007

(See Reverse for Instructions)

ISSUE: The City of Kenova Sewer Revenue Bonds, Series 2007 B (West Virginia SRF Program)

ADDRESS: Post Office Box 268, Kenova, West Virginia 25530 COUNTY: Wayne

PURPOSE OF ISSUE: New Money: X
Refunding: ____

REFUNDS ISSUE(S) DATED: N/A

ISSUE DATE: July 12, 2007

CLOSING DATE: July 12, 2007

ISSUE AMOUNT: $4,649,209

RATE: 0% interest; 0.5% administrative fee

1ST DEBT SERVICE DUE: June 1, 2009

1ST PRINCIPAL DUE: June 1, 2009

1ST DEBT SERVICE AMOUNT: $30,387

PAYING AGENT: Municipal Bond Commission

BOND COUNSEL: Steptoe & Johnson PLLC
Contact Person: John C. Stump, Esquire
Phone: (304) 353-8196

UNDERWRITERS COUNSEL: Jackson Kelly PLLC
Contact Person: Samme Gee, Esquire
Phone: (304) 340-1318

CLOSING BANK: United Bank, Inc.
Contact Person: Gloria McClung
Phone: 304.781.2908

ESCROW TRUSTEE: ____
Contact Person: ____
Phone: ____

KNOWLEDGEABLE ISSUER CONTACT
Contact Person: Ric Griffith
Position: Mayor
Phone: (304) 453.1571

OTHER: WV Department of Environmental Protection
Contact Person: Rosalie Brodersen
Function: Section Manager
Phone: (304) 926-0499

DEPOSITS TO MBC AT CLOSE:
By: ____ Wire
____ Check

____ Accrued Interest: $____
____ Capitalized Interest: $____
____ Reserve Account: $____
____ Other: ____ $____

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

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

NOTES: The Series 2007 B Bonds Reserve Account will be funded over 10 years

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

CH867025.2

28B

THE CITY OF KENOVA

Sewer Revenue Bonds, Series 2007 A
(West Virginia Infrastructure Fund); and
Sewer Revenue Bonds, Series 2007 B
(West Virginia SRF 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 City of Kenova (the "Issuer") enacted by the Issuer on October 19, 2006, and a Supplemental Resolution and Conformed Ordinance adopted by the Issuer on July 3, 2007 (collectively, the "Bond Legislation"), authorizing issuance of the Issuer's Sewer Revenue Bonds, Series 2007 A (West Virginia Infrastructure Fund) and Sewer Revenue Bonds, Series 2007 B (West Virginia SRF Program), each dated July 25, 2007, in the respective aggregate principal amounts of $3,747,000 and $4,649,209 (collectively, the "Bonds"), and agrees to serve as Depository Bank in connection with the Bonds, all as set forth in the Bond Legislation.

WITNESS my signature on this 25th day of July, 2007.

UNITED BANK, INC.

By: Gloria McCleary
Its: Authorized Officer

472140.00005

THE CITY OF KENOVA

Sewer Revenue Bonds, Series 2007 A
(West Virginia Infrastructure Fund); and
Sewer Revenue Bonds, Series 2007 B
(West Virginia SRF Program)

ACCEPTANCE OF DUTIES AS REGISTRAR

The Huntington National Bank, Charleston, West Virginia, hereby accepts appointment as Registrar in connection with The City of Kenova Sewer Revenue Bonds, Series 2007 A (West Virginia Infrastructure Fund) and Sewer Revenue Bonds, Series 2007 B (West Virginia SRF Program), each dated July 25, 2007, in the respective aggregate principal amounts of $3,747,000 and $4,649,209 (collectively, the "Series 2007 Bonds"), and agrees to perform all duties of Registrar in connection with the Series 2007 Bonds, all as set forth in the Bond Legislation authorizing issuance of the Series 2007 Bonds.

WITNESS my signature on this 25th day of July, 2007.

THE HUNTINGTON NATIONAL BANK

By: _____
Its: Authorized Officer

472140.00005

THE CITY OF KENOVA

Sewer Revenue Bonds, Series 2007 A
(West Virginia Infrastructure Fund); and
Sewer Revenue Bonds, Series 2007 B
(West Virginia SRF 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 City of Kenova (the "Issuer"), hereby certifies that on the date hereof, the single, fully registered Sewer Revenue Bonds, Series 2007 A (West Virginia Infrastructure Fund), of the Issuer, dated July 25, 2007, in the principal amount of $3,747,000, numbered AR-1, and the single, fully registered Sewer Revenue Bonds, Series 2007 B (West Virginia SRF Program), of the Issuer, dated July 25, 2007, in the principal amount of $4,649,209, numbered BR-1, were registered as to principal only in the name of "West Virginia Water Development Authority" in the books of the Issuer kept for that purpose at our office, by a duly authorized officer on behalf of the Registrar.

WITNESS my signature on this 25th day of July, 2007.

THE HUNTINGTON NATIONAL BANK

By: _____
Its: Authorized Officer

472140.00005

THE CITY OF KENOVA

Sewer Revenue Bonds, Series 2007 A
(West Virginia Infrastructure Fund); and
Sewer Revenue Bonds, Series 2007 B
(West Virginia SRF Program)

REGISTRAR'S AGREEMENT

THIS REGISTRAR'S AGREEMENT, dated as of the 25th day of July , 2007, by and between THE CITY OF KENOVA, 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 $3,747,000 principal amount of Sewer Revenue Bonds, Series 2007 A (West Virginia Infrastructure Fund) and $4,649,209 principal amount of Sewer Revenue Bonds, Series 2007 B (West Virginia SRF Program), in fully registered form (collectively, the "Series 2007 Bonds"), pursuant to a Bond Ordinance of the Issuer duly enacted October 19, 2006, and a Supplemental Resolution and Conformed Ordinance of the Issuer duly adopted July 3, 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 Series 2007 Bonds; and

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

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

1. Upon the execution of this Registrar's Agreement by the Issuer and the Registrar and during the term hereof, the Registrar does accept and shall have and carry out

the powers and duties of Registrar for the Series 2007 Bonds, all as set forth in the Bond Legislation, such duties including, among other things, the duties to authenticate, register and deliver the Series 2007 Bonds upon original issuance and when properly presented for exchange or transfer, and shall do so with the intention of maintaining the exemption of interest, if any, on the Series 2007 Bonds from federal income taxation, in accordance with any rules and regulations promulgated by the United States Treasury Department or by the Municipal Securities Rulemaking Board or similar regulatory bodies as the Issuer advises it of and with generally accepted industry standards.

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

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

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

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

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

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

ISSUER: The City of Kenova
Post Office Box 268
Kenova, West Virginia 25530
Attention: Mayor

REGISTRAR: The Huntington National Bank
One Huntington Square

Charleston, West Virginia 25301

8. The Registrar is hereby requested and authorized to authenticate and deliver the Series 2007 Bonds in accordance with the Bond Legislation.

[Remainder of Page Intentionally Left Blank]

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

THE CITY OF KENOVA

By: _____
Its: Mayor

THE HUNTINGTON NATIONAL BANK

By: _____
Its: Authorized Officer

02.05.07
472140.00005

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 19, 2007

The City of Kenova
Account Number 6089001809

The City of Kenova
Sewer Revenue Bonds, Series 2007 B
(West Virginia SRF Program)
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

Office of the Governor
State Capitol
1900 Kanawha Blvd., East
Charleston, WV 25305

State of West Virginia
Joe Manchin III
Governor

Telephone: (304) 558-2000
Toll Free: 1-888-438-2731
FAX: (304) 342-7025
www.wvgov.org

February 10, 2006

The Honorable George B. Morrone, III
Mayor
City of Kenova
Post Office Box 268
Kenova, West Virginia 25530-0268

Dear Mayor Morrone:

Thank you for your application to the Small Cities Block Grant Program (SCBG). Your request has been approved. These funds will enable the City of Kenova to make wastewater system improvements through the separation of the city's existing combined sanitary and storm wastewater system.

To effectively use the limited dollars available, I hereby commit $300,000 from our state administered fiscal year 2005 SCBG allocation that will immediately be available to you. The remaining $1,200,000 necessary to complete the project will be evaluated in the coming year. Be advised that the balance of $1,200,000 is contingent upon the project's readiness to proceed and continued funding from the United States Department of Housing and Urban Development. I encourage you to expedite this project and reach its completion as quickly as possible with this funding strategy in mind.

Please contact Mrs. Angela White Negley of the West Virginia Development Office, at (304) 558-4010, to complete the necessary contract in order to proceed with your project. The West Virginia Development Office reserves the right to withdraw these funds if your project does not proceed on schedule. These funds would be replaced with a letter of intent for consideration from future allocations.

I am pleased to assist with these improvements for the citizens of the City of Kenova.

With warmest regards,

Joe Manchin III
Governor

JM:ars

EXHIBIT C

STATE OF WEST VIRGINIA

SMALL CITIES BLOCK GRANT AWARD

THIS IS TO CERTIFY THAT A GRANT OF $1,500,000 HAS BEEN AWARDED TO THE *CITY OF KENOVA* TO REHABILITATE THEIR CURRENT WASTEWATER COLLECTION SYSTEM

JOE MANCHIN III
GOVERNOR

© 2004 SOES 441
All Rights Reserved

LITHO IN U.S.A.

THE CITY OF KENOVA

SEWER REVENUE BONDS,
SERIES 1991A AND SERIES 1991B
and
SEWERAGE SYSTEM INTERIM CONSTRUCTION FINANCING

BOND AND NOTES ORDINANCE

Table of Contents

Subject **Page**

ARTICLE I
STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

Section 1.01	*Authority for this Ordinance*	*1*
Section 1.02	*Findings*	*1*
Section 1.03	*Bond Legislation Constitutes Contract*	*4*
Section 1.04	*Definitions*	*5*

ARTICLE II
AUTHORIZATION OF ACQUISITION AND CONSTRUCTION
OF THE PROJECT

Section 2.01	*Authorization of Acquisition and Construction of the Project*	*15*

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

Section 3.01	*Authorization of Bonds*	*16*
Section 3.02	*Terms of Bonds*	*16*
Section 3.03	*Execution of Bonds*	*17*
Section 3.04	*Authentication and Registration*	*17*
Section 3.05	*Negotiability, Transfer and Registration*	*17*
Section 3.06	*Bonds Mutilated, Destroyed, Stolen or Lost*	*18*
Section 3.07	*Bonds not to be Indebtedness of the Issuer*	*19*
Section 3.08	*Bonds Secured by Pledge of Net Revenues; Lien Positions with Respect to Bonds*	*19*
Section 3.09	*Form of Original Bonds*	*19*
FORM OF SERIES 1991A BOND		*20*
FORM OF SERIES 1991B BOND		*27*

Section 3.10	*Sale of Original Bonds; Approval and Ratification of Execution of Loan Agreement with Authority*	*34*
Section 3.11	*"Amended Schedule A" Filing; Tender of Series 1991B Bonds*	*34*

ARTICLE IV
INTERIM CONSTRUCTION FINANCING

Section 4.01	*Authorization and General Terms*	*35*
Section 4.02	*Terms of and Security for Notes; Trust Indenture*	*35*
Section 4.03	*Notes are Special Obligations*	*35*
Section 4.04	*Letters of Credit*	*35*

ARTICLE V
FUNDS AND ACCOUNTS; SYSTEM REVENUES AND APPLICATION THEREOF

Section 5.01	*Establishment of Funds and Accounts with Depository Bank*	*37*
Section 5.02	*Establishment of Funds and Accounts with Commission*	*37*
Section 5.03	*System Revenues; Flow of Funds*	*37*

ARTICLE VI
BOND PROCEEDS; CONSTRUCTION DISBURSEMENTS

Section 6.01	*Application of Bond Proceeds; Pledge of Unexpended Bond Proceeds*	*43*
Section 6.02	*Disbursements From the Bond Construction Trust Fund*	*44*

ARTICLE VII
ADDITIONAL COVENANTS OF THE ISSUER

Section 7.01	*General Covenants of the Issuer*	*46*
Section 7.02	*Bonds and Notes not to be Indebtedness of the Issuer*	*46*
Section 7.03	*Bonds Secured by Pledge of Net Revenues; Lien Positions with Respect to Bonds*	*46*
Section 7.04	*Initial Schedule of Rates and Charges*	*47*
Section 7.05	*Sale of the System*	*47*
Section 7.06	*Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances*	*48*
Section 7.07	*Parity Bonds*	*49*
Section 7.08	*Books and Records*	*51*

Section 7.09	*Rates*	*52*
Section 7.10	*Operating Budget and Audit*	*53*
Section 7.11	*No Competing Franchise*	*54*
Section 7.12	*Enforcement of Collections*	*54*
Section 7.13	*No Free Services*	*55*
Section 7.14	*Insurance and Construction Bonds*	*55*
Section 7.15	*Mandatory Connections*	*57*
Section 7.16	*Completion of Project*	*57*
Section 7.17	*Tax Covenants*	*57*

ARTICLE VIII
INVESTMENT OF FUNDS; NON ARBITRAGE

Section 8.01	*Investments*	*59*
Section 8.02	*Arbitrage and Tax Exemption*	*60*
Section 8.03	*Small Issuer Exemption from Rebate of Excess Investment Earnings to the United States*	*60*

ARTICLE IX
DEFAULT AND REMEDIES

Section 9.01	*Events of Default*	*62*
Section 9.02	*Remedies*	*63*
Section 9.03	*Appointment of Receiver*	*63*

ARTICLE X
DEFEASANCE

Section 10.01	*Defeasance of Series 1991A Bonds*	*65*
Section 10.02	*Defeasance of Series 1991B Bonds*	*66*
Section 10.03	*Defeasance of Notes*	*67*

ARTICLE XI
MISCELLANEOUS

Section 11.01	*Amendment or Modification of Bond Legislation*	*68*
Section 11.02	*Bond Legislation Constitutes Contract*	*68*
Section 11.03	*Severability of Invalid Provisions*	*68*
Section 11.04	*Headings, Etc.*	*68*
Section 11.05	*Conflicting Provisions Repealed*	*68*
Section 11.06	*Covenant of Due Procedure, Etc.*	*69*
Section 11.07	*Effective Date*	*69*
Section 11.08	*Statutory Notice and Public Hearing*	*69*

SIGNATURES	*70*
CERTIFICATION	*71*

THE CITY OF KENOVA

ORDINANCE

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF ADDITIONS, BETTERMENTS AND IMPROVEMENTS FOR THE EXISTING PUBLIC SEWERAGE FACILITIES OF THE CITY OF KENOVA AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE CITY OF NOT MORE THAN $600,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 1991A, NOT MORE THAN $100,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 1991B, AND NOT MORE THAN $500,000 INTERIM CONSTRUCTION FINANCING, CONSISTING OF BOND ANTICIPATION NOTES, GRANT ANTICIPATION NOTES OR A LINE OF CREDIT EVIDENCED BY NOTES, OR ANY COMBINATION OF THE FOREGOING; PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS AND NOTES; AUTHORIZING EXECUTION AND DELIVERY OF A TRUST INDENTURE SECURING THE NOTES; APPROVING AND AUTHORIZING OR RATIFYING AND CONFIRMING A LOAN AGREEMENT AND SUPPLEMENTAL LOAN AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND NOTES AND ADOPTING OTHER PROVISIONS RELATING THERETO.

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

ARTICLE I

STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

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

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

A. The City of Kenova (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 sewerage system; however, it is deemed necessary and desirable for the health and welfare of the inhabitants of the Issuer that there be acquired and constructed certain additions, betterments and improvements for the existing sewerage facilities of the Issuer, consisting of approximately 7,775 linear feet of 16-inch force main, 70 linear feet of 30-inch steel casing pipe, renovations to an existing lift station, a new lift station, two diversion manholes and two mounted generators, together with all appurtenant facilities (collectively, the "Project") which constitute properties for the collection and transportation of liquid or solid wastes, sewage or industrial wastes (the existing sewerage facilities of the Issuer, the Project and any further additions, improvements and betterments thereto or extensions thereof is herein called the "System") at an estimated cost of $1,258,166, in accordance with the plans and specifications prepared by the Consulting Engineers, which plans and specifications have heretofore been filed with the Issuer.

C. The estimated revenues to be derived in each year from the operation of the System after completion of the Project will be sufficient to pay all the costs of the operation and maintenance of said System, the principal of and interest on the Bonds and all Sinking Funds, Reserve Accounts and other payments provided for herein, all as such terms are hereinafter defined.

D. It is deemed necessary for the Issuer to issue its Sewer Revenue Bonds in the total aggregate principal amount of not more than $700,000 in two series, being the Series 1991A Bonds in the aggregate principal amount of not more than $600,000, and the Series 1991B Bonds in the aggregate principal amount of not more than $100,000 (collectively, the "Original Bonds"), and (at the option of the Issuer) to issue its sewerage system bond anticipation notes prior to issuance of the Original Bonds and to issue, contemporaneously therewith or as soon as practicable thereafter, its sewerage system grant anticipation notes and/or a note or notes evidencing a line of credit, or any combination of the foregoing (collectively, the "Notes"), in the aggregate principal amount of not more than $500,000 to temporarily finance costs of acquisition and construction of the Project. Said costs shall be deemed to include the cost of all property rights, easements and franchises deemed necessary or convenient therefor; interest upon the Notes during the term thereof and upon the Bonds prior to and during acquisition or construction and for a period not exceeding 6 months after completion of acquisition or construction of the Project; amounts which may be deposited in the

Reserve Accounts; engineering and legal expenses; expenses for estimates of costs and revenues; expenses for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the enterprise, administrative expense, commitment fees, fees of the Authority (as hereinafter defined), discount, initial fees for the services of registrars, paying agents, depositories or trustees or other costs in connection with the sale of the Bonds and the Notes 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, including, with respect to the Notes, any fees for the providing of a letter of credit, as hereinafter defined, and any costs of obtaining insurance thereon; provided, that reimbursement to the Issuer for any amounts expended by it for allowable costs prior to the issuance of the Bonds or the Notes or the repayment of indebtedness incurred by the Issuer for such purposes, shall be deemed Costs of the Project, as hereinafter defined.

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

F. It is in the best interests of the Issuer that its Original Bonds be sold to the Authority (as hereinafter defined) pursuant to the terms and provisions of a loan agreement and a supplemental loan agreement to be entered into between the Issuer and the Authority, in form satisfactory to the Issuer and the Authority, as shall be approved by supplemental resolution.

G. There are no outstanding bonds or obligations of the Issuer which will rank senior and prior to or on parity with the Bonds as to lien, pledge and/or source of and security for payment.

The Series 1991A Bonds shall be issued senior and prior to the Series 1991B Bonds with respect to lien, pledge and source of and security for payment and in all other respects. The Series 1991B Bonds shall be issued junior and subordinate to the Series 1991A Bonds with respect to lien, pledge and source of and security for payment and in all other respects. The Grant Anticipation Notes, if issued, will not be payable from the Net Revenues, but shall be payable from Grant Receipts, Surplus Revenues, certain proceeds of such Grant Anticipation Notes and/or proceeds of a letter of credit, if any, all as shall be set forth in the Indenture and/or the Supplemental Resolution authorizing the Notes or the Grant Anticipation Notes. The Bond Anticipation Notes, if issued, will be payable from the proceeds of the Bonds (or individual series thereof), certain proceeds of such Bond Anticipation Notes and/or Net Revenues, if necessary and if

available, all as shall be set forth in the Indenture and/or the Supplemental Resolution authorizing the Notes or such Bond Anticipation Notes.

H. The Issuer has complied with all requirements of West Virginia law relating to authorization of the acquisition, construction and operation of the Project and the System and issuance of the Bonds and the Notes, or will have so complied prior to issuance of any thereof, including, among other things and without limitation, the obtaining of a Certificate of Public Convenience and Necessity 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 Bonds or any of the Notes or such final order will not be subject to appeal.

I. Pursuant to the Act, the Issuer has heretofore established a Sanitary Board, and the Sanitary Board has petitioned the Council to issue the Bonds and the Notes, as needed for the purposes set forth herein.

J. The Issuer is a governmental unit which has general taxing powers to finance operations of or facilities of the nature of the Project and the System; 95% or more of the net proceeds of the issues of the Original Bonds and the Notes are to be used for local governmental activities of the Issuer (or of a governmental unit the jurisdiction of which is entirely within the jurisdiction of the Issuer); and the Issuer, all subordinate entities, all entities which issue obligations on behalf of the Issuer, and all entities formed or, to the extent provided under Section 148 of the Code, herein defined, availed of, to avoid the purposes of Section 148(f)(4)(D) of the Code and all other entities benefiting thereby reasonably expect to issue less than $5,000,000 aggregate principal amount of tax-exempt obligations (other than private activity bonds) during the calendar year in which the Notes and/or the Bonds are to be issued.

Section 1.03. Bond Legislation Constitutes Contract. In consideration of the acceptance of the Original Bonds and the Notes by those who shall be the registered owners of the same from time to time, this Bond Legislation shall be deemed to be and shall constitute a contract between the Issuer and such Bondholders and such Noteholders, and the covenants and agreements herein set forth to be performed by the Issuer shall be for the equal benefit, protection and security of the registered owners of any and all of such Original Bonds and Notes, respectively, all which shall be of equal rank and without preference, priority or distinction between any one Original Bond of a series and any other Original Bonds of the same series and between any one Note of a series and any other Note of the same

series, by reason of priority of issuance or otherwise, except as expressly provided therein and herein.

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

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

"Authority" means the West Virginia Water Development Authority, which is expected to be the original purchaser of the Original Bonds, or any other agency of the State of West Virginia that succeeds to the functions of the Authority.

"Authorized Officer" means the Mayor of the Issuer or any acting Mayor duly appointed by the Governing Body.

"Bond Construction Trust Fund" means the Bond Construction Trust Fund established by Section 5.01 hereof.

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

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

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

"Bond Year" means each one-year period (or shorter period from the date of issuance of the Original Bonds) that ends at the close of business on October 1, unless otherwise required under the Code.

"Bonds" means the Original Bonds and, where appropriate, any bonds on a parity therewith authorized to be issued hereunder.

"City Clerk," "Clerk," "City Clerk-Treasurer" or "Recorder" means the City Clerk-Treasurer of the Issuer.

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

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

"Consulting Engineers" means Kelley, Gidley, Blair & Wolfe, Inc., Charleston, West Virginia, or any engineer or firm of engineers that shall at any time hereafter be retained by the Issuer as Consulting Engineers for the System.

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

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

"EPA" means the United States Environmental Protection Agency and any successor to the functions of the EPA.

"EPA Grant" means the grant from the EPA pursuant to the commitment therefor.

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

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

"Grant" means the EPA Grant.

"Grant Agreement" means a written commitment for the payment of the EPA Grant or any of the Other Grants, specifying the amount of such Grant, the terms and conditions upon which such Grant is made and the date or dates or event or events upon which such Grant is to be paid to the Issuer; provided that, "EPA Grant Agreement" means only the Grant Agreement relating to the EPA Grant and "Other Grant Agreements" means only those Grant Agreements relating to the Other Grants.

"Grant Receipts" means all moneys received by the Issuer on account of any Grant after the date of issuance of any Grant

Anticipation Notes; provided that, "EPA Grant Receipts" means only Grant Receipts on account of the EPA Grant, and "Other Grant Receipts" means only Grant Receipts on account of any or all of the Other Grants.

"Grants" means, collectively, the EPA Grant and the Other Grants, as hereinafter defined.

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

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

"Indenture" or "Trust Indenture" means the Trust Indenture which may, at the Issuer's option, be entered into between the Issuer and the Trustee relating to any or all of the Notes and all supplements or amendments thereto.

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

"Investment Property" means any security (as said term is defined in Section 165(g)(2)(A) or (B) of the Code), obligation, annuity contract, investment-type property or any residential rental property for family units which is not located within the jurisdiction of the Issuer and which is not acquired to implement a court ordered or approved housing desegregation plan, excluding, however, obligations the interest on which is excluded from gross income, under Section 103 of the Code, for federal income tax purposes other than specified private activity bonds as defined in Section 57(a)(5)(C) of the Code.

"Issuer" or "City" means The City of Kenova, in Wayne County, West Virginia, and, unless the context clearly indicates

otherwise, includes the Governing Body and Sanitary Board of the Issuer.

"Loan Agreement" shall mean, collectively, the Loan Agreement and the Supplemental Loan Agreement, to be entered into between the Authority and the Issuer providing for the purchase of the Original Bonds from the Issuer by the Authority, the forms of which shall be approved, and the execution and delivery by the Issuer authorized and directed or ratified by the Supplemental Resolution.

"Mayor" means the Mayor of the Issuer.

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

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

"Nonpurpose Investment" means any Investment Property which is acquired with the gross proceeds or any other proceeds of the Original Bonds and is not acquired in order to carry out the governmental purpose of the Original Bonds.

"Noteholder," "Holder of the Notes" or any similar term means the person, whenever used herein with respect to an outstanding Note or Notes, in whose name such Note is registered.

"Notes" means collectively, the not more than $500,000 in aggregate principal amount of sewerage system bond anticipation notes, grant anticipation notes and/or notes evidencing a line of credit, or any combination of the foregoing, and originally authorized hereby, which may be issued by the Issuer, the terms of which shall be set forth in a Supplemental Resolution, and unless the context clearly indicates otherwise, the term "Notes" includes any refunding Notes of the Issuer.

"Notes Construction Trust Fund" means the Notes Construction Trust Fund which may be established by the Indenture.

"Notes Debt Service Fund" means the Notes Debt Service Fund which may be established by the Indenture.

"Notes Registrar" means the bank to be designated as such in the Indenture or the Supplemental Resolution and its successors and assigns.

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

"Original Bonds" or "Bonds originally authorized hereby" or similar phrases mean, collectively, the not more than $600,000 in aggregate principal amount of Series 1991A Bonds and the not more than $100,000 in aggregate principal amount of Series 1991B Bonds, issued for the purpose of paying a portion of the Costs of the Project and for such other purposes permitted and authorized by this Bond Legislation.

"Original Notes Purchaser" means, in the event Notes are issued, the original purchaser of such Notes, as shall be named in the Supplemental Resolution, and, in the event a note or notes evidencing a line of credit are issued, such bank or banks as shall be named in a resolution supplemental hereto.

"Other Grants" means, collectively, the Small Cities Block Grant from the Department of Housing and Urban Development, through the State of West Virginia, pursuant to the commitment therefor, together with any other grant other than the EPA Grant hereafter received by the Issuer to aid in financing any Costs.

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

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

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

"Paying Agent" means the bank or banks or other entity designated as such for the Bonds and/or the Notes in the Indenture or in the Supplemental Resolution or such entity or authority as may be designated by the Issuer.

"Private Business Use" means use directly or indirectly in a trade or business carried on by a natural person, including all persons "related" to such person within the meaning of Section 144(a)(3) of the Code, or in any activity carried on by a person other than a natural person, including all persons "related" to such person within the meaning of Section 144(a)(3) of the Code, excluding, however, use by a state or local governmental unit and use as a member of the general public. All of the foregoing shall be determined in accordance with the Code, including, without limitation, giving due regard to "incidental use," if any, of the proceeds of the issue and/or proceeds used for "qualified improvements," if any.

"Program" means the Authority's loan program, under which the Authority purchases the water development revenue bonds of local governmental entities satisfying certain legal and other requirements with the proceeds of water development revenue bonds of the Authority.

"Project" means the acquisition and construction of certain additions, betterments and improvements for the existing sewerage system of the Issuer, consisting generally of approximately 7,775 linear feet of 16-inch force main, 70 linear feet of 30-inch steel casing pipe, renovations to an existing lift station, a new lift station, two diversion manholes and two mounted generators, together with all appurtenant facilities.

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

(a) Government Obligations;

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

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

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

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

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

(g) Repurchase agreements or similar banking arrangments, fully secured by investments

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

(h) The West Virginia "consolidated fund" managed by the West Virginia State Board of Investments pursuant to Chapter 12, Article 6 of the West Virginia Code of 1931, as amended, including, without limitation, authorized pools of investment operated by such State Board of Investments; and

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

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

"Registrar" means, as appropriate, the Bond Registrar, or the Notes Registrar, or both.

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

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

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

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

"Series 1991A Bonds" or "Series A Bonds" means the not more than $600,000 in aggregate principal amount of Sewer Revenue Bonds, Series 1991A, of the Issuer.

"Series 1991A Bonds Reserve Account" means the Series 1991A Bonds Reserve Account established in the Series 1991A Bonds Sinking Fund pursuant to Section 5.02 hereof.

"Series 1991A Bonds Reserve Requirement" means, as of any date of calculation, the maximum amount of principal and interest which will become due on the Series 1991A Bonds in the then current or any succeeding year.

"Series 1991A Bonds Sinking Fund" means the Series 1991A Bonds Sinking Fund established by Section 5.02 hereof.

"Series 1991B Bonds" or "Series B Bonds" means the not more than $100,000 in aggregate principal amount of Sewer Revenue Bonds, Series 1991B, of the Issuer.

"Series 1991B Bonds Reserve Account" means the Series 1991B Bonds Reserve Account established in the Series 1991B Bonds Sinking Fund pursuant to Section 5.02 hereof.

"Series 1991B Bonds Reserve Requirement" means, as of the date of calculation, the maximum amount of principal which will become due on the Series 1991B Bonds in the then current or any succeeding year.

"Series 1991B Bonds Sinking Fund" means the Series 1991B 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 resolutions authorizing the sale of any or all of the Notes or the sale of the Original Bonds, as the case may be; provided, that any matter intended by this Ordinance to be included in the

Supplemental Resolution with respect to the Notes or the Original Bonds, as the case may be, and not so included may be included in another Supplemental Resolution.

"Surplus Revenues" means the Net Revenues not required by the Bond Legislation to be set aside and held for the payment of or security for the Bonds or any other obligations of the Issuer, including, without limitation, the Renewal and Replacement Fund and the Reserve Accounts, the proceeds of which Bonds or other obligations are to be used to pay Costs of the Project.

"System" means the complete properties of the Issuer for the collection, treatment, purification or disposal of liquid or solid wastes, sewage or industrial wastes, as presently existing in its entirety or any integral part thereof, and shall include the Project and any further improvements, additions, betterments and extensions thereto hereafter constructed or acquired from any sources whatsoever.

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

"Trustee" means the banking institution designated as trustee for the Noteholders under the Indenture, if any, its successors and assigns.

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 the acquisition and construction of the Project, at an estimated cost of $1,258,166, 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 Notes and the Bonds hereby authorized shall be applied as provided in the Indenture, if any, and Article VI hereof, respectively.

ARTICLE III

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

Section 3.01. Authorization of Bonds. For the purposes of capitalizing interest on the Series 1991A Bonds, funding a reserve account for each series of Original Bonds, paying Costs of the Project not otherwise provided for and paying certain costs of issuance of the Original Bonds and related costs, or any one or more of such purposes, as determined by the Supplemental Resolution, there shall be and hereby are authorized to be issued negotiable Original Bonds of the Issuer, in an aggregate principal amount of not more than $700,000. Said Bonds shall be issued in two series, to be designated, respectively, "Sewer Revenue Bonds, Series 1991A," in the aggregate principal amount of not more than $600,000, and "Sewer Revenue Bonds, Series 1991B," in the aggregate principal amount of not more than $100,000, and shall have such terms as set forth hereinafter and in the Supplemental Resolution. Such Bonds shall be issued contemporaneously with or prior to issuance of the Grant Anticipation Notes, if any. The proceeds of the Bonds remaining after funding of the Reserve Accounts (if funded from Bond proceeds) and capitalization of interest, if any, shall be deposited in or credited to the Bond Construction Trust Fund established by Section 5.01 hereof.

Section 3.02. Terms of Bonds. The Bonds shall bear interest at such rate or rates, not exceeding the then legal maximum, payable semiannually 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. The Bonds shall be payable as to principal at the office of the Paying Agent, in any coin or currency which, on the dates of payment of principal is legal tender for the payment of public or private debts under the laws of the United States of America. Interest on the Bonds shall be paid by check or draft of the Paying Agent mailed to the registered owner thereof at the address as it appears on the books of the Bond Registrar, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner thereof.

Unless otherwise provided by the Supplemental Resolution, the Original Bonds shall be issued in the form of a single bond for each series, fully registered to the Authority, with a debt service schedule attached, representing the aggregate principal amount of each series, and shall mature in principal installments, all as provided in the Supplemental Resolution. The Bonds of each series shall be exchangeable at the option and expense of the Holder for other fully registered Bonds of the same series in aggregate principal amount

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

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

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

Section 3.04. Authentication and Registration. No Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under this Bond Legislation unless and until the Certificate of Authentication and Registration on such Bond, substantially in the forms set forth in Section 3.09 shall have been manually executed by the Bond Registrar. Any such executed Certificate of Authentication and Registration upon any such Bond shall be conclusive evidence that such Bond has been authenticated, registered and delivered under this Bond Legislation. The Certificate of Authentication and Registration on any Bond shall be deemed to have been executed by the Bond Registrar if manually signed by an authorized officer of the Bond Registrar, but it shall not be necessary that the same officer sign the Certificate of Authentication and Registration on all of the Bonds issued hereunder.

Section 3.05. Negotiability, Transfer and Registration. Subject to the provisions for transfer of registration set forth below, the Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder, in accepting any of said Bonds shall be conclusively deemed to have agreed that such Bonds shall be and have all of the qualities and incidents of

negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder shall further be conclusively deemed to have agreed that said Bonds shall be incontestable in the hands of a bona fide holder for value.

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

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

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

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

Section 3.08. Bonds Secured by Pledge of Net Revenues; Lien Positions with Respect to Bonds. The payment of the debt service of all the Series 1991A Bonds shall be secured forthwith equally and ratably with each other by a first lien on the Net Revenues derived from the System, senior and prior to the lien on Net Revenues in favor of the Holders of the Series 1991B Bonds. The payment of the debt service of all the Series 1991B Bonds shall also be secured forthwith equally and ratably with each other by a lien on the Net Revenues derived from the System, junior and subordinate to the lien on such Net Revenues in favor of the Holders of the Series 1991A Bonds. Such Net Revenues in an amount sufficient to pay the principal of and interest on and other payments for the Bonds and to make the payments into the Sinking Funds and the Reserve Accounts therein are hereby irrevocably pledged to the payment of the principal of and interest on the Bonds as the same become due.

Section 3.09. Form of Original Bonds. The text of the Original Bonds shall be in substantially the following forms, with such omissions, insertions and variations as may be necessary and desirable and authorized or permitted hereby or by any Supplemental Resolution or supplemental ordinance adopted or enacted prior to the issuance thereof:

[Form of Series 1991A Bond]

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE CITY OF KENOVA
SEWER REVENUE BOND,
SERIES 1991A

No. AR-____ $_____

KNOW ALL MEN BY THESE PRESENTS: That THE CITY OF KENOVA, 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 ($_____), in installments on _____ 1 of each year, as set forth on the "Schedule of Annual Debt Service" attached as Exhibit A hereto and incorporated herein by reference with interest on each installment at the rate per annum set forth on said Exhibit A.

The interest on each installment shall run from the original date of delivery of this Bond to the Authority and payment therefor, and until payment of such installment, and such interest shall be payable on April 1 and October 1 in each year, beginning _____ 1, 19_____. Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent"). The interest on this Bond is payable by check or draft of the Paying Agent mailed to the registered owner hereof at the address as it appears on the books of One Valley Bank, National Association, Charleston, West Virginia, as registrar (the "Registrar"), on the 15th day of the month next preceding an interest payment date, or by such other method as shall be mutually agreeable so long as the Authority is the registered owner hereof.

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority, and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement between the Issuer and the Authority, dated _____, 19_____.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain additions, betterments and improvements for the existing sewerage facilities of the Issuer (the "Project"); (ii) [to pay interest on the Bonds of this Series (the "Bonds") during the construction of the Project and for not more than 6 months thereafter; (iii) to fund a reserve account for the Bonds; (iv)] to pay certain costs of issuance hereof and related costs. The existing sewerage system of the Issuer, the Project, and any further additions, betterments and improvements thereto is herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13 of the West Virginia Code of 1931, as amended (the "Act"), and an Ordinance duly enacted by the Issuer on _____, 19____, and a Supplemental Resolution duly adopted by the Issuer on _____, 19____ (collectively called the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS SENIOR AND PRIOR WITH RESPECT TO LIEN, PLEDGE AND SOURCES OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, TO THE SEWER REVENUE BONDS, SERIES 1991B, OF THE ISSUER ISSUED CONCURRENTLY HEREWITH IN THE AGGREGATE PRINCIPAL AMOUNT OF $_____ AND DESCRIBED IN THE BOND LEGISLATION (THE "SERIES 1991B BONDS").

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, moneys in the Reserve Account created under the Bond Legislation for the Bonds (the "Series 1991A Bonds Reserve Account"), unexpended proceeds of the Bonds and the Series 1991B Bonds and any other sources provided in the Bond Legislation. Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest hereon except from said special fund provided from the Net Revenues, the moneys in the Series 1991A Bonds Reserve Account, unexpended proceeds of the Bonds and the Series 1991B Bonds and any other sources provided in the Bond Legislation. 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, the Series 1991B Bonds, and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with the Bonds or the Series 1991B Bonds, provided however, that so long as there exists in the Series 1991A Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for the Series 1991B Bonds and any other obligations outstanding prior to or on a parity with the Bonds or the Series 1991B Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

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

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Bond have existed, have

happened, and have been performed in due time, form and manner as required by law, and that the amount of this Bond, together with all other obligations of the Issuer, does not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia and that a sufficient amount of the revenues of the System has been pledged to and will be set aside into said special fund by the Issuer for the prompt payment of the principal of and interest on this Bond.

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

IN WITNESS WHEREOF, THE CITY OF KENOVA has caused this Bond to be signed by its Mayor and its corporate seal to be hereunto affixed and attested by its City Clerk-Treasurer, and has caused this Bond to be dated _____, 19____.

[SEAL]

_____
Mayor

ATTEST:

_____
City Clerk-Treasurer

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 1991A 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: _____

ONE VALLEY BANK, NATIONAL ASSOCIATION,
as Registrar

By _____
Its Authorized Officer

EXHIBIT A

SCHEDULE OF ANNUAL DEBT SERVICE

(Form of)

ASSIGNMENT

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

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

Dated: _____, _____.

_____

In the presence of:

_____

[Form of Series 1991B Bond]

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE CITY OF KENOVA
SEWER REVENUE BOND,
SERIES 1991B

No. BR-__ $_____

KNOW ALL MEN BY THESE PRESENTS: That THE CITY OF KENOVA, 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 ($_____), in annual installments on _____ 1 of each year as set forth on the "Schedule of Annual Debt Service" attached as Exhibit A hereto and incorporated herein by reference, without interest.

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

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority, and upon the terms and conditions prescribed by, and otherwise in compliance with, the Supplemental Loan Agreement between the Issuer and the Authority, dated _____, 19_____.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain additions, betterments and improvements for the existing sewerage facilities of the Issuer (the "Project"); (ii) [to fund a reserve account for the Bonds of this Series (the "Bonds"); and (iii)] to pay certain costs of issuance hereof and related costs. The existing sewerage system of the Issuer, the Project, and any further additions, betterments and improvements thereto is herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16,

Article 13 of the West Virginia Code of 1931, as amended (the "Act"), and an Ordinance duly enacted by the Issuer on _____, 19____, and a Supplemental Resolution duly adopted by the Issuer on _____, 19____ (collectively called the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds of this Series (the "Bonds") under the Bond Legislation.

THIS BOND IS JUNIOR AND SUBORDINATE WITH RESPECT TO LIEN, PLEDGE AND SOURCES OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, TO THE SEWER REVENUE BONDS, SERIES 1991A, OF THE ISSUER ISSUED CONCURRENTLY HEREWITH IN THE AGGREGATE PRINCIPAL AMOUNT OF $_____ AND DESCRIBED IN THE BOND LEGISLATION (THE "SERIES 1991A BONDS").

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System after there has first been paid from said Net Revenues all payments then due and owing on account of the Series 1991A Bonds, all moneys in the reserve account created under the Bond Legislation for the Bonds (the "Series 1991B 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, except from said special fund provided from the Net Revenues, the moneys in the Series 1991B Bonds Reserve Account and unexpended Bond proceeds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest, if any, on the Bonds, the Series 1991A Bonds and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with the Series 1991A Bonds or the Bonds, provided, however, that so long as there exists in the Series 1991B Bonds Reserve Account and the reserve account established for the Series 1991A Bonds, respectively, amounts at least equal to the maximum amount of principal and interest, if any, which will become due on the Bonds and

the Series 1991A Bonds in the then current or any succeeding year, and any reserve account for any such prior or parity obligations is funded at least at the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

All money received from the sale of this Bond, after reimbursement and repayment of all amounts advanced for preliminary expenses as provided by law, shall be applied solely to the payment of the Costs of the Project described in the Bond Legislation, and there shall be and hereby is created and granted a lien upon such moneys, until so applied, in favor of the registered owners of the Bonds, which lien is subordinate to the lien in favor of the registered owners of the Series 1991A Bonds.

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

All provisions of the Bond Legislation, resolutions and statutes under which this Bond is issued shall be deemed to be a part

of the contract evidenced by this Bond to the same extent as if written fully herein.

IN WITNESS WHEREOF, THE CITY OF KENOVA has caused this Bond to be signed by its Mayor and its corporate seal to be hereunto affixed and attested by its City Clerk-Treasurer, and has caused this Bond to be dated _____, 19_____.

[SEAL]

_____
Mayor

ATTEST:

_____
City Clerk-Treasurer

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 1991B 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: _____

ONE VALLEY BANK, NATIONAL ASSOCIATION,
as Registrar

By _____
Its Authorized Officer

EXHIBIT A

SCHEDULE OF ANNUAL DEBT SERVICE

(Form of)

ASSIGNMENT

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

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

Dated: _____, _____.

_____

In the presence of:

_____

Section 3.10. Sale of Original Bonds; Approval and Ratification of Execution of Loan Agreement with Authority. The Original 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 City Clerk-Treasurer is directed to affix the seal of the Issuer, attest the same and deliver the Loan Agreement to the Authority, and any such prior execution and delivery is hereby authorized, approved, ratified and confirmed.

Section 3.11. "Amended Schedule A" Filing; Tender of Series 1991B Bonds. Upon completion of acquisition and construction of the Project, the Issuer will file with the Authority a schedule in substantially the form of the "Amended Schedule A" to the Loan Agreement, setting forth the actual costs of the Project and sources of funds therefor. In the event such schedule reflects an excess of funding for the Project, or if the Authority is otherwise advised of an excess, the Authority may tender the Series 1991B Bonds to the Issuer for payment in an amount equal to such excess to the extent such excess is lawfully available therefor. Notwithstanding the foregoing, if the Issuer has Notes outstanding upon completion of acquisition and construction of the Project, it will advise the Authority of such fact and submit a second schedule to the Authority upon payment of such Notes, and the Authority will not tender its Series 1991B Bonds for payment until the outstanding Notes have been paid.

ARTICLE IV

INTERIM CONSTRUCTION FINANCING

Section 4.01. Authorization and General Terms. In order to pay certain Costs of the Project pending receipt of the Grant Receipts or issuance of the Bonds, the Issuer may issue and sell its Notes in an aggregate principal amount not to exceed $500,000. The Notes may be in the form of bond anticipation notes, grant anticipation notes and/or as evidence of a line of credit from a commercial bank or other lender, or any combination of the foregoing, at the discretion of the Issuer, and as shall be set forth in one or more resolutions supplemental hereto. The Notes shall bear interest from the date or dates, at such rate or rates, payable on such dates and shall mature on such date or dates and be subject to such prepayment or redemption, all as provided in the Indenture and/or supplemental resolution, as applicable.

Section 4.02. Terms of and Security for Notes; Trust Indenture. The Notes, if issued, shall be issued in fully registered form, in the denominations, with such terms and secured in the manner set forth in the Indenture, if applicable (which Indenture in the form to be executed and delivered by the Issuer shall be approved by a supplemental resolution), or one or more supplemental resolutions, if no Indenture is used.

Section 4.03. Notes are Special Obligations. The Notes shall be special obligations of the Issuer payable as to principal and interest solely from proceeds of the Bonds or the Net Revenues (if issued in the form of Bond Anticipation Notes) or the Grant Receipts, the Surplus Revenues and the letter of credit proceeds (if issued in the form of Grant Anticipation Notes) and from other sources described in the Indenture and/or supplemental resolution or resolutions. The Notes do not and shall not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provisions. The general funds of the Issuer are not liable, and neither the full faith and credit nor the taxing power, if any, of the Issuer is pledged for the payment of the Notes. The Holders of the Notes shall never have the right to compel the forfeiture of any property of the Issuer. The Notes shall not be a debt of the Issuer, nor a legal or equitable pledge, charge, lien or encumbrance upon any property of the Issuer or upon any of its income, receipts or revenues except as set forth in the Indenture and/or the Supplemental Resolution.

Section 4.04. Letters of Credit. As additional security for any Notes, the Issuer may obtain a letter or letters of credit from a bank or banks, pursuant to which such bank or banks would agree

to pay to the Trustee, upon presentation by the Trustee of certain certificates, the sum or sums set forth therein but not to exceed $500,000 in the aggregate. In the event of a draw under any such letter of credit, the Issuer shall issue its refunding notes to the bank issuing such letter of credit. Any such letter or letters of credit shall be authorized and shall have such terms as shall be set forth in a resolution supplemental hereto.

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 created with and shall be held by the Depository Bank separate and apart from all other funds or accounts of the Depository Bank and from each other:

(1) Revenue Fund;

(2) Renewal and Replacement Fund; and

(3) Bond Construction Trust Fund.

Section 5.02. Establishment of Funds and Accounts with Commission. The following special funds or accounts are hereby created with the Commission:

(1) Series 1991A Bonds Sinking Fund;

(a) Within the Series 1991A Bonds Sinking Fund, the Series 1991A Bonds Reserve Account.

(2) Series 1991B Bonds Sinking Fund;

(a) Within the Series 1991B Bonds Sinking Fund, the Series 1991B Bonds Reserve Account.

Section 5.03. System Revenues; Flow of Funds. A. The entire Gross Revenues derived from the operation of the System shall be deposited upon receipt in the Revenue Fund. The Revenue Fund shall constitute a trust fund for the purposes provided in this Bond Legislation and shall be kept separate and distinct from all other funds of the Issuer and the Depository Bank and used only for the purposes and in the manner herein provided.

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

(2) The Issuer shall next, (i) on the first day of each month, commencing 7 months prior to the first date of payment of interest on the Series 1991A Bonds for which interest has not been capitalized, apportion and set apart out of the Revenue Fund and remit to the Commission, for deposit in the Series 1991A Bonds Sinking Fund, a sum equal

to 1/6th of the amount of interest which will become due on said Series 1991A Bonds on the next ensuing semiannual interest payment date; provided, that, in the event the period to elapse between the date of such initial deposit in the Series 1991A Bonds Sinking Fund and the next semiannual interest payment date is less than 7 months, then such monthly payments shall be increased proportionately to provide, one month prior to the next semiannual interest payment date, the required amount of interest coming due on such date, and (ii) on the first day of each month, commencing 13 months prior to the first date of payment of principal on the Series 1991A Bonds, apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in the Series 1991A Bonds Sinking Fund, a sum equal to 1/12th of the amount of principal which will mature and become due on said Series 1991A Bonds on the next ensuing principal payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 1991A Bonds Sinking Fund and the next annual principal payment date is less than 13 months then such monthly payments shall be increased proportionately to provide, one month prior to the next annual principal payment date, the required amount of principal coming due on such date.

(3) The Issuer shall next, on the first day of each month, commencing 13 months prior to the first date of payment of principal of the Series 1991A Bonds, if not fully funded upon issuance of the Series 1991A Bonds, apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in the Series 1991A Bonds Reserve Account, an amount equal to 1/120 of the Series 1991A Bonds Reserve Requirement; provided, that no further payments shall be made into the Series 1991A 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 1991A Bonds Reserve Requirement.

(4) The Issuer shall next, from the moneys remaining in the Revenue Fund, on the first day of each month, transfer to the Renewal and Replacement Fund, a sum equal to 2 1/2% of the Gross Revenues each month, exclusive of any payments for account of any Reserve Account. All funds in the Renewal and Replacement Fund shall be kept apart from all other funds of the Issuer or of the Depository Bank and shall be invested and reinvested in accordance with Article VIII hereof. Withdrawals and disbursements may be made from the Renewal and Replacement Fund for replacements,

emergency repairs, improvements or extensions to the System; provided, that any deficiencies in the reserve accounts established with respect to the Series 1991A Bonds or the Series 1991B Bonds [except to the extent such deficiency exists because the required payments into such account have not, as of the date of determination of a deficiency, funded such account to the maximum extent required hereof] shall be promptly eliminated with moneys from the Renewal and Replacement Fund.

(5) The Issuer shall next, on the first day of each month, commencing 13 months prior to the first date of payment of principal on the Series 1991B Bonds, apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in the Series 1991B Bonds Sinking Fund, a sum equal to 1/12th of the amount of principal which will mature and become due on said Series 1991B Bonds on the next ensuing principal payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 1991B Bonds Sinking Fund and the next annual principal payment date is less than 13 months then such monthly payments shall be increased proportionately to provide, one month prior to the next annual principal payment date, the required amount of principal coming due on such date.

(6) The Issuer shall next, on the first day of each month, commencing 13 months prior to the first date of payment of principal of the Series 1991B Bonds, if not fully funded upon issuance of the Series 1991B Bonds, apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in the Series 1991B Bonds Reserve Account, an amount equal to 1/120 of the Series 1991B Bonds Reserve Requirement; provided, that no further payments shall be made into the Series 1991B 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 1991B Bonds Reserve Requirement.

Moneys in the Series 1991A Bonds Sinking Fund and the Series 1991B Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest, if any, on the respective series of Bonds as the same shall become due. Moneys in the Series 1991A Bonds Reserve Account and the Series 1991B Bonds Reserve Account shall be used only for the purpose of paying principal of and interest, if any, on the respective series of Bonds, as the same shall come due,

when other moneys in the attendant Sinking Fund are insufficient therefor, and for no other purpose.

All investment earnings on moneys in the several Sinking Funds and Reserve Accounts shall be returned, not less than once each year, by the Commission to the Issuer, and such amounts shall, during construction of the Project, be deposited in the Bond Construction Trust Fund, and following completion of construction of the Project, shall be deposited in the Revenue Fund and applied in full, first to the next ensuing interest payments, if any, due on the respective series of Bonds, and then to the next ensuing principal payments due thereon.

Any withdrawals from the Series 1991A Bonds Reserve Account which result in a reduction in the balance of the Series 1991A Bonds Reserve Account to below the Series 1991A Bonds Reserve Requirement shall be subsequently restored from the first Net Revenues available after all required payments have been made in full to the Series 1991A Bonds Sinking Fund for payment of debt service on the Series 1991A Bonds.

Any withdrawals from the Series 1991B Bonds Reserve Account which result in a reduction in the balance of the Series 1991B Bonds Reserve Account to below the Series 1991B Bonds Reserve Requirement shall be subsequently restored from the first Net Revenues available after all required payments to the Series 1991A Bonds Sinking Fund, the Series 1991A Bonds Reserve Account, the Renewal and Replacement Fund and the Series 1991B Bonds Sinking Fund have been made in full.

As and when additional Bonds ranking on a parity with the Bonds are issued, provision shall be made for additional payments into the respective Sinking Fund sufficient to pay the interest on such additional parity Bonds and accomplish retirement thereof at maturity and to accumulate a balance in the appropriate Reserve Account in an amount equal to the maximum provided and required to be paid into the concomitant Sinking Fund in any year for account of the Bonds of such series, including such additional Bonds which by their terms are payable from such Sinking Fund.

The Issuer shall not be required to make any further payments into the Series 1991A Bonds Sinking Fund or the Series 1991B Bonds Sinking Fund or into the Reserve Accounts therein when the aggregate amount of funds in said

respective Sinking Funds and Reserve Accounts are at least equal to the aggregate principal amount of the respective Bonds issued pursuant to this Bond Legislation then Outstanding and all interest to accrue until the respective maturities thereof.

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

The payments into the Sinking Funds shall be made on the first day of each month, except that when the first day of any month shall be a Sunday or legal holiday then such payments shall be made on the next succeeding business day, and all such payments shall be remitted to the Commission with appropriate instructions as to the custody, use and application thereof consistent with the provisions of this Bond Legislation.

Moneys in the Reserve Accounts shall be invested and reinvested by the Commission in accordance with Section 8.01 hereof.

The Sinking Funds, including the Reserve Accounts therein, shall be used solely and only for, and are hereby pledged for, the purpose of servicing the respective Bonds and any additional Bonds ranking on a parity therewith that may be issued and Outstanding under the conditions and restrictions hereinafter set forth.

B. Whenever all of the required and provided transfers and payments from the Revenue Fund into the several special funds, as hereinbefore provided, are current and there remains in said Revenue Fund a balance in excess of the estimated amounts required to be so transferred and paid into the Sinking Funds, including the Reserve Accounts therein, and the Renewal and Replacement Fund during the following month or such other period as required by law, such excess shall be considered Surplus Revenues. Surplus Revenues may be used for any lawful purpose of the System, including, but not limited to, payment to the Trustee for deposit in the Notes Debt Service Fund.

C. The Issuer shall remit from the Revenue Fund to the Commission, the Registrar, the Paying Agent or the Depository Bank, on such dates as the Commission, the Registrar, the Paying Agent or the Depository Bank, as the case may be, shall require, such

additional sums as shall be necessary to pay the Depository Bank's charges and the Paying Agent and the Commission's fees then due.

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

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

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

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

H. All Tap Fees shall be deposited by the Issuer, as received, in the Bond Construction Trust Fund, and following completion of the Project, shall be deposited in the Revenue Fund and may be used for any lawful purpose of the System, provided that, in the event Notes are issued, Tap Fees may, with the written consent of the Authority be deposited otherwise.

ARTICLE VI

BOND PROCEEDS; CONSTRUCTION DISBURSEMENTS

Section 6.01. Application of Bond Proceeds; Pledge of Unexpended Bond Proceeds. From the moneys received from the sale of any or all of the Original Bonds, the following amounts shall be first deducted and deposited in the order set forth below:

A. From the proceeds of the Series 1991A Bonds, there shall first be deposited with the Commission in the Series 1991A Bonds Sinking Fund, the amount, if any, specified in the Supplemental Resolution as capitalized interest; provided, that such amount may not exceed the amount necessary to pay interest on the Series 1991A Bonds for the period commencing on the date of issuance of the Bonds and ending 6 months after the estimated date of completion of construction of the Project.

B. Next, from the proceeds of the Series 1991A Bonds, there shall be deposited with the Commission in the Series 1991A Bonds Reserve Account, and from the proceeds of the Series 1991B Bonds, there shall be deposited with the Commission in the Series 1991B Reserve Account, the respective sums, if any, set forth in the Supplemental Resolution for funding of the Reserve Accounts.

C. Next, from the proceeds of the Series 1991A Bonds, there shall first be credited to the Bond Construction Trust Fund and then paid, any and all borrowings by the Issuer made for the purpose of temporarily financing a portion of the Costs of the Project, including interest accrued thereon to the date of such payment, not otherwise paid from funds of the Issuer.

D. The remaining moneys derived from the sale of the Bonds shall be deposited with the Depository Bank in the Bond Construction Trust Fund and applied solely to payment of Costs of the Project in the manner set forth in Section 6.02.

E. The Depository Bank shall act as a trustee and fiduciary for the Bondholder with respect to the Bond Construction Trust Fund and shall comply with all requirements with respect to the disposition of the Bond Construction Trust Fund set forth in the Bond Legislation. Moneys in the Bond Construction Trust Fund shall be used solely to pay Costs of the Project and until so transferred or expended, are hereby pledged as additional security for the Series 1991A Bonds, and thereafter, for the Series 1991B Bonds. In the event that Notes are issued, the disposition of funds in the Bond

Construction Trust Fund may be modified from that set forth herein, with the written consent of the Authority.

Section 6.02. Disbursements From the Bond Construction Trust Fund. Payments for Costs of the Project shall be made monthly.

Except as provided in Section 6.01 hereof, disbursements from the Bond Construction Trust Fund (except for the costs of issuance of the Original Bonds which shall be made upon request of the Issuer) shall be made only after submission to the Depository Bank of a certificate, signed by an Authorized Officer and the Consulting Engineers, stating:

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

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

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

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

In case any contract provides for the retention of a portion of the contract price, the Depository Bank shall disburse from the Bond Construction Trust Fund only the net amount remaining after deduction of any such portion. All payments made from the Bond Construction Trust Fund shall be presumed by the Depository Bank to be made for the purposes set forth in said certificate, and the Depository Bank shall not be required to monitor the application of disbursements from the Bond Construction Trust Fund. The Consulting Engineers shall from time to time file with the Depository Bank written statements advising the Depository Bank of its then authorized representative.

Pending such application, moneys in the Bond Construction Trust Fund, including any accounts therein, shall be invested and reinvested in Qualified Investments at the written direction of the Issuer.

After completion of the Project, as certified by the Consulting Engineers, and all Costs have been paid, the Depository Bank shall transfer any moneys remaining in the Bond Construction Trust Fund to the Series 1991A Bonds Reserve Account and when fully

funded to the Series 1991B Bonds Reserve Account, and when both Reserve Accounts are fully funded, shall return such remaining moneys to the Issuer for deposit in the Revenue Fund; provided that, in no event shall more than 10% of the proceeds of either or both the Series 1991A Bonds or Series 1991B Bonds be deposited in the Reserve Accounts and any balance in excess of said amounts shall be returned to the Issuer for deposit in the Revenue Fund. The Issuer shall thereafter, apply any such moneys in full, first to the next ensuing interest payments, if any, due on the respective series of Bonds and thereafter to the next ensuing principal payments due thereon. Notwithstanding the foregoing, if the Authority tenders any of its Series 1991B Bonds to the Issuer pursuant to the provisions of the Supplemental Loan Agreement, such moneys shall be applied to the purchase of such Series 1991B Bonds.

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

Until the payment in full of the principal of and interest on the Notes when due, and to the extent they do not materially adversely affect Bondholders, the covenants, agreements and provisions contained in this Bond Legislation shall, where applicable, also inure to the benefit of the Holders of the Notes and the Trustee therefor and constitute valid and legally binding covenants of the Issuer, enforceable in any court of competent jurisdiction by the Trustee or any Holder or Holders of said Notes as prescribed in the Indenture; provided, that Section 7.09 shall not be applied to the Grant Anticipation Notes.

Section 7.02. Bonds and Notes not to be Indebtedness of the Issuer. Neither the Bonds nor the Notes shall be or constitute an indebtedness of the Issuer within the meaning of any constitutional, statutory or charter limitation of indebtedness, but shall be payable solely from the funds pledged for such payment by this Bond Legislation. No Holder or Holders of any Bonds or Notes shall ever have the right to compel the exercise of the taxing power of the Issuer to pay said Bonds or Notes or the interest thereon.

Section 7.03. Bonds Secured by Pledge of Net Revenues; Lien Positions with Respect to Bonds. The payment of the debt service of the Series 1991A Bonds issued hereunder shall be secured forthwith equally and ratably by a first lien on the Net Revenues derived from the operation of the System, senior and prior to the lien on said Net Revenues in favor of the Holders of the Series 1991B Bonds. The payment of the debt service of the Series 1991B Bonds issued hereunder shall be secured forthwith equally and ratably by a lien on said Net Revenues, junior and subordinate to the lien on said Net Revenues in favor of the Holders of the Series 1991A Bonds. The Revenues derived from the System, in an amount sufficient to pay the principal of and

interest on the Bonds and to make the payments into the Sinking Funds, including the Reserve Accounts therein, and all other payments provided for in the Bond Legislation are hereby irrevocably pledged, in the manner provided herein, to the payment of the principal of and interest on the Bonds as the same become due, and for the other purposes provided in the Bond Legislation.

Section 7.04. Initial Schedule of Rates and Charges. The initial schedule of rates and charges for the services and facilities of the System shall be as set forth in the sewer rate ordinance of the Issuer enacted May 7, 1991, which rates are incorporated herein by reference as a part hereof.

Section 7.05. Sale of the System. Except as otherwise required by law, the System may not be sold, mortgaged, leased or otherwise disposed of except as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to pay fully all the Bonds and the Notes, if any, Outstanding, or to effectively defease this Bond Legislation in accordance with Sections 10.01 and 10.02 hereof and, if entered into and not previously defeased, the Indenture in accordance with Section 8.01 thereof. The proceeds from any such sale, mortgage, lease or other disposition of the System shall, with respect to the Bonds, immediately be remitted to the Commission for deposit in the Sinking Funds, and, with the written permission of the Authority, or in the event the Authority is no longer a Bondholder, the Issuer shall direct the Commission to apply such proceeds to the payment of principal at maturity of and interest on the Bonds. Any balance remaining after the payment of all the Bonds and interest thereon shall be remitted to the Issuer by the Commission unless necessary for the payment of other obligations of the Issuer payable out of the revenues of the System. With respect to the Notes, such proceeds in an amount sufficient to pay the Notes in full shall be applied to the payment of the Notes, either at maturity or, if allowable under the Supplemental Resolution or Indenture, prior thereto.

The foregoing provision notwithstanding, the Issuer shall have and hereby reserves the right to sell, lease or otherwise dispose of any of the property comprising a part of the System hereinafter determined in the manner provided herein to be no longer necessary, useful or profitable in the operation thereof. Prior to any such sale, lease or other disposition of such property, if the amount to be received therefor, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, is not in excess of $10,000, the Issuer shall, by resolution, determine that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then provide for the sale of such property. The

proceeds of any such sale shall be deposited in the Renewal and Replacement Fund. If the amount to be received from such sale, lease or other disposition of said property, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, shall be in excess of $10,000 but not in excess of $50,000, the Issuer shall first, determine upon consultation with the Consulting Engineers that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then, if it be so advised, by resolution duly adopted, authorize such sale, lease or other disposition of such property upon public bidding. The proceeds derived from any such sale, lease or other disposition of such property, aggregating during such Fiscal Year in excess of $10,000 and not in excess of $50,000, shall with the written consent of the Authority, be remitted by the Issuer to the Commission for deposit in the Sinking Fund and shall be applied only to the purchase of Bonds of the last maturities then Outstanding at prices not greater than the par value thereof plus 3% of such par value or otherwise. Such payment of such proceeds into the Sinking Fund or the Renewal and Replacement Fund shall not reduce the amounts required to be paid into said funds by other provisions of this Bond Legislation. No sale, lease or other disposition of the properties of the System shall be made by the Issuer if the proceeds to be derived therefrom, together with all other amounts received during the same Fiscal Year for such sales, leases, or other dispositions of such properties, shall be in excess of $50,000 and insufficient to pay all Bonds then Outstanding without the prior approval and consent in writing of the Holders, or their duly authorized representatives, of over 50% in amount of the Bonds then Outstanding and the Consulting Engineers. The Issuer shall prepare the form of such approval and consent for execution by the then Holders of the Bonds for the disposition of the proceeds of the sale, lease or other disposition of such properties of the System.

Section 7.06. Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances. Except as provided in this Section 7.06 and in Section 7.07B, the Issuer shall not issue any obligations whatsoever with a lien on or otherwise payable from any source of payment pledged originally to the Notes issued under the Indenture or supplemental resolution prior to or on a parity with the lien on behalf of such Notes until such Notes have been defeased in accordance with the provisions of the Indenture and the Bond Legislation; and, so long as any of the Bonds are Outstanding, the Issuer shall not issue any other obligations whatsoever payable from the revenues of the System which rank prior to, or equally, as to lien on and source of and security for payment from such revenues with the Bonds; provided, however, that additional Bonds on a parity with the Series 1991B Bonds only may be issued as provided for in Section 7.07 hereof. All obligations issued by the

Issuer after the issuance of the Bonds and payable from the revenues of the System, except such additional parity Bonds, shall contain an express statement that such obligations are junior and subordinate, as to lien on and source of and security for payment from such revenues and in all other respects, to the Series 1991A Bonds and the Series 1991B Bonds; provided, that no such subordinate obligations shall be issued unless all payments required to be made into the Reserve Accounts and the Renewal and Replacement Fund at the time of the issuance of such subordinate obligations have been made and are current.

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

Section 7.07. Parity Bonds. A. No Parity Bonds, payable out of the revenues of the System, shall be issued after the issuance of any Bonds pursuant to this Bond Legislation, except under the conditions and in the manner herein provided.

All Parity Bonds issued hereunder shall be on a parity in all respects with the Series 1991B Bonds. No Parity Bonds shall be issued which shall be payable out of the revenues of the System on a parity with the Series 1991A Bonds, unless the Series 1991B Bonds are no longer outstanding.

No such Parity Bonds shall be issued except for the purpose of financing the costs of the construction or acquisition of extensions, improvements or betterments to the System or refunding one or more series of Bonds issued pursuant hereto, or both such purposes.

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

due in any succeeding Fiscal Year for principal of and interest on the following:

(1) Any obligations with a lien on the Net Revenues prior to that of the Bonds;

(2) The Bonds then Outstanding;

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

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

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

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

Not later than simultaneously with the delivery of such Parity Bonds, the Issuer shall have entered into written contracts for the immediate construction or acquisition of such additions, betterments or improvements, if any, to the System that are to be financed by such Parity Bonds.

All covenants and other provisions of this Bond Legislation (except as to details of such Parity Bonds inconsistent herewith) shall be for the equal benefit, protection and security of the Holders of the Bonds and the Holders of any Parity Bonds subsequently issued from time to time within the limitations of and in compliance with this section. Bonds issued on a parity, regardless of the time or

times of their issuance, shall rank equally with respect to their lien on the revenues of the System and their source of and security for payment from said revenues, without preference of any Bond of one series over any other Bond of the same series. The Issuer shall comply fully with all the increased payments into the various funds and accounts created in this Bond Legislation required for and on account of such Parity Bonds, in addition to the payments required for Bonds theretofore issued pursuant to this Bond Legislation.

All Parity Bonds shall mature on the day of the years of maturities, and the semiannual interest thereon shall be payable on the days of each year, specified in a Supplemental Resolution.

Parity Bonds shall not be deemed to include bonds, notes, certificates or other obligations subsequently issued, the lien of which on the revenues of the System is subject to the prior and superior liens of the Series 1991A Bonds and the Series 1991B Bonds on such revenues. The Issuer shall not issue any obligations whatsoever payable from the revenues of the System, or any part thereof, which rank prior to or, except in the manner and under the conditions provided in this section, equally, as to lien on and source of and security for payment from such revenues, with the Series 1991A Bonds or the Series 1991B Bonds.

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

B. Notwithstanding the foregoing, or any provision of Section 7.06 to the contrary, additional Bonds may be issued solely for the purpose of completing the Project as described in the application to the Authority submitted as of the date of the Loan Agreement without regard to the restrictions set forth in this Section 7.07, if there is first obtained by the Issuer the written consent of the Authority to the issuance of bonds on a parity with the Bonds.

Section 7.08. Books and Records. The Issuer will keep books and records of the System, which shall be separate and apart from all other books, records and accounts of the Issuer, in which complete and correct entries shall be made of all transactions relating to the System, and any Holder of a Bond or Bonds or of a Note or Notes issued pursuant to this Bond Legislation or the Trustee shall have the right at all reasonable times to inspect the System and all

parts thereof and all records, accounts and data of the Issuer relating thereto.

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

The Issuer shall file with the Consulting Engineers, the Trustee and the Authority, or any other original purchaser of the Bonds, and shall mail in each year to any Holder or Holders of Bonds or Notes, as the case may be, 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 Indenture with respect to said Bonds or Notes, as the case may be, and the status of all said funds and accounts.

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

The Issuer shall also, at least once a year, cause the books, records and accounts of the System to be audited by Independent Certified Public Accountants and shall mail upon request, and make available generally, the report of said Independent Certified Public Accountants, or a summary thereof, to any Holder or Holders of Bonds or Notes, as the case may be, and shall submit said report to the Trustee and the Authority, or any other original purchaser of the Bonds. Such audit report submitted to the Authority shall include a statement that the Issuer is in compliance with the terms and provisions of the Loan Agreement and this Bond Legislation.

Section 7.09. Rates. Equitable rates or charges for the use of and service rendered by the System have been established all

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

Section 7.10. Operating Budget and Audit. The Issuer shall annually, at least 45 days preceding the beginning of each Fiscal Year, prepare and adopt by resolution a detailed, balanced budget of the estimated revenues and expenditures for operation and maintenance of the System during the succeeding Fiscal Year and shall submit a copy of such budget to the Authority within 30 days of adoption thereof. No expenditures for the operation and maintenance of the System shall be made in any Fiscal Year in excess of the amounts provided therefor in such budget without a written finding and recommendation by the Consulting Engineers, which finding and recommendation shall state in detail the purpose of and necessity for such increased expenditures for the operation and maintenance of the System, and no such increased expenditures shall be made until the Issuer shall have approved such finding and recommendation by a resolution duly adopted. No increased expenditures in excess of 10% of the amount of such budget shall be made except upon the further certificate of the Consulting Engineers that such increased

expenditures are necessary for the continued operation of the System. The Issuer shall mail copies of such annual budget and all resolutions authorizing increased expenditures for operation and maintenance to the Trustee and the Authority and to any Holder of any Bonds or Notes, as the case may be, 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 Trustee and to any Holder of any Bonds or Notes, as the case may be, or anyone acting for and in behalf of such Holder of any Bonds or Notes, as the case may be.

In addition, the Issuer shall annually cause the records of the System to be audited by an independent certified public accountant, the report of which audit shall be submitted to the Authority and which audit report shall include a statement that the Issuer is in compliance with the terms and provisions of this Bond Legislation and the Loan Agreement.

Section 7.11. No Competing Franchise. To the extent legally allowable, the Issuer will not grant or cause, consent to or allow the granting of, any franchise or permit to any person, firm, corporation, body, agency or instrumentality whatsoever for the providing of any services which would compete with services provided by the System.

Section 7.12. Enforcement of Collections. The Issuer will diligently enforce and collect all fees, rentals or other charges for the services and facilities of the System, and take all steps, actions and proceedings for the enforcement and collection of such fees, rentals or other charges which shall become delinquent to the full extent permitted or authorized by the Act, the rules and regulations of the Public Service Commission of West Virginia and other laws of the State of West Virginia.

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

the services of the System and any services and facilities of the water system, if so owned by the Issuer, to all users of the services of the System delinquent in payment of charges for the services of the System and will not restore such services of either system until all delinquent charges for the services of the System, plus reasonable interest and penalty charges for the restoration of service, have been fully paid and shall take all further actions to enforce collections to the maximum extent permitted by law or, if the waterworks facilities are not owned by the Issuer, the Issuer will, to the extent allowed by law, use diligent efforts to enter into a similar termination agreement with the provider of such water, subject to any required approval of such agreement by the Public Service Commission of West Virginia and all rules, regulations and orders of the Public Service Commission of West Virginia.

Section 7.13. No Free Services. The Issuer will not render or cause to be rendered any free services of any nature by the System, nor will any preferential rates be established for users of the same class; and in the event the Issuer, or any department, agency, instrumentality, officer or employee of the Issuer shall avail itself or themselves of the facilities or services provided by the System, or any part thereof, the same rates, fees or charges applicable to other customers receiving like services under similar circumstances shall be charged the Issuer and any such department, agency, instrumentality, officer or employee. The revenues so received shall be deemed to be revenues derived from the operation of the System and shall be deposited and accounted for in the same manner as other revenues derived from such operation of the System.

Section 7.14. Insurance and Construction Bonds. A. The Issuer hereby covenants and agrees that so long as any of the Bonds or the Notes remain Outstanding, the Issuer will, as an Operating Expense, procure, carry and maintain insurance with a reputable insurance carrier or carriers as is customarily covered with respect to works and properties similar to the System. Such insurance shall initially cover the following risks and be in the following amounts:

(1) FIRE, LIGHTNING, VANDALISM, MALICIOUS MISCHIEF AND EXTENDED COVERAGE INSURANCE, on all above-ground insurable portions of the System in an amount equal to the actual cost thereof. In time of war the Issuer will also carry and maintain insurance to the extent available against the risks and hazards of war. The proceeds of all such insurance policies shall be placed in the Renewal and Replacement Fund and used only for the repairs and restoration of the damaged or destroyed properties or, with the consent of the Authority, for the other purposes provided herein for said Renewal and

Replacement Fund. The Issuer will itself, or will require each contractor and subcontractor to, obtain and maintain builder's risk insurance (fire and extended coverage) to protect the interests of the Issuer, the Authority, the prime contractor and all subcontractors as their respective interests may appear, in accordance with the Loan Agreement, during construction of the Project on a 100% basis (completed value form) on the insurable portion of the Project, such insurance to be made payable to the order of the Authority, the Issuer, the contractors and subcontractors, as their interests may appear.

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

(3) WORKER'S COMPENSATION COVERAGE FOR ALL EMPLOYEES OF OR FOR THE SYSTEM ELIGIBLE THEREFOR; AND PERFORMANCE AND PAYMENT BONDS, such bonds to be in the amounts of 100% of the construction contract and to be required of each contractor contracting directly with the Issuer, and such payment bonds will be filed with the Clerk of The County Commission of the County in which such work is to be performed prior to commencement of construction of the Project in compliance with West Virginia Code, Chapter 38, Article 2, Section 39.

(4) FLOOD INSURANCE, to the extent available at reasonable cost to the Issuer.

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

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

Section 7.15. Mandatory Connections. The mandatory use of the System is essential and necessary for the protection and preservation of the public health, comfort, safety, convenience and welfare of the inhabitants and residents of, and the economy of, the Issuer and in order to assure the rendering harmless of sewage and water-borne waste matter produced or arising within the territory served by the System. Accordingly, every owner, tenant or occupant of any house, dwelling or building located near the System, where sewage will flow by gravity or be transported by such other methods approved by the State Department of Health from such house, dwelling or building into the System, to the extent permitted by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, shall connect with and use the System and shall cease the use of all other means for the collection, treatment and disposal of sewage and waste matters from such house, dwelling or building where there is such gravity flow or transportation by such other method approved by the State Department of Health and such house, dwelling or building can be adequately served by the System, and every such owner, tenant or occupant shall, after a 30 day notice of the availability of the System, pay the rates and charges established therefor.

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

Section 7.16. Completion of Project. The Issuer will complete the Project and operate and maintain the System in good condition.

Section 7.17. Tax Covenants. The Issuer hereby further covenants and agrees as follows:

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

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

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

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

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

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

ARTICLE VIII

INVESTMENT OF FUNDS; NON ARBITRAGE

Section 8.01. Investments. Any moneys held as a part of the funds and accounts created by this Bond Legislation or the Indenture, other than the Revenue Fund, shall be invested and reinvested by the Commission, the Trustee, if any, 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, and the Indenture, if any, the need for such moneys for the purposes set forth herein and in the Indenture, if any, and the specific restrictions and provisions set forth in this Section 8.01 and in the Indenture.

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

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

Code and assure the exclusion of interest on the Original Bonds from gross income for federal income tax purposes.

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

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

Notwithstanding the foregoing, if in fact the Issuer is subject to the rebate requirements of Section 148(f) of the Code, and not exempted from such requirements, the Issuer covenants to make, or

cause to be made, all rebate calculations, computations and payments in the time, manner and as required in Section 148(f) of the Code and the Regulations from time to time in effect and applicable to the Original Bonds and otherwise covenants and agrees to comply with the provisions of such Section 148(f) of the Code and the Regulations from time to time in effect and applicable to the Original Bonds. In the event of a failure to pay any such amount or amounts, the Issuer will pay, from any lawful sources available therefor, to the United States an amount equal to the sum of 50% of the amount not paid, plus interest at the required rate on the portion of the amount which was not paid on the required date, beginning on such date, unless waived. In order to provide for the administration of this paragraph, the Issuer may provide for the employment of independent attorneys, accountants and consultants compensated on such reasonable basis as the Issuer may deem appropriate.

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

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

ARTICLE IX

DEFAULT AND REMEDIES

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

(1) If default occurs in the due and punctual payment of the principal of or interest on any Notes; or

(2) If default occurs in the Issuer's observance of any of the covenants, agreements or conditions on its part relating to the Notes set forth in this Bond Legislation, any supplemental resolution, the Indenture or in the Notes, 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 Trustee, any other bank or banking association holding any fund or account hereunder or a Holder of a Note; 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.

B. Each of the following events shall constitute an "Event of Default" with respect to the Bonds:

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

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

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

Section 9.02. Remedies. Upon the happening and continuance of any Event of Default, any Registered Owner of a Note or Bond, as the case may be, may exercise any available remedy and bring any appropriate action, suit or proceeding to enforce his or her rights and, in particular, (i) bring suit for any unpaid principal or interest then due, (ii) by mandamus or other appropriate proceeding enforce all rights of such Registered Owners including the right to require the Issuer to perform its duties under the Act and the Bond Legislation relating thereto, including but not limited to the making and collection of sufficient rates or charges for services rendered by the System, (iii) bring suit upon the Notes or the Bonds, as the case may be, (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 Notes or the Bonds, as the case may be, and (v) by action or bill in equity enjoin any acts in violation of the Bond Legislation with respect to the Notes or the Bonds, or the rights of such Registered Owners, provided however, that no remedy herein stated may be exercised by a Noteholder in a manner which adversely affects any remedy available to the Bondholders, and provided further, that all rights and remedies of the Holders of the Series 1991B Bonds shall be subject to those of the Holders of the Series 1991A Bonds.

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

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

and powers of the Issuer with respect to said facilities as the Issuer itself might do.

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

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

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

ARTICLE X

DEFEASANCE

Section 10.01. Defeasance of Series 1991A Bonds. If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the respective Holders of all Series 1991A Bonds, the principal of and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Bond Legislation, then with respect to the Series 1991A Bonds only, the pledge of Net Revenues and other moneys and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Registered Owners of the Series 1991A Bonds shall thereupon cease, terminate and become void and be discharged and satisfied, except as may otherwise be necessary to assure the exclusion of interest on the Original Bonds from gross income for federal income tax purposes.

Series 1991A Bonds for the payment of which either moneys in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide moneys which, together with the moneys, if any, deposited with the Paying Agents at the same or earlier time, shall be sufficient, to pay as and when due either at maturity or at the next redemption date, the principal installments of and interest on such Series 1991A Bonds shall be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section. All Series 1991A Bonds shall, prior to the maturity thereof, be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section if there shall have been deposited with the Commission or its agent, either moneys in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide moneys which, together with other moneys, if any, deposited with the Commission at the same time, shall be sufficient to pay when due the principal installments of and interest due and to become due on said Series 1991A Bonds on and prior to the next redemption date or the maturity dates thereof. Neither securities nor moneys deposited with the Commission pursuant to this section nor principal or interest payments on any such securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal installments of and interest on said Series 1991A Bonds; provided, that any cash received from such principal or interest payments on such securities deposited with the Commission or its agent, if not then needed for such purpose, shall, to the extent practicable, be reinvested in securities maturing at times and in amounts sufficient to pay when due the principal installments of and interest to become due on said Bonds on and prior

to the next redemption date or the maturity dates thereof, and interest earned from such reinvestments shall be paid over to the Issuer as received by the Commission or its agent, free and clear of any trust, lien or pledge. For the purpose of this section, securities shall mean and include only Government Obligations.

Section 10.02. Defeasance of Series 1991B Bonds. If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the respective Holders of all Series 1991B Bonds, the principal due or to become due thereon, at the times and in the manner stipulated therein and in this Bond Legislation, then with respect to the Series 1991B Bonds only, the pledge of Net Revenues and other moneys and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Registered Owners of the Series 1991B Bonds shall thereupon cease, terminate and become void and be discharged and satisfied, except as may otherwise be necessary to assure the exclusion of interest on the Original Bonds from gross income for federal income tax purposes.

Series 1991B Bonds for the payment of which either moneys in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide moneys which, together with the moneys, if any, deposited with the Paying Agents at the same or earlier time, shall be sufficient, to pay as and when due either at maturity or at the next redemption date the principal installments of such Series 1991B Bonds shall be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section. All Series 1991B Bonds shall, prior to the maturity thereof, be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section if there shall have been deposited with the Commission or its agent, either moneys in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide moneys which, together with other moneys, if any, deposited with the Commission at the same time, shall be sufficient to pay when due the principal installments of said Series 1991B Bonds on and prior to the next redemption date or the maturity dates thereof. Neither securities nor moneys deposited with the Commission pursuant to this section nor principal or interest payments on any such securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal installments of said Series 1991B Bonds; provided, that any cash received from such principal or interest payments on such securities deposited with the Commission or its agent, if not then needed for such purpose, shall, to the extent practicable, be reinvested in securities maturing at times and in amounts sufficient to pay when due the principal installments of said Bonds on and prior to the next redemption date or the maturity dates thereof, and interest earned from such

reinvestments shall be paid over to the Issuer as received by the Commission or its agent, free and clear of any trust, lien or pledge. For the purpose of this section, securities shall mean and include only Government Obligations.

Section 10.03. Defeasance of Notes. If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the respective Holders of any series of Notes, the principal of and interest due or to become due thereon, at the times and in the manner set forth in the Indenture, then with respect to such Notes only, this Bond Legislation, the Indenture, if any, and the pledges of Grant Receipts and other moneys and securities pledged thereby, and all covenants, agreements and other obligations of the Issuer to the Holders of the Notes shall thereupon cease, terminate and become void and be discharged and satisfied, except as may otherwise be necessary to assure the exclusion of interest on the Notes from gross income for federal income tax purposes.

ARTICLE XI

MISCELLANEOUS

Section 11.01. Amendment or Modification of Bond Legislation. No material modification or amendment of this Bond Legislation, or of any ordinance, resolution or order amendatory or supplemental hereto, that would materially and adversely affect the respective rights of Registered Owners of the Notes or the Bonds shall be made without the consent in writing of the Registered Owners of 66-2/3% or more in principal amount of the Notes, the Series 1991A Bonds or the Series 1991B Bonds so affected and then Outstanding; provided, that no change shall be made in the maturity of any Bond or Bonds or any Note or Notes or the rate of interest thereon, or in the principal amount thereof, or affecting the unconditional promise of the Issuer to pay such principal and interest out of the funds herein respectively pledged therefor without the consent of the respective Registered Owner thereof. No amendment or modification shall be made that would reduce the percentage of the principal amount of Bonds or Notes, respectively, 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 or Noteholder as may be necessary to assure the exclusion of interest on the Original Bonds and the Notes 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 the Notes, 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, the Indenture, if any, the Bonds or the Notes, if any.

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

Section 11.05. Conflicting Provisions Repealed. All ordinances, orders or resolutions or parts thereof in conflict with

the provisions of this Ordinance are, to the extent of such conflict, hereby repealed.

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

Section 11.07. Effective Date. This Ordinance shall take effect immediately following public hearing hereon and approval by the Mayor.

Section 11.08. Statutory Notice and Public Hearing. Upon adoption hereof, an abstract of this Bond Legislation determined by the Governing Body to contain sufficient information as to give notice of the contents hereof shall be published once a week for 2 successive weeks within a period of fourteen consecutive days, with at least 6 full days intervening between each publication, in The Herald-Dispatch, a newspaper of general circulation in the County of Wayne, no newspaper being published in the City of Kenova, together with a notice stating that this Bond Legislation has been adopted and that the Issuer contemplates the issuance of the Bonds and the Notes, and that any person interested may appear before the City Council upon a date certain, not less than ten days subsequent to the date of the first publication of such abstract of this Bond Legislation and notice, and present protests, and that a certified copy of the Ordinance is on file with the Governing Body for review by interested persons during office hours of the Governing Body. At such hearing, all objections and suggestions shall be heard and the Governing Body shall take such action as it shall deem proper in the premises.

Passed on First Reading	-	May 16, 1991
Passed on Second Reading	-	May 23, 1991
Passed on Final Reading Following Public Hearing	-	June 6, 1991
Effective	-	June 13, 1991

Mayor

City Clerk-Treasurer

CERTIFICATION

Certified a true copy of an Ordinance duly enacted by the Council of THE CITY OF KENOVA on the 6th day of June, 1991, and effective June 13, 1991.

Dated: August 9, 1991

[SEAL]

Sheila A Wheeler
City Clerk-Treasurer

08/06/91
KENSB.A3
47214/91002

THE CITY OF KENOVA

Sewer Revenue Bonds,
Series 1991A and Series 1991B

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNTS, DATES, MATURITIES, INTEREST RATES, PRINCIPAL PAYMENT SCHEDULES, SALE PRICES AND OTHER TERMS OF THE SEWER REVENUE BONDS, SERIES 1991A AND SERIES 1991B OF THE CITY OF KENOVA; AUTHORIZING AND APPROVING A LOAN AGREEMENT AND SUPPLEMENTAL LOAN AGREEMENT RELATING TO THE SERIES 1991A BONDS AND SERIES 1991 B BONDS AND THE SALE AND DELIVERY OF SUCH BONDS TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BONDS

WHEREAS, the city council (the "Governing Body") of The City of Kenova (the "Issuer"), has duly and officially enacted a bond and notes ordinance on June 6, 1991, effective June 13, 1991 (the "Bond and Notes Ordinance" or "Bond Ordinance"), entitled:

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF ADDITIONS, BETTERMENTS AND IMPROVEMENTS FOR THE EXISTING PUBLIC SEWERAGE FACILITIES OF THE CITY OF KENOVA AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE CITY OF NOT MORE THAN $600,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 1991A, NOT MORE THAN $100,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 1991B, AND NOT MORE THAN $500,000 INTERIM CONSTRUCTION FINANCING, CONSISTING OF BOND ANTICIPATION NOTES, GRANT ANTICIPATION NOTES OR A LINE OF CREDIT EVIDENCED BY NOTES, OR ANY COMBINATION OF THE FOREGOING; PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS AND NOTES; AUTHORIZING EXECUTION AND DELIVERY OF A TRUST INDENTURE SECURING THE NOTES; APPROVING AND AUTHORIZING OR RATIFYING AND CONFIRMING A LOAN AGREEMENT AND SUPPLEMENTAL LOAN AGREEMENT

RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND NOTES AND ADOPTING OTHER PROVISIONS RELATING THERETO.

WHEREAS, the Bond Ordinance provides for the issuance of Sewer Revenue Bonds of the Issuer (the "Bonds"), in an aggregate principal amount not to exceed $700,000, to be issued in two series, the Series 1991A Bonds to be in an aggregate principal amount of not more than $600,000 (the "Series 1991A Bonds"), and the Series 1991B Bonds to be in an aggregate principal amount of not more than $100,000 (the "Series 1991B Bonds"), and has preliminarily authorized the execution and delivery of a loan agreement relating to the Series 1991A Bonds to be dated the date of delivery of the Bonds, and a supplemental loan agreement relating to the Series 1991B Bonds, also to be dated the date of delivery of the Bonds (sometimes collectively referred to herein as the "Loan Agreement"), by and between the Issuer and West Virginia Water Development Authority (the "Authority"), all in accordance with Chapter 16, Article 13 of the West Virginia Code, 1931, as amended (the "Act"); and in the Bond Ordinance it is provided that the form of the Loan Agreement and the exact principal amounts, maturity dates, interest rates, interest and principal payment dates, sale prices and other terms of the Bonds should be established by a supplemental resolution pertaining to the Bonds; and that other matters relating to the Bonds be herein provided for;

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

WHEREAS, the Series 1991A Bonds and the Series 1991B Bonds are proposed to be purchased by the Authority pursuant to the Loan Agreement; and

WHEREAS, the Governing Body deems it essential and desirable that this supplemental resolution (the "Supplemental Resolution") be adopted and that the Loan Agreement be approved and entered into by the Issuer, that the exact principal amounts, the prices, the maturity dates, the redemption provisions, the interest rates and the interest and principal payment dates of the Bonds be fixed hereby in the manner stated herein, and that other matters relating to the Bonds be herein provided for;

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

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:

(A) The Sewer Revenue Bonds, Series 1991A, of the Issuer, originally represented by a single Bond, numbered AR-1, in the principal amount of $508,101. The Series 1991A Bonds shall be dated the date of delivery thereof, shall finally mature October 1, 2029, shall bear interest at the rate of 8.10% per annum, payable semiannually on October 1 and April 1 of each year, first interest payable October 1, 1991, shall be subject to redemption upon the written consent of the Authority, and upon payment of the interest and redemption premium, if any, and otherwise in compliance with the Loan Agreement, as long as the Authority shall be the registered owner of the Series 1991A Bonds, and shall be payable in installments of principal on October 1 of each of the years and in the amounts as set forth in "Schedule X," attached thereto and to the Loan Agreement and incorporated therein by reference.

(B) The Sewer Revenue Bonds, Series 1991B, of the Issuer, originally represented by a single Bond, numbered BR-1, in the principal amount of $22,941. The Series 1991B Bonds shall be dated the date of delivery thereof, shall finally mature October 1, 2029, shall be interest free, shall be subject to redemption upon the written consent of the Authority, and otherwise in compliance with the Loan Agreement, as long as the Authority shall be the registered owner of the Series 1991B Bonds, and shall be payable in installments of principal on October 1 of each of the years and in the amounts as set forth in "Schedule X," attached thereto and to the Supplemental Loan Agreement and incorporated therein by reference.

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

Section 3. The Issuer does hereby authorize, approve and accept the Loan Agreement, copies of which are incorporated herein by reference, and the execution and delivery by the Mayor of the Loan Agreement, and the performance of the obligations contained therein, on behalf of the Issuer are hereby authorized, directed and approved.

The price of the Bonds shall be 100% of par value, there being no interest accrued thereon.

Section 4. The Issuer does hereby appoint and designate One Valley Bank, National Association, Charleston, West Virginia, as Registrar for the Series 1991A Bonds and Series 1991B Bonds and does approve and accept the Registrar's Agreement to be dated the date of delivery of the Bonds, by and between the Issuer and One Valley Bank, National Association, in substantially the form attached hereto, and the execution and delivery by the Mayor of the Registrar's Agreement, 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 direct the West Virginia Municipal Bond Commission, Charleston, West Virginia, to serve as Paying Agent for the Series 1991A Bonds and Series 1991B Bonds.

Section 6. The Issuer does hereby appoint First Bank of Ceredo, Ceredo, West Virginia, as Depository Bank under the Bond Ordinance.

Section 7. Series 1991A Bonds proceeds in the amount of $41,155 shall be deposited in the Series 1991A Bonds Sinking Fund, as capitalized interest.

Section 8. Series 1991A Bonds proceeds in the amount of $-0- shall be deposited in the Series 1991A Bonds Reserve Account and Series 1991B Bonds proceeds in the amount of $-0- shall be deposited in the Series 1991B Bonds Reserve Account.

Section 9. The balance of the proceeds of the Bonds shall be deposited in or credited to the Bond Construction Trust Fund for payment of Costs of the Project, including, without limitation, costs of issuance of the Bonds and repayment of borrowings previously incurred for the Project, if any.

Section 10. The Issuer hereby determines to pay, or reimburse itself for the cost of payment, on the date of delivery of the Bonds and receipt of proceeds thereof, all borrowings of the Issuer heretofore incurred for the purpose of temporarily financing a portion of the Costs of the Project, if any, including, but not limited to, all borrowings from the Authority.

Section 11. The Mayor and City Clerk-Treasurer 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 Series 1991A Bonds and the Series 1991B Bonds may be delivered on or about August 9, 1991, to the Authority pursuant to the Loan Agreement.

Section 12. The financing of the Project in part with proceeds of the Bonds is in the public interest, serves a public purpose of the Issuer and will promote the health, welfare and safety of the residents of the Issuer.

Section 13. The Issuer hereby determines that it is in the best interest of the Issuer to invest all moneys in the funds and accounts established by the Bond Ordinance held by the Depository Bank in repurchase agreements with maturities not exceeding 30 days secured by a pledge of Governmental Obligations, and, therefore, the Issuer hereby directs the Depository Bank to take such actions as may be necessary to cause such moneys to be invested in such repurchase agreements until further directed in writing by the Issuer. Moneys in the Sinking Funds for the Series 1991A Bonds and Series 1991B Bonds shall be invested by the 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 the temporary and permanent regulations promulgated thereunder or under any predecessor thereto (the "Code"), by reason of the classification of the Bonds as "private activity bonds" within the meaning of the Code. The Issuer will take all actions necessary to comply with the Code and Treasury Regulations to be promulgated or to be promulgated thereunder.

Section 15. The Issuer is a governmental unit with general taxing powers to finance operations of or facilities of the nature of the Project and the System; no part of the Bonds are private activity bonds; 95% or more of the net proceeds of the Bonds are to be used for local governmental activities of the Issuer; and the Issuer reasonably expects to issue less than $5,000,000 aggregate principal face amount of tax-exempt obligations (other than private activity bonds) during the calendar year 1991, being the calendar year in which the Bonds are to be issued. For purposes of this Section and for purposes of applying Section 148(f)(4)(D) of the Code, the Issuer and all entities which issue obligations on behalf of the Issuer shall be treated as one issuer; all obligations issued by a governmental unit to make loans to other governmental units with general taxing powers not subordinate to such unit shall, for purposes of applying this Section and Section 148(f)(4)(D) of the Code, be treated as not

issued by such unit; all obligations issued by a subordinate entity shall, for purposes of applying this Section and Section 148(f)(4)(D) of the Code to each other entity to which such entity is subordinate, be treated as issued by such other entity; and an entity formed (or, to the extent provided by the Secretary, as set forth in the Code, availed of) to avoid the purposes of such Section 148(f)(4)(D) of the Code and all other entities benefiting thereby shall be treated as one issuer.

Section 16. This Supplemental Resolution shall be effective immediately following adoption hereof and upon approval by the Mayor.

Adopted this 2nd day of August, 1991.

Approved by Mayor - August 2, 1991.

THE CITY OF KENOVA

Mayor

08/02/91
KENSB.L2
47214/91002

CERTIFICATION

Certified a true copy of a Resolution duly adopted by the Council of THE CITY OF KENOVA and effective on the 2nd day of August, 1991.

Dated: August 9, 1991

[SEAL]

Sheila A Wheeler
City Clerk-Treasurer

WEST VIRGINIA
Water Development Authority

Celebrating 33 Years of Service ***1974 - 2007***

July 25, 2007

THE CITY OF KENOVA

Sewer Revenue Bonds, Series 2007 A
(West Virginia Infrastructure Fund), and
Sewer Revenue Bonds, Series 2007 B
(West Virginia SRF Program)

TO WHOM IT MAY CONCERN:

In reliance upon the certificate of Smith, Cochran and Hicks, PLLC, independent certified public accountants, and an opinion of Steptoe & Johnson PLLC, as bond counsel, that the coverage and parity tests have been met, the undersigned duly authorized representative of the West Virginia Water Development Authority (the "WDA"), the registered owner of the Series 1991 A Bonds, and the Series 1991 B Bonds, hereinafter defined and described, hereby consents to the issuance of the Sewer Revenue Bonds, Series 2007 A (West Virginia Infrastructure Fund) and the Sewer Revenue Bonds, Series 2007 B (West Virginia SRF Program) (collectively, the "Series 2007 Bonds"), in the respective aggregate principal amounts of $3,747,000 and $4,649,209, by The City of Kenova (the "Issuer"), under the terms of the ordinance authorizing the Series 2007 Bonds, on a parity, with respect to liens, pledge and source of and security for payment, with the Issuer's outstanding Sewer Revenue Bonds, Series 1991 A (West Virginia Water Development Authority), dated August 9, 1991, issued in the original aggregate principal amount of $508,101 (the "Series 1991 A Bonds") and senior to the Sewer Revenue Bonds Series 1991 B, dated August 9, 1991 issued in the original aggregate principal amount of $22,941 (the "Series 1991 B Bonds").

WEST VIRGINIA WATER DEVELOPMENT
AUTHORITY

Authorized Representative

180 Association Drive, Charleston, WV 25311-1217
phone (304) 558-3612 / fax (304) 558-0299
www.wwda.org

ACORD CERTIFICATE OF LIABILITY INSURANCE

OP ID AH
KENOV-1

DATE (MM/DD/YYYY) 07/09/07

PRODUCER

Commercial Insurance Services
340 MacCorkle Ave. Ste #200
Charleston WV 25314
Phone: 304-345-8000 Fax: 304-345-8014

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.

INSURED

City of Kenova
1501 Pine Street
Kenova WV 25530

INSURERS AFFORDING COVERAGE	NAIC #
INSURER A. Argonaut Great Central Ins. Co	
INSURER B	
INSURER C	
INSURER D	
INSURER E	

COVERAGES

THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. AGGREGATE LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	ADD'L INSRD	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YY)	POLICY EXPIRATION DATE (MM/DD/YY)	LIMITS	
A		GENERAL LIABILITY X COMMERCIAL GENERAL LIABILITY CLAIMS MADE X OCCUR X Sewer Back Up Inc GEN'L AGGREGATE LIMIT APPLIES PER POLICY PRO-JECT LOC	PE-4614020-00	10/01/06	10/01/07	EACH OCCURRENCE	$ 1,000,000
						DAMAGE TO RENTED PREMISES (Ea occurence)	$ 500,000
						MED EXP (Any one person)	$ N/A
						PERSONAL & ADV INJURY	$ 1,000,000
						GENERAL AGGREGATE	$ 2,000,000
						PRODUCTS - COMP/OP AGG	$ 2,000,000
						Emp Ben.	1,000,000
A		AUTOMOBILE LIABILITY X ANY AUTO ALL OWNED AUTOS SCHEDULED AUTOS X HIRED AUTOS X NON-OWNED AUTOS	PE-4614020-00	10/01/06	10/01/07	COMBINED SINGLE LIMIT (Ea accident)	$ 1,000,000
						BODILY INJURY (Per person)	$
						BODILY INJURY (Per accident)	$
						PROPERTY DAMAGE (Per accident)	$
		GARAGE LIABILITY ANY AUTO				AUTO ONLY - EA ACCIDENT	$
						OTHER THAN AUTO ONLY: EA ACC	$
						AGG	$
A		EXCESS/UMBRELLA LIABILITY X OCCUR CLAIMS MADE DEDUCTIBLE X RETENTION $ 0	PE-4614020-00	10/01/06	10/01/07	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	PE-4614020-00	10/01/06	10/01/07	X WC STATU-TORY LIMITS OTH-ER	
						E.L. EACH ACCIDENT	$ 1,000,000
						E.L. DISEASE - EA EMPLOYEE	$ 1,000,000
						E.L. DISEASE - POLICY LIMIT	$ 1,000,000
		OTHER					

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES / EXCLUSIONS ADDED BY ENDORSEMENT / SPECIAL PROVISIONS

Certificate holder is named as additional insured with respects to sewer line upgrade.

CERTIFICATE HOLDER

WESTVCH

West Virignia Water
Development Authority
180 Association Dr
Charleston WV 25311-1217

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING INSURER WILL ENDEAVOR TO MAIL 10 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BUT FAILURE TO DO SO SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE INSURER, ITS AGENTS OR REPRESENTATIVES.

AUTHORIZED REPRESENTATIVE

©ACORD CORPORATION 1988

CLOSING MEMORANDUM

To: **Financing Team**

From: **John C. Stump, Esquire**

Date: **July 25, 2007**

Re: **The City of Kenova Sewer Revenue Bonds, Series 2007 A (West Virginia Infrastructure Fund) and Sewer Revenue Bonds, Series 2007 B (West Virginia SRF Program)**

DISBURSEMENTS TO CITY OF KENOVA

1.

Payor:	West Virginia Infrastructure Fund
Source:	Series 2007 A Bonds Proceeds
Amount:	$123,956
Form:	Wire Transfer
Payee:	The City of Kenova
Bank:	United Bank, Inc.
Routing #:	051900395
Account #:	0069051225
Contact:	Gloria McClung, 304.781.2908
Account:	Series 2007 A Bonds Construction Trust Fund

2.

Payor:	West Virginia Department of Environmental Protection
Source:	Series 2007 B Bonds Proceeds
Amount:	$ 329,000
Form:	Check
Payee:	The City of Kenova
Account:	Series 2007 B Bonds Construction Trust Fund

02.06.07
472140.00005

State of West Virginia

WATER DEVELOPMENT AUTHORITY

180 Association Drive, Charleston, WV 25311-1217
(304) 558-3612 - (304) 558-0299 (Fax)
Internet: www.wvwda.org - Email: contact@wvwda.org

BOND CLOSING ATTENDANCE LIST

Date 07/25/07 Time 10 a.m. LGA City of Kenova Program IF/CWSRF

NAME	COMPANY, AGENCY, OR ORGANIZATION	TELEPHONE	FAX	E-MAIL
Rose Brodersen	WVDEP	926 0499 x1608	926 0496	rbrodersen@wvdep.org
Ryan White	Jackson Kelly	340-1381		srwhite@jacksonkelly.com
Bernie Yonkosky	WV WDA	558-3612	558-0299	dyonkosky@wvwda.org
Shanine Lee	Jackson Kelly PLLC	340.1318	340.1272	slee@jacksonkelly.com
Bill Cunningham	Ghosh Engineers, Inc	343-5300	343-5912	ghosh_billc@hotmail.com
John Stump	Stopto & Johnson PLLC	353.8196	353.8181	john.stump@stopto-johnson.com

The Authority requests that the following information concerning the individual who will be responsible for sending Debt Service Payments to the Municipal Bond Commission be provided. (If that individual is in attendance, he/she should also sign above.) Please Print:

Name Ric Griffith, Mayor Telephone 304.453.1571 E-Mail N/A
Address P.O. Box 268, Kenova West Virginia 25530

REMINDER: As a participant in this program, the Local Governmental Agency (LGA) agrees and is required to submit annually to the WDA a copy of its audited financial statements and a copy of its adopted budget. Also, pursuant to the Loan Agreement and the NonArbitrage Certificate (both of which are contained in the bond transcript) you are to provide annually to the WDA a rebate calculation certificate or an exception opinion showing whether a rebate amount is due to the US Government under arbitrage requirements in Section 148(f) of the US Internal Revenue Code, 1986, as amended.

west virginia department of environmental protection

Division of Water and Waste Management
601 57th Street SE
Charleston, WV 25304
Telephone Number: (304) 926-0495
Fax Number: (304) 926-0493

Joe Manchin III, Governor
Stephanie R. Timmermeyer, Cabinet Secretary
www.wvdep.org

July 5, 2007

Honorable George B. Morrone, III
Mayor, City of Kenova
P.O. Box 268
Belington, WV 25530

CERTIFIED RETURN RECEIPT REQUESTED

Re: WV/NPDES Permit No. WV0035912
Wayne County – Modification No. 1

Dear Mayor Morrone:

This correspondence serves as Modification No. 1 of your existing WV/NPDES Water Pollution Control Permit No. WV0035912 issued the 10th day of October 2002.

After review and consideration of the information submitted on and with WV/NPDES Water Pollution Control Permit Application No. WV0035912-A, dated the 9th day of September 2004, additional information received on the 15th day of May 2007, and other relevant information, the subject Permit is hereby modified as follows:

To construct, install, operate, and maintain a wastewater collection system by installation of a new sanitary sewer and converting the existing combined sewers to storm sewers. The wastewater collection system improvements will consist of approximately 2,120 linear feet of 18 inch gravity sewer; 600 linear feet of 15 inch gravity sewer; 12,650 linear feet of 12 inch gravity sewer; 11,950 linear feet of ten (10) inch gravity sewer; 7,700 linear feet of eight (8) inch gravity sewer; 150 linear feet of eight (8) inch forcemain; 180 linear feet of six (6) inch forcemain; 600 linear feet of four (4) inch forcemain; 700 linear feet of two (2) inch forcemain; 253 new manholes; 34 rehabilitated manholes; three (3) new pump stations; two (2) rehabilitated pump stations; 54 cleanouts, and all necessary appurtenances.

PROPOSED SEWAGE COLLECTION AND TREATMENT FACILITY TO BE CONSTRUCTED IN ACCORDANCE WITH:

Plans, Specifications, and Reports:

Date Approvable:	January 10, 2006
Prepared by:	Ghosh Engineers, Inc. 12th Floor Union Bldg 723 Kanawha Blvd E Charleston, WV 25301
Title:	City of Kenova Wastewater System Improvements SRF No. C-544094

All other terms and conditions of the subject WV/NPDES Water Pollution Control Permit No. WV0035912 shall remain in effect and unchanged.

Sincerely,

Lisa A. McClung
Director

LAM/wjs

Cc: Env. Inspector Supervisor
Env. Inspector, Wayne County

Division of Water Resources
1201 Greenbrier Street
Charleston, West Virginia 25311
Phone (304) 558-4086
Fax (304) 558-5903

West Virginia Department of Environmental Protection

Bob Wise
Governor

Michael O. Callaghan
Cabinet Secretary

October 04, 2002

HON. GEORGE MORRONE III
KENOVA CITY OF
BOX 268
KENOVA, WV 25530

CERTIFIED RETURN RECEIPT REQUESTED

Dear Permittee:

Enclosed please find WV/NPDES Permit Number WV0035912 dated October 04, 2002.

Please be advised that the Department of Environmental Protection, including this Division, has adopted a more efficient and effective approach to addressing water quality management in the state. This approach is called Watershed Management. If you have any questions regarding watershed, or would like additional information, please contact us at the number listed below.

In order to implement the five (5) year cycles for each Hydrologic Region, it is necessary to synchronize the expiration date of all NPDES permits with the implementation date of each Hydrologic Region's Basin Plan.

Upon evaluation of WV/NPDES Water Pollution Control Permit No. WV0024546, it has been determined that to achieve synchronization with the Watershed Management framework, this Permit shall be issued for a period of three (3) years.

Also, please note the attachment to this permit which describes the annual permit fee requirement. Reissuance of your permit does not change the annual fee billing cycle.

Finally note that copies of all future correspondence regarding the permit including copies of DMRs must be forwarded to the Field Inspector and Field Supervisor at the following address :

Department of Environmental Protection
Environmental Enforcement
PO Box 662
Teays, WV 25569

If you have any questions, please contact Renee Clevenger of this Division at (305) 558-4086 or our TDD number (304) 558-2751.

Sincerely,

Pravin G. Sangani, P.E.
Manager, Permitting Section

PGS:RC

Enclosures

Permit Number: WV0035912

Permittee: KENOVA CITY OF

cc: Bureau of Public Health
Construction Assistance
Env. Insp. Supv.
Env. Insp.
Environmental Enforcement
ORSANCO
Public Service Commission
WV Soil Conservation

STATE OF WEST VIRGINIA
DEPARTMENT OF ENVIRONMENTAL PROTECTION
DIVISION OF WATER RESOURCES
1201 GREENBRIER STREET
CHARLESTON, WV 25311

NATIONAL POLLUTANT DISCHARGE ELIMINATION SYSTEM
WATER POLLUTION CONTROL PERMIT

NPDES PERMIT NO.: WV0035912
SUBJECT: Sewage Collection System

ISSUE DATE: October 04, 2002
EFFECTIVE DATE : November 03, 2002
EXPIRATION DATE: October 03, 2007
SUPERSEDES: Permit No. WV0035912 dated June 30, 1997

LOCATION:	KENOVA	Wayne	Lower Ohio River
	(City)	(County)	(Drainage Basin)

See the next page for a list of Outlets.

TO WHOM IT MAY CONCERN:

This is to certify that: KENOVA CITY OF
BOX 268
KENOVA, WV 25530

is hereby granted a West Virginia NPDES Water Pollution Control Permit to:
operate and maintain an existing wastewater collection system comprised of 105 linear feet of four(4) inch diameter gravity sewer line, 740 linear feet of six(6) inch diameter gravity sewer line, 18,740 linear feet of eight (8) inch diameter gravity sewer line, 14,055 linear feet of 10 inch diameter gravity sewer line, 7,960 linear feet of 12 inch diameter gravity sewer line, 3,735 linear feet of 15 inch diameter gravity sewer line, 6,060 linear feet of 18 inch diameter gravity sewer line, 370 linear feet of 20 inch diameter gravity sewer line, 3,200 linear feet of 24 inch diameter gravity sewer line, 2,670 linear feet of 30 inch diameter gravity sewer line, 440 linear feet of 36 inch diameter gravity sewer line, 845 linear feet of 42 inch diameter gravity sewer line, 3,435 linear feet of 24 x 24 gravity sewer line, 3,620 linear feet of 30 x 36 gravity sewer line, 2,550 linear feet of 42 x 48 gravity sewer line, 97 manholes, two(2) lift stations, 6,350 linear feet of 16 inch diameter force main and all requisite appurtenances.

The facility is to serve a population equivalent of approximately 3,500 persons in the City of Kenova, and environs, and convey wastewater to the jointly owned portions of the wastewater collection system with the Town of Ceredo and Northern Wayne County Public Service District, to the City of Huntington's wastewater treatment plant, for subsequent treatment and discharge, to the Ohio River at Mile Point 313.2.

This permit is subject to the following terms and conditions :
The information submitted on and with Permit Application No. WV0035912 and received the 3rd day of July 2002 is all hereby made terms and conditions of this permit with like effect as if such information was set forth herein, with other conditions set forth in Sections B, C, D and Appendix A.

The validity of this permit is contingent upon the payment of the applicable annual permit fee, as required by Chapter 22, Article 11, Section 10 of the Code of West Virginia.

OWR Permit Details

(1)OWR Permit	
PERMITTEE	KENOVA CITY OF
DEP OFFICE	OWR
PERMIT ID	WVR103060
ISSUE/REISSUE DATE	05/09/07
EXPIRATION DATE	12/04/07
FACILITY NAME	City of Kenova Sanitary Sewer Upgrade Project
DESCRIPTION	N/A
No. of CUSTOMERS	
DISTURBED ACRES	32.84
SLUDGE TONNAGE	
DESIGN FLOW(MGD)	
AVERAGE FLOW(MGD)	
MAJOR FACILITY	N
EXTENSION DATE	

(1)Permit Status	
ACTIVE YES/NO	Y
OPEN/CLOSED	O
STATUS	New

(1) County / Quad	
County: Wayne	Quad: CATLETTSBURG

(1) Inspectable Units	
INSPECTABLE UNIT CODE	TYPE
ENTIRE	Entire Default

(1) Permit Geography		
INSPECTABLE UNIT ID:	ENTIRE	**Show Map**
MAGISTERIAL DIST:		
NEAREST POST OFFICE:		
LATITUDE:	38° 24'9.0000"	
LONGITUDE:	82° 34'27.0000"	
COUNTY:	Wayne	

west virginia department of environmental protection

Division of Water and Waste Management
601 57th Street SE
Charleston, WV 25304
Telephone (304) 926-0495
Fax Number (304) 926-0496

Joe Manchin III, Governor
Stephanie R. Timmermeyer, Cabinet Secretary
www.wvdep.org

January 10, 2006

Honorable George B. Morrone, III
Mayor, City Of Kenova
P.O. Box 268
Kenova, WV 25530

RE: City of Kenova
Wastewater System Improvements
Plans and Specifications Approval
SRF No. C-544094

Dear Mayor Morrone:

The plans and specifications for the above referenced project are hereby approved.

This approval DOES NOT constitute authority to advertise for bids. You will be advised by separate letters from the DEP and the Infrastructure and Jobs Development Council as to when such an advertisement can be initiated.

Please be advised it will be necessary to issue an addendum to the contract documents prior to opening of bids to include the current minimum prevailing wages, as promulgated by the WV Division of Labor. This and all addenda and revisions to the contract documents must be telefaxed to this office for approval and issued to plan holders five (5) days prior to bid opening. Failure to submit addenda in a timely manner will automatically nullify approval to open bids. Any addenda issued inside the five (5) day period prior to the bid opening must include an automatic extension to the bid opening date of a minimum of seven (7) days.

If you have any questions, please call Jonathan Holbert at (304) 926-0499 ext. 1298.

Sincerely,

Lisa McClung
Director
Division of Water and Waste Management

LM/jh

cc: Jeff Brady, P.E., IJDC
Paul Ghosh, P. E., Ghosh Engineers, Inc.
Governor's Office of Economic & Community Development

west virginia department of environmental protection

Division of Water and Waste Management
601 57th Street, SE
Charleston, WV 25304
Telephone: (304) 926-0495
Fax: (304) 926-0496

Joe Manchin III, Governor
Stephanie R. Timmermeyer, Cabinet Secretary
www.wvdep.org

February 15, 2007

Honorable George Morrone, III
Mayor, City of Kenova
P O Box 268
Kenova WV 25530

RE: City of Kenova
SRF C544095

Dear Mayor Morrone:

You are hereby authorized to advertise for bids. Please refer to our approval letter on the plans and specifications regarding any technical requirements to be met prior to opening bids.

The project should, as a minimum, be posted in newspapers as a Class II legal advertisement not less than 30 days prior to the date on which bids are to be received. A copy of the legal advertisement should be sent to John Tingley of our office for further distribution to potential bidders.

Your project has been designated as a "non-equivalency" project under the Clean Water State Revolving Fund Program (CWSRF), which means that no federal requirements will apply, including MBE/WBE requirements. CWSRF state regulations will still apply to the project.

Enclosed is a copy of the SRF "Application for a Construction Loan". This completed application, including other required documents, must be submitted to our office no later than 10 calendar days after the receipt of bids in order to allow sufficient time for review, approval and processing.

Should you have any questions in the interim, please contact John Tingley at 304/926-0499 ext 1603 or jtingley@wvdep.org

Sincerely,

Mike Johnson

Mike Johnson, P.E.
Program Manager
Clean Water SRF Program

Enclosure

c Ghosh Engineers
Mr. Daniel Yonkosky, Water Development Authority
Ms. Samme Gee, Esq, Jackson Kelly