THE TOWN OF KINGWOOD
SEWER REFUNDING REVENUE BONDS, SERIES 2010 A
(TAX-EXEMPT)

BOND TRANSCRIPT

Date of Closing: August 27, 2010

Table of Contents

BASIC DOCUMENTS

1. Bond Ordinance
2. Supplemental Parameters Resolution
3. Tax and Non-Arbitrage Certificate
4. Certificate of Determinations
5. Cross-Receipt for Bonds and Bond Proceeds
6. Direction to Authenticate and Deliver Bonds
7. Specimen Bonds
8. Prepayment Agreement
9. Registrar Agreement

DOCUMENTS OF THE ISSUER

10. Town Charter
11. Rules of Procedure
12. Petition of Sanitary Board
13. Oaths of Office of Council Members
14. Minutes on Enactment of Bond Ordinance and Supplemental Parameters Resolution

15. Affidavit of Publication of Notice of Public Hearing

16. Sewer Rate Ordinance

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

18. Minutes on Adoption and Enactment of Sewer Rate Ordinance

OPINIONS OF COUNSEL

19. Approving Opinion of Steptoe & Johnson PLLC, Bond Counsel for Series 2010 A Bonds

20. Supplemental Opinion of Steptoe & Johnson PLLC, Bond Counsel

21. Opinion of Steptoe & Johnson PLLC, Counsel to Issuer

22. Opinion of Goodwin & Goodwin, Counsel to Underwriter

CERTIFICATES

23. General Certificate of Issuer

24. Certificate of Certified Public Accountant

25. Certificate of Registrar

26. Certificate of the Underwriter

OFFERING DOCUMENTS

27. Preliminary Official Statement

28. Official Statement

29. Bond Purchase Agreement

30. Continuing Disclosure Agreement

31. Rule 15c2-12 Certificate of Issuer

DOCUMENTS RELATING TO REFUNDING OF SERIES 1997 A BONDS

32. Notice of Redemption of Series 1997 A Bonds

33. Receipt of Transfer

34. Receipt and Release of Series 1997 A Bonds

MISCELLANEOUS DOCUMENTS

35. DTC Blanket Letter of Representations

36. Certified Copy of Enabling Act and Refunding Act, West Virginia Code, Chapter 16, Article 13 and Chapter 13, Article 2E

37. IRS Information Return (Form 8038-G)

38. Municipal Bond Commission New Issue Report

39. Prior Bonds Ordinances and Supplemental Resolutions

40. WDA Parity Consent

41. Closing Memo and Funds Wiring Memo

42. Final Pricing Numbers

08.12.10
485090.00005

THE TOWN OF KINGWOOD
(WEST VIRGINIA)

SEWER REFUNDING REVENUE BONDS, SERIES 2010 A

BOND ORDINANCE

Table of Contents

RECITALS

ARTICLE I
DEFINITIONS; STATUTORY AUTHORITY; FINDINGS

Section 1.01 Definitions....3
Section 1.02 Authority for this Ordinance....10
Section 1.03 Findings....10
Section 1.04 Ordinance Constitutes Contract....14

ARTICLE II
AUTHORIZATION OF REFUNDING

Section 2.01 Authorization of Refunding....15

ARTICLE III
THE BONDS

Section 3.01 Form and Payment of Bonds....16
Section 3.02 Execution of Bonds....16
Section 3.03 Authentication and Registration....17
Section 3.04 Negotiability and Registration....17
Section 3.05 Bonds Mutilated, Destroyed, Stolen or Lost....18
Section 3.06 Term Bonds....18
Section 3.07 Notice of Redemption....19
Section 3.08 Persons Treated as Owners....20
Section 3.09 Temporary Bonds....20
Section 3.10 Authorization Bonds....21
Section 3.11 Book Entry System for Series 2010 A Bonds....21
Section 3.12 Delivery of Series 2010 A Bonds....23
Section 3.13 Form of Series 2010 A Bonds....23
Section 3.14 Disposition of Proceeds of Series 2010 A Bonds....24

ARTICLE IV
SYSTEM REVENUES; FUNDS AND ACCOUNTS

Section 4.01 Establishment of Funds and Accounts with Depository Bank....25
Section 4.02 Establishment of Funds and Accounts with Bond Commission....25
Section 4.03 System Revenues and Application Thereof....25

ARTICLE V
INVESTMENTS; NON-ARBITRAGE
REBATES AND CONTINUING DISCLOSURE CERTIFICATE

Section 5.01 Investments....30
Section 5.02 Arbitrage....31
Section 5.03 Tax Certificate, Rebates and Rebate Fund....31
Section 5.04 Continuing Disclosure Certificate....32

ARTICLE VI
ADDITIONAL COVENANTS OF THE ISSUER

Section 6.01 Covenants Binding and Irrevocable....33
Section 6.02 Bonds not to be Indebtedness of the Issuer....33
Section 6.03 Series 2010 A Bonds Secured by Parity Pledge of Net Revenues; Lien Position with Respect to Prior Bonds....33
Section 6.04 Rates....33
Section 6.05 Operation and Maintenance....34
Section 6.06 Sale of the System....34
Section 6.07 Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances....35
Section 6.08 Additional Parity Bonds....35
Section 6.09 Insurance and Bonds....37
Section 6.10 Mandatory Connections....38
Section 6.11 No Free Services....38
Section 6.12 Enforcement of Collections....38
Section 6.13 No Competing Franchise....39
Section 6.14 Books and Records....39
Section 6.15 Operating Budget....40
Section 6.16 Tax Covenants....40
Section 6.17 Statutory Mortgage Lien....41
Section 6.18 Designation of Series 2010 A Bonds as "Qualified Tax-Exempt Obligation"....41

ARTICLE VII
DEFAULTS AND REMEDIES

Section 7.01 Events of Default....42
Section 7.02 Enforcement....42

Section 7.03 Appointment of Receiver 43
Section 7.04 Restoration of Issuer and Registered Owners 44

ARTICLE VIII
REGISTRAR, PAYING AGENT AND DEPOSITORY BANK

Section 8.01 Appointment of Registrar, Paying Agent and Depository Bank 45
Section 8.02 Responsibilities of Fiduciaries 45
Section 8.03 Evidence on Which Fiduciaries May Act 45
Section 8.04 Compensation and Expenses 45
Section 8.05 Certain Permitted Acts 45
Section 8.06 Resignation of Registrar 46
Section 8.07 Removal 46
Section 8.08 Appointment of Successor 46
Section 8.09 Transfer of Rights and Property to Successor 46
Section 8.10 Merger or Consolidation 47
Section 8.11 Adoption of Authentication 47
Section 8.12 Paying Agent and Depository Bank 47

ARTICLE IX
DEFEASANCE; DISCHARGE OF PLEDGE OF ORDINANCE

Section 9.01 Defeasance; Discharge of Pledge of Ordinance 49

ARTICLE X
MISCELLANEOUS

Section 10.01 Amendment of Ordinance 50
Section 10.02 Evidence of Signatures of Registered Owners and Ownership of Series 2010 A Bonds 50
Section 10.03 Preservation and Inspection of Documents 51
Section 10.04 Cancellation of Series 2010 A Bonds 51
Section 10.05 Failure to Present Series 2010 A Bonds 51
Section 10.06 Notices, Demands and Requests 51
Section 10.07 No Personal Liability 52
Section 10.08 Law Applicable 52
Section 10.09 Parties Interested Herein 52
Section 10.10 Severability of Invalid Provisions 53
Section 10.11 Table of Contents and Headings 53
Section 10.12 Conflicting Provisions Repealed 53
Section 10.13 Covenant of Due Procedure, Etc. 53
Section 10.14 Procedure on Enactment of Ordinance; Public Hearing 53
Section 10.15 Effective Date 54

SIGNATURES S-1
CERTIFICATION S-2

EXHIBIT A - SERIES 2010 A BOND FORM A-1

THE TOWN OF KINGWOOD
(WEST VIRGINIA)

AN ORDINANCE AUTHORIZING THE REFUNDING OF THE ISSUER'S OUTSTANDING SEWER REFUNDING REVENUE BONDS, SERIES 1997 A AND THE FINANCING OF THE COST THEREOF, NOT OTHERWISE PROVIDED, AND PAYING COSTS OF ISSUANCE AND RELATED COSTS, THROUGH THE ISSUANCE OF SEWER REFUNDING REVENUE BONDS, SERIES 2010 A OF THE TOWN IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT MORE THAN $2,000,000; PROVIDING FOR THE RIGHTS AND REMEDIES OF, AND THE SECURITY FOR, THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING THE EXECUTION AND DELIVERY OF A TAX AND NON-ARBITRAGE CERTIFICATE, AN OFFICIAL STATEMENT, A BOND PURCHASE AGREEMENT, A CONTINUING DISCLOSURE AGREEMENT AND OTHER DOCUMENTS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

WHEREAS, The Town of Kingwood (the "Issuer" or the "Town") presently owns and operates, a sewerage system (the "System") and has heretofore financed the acquisition and construction of the System and certain additions, betterments and improvements thereto through the issuance of several series of bonds or refunding bonds, of which there are presently outstanding the Prior Bonds, as hereinafter defined;

WHEREAS, all of the Prior Bonds were issued pursuant to ordinances of the Issuer previously enacted (such ordinances, as so amended and supplemented, collectively herein called the "Prior Ordinances");

WHEREAS, under the provisions of Chapter 16, Article 13 of the Code of West Virginia, 1931, as amended (the "Act"), the Issuer is authorized to issue refunding revenue bonds for the purpose of refunding, paying or discharging all or any part of its outstanding revenue bonds, including interest thereon;

WHEREAS, the Issuer has determined and hereby determines that present value debt service savings would result from the Issuer's current refunding of its outstanding Sewer

Refunding Revenue Bonds, Series 1997 A, dated November 1, 1997, issued in the original aggregate principal amount of $2,130,000 (the "Series 1997 A Bonds");

WHEREAS, the Issuer has determined that it is in the best interests of the inhabitants of The Town of Kingwood and other users of the System to currently refund its outstanding Series 1997 A Bonds;

WHEREAS, the Issuer has determined that the aforementioned refunding of the Series 1997 A Bonds should be financed with the proceeds from the issuance of the Town's Sewer Refunding Revenue Bonds, Series 2010 A, in the original aggregate principal amount of not more than $2,000,000 (the "Series 2010 A Bonds"), such Series 2010 A Bonds to be secured by and payable from the Net Revenues (as hereinafter defined) of the System; and

WHEREAS, the Issuer has determined and hereby determines that it is in the best interests of the residents of the Town that its Series 2010 A Bonds be sold to the Original Purchaser (as hereinafter defined) thereof pursuant to the terms and provisions of a bond purchase agreement (the "Bond Purchase Agreement") between the Issuer and the Original Purchaser.

NOW, THEREFORE, THE COUNCIL OF THE TOWN OF KINGWOOD HEREBY ORDAINS:

ARTICLE I

DEFINITIONS; STATUTORY AUTHORITY; FINDINGS

Section 1.01. Definitions. All capitalized terms used in this Ordinance and not otherwise defined in the recitals hereto shall have the meanings specified below, unless the context expressly requires otherwise:

"Act" means Chapter 16, Article 13 of the Code of West Virginia, 1931, as amended and in effect on the date of delivery of the Series 2010 A Bonds.

"Authorized Newspaper" means a financial journal or newspaper of general circulation in the City of New York, New York, printed in the English language and customarily published on each business day of the Registrar, whether or not published on Saturdays, Sundays or legal holidays, and so long as so published, shall include The Bond Buyer.

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

"Board" means the Sanitary Board of the Issuer.

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

"Bond Counsel" shall mean any law firm having a national reputation in the field of municipal law whose opinions are generally accepted by purchasers of municipal bonds, appointed by the Issuer, and shall initially mean Steptoe & Johnson PLLC, Charleston, West Virginia.

"Bondholder," "Holder," "Holder of the Bonds," "Owner of the Bonds," "Registered Owner," or any similar term means any person who shall be the registered owner of any outstanding Bond.

"Bond Insurer" means any entity which shall insure all or any portion of the payment of principal of and interest on any of the Bonds.

"Bond Register" means the books of the Issuer maintained by the Registrar for the registration and transfer of Bonds.

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

"Bonds" means, collectively, the Series 2010 A Bonds, the Prior Bonds and any additional parity Bonds hereafter issued within the terms, restrictions and conditions contained herein.

"Business Day" means any day other than a Saturday, Sunday or a day on which national banking associations or West Virginia banking corporations are authorized by law to remain closed.

"Certificate of Authentication and Registration" means the Certificate of Authentication and Registration on the Series 2010 A Bonds, substantially in the form set forth in EXHIBIT A - FORM OF SERIES 2010 A BOND, attached hereto.

"Closing Date" means the date upon which there is an exchange of the Series 2010 A Bonds for the proceeds representing the original purchase price thereof.

"Code" shall mean the Internal Revenue Code of 1986, as amended and supplemented from time to time, and Regulations thereunder.

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

"Consulting Engineers" means any qualified engineer or engineers or firm or firms of engineers that shall at any time now or hereafter be retained by the Issuer as Consulting Engineers for the System, or portion thereof.

"Costs" or "Costs of the Project" or similar terms means all those costs now or hereafter permitted by the Act to be financed with bonds issued pursuant hereto, including, without limitation, those costs described in Section 1.03E.

"Council" means the Town Council of the Issuer or any other governing body of the Issuer that succeeds to the functions of the Council as presently constituted.

"Debt Service," with reference to a specified period, means the amount of principal, including any sinking fund payments, and interest payable with respect to the Bonds during such period.

"Depository Bank" means the bank or banks to be designated as such in the Supplemental Resolution, and any other bank or national banking association located in the State of West Virginia, eligible under the laws of the State of West Virginia to receive deposits of state and municipal funds and insured by the FDIC that may hereafter be appointed by the Issuer as Depository Bank.

"DTC" means The Depository Trust Company, New York, New York or its successor.

"DTC-eligible" means, with respect to the Series 2010 A Bonds, meeting the qualifications prescribed by DTC.

"Event of Default" means any occurrence or event specified in Section 7.01.

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

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

"Governing Body" means the Town Council of the Issuer or any other governing body of the Issuer that succeeds to the functions of the Town Council, as it may now or hereafter be constituted.

"Government Obligations" means certificates or interest-bearing notes or obligations of the United States, or those for which the full faith and credit of the United States are pledged for the payment of principal and interest.

"Gross Revenues" means the aggregate gross operating and non-operating revenues of the System, determined in accordance with generally accepted accounting principles, after deduction of prompt payment discounts, if any, and reasonable provision for uncollectible

accounts, and includes any proceeds from the sale or other disposition of capital assets, but does not include any increase in the value of capital assets (including Qualified Investments).

"Independent Accountants" means the West Virginia State Tax Department or any certified public accountant or firm of certified public accountants that shall at any time hereafter be retained by the Issuer to prepare an independent annual or special audit of the accounts of the System or for any purpose except keeping the accounts of said System in the normal operations of its business and affairs.

"Investment Property" means any security (as said term is defined in Section 165(g)(2)(A) or (B) of the Code), obligation, annuity contract, investment-type property or residential rental property for family units which is not located within the jurisdiction of the Issuer and which is not acquired to implement a court ordered or approved housing desegregation plan, excluding, however, obligations the interest on which is excluded from gross income, under Section 103 of the Code, for federal income tax purposes other than specified private activity bonds as defined in Section 57(a)(5)(C) of the Code.

"Maximum Annual Debt Service" means, at the time of computation, the greatest amount of Debt Service required to be paid on the Bonds for the then current or any succeeding Fiscal Year, assuming that the principal of any Term Bonds is deemed due on the earlier of their stated maturity date or the date on which they are required to be redeemed pursuant to mandatory sinking fund redemption.

"Mayor" means the Mayor of the Issuer.

"Net Proceeds" means the face amount of the Series 2010 A Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds deposited in the Series 2010 A Bonds Reserve Account. For purposes of the Private Business Use limitations set forth herein, the term Net Proceeds shall include any amounts resulting from investment of proceeds of the Series 2010 A Bonds, without regard to whether or not such investment is made in tax-exempt obligations.

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

"Nonpurpose Investment" means any Investment Property which is acquired with the gross proceeds of the Series 2010 A Bonds and is not acquired in order to carry out the governmental purpose of the Series 2010 A Bonds.

"Operating Expenses," unless qualified, means the current expenses, paid or accrued, of repair, operation and maintenance of the System, and includes, without limiting the generality of the foregoing, administrative, engineering, legal, auditing and insurance expenses (other than those capitalized as part of the costs of any project relating to the acquisition or construction of additions, betterments or improvements for the System), supplies, labor, wages, the cost of materials and supplies used for current operations, fees and expenses of fiscal agents and of the Depository Bank, Registrar and Paying Agent or Paying Agents, payments to pension

or retirement funds, taxes and such other reasonable operating costs and expenses as should normally and regularly be included under generally accepted accounting principles.

"Ordinance" regardless of whether preceded by the article "the" or "this," means this Ordinance, as it may hereafter from time to time be amended or supplemented, by ordinance or by resolution.

"Original Purchaser" means the investment banking firm or firms, bank or banks or such other entity or entities as shall purchase the Series 2010 A Bonds directly from the Issuer, as determined by a resolution supplemental hereto.

"Outstanding," when used with reference to Bonds and as of any particular date, describes all Bonds theretofore and thereupon being issued and delivered except (a) any Bond or Prior Bond canceled by the registrar for such Bond or Prior Bond at or prior to said date; (b) any Bond or Prior Bond for the payment of which moneys, equal to its principal amount, with interest to the date of maturity, shall be held in trust under this Ordinance and set aside for such payment (whether upon or prior to maturity); (c) any Bond deemed to have been paid as provided by Section 9.01; and (d) with respect to determining the number or percentage of Bondholders or Bonds respectively, for the purpose of consents, notices and the like, any Bond registered to the Issuer. Notwithstanding the foregoing, in the event that a Bond Insurer has paid principal of and/or interest on any Bond, such Bond shall be deemed to be Outstanding until such time as such Bond Insurer has been reimbursed in full.

"Paying Agent" means the Bond Commission and any other paying agent for the Bonds which may be appointed by a resolution supplemental hereto, all in accordance with Section 8.12 hereof.

"Prior Bonds" means, collectively, the Series 1986 B Bonds, the Series 2001 Bonds, and the Series 2009 A Bonds as more fully defined in Section 1.03H hereof.

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

"Private Business Use" means use directly or indirectly in a trade or business carried on by a natural person or in any activity carried on by a person other than a natural person, excluding, however, use by a state or local governmental unit and use as a member of the general public.

"Purchase Price," for the purpose of computation of the Yield of the Series 2010 A Bonds, has the same meaning as the term "issue price" in Sections 1273(b) and 1274 of the Code, and, in general, means the initial offering price of the Series 2010 A Bonds to the public (not including bond houses and brokers, or similar persons or organizations acting in the capacity of underwriters or wholesalers) at which price a substantial amount of the Bonds of each maturity is sold or, if the Series 2010 A Bonds are privately placed, the price paid by the first buyer of the Series 2010 A Bonds or the acquisition cost of the first buyer. "Purchase Price," for purposes of computing Yield of Nonpurpose Investments, means the fair market value of the

Nonpurpose Investments on the date of use of Gross Proceeds of the Series 2010 A Bonds for acquisition thereof, or if later, on the date that Investment Property constituting a Nonpurpose Investment becomes a Nonpurpose Investment of the Series 2010 A Bonds.

"Qualified Investments" means and includes the investments set forth in the Supplemental Resolution and designated as such.

"Rebate Fund" means the Rebate Fund described in Section 4.01 hereof.

"Record Date" means the day of the month which shall be so stated in the Series 2010 A Bonds, regardless of whether such day is a Saturday, Sunday or legal holiday.

"Recorder" means the Recorder of the Issuer.

"Redemption Date" means the date fixed for redemption of Bonds subject to redemption in any notice of redemption published or mailed in accordance herewith.

"Redemption Price" means the price at which the Bonds may be called for redemption and includes the principal amount of the Bonds to be redeemed, plus the premium, if any, required to be paid to effect such redemption.

"Registered Owner," "Bondholder," "Holder," "Owner" or any similar term means any person who shall be the registered owner of any outstanding Bond.

"Registrar" means the bank to be designated in the Supplemental Resolution as the registrar for the Series 2010 A Bonds, and any successor thereto appointed in accordance with Section 8.08 hereof.

"Regulations" means temporary and permanent regulations promulgated under the Code, and includes applicable regulations promulgated under the Internal Revenue Code of 1954.

"Renewal and Replacement Fund" means the Renewal and Replacement Fund created by the Prior Ordinances and continued by Section 4.02 hereof.

"Reserve Accounts" means, collectively, the respective reserve accounts created for the Series 2010 A Bonds and the Prior Bonds.

"Reserve Account Requirement" means, collectively, the respective amount required to be on deposit in the respective Reserve Accounts for the Series 2010 A Bonds and the Prior Bonds.

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

"Series 1986 B Bonds" means the Issuer's Sewer Revenue Bonds, Series 1986 B (West Virginia Water Development Authority), dated March 26, 1986, issued in the original aggregate principal amount of $850,860.

"Series 1997 A Bonds" means The City of Kingwood (West Virginia) Sewer Refunding Revenue Bonds, Series 1997, dated November 1, 1997, issued in the original aggregate principle amount of $2,130,000.

"Series 1997 A Ordinance" means the Bond Ordinances authorizing the Series 1997 A Bonds.

"Series 2001 A Bonds" means The City of Kingwood Sewer Revenue Bonds, Series 2001 A (West Virginia SRF Program), dated December 20, 2001, issued in the original aggregate principal amount of $878,181.

"Series 2009 A Bonds" means the Sewerage System Design Revenue Bonds, Series 2009 A (West Virginia Water Development Authority), dated January 30, 2009, issued in the original aggregate principal amount of $724,650.

"Series 2010 A Bonds" means the Sewer Refunding Revenue Bonds, Series 2010 A, of the Issuer, originally authorized to be issued pursuant to this Ordinance and the Supplemental Resolution.

"Series 2010 A Bonds Costs of Issuance Fund" means the Costs of Issuance Fund created by Section 4.01 hereof.

"Series 2010 A Bonds Redemption Account" means the Series 2010 A Bonds Redemption Account established in the Series 2010 A Bonds Sinking Fund pursuant to Section 4.02 hereof.

"Series 2010 A Bonds Reserve Account" means the Series 2010 A Bonds Reserve Account established in the Series 2010 A Bonds Sinking Fund pursuant to Section 4.02 hereof.

"Series 2010 A Bonds Reserve Account Requirement" means an amount equal to the lesser of (i) 10% of the original principal amount of the Series 2010 A Bonds, (ii) Maximum Annual Debt Service at the time of original issuance of the Series 2010 A Bonds, or (iii) 125% of average annual Debt Service at the time of original issuance of the Series 2010 A Bonds.

"Series 2010 A Bonds Sinking Fund" means the Series 2010 A Bonds Sinking Fund established by Section 4.02 hereof.

"Sinking Funds" means, collectively, the respective sinking funds created for the Series 2010 A Bonds and the Prior Bonds.

"State" means the State of West Virginia.

"Supplemental Resolution" means any ordinance or resolution amendatory hereof or supplemental hereto and, when preceded by the article "the," refers specifically to the Supplemental Resolution to be adopted by the Issuer following enactment of this Ordinance, setting forth the final amounts, maturities, interest rates and other terms of the Series 2010 A Bonds and authorizing the sale of the Series 2010 A Bonds to the Original Purchaser; provided, that any provision intended to be included in the Supplemental Resolution and not so included may be contained in any other Supplemental Resolution.

"Surplus Revenues" means the Gross Revenues not required by the 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 funds and accounts established for the Prior Bonds or the Series 2010 A Bonds.

"System" means the complete public sewerage system of the Issuer, presently existing in its entirety or any integral part thereof, and any further additions, extensions and improvements thereto hereafter constructed or acquired for the System from any sources whatsoever.

"Term Bonds" means Series 2010 A Bonds subject to mandatory sinking fund redemption, as described by Section 3.06 hereof.

"Town" or "Issuer" means The Town of Kingwood, a municipal corporation and political subdivision of the State of West Virginia, in Preston County thereof, and, unless the context clearly indicates otherwise, includes the Governing Body and any other commission, board or department established by the Issuer to operate and maintain the System.

Words importing singular number shall include the plural number in each case and vice versa; words importing persons shall include firms and corporations and vice versa; and words importing the masculine gender shall include the feminine and neuter genders and vice versa.

Additional terms and phrases are defined in this Ordinance as they are used. Accounting terms not specifically defined herein shall be given meaning in accordance with generally accepted accounting principles.

The terms "herein," "hereunder," "hereby," "hereto," "hereof" and any similar terms refer to this Ordinance; and the term "hereafter" means after the date of enactment of this Ordinance.

Articles, sections and subsections mentioned by number only are the respective articles, sections and subsections of this Ordinance so numbered.

Section 1.02. Authority for this Ordinance. This Ordinance is enacted pursuant to the provisions of the Act and other applicable provisions of law.

Section 1.03. Findings. The Council hereby finds and determines as follows:

A. The Issuer is a municipal corporation and political subdivision of the State of West Virginia, in Preston County of said State.

B. The Issuer now owns and operates a public sewerage System, the construction, extension and improvement of which it has financed or refinanced pursuant to the issuance of the Prior Bonds.

C. The Issuer has determined that present value debt service savings will result from the current refunding of its Outstanding Series 1997 A Refunding Revenue Bonds, and that it is in the best interest of the residents of the Issuer and other users of the System to currently refund such Series 1997 A Refunding Revenue Bonds.

D. It is deemed necessary for the Issuer to issue its Sewer Refunding Revenue Bonds, Series 2010 A, in the original aggregate principal amount of not more than $2,000,000, in order to repay in full the remaining principal balance of and all accrued interest on the Issuer 's Series 1997 A Refunding Revenue Bonds. The proceeds of the Series 2010 A Bonds may also be applied to funding the Series 2010 A Bonds Reserve Account and the payment of underwriter's discount; legal expenses; expenses for estimates of costs and revenues; administrative expense; commitment fees; premiums for municipal bond insurance, reserve account insurance or reserve account surety bonds; letter of credit fees; discount; initial fees for the services of registrar's, paying agents, depositories or trustees or other costs in connection with the sale of the Series 2010 A Bonds and such other expenses as may be necessary or incidental to the financing herein authorized; and the performance of the things herein required or permitted, in connection with any thereof, provided, that reimbursement to the Issuer for any amounts expended by it for allowable costs prior to the issuance of the Series 2010 A Bonds or the repayment of indebtedness incurred by the Issuer for such purposes shall also be permitted.

E. It is in the best interest of the Issuer that the Series 2010 A Bonds be sold to the Original Purchaser pursuant to the terms and provisions of a Bond Purchase Agreement to be entered into by and between the Issuer and the Original Purchaser, as shall be approved by the Supplemental Resolution of the Issuer.

F. There are outstanding obligations of the Issuer which will rank on a parity with the Series 2010 A Bonds as to liens, pledge, source of and security for payment, as follows: (1) Sewerage System Design Revenue Bonds, Series 2009 A (West Virginia Water Development Authority), dated January 30, 2009, issued in the original aggregate principal amount of $724,650 (the "Series 2009 A Bonds"); (2) Sewer Revenue Bonds, Series 2001 A (West Virginia SRF Program), dated December 20, 2001, issued in the original aggregate principal amount of $878,181 (the "Series 2001 A Bonds"); and (3) Sewer Revenue Bonds, Series 1986 B (West Virginia Water Development Authority), dated March 26, 1986, issued in the original aggregate principal amount of $850,860 (the "Series 1986 B Bonds") (collectively referred to herein as the "Prior Bonds").

The Series 2010 A Bonds shall be issued on a parity with one another and with the Prior Bonds, all of which shall have a first lien position with respect to pledge and source of and

security for payment and in all other respects. The Issuer has met the coverage requirements for issuance of parity bonds of the Prior Bonds and the Prior Ordinances and has substantially complied with all other parity requirements, except to the extent that noncompliance with any such other parity requirements is not of a material nature.

Prior to the issuance of the Series 2010 A Bonds, the Issuer will obtain (i) the certificate of an Independent Certified Public Accountant stating that the coverage and parity tests of the Prior Bonds are met; and (ii) the written consent of the Registered Owners of the Prior Bonds to the issuance of the Series 2010 A Bonds on a parity with such Prior Bonds if required by the Prior Ordinances.

Other than the Prior Bonds, there are no other outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System.

G. The Issuer derives revenues from the System which are pledged for payment of the Prior Bonds. Except for such pledge thereof to secure and pay the Prior Bonds, said revenues are not pledged or encumbered in any manner. The Issuer intends to issue the Series 2010 A Bonds and to pledge for payment thereof, the Net Revenues of the System. Upon issuance of the Series 2010 A Bonds, the Series 2010 A Bonds will be secured by a first lien on the Net Revenues of the System, on a parity with the Prior Bonds.

H. The estimated revenues to be derived in each year after the date hereof from the operation of the System will be sufficient, to provide for repair, maintenance and operation of the System, the payment of interest on the Series 2010 A Bonds and the Prior Bonds, and to create sinking funds, as hereinafter provided, to pay the principal on the Series 2010 A Bonds and the Prior Bonds as and when it becomes due and reasonable reserves therefore, to provide an adequate renewal and replacement fund, as hereinafter provided, and to make all other payments provided for in this Ordinance.

I. It is in the best interests of the Issuer, and the residents thereof, that the Issuer issue the Series 2010 A Bonds, and secure the Series 2010 A Bonds by a pledge and assignment of the Net Revenues derived from the operation of the System, the monies in the Series 2010 A Bonds Reserve Account, unexpended proceeds of the Series 2010 A Bonds and as further set forth herein.

J. The Series 2010 A Bonds and the Certificate of Authentication and Registration to be endorsed thereon are to be in substantially the forms set forth in EXHIBIT A - SERIES 2010 A BOND FORM, attached hereto and incorporated herein by reference, with necessary and appropriate variations, omissions and insertions as permitted or required by this Ordinance or a Supplemental Resolution or as deemed necessary by the Registrar or the Issuer.

K. All things necessary to make the Series 2010 A Bonds, when authenticated by the Registrar and issued as in this Ordinance provided, the valid, binding and legal special obligations of the Issuer according to the import thereof, and to validly pledge and assign those funds pledged hereby to the payment of the principal of and interest on the Series 2010 A Bonds will be timely done and duly performed.

L. The enactment of this Ordinance, and the execution and issuance of the Series 2010 A Bonds, subject to the terms thereof, will not result in any breach of, or constitute a default under, any instrument to which the Issuer is a party or by which it may be bound or affected.

M. 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 2010 A Bonds for the purposes set forth herein.

N. The Issuer has complied with all requirements of West Virginia law relating to the operation of the System, the issuance of the Series 2010 A Bonds and the refunding of the Series 1997 A Refunding Revenue Bonds, or will have so complied prior to issuance of any thereof, including, among other things, the obtaining of a certificate of convenience and necessity from the West Virginia Public Service Commission by final order, the time for rehearing and appeal of which will either have expired prior to the date of issuance of the Series 2010 A Bonds or such final order will not be subject to appeal or rehearing.

Section 1.04. Ordinance Constitutes Contract. In consideration of the acceptance of the Series 2010 A Bonds by those who shall own or hold the same from time to time, this Ordinance shall be deemed to be and shall constitute a contract between the Issuer and such Registered Owners and the covenants and agreements herein set forth to be performed by the Issuer shall be for the equal benefit, protection and security of the legal Registered Owners of any and all of such Series 2010 A Bonds, all of which shall be of equal rank and without preference, priority or distinction between any one Series 2010 A Bond and any other Series 2010 A Bond, by reason of priority of issuance or otherwise, except as expressly provided therein and herein.

ARTICLE II

AUTHORIZATION OF REFUNDING

Section 2.01. Authorization of Refunding. All Series 1997 A Refunding Revenue Bonds Outstanding as of the date of issuance of the Series 2010 A Bonds and all unpaid interest accrued thereon, if any, are hereby ordered to be refunded and paid in full and the pledge of Net Revenues in favor of the Registered Owners of the Series 1997 A Refunding Revenue Bonds imposed by the Prior Ordinance authorizing the issuance of the Series 1997 A Refunding Revenue Bonds, the monies in the funds and accounts created by the Prior Ordinances pledged to payment of the Series 1997 A Refunding Revenue Bonds, and any other funds pledged by the Prior Ordinances to payment of the Series 1997 A Refunding Revenue Bonds are hereby ordered terminated, discharged and released upon such payment to the Registered Owners of the Series 1997 A Refunding Revenue Bonds. Contemporaneously with the payment in full of the Series 1997 A Refunding Revenue Bonds, the amounts on deposit in the sinking fund, and all other funds and accounts created and maintained on behalf of the Series 1997 A Refunding Revenue Bonds, shall be released from the lien created by the Prior Ordinance authorizing the issuance of the Series 1997 A Refunding Revenue Bonds.

ARTICLE III

THE BONDS

Section 3.01. Form and Payment of Bonds. No Series 2010 A Bond shall be issued pursuant to this Ordinance except as provided in this Article III. Any Series 2010 A Bonds issued pursuant to this Ordinance may be issued only as fully registered Series 2010 A Bonds without coupons, in the denomination of $5,000 or any integral multiple thereof for any year of maturity (or such other denominations as may be set forth in a Supplemental Resolution). All Series 2010 A Bonds shall be dated as of the date provided in a Supplemental Resolution applicable to such series. All Series 2010 A Bonds shall bear interest from the interest payment date next preceding the date of authentication or, if authenticated after the Record Date but prior to the applicable interest payment date or on such interest payment date, from such interest payment date or, if no interest on such Series 2010 A Bonds has been paid, from the date thereof; provided however, that, if, as shown by the records of the Registrar, interest on such Series 2010 A Bonds shall be in default, Series 2010 A Bonds issued in exchange for Series 2010 A Bonds surrendered for transfer or exchange shall bear interest from the date to which interest has been paid in full on the initial Series 2010 A Bonds surrendered.

The principal of and the premium, if any, on the Series 2010 A Bonds shall be payable in any coin or currency which, on the respective date of such payment, is legal tender for the payment of public and private debts under the laws of the United States of America upon surrender at the principal office of the Paying Agent. Interest on the Series 2010 A Bonds shall be paid by check or draft made payable and mailed to the Registered Owner thereof at his address as it appears in the Bond Register at the close of business on the Record Date, or, if requested, in the case of a Registered Owner of $1,000,000 or more of the Series 2010 A Bonds, by wire transfer to a domestic bank account specified in writing at least 5 days prior to such interest payment date by such Registered Owner.

In the event any Series 2010 A Bond is redeemed in part, such bond shall be surrendered to and canceled by the Registrar, and the Issuer shall execute, and the Registrar shall authenticate and deliver to the Registered Owner thereof, another Series 2010 A Bond in the principal amount of said Series 2010 A Bond then Outstanding.

Section 3.02. Execution of Bonds. The Series 2010 A Bonds shall be executed in the name of the Issuer by the Mayor, by his or her manual or facsimile signatures, and the seal of the Issuer shall be affixed thereto or imprinted thereon and attested by the Recorder by his or her manual or facsimile signature; provided, that, all such signatures and the seal may be by facsimile. In case any one or more of the officers who shall have signed or sealed any of the Series 2010 A Bonds shall cease to be such officer of the Issuer before the Bonds so signed and sealed have been actually sold and delivered, such Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bonds had not ceased to hold such office. Any Series 2010 A Bonds 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 3.03. Authentication and Registration. No Series 2010 A Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under this Ordinance unless and until the Certificate of Authentication and Registration on such Bond, substantially in the form set forth in EXHIBIT A - FORM OF SERIES 2010 A BOND attached hereto and incorporated herein by reference with respect to such respective Series 2010 A Bond, shall have been duly manually executed by the Registrar. Any such manually executed Certificate of Authentication and Registration upon any such Bond shall be conclusive evidence that such Series 2010 A Bond has been authenticated, registered and delivered under this Ordinance. The Certificate of Authentication and Registration on any Series 2010 A Bond shall be deemed to have been executed by the Registrar if signed by an authorized officer of the Registrar, but it shall not be necessary that the same officer sign the Certificate of Authentication and Registration on all of the Series 2010 A Bonds issued hereunder.

Section 3.04. Negotiability and Registration. Subject to the requirements for transfer set forth below, the Series 2010 A Bonds shall be, and have all of the qualities and incidents of, negotiable instruments under the Uniform Commercial Code of the State, and each successive Registered Owner, in accepting any of said Series 2010 A Bonds, shall be conclusively deemed to have agreed that such Series 2010 A Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State, and each successive Holder shall further be conclusively deemed to have agreed that said Series 2010 A Bonds shall be incontestable in the hands of a bona fide holder for value.

So long as any of the Series 2010 A Bonds remain Outstanding, the Registrar shall keep and maintain books for the registration and transfer of the Series 2010 A Bonds. The Series 2010 A Bonds shall be transferable only by transfer of registration upon the Bond Register by the registered owner thereof in person or by his attorney or legal representative duly authorized in writing, upon surrender thereof, together with a written instrument of transfer satisfactory to the Registrar duly executed by the registered owner or such duly authorized attorney or legal representative. Upon transfer of a Series 2010 A Bond, there shall be issued at the option of the Holder or the transferee another Bond or Bonds of the aggregate principal amount equal to the unpaid amount of the transferred Bond and of the same series, interest rate and maturity of said transferred Bond.

Upon surrender thereof at the office of the Registrar with a written instrument of transfer satisfactory to the Registrar and duly executed by the registered owner or his attorney or legal representative duly authorized in writing, Series 2010 A Bonds may at the option of the Holder thereof be exchanged for an equal aggregate principal amount of Bonds of the same series, maturity and interest rate, in any authorized denominations.

In all cases in which the privilege of transferring or exchanging a Series 2010 A Bond is exercised, Series 2010 A Bonds shall be delivered in accordance with the provisions of this Ordinance. All Series 2010 A Bonds surrendered in any such transfer or exchange shall forthwith be canceled by the Registrar. Transfers of Series 2010 A Bonds, the initial exchange

of Series 2010 A Bonds and exchanges of such Bonds in the event of partial redemption of fully registered Bonds shall be made by the Registrar without charge to the Holder or the transferee thereof, except as provided below. For other exchanges of Series 2010 A Bonds, the Registrar may impose a service charge. For every such transfer or exchange of such Bonds, the Registrar may make a charge sufficient to reimburse its office for any tax or other governmental charge required to be paid with respect to such transfer or exchange, and such tax or governmental charge, and such service charge for exchange other than the initial exchange or in the event of partial redemption, shall be paid by the person requesting such transfer or exchange as a condition precedent to the exercise of the privilege of making such transfer or exchange. The Registrar shall not be obliged to make any such transfer or exchange of Series 2010 A Bonds that have been called for redemption.

Section 3.05. Bonds Mutilated, Destroyed, Stolen or Lost. In case any Series 2010 A Bond shall become mutilated or be destroyed, stolen or lost, the Issuer may execute, in its discretion, and the Registrar shall authenticate, register and deliver any new Bond of like series, maturity and principal amount as the Bond so mutilated, destroyed, stolen or lost, in exchange and upon surrender and cancellation of, such mutilated Bond, or in lieu of and substitution for the Bond so destroyed, stolen or lost, and upon the Registered Owner furnishing the Issuer and the Registrar proof of his ownership thereof and that said Bond has been destroyed, stolen or lost and satisfactory indemnity and complying with such other reasonable regulations and conditions as the Issuer or the Registrar may prescribe and paying such expenses as the Issuer or the Registrar may incur. The name of the Registered Owner listed in the Bond Register shall constitute proof of ownership. All Bonds so surrendered shall be submitted to and canceled by the Registrar, and evidence of such cancellation shall be given to the Issuer. If such Bond shall have matured or be about to mature, instead of issuing a substitute Bond the Issuer, by and through the Registrar, may pay the same, upon being indemnified as aforesaid, and, if such Bond be lost, stolen or destroyed, without surrender thereof.

Any such duplicate Bonds issued pursuant to this section shall constitute original, additional contractual obligations on the part of the Issuer, whether or not the lost, stolen or destroyed Bonds be at any time found by any one, and such duplicate Bonds shall be entitled to equal and proportionate benefits and rights as to lien and source of and security for payment from the revenues pledged herein with all other Bonds issued hereunder.

Section 3.06. Term Bonds. In the event Term Bonds are issued as part of the Series 2010 A Bonds issued pursuant to this Ordinance, the following provisions shall apply:

A. The amounts to be deposited, apportioned and set apart by the Issuer from the Revenue Fund and into the Series 2010 A Bonds Redemption Account in accordance with Subsection 4.03(A)(2) shall include (after credit as provided below) on the first of each month, beginning on the first day of that month which is 13 months prior to the first mandatory redemption date of said Term Bonds, a sum equal to 1/12th of the amount required to redeem the principal amount of such Term Bonds which are to be redeemed as of the next ensuing mandatory redemption date, which amounts and dates, if any, with respect to a series of Bonds shall be set forth in the Supplemental Resolution relating thereto.

B. At its option, to be exercised on or before the 60th day next preceding any such mandatory redemption date, the Issuer may (a) deliver to the Registrar for cancellation such Term Bonds in any aggregate principal amount desired or (b) receive a credit in respect of its mandatory redemption obligation for any such Term Bonds which prior to said date have been redeemed (otherwise than pursuant to this section) and canceled by the Registrar and not theretofore applied as a credit against any such mandatory redemption obligation. Each Term Bond so delivered or previously redeemed shall be credited by the Registrar at 100% of the principal amount thereof against the obligation of the Issuer on such mandatory redemption date, and Term Bonds delivered in excess of such mandatory redemption obligation shall be credited against future mandatory redemption obligations in the order directed by the Issuer, and the principal amount of such Term Bonds to be redeemed pursuant to mandatory sinking fund redemption shall be accordingly reduced.

C. The Issuer shall on or before the 60th day next preceding each mandatory redemption date furnish the Registrar and the Bond Commission with its certificate indicating whether and to what extent the provisions of (a) and (b) of the preceding paragraph are to be utilized with respect to such mandatory redemption payment and stating, in the case of the credit provided for in (b) of the preceding paragraph, that such credit has not theretofore been applied against any mandatory redemption obligation.

D. After said 60th day but prior to the date on which the Registrar selects the Term Bonds to be redeemed, the Bond Commission may use the moneys in the Series 2010 A Bonds Redemption Account to purchase Term Bonds at a price less than the par value thereof and accrued interest thereon. The Bond Commission shall advise the Issuer and the Registrar of any Term Bonds so purchased, and they shall be credited by the Registrar at 100% of the principal amount thereof against the obligation of the Issuer on such mandatory redemption date, and any excess shall be credited against future mandatory redemption obligations in the order directed by the Issuer, and the principal amount of such Term Bonds to be redeemed pursuant to mandatory sinking fund redemption shall be accordingly reduced.

E. The Registrar shall call for redemption, in the manner provided herein, an aggregate principal amount of such Term Bonds, at the principal amount thereof plus interest accrued to the redemption date (interest to be paid from the Sinking Fund), as will exhaust as nearly as practicable such Series 2010 A Bonds Redemption Account payment designated to be made in accordance with paragraph (A) of this section. Such redemption shall be by random selection made on the 45th day preceding the mandatory redemption date, in such manner as may be determined by the Registrar. For purposes of this section, "Term Bonds" shall include any portion of a fully registered Term Bond, in integrals of $5,000.

Section 3.07. Notice of Redemption. Unless waived by any Registered Owner of the Bonds to be redeemed, official notice of any redemption shall be given by the Registrar on behalf of the Issuer by mailing a copy of an official redemption notice by registered or certified mail at least 30 days and not more than 60 days prior to the date fixed for redemption to the applicable Bond Insurer, if any, the Original Purchaser, and the Registered Owner of the Series 2010 A Bond or Bonds, as applicable, to be redeemed at the address shown on the Bond

Register or at such other address as is furnished in writing by such registered owner to the Bond Registrar.

All official notices of redemption shall be dated and shall state:

(1) The Redemption Date,

(2) The Redemption Price,

(3) If less than all outstanding Series 2010 A Bonds are to be redeemed, the identification (and, in the case of partial redemption, the respective principal amounts) of the Bonds to be redeemed,

(4) That on the Redemption Date the Redemption Price and interest accrued will become due and payable upon each such Bond or portion thereof called for redemption, and that interest thereon shall cease to accrue from and after said date,

(5) The place where such Bonds are to be surrendered for payment of the Redemption Price, which place of payment shall be the principal office of the Registrar, and

(6) Such other information, if any, as shall be required for DTC-eligible Bonds.

Prior to any redemption date, the Issuer shall deposit with the Registrar an amount of money sufficient to pay the redemption price of all the Series 2010 A Bonds or portions of such Bonds which are to be redeemed on that date.

Official notice of redemption having been given as aforesaid, the Series 2010 A Bonds or portions of such Bonds so to be redeemed shall, on the Redemption Date, become due and payable at the Redemption Price therein specified, and from and after such date (unless the Issuer shall default in the payment of the redemption price) such Series 2010 A Bonds or portions of such Bonds shall cease to bear interest. Upon surrender of such Bonds for redemption in accordance with said notice, such Bonds shall be paid by the Registrar at the Redemption Price. Installments of interest due on or prior to the Redemption Date shall be payable as herein provided for payment of interest. Upon surrender for any partial redemption of any Bond, there shall be prepared for the registered owner a new Bond or Bonds of the same maturity in the amount of the unpaid principal. All Bonds which have been redeemed shall be canceled and destroyed by the Bond Registrar and shall not be reissued.

Failure to receive such notice or any defect therein or in the mailing thereof shall not affect the validity of proceedings for the redemption of Series 2010 A Bonds, and failure to mail such notice shall not affect the validity of proceedings for the redemption of any portion of Bonds for which there was no such failure.

Section 3.08. Persons Treated as Owners. The Issuer, the Registrar and any agent of the Issuer or the Registrar may treat the person in whose name any Bond is registered as the owner of such Bond for the purpose of receiving payment of the principal of, and interest on,

such Bond and (except as provided in Section 6.18) for all other purposes, whether or not such Bond is overdue.

Section 3.09. Temporary Bonds. Until Bonds of any series in definitive form are ready for delivery, the Issuer may execute and the Registrar shall authenticate, register, if applicable, and deliver, subject to the same provisions, limitations and conditions set forth in this Article III, one or more printed, lithographed or typewritten Bonds in temporary form, substantially in the form of the definitive Bonds of such series, with appropriate omissions, variations and insertions, and in authorized denominations. Until exchanged for Bonds in definitive form, such Bonds in temporary form shall be entitled to the lien and benefit created under this Ordinance. Upon the presentation and surrender of any Bond in temporary form, the Issuer shall, without unreasonable delay, prepare, execute and deliver to the Registrar, and the Registrar shall authenticate, register, if applicable, and deliver, in exchange therefore, a Bond or Bonds in definitive form. Such exchange shall be made by the Registrar without making any charge therefore to the Holder of such Bond in temporary form.

Section 3.10. Authorization of Bonds. For the purposes of paying in full the entire outstanding principal of and all accrued interest on the Series 1997 A Refunding Revenue Bonds, funding the Series 2010 A Bonds Reserve Account and paying costs of issuance of the Series 2010 A Bonds and related costs, there shall be issued the Series 2010 A Bonds of the Issuer, in an aggregate principal amount of not more than $2,000,000. The Series 2010 A Bonds shall be designated "The Town of Kingwood (West Virginia) Sewer Refunding Revenue Bonds, Series 2010 A" and shall be issued in fully registered form, in denominations of $5,000 or any integral multiple thereof for any year of maturity (or such other denominations as may be set forth in the Supplemental Resolution), not exceeding the aggregate principal amount of Series 2010 A Bonds maturing in the year of maturity for which the denomination is to be specified. The Series 2010 A Bonds shall be numbered from AR-1 consecutively upward. The Series 2010 A Bonds shall be dated; shall be in such aggregate principal amount; shall bear interest at such rate or rates, not exceeding the then legally permissible rate, payable semiannually on such dates; shall mature on such dates and in such amounts; shall be subject to such mandatory and optional redemption provisions; and shall have such other terms, all as the Issuer shall prescribe herein and in the Supplemental Resolution.

Section 3.11. Book Entry System for Series 2010 A Bonds. The Series 2010 A Bonds (if purchased by the Original Purchaser) shall initially be issued in the form of one fully-registered bond for the aggregate principal amount of the Series 2010 A Bonds of each maturity, and shall be registered in the name of Cede & Co., as nominee of DTC. Notwithstanding anything herein to the contrary contained, so long as the Series 2010 A Bonds are so issued and registered, DTC (or its nominee) shall be treated as the sole Registered Owner for all purposes hereunder. Each Bond shall bear a legend substantially to the following effect "Except as otherwise provided in the Ordinance, this global bond may be transferred, in whole but not in part, only to another nominee of DTC (as defined in the Ordinance) or to a successor of DTC or to a nominee of a successor of DTC. Unless this certificate is presented by an authorized representative of DTC, to the Issuer or its agent for registration of transfer, exchange, or payment, and any certificate issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede

& Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the Registered Owner hereof, Cede & Co., has an interest herein."

With respect to Series 2010 A Bonds registered in the records of the Registrar in the name of Cede & Co., as nominee of DTC, the Issuer and the Paying Agent shall have no responsibility or obligation to any other participant in DTC or to any Person on behalf of whom such a participant in DTC holds a beneficial interest in the Series 2010 A Bonds. Without limiting the immediately preceding sentence, the Issuer and the Paying Agent shall have no responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede & Co. or any other participant in DTC with respect to any beneficial ownership interest in any Bond, (ii) the delivery to any other participant in DTC or any other Person, other than a Registered Owner, as shown in the records of the Registrar, of any notice with respect to any Series 2010 A Bonds, including without limitation any notice of redemption, tender, purchase or any event which would or could give rise to a tender or purchase right or option with respect to any Bond, (iii) the payment to any other participant in DTC or any other Person, other than a Registered Owner, as shown in the records of the Registrar, of any amount with respect to principal of, premium, if any, or interest on, any Bond, or (iv) any consent given by DTC as Registered Owner. Notwithstanding any other provision of this Ordinance to the contrary, the Issuer and the Paying Agent shall be entitled to treat and consider the Person in whose name each Bond is registered in the records of the Registrar as the absolute owner of such Bond for the purpose of payment of principal, premium, if any, and interest with respect to such Bond, for the purpose of giving notices of redemption, sale, purchase or any event which would or could give rise to a sale or purchase right or option with respect to any Bond for the purpose of making payment of any purchase price of such Bond, for the purpose of registering transfers with respect to such Bond, and for all other purposes whatsoever. The Issuer and Paying Agent shall pay all principal of, premium, if any, and interest on the Series 2010 A Bonds and the purchase price of any Bond only to or upon the order of the respective Registered Owners, as shown in the records of the Registrar as provided in this Ordinance, or their respective attorneys or legal representatives duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the Issuer's obligations with respect to payment of principal of, premium, if any, and interest on the Series 2010 A Bonds to the extent of the sum or sums so paid. No Person other than a Registered Owner, as shown in the records of the Registrar, shall receive a Bond certificate evidencing the obligation of the Issuer to make payments of principal, premium, if any, and interest pursuant to this Ordinance.

The Registered Owners have no right to a depository for the Series 2010 A Bonds. The Issuer may remove DTC or any successor thereto for any reason at any time. In such event or in the event DTC shall notify the Issuer that DTC is discontinuing its book-entry system for the Series 2010 A Bonds, the Issuer shall (i) appoint a successor securities depository, qualified to act as such under Section 17(a) of the Securities Exchange Act, notify DTC of the appointment of such successor securities depository and transfer one or more separate Bond certificates to such successor securities depository or (ii) notify DTC of the availability through the DTC of Bond certificates and transfer one or more separate Bond certificates to other participants or beneficial owners as DTC may direct. In such event, the Series 2010 A Bonds

shall no longer be restricted to being registered in the records of the Registrar in the name of Cede & Co., as nominee, but may be registered in the name of the successor securities depository, or its nominee, or in whatever name or names other participants in DTC receiving Series 2010 A Bonds shall designate, in accordance with the provisions of this Ordinance. The provisions of this Section applicable to DTC shall apply, mutatis mutandis, to any successor depository performing the same functions hereunder as DTC.

The Issuer represents hereby that it has executed a Letter of Representations, the terms of which are applicable to the issuance of the Series 2010 A Bonds hereunder. Such Letter of Representations is for the purpose of effectuating the Book-Entry Only System only and shall not be deemed to amend, supersede or supplement the terms of this Ordinance which are intended to be complete without reference to the Letter of Representations. In the event of any conflict between the terms of the Letter of Representations and the terms of this Ordinance, the terms of this Ordinance shall control. DTC may exercise the rights of a Registered Owner hereunder only in accordance with the terms hereof applicable to the exercise of such rights.

Section 3.12. Delivery of Series 2010 A Bonds. The Issuer shall execute and deliver the Series 2010 A Bonds to the Registrar, and the Registrar shall authenticate, register and deliver the Series 2010 A Bonds to the Original Purchaser upon receipt of the documents set forth below:

(1) If not registered in the name of DTC or its nominee, a list of the names in which the Series 2010 A Bonds are to be registered upon original issuance, together with such taxpayer identification and other information as the Registrar may reasonably require;

(2) A request and authorization to the Registrar on behalf of the Issuer, signed by an Authorized Officer, to authenticate and deliver the Series 2010 A Bonds to DTC for the benefit of the Original Purchaser;

(3) Copies of this Ordinance and the Supplemental Resolution certified by the Recorder;

(4) The unqualified approving opinion of Bond Counsel regarding the Series 2010 A Bonds; and

(5) A copy of such other documents and certificates as the Original Purchaser may reasonably require.

Section 3.13. Form of Series 2010 A Bonds. The definitive Series 2010 A Bonds shall be in substantially the form set forth in EXHIBIT A - SERIES 2010 A BOND FORM attached hereto and incorporated herein by reference, with such necessary and appropriate omissions, insertions and variations as are approved by those officers executing such Series 2010 A Bonds on behalf of the Issuer and execution thereof by such officers shall constitute conclusive evidence of such approval, and the definitive Series 2010 A Bonds shall have the

form of the opinion of Steptoe & Johnson PLLC, as Bond Counsel, attached thereto or printed on the reverse thereof.

Section 3.14. Disposition of Proceeds of Series 2010 A Bonds. Upon the issuance and delivery of the Series 2010 A Bonds, the Issuer shall forthwith deposit the proceeds thereof as follows:

1. All interest accrued on Series 2010 A Bonds from the date thereof to the date of delivery thereof shall be deposited in the Series 2010 A Bonds Sinking Fund and applied to payment of interest on the Series 2010 A Bonds at the first interest payment date.

2. An amount of the proceeds of the Series 2010 A Bonds equal to the amount, if any, set forth in the Supplemental Resolution shall be remitted to the Bond Commission for deposit in the Series 2010 A Bonds Reserve Account.

3. An amount of the proceeds of the Series 2010 A Bonds equal to the entire outstanding principal of and all accrued interest on the Series 1997 A Refunding Revenue Bonds as set forth in the Supplemental Resolution shall be remitted to the Bond Commission to pay the Series 1997 A Refunding Revenue Bonds in full.

4. An amount of Series 2010 A Bond proceeds which, together with other monies or securities deposited therein, shall be equal to the Costs of Issuance of the Series 2010 A Bonds shall be deposited with the Depository Bank in the Costs of Issuance Fund and shall be drawn out, used and applied by the Issuer solely to pay costs of issuance of the Series 2010 A Bonds at the written direction of the Issuer. Monies not to be applied immediately to pay such costs of issuance may be invested in accordance with this Ordinance, subject however, to applicable yield restrictions as may be in effect under the Code. If for any reason such proceeds, or any part thereof, are not necessary for, or are not applied to such purpose within 120 days following the Closing Date for the Series 2010 A Bonds, such unapplied proceeds shall be transferred by the Issuer to the Series 2010 A Bonds Sinking Fund established in Section 4.02 hereof and applied to the next ensuing payment of interest on the Series 2010 A Bonds. All such proceeds shall constitute a trust fund for such purposes, and there hereby is created a lien upon such monies until so applied in favor of the Holders of the Series 2010 A Bonds from which such proceeds are derived.

ARTICLE IV

SYSTEM REVENUES; FUNDS AND ACCOUNTS

Section 4.01. Establishment of Funds and Accounts with Depository Bank. Pursuant to this Article IV, the following special funds are created with (or continued if previously established by the Prior Ordinances), and shall be held by, the Depository Bank, segregated from all other funds and accounts of the Depository Bank or the Issuer and from each other and used solely for the purposes provided herein:

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

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

(3) Series 2010 A Bonds Costs of Issuance Fund; and

(4) Rebate Fund.

Section 4.02. Establishment of Funds and Accounts with Bond Commission. Pursuant to this Article IV, the following special funds and accounts are hereby established (or continued if previously established by the Prior Ordinances) with and shall be held by the Bond Commission, separate and apart from all other funds or accounts of the Bond Commission or the Issuer and from each other and used solely for the purposes provided herein:

(1) Series 1986 B Bonds Sinking Fund (established by Prior Ordinance and continued hereby);

(2) Series 1986 B Bonds Reserve Account (established by Prior Ordinance and continued hereby);

(3) Series 2001 A Bonds Sinking Fund (established by Prior Ordinance and continued hereby);

(4) Series 2001 A Bonds Reserve Account (established by Prior Ordinance and continued hereby);

(5) Series 2009 A Bonds Sinking Fund (established by Prior Ordinance and continued hereby);

(6) Series 2009 A Bonds Reserve Account (established by Prior Ordinance and continued hereby);

(7) Series 2010 A Bonds Sinking Fund;

(a) Within the Series 2010 A Bonds Sinking Fund:

(i) Series 2010 A Bonds Reserve Account; and

(ii) Series 2010 A Bonds Redemption Account.

Section 4.03. System Revenues and Application Thereof. So long as any of the Series 2010 A Bonds shall be Outstanding and unpaid, the Issuer covenants as follows:

A. The entire Gross Revenues derived from the operation of the System and all parts thereof shall be deposited by the Issuer in the Revenue Fund. The Revenue Fund shall be kept separate and distinct from all other funds of the Issuer and the Depository Bank and used only for the purposes and in the manner herein provided. All Revenues at any time remaining on

deposit in the Revenue Fund shall be disposed of only in the following manner and order of priority:

(1) The Issuer shall first, 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 simultaneously remit to the Bond Commission (i) for deposit in the Sinking Funds of the Series 2001 A Bonds and Series 2009 A Bonds the amounts required by the Prior Ordinances to pay the interest on the Prior Bonds; and (ii) commencing 7 months prior to the first interest payment date of the Series 2010 A Bonds, for deposit in the Series 2010 A Bonds Sinking Fund, a sum equal to 1/6th of the amount of interest which will become due on the Series 2010 A Bonds on the next ensuing semiannual interest payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 2010 A Bonds Sinking Fund and the next ensuing semiannual interest payment date is more or less than 7 months, then such monthly payments shall be decreased or increased proportionately to provide, 1 month prior to the next ensuing semiannual interest payment date, the required amount of interest coming due on such date; provided further that, the initial amount required to be transferred from the Revenue Fund and deposited in the Series 2010 A Bonds Sinking Fund shall be reduced by the amount of accrued interest on the Series 2010 A Bonds deposited therein, and subsequent amounts required to be transferred from the Revenue Fund and deposited in the Series 2010 A Bonds Sinking Fund shall be reduced by the amount of any earnings credited to the Series 2010 A Bonds Sinking Fund.

(3) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the Bond Commission (i) for deposit in the Sinking Funds of the Prior Bonds the amounts required by the Prior Ordinances to pay the principal of the Prior Bonds; and (ii) commencing 13 months prior to the first principal payment date or mandatory Redemption Date of the Series 2010 A Bonds, for deposit in the Series 2010 A Bonds Sinking Fund and in the Series 2010 A Bonds Redemption Account therein in the case of the Term Bonds which are to be redeemed, a sum equal to 1/12th of the amount (or 1/6th of the amount if the Series 2010 A Bonds mature semiannually rather than annually) of principal which will mature or be redeemed and become due on the Series 2010 A Bonds on the next ensuing principal payment date or mandatory Redemption Date; provided that, in the event the period to elapse between the date of such

initial deposit in the Series 2010 A Bonds Sinking Fund and the next ensuing principal payment date or mandatory Redemption Date is more or less than 13 months (or 7 months if the Series 2010 A Bonds mature semiannually rather than annually), then such monthly payments shall be decreased or increased proportionately to provide, 1 month prior to the next ensuing principal payment date or mandatory Redemption Date, the required amount of principal coming due on such date, and provided further, that the amount of such deposits shall be reduced by the amount of any earnings credited to the Series 2010 A Bonds Sinking Fund and not previously credited pursuant to the preceding paragraph.

Moneys in the Series 2010 A Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest on the Series 2010 A Bonds, whether by maturity or redemption prior to maturity. Moneys on deposit in the Series 2010 A Bonds Reserve Account shall be used only for the purpose of paying principal of and interest on the Series 2010 A Bonds when the funds on deposit in the Series 2010 A Bonds Sinking Fund are insufficient therefore, and for no other purpose. Pending such use, such moneys shall be invested in accordance with Article V.

The Issuer shall not be required to make any further payments into the Series 2010 A Bonds Sinking Fund when the aggregate amount of funds therein, including the Series 2010 A Bonds Reserve Account therein, is at least equal to the aggregate principal amount of Series 2010 A Bonds then Outstanding, plus the amount of interest due or thereafter to become due on such Bonds then Outstanding.

As and when additional Bonds ranking on a parity with the Series 2010 A Bonds are issued, provision shall be made for additional deposits into the respective Sinking Funds sufficient to pay the interest on such additional parity Bonds and accomplish retirement thereof at maturity and to accumulate a balance in the respective reserve account in an amount equal to the requirement thereof.

The payments into the Series 2010 A Bonds Sinking Fund shall be made on the first day of each month, except that, when the first day of any month shall be a Saturday, 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 Bond Commission with appropriate instructions as to the custody, use and application thereof consistent with the provisions of this Ordinance.

(4) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the Bond Commission (i) for deposit in the Reserve Accounts of the Prior Bonds the amounts required by the Prior Ordinances; and (ii) commencing 13 months prior to the first date of payment of principal of the Series 2010 A Bonds, if not fully funded upon issuance of the Series 2010 A Bonds, for deposit in the Series

2010 A Bonds Reserve Account, an amount equal to 1/120th of the Series 2010 A Bonds Reserve Requirement; provided that, no further payments shall be made into the Series 2010 A Bonds Reserve Account when there shall have been deposited therein, and as long as there shall remain on deposit therein, an amount equal to the Series 2010 A Bonds Reserve Requirement, and thereafter the Issuer shall deposit in the Series 2010 A Bonds Reserve Account, an amount sufficient to remedy any decrease in value of the Series 2010 A Bonds Reserve Account below the Series 2010 A Bonds Reserve Requirement or any withdrawal from the Series 2010 A Bonds Reserve Account, beginning with the first full calendar month following the date on which (a) the valuation of investments in the Series 2010 A Bonds Reserve Account results in a determination that the amount of moneys and the value of the Qualified Investments deposited to the credit of the Series 2010 A Bonds Reserve Account is less than the Series 2010 A Bonds Reserve Requirement, or (b) any amount is withdrawn from the Series 2010 A Bonds Reserve Account for deposit into the Series 2010 A Bonds Sinking Fund. To the extent Gross Revenues and any other legally available funds are available therefore, the amount so deposited shall be used to restore the amount of moneys on deposit in the Series 2010 A Bonds Reserve Account to an amount equal to the Series 2010 A Bonds Reserve Requirement to the full extent that such Gross Revenues are available; provided however, that if the shortfall in the Series 2010 A Bonds Reserve Account is due to a decrease in value of investments therein, such shortfall shall be replenished by not less than 6 equal monthly payments, and if such shortfall is due to a withdrawal from the Series 2010 A Bonds Reserve Account, such shortfall shall be replenished by not less than 12 equal monthly payments, and provided further, that no payments shall be required to be made into the Series 2010 A Bonds Reserve Account whenever and as long as the amount on deposit therein shall be equal to the Series 2010 A Bonds Reserve Requirement.

Amounts in the Series 2010 A Bonds Reserve Account shall be used only for the purpose of making payments of principal of and interest on the Series 2010 A Bonds when due, when amounts in the Series 2010 A Bonds Sinking Fund are insufficient therefore and for no other purpose.

(5) The Issuer shall next, on the first day of each month, transfer from the monies remaining in the Revenue Fund and remit to the Depository Bank for deposit in the Renewal and Replacement Fund (as previously set forth in the Prior Ordinances and not in addition thereto), a sum equal to 2 1/2% of the Gross Revenues each month, exclusive of any payments for account of

any Reserve Account. All funds in the Renewal and Replacement Fund shall be kept apart from all other funds of the Issuer or of the Depository Bank and shall be invested and reinvested in accordance with Article VIII hereof. Subject to the restrictions contained in the Prior Ordinances, so long as the Prior Bonds are outstanding, withdrawals and disbursements may be made from the Renewal and Replacement Fund for replacements, emergency repairs, or improvements or extensions to the System; provided, that any deficiency in any Reserve Account, except to the extent such deficiency exists because the required payments into such account have not, as of the date of determination of a deficiency, funded such account to the maximum extent required hereof, shall be promptly eliminated with monies from the Renewal and Replacement Fund.

(6) If on any monthly payment date the revenues of the System are insufficient to make the required deposits in any of the funds and accounts as hereinabove provided, the deficiency shall be made up on the next ensuing payment dates by payments in addition to the payments which are otherwise required to be made into the funds on such ensuing payment dates.

(7) The Issuer may next, each month, after making the above required transfers of moneys from the Revenue Fund, apply any remaining revenues ("Surplus Revenues") to payment of debt service on any other subordinate bonds, notes, certificates or other obligations of the System. Any Surplus Revenues then remaining in the Revenue Fund may be used for any lawful purpose of the System.

B. The Bond Commission is hereby designated as the fiscal agent for the administration of the Sinking Funds created or continued hereunder, and all amounts required for said Sinking Funds shall be remitted to the Bond Commission from said Revenue Fund and from the proceeds of the sale of the Bonds, by the Issuer at the times and as otherwise provided herein. All remittances made by the Issuer to the Bond Commission shall clearly identify the fund or account into which each amount is to be deposited. Notwithstanding the foregoing, however, the Bond Commission shall deposit all remittances in the fund or account in the priority established by this Ordinance.

C. If on any monthly payment date the Net Revenues are insufficient to place the required amount in any of the funds and accounts as hereinabove provided, the deficiency shall be made up in the subsequent payments in addition to the payments which would otherwise be required to be made into the funds and accounts on the subsequent payment dates; provided, however, that the priority of curing deficiencies in the funds and accounts herein shall be in the same order as payments are to be made pursuant to this Section 4.03 and the Net Revenues shall be applied to such deficiencies before being applied to any other payments hereunder.

D. Principal and interest payments, and any payments made for the purpose of funding the Reserve Accounts, shall be made on a parity basis and pro-rata, with respect to the Prior Bonds, the Series 2010 A Bonds and any parity Bonds hereinafter issued, in accordance with the respective principal amounts of each such series of Bonds then Outstanding, if less than the full amount required hereby.

ARTICLE V

INVESTMENTS; NON-ARBITRAGE REBATES AND CONTINUING DISCLOSURE CERTIFICATE

Section 5.01. Investments. The Issuer shall invest and reinvest, and shall instruct the Bond Commission and the Depository Bank to invest and reinvest, any moneys held as a part of the funds and accounts created by this Ordinance in Qualified Investments to the fullest extent possible under applicable laws, this Ordinance, the need for such moneys for the purposes set forth herein and the specific restrictions and provisions set forth in this section.

Except as provided below, any investment shall be held in and at all times deemed a part of the fund or account in which such 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 Issuer shall sell and reduce to cash a sufficient amount of such investments whenever the cash balance in any fund or account is insufficient to make the payments required from such fund or account, regardless of the loss on such liquidation. The Issuer may make any and all investments permitted by this section through the bond department of the Depository Bank. The Depository Bank shall not be responsible for any losses from such investments, other than for its own negligence or willful misconduct.

The following specific provisions shall apply with respect to any investments made under this section:

(A) Qualified Investments acquired for the Renewal and Replacement Fund or any Reserve Account shall mature or be subject to retirement at the option of the holder within not more than 3 years from the date of such investment.

(B) The Issuer shall, or shall cause the Bond Commission to, semiannually transfer from each Reserve Account to the corresponding Sinking Fund any earnings on the moneys deposited therein and any other funds in excess of the applicable Reserve Account Requirement; provided, however, that there shall at all times remain on deposit in each Reserve Account an amount at least equal to the applicable Reserve Account Requirement.

(C) In computing the amount in any fund or account, Qualified Investments shall be valued at the lower of the cost or the market price, exclusive of accrued interest. Valuation of all funds and accounts shall occur annually, except in the event of a withdrawal from a Reserve Account, whereupon it shall be valued immediately after such withdrawal. If amounts on deposit

in a Reserve Account shall, at any time, be less than the applicable Reserve Requirement, the applicable Bond Insurer, if any, shall be notified immediately of such deficiency, and such deficiency shall be made up from the first available Net Revenues after required deposits to the applicable Sinking Fund and otherwise in accordance with Section 4.03(3).

(D) All amounts representing accrued interest shall be held by the Bond Commission, pledged solely to the payment of interest on the Bonds and invested only in Government Obligations maturing at such times and in such amounts as are necessary to match the interest payments to which they are pledged.

(E) Notwithstanding the foregoing, all moneys deposited in any Sinking Fund may be invested by the Bond Commission in the West Virginia "consolidated fund" managed by the West Virginia Board of Treasury Investments pursuant to Chapter 12, Article 6C of the Code of West Virginia, 1931, as amended.

Section 5.02. Arbitrage. The Issuer covenants that (i) it will restrict the use of the proceeds of the Series 2010 A Bonds in such manner and to such extent as may be necessary, so that such Series 2010 A Bonds will not constitute "arbitrage bonds" under Section 148 of the Code and Regulations prescribed thereunder, and (ii) it will take all actions that may be required of it (including, without implied limitation, the timely filing of a Federal information return with respect to such Bonds) so that the interest on the Series 2010 A Bonds will be and remain excluded from gross income for Federal income tax purposes, and will not take any actions which would adversely affect such exclusion.

Section 5.03. Tax Certificate, Rebates, and Rebate Fund. The Issuer shall deliver a certificate of arbitrage, a tax certificate or other similar certificate to be prepared by nationally recognized bond counsel or tax counsel relating to payment of arbitrage rebate and other tax matters as a condition to issuance of any series of Bonds. In addition, the Issuer covenants to comply with all Regulations from time to time in effect and applicable to the Series 2010 A Bonds as may be necessary in order to fully comply with Section 148(f) of the Code, and covenants to take such actions, and refrain from taking such actions, as may be necessary to fully comply with such Section 148(f) of the Code and such Regulations, regardless of whether such actions may be contrary to any of the provisions of this Ordinance.

The Issuer shall calculate, annually, the rebatable arbitrage, determined in accordance with Section 148(f) of the Code. Upon completion of each such annual calculation, the Issuer shall deposit, or cause to be deposited, in the Rebate Fund such sums as are necessary to cause the aggregate amount on deposit in the Rebate Fund to equal the sum determined to be subject to rebate to the United States, which, notwithstanding anything herein to the contrary, shall be paid from investment earnings on the underlying fund or account established hereunder and on which such rebatable arbitrage was earned or from other lawfully available sources. Notwithstanding anything herein to the contrary, the Rebate Fund shall be held free and clear of any lien or pledge hereunder and used only for payment of rebatable arbitrage to the United States. The Issuer shall pay, or cause to be paid, to the United States, from the Rebate Fund, the rebatable arbitrage in accordance with Section 148(f) of the Code and such Regulations. In the event that there are any amounts remaining in the Rebate Fund following all

such payments required by the preceding sentence, the Depository Bank shall pay said amounts to the Issuer to be used for any lawful purpose of the System. The Issuer shall remit payments to the United States in the time and at the address prescribed by the Regulations as the same may be in time to time in effect with such reports and statements as may be prescribed by such Regulations. In the event that, for any reason, amounts in the Rebate Fund are insufficient to make the payments to the United States which are required, the Issuer shall assure that such payments are made by the Issuer to the United States, on a timely basis, from any funds lawfully available therefore. The Issuer at its expense, may provide for the employment of independent attorneys, accountants or consultants compensated on such reasonable basis as the Issuer may deem appropriate in order to assure compliance with this Section 5.03. The Issuer shall keep and retain, or cause to be kept and retained, records of the determinations made pursuant to this Section 5.03 in accordance with the requirements of Section 148(f) of the Code and such Regulations. In the event the Issuer fails to make such rebates as required, the Issuer shall pay any and all penalties and other amounts, from lawfully available sources, and obtain a waiver from the Internal Revenue Service, if necessary, in order to maintain the exclusion of interest on the Bonds from gross income for federal income tax purposes.

Section 5.04. Continuing Disclosure Certificate. The Issuer shall deliver a continuing disclosure certificate in form acceptable to the Original Purchaser sufficient to ensure compliance with SEC Rule 15c2-12, as it may be amended from time to time.

ARTICLE VI

ADDITIONAL COVENANTS OF THE ISSUER

Section 6.01. Covenants Binding and Irrevocable. All the covenants, agreements and provisions of this Ordinance shall be and constitute valid and legally binding covenants of the Issuer and shall be enforceable in any court of competent jurisdiction by any Holder or Holders of the Series 2010 A Bonds, as prescribed by Article VII. In addition to the other covenants, agreements and provisions of this Ordinance, the Issuer hereby covenants and agrees with the Holders of the Series 2010 A Bonds as hereinafter provided in this Article VI. All such covenants, agreements and provisions shall be irrevocable, except as provided herein, as long as any of the Series 2010 A Bonds or the interest thereon, are Outstanding and unpaid.

Section 6.02. Bonds Not to be Indebtedness of the Issuer. The Series 2010 A Bonds shall not be or constitute an indebtedness of the Issuer within the meaning of any constitutional, statutory or charter limitation of indebtedness but shall be payable solely from the Net Revenues of the System, the moneys in the Series 2010 A Bonds Sinking Fund and the Series 2010 A Bonds Reserve Account therein and the unexpended proceeds of the Series 2010 A Bonds, all as herein provided. No Holder or Holders of the Series 2010 A Bonds issued hereunder shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Series 2010 A Bonds or the interest thereon.

Section 6.03. Series 2010 A Bonds Secured by Parity Pledge of Net Revenues; Lien Position with Respect to Prior Bonds. The payment of the debt service of all of the Series 2010 A Bonds issued hereunder shall be secured forthwith equally and ratably with each other by a first

lien on the Net Revenues derived from the operation of the System, on a parity with the lien on the Net Revenues in favor of the Holders of the Prior Bonds. The payment of the debt service on the Series 2010 A Bonds shall also be secured by the moneys in the Series 2010 A Bonds Sinking Fund, including the Series 2010 A Bonds Reserve Account therein. The Net Revenues derived from the System, in an amount sufficient to pay the principal of and interest on the Prior Bonds and the Series 2010 A Bonds herein authorized, and to make the payments into the Series 2010 A Bonds Sinking Fund, all moneys and securities in the Series 2010 A Bonds Sinking Fund, including the Series 2010 A Bonds Reserve Account therein, and all other payments provided for in this Ordinance, are hereby irrevocably pledged in the manner provided in this Ordinance to the payment of the principal of and interest on the Prior Bonds and the Series 2010 A Bonds herein authorized as the same become due and for the other purposes provided in this Ordinance.

Section 6.04. Rates. Prior to the issuance of the Series 2010 A Bonds, rates or charges for the use of the services and facilities of the System will be fixed and established, all in the manner and form required by law, and a copy of such rates and charges so fixed and established shall at all times be kept on file in the office of the Recorder of the Issuer, which copy will be open to inspection by all interested parties. The schedule or schedules of rates and charges shall at all times be adequate to produce 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, (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 Annual Debt Service on the Series 2010 A Bonds, and all obligations issued on a parity with the Series 2010 A Bonds, including the Prior Bonds. All such rates and charges, if not paid when due, shall constitute a lien upon the premises served by the System.

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

Section 6.05. Operation and Maintenance. The Issuer will maintain the System in good condition and will operate the same as a revenue-producing enterprise in an efficient and economical manner, making such expenditures for equipment and for renewal, repair and replacement as may be proper for the economical operation and maintenance thereof from the Revenues of said System in the manner provided in this Ordinance. The Issuer will obtain all permits required by state and federal laws for the acquisition and construction of the Project and all orders and approvals from the Public Service Commission of West Virginia necessary for the acquisition and construction of the Project and the operation of the System.

Section 6.06. Sale of the System. So long as the Prior Bonds are outstanding, the Issuer shall not sell, mortgage, lease or otherwise dispose of or encumber the System except as provided in the Prior Ordinances. Additionally, so long as the Series 2010 A Bonds are Outstanding, the System may be sold, mortgaged, leased or otherwise disposed of only as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to fully pay all the Bonds Outstanding, or to defease the pledge created by this Ordinance and the Prior Ordinances. The proceeds from such sale, mortgage, lease or other disposition of the System shall be immediately remitted to the Bond Commission for deposit in the respective Sinking Funds, and otherwise as prescribed by Section 9.01. Any balance remaining after such defeasance shall be remitted to the Issuer by the Bond Commission unless necessary for the payment of other obligations of the Issuer payable out of the revenues of the System.

The foregoing provision notwithstanding, the Issuer shall have and hereby reserves the right to sell, lease or otherwise dispose of any of the property comprising a part of the System hereinafter determined in the manner provided herein to be no longer necessary, useful or profitable in the operation thereof. Prior to any such sale, lease or other disposition of such property, if the amount to be received therefor is not in excess of $50,000, the Issuer shall, in writing, determine that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof, and the Issuer may then provide for the sale of such property. The proceeds of any such sale shall be deposited in the Revenue Fund. If the amount to be received from such sale, lease or other disposition of said property shall be in excess of $50,000 but not in excess of $200,000, the Issuer shall first, in writing, determine with the written approval of the Consulting Engineers that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof, and the Issuer may then, if it be so advised, by resolution duly adopted, approve and concur in such finding and authorize such sale, lease or other disposition of such property in accordance with the laws of the State. The proceeds derived from any such sale, lease or other disposition of such property, in excess of $50,000 and not in excess of $200,000, shall be deposited by the Issuer into the Renewal and Replacement Fund. Such payments of such proceeds into the Renewal and Replacement Fund shall not reduce the amounts required to be paid into said funds by other provisions of this Ordinance.

No sale, lease or other disposition of the properties of the System shall be made by the Issuer if the proceeds to be derived therefrom shall be in excess of $200,000 and insufficient to defease the pledge created by this Ordinance, as provided by Section 9.01, without the prior approval and consent in writing of the Holders, or their duly authorized representatives, of 60% in amount of Bonds then Outstanding. The Issuer shall prepare the form of such approval and consent for execution by the then Holders of the Bonds for the disposition of the proceeds of the sale, lease or other disposition of such properties of the System.

Section 6.07. Issuance of Other Obligations Payable out of Revenues and General Covenant Against Encumbrances. The Issuer shall not issue any other obligations whatsoever, except additional parity Bonds provided for in Section 6.08 hereof, payable from the Revenues of the System which rank prior to, or equally, as to lien on and source of and security for payment from the Net Revenues with the Series 2010 A Bonds; and all obligations hereafter

issued by the Issuer payable from the revenues of the System, except such additional 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 Bonds.

The Issuer shall not create, or cause or permit to be created, any debt, lien, pledge, assignment, encumbrance or any other charge having priority over or, except with respect to such additional parity Bonds, being on a parity with the lien of the Series 2010 A Bonds, and the interest thereon, upon any of the income and revenues of the System pledged for payment of the Series 2010 A Bonds and the interest thereon in this Ordinance or upon the System or any part thereof.

Section 6.08. Additional Parity Bonds. So long as the Prior Bonds are Outstanding, the limitations and requirements on the issuance of parity obligations set forth in the Prior Ordinances shall be applicable. In addition, no additional parity Bonds, as in this section defined, payable out of the revenues of the System shall be issued after the issuance of any Bonds pursuant to this Ordinance, except under the conditions and in the manner herein provided.

No such additional parity Bonds shall be issued except for the purpose of financing the costs of the design, acquisition or 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 refunding the Prior Bonds, to pay claims which may exist against the revenues or facilities of the System, or all of such purposes.

No such additional parity Bonds shall be issued at any time, however, unless and until there has been procured and filed with the Recorder of the Issuer a written statement by an Independent Accountant, reciting the conclusion that the Net Revenues actually derived from the System during any 12 consecutive months in 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 not be less than 115% of the Maximum Annual Debt Service on the following:

(1) The Prior Bonds then Outstanding;

(2) The Series 2010 A Bonds then Outstanding;

(3) Any additional parity Bonds theretofore issued pursuant to the provisions contained in this Ordinance then Outstanding; and

(4) The additional parity Bonds then proposed to be issued.

Notwithstanding the foregoing, the Issuer shall be permitted to issue bonds which refund any Outstanding Series 2010 A Bonds, any additional parity Bonds hereafter issued or any Prior Bonds if, prior to the issuance of such refunding bonds, the Issuer shall have filed with the Recorder: (i) a verification report of the Independent Accountants concluding that present

value debt service savings shall be realized by the Issuer as a result of such refunding, after taking into account all costs of issuance of such refunding bonds, and (ii) a certificate of the Independent Accountants reciting the conclusion that the estimated average increased annual Net Revenues to be received in each of the 3 succeeding years after the issuance of such refunding bonds shall not be less than 115% of the Maximum Annual Debt Service on the following:

(1) The Prior Bonds Outstanding after such refunding;

(2) The Series 2010 A Bonds Outstanding after such refunding;

(3) Any additional parity Bonds theretofore issued pursuant to the provisions contained in this Ordinance which shall be Outstanding following such refunding; and

(4) The additional parity refunding 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 any increase in rates enacted by the Issuer, the time for appeal of which shall have expired (without successful appeal) prior to the date of delivery of such additional parity Bonds, and shall not exceed the amount to be stated in the aforementioned certificate of Independent Accountants, which shall be filed in the office of the Recorder of the Issuer prior to the issuance of such additional parity Bonds.

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

The term "additional parity Bonds," as used in this section, shall be deemed to mean additional Bonds issued under the provisions and within the limitations of this section, payable from the Net Revenues of the System on a parity with the Series 2010 A Bonds, and all the covenants and other provisions of this Ordinance (except as to details of such additional parity Bonds inconsistent herewith) shall be for the equal benefit, protection and security of the Holders of the Series 2010 A Bonds, the Prior Bonds and the Holders of any additional parity Bonds theretofore or subsequently issued from time to time within the limitations of and in compliance with this section. All the Bonds, regardless of the time or times of their issuance, shall rank equally with respect to their lien on the Net Revenues of the System, and their source of and security for payment from said Net Revenues, without preference of any Bond over any other. The Issuer shall comply fully with all the increased payments into the various funds and accounts created in this Ordinance required for and on account of such additional parity Bonds, in addition to the payments required for Bonds theretofore issued pursuant to this Ordinance.

The term "additional parity Bonds," as used in this section, shall not be deemed to include bonds, notes, certificates or other obligations subsequently issued, the lien on the Revenues of the System of which is subject to the prior and superior lien of the Bonds on such Revenues. Any such subordinate bonds, notes, certificates or other obligations shall be payable from Surplus 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 equally, as to lien and source of and security for payment from such Revenues, with the Series 2010 A Bonds, except in the manner and under the conditions provided in this section.

No additional parity Bonds, as in this section defined, shall be issued at any time, however, unless all of the payments into the respective funds and accounts provided for in this Ordinance on account of the Bonds then Outstanding, if any (excluding the Renewal and Replacement Fund), and any other payments provided for in this Ordinance shall have been made in full as required to the date of delivery of the additional parity Bonds.

Section 6.09. Insurance and Bonds. The Issuer hereby covenants and agrees, that so long as the Series 2010 A Bonds remain Outstanding, the Issuer will, as an Operating Expense, procure, carry and maintain insurance and bonds and worker's compensation coverage with a reputable insurance carrier or carriers or bonding company or companies covering the following risks and in the following amounts:

A. FIRE, LIGHTNING, VANDALISM, MALICIOUS MISCHIEF AND EXTENDED COVERAGE INSURANCE, on all above-ground insurable portions of the System in an amount equal to the greater of the fair appraised value or the original cost thereof. In the time of war the Issuer will also carry and maintain insurance to the extent available against 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 and destroyed properties or for the other purposes provided herein for the Renewal and Replacement Fund.

B. 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.

C. WORKER'S COMPENSATION COVERAGE FOR ALL EMPLOYEES OF OR FOR THE SYSTEM ELIGIBLE THEREFOR; AND PERFORMANCE AND PAYMENT OR COMPLETION BONDS, such bonds to be in the amounts of not less than 100% of the amount of any construction contract and to be required of each contractor dealing directly with the Issuer and such payment bonds will be filed with the Clerk of the County Commission of the County in which such work is to be performed prior to commencement of construction of any additions, extensions or improvements for the System in compliance with West Virginia Code, Section 38-2-39.

D. FLOOD INSURANCE, to extent available at reasonable cost to the Issuer.

E. BUSINESS INTERRUPTION INSURANCE, to the extent available at reasonable cost to the Issuer.

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

Section 6.10. 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 waterborne 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, 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 and every such owner, tenant or occupant shall, after a 30 day notice of the availability of sewerage services of the System, pay the rates and charges established therefore.

Any such house, dwelling or building from which emanates sewage or waterborne 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 residents of the Issuer and a public nuisance which shall be abated to the extent permitted by law and as promptly as possible by proceedings in a court of competent jurisdiction.

Section 6.11. No Free Services. The Issuer will not render or cause to be rendered any free services of any nature by the System; and, in the event the Issuer or any department, agency, instrumentality, officer or employee thereof shall avail himself of the facilities or services provided by the System or any part thereof, the same rates, fees or charges applicable to other customers receiving like services under similar circumstances shall be charged the Issuer and any such department, agency, instrumentality, officer or employee. Such charges shall be paid as they accrue, and the Issuer shall transfer from its general funds sufficient sums to pay such charges for service to any of its departments or properties. The revenues so received shall be deemed to be revenues derived from the operation of the System and shall be deposited and accounted for in the same manner as other revenues derived from such operation of the System.

Section 6.12. 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 20 days after the same shall become due and

payable, the user of the services and facilities shall be delinquent until such time as all such rates and charges are fully paid and to the extent authorized by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, all delinquent rates, rentals and other charges, if not paid, shall become a lien on the premises served by the System. The Issuer further covenants and agree that it will, to the full extent permitted by law and the rules and regulations promulgated by the Public Service Commission of West Virginia, discontinue and shut off the services and facilities of the System to all delinquent users of services and facilities of the System and will not restore such services of the System until all billing for charges for the services and facilities of the System, including penalties and reconnect fees, have been fully paid, or a payment agreement in compliance with the West Virginia Public Service Commission regulations has been entered.

Section 6.13. 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 or body, or agency or instrumentality whatsoever for the providing of any services which would compete with services provided by the System.

Section 6.14. 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 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, to the extent allowable under and in accordance with the rules and regulations of the Public Service Commission of West Virginia and the Act. Separate control accounting records shall be maintained by the Issuer. Subsidiary records as may be required shall be kept in the manner, on the forms, in the books and along with other bookkeeping records as prescribed by the 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 it shall direct.

The Issuer shall file with the Original Purchaser and any Bond Insurer, and shall mail to any Holder of Bonds requesting the same, an annual report within 120 days following the end of each Fiscal Year containing a balance sheet, statement of revenues, expenses, and changes in retained earnings, and statement of cash flows, as prescribed by generally accepted accounting principles.

The Issuer shall also file with the Original Purchaser and any Bond Insurer, and mail to any Holder of Bonds requesting the same, a monthly unaudited report within 30 days following the end of each month containing the following:

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

(B) A statement of account balances in the Sinking Fund accounts provided for in this Ordinance and status of said funds.

The Issuer shall also, at least once a year, cause the books, records and accounts of the System to be completely audited by Independent Accountants, shall mail upon request, and make available generally, the report of said Independent Accountants, or a summary thereof, to any Holder or Holders of Bonds issued pursuant to this Ordinance and shall file said report with the Original Purchaser.

Section 6.15. Operating Budget. The Issuer shall annually, at least 30 days preceding the beginning of each Fiscal Year, or at such earlier date required by its charter, prepare and adopt by resolution a detailed budget of the estimated revenues and expenditures for operation and maintenance of the System during the succeeding Fiscal Year. The Issuer shall mail copies of such annual budget and all resolutions authorizing increased expenditures for operation and maintenance to the Original Purchaser and shall make available such budgets and all resolutions authorizing increased expenditures for operation and maintenance of the System at all reasonable times to the Original Purchaser and to any Holder of Bonds or anyone acting for and in behalf of such Holder who requests the same.

Section 6.16. Tax Covenants. The Issuer hereby further covenants and agrees as follows:

A. PRIVATE BUSINESS USE LIMITATION. The Issuer shall assure that (i) not in excess of 10% of the Net Proceeds of the Series 2010 A Bonds are used for Private Business Use if, in addition, the payment of more than 10% of the principal or 10% of the interest due on such Series 2010 A Bonds during the term thereof is, under the terms of such Bonds or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for a Private Business Use or in payments in respect of property used or to be used for a Private Business Use or is to be derived from payments, whether or not to the Issuer, in respect of property or borrowed money used or to be used for a Private Business Use; and (ii) in the event that both (A) in excess of 5% of the Net Proceeds of the Series 2010 A Bonds are used for a Private Business Use, and (B) an amount in excess of 5% of the principal or 5% of the interest due on the Series 2010 A Bonds during the terms thereof is, under the terms of such Series 2010 A Bonds or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for said Private Business Use or in payments in respect of property used or to be used for said Private Business Use or is to be derived from payments, whether or not to the Issuer, in respect of property or borrowed money used or to be used for said Private Business Use, then said excess over said 5% of Net Proceeds of the Series 2010 A Bonds used for a Private Business Use shall be used for a Private Business Use related to the governmental use of the System, or if the Series 2010 A Bonds are for the purpose of financing more than one project, a portion of the System, and shall not exceed the proceeds used for the governmental use of that portion of the System to which such Private Business Use is related.

B. PRIVATE LOAN LIMITATION. The Issuer shall assure that not in excess of the lesser of 5% of the Net Proceeds of the Series 2010 A Bonds or $5,000,000 are used, directly or indirectly, to make or finance a loan to persons other than state or local government units.

C. FEDERAL GUARANTEE PROHIBITION. The Issuer shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause the Series 2010 A Bonds to be directly or indirectly "federally guaranteed" within the meaning of Section 149(b) of the Code and Regulations promulgated thereunder.

D. INFORMATION RETURN. The Issuer will file all statements, instruments and returns necessary to assure the tax-exempt status of the Series 2010 A Bonds and the interest thereon, including without limitation, the information return required under Section 149(e) of the Code.

E. FURTHER ACTIONS. The Issuer will take all actions that may be required of it so that the interest on the Series 2010 A Bonds will be and remain excludable from gross income for federal income tax purposes, and will not take any actions which would adversely affect such exclusion.

Section 6.17. Statutory Mortgage Lien. For the further protection of the Holders of the Series 2010 A Bonds, a statutory mortgage lien upon the System is granted and created by the Act, which statutory mortgage lien is hereby recognized and declared to be valid and binding, shall take effect immediately upon the issuance of the Series 2010 A Bonds and shall be on a parity with one another and with the statutory mortgage lien in favor of the Holders of the Prior Bonds.

Section 6.18. Designation of Series 2010 A Bonds as "Qualified Tax-Exempt Obligations". The Issuer hereby designates the Series 2010 A Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b)(3)(B) of the Code and covenants that the Series 2010 A Bonds do not constitute private activity bonds as defined in Section 141 of the Code, and that not more than $30,000,000 aggregate principal amount of obligations the interest on which is excludable (under Section 103(a) of the Code) from gross income for federal income tax purposes (excluding, however, obligations issued to currently refund any obligation of the Issuer to the extent the amount of the refunding obligation does not exceed the amount of the refunded obligation and private activity bonds, as defined in Section 141 of the Code, other than qualified 501(c)(3) bonds as defined in Section 145 of the Code), including the Series 2010 A Bonds, have been or shall be issued by the Issuer, including all subordinate entities of the Issuer, during the calendar year 2010, all as determined in accordance with the Code.

ARTICLE VII

DEFAULTS AND REMEDIES

Section 7.01. Events of Default. Each of the following events shall constitute an "Event of Default" with respect to the Series 2010 A Bonds:

(A) If default by the Issuer occurs in the due and punctual payment of the principal of or interest on any Bond;

(B) If default occurs in the Issuer's observance of any of the covenants, agreements or conditions on its part in this Ordinance or any Supplemental Resolution or in the Bonds contained, and such default shall have continued for a period of 30 days after written notice specifying such default and requiring the same to be remedied shall have been given to the Issuer by any Registered Owner of any Bond;

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

(D) If the Issuer defaults on the Prior Bonds or the Prior Ordinances.

Section 7.02. Enforcement. Upon the happening and continuance of any Event of Default, any Registered Owner of any Bond may exercise any available remedy and bring any appropriate action, suit or proceeding to enforce his rights and, in particular:

(A) Bring suit for any unpaid principal or interest then due;

(B) By mandamus or other appropriate proceeding enforce all rights of the Registered Owners, including the right to require the Issuer to perform its duties under the Act and this Ordinance;

(C) Bring suit upon the Bonds;

(D) By action at law or bill in equity require the Issuer to account as if it were the trustee of an express trust for the Registered Owners of the Bonds; and

(E) By action or bill in equity enjoin any acts in violation of this Ordinance or the rights of the Registered Owners of the Bonds; provided that, all rights and remedies of the Registered Owners of the Series 2010 A Bonds shall be on a parity with those of the Registered Owners of the Prior Bonds.

No remedy by the terms of this Ordinance conferred upon or reserved to the Registered Owners is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to any other remedy given to the Registered Owners hereunder or now or hereafter existing at law or by statute.

No delay or omission to exercise any right or power accruing upon any default or Event of Default shall impair any such right or power or shall be construed to be a waiver of any such default or Event of Default or acquiescence therein, and every such right and power may be exercised from time to time and as often as may be deemed expedient.

No waiver of any default or Event of Default hereunder by the Registered Owners shall extend to or shall affect any subsequent default or Event of Default or shall impair any rights or remedies consequent thereto.

Section 7.03. Appointment of Receiver. If there be any Event of Default existing and continuing, any Registered Owner shall, in addition to all other remedies or rights, have the right by appropriate legal proceedings to obtain the appointment of a receiver to administer the System on behalf of the Issuer, with power to charge rates, rentals, fees and other charges sufficient to provide for the payment of the principal of and interest on the Bonds, the deposits into the funds and accounts hereby established as herein provided and the payment of Operating Expenses of the System and to apply such rates, rentals, fees, charges or other Revenues in conformity with the provisions of this Ordinance and the Act.

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

Whenever all that is due upon the Series 2010 A Bonds issued pursuant to this Ordinance and interest thereon and under any covenants of this Ordinance for reserve, sinking or other funds and accounts and upon any other obligations and interest thereon having a charge, lien or encumbrance upon the Revenues of the System shall have been paid and made good, and all defaults under the provisions of this Ordinance shall have been cured and made good, 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 shall have the same right to secure the further appointment of a receiver upon any such subsequent default.

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

Any receiver appointed as provided herein shall hold and operate the System in the name of the Issuer and for the joint protection and benefit of the Issuer and the Registered Owners of the Bonds issued pursuant to this Ordinance. Such receiver shall have no power to sell, assign, mortgage or otherwise dispose of any assets of any kind or character belonging or pertaining to the System, but the authority of such receiver shall be limited to the possession,

operation and maintenance of the System, for the sole purpose of the protection of both the Issuer and the Registered Owners of the Bonds, and the curing and making good of any default under the provisions of this Ordinance, and the title to and ownership of said System shall remain in the Issuer, and no court shall have any jurisdiction to enter any order or decree permitting or requiring such receiver to sell, mortgage or otherwise dispose of any assets of the System.

Section 7.04. Restoration of Issuer and Registered Owners. In case any Registered Owner shall have proceeded to enforce any right under this Ordinance by the appointment of a receiver, by entry or otherwise, and such proceedings shall have been discontinued or abandoned for any reason, or shall have been determined adversely, then and in every such case the Issuer and such Registered Owners shall be restored to their former positions and rights hereunder, and all rights and remedies of such Registered Owners shall continue as if no such proceedings had been taken.

ARTICLE VIII

REGISTRAR, PAYING AGENT AND DEPOSITORY BANK

Section 8.01. Appointment of Registrar, Paying Agent and Depository Bank. The Registrar, Paying Agent and Depository Bank (collectively, the "Fiduciaries") for the Series 2010 A Bonds shall be appointed pursuant to the Supplemental Resolution. The Issuer is hereby authorized and directed to enter into an agreement with the Fiduciaries, the substantial form of which agreement is to be approved by Supplemental Resolution.

Section 8.02. Responsibilities of Fiduciaries. The recitals of fact in the Series 2010 A Bonds shall be taken as statements of the Issuer, and the Fiduciaries shall not be responsible for their accuracy. The Fiduciaries shall not be deemed to make any representation as to, and shall not incur any liability on account of, the validity of the execution of any Series 2010 A Bonds by the Issuer. Notwithstanding the foregoing, the Registrar shall be responsible for any representation in its Certificate of Authentication on the Series 2010 A Bonds. The Fiduciaries and any successor thereto shall agree to perform all the duties and responsibilities spelled out in this Ordinance and any other duties and responsibilities incident thereto, all as provided by said agreement described in Section 8.01.

Section 8.03. Evidence on Which Fiduciaries May Act. Except as otherwise provided by Section 10.02, the Fiduciaries shall be protected in acting upon any notice, resolution, request, consent, order, certificate, opinion or other document believed by them to be genuine and to have been signed or presented by the proper party or parties. Whenever any Fiduciary shall deem it necessary or desirable that a fact or matter be proved or established prior to taking or suffering any action, such fact or matter, unless other evidence is specifically prescribed, may be deemed to be conclusively proved and established by a certificate of an Authorized Officer of the Issuer, but in its discretion such Fiduciary may instead accept other evidence of such fact or matter.

Section 8.04. Compensation and Expenses. The Issuer shall pay to the Fiduciaries from time to time reasonable compensation for all services, including the transfer of registration of Series 2010 A Bonds, the first exchange of Series 2010 A Bonds and the exchange of Series 2010 A Bonds in the event of partial redemption, incurred in the performance of their duties hereunder.

Section 8.05. Certain Permitted Acts. The Registrar may become the owner of or may deal in Series 2010 A Bonds as fully and with the same rights it would have if it were not Registrar. To the extent permitted by law, the Registrar may act as depository for, and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Registered Owners or effect or aid in any reorganization growing out of the enforcement of the Series 2010 A Bonds or this Ordinance, whether or not any such committee shall represent the Registered Owners of a majority in principal amount of the Series 2010 A Bonds Outstanding.

Section 8.06. Resignation of Registrar. The Registrar may at any time resign and be discharged of its duties and obligations under this Ordinance by giving not less than 60 days' written notice to the Issuer and publishing in an Authorized Newspaper notice (or mailing such notice to each Registered Owner in the event all Series 2010 A Bonds are fully registered), specifying the date when such resignation shall take effect, within 20 days after the giving of such written notice. A copy of such notice shall also be mailed to each owner of a fully registered Bond or a coupon Bond registered as to principal (other than to bearer). Such resignation shall take effect upon the day specified in such notice unless a successor shall have been previously appointed by the Issuer or bondholders, in which event such resignation shall take effect immediately.

Section 8.07. Removal. The Registrar may be removed at any time by the Issuer or by the Registered Owners of a majority in principal amount of the Series 2010 A Bonds then Outstanding by an instrument or concurrent instruments in writing signed and duly acknowledged by the Issuer or by such Registered Owners or their attorneys duly authorized in writing and delivered to the Issuer, as the case may be. Copies of each such instrument shall be delivered by the Issuer to the Registrar.

Section 8.08. Appointment of Successor. In case at any time the Registrar shall resign or shall be removed or shall become incapable of acting, or shall be adjudged bankrupt or insolvent, or if a receiver, liquidator or conservator of the Registrar or of its property shall be appointed, or if any public officer or court shall take charge or control of the Registrar or of its property or affairs, a successor may be appointed by the Registered Owners of a majority in principal amount of the Series 2010 A Bonds then Outstanding by an instrument or concurrent instruments in writing signed by such Registered Owners or their attorneys duly authorized in writing and delivered to the Issuer and such successor Registrar, notification thereof being given to the predecessor Registrar. Pending such appointment, the Issuer shall forthwith appoint a Registrar to fill such vacancy until a successor Registrar shall be appointed by such Registered Owners. The Issuer shall publish in an Authorized Newspaper (or mail to each Registered Owner in the event all Series 2010 A Bonds are fully registered) notice of any such appointment within 20 days after the effective date of such appointment. A copy of such notice shall also be

mailed to each owner of a fully registered Bond or a coupon Bond registered as to principal (other than to bearer). Any successor Registrar appointed by the Issuer shall, immediately and without further act, be superseded by a Registrar appointed by such Registered Owners. If in a proper case no appointment of a successor Registrar shall be made within 45 days after the Registrar shall have given to the Issuer written notice of resignation or after the occurrence of any other event requiring such appointment, the Registrar or any Registered Owner may apply to any court of competent jurisdiction to appoint a successor. Any Registrar appointed under the provisions of this section shall be a bank, trust company or national banking association authorized to perform the duties imposed upon it by this Ordinance.

Section 8.09. Transfer of Rights and Property to Successor. Any predecessor Registrar or Paying Agent shall pay over, assign and deliver any moneys, books and records held by it and relating to the Series 2010 A Bonds to its successor.

Section 8.10. Merger or Consolidation. Any company into which the Registrar may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party, or any company to which the Registrar or any public officer or court may sell or transfer all or substantially all of its corporate trust business, shall be the successor to such Registrar without the execution or filing of any paper or the performance of any further act; provided, however, that such company shall be a bank, trust company or national banking association meeting the requirements set forth in Section 8.08.

Section 8.11. Adoption of Authentication. In case any of the Series 2010 A Bonds shall have been authenticated but not delivered, any successor Registrar may adopt a Certificate of Authentication and Registration executed by any predecessor Registrar and deliver such Series 2010 A Bonds so authenticated, and, in case any Series 2010 A Bonds shall have been prepared but not authenticated, any successor Registrar may authenticate such Series 2010 A Bonds in the name of the predecessor Registrar or in its own name.

Section 8.12. Paying Agent and Depository Bank. The Registrar shall also serve as the Paying Agent and Depository Bank. The Registrar's acceptance of the duties and responsibilities of the Registrar expressed in Section 8.02 shall also include the trusts and the duties of Paying Agent and Depository Bank. Any alternate Paying Agent must be a bank, trust company or national banking association authorized to perform the duties imposed upon it by this Ordinance. Such alternate Paying Agent shall signify its acceptance of the duties and obligations imposed upon it pursuant hereto by executing and delivering to the Issuer a written acceptance thereof. Any successor Paying Agent shall take such actions as may be necessary to ensure that the Series 2010 A Bonds shall be and remain DTC-eligible.

Each Paying Agent shall be entitled to payment and reimbursement for reasonable fees for its services rendered hereunder and all advances, counsel fees and other expenses reasonably and necessarily made or incurred by such Paying Agent in connection with such services solely from moneys available therefore.

Any bank, trust company or national banking association with or into which any Paying Agent may be merged or consolidated, or to which the assets and business of such Paying Agent may be sold, shall be deemed the successor of such Paying Agent for the purposes of this Ordinance. If the position of Paying Agent shall become vacant for any reason, the Issuer shall, within 30 days thereafter, appoint a bank, trust company or national banking association located in the same city as such Paying Agent to fill such vacancy; provided, however, that, if the Issuer shall fail to appoint such Paying Agent within said period, the Bond Commission, a court of competent jurisdiction or a majority of the Registered Owners may make such appointment.

The Paying Agents shall enjoy the same protective provisions in the performance of their duties hereunder as are specified in this Article VIII with respect to the Registrar, insofar as such provisions may be applicable.

Notice of the appointment of successor or additional Paying Agents or fiscal agents shall be given in the same manner as provided by Section 8.08 hereof with respect to the appointment of a successor Registrar.

All moneys received by the Paying Agents shall, until used or applied as provided in this Ordinance, be held in trust for the purposes for which they were received.

ARTICLE IX

DEFEASANCE; DISCHARGE OF PLEDGE OF ORDINANCE

Section 9.01. Defeasance; Discharge of Pledge of Ordinance. If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the respective Registered Owners of all Series 2010 A Bonds the principal of and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Ordinance, then this Ordinance and the pledges of the Net Revenues and other moneys and securities pledged hereunder, and all covenants, agreements and other obligations of the Issuer on behalf of the Registered Owners of the Series 2010 A Bonds made hereunder, shall thereupon cease, terminate and become void and be discharged and satisfied.

Bonds for the payment of which either moneys in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide moneys which, together with the moneys, if any, deposited with the Paying Agent at the same or earlier time, shall be sufficient, to pay as and when due the respective principal of and interest on such Bonds shall be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section. All Series 2010 A Bonds shall, prior to the maturity thereof, be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section if there shall have been deposited with the Bond Commission or an escrow trustee either 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 Bond Commission or said escrow trustee at the same or earlier time shall be sufficient, to pay when due the principal of, any redemption premium on and interest due and to become due on said Series 2010 A Bonds on and prior to the maturity date thereof, or if the

Issuer irrevocably determines to redeem any of said Series 2010 A Bonds prior to the maturity thereof, on and prior to said redemption date. Neither securities nor moneys deposited with the Bond Commission or an escrow trustee pursuant to this section nor principal or interest payments on any such securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal of and interest on said Series 2010 A Bonds; provided, that any cash received from such principal, redemption premium, if any, and interest payments on such securities deposited with the Bond Commission or said escrow trustee, if not then needed for such purpose, shall, to the extent practicable, be reinvested in securities maturing at times and in amounts sufficient to pay when due the principal of and redemption premium, if any, and interest to become due on said Bonds on and prior to such maturity or redemption dates thereof, and interest earned from such reinvestments shall be paid over to the Issuer as received by the Bond Commission or said escrow trustee, free and clear of any trust, lien or pledge. For the purpose of this section, securities shall mean and include only Government Obligations.

ARTICLE X

MISCELLANEOUS

Section 10.01. Amendment of Ordinance. This Ordinance and any Supplemental Resolution may be amended or modified without the consent of any Registered Owner or other person, solely for the purpose of maintaining the tax-exempt status of the Series 2010 A Bonds, provided that, in the event any of the Series 2010 A Bonds are insured, no such amendment or modification which adversely affects the security for such Series 2010 A Bonds or the rights of the applicable Bond Insurer for such Series 2010 A Bonds may be effected without the written consent of such Bond Insurer. Otherwise, no materially adverse amendment or modification to this Ordinance, or of any Supplemental Resolution, may be made without the written consent of the Registered Owners of 60% in aggregate principal amount of the Series 2010 A Bonds then Outstanding and affected thereby and the Bond Insurer, which must be filed with the Recorder of the Issuer before any such modification or amendment may be made. No such modification or amendment shall extend the maturity of or reduce the interest rate on, or otherwise alter the terms of payment of the principal of or interest on, any Series 2010 A Bond without the express written consent of the Registered Owner of such Bond, nor reduce the percentage of Series 2010 A Bonds required for consent to any such modification or amendment.

Section 10.02. Evidence of Signatures of Registered Owners and Ownership of Series 2010 A Bonds. Any request, consent, revocation of consent or other instrument which this Ordinance may require or permit to be signed and executed by Registered Owners may be in one or more instruments of similar tenor, and shall be signed or executed by such Registered Owners in person or by their attorneys duly authorized in writing. Proof of the execution of any such instrument, or of an instrument appointing or authorizing any such attorney, shall be sufficient for any purpose of this Ordinance if made in the following manner, or in any other manner satisfactory to the Issuer or the Registrar, as the case may be, which may nevertheless in its discretion require further or other proof in cases where it deems the same desirable:

A. The fact and date of the execution by any Registered Owner or his attorney of any such instrument may be proved (i) by the certificate of a notary public or other officer authorized to take acknowledgments of deeds to be recorded in the jurisdiction in which he purports to act that the person signing such instrument acknowledged to him the execution thereof, or by the affidavit of a witness of such execution, duly sworn to before such a notary public or other officer or (ii) by the certificate, which need not be acknowledged or verified, of an officer of a bank, a trust company or a financial firm or corporation satisfactory to the Issuer or the Registrar, as the case may be, that the person signing such instrument acknowledged to such bank, trust company, firm or corporation the execution thereof.

B. The authority of a person or persons to execute any such instrument on behalf of a corporate Holder may be established without further proof if such instrument is signed by a person purporting to be the president or treasurer or a vice-president or an assistant treasurer of such corporation with a corporate seal affixed, and is attested by a person purporting to be its secretary or assistant secretary.

C. The amount of fully registered Series 2010 A Bonds held by a person executing any instrument as a Registered Owner, the date of his holding such Series 2010 A Bonds and the numbers and other identification thereof, shall be confirmed by the Bond Register.

Any request, consent or other instrument executed by the Registered Owner of any Bond shall bind all future Registered Owners of such Bond in respect of anything done or suffered to be done hereunder by the Issuer or the Registrar in accordance therewith.

Section 10.03. Preservation and Inspection of Documents. To the extent allowable under law, all reports, certificates, statements and other documents received by the Registrar under the provisions of this Ordinance shall be retained in its possession and shall be available at all reasonable times for the inspection of the Issuer or any Registered Owner, and their agents and their representatives, but any such reports, certificates, statements or other documents may, at the election of the Registrar, be destroyed or otherwise disposed of at any time after such date as the pledge created by this Ordinance shall be discharged as provided in Section 9.01.

Section 10.04. Cancellation of Series 2010 A Bonds. All Series 2010 A Bonds purchased or paid shall, if surrendered to the Issuer, be canceled and delivered to the Registrar, or, if surrendered to the Registrar, be canceled by it. No such Series 2010 A Bonds shall be deemed Outstanding under this Ordinance and no Series 2010 A Bonds shall be issued in lieu thereof. All such Series 2010 A Bonds shall be canceled and upon order of the Issuer shall be destroyed, and a certificate evidencing such destruction shall be delivered to the Issuer.

Section 10.05. Failure to Present Series 2010 A Bonds. Anything in this Ordinance to the contrary notwithstanding, any moneys held by the Bond Commission or a Paying Agent in trust for the payment and discharge of any of the Series 2010 A Bonds which remain unclaimed for 1 year after the date on which such Series 2010 A Bonds have become due and payable, whether by maturity or upon call for redemption, shall at the written request of the Issuer be paid by the Bond Commission or said Paying Agent to the Issuer as its absolute property and free

from trust, and the Bond Commission or said Paying Agent shall thereupon be released and discharged with respect thereto, and the Registered Owners of such Series 2010 A Bonds shall look only to the Issuer for the payment of such Series 2010 A Bonds; provided, however, that, before making any such payment to the Issuer, the Registrar, if so advised by the Bond Commission, or said Paying Agent shall send to the Registered Owner, at the address listed on the Bond Register, by certified mail, a notice that such moneys remain unclaimed and that, after a date named in said notice, which date shall be not less than 30 days after the date of such notice is mailed, the balance of such moneys then unclaimed will be returned to the Issuer. If any of said Series 2010 A Bonds is a coupon Bond the Registrar or said Paying Agent shall also publish such notice, not less than 30 days prior to the date such moneys will be returned to the Issuer, in an Authorized Newspaper.

Section 10.06. Notices, Demands and Requests. Unless otherwise expressly provided, all notices, demands and requests to be given or made hereunder to or by the Issuer, the Registrar, the Depository Bank, or the Original Purchaser shall be in writing and shall be properly made if sent by United States mail, postage prepaid, and addressed as follows or if hand-delivered to the individual to whom such notice, demand or request is required to be directed as indicated below:

TOWN:

The Town of Kingwood
313 Tunnelton Street
Kingwood, West Virginia 26537
Attention: Mayor

REGISTRAR AND PAYING AGENT:

[Name and address
to be set forth in the
Supplemental Resolution]

DEPOSITORY BANK:

[Name and address
to be set forth in the
Supplemental Resolution]

ORIGINAL PURCHASERS:

Crews & Associates, Inc.
300 Summers Street
Suite 930
Charleston, West Virginia 25301

Any party listed above may change such address listed for it at any time upon written notice of change sent by United States mail, postage prepaid, to the other parties.

Section 10.07. No Personal Liability. No member of the Council or officer or employee of the Issuer shall be individually or personally liable for the payment of the principal of or the interest on any Series 2010 A Bond, but nothing herein contained shall relieve any such member, official or employee from the performance of any official duty provided by law or this Ordinance.

Section 10.08. Law Applicable. The laws of the State shall govern the construction of this Ordinance and of all Series 2010 A Bonds issued hereunder.

Section 10.09. Parties Interested Herein. Nothing in this Ordinance expressed or implied is intended or shall be construed to confer upon, or give to, any person or corporation, other than the Issuer, the Registrar, the Paying Agent, the Registered Owners of the Series 2010 A Bonds and the Original Purchaser, any right, remedy or claim under or by reason of this Ordinance. All the covenants, stipulations, promises and agreements contained in this Ordinance by and on behalf of the Issuer shall be for the sole and exclusive benefit of the Issuer, the Registrar, the Paying Agent, the Registered Owners of the Series 2010 A Bonds and the Original Purchaser.

Section 10.10. Severability of Invalid Provisions. If any section, paragraph, clause or provision of this Ordinance shall be held invalid, such invalidity shall not affect any of the remaining provisions of this Ordinance.

Section 10.11. Table of Contents and Headings. The Table of Contents and headings of the articles, sections and subsections hereof are for convenience only and shall neither control nor affect in any way the meaning or construction of any of the provisions hereof.

Section 10.12. Conflicting Provisions Repealed. All ordinances, orders, resolutions or parts thereof in conflict with the provisions of this Ordinance are, to the extent of such conflict, hereby repealed, provided however, that the Prior Ordinances shall remain in full force and effect so long as any of the Prior Bonds are Outstanding.

Section 10.13. Covenant of Due Procedure, Etc. The Issuer covenants that all acts, conditions, things and procedures required to exist, to happen, to be performed or to be taken precedent to and in the adoption of this Ordinance do exist, have happened, have been performed and have been taken in regular and due time, form and manner as required by and in full compliance with the laws and Constitution of the State of West Virginia applicable thereto; and that the Mayor, Recorder and members of the Council were at all times when any actions in connection with this Ordinance occurred and are duly in office and duly qualified for such office.

Section 10.14. Procedure on Enactment of Ordinance; Public Hearing. Upon adoption of this Ordinance, the Recorder is hereby authorized and directed to have an abstract of this Ordinance, which abstract has been determined by the Council to contain sufficient information to give notice of the contents of such Ordinance, published once each week for 2

successive weeks, with not less than six full days between each publication, the first such publication to be not less than 10 days before the date stated below for the public hearing, in the *Preston County Journal*, a newspaper published and having a general circulation in The Town of Kingwood, together with a notice to all persons concerned, stating that this Ordinance has been adopted and that the Issuer contemplates the issuance of the Bonds described in this Ordinance and that any person interested may appear before the Council of the Issuer at the public hearing to be had at a public meeting of the Council on July 27, 2010, at 7:00 p.m., and present protests, and that a certified copy of this Ordinance is on file with the Recorder for review by interested parties during the office hours of the Recorder. At such hearing all protests and suggestions shall be heard by the Council and it shall then take such action as it shall deem proper in the premises.

First Reading:	June 22, 2010
Second Reading:	July 13, 2010
Passed on Final Reading Following Public Hearing:	July 27, 2010

Section 10.15. Effective Date. This Ordinance shall take effect immediately upon enactment.

Enacted this 27th day of July, 2010.

[SEAL]

Mayor

ATTEST:

Recorder

CERTIFICATION

Certified a true, correct and complete copy of an Ordinance duly enacted by the Council of THE TOWN OF KINGWOOD at a regular meeting of the Council held at 7:00 p.m., on July 27, 2010, pursuant to proper notice, at which meeting a quorum was present and acting throughout, and which Ordinance was enacted following a public hearing thereon, notice of which public hearing was published once a week for two successive weeks in a newspaper published and having a general circulation in The Town of Kingwood, the first publication having been not less than 10 days prior to such public hearing.

Dated this 27th day of August, 2010.

[SEAL]

Recorder

EXHIBIT A - SERIES 2010 A BOND FORM

Except as otherwise provided in the Ordinance, this global bond may be transferred, in whole but not in part, only to another nominee of DTC (as defined in the Ordinance) or to a successor of DTC or to a nominee of a successor of DTC. Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to Issuer or its agent for registration of transfer, exchange, or payment, and any Bond issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

No. AR-_____ $_____

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE TOWN OF KINGWOOD (WEST VIRGINIA)
SEWER REFUNDING REVENUE BOND, SERIES 2010 A

INTEREST RATE	MATURITY DATE	BOND DATE	CUSIP NO.

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: _____

KNOW ALL MEN BY THESE PRESENTS: That THE TOWN OF KINGWOOD, a municipal corporation organized and existing under the laws of the State of West Virginia (the "Town"), for value received, hereby promises to pay, solely from the special funds provided therefore, as hereinafter set forth, to the Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, the Principal Amount specified above and solely from such special funds also to pay interest on said Principal Amount from the Interest Payment Date (as hereinafter defined) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, or, if and to the extent that the Town shall default in the payment of interest on any Interest Payment Date, then this Bond shall bear interest from the most recent Interest Payment Date to which interest has been paid or duly provided for, and in which case any Bond surrendered for transfer or exchange shall be dated as

of the Interest Payment Date to which interest has been paid in full, at the Interest Rate per annum specified above, semiannually, on _____ 1 and _____ 1, in each year, beginning _____ 1, 20____ (each an "Interest Payment Date"), until maturity or until the date fixed for redemption if this Bond is called for prior redemption and payment on such date is provided for. Capitalized terms used and not defined herein shall have the meanings ascribed thereto in the hereinafter described Ordinance.

Interest accruing on this Bond on and prior to the Maturity Date hereof shall be payable by check or draft mailed by _____, _____, West Virginia, as paying agent (in such capacity, the "Paying Agent"), to the Registered Owner hereof as of the applicable Record Date (each _____ 15 and _____ 15) or, in the event of a default in the payment of Bonds, that special record date to be fixed by the hereinafter named Registrar by notice given to the Registered Owners not less than 10 days prior to said special record date at the address of such Registered Owner as it appears on the registration books of the Town maintained by _____, _____, West Virginia, as registrar (in such capacity, the "Registrar"), or, at the option of any Registered Owner of at least $1,000,000 in aggregate principal amount of Bonds, by wire transfer in immediately available funds to a domestic bank account specified in writing by the Registered Owner to the Paying Agent at least 5 days prior to such Record Date. Principal and premium, if any, shall be paid when due upon presentation and surrender of this Bond for payment at the principal office of the Paying Agent, in _____, West Virginia.

This Bond is one of an issue of a series of bonds, in the aggregate principal amount of $_____ designated "The Town of Kingwood (West Virginia) Sewer Refunding Revenue Bonds, Series 2010 A" (the "Bonds"), of like tenor and effect, except as to number, denomination, date of maturity and interest rate, dated _____, 2010, the proceeds of which are to be used (i) to finance the costs of currently refunding the Issuer's Series 1997 A Refunding Revenue Bonds, (ii) to fund the Series 2010 A Bonds Reserve Account, and (iii) to pay certain costs of issuance of the Series 2010 A Bonds and related costs. The Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13 of the Code of West Virginia, 1931, as amended (the "Act"), and an ordinance duly enacted by the Council of the Issuer on _____, 2010, and supplemented by supplemental resolutions adopted by said Council on _____, 2010, and _____, 2010 (hereinafter collectively referred to as the "Ordinance"), and is subject to all the terms and conditions of said Ordinance. The Ordinance provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Ordinance. Reference is hereby made to the Ordinance, as the same may be amended and supplemented from time to time, for a description of the rights, limitations of rights, obligations, duties and immunities of the Issuer, the Registrar, the Paying Agent, the Registered Owners of the Bonds and the Registered Owners of any subsequently issued additional bonds. Executed counterparts or certified copies of the Ordinance are on file at the office of the Recorder in The Town of Kingwood, West Virginia.

The Bonds of this issue are subject to redemption prior to their stated maturity dates, as provided in the Ordinance and as set forth in the following lettered paragraphs:

(A) Optional Redemption. The Bonds maturing on or after _____, _____ are subject to redemption prior to maturity at the option of the Issuer on and after _____, _____, in whole or in part at any time, in such order of maturity as shall be designated to the Registrar by the Issuer and by lot within a maturity, at the following redemption prices (expressed as percentages of the principal amount of Bonds to be redeemed), plus interest accrued thereon to the date fixed for redemption:

Period During Which Redeemed (Dates Inclusive)	Redemption Price
_____ to _____	$_____
_____ to _____	$_____
_____ to _____	$_____

(B) Mandatory Sinking Fund Redemption. The Bonds maturing on _____, are subject to annual mandatory redemption prior to maturity by random selection on _____ of the years and in the principal amounts set forth below, at the redemption price of 100% of the principal amount of each Bond so called for redemption plus interest accrued to the date fixed for redemption:

Bonds Maturing

Year ( )	Principal Amount

Bonds Maturing

Year ( )	Principal Amount

_____
* Final Maturity

If less than all the Bonds are to be redeemed, the Bonds to be redeemed shall be identified by reference to the Series designation, date of issue, CUSIP numbers and Maturity Dates.

Notice of any redemption of this Bond, unless waived, shall be given by the Registrar on behalf of the Issuer by mailing an official redemption notice by registered or

certified mail at least 30 days and not more than 60 days prior to the date fixed for redemption to the Registered Owner of the Bond or Bonds to be redeemed at the address shown on the Bond Register or at such other address as is furnished in writing by such Registered Owner to the Registrar. Notice of redemption having been given as aforesaid, the Bonds or portions of Bonds so to be redeemed shall, on the Redemption Date, become due and payable at the redemption price therein specified, and from and after such date (unless the Issuer shall default in the payment of the redemption price) such Bonds or portions of Bonds shall cease to bear interest.

Failure to receive such notice or any defect therein or in the mailing thereof shall not affect the validity of proceedings for the redemption of this Bond.

There are outstanding obligations of the Issuer which will rank on a parity with the Series 2010 A Bonds as to liens, pledge, source of and security for payment, as follows: (1) Sewerage System Design Revenue Bonds, Series 2009 A (West Virginia Water Development Authority), dated January 30, 2009, issued in the original aggregate principal amount of $724,650 (the "Series 2009 A Bonds"); (2) Sewer Revenue Bonds, Series 2001 A (West Virginia SRF Program), dated December 20, 2001, issued in the original aggregate principal amount of $878,181 (the "Series 2001 A Bonds"); and (3) Sewer Revenue Bonds, Series 1986 B (West Virginia Water Development Authority), dated March 26, 1986, issued in the original aggregate principal amount of $850,860 (the "Series 1986 B Bonds") (collectively, the "Prior Bonds").

The Bonds and the interest thereon are payable only from and are secured by the Net Revenues (as defined in the Ordinance) to be derived from the operation of the System, on a parity with the pledge of Net Revenues in favor of the holders of the Prior Bonds and from moneys in the Series 2010 A Bonds Sinking Fund and the Series 2010 A Bonds Reserve Account established under the Ordinance, and the 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 shall be set aside as a special fund hereby pledged for such purpose and to make the other payments required by the Ordinance. This Bond does not constitute an indebtedness of the Issuer within any constitutional or statutory provision or limitation, nor shall the Issuer be obligated to pay the same or the interest hereon except from said special fund provided from the Net Revenues, the moneys in the Series 2010 A Bonds Sinking Fund and the Series 2010 A Bonds Reserve Account and unexpended proceeds of the Bonds. Under the Ordinance, the Issuer has covenanted and agreed to fix, establish and collect just and equitable rates or charges for the use of the services and facilities of the System and to revise the same from time to time as will always be sufficient to pay all operating expenses of the System and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest on the Bonds and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with the Bonds, including the Prior Bonds. 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 Ordinance. Remedies provided the Registered Owners of the Bonds are exclusively as provided in the Ordinance, to which reference is here made for a detailed description thereof.

All moneys received from the sale of the Bonds except for accrued interest thereon shall be applied solely to finance the current refunding of the Issuer's outstanding Series 1997 A

Refunding Revenue Bonds, fund a reserve account for the Bonds and pay costs of issuance of the Bonds, 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.

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 said Issuer, does not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia, and that a sufficient amount of the Net Revenues of the System has been pledged to and will be set aside into said special fund by said Issuer for the prompt payment of the principal of and interest on the Bonds of which this Bond is one.

This Bond, under the provisions of the Act is and has all the qualities and incidents of, a negotiable instrument under the Uniform Commercial Code of the State of West Virginia, but may be transferred only upon the surrender hereof at the office of the Registrar and otherwise as provided by the Ordinance.

This Bond is, under the Act, exempt from all taxation by the State of West Virginia or any county, municipality, political subdivision or agency thereof.

This Bond shall not be entitled to any benefit under the Ordinance, or become valid or obligatory for any purpose, until the certificate of authentication and registration hereon shall have been signed by the Registrar.

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

[Remainder of Page Intentionally Blank]

IN WITNESS WHEREOF, THE TOWN OF KINGWOOD has caused this Bond to be signed by its Mayor and, and its corporate seal to be imprinted hereon and attested by its Recorder, and has caused this Bond to be dated as of the Bond Date specified above.

[SEAL]

(Manual or Facsimile Signature)
Mayor

ATTEST:

(Manual or Facsimile Signature)
Recorder

CERTIFICATE OF AUTHENTICATION
AND REGISTRATION

This Bond is one of the fully registered Bonds described in the within-mentioned Ordinance and has been duly registered in the name of the Registered Owner on the date set forth below. Attached hereto is the complete text of the opinion of Steptoe & Johnson PLLC, bond counsel, signed originals of which are on file with the Registrar, delivered and dated on the date of the original delivery of and payment for the Bonds.

Dated: _____, _____.

_____,
as Registrar

By _____
Its Authorized Officer

ASSIGNMENT

Social Security or Other Identifying Number of Assignee _____
_____

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

Dated: _____, 20_____.

_____

SIGNATURE GUARANTEED:

_____
(Bank, Trust Company or Firm)

_____
(Authorized Officer)

NOTICE: The Assignor's signature to this Assignment must correspond with the name as it appears upon the face of the within Bond in every particular, without alteration or any change whatever.

The Town of Kingwood
Sewer Refunding Revenue Bonds, Series 2010 A
(Tax-Exempt)

SUPPLEMENTAL PARAMETERS RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING PARAMETERS AS TO THE PRINCIPAL AMOUNT, DATE, MATURITY DATE, INTEREST RATE, INTEREST AND PRINCIPAL PAYMENT DATES AND OTHER TERMS OF THE SEWER REFUNDING REVENUE BONDS, SERIES 2010 A OF THE TOWN OF KINGWOOD; AUTHORIZING AND APPROVING THE SALE AND DELIVERY OF SUCH BONDS TO THE ORIGINAL PURCHASER; APPOINTING A REGISTRAR AND PAYING AGENT FOR SUCH BONDS; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

WHEREAS, The Town of Kingwood (the "Issuer") in the County of Preston, State of West Virginia, is a municipal corporation and political subdivision of said State, the governing body of which is its Council (the "Governing Body");

WHEREAS, the Governing Body has duly and officially enacted on July 27, 2010, an Ordinance (the "Ordinance") entitled:

AN ORDINANCE AUTHORIZING THE REFUNDING OF THE ISSUER'S OUTSTANDING SEWER REFUNDING REVENUE BONDS, SERIES 1997 A AND THE FINANCING OF THE COST THEREOF, NOT OTHERWISE PROVIDED, AND PAYING COSTS OF ISSUANCE AND RELATED COSTS, THROUGH THE ISSUANCE OF SEWER REFUNDING REVENUE BONDS, SERIES 2010 A OF THE TOWN IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT MORE THAN $2,000,000; PROVIDING FOR THE RIGHTS AND REMEDIES OF, AND THE SECURITY FOR, THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING THE EXECUTION AND DELIVERY OF A TAX AND NON-ARBITRAGE CERTIFICATE, AN OFFICIAL STATEMENT, A BOND PURCHASE AGREEMENT, A CONTINUING DISCLOSURE AGREEMENT AND OTHER DOCUMENTS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND

PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

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

WHEREAS, the Ordinance provides for the issuance by the Issuer of its Sewer Refunding Revenue Bonds, Series 2010 A (Tax-Exempt) in an aggregate principal amount not to exceed $2,000,000 (the "Series 2010 A Bonds" or "Bonds") in accordance with Chapter 8, Article 13 of the West Virginia Code of 1931, as amended (the "Act");

WHEREAS, the Issuer is advised that current market conditions are such that interest savings would be realized from the current refunding of its outstanding Sewer Refunding Revenue Bonds, Series 1997 A, dated November 1, 1997, issued in the original aggregate principal amount of $2,130,000 (the "Series 1997 A Bonds") and the Issuer has determined that it is currently in the best interest of its residents to currently refund the Series 1997 A Bonds pursuant to the issuance of its Series 2010 A Bonds;

WHEREAS, the Ordinance further provided that the exact dates, amounts, maturities, interest rates, redemption provisions, purchase price and other terms of the Bonds should be established by Supplemental Resolution or by a Certificate of Determinations, that a Registrar, Paying Agent and Depository Bank be designated, that a Bond Purchase Agreement, a Continuing Disclosure Agreement, a Registrar Agreement and an Official Statement be approved and that other matters pertaining to the Bonds be provided for by a Supplemental Resolution of the Governing Body or pursuant to a Certificate of Determinations, that additional covenants and provisions relating to the Bonds be provided therein, and that other matters pertaining to the Bonds be provided for by a supplemental resolution of this Governing Body or by Certificate of Determinations;

WHEREAS, the Bonds are proposed to be purchased by Crews & Associates, Inc., Charleston, West Virginia (the "Original Purchaser"), pursuant to a Bond Purchase Agreement between the Original Purchaser and the Issuer, to be dated the date of execution thereof (the "Bond Purchase Agreement");

WHEREAS, the Governing Body has determined that, in order to obtain the best possible savings for the Town in the current interest rate environment, the Mayor shall be empowered and authorized to execute the Bond Purchase Agreement, within the parameters set forth herein, at such time as the Mayor shall determine most advantageous to the Issuer, or not at all; and

WHEREAS, the Governing Body deems it essential and desirable that this supplemental parameters resolution (the "Supplemental Parameters Resolution") be adopted, that the Bond Purchase Agreement, the Continuing Disclosure Agreement, the Tax and Non-Arbitrage Certificate and the Registrar Agreement hereinafter provided for be entered into by the Issuer, that the Official Statement relating to the Bonds, hereinafter described, be approved, that the Mayor be authorized to enter into the Bond Purchase Agreement within the parameters

hereby approved by the Governing Body, and that other matters relating to the Bonds be herein provided for all in accordance with the Ordinance;

NOW, THEREFORE, BE IT RESOLVED BY THE TOWN COUNCIL OF THE TOWN OF KINGWOOD:

SECTION 1. For the purposes of (i) paying the entire outstanding principal balance of and all accrued interest on the Issuer's outstanding Series 1997 A Bonds, (ii) funding a debt service reserve account for the Series 2010 A Bonds, and (iii) paying costs of issuance of the Series 2010 A Bonds and related costs, the Governing Body of the Issuer hereby authorizes and orders the issuance of the Series 2010 A Bonds in an aggregate principal amount not to exceed $2,000,000, provided that the Net Present Value of the savings of such refunding shall not be less than 2%.

SECTION 2. Pursuant to the Ordinance and the Act, this Supplemental Parameters Resolution is adopted and there are hereby authorized and ordered to be issued the Series 2010 A Bonds. The Series 2010 A Bonds shall be issued in the aggregate principal amount not to exceed $2,000,000, bear interest at a rate not to exceed 6%, payable semiannually on April 1 and October 1 of each year, and shall mature on October 1 in such years, shall be dated such date, upon original issuance, shall mature in such principal amounts on such dates (with final maturity no later than October 1, 2025) shall be subject to such redemption provisions, all as shall subsequently be approved by the Mayor pursuant to the execution and delivery by the Mayor of a Certificate of Determinations with respect to the Bonds, dated the date of the Bond Purchase Agreement, the form of which is attached hereto as EXHIBIT A and approved hereby (the "Certificate of Determinations"); and shall be substantially in the form set forth in the Ordinance, provided however, that the specific terms of the Series 2010 A Bonds shall be as determined by the Mayor at the time of the execution of the Bond Purchase Agreement and as approved by the Mayor in the Certificate of Determinations. All other provisions relating to the Series 2010 A Bonds shall be as provided in the Ordinance.

SECTION 3. The Bond Purchase Agreement by and between the Original Purchaser and the Issuer, substantially in the form to be approved pursuant to the execution and delivery by the Mayor of the Certificate of Determinations, and the execution and delivery (in multiple counterparts) by the Mayer thereof shall be and the same are hereby authorized, approved, and directed. The Mayor shall execute and deliver the Bond Purchase Agreement with such changes, insertions and omissions as may be approved by the Mayor. The execution of the Bond Purchase Agreement by the Mayor shall be conclusive evidence of any approval required by this Section, and authorization of any action required by the Bond Purchase Agreement relating to the issuance and sale of the Bonds, including the payment of all necessary fees and expenses in connection therewith.

SECTION 4. Proceeds of the Bonds shall be expended solely for the purposes set forth in the Ordinance.

SECTION 5. The Issuer is advised and hereby finds that based upon the assumed principal amount, maturity schedule and interest rates for the Series 2010 A Bonds presented to

the Issuer by the Original Purchaser, the Series 2010 A Bonds show a net present value debt service savings to the Issuer after deducting all expenses of the refunding of the Series 1997 A Bonds and the costs of issuing the Series 2010 A Bonds.

SECTION 6. The Tax and Non-Arbitrage Certificate, to be dated the date of execution and delivery of the Bonds (the "Tax Certificate"), and executed and delivered by the Issuer, substantially in the form to be approved pursuant to the execution and delivery by the Mayor of the Certificate of Determinations, and the execution and delivery (in multiple counterparts) by the Mayor thereof shall be and the same are hereby authorized, approved and directed. The Mayor shall execute and deliver the Tax Certificate with such changes, insertions and omissions as may be approved by the Mayor. The execution of the Tax Certificate by the Mayor shall be conclusive evidence of any approval required by this Section.

SECTION 7. The Continuing Disclosure Agreement, to be dated the date of execution and delivery of the Bonds (the "Disclosure Agreement"), by and between the Issuer and the Dissemination Agent named therein, substantially in the form to be approved pursuant to the execution and delivery by the Mayor of the Certificate of Determinations, and the execution and delivery (in multiple counterparts) by the Mayor thereof shall be and the same are hereby authorized, approved and directed. The Mayor shall execute and deliver the Disclosure Agreement with such changes, insertions and omissions as may be approved by the Mayor. The execution of the Disclosure Agreement by the Mayor shall be conclusive evidence of any approval required by this Section.

SECTION 8. The distribution by the Original Purchaser of a Preliminary Official Statement (which is a "deemed final" official statement in accordance with SEC Rule 15c2-12), substantially in the form submitted to this meeting is hereby ratified and approved. The certificate of the Issuer relating to compliance with SEC Rule 15c2-12 and the execution and delivery thereof by the Mayor is hereby approved. The Official Statement to be substantially in the form of the Preliminary Official Statement, (with such changes, insertions and omissions as may be necessary or advisable in the opinion of the Mayor) and the distribution of counterparts or copies thereof by the Original Purchaser are hereby approved. The Mayor shall execute and deliver the Official Statement with such changes, insertions and omissions as may be approved. The execution of the Official Statement by the Mayor shall be conclusive evidence of any approval required by this Section.

SECTION 9. The Registrar Agreement by and between the Issuer and the Registrar designated herein, substantially in the form to be approved pursuant to the execution and delivery by the Mayor of the Certificate of Determinations, and the execution and delivery (in multiple counterparts) by the Mayor thereof shall be and the same are hereby authorized, approved and directed. The Mayor shall execute and deliver the Registrar Agreement with such changes, insertions and omissions as may be approved by the Mayor. The execution of the Registrar Agreement by the Mayor shall be conclusive evidence of any approval required by this Section.

SECTION 10. The firm of Steptoe & Johnson PLLC, Charleston, West Virginia, is hereby appointed bond counsel to the Issuer in connection with the issuance of the Bonds.

SECTION 11. The Issuer hereby appoints and designates the West Virginia Municipal Bond Commission, Charleston, West Virginia, as the Paying Agent for the Series 2010 A Bonds.

SECTION 12. The Issuer hereby appoints and designates WesBanco Bank, Inc., Charleston, West Virginia, as the Depository Bank for the Bonds.

SECTION 13. The Issuer hereby appoints and designates WesBanco Bank, Inc., Charleston, West Virginia, as the Registrar.

SECTION 14. The Mayor and Recorder are hereby authorized and directed to execute and deliver such other documents and certificates, required or desirable in connection with the Bonds to the end that the Bonds may be delivered on a timely basis to the Original Purchaser pursuant to the Bond Purchase Agreement.

SECTION 15. The notice addresses for the Depository Bank, Paying Agent, Registrar and Original Purchaser shall be as follows:

DEPOSITORY BANK

WesBanco Bank, Inc.
One Bank Plaza
Wheeling, West Virginia 26003
Attention: Branch Manager

PAYING AGENT

West Virginia Municipal Bond Commission
1207 Quarrier Street, Suite 401
Charleston, West Virginia 25301
Attention: Executive Director

REGISTRAR

WesBanco Bank, Inc.
One Bank Plaza
Wheeling, West Virginia 26003
Attention: Trust Department

ORIGINAL PURCHASER

Crews & Associates, Inc.
300 Summers Street, Suite 930
Charleston, West Virginia 25301-1631

SECTION 16. The issuance 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 17. The Issuer hereby covenants and agrees that it will not permit at any time or times any of the proceeds of the Series 2010 A Bonds or any other funds of the Issuer to be used directly or indirectly to acquire any securities or obligations, the acquisition of which would cause any of the Series 2010 A Bonds or Prior Bonds to be an "arbitrage bond" as defined in Section 148 of the Code, and the regulations promulgated pursuant thereto. The Mayor of the Issuer is authorized and directed to execute and deliver such further instruments or agreements as shall be required to provide further assurances of the Issuer's compliance with this covenant.

SECTION 18. The Mayor and Recorder, and all other appropriate officers and employees of the Issuer are hereby authorized, empowered and directed to do any and all things proper and necessary to cause the Series 2010 A Bonds to be duly and properly issued by the Issuer and delivered to the Original Purchaser as herein authorized and to otherwise facilitate the transaction contemplated by this Supplemental Parameters Resolution, and no further authority shall be necessary to authorize any such officers or employees to give such further assurance and do such further acts as may be legally required.

SECTION 19. This Supplemental Parameters Resolution shall be effective immediately following adoption hereof.

[Remainder of Page Intentionally Blank]

Adopted this 27th day of July, 2010.

THE TOWN OF KINGWOOD

By: _____
Its: Mayor

[SEAL]

Attest:

_____
Recorder

CERTIFICATION

Certified a true copy of a Supplemental Parameters Resolution duly adopted by the Council of THE TOWN OF KINGWOOD on July 27, 2010, which Supplemental Parameters Resolution has not been repealed, rescinded, modified, amended or revoked, as of the date hereof.

Dated this 27th day of August, 2010.

By: _____
Recorder

08.12.10
485090.00005

EXHIBIT A

FORM OF CERTIFICATE OF DETERMINATIONS

The Town of Kingwood
Sewer Refunding Revenue Bonds, Series 2010 A
(Tax-Exempt)

CERTIFICATE OF DETERMINATIONS

The undersigned, James G. Lobb, Mayor of The Town of Kingwood (the "Issuer"), in accordance with the Supplemental Parameters Resolution adopted by the Governing Body of the Issuer on July 27, 2010 (the "Supplemental Parameters Resolution"), with respect to the Issuer's Sewer Refunding Revenue Bonds, Series 2010 A (the "Series 2010 A Bonds"), hereby finds and determines as follows:

1. The Series 2010 A Bonds shall be dated August 27, 2010 shall bear interest on April 1 and October 1 of each year commencing April 1, 2011.

2. The Series 2010 A Bonds shall be issued in the aggregate principal amount of $1,605,000. The interest rates on the Series 2010 A Bonds do not exceed 6%, being the maximum interest rate authorized by the Supplemental Parameters Resolution. The Net Present Value of the savings realized from such refunding is not less than 2%.

3. The Series 2010 A Bonds shall mature in the amounts and on the dates and shall be subject to mandatory sinking fund redemption in the amounts and on the dates set forth on Schedule 1 attached hereto and incorporated herein.

4. The Series 2010 A Bonds shall bear interest at the rates and produce the yields set forth on Schedule 1 attached hereto and incorporated herein.

5. The Series 2010 A Bonds shall be subject to optional redemption as set forth on Schedule 2 attached hereto and incorporated herein.

6. The Series 2010 A Bonds shall be sold to Crews & Associates, Inc. (the "Underwriter"), pursuant to the terms of the Bond Purchase Agreement by and between the Underwriter and the Issuer, at an aggregate purchase price of $1,553,767 (representing par value less an Underwriter's discount of $40,125 and less an original issue discount of $11,108).

7. The forms of the Bond Purchase Agreement, the Tax Certificate, the Continuing Disclosure Agreement, the Official Statement, the Rule 15c2-12 Certificate and the Registrar Agreement attached hereto are hereby approved.

The undersigned hereby certifies that the foregoing terms and conditions of the Series 2010 A Bonds are within the parameters prescribed by the Supplemental Parameters Resolution, and the Series 2010 A Bonds may be issued with such terms and conditions as authorized by the Supplemental Parameters Resolution.

WITNESS my signature this 27th day of August, 2010.

THE TOWN OF KINGWOOD

By: _____
Its: Mayor

08.12.10
485090.00005

SCHEDULE 1

SERIES 2010 A BOND TERMS

Bond No.	Maturity Date (October 1)	Principal Amount	Interest Rate	Yield	CUSIP
AR-1	2013	$250,000	3.000%	3.000%	496870 AD8
AR-2	2016	$285,000	3.500%	3.500%	496870 AE6
AR-3	2020	$430,000	4.000%	4.000%	496870 AF3
AR-4	2022	$240,000	4.000%	4.200%	496870 AG1
AR-5	2025	$400,000	4.250%	4.400%	496870 AH9

SCHEDULE 2

SERIES 2010 A BONDS REDEMPTION PROVISIONS:

Optional Redemption

The Series 2010 A Bonds maturing on and after October 1, 2016, are subject to redemption at the option of the Town, prior to maturity, on or after October 1, 2015, in whole or in part at any time from amounts deposited with the Bond Commission by the Town or from other funds available therefore at a redemption price equal to the principal amount thereof, plus accrued interest to the date fixed for redemption.

If fewer than all of the Series 2010 A Bonds shall be called for optional redemption, the particular maturities of the Series 2010 A Bonds to be redeemed shall be selected by the Town in such manner as it shall determine. So long as the Series 2010 A Bonds are maintained under a book-entry system, the selection of individual ownership interests in the Series 2010 A Bonds to be credited with any partial redemption shall be made as described herein under "BOOK-ENTRY ONLY SYSTEM."

Mandatory Redemption

The Series 2010 A Bonds maturing October 1, 2013, shall be subject to mandatory redemption prior to maturity in part from moneys on deposit in the Series 2010 A Bonds Sinking Fund at a redemption price equal to 100% of the principal amount thereof, plus accrued interest to the mandatory redemption date, on October 1, 2011, and on each October 1 thereafter to and including October 1, 2013, in annual principal amounts as follows:

Year	Amount
2011	$75,000
2012	$85,000
2013 (Maturity)	$90,000

The principal amount of Series 2010 A Bonds maturing October 1, 2013, delivered to or purchased by the Trustee shall reduce pro tanto the principal amount of Series 2010 A Bonds to be redeemed on the mandatory redemption date with respect to such maturity next following such delivery or purchase.

The Series 2010 A Bonds maturing October 1, 2016, shall be subject to mandatory redemption prior to maturity in part from moneys on deposit in the Series 2010 A Bonds Sinking Fund at a redemption price equal to 100% of the principal amount thereof, plus accrued interest to the mandatory redemption date, on October 1, 2014, and on each October 1 thereafter to and including October 1, 2016, in annual principal amounts as follows:

Year	Amount
2014	$90,000
2015	$95,000
2016 (Maturity)	$100,000

The principal amount of Series 2010 A Bonds maturing October 1, 2016, delivered to or purchased by the Trustee shall reduce pro tanto the principal amount of Series 2010 A Bonds to be redeemed on the mandatory redemption date with respect to such maturity next following such delivery or purchase.

The Series 2010 A Bonds maturing October 1, 2020, shall be subject to mandatory redemption prior to maturity in part from moneys on deposit in the Series 2010 A Bonds Sinking Fund at a redemption price equal to 100% of the principal amount thereof, plus accrued interest to the mandatory redemption date, on October 1, 2017, and on each October 1 thereafter to and including October 1, 2020, in annual principal amounts as follows:

Year	Amount
2017	$100,000
2018	$105,000
2019	$110,000
2020 (Maturity)	$115,000

The principal amount of Series 2010 A Bonds maturing October 1, 2020, delivered to or purchased by the Trustee shall reduce pro tanto the principal amount of Series 2010 A Bonds to be redeemed on the mandatory redemption date with respect to such maturity next following such delivery or purchase.

The Series 2010 A Bonds maturing October 1, 2022, shall be subject to mandatory redemption prior to maturity in part from moneys on deposit in the Series 2010 A Bonds Sinking Fund at a redemption price equal to 100% of the principal amount thereof, plus accrued interest to the mandatory redemption date, on October 1, 2021, and on each October 1 thereafter to and including October 1, 2022, in annual principal amounts as follows:

Year	Amount
2021	$115,000
2022 (Maturity)	$125,000

The principal amount of Series 2010 A Bonds maturing October 1, 2022, delivered to or purchased by the Trustee shall reduce pro tanto the principal amount of Series 2010 A Bonds to be redeemed on the mandatory redemption date with respect to such maturity next following such delivery or purchase.

The Series 2010 A Bonds maturing October 1, 2025, shall be subject to mandatory redemption prior to maturity in part from moneys on deposit in the Series 2010 A Bonds Sinking Fund at a redemption price equal to 100% of the principal amount thereof, plus accrued interest

to the mandatory redemption date, on October 1, 2023, and on each October 1 thereafter to and including October 1, 2025, in annual principal amounts as follows:

Year	Amount
2023	$125,000
2024	$135,000
2025 (Maturity)	$140,000

The principal amount of Series 2010 A Bonds maturing October 1, 2025, delivered to or purchased by the Trustee shall reduce pro tanto the principal amount of Series 2010 A Bonds to be redeemed on the mandatory redemption date with respect to such maturity next following such delivery or purchase.

The Town of Kingwood
Sewer Refunding Revenue Bonds, Series 2010 A

Dated: August 27, 2010

Delivery Date: August 27, 2010

TAX AND NON-ARBITRAGE CERTIFICATE

The undersigned are the Mayor of The Town of Kingwood, West Virginia (the *"Town"*).

This Tax and Non-Arbitrage Certificate (the *"Tax and Non-Arbitrage Certificate"*) is executed as of August 27, 2010 for the purpose of establishing the reasonable expectations of the Town as to future events regarding the $1,605,000 Sewer Refunding Revenue Bonds, Series 2010 A (Tax-Exempt) (the *"Refunding Bonds"*) and the use of the proceeds of the Refunding Bonds. The certifications and representations made herein are intended, and may be relied upon, as a certification described in Section 1.148-2(b)(2) of the Treasury Regulations. The Refunding Bonds are authorized to be executed and delivered by the Mayor of the Town pursuant to an Ordinance enacted by the Council of the Town on July 27, 2010, as supplemented by a resolution adopted by the Council of the Town on July 27, 2010 (collectively, the *"Ordinance"*).

This Tax and Non-Arbitrage Certificate also sets forth certain terms and conditions relating to the restrictions on the use and investment of the proceeds of the Refunding Bonds in order that the interest received by the owners of the Refunding Bonds will be excluded from gross income for federal income tax purposes.

NOW, THEREFORE, the Town hereby certifies, covenants, represents and agrees as follows:

ARTICLE I

GENERAL

Section 1.1 **Authorization.** The Refunding Bonds are being executed and delivered by the Mayor pursuant to the Ordinance and such execution and delivery was authorized by the Ordinance.

Section 1.2 **Definitions.** Capitalized terms used herein which are not otherwise defined herein shall have the respective meanings set forth in the Ordinance or, if not defined in the Ordinance, in Sections 103 and 141 through 150 of the Internal Revenue Code of 1986, as amended (the *"Code"*), and related Treasury Regulations.

Section 1.3 **Purpose of the Refunding Bonds.** The Refunding Bonds are being executed and delivered for and on behalf of the Town for the following purposes:

(i) to refund within 90 days of the issue date of the Refunding Bonds, all of the Town's outstanding Sewer Refunding Revenue Bonds, Series 1997 A (the *"Bonds to be Refunded"*);

(ii) to fund a debt service reserve account for the Refunding Bonds; and

(iii) to pay the costs of issuing the Refunding Bonds.

Section 1.4 **Reliance on Other Parties.** The expectations of the Town concerning certain uses of the proceeds of the Refunding Bonds and other matters are based in whole or in part on representations and certifications of other parties set forth in this Tax and Non-Arbitrage Certificate and accompanying certificates. The Town is not aware of any facts or circumstances that would cause it to question the accuracy or reasonableness of any representation or certification made in this Tax and Non-Arbitrage Certificate and accompanying certificates.

Section 1.5 **Private Activity Bond Representations.** For purposes of determining whether the Refunding Bonds are private activity bonds, the Town makes the following representations. For this purpose, the proceeds of the Refunding Bonds used for refunding purposes are treated in the same manner as the Bonds to be Refunded.

(i) Not more than five percent (5%) of the proceeds of the Refunding Bonds will be used, directly or indirectly, to replace funds which were used in any business carried on by any person other than a state or local governmental unit.

(ii) Not more than ten percent (10%) of the payment of principal of or interest on the Refunding Bonds will be, directly or indirectly, (A) secured by any interest in (1) property used or to be used for a private business use by any person other than a state or local governmental unit, or (2) payments in respect of such property, or (B) derived from payments (whether or not to the Town), in respect of property, or borrowed money, used or to be used for a private business use by any person other than a state or local governmental unit.

(iii) Not more than ten percent (10%) of the proceeds of the Refunding Bonds will be used, directly or indirectly, to make or finance loans to persons other than a state or local governmental unit.

(iv) No user of the facilities that were financed with the Bonds to be Refunded other than a state or local governmental unit will use more than ten percent (10%) of such facilities on any basis other than the same basis as the general public, and no person other than a state or local governmental unit will be a user of more than ten percent (10%) of such facilities as a result of (A) ownership, (B) actual or beneficial use pursuant to a lease or a management or incentive payment contract, or (C) any other similar arrangement.

Section 1.6 **Single Issue for Certain Tax Purposes.** No obligations are (i) being sold at substantially the same time (i.e., within fifteen (15) days) as the Refunding Bonds, (ii) being sold pursuant to the same plan of financing as the Refunding Bonds, and (iii) reasonably expected to be paid from substantially the same source of funds as the Refunding Bonds, determined without regard to guarantees from unrelated parties.

Section 1.7 **Refunding Bonds not Hedge Bonds.** The Town reasonably expected at the time the Bonds to be Refunded were issued, to spend at least eighty-five percent (85%) of the spendable proceeds of such issue to carry out the governmental purposes for which such issue was being issued within three (3) years of the date such issue was issued. Not more than fifty percent (50%) of the Bonds to be Refunded have been or are expected to be, invested in investments having a substantially guaranteed yield for four (4) years or more.

Section 1.8 **Qualified Tax-Exempt Obligations.** The Town has designated the Refunding Bonds as "qualified tax-exempt obligations" for purposes of paragraph (3) of Section 265(b) of the Code and as determined in accordance with Section 265(b)(3) of the Code, and that not more than $30,000,000 aggregate principal amount of obligations the interest on which is excludable (under Section 103(a) of the Code) from gross income for federal income taxes (excluding, however, obligations described in Section 265(b)(3)(C)(ii) of the Code), including the Refunding Bonds, have been or shall be issued by the Town during the calendar year 2010, all as determined in accordance with the Code. None of the Refunding Bonds are part of a direct or indirect composite issue.

ARTICLE II

ARBITRAGE

Section 2.1 **Reasonable Expectations.** This Article II states the reasonable expectations, statements of facts and estimates of the Town with respect to the amount and use of the proceeds of the Refunding Bonds and certain other funds. On the basis of the following, it is not expected that the Refunding Bonds will be *"arbitrage bonds"* within the meaning of Section 148 of the Code.

Section 2.2 **Sale Proceeds.**

(a) Sources of Proceeds. Sale proceeds of the Refunding Bonds, net of accrued interest, are as follows:

Par Amount	$1,605,000
Less Underwriter's Discount	($40,125)
Less Original Issue Discount	($11,108)
Sale Proceeds	$1,553,767

(b) Uses of Proceeds. The sale proceeds of the Refunding Bonds, minus underwriters' discount ($40,125), together with funds currently on deposit with the paying agent for the Bonds to be Refunded in the Series 1997 A Bonds Debt Service Reserve Fund in the

amount of $158,425 and in the Series 1997 A Bonds Sinking Fund in the amount of $111,287.50 are expected to be needed and fully expended as follows:

(i) An amount of $33,920.61 will be deposited in the Series 2010 A Bonds Costs of Issuance Fund established under the Ordinance and used to pay the costs of issuance of the Refunding Bonds;

(ii) An amount of $2,000 will be transferred to the paying agent for the Series 1997 A Bonds on the Closing Date and applied to the payment of the fees and expenses of such paying agent then due and owing with respect to the Bonds to be Refunded;

(iii) Refunding Bond proceeds in the amount of $1,370,546.39 will be deposited on the Closing Date with the paying agent for the Bonds to be Refunded and, together with funds currently on deposit with the paying agent for the Bonds to be Refunded in the Series 1997 A Bonds Debt Service Reserve Fund in the amount of $158,425 and in the Series 1997 A Bonds Sinking Fund in the amount of $111,287.50, shall be transferred on or before September 27, 2010 to the registrar for the Bonds to be Refunded to be applied by the registrar on September 27, 2010 to the payment of the principal of, redemption premium and interest on the Bonds to be Refunded; and

(iv) An amount of $147,300 will be deposited into the Series 2010 A Bonds Debt Service Reserve Fund established under the Ordinance for the Refunding Bonds.

Section 2.3 **No Overissuance.** The total proceeds to be received from the sale of the Refunding Bonds and anticipated investment earnings thereon do not exceed the total of the amount necessary to finance the governmental purposes for which the Refunding Bonds are issued as described above.

Section 2.4 **Investment of Proceeds.** No portion of the Refunding Bonds is being issued solely for the purpose of investing the proceeds at a yield higher than the yield on the Refunding Bonds or to replace funds which were used, directly or indirectly, to acquire investments with a yield higher than the yield on the Refunding Bonds.

Section 2.5 **Funds and Accounts.**

(a) General. The following funds and accounts are created and established or continued under the Ordinance:

(i) Revenue Fund;

(ii) Renewal and Replacement Fund;

(iii) Series 2010 A Bonds Costs of Issuance Fund;

(iv) Rebate Fund;

(v) Series 2010 A Bonds Sinking Fund; and

(vi) Within the Series 2010 A Bonds Sinking Fund, the Series 2010 A Bonds Reserve Account (the "Debt Service Reserve Fund"); and the Series 2010 A Bonds Redemption Account.

The Town certifies that the following subsections accurately reflect various matters relating to these funds and accounts.

(b) Revenue Fund. All monies received from time to time by the Town from the operation of the sewer system of the Town are deposited into the Revenue Fund. From the Revenue Fund such monies are disbursed pursuant to Section 4.03A of the Ordinance. At no time were any proceeds of the Bonds to be Refunded on deposit in the Revenue Fund and no proceeds of the Refunding Bonds shall be deposited in the Revenue Fund.

(c) Renewal and Replacement Fund. A Renewal and Replacement Fund is created under the Ordinance, to be funded through monthly deposits of Gross Revenues. Absent an Event of Default on the Refunding Bonds, and depletion in full of the Series 2010 A Bonds Reserve Account, the Renewal and Replacement Fund is not expected to be used for the purpose of paying debt service on the Refunding Bonds. The Town is required to deposit 2 1/2% of the Gross Revenues each month into the Renewal and Replacement Fund. Disbursements may be made from the Renewal and Replacement Fund at any time to pay for replacements, repairs or improvements of the System. In the event the Town experiences financial difficulties with respect to the System, it is not expected that the Renewal and Replacement Fund or any portion thereof will be available to pay debt service on the Refunding Bonds. Such monies will be invested without restriction as to yield and are not subject to rebate.

(d) Series 2010 A Bonds Costs of Issuance Fund. As described in Section 2.2(b)(ii) hereof, a Series 2010 A Bonds Costs of Issuance Fund is created under the Ordinance to be funded from proceeds of the Refunding Bonds in the amount of $33,920.61 ($35,920.60 less the Municipal Bond Commission (the "MBC") fees of $2,000 wired directly to the MBC), to pay costs of issuance of the Refunding Bonds. Proceeds of the Refunding Bonds deposited in the Costs of Issuance Fund generally may be invested at an unrestricted yield for a period of thirteen (13) months from the date hereof, and, thereafter, at a yield not materially higher than the yield on the Refunding Bonds. For investments of amounts described in the preceding sentence, the term *"materially higher"* means one-thousandth of one percentage point (.001%).

(e) Rebate Fund. The Town has covenanted not to use moneys of any fund or account in connection with the Refunding Bonds in a manner which will cause the Refunding Bonds to be arbitrage bonds within the meaning of Section 148 of the Code. To that end, the Rebate Fund created under the Ordinance and will be funded to the extent required either from transfers from the other funds or accounts or from the Town's general funds. The Paying Agent shall deposit into the Rebate Fund any payments received in accordance with this Tax and Non-Arbitrage Certificate for purposes of paying rebate to the United States Treasury Department and so identified. The amount required to be held in the Rebate Fund at any point in time is determined pursuant to the requirements of the Code, including particularly Section 148(f) of the Code and the Treasury Regulations promulgated thereunder. Moneys in the Rebate Fund are neither pledged to nor expected to be used to pay debt service on the Refunding Bonds.

(f) Series 2010 A Bonds Sinking Fund. The Series 2010 A Bonds Sinking Fund will be used primarily to achieve a proper matching of revenues and debt service within each bond year. To the extent the Series 2010 A Bonds Sinking Fund will be used to pay debt service on the Refunding Bonds, it is expected to be depleted at least once each bond year except for a reasonable carryover amount not to exceed the greater of (i) the earnings on investment of the moneys in these accounts for the immediately preceding bond year, or (ii) one-twelfth (1/12th) of the debt service on the Refunding Bonds for the immediately preceding bond year. Amounts deposited in the Series 2010 A Bonds Sinking Fund will be expended to pay debt service on the Refunding Bonds within thirteen (13) months from the date of deposit therein pursuant to the Ordinance. The Series 2010 A Bonds Sinking Fund is expected to constitute a *"bona fide debt service fund"* within the meaning of the Treasury Regulations.

Amounts deposited into the Series 2010 A Bonds Sinking Fund for the purpose of paying current debt service on the Refunding Bonds may be invested at an unrestricted yield for a period not exceeding thirteen (13) months from the date of the first deposit of such amounts to such fund and, thereafter, at a yield not materially higher than the yield on the Refunding Bonds. For investments of amounts described in the preceding sentence, the term *"materially higher"* means one-thousandth of one percentage point (.001%). As long as the Series 2010 A Bonds Sinking Fund qualifies as bona fide debt service funds, amounts therein will not be subject to the arbitrage rebate requirements of Section 148(f) of the Code.

(g) Series 2010 A Bonds Debt Service Reserve Fund. As described in Section 2.2(b)(iii) hereof, $147,300 of the proceeds of the Refunding Bonds will be deposited in the Series 2010 A Bonds Debt Service Reserve Fund to secure the Refunding Bonds. The Underwriter has certified, in Exhibit A attached hereto, that the establishment and maintenance of the Series 2010 A Bonds Debt Service Reserve Fund is a vital factor in the marketing of the Refunding Bonds. The Series 2010 A Bonds Debt Service Reserve Fund does not exceed the lesser of (i) 10% of the proceeds of the Refunding Bonds, (ii) 125% of average annual debt service on the Refunding Bonds or (iii) maximum annual debt service on the Refunding Bonds. The Series 2010 A Bonds Debt Service Reserve Fund may be invested at an unrestricted yield throughout the term of the Refunding Bonds and is subject to rebate.

(h) Series 2010 A Redemption Account. The Series 2010 A Redemption Account is created under the Ordinance. In the event moneys are deposited into the Series 2010 A Redemption Account, to the extent they are not part of a "bona fide debt service fund" within the meaning of the Treasury Regulations, they will, to the extent the yield thereon exceeds the yield on the Refunding Bonds, be subject to rebate. Otherwise, they will be invested without restriction as to yield and are not subject to rebate.

Section 2.6 **No Replacement.** Other than proceeds of the Refunding Bonds, neither the Town nor any person related to it within the meaning of Section 147(a) of the Code (a *"Related Person"*) has on hand any funds which could legally and practically be used for the purposes for which the Refunding Bonds are being issued which are not pledged, budgeted, earmarked or otherwise necessary to be used for other purposes. Accordingly, no portion of the proceeds of the Refunding Bonds will be used (i) directly or indirectly to replace funds of the Town or any Related Person that could be used for the purpose for which the Refunding Bonds

are being issued, or (ii) to replace any proceeds of any prior issuance of obligations by the Town or any Related Person.

Section 2.7 **No Other Sinking or Pledged Funds.** Except for the Series 2010 A Bonds Sinking Fund, no other funds or accounts have been or are expected to be established, and no moneys or property have been or are expected to be available or pledged (no matter where held or the source thereof) which are expected to be used or available to pay, directly or indirectly, principal or interest on the Refunding Bonds, or restricted so as to give reasonable assurance of their availability for such purposes.

Section 2.8 **No Abusive Arbitrage Device.** The Town certifies, warrants and covenants that the Refunding Bonds are not and will not be part of a transaction or series of transactions that (i) attempts to circumvent the provisions of Section 148 of the Code and related Treasury Regulations, thereby enabling the Town to exploit the difference between tax-exempt and taxable interest rates to obtain a material financial advantage, and (ii) overburdens the tax-exempt bond market in any manner, including, without limitation, issuing more bonds, issuing bonds earlier, or allowing them to remain outstanding longer than is otherwise reasonably necessary to accomplish the governmental purpose of the Refunding Bonds.

Section 2.9 **Temporary Period and Transferred Proceeds.** The Town acknowledges that pursuant to Section 149(d)(3)(A)(iv)(II) of the Code, any temporary period under Section 148(c) of the Code for the proceeds of the Bonds to be Refunded will end on the date hereof, and thus the yield on such proceeds will be restricted to a yield not materially higher than the yield on the Bonds to be Refunded.

Proceeds of each issue of the Bonds to be Refunded will become transferred proceeds of the Refunding Bonds when proceeds of the Refunding Bonds discharge the Bonds to be Refunded on September 27, 2010. When proceeds of the Bonds to be Refunded become transferred proceeds of the Refunding Bonds, the yield on such proceeds will be restricted to a yield not materially higher than the yield on the Refunding Bonds or the Town will make timely yield reduction payments to reduce the yield on such proceeds to a yield not materially higher than the yield on the Refunding Bonds.

ARTICLE III

CALCULATION OF YIELD

Section 3.1 **Yield.** For purposes of this Tax and Non-Arbitrage Certificate, yield is calculated as set forth in Section 148(h) of the Code and Sections 1.148-4 and 1.148-5 of the Treasury Regulations. Thus, yield generally means that discount rate which, when used in computing the present value of all unconditionally payable payments of principal and interest with respect to an obligation and the cost of qualified guarantees (if any) paid and to be paid with respect to such obligation, produces an amount equal to the issue price of the obligation.

The Town certifies, based upon representations of the Underwriters shown in Exhibit A hereto, that the aggregate reoffering price of the Refunding Bonds is $1,593,892, which represents the price at which the Refunding Bonds were sold to the public (excluding bond houses, brokers and other intermediaries) plus accrued interest. For purposes hereof, yield shall

be calculated on a 360-day year basis with interest compounded semiannually. The yield on the Refunding Bonds on an aggregate basis as computed by Crews & Associates, Inc., the underwriter of the Refunding Bonds is at least 4.0887522%.

ARTICLE IV

REBATE

Section 4.1 **Undertakings.** The Town has covenanted to comply with certain requirements of the Code. The Town covenants that it shall retain an arbitrage consultant to determine any rebate due with respect to the Bonds to be Refunded and any rebate or yield reduction payments required to be made with respect to the Refunding Bonds. The Town acknowledges that the United States Department of the Treasury has issued Treasury Regulations with respect to these undertakings, including the proper method for computing whether any rebate amount is due the United States under Section 148(f) of the Code (i.e., Sections 1.148-0 through 1.148-11, 1.149(d)-1, 1.149(g)-1, 1.150-1 and 1.150-2 of the Treasury Regulations). The Town covenants that it will undertake to determine (or have determined on its behalf) what is required with respect to the rebate provisions contained in Section 148(f) of the Code from time to time and will undertake to comply with any requirements that may be applicable to the Refunding Bonds. The Town will undertake the methodology described in this Article IV of this Tax and Non-Arbitrage Certificate, except to the extent inconsistent with any requirements of present or future law, regulations or future guidance issued by the United States Department of the Treasury or if the Town receives an opinion of Bond Counsel.

Section 4.2 **Rebate Fund.** A special fund designated the *"Rebate Fund"* has been continued pursuant to the Ordinance. The Town shall keep the Rebate Fund separate and apart from all other funds and moneys held by it.

Section 4.3 **Recordkeeping.** Detailed records with respect to each and every Nonpurpose Investment attributable to Gross Proceeds (within the meaning of Section 1.148-1(b) of the Treasury Regulations) of the Refunding Bonds must be maintained by the Town, including (i) purchase date, (ii) purchase price, (iii) any accrued interest paid, (iv) face amount, (v) coupon rate, (vi) frequency of interest payments, (vii) disposition price, (viii) any accrued interest received, (ix) disposition date, and (x) broker's fees. Such detailed record keeping is required for the calculation of the rebate amount (within the meaning of Section 1.148-3 of the Treasury Regulations) which, in part, will require a determination of the difference between the actual aggregate earnings of all Nonpurpose Investments and the amount of such earnings assuming a rate of return equal to the yield on the Refunding Bonds.

Section 4.4 **Rebate Amount Calculation and Payment.**

(a) The Town represents, warrants and covenants that it will prepare or cause to be prepared a calculation of the rebate amount with respect to the Refunding Bonds consistent with the rules described in this Section 4.4. The Town will prepare the calculation of the rebate amount (i) within fifty-five (55) days after the close of the fifth Bond Year and each fifth Bond Year thereafter so long as any Refunding Bonds remain unpaid, and (ii) within fifty-five (55) days after the first date on which there are no unpaid Refunding Bonds. Not later than fifty-five

(55) days after the end of the fifth Bond Year and each fifth Bond Year thereafter so long as any Refunding Bond remains unpaid, and within fifty-five (55) days after the last Refunding Bond is paid, the Town shall deposit an amount necessary to increase or decrease the sum held in the Rebate Fund to the rebate amount.

(b) For purposes of calculating the rebate amount (i) the aggregate amount earned with respect to a Nonpurpose Investment shall be determined by assuming that the Nonpurpose Investment was acquired for an amount equal to its value at the time it becomes a Nonpurpose Investment, and (ii) the aggregate amount earned with respect to any Nonpurpose Investment shall include any unrealized gain or loss with respect to the Nonpurpose Investment on the first date when there are no unpaid Refunding Bonds or when the investment ceases to be a Nonpurpose Investment.

(c) The Paying Agent shall pay to the United States Department of the Treasury, pursuant to instructions from the Town, out of designated funds (i) not later than sixty (60) days after the end of each fifth Bond Year, a payment equal to at least ninety percent (90%) of the rebate amount with respect to the Refunding Bonds, calculated as of the end of such fifth Bond Year, and (ii) not later than sixty (60) days after the first date when there are no unpaid Refunding Bonds, an amount equal to one hundred percent (100%) of the rebate amount (determined as of the first date when there are no unpaid Refunding Bonds) plus any actual or imputed earnings on such rebate amount, all as set forth in Sections 1.148-1 through 1.148-11 of the Treasury Regulations and as determined by or on behalf of the Town.

(d) Each payment required to be made pursuant hereto and relating to the Refunding Bonds shall be filed with the Internal Revenue Service Center designated in the then-applicable Internal Revenue Service forms and instructions, on or before the date such payment is due and shall be accompanied by Internal Revenue Service Form 8038-T or successor form. The Town must retain records of the calculations required by this Section 4.4 until six (6) years after the retirement of the last obligation of the Refunding Bonds.

Section 4.5 <u>Valuation of Investments</u>.

(a) <u>General Rule</u>. Except as otherwise provided in this Section 4.5, for all purposes of Section 148 of the Code, the value of an investment allocated to the Refunding Bonds (including a payment or receipt on the investment) on a date must be determined using one of the following valuation methods:

(i) <u>Outstanding Principal Amount Method</u>. A plain par investment (as defined in Section 1.148-1(b) of the Treasury Regulations) may be valued at its outstanding stated principal amount, plus any accrued unpaid interest on that date.

(ii) <u>Present Value Method</u>. An investment whose yield is fixed and determinable on the issue date (a *"fixed rate investment"*) may be valued at its present value on that date. Present value of an investment is computed under the economic accrual method, using the same compounding interval and financial conventions used to compute the yield on the Refunding Bonds (<u>i.e.</u>, 360-day year basis with interest compounded semiannually). The present value of an investment on a date is equal to the

present value of all unconditionally payable receipts to be received from and payments to be paid for the investment after that date, using the yield on the investment as the discount rate.

(iii) Fair Market Value Method. An investment may be valued at its fair market value on that date. The fair market value of an investment is the price at which a willing buyer would purchase the investment from a willing seller in a bona fide, arm's-length transaction. Fair market value generally is determined on the date on which a contract to purchase or sell the nonpurpose investment becomes binding (i.e., the trade date rather than the settlement date). Except as otherwise provided in Subsections 4.5(e), (f) and (g) hereof, an investment that is not of a type traded on an established securities market, within the meaning of Section 1273 of the Code, is rebuttably presumed to be acquired or disposed of for a price that is not equal to its fair market value.

(b) Mandatory Valuation of Certain Investments at Fair Market Value. Except as provided in Subsections 4.5(c) and (d), an investment must be valued at fair market value on the date that it is first allocated to the Refunding Bonds or first ceases to be allocated to the Refunding Bonds as a consequence of a deemed acquisition or deemed disposition.

(c) Mandatory Valuation of Yield Restricted Investments at Present Value. Any yield restricted investment must be valued at present value.

(d) Transferred Proceeds Allocations, Universal Cap Allocations and Commingled Funds. Notwithstanding Subsection 4.5(b) hereof, an investment need not be valued at fair market value if it is allocated to the Refunding Bonds or ceases to be allocated to the Refunding Bonds as a result of the transferred proceeds allocation rule under Section 1.148-9(b) of the Treasury Regulations or the universal cap rule under Section 1.148-6(b)(2) of the Treasury Regulations. In addition, investments in a commingled fund (other than a bona fide debt service fund) need not be valued at fair market value unless it is a commingled fund described in Section 1.148-6(e)(5)(iii) of the Treasury Regulations.

(e) Certificates of Deposit. The purchase price of a certificate of deposit that has a fixed interest rate, a fixed payment schedule and a substantial penalty for early withdrawal will be treated as its fair market value on the purchase date if:

(i) the yield on the certificate of deposit is not less than the yield on reasonably comparable direct obligations of the United States; and

(ii) the yield on the certificate of deposit is not less than the highest yield that is published or posted by the provider to be currently available from the provider on reasonably comparable certificates of deposit offered to the public.

(f) Guaranteed Investment Contracts. The purchase price of a guaranteed investment contract will be treated as its fair market value on the purchase date if:

(i) the Town has made (or had made on its behalf) a bona fide solicitation for a specified guaranteed investment contract and received at least three (3) bona fide bids from providers that have no material financial interest in the Refunding Bonds;

(ii) the Town purchased (or had purchased on its behalf) the highest-yielding guaranteed investment contract for which a qualifying bid is made (determined net of broker's fees);

(iii) the yield on the guaranteed investment contract (determined net of broker's fees) is not less than the yield then available from the provider on reasonably comparable guaranteed investment contract, if any, offered to other persons from a source of funds other than gross proceeds of tax-exempt bonds;

(iv) the determination of the terms of the guaranteed investment contract took into account as a significant factor the Town's reasonably expected drawdown schedule for the amounts to be invested, exclusive of amounts deposited in debt service funds and reasonably required reserve or replacement funds;

(v) the terms of the guaranteed investment contract, including collateral security requirements, are reasonable; and

(vi) the provider of the guaranteed investment contract certified the administrative costs that it paid (or expects to pay) to third parties in connection with the guaranteed investment contract.

(g) United States Treasury Obligations. The fair market value of a United States Treasury obligation that is purchased directly from the United States Treasury is its purchase price.

Section 4.6 **Segregation of Proceeds**. In order to perform the calculations required by the Code, it is necessary to track separately all of the Gross Proceeds. To that end, the Town hereby agrees to establish separate funds, accounts or subaccounts or take other accounting measures in order to account fully for all Gross Proceeds.

Section 4.7 **Filing Requirements.** The Town shall file or cause to be filed such reports or other documents with the Internal Revenue Service as may be required by the Code from time to time (e.g., Form 8038-G and Form 8038-T).

ARTICLE V

OTHER MATTERS

Section 5.1 **Authority.** The undersigned are authorized representatives of the Town and are acting for and on behalf of the Town in executing this Tax and Non-Arbitrage Certificate. To the best of the knowledge and belief of the undersigned representatives of the Town, there are no other facts, estimates or circumstances that would materially change the expectations as set forth herein, and said expectations are reasonable.

Section 5.2 **Amendment and Supplementation**.

(a) Notwithstanding any other provision herein, the parties hereby agree to amend, supplement or modify this Tax and Non-Arbitrage Certificate to the extent necessary to maintain

the exclusion of interest on the Refunding Bonds from gross income for federal tax purposes as required pursuant to an opinion of Bond Counsel.

(b) Notwithstanding any other provision herein, if the parties request an amendment, supplementation or modification hereto, this Tax and Non-Arbitrage Certificate shall be so amended, supplemented or modified only if accompanied by an opinion of Bond Counsel.

Section 5.3 **Severability.** If any provision of this Tax and Non-Arbitrage Certificate (including all accompanying certificates) shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining portions hereof shall not in any way be affected or impaired thereby.

Section 5.4 **Multiple Counterparts.** This Tax and Non-Arbitrage Certificate may be simultaneously executed in multiple counterparts, all of which shall constitute one and the same instrument, and each of which shall be deemed to be an original.

Section 5.5 **Survival of Defeasance.** Notwithstanding anything in this Tax and Non-Arbitrage Certificate or any other provisions of the Ordinance to the contrary, the obligation to remit the rebate amount to the United States Department of the Treasury and to comply with all other requirements contained in this Tax and Non-Arbitrage Certificate shall survive the defeasance or payment in full of the Refunding Bonds.

Section 5.6 **Permitted Changes; Opinion of Bond Counsel.** The yield restrictions contained in Section 2.5 or any other restriction or covenant contained herein need not be observed or may be changed if the Town receives an opinion of Bond Counsel to the effect that such noncompliance or change will not adversely affect the exclusion of interest on the Refunding Bonds for federal income tax purposes.

Section 5.7 **Successors and Assigns.** The terms, provisions, covenants and conditions of this Tax and Non-Arbitrage Certificate shall bind and inure to the benefit of the respective successors and assigns of the Town.

Section 5.8 **Headings.** The headings of this Tax and Non-Arbitrage Certificate are inserted for convenience only and shall not be deemed to constitute a part of this Tax and Non-Arbitrage Certificate.

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DATED as of this 27th day of August, 2010.

THE TOWN OF KINGWOOD
WEST VIRGINIA

By: James G. Lobb
Its: Mayor

EXHIBIT A

CERTIFICATE OF UNDERWRITER

See Transcript No. 26

The Town of Kingwood
Sewer Refunding Revenue Bonds, Series 2010 A
(Tax-Exempt)

CERTIFICATE OF DETERMINATIONS

The undersigned, James G. Lobb, Mayor of The Town of Kingwood (the "Issuer"), in accordance with the Supplemental Parameters Resolution adopted by the Governing Body of the Issuer on July 27, 2010 (the "Supplemental Parameters Resolution"), with respect to the Issuer's Sewer Refunding Revenue Bonds, Series 2010 A (the "Series 2010 A Bonds"), hereby finds and determines as follows:

1. The Series 2010 A Bonds shall be dated August 27, 2010 shall bear interest on April 1 and October 1 of each year and payable commencing April 1, 2011.

2. The Series 2010 A Bonds shall be issued in the aggregate principal amount of $1,605,000. The interest rates on the Series 2010 A Bonds do not exceed 6%, being the maximum interest rate authorized by the Supplemental Parameters Resolution. The Net Present Value of the savings realized from such refunding is not less than 2%.

3. The Series 2010 A Bonds shall mature in the amounts and on the dates and shall be subject to mandatory sinking fund redemption in the amounts and on the dates set forth on Schedule 1 attached hereto and incorporated herein.

4. The Series 2010 A Bonds shall bear interest at the rates and produce the yields set forth on Schedule 1 attached hereto and incorporated herein.

5. The Series 2010 A Bonds shall be subject to optional redemption as set forth on Schedule 2 attached hereto and incorporated herein.

6. The Series 2010 A Bonds shall be sold to Crews & Associates, Inc. (the "Underwriter"), pursuant to the terms of the Bond Purchase Agreement by and between the Underwriter and the Issuer, at an aggregate purchase price of $1,553,767 (representing par value of $1,605,000 less an Underwriter's discount of $40,125 and less an original issue discount of $11,108).

7. The forms of the Bond Purchase Agreement, the Tax Certificate, the Continuing Disclosure Agreement, the Official Statement, the Rule 15c2-12 Certificate and the Registrar Agreement attached hereto are hereby approved.

The undersigned hereby certifies that the foregoing terms and conditions of the Series 2010 A Bonds are within the parameters prescribed by the Supplemental Parameters

Resolution, and the Series 2010 A Bonds may be issued with such terms and conditions as authorized by the Supplemental Parameters Resolution.

WITNESS my signature this 27th day of August, 2010.

THE TOWN OF KINGWOOD

By: _____
Its: Mayor

08.12.10
485090.00005

SCHEDULE 1

SERIES 2010 A BOND TERMS

Bond No.	Maturity Date (October 1)	Principal Amount	Interest Rate	Yield
AR-1	2013	$250,000	3.000%	3.000%
AR-2	2016	$285,000	3.500%	3.500%
AR-3	2020	$430,000	4.000%	4.000%
AR-4	2022	$240,000	4.000%	4.200%
AR-5	2025	$400,000	4.250%	4.400%

SCHEDULE 2

SERIES 2010 A BONDS REDEMPTION PROVISIONS:

Optional Redemption

The Series 2010 A Bonds maturing on and after October 1, 2016, are subject to redemption at the option of the Town, prior to maturity, on or after October 1, 2015, in whole or in part at any time from amounts deposited with the Bond Commission by the Town or from other funds available therefore at a redemption price equal to the principal amount thereof, plus accrued interest to the date fixed for redemption.

If fewer than all of the Series 2010 A Bonds shall be called for optional redemption, the particular maturities of the Series 2010 A Bonds to be redeemed shall be selected by the Town in such manner as it shall determine. So long as the Series 2010 A Bonds are maintained under a book-entry system, the selection of individual ownership interests in the Series 2010 A Bonds to be credited with any partial redemption shall be made as described herein under "BOOK-ENTRY ONLY SYSTEM."

Mandatory Redemption

The Series 2010 A Bonds maturing October 1, 2013, shall be subject to mandatory redemption prior to maturity in part from moneys on deposit in the Series 2010 A Bonds Sinking Fund at a redemption price equal to 100% of the principal amount thereof, plus accrued interest to the mandatory redemption date, on October 1, 2011, and on each October 1 thereafter to and including October 1, 2013, in annual principal amounts as follows:

Year	Amount
2011	$75,000
2012	$85,000
2013 (Maturity)	$90,000

The principal amount of Series 2010 A Bonds maturing October 1, 2013, delivered to or purchased by the Trustee shall reduce pro tanto the principal amount of Series 2010 A Bonds to be redeemed on the mandatory redemption date with respect to such maturity next following such delivery or purchase.

The Series 2010 A Bonds maturing October 1, 2016, shall be subject to mandatory redemption prior to maturity in part from moneys on deposit in the Series 2010 A Bonds Sinking Fund at a redemption price equal to 100% of the principal amount thereof, plus accrued interest to the mandatory redemption date, on October 1, 2014, and on each October 1 thereafter to and including October 1, 2016, in annual principal amounts as follows:

Year	Amount
2014	$90,000
2015	$95,000
2016 (Maturity)	$100,000

The principal amount of Series 2010 A Bonds maturing October 1, 2016, delivered to or purchased by the Trustee shall reduce pro tanto the principal amount of Series 2010 A Bonds to be redeemed on the mandatory redemption date with respect to such maturity next following such delivery or purchase.

The Series 2010 A Bonds maturing October 1, 2020, shall be subject to mandatory redemption prior to maturity in part from moneys on deposit in the Series 2010 A Bonds Sinking Fund at a redemption price equal to 100% of the principal amount thereof, plus accrued interest to the mandatory redemption date, on October 1, 2017, and on each October 1 thereafter to and including October 1, 2020, in annual principal amounts as follows:

Year	Amount
2017	$100,000
2018	$105,000
2019	$110,000
2020 (Maturity)	$115,000

The principal amount of Series 2010 A Bonds maturing October 1, 2020, delivered to or purchased by the Trustee shall reduce pro tanto the principal amount of Series 2010 A Bonds to be redeemed on the mandatory redemption date with respect to such maturity next following such delivery or purchase.

The Series 2010 A Bonds maturing October 1, 2022, shall be subject to mandatory redemption prior to maturity in part from moneys on deposit in the Series 2010 A Bonds Sinking Fund at a redemption price equal to 100% of the principal amount thereof, plus accrued interest to the mandatory redemption date, on October 1, 2021, and on each October 1 thereafter to and including October 1, 2022, in annual principal amounts as follows:

Year	Amount
2021	$115,000
2022 (Maturity)	$125,000

The principal amount of Series 2010 A Bonds maturing October 1, 2022, delivered to or purchased by the Trustee shall reduce pro tanto the principal amount of Series 2010 A Bonds to be redeemed on the mandatory redemption date with respect to such maturity next following such delivery or purchase.

The Series 2010 A Bonds maturing October 1, 2025, shall be subject to mandatory redemption prior to maturity in part from moneys on deposit in the Series 2010 A Bonds Sinking Fund at a redemption price equal to 100% of the principal amount thereof, plus accrued interest

to the mandatory redemption date, on October 1, 2023, and on each October 1 thereafter to and including October 1, 2025, in annual principal amounts as follows:

Year	Amount
2023	$125,000
2024	$135,000
2025 (Maturity)	$140,000

The principal amount of Series 2010 A Bonds maturing October 1, 2025, delivered to or purchased by the Trustee shall reduce pro tanto the principal amount of Series 2010 A Bonds to be redeemed on the mandatory redemption date with respect to such maturity next following such delivery or purchase.

The Town of Kingwood
Sewer Refunding Revenue Bonds, Series 2010 A

CROSS-RECEIPT FOR BONDS AND BOND PROCEEDS

The undersigned Gregory B. Isaacs, Senior Managing Director of CREWS & ASSOCIATES, INC. (the "Underwriter") and James G. Lobb, Mayor of The Town of Kingwood (the "Issuer"), for and on behalf of the Issuer, hereby certify this 27th day of August, 2010 as follows:

1. On the 27th day of August, 2010, in New York, New York, the Underwriter received the entire original issue of $1,605,000 in aggregate principal amount of The Town of Kingwood Sewer Refunding Revenue Bonds, Series 2010 A (the "Series 2010 A Bonds" or "Bonds"). The Bonds, as so received on original issuance, are dated August 27, 2010, are in fully registered form, are numbered from AR-1 upward in order of maturity and are registered in the name of "CEDE & CO."

2. At the time of such receipt of the Bonds, they had been executed by James G. Lobb as Mayor of the Issuer by their manual signatures, and the official seal of the Issuer had been impressed upon each Bond and attested by William Robertson as Recorder of the Issuer by his manual signature, and had been authenticated by an authorized officer of WesBanco Bank, Inc., Wheeling, West Virginia, as Registrar.

3. The Issuer has received and hereby acknowledges receipt from the Underwriter, as the original purchaser of the Bonds, of the proceeds of the Series 2010 A Bonds, as follows:

Par Amount of Series 2010 A Bonds	$1,605,000.00
Less: Original Issue Discount	($11,108.00)
Less: Underwriter's Discount	($40,125.00)
Total	$1,553,767.00

Series 2010 A Bonds proceeds in the amount of $1,553,767 was made in immediately available funds (federal funds wire) and the uses are shown below:

Refund a portion of the Series 1997 A Bond	$1,370,546.39
Fund the Series 2010 A Bonds Reserve	$147,300.00
Cost of Issuance and Rounding Amount	$35,920.61
Total	$1,553,767.00

WITNESS our signatures on the day and year first written above.

CREWS & ASSOCIATES, INC.

By: _____
Its: Senior Managing Director

THE TOWN OF KINGWOOD

By: _____
Its: Mayor

08.12.10
485090.00005

The Town of Kingwood
Sewer Refunding Revenue Bonds, Series 2010 A

DIRECTION TO AUTHENTICATE AND DELIVER BONDS

WesBanco Bank, Inc., as Registrar
1 Bank Plaza
Wheeling, West Virginia 26003

Ladies and Gentlemen:

There are delivered to you herewith (or have previously been delivered to you) as Registrar for the above-captioned Bonds on this 27th day of August, 2010:

1. Bonds No. AR-1 through AR-5 constituting the entire original issue of The Town of Kingwood Sewer Refunding Revenue Bonds, Series 2010 A dated August 27, 2010, in the aggregate principal amount of $1,605,000, (the "Bonds"), executed by the Mayor, and Recorder of The Town of Kingwood (the "Issuer") and bearing the official seal of the Issuer. The Bonds are authorized to be issued under and pursuant to an Ordinance enacted by the Issuer on July 27, 2010, as supplemented by a Supplemental Parameters Resolution adopted by the Issuer on July 27, 2010 (collectively, the "Ordinance").

2. A copy of the Ordinance duly certified by the Recorder.

3. Signed, unqualified approving opinions of Steptoe & Johnson PLLC, as bond counsel with respect to the Bonds.

4. A list of the names in which the Bonds are to be registered upon original issuance, together with taxpayer identification and other information as requested by you.

5. Copies of such other documents, certificates and verifications as required by the Original Purchaser.

You are hereby requested and authorized, pursuant to Section 3.12 of the Ordinance, to authenticate, register and deliver the Bonds to the Depository Trust Company, New York, New York, for the account of Crews & Associates, Inc. as the Original Purchaser thereof.

Dated the day and year first written above.

THE TOWN OF KINGWOOD

By: _____
Its: Mayor

08.12.10
485090.00005

Except as otherwise provided in the Ordinance, this global bond may be transferred, in whole but not in part, only to another nominee of DTC (as defined in the Ordinance) or to a successor of DTC or to a nominee of a successor of DTC. Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to Town or its agent for registration of transfer, exchange, or payment, and any Bond issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

No. AR-1 $250,000

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE TOWN OF KINGWOOD (WEST VIRGINIA)
SEWER REFUNDING REVENUE BOND, SERIES 2010 A

INTEREST RATE	MATURITY DATE	BOND DATE	CUSIP NO.
3.000%	October 1, 2013	August 27, 2010	496870 AD8

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: TWO HUNDRED FIFTY THOUSAND DOLLARS

KNOW ALL MEN BY THESE PRESENTS: That THE TOWN OF KINGWOOD, a municipal corporation organized and existing under the laws of the State of West Virginia (the "Town"), for value received, hereby promises to pay, solely from the special funds provided therefore, as hereinafter set forth, to the Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, the Principal Amount specified above and solely from such special funds also to pay interest on said Principal Amount from the Interest Payment Date (as hereinafter defined) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, or, if and to the extent that the Town shall default in the payment of interest on any Interest Payment Date, then this Bond shall bear interest from the most recent Interest Payment Date to which interest has been paid or duly provided for, and in which case any Bond surrendered for transfer or exchange shall be dated as of the Interest Payment Date to which interest has been paid in full, at the Interest Rate per

annum specified above, semiannually, on April 1 and October 1, in each year, beginning April 1, 2011 (each an "Interest Payment Date"), until maturity or until the date fixed for redemption if this Bond is called for prior redemption and payment on such date is provided for. Capitalized terms used and not defined herein shall have the meanings ascribed thereto in the hereinafter described Ordinance.

Interest accruing on this Bond on and prior to the Maturity Date hereof shall be payable by check or draft mailed by the West Virginia Municipal Bond Commission, Charleston, West Virginia, as paying agent (in such capacity, the "Paying Agent"), to the Registered Owner hereof as of the applicable Record Date (each March 15 and September 15) or, in the event of a default in the payment of Bonds, that special record date to be fixed by the hereinafter named Registrar by notice given to the Registered Owners not less than 10 days prior to said special record date at the address of such Registered Owner as it appears on the registration books of the Town maintained by WesBanco Bank, Inc, Wheeling, West Virginia, as registrar (in such capacity, the "Registrar"), or, at the option of any Registered Owner of at least $1,000,000 in aggregate principal amount of Bonds, by wire transfer in immediately available funds to a domestic bank account specified in writing by the Registered Owner to the Paying Agent at least 5 days prior to such Record Date. Principal and premium, if any, shall be paid when due upon presentation and surrender of this Bond for payment at the principal office of the Paying Agent, in Charleston, West Virginia.

This Bond is one of an issue of a series of bonds, in the aggregate principal amount of $1,605,000 designated "The Town of Kingwood (West Virginia) Sewer Refunding Revenue Bonds, Series 2010 A" (the "Bonds"), of like tenor and effect, except as to number, denomination, date of maturity and interest rate, dated August 27, 2010, the proceeds of which are to be used (i) to finance the costs of currently refunding the Town's Series 1997 A Refunding Revenue Bonds, (ii) to fund the Series 2010 A Bonds Reserve Account, and (iii) to pay certain costs of issuance of the Series 2010 A Bonds and related costs. The Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13 of the Code of West Virginia, 1931, as amended (the "Act"), and an ordinance duly enacted by the Council of the Town on July 27, 2010, and supplemented by supplemental resolutions adopted by said Council on July 27, 2010, (hereinafter collectively referred to as the "Ordinance"), and is subject to all the terms and conditions of said Ordinance. The Ordinance provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Ordinance. Reference is hereby made to the Ordinance, as the same may be amended and supplemented from time to time, for a description of the rights, limitations of rights, obligations, duties and immunities of the Town, the Registrar, the Paying Agent, the Registered Owners of the Bonds and the Registered Owners of any subsequently issued additional bonds. Executed counterparts or certified copies of the Ordinance are on file at the office of the Recorder in The Town of Kingwood, West Virginia.

The Bonds of this issue are subject to redemption prior to their stated maturity dates, as provided in the Ordinance and as set forth below:

Optional Redemption

The Series 2010 A Bonds maturing on and after October 1, 2016, are subject to redemption at the option of the Town, prior to maturity, on or after October 1, 2015, in whole or in part at any time from amounts deposited with the Bond Commission by the Town or from other funds available therefore at a redemption price equal to the principal amount thereof, plus accrued interest to the date fixed for redemption.

If fewer than all of the Series 2010 A Bonds shall be called for optional redemption, the particular maturities of the Series 2010 A Bonds to be redeemed shall be selected by the Town in such manner as it shall determine. So long as the Series 2010 A Bonds are maintained under a book-entry system, the selection of individual ownership interests in the Series 2010 A Bonds to be credited with any partial redemption shall be made as described herein under "BOOK-ENTRY ONLY SYSTEM."

Mandatory Redemption

The Series 2010 A Bonds maturing October 1, 2013, shall be subject to mandatory redemption prior to maturity in part from moneys on deposit in the Series 2010 A Bonds Sinking Fund at a redemption price equal to 100% of the principal amount thereof, plus accrued interest to the mandatory redemption date, on October 1, 2011, and on each October 1 thereafter to and including October 1, 2013, in annual principal amounts as follows:

Year	Amount
2011	$75,000
2012	$85,000
2013 (Maturity)	$90,000

The principal amount of Series 2010 A Bonds maturing October 1, 2013, delivered to or purchased by the Trustee shall reduce pro tanto the principal amount of Series 2010 A Bonds to be redeemed on the mandatory redemption date with respect to such maturity next following such delivery or purchase.

The Series 2010 A Bonds maturing October 1, 2016, shall be subject to mandatory redemption prior to maturity in part from moneys on deposit in the Series 2010 A Bonds Sinking Fund at a redemption price equal to 100% of the principal amount thereof, plus accrued interest to the mandatory redemption date, on October 1, 2014, and on each October 1 thereafter to and including October 1, 2016, in annual principal amounts as follows:

Year	Amount
2014	$90,000

2015	$95,000
2016 (Maturity)	$100,000

The principal amount of Series 2010 A Bonds maturing October 1, 2016, delivered to or purchased by the Trustee shall reduce pro tanto the principal amount of Series 2010 A Bonds to be redeemed on the mandatory redemption date with respect to such maturity next following such delivery or purchase.

The Series 2010 A Bonds maturing October 1, 2020, shall be subject to mandatory redemption prior to maturity in part from moneys on deposit in the Series 2010 A Bonds Sinking Fund at a redemption price equal to 100% of the principal amount thereof, plus accrued interest to the mandatory redemption date, on October 1, 2017, and on each October 1 thereafter to and including October 1, 2020, in annual principal amounts as follows:

Year	Amount
2017	$100,000
2018	$105,000
2019	$110,000
2020 (Maturity)	$115,000

The principal amount of Series 2010 A Bonds maturing October 1, 2020, delivered to or purchased by the Trustee shall reduce pro tanto the principal amount of Series 2010 A Bonds to be redeemed on the mandatory redemption date with respect to such maturity next following such delivery or purchase.

The Series 2010 A Bonds maturing October 1, 2022, shall be subject to mandatory redemption prior to maturity in part from moneys on deposit in the Series 2010 A Bonds Sinking Fund at a redemption price equal to 100% of the principal amount thereof, plus accrued interest to the mandatory redemption date, on October 1, 2021, and on each October 1 thereafter to and including October 1, 2022, in annual principal amounts as follows:

Year	Amount
2021	$115,000
2022 (Maturity)	$125,000

The principal amount of Series 2010 A Bonds maturing October 1, 2022, delivered to or purchased by the Trustee shall reduce pro tanto the principal amount of Series 2010 A Bonds to be redeemed on the mandatory redemption date with respect to such maturity next following such delivery or purchase.

The Series 2010 A Bonds maturing October 1, 2025, shall be subject to mandatory redemption prior to maturity in part from moneys on deposit in the Series 2010 A Bonds Sinking Fund at a redemption price equal to 100% of the principal amount thereof, plus accrued interest

to the mandatory redemption date, on October 1, 2023, and on each October 1 thereafter to and including October 1, 2025, in annual principal amounts as follows:

Year	Amount
2023	$125,000
2024	$135,000
2025 (Maturity)	$140,000

The principal amount of Series 2010 A Bonds maturing October 1, 2025, delivered to or purchased by the Trustee shall reduce pro tanto the principal amount of Series 2010 A Bonds to be redeemed on the mandatory redemption date with respect to such maturity next following such delivery or purchase.

Notice of Redemption

So long as the Series 2010 A Bonds are maintained under a book-entry system, notice of the call for any redemption of the Series 2010 A Bonds shall be given as described below under "BOOK-ENTRY ONLY SYSTEM." At any other time, notice to the registered owner of any redemption shall be given by the Registrar not less than 30 nor more than 60 days prior to the date fixed for redemption by registered or certified mail at the address appearing in the Register. Failure to receive such notice or any defect in the mailing thereof shall not affect the validity of any proceedings for the redemption of the Series 2010 A Bonds; and failure to mail such notice shall not affect the validity of any such proceedings for any Series 2010 A Bond with respect to which no such failure has occurred. Notice of redemption having been given in the manner hereinabove and in the Ordinance described and moneys necessary therefor having been deposited with the Paying Agent, the Series 2010 A Bonds specified in such notice shall on the date fixed for redemption be deemed paid, and interest thereon shall cease to accrue.

If less than all the Bonds are to be redeemed, the Bonds to be redeemed shall be identified by reference to the Series designation, date of issue, CUSIP numbers and Maturity Dates.

Notice of any redemption of this Bond, unless waived, shall be given by the Registrar on behalf of the Town by mailing an official redemption notice by registered or certified mail at least 30 days and not more than 60 days prior to the date fixed for redemption to the Registered Owner of the Bond or Bonds to be redeemed at the address shown on the Bond Register or at such other address as is furnished in writing by such Registered Owner to the Registrar. Notice of redemption having been given as aforesaid, the Bonds or portions of Bonds so to be redeemed shall, on the Redemption Date, become due and payable at the redemption price therein specified, and from and after such date (unless the Town shall default in the payment of the redemption price) such Bonds or portions of Bonds shall cease to bear interest.

Failure to receive such notice or any defect therein or in the mailing thereof shall not affect the validity of proceedings for the redemption of this Bond.

There are outstanding obligations of the Town which will rank on a parity with the Series 2010 A Bonds as to liens, pledge, source of and security for payment, as follows: (1) Sewerage System Design Revenue Bonds, Series 2009 A (West Virginia Water Development Authority), dated January 30, 2009, issued in the original aggregate principal amount of $724,650 (the "Series 2009 A Bonds"); (2) Sewer Revenue Bonds, Series 2001 A (West Virginia SRF Program), dated December 20, 2001, issued in the original aggregate principal amount of $878,181 (the "Series 2001 A Bonds"); and (3) Sewer Revenue Bonds, Series 1986 B (West Virginia Water Development Authority), dated March 26, 1986, issued in the original aggregate principal amount of $850,860 (the "Series 1986 B Bonds") (collectively, the "Prior Bonds").

The Bonds and the interest thereon are payable only from and are secured by the Net Revenues (as defined in the Ordinance) to be derived from the operation of the System, on a parity with the pledge of Net Revenues in favor of the holders of the Prior Bonds and from moneys in the Series 2010 A Bonds Sinking Fund and the Series 2010 A Bonds Reserve Account established under the Ordinance, and the 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 shall be set aside as a special fund hereby pledged for such purpose and to make the other payments required by the Ordinance. This Bond does not constitute an indebtedness of the Town within any constitutional or statutory provision or limitation, nor shall the Town 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 2010 A Bonds Sinking Fund and the Series 2010 A Bonds Reserve Account and unexpended proceeds of the Bonds. Under the Ordinance, the Town has covenanted and agreed to fix, establish and collect just and equitable rates or charges for the use of the services and facilities of the System and to revise the same from time to time as will always be sufficient to pay all operating expenses of the System and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest on the Bonds and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with the Bonds, including the Prior Bonds. The Town has entered into certain further covenants with the Registered Owners of the Bonds, for the terms of which reference is made to the Ordinance. Remedies provided the Registered Owners of the Bonds are exclusively as provided in the Ordinance, to which reference is here made for a detailed description thereof.

All moneys received from the sale of the Bonds except for accrued interest thereon shall be applied solely to finance the current refunding of the Town's outstanding Series 1997 A Refunding Revenue Bonds, fund a reserve account for the Bonds and pay costs of issuance of the Bonds, 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.

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 said

Town, 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 said Town for the prompt payment of the principal of and interest on the Bonds of which this Bond is one.

This Bond, under the provisions of the Act is and has all the qualities and incidents of, a negotiable instrument under the Uniform Commercial Code of the State of West Virginia, but may be transferred only upon the surrender hereof at the office of the Registrar and otherwise as provided by the Ordinance.

This Bond is, under the Act, exempt from all taxation by the State of West Virginia or any county, municipality, political subdivision or agency thereof.

This Bond shall not be entitled to any benefit under the Ordinance, or become valid or obligatory for any purpose, until the certificate of authentication and registration hereon shall have been signed by the Registrar.

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

[Remainder of Page Intentionally Blank]

IN WITNESS WHEREOF, THE TOWN OF KINGWOOD has caused this Bond to be signed by its Mayor and, and its corporate seal to be imprinted hereon and attested by its Recorder, and has caused this Bond to be dated as of the Bond Date specified above.

[SEAL]

Mayor

ATTEST:

Recorder

CERTIFICATE OF AUTHENTICATION
AND REGISTRATION

This Bond is one of the fully registered Bonds described in the within-mentioned Ordinance and has been duly registered in the name of the Registered Owner on the date set forth below. Attached hereto is the complete text of the opinion of Steptoe & Johnson PLLC, bond counsel, signed originals of which are on file with the Registrar, delivered and dated on the date of the original delivery of and payment for the Bonds.

Dated: August 27, 2010

WESBANCO BANK, INC.,
as Registrar

By _____
Its Authorized Officer

(Form of)

ASSIGNMENT

Social Security or Other Identifying Number of Assignee _____
_____

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

Dated: _____, 20_____.

_____

SIGNATURE GUARANTEED:

_____
(Bank, Trust Company or Firm)

_____
(Authorized Officer)

NOTICE: The Assignor's signature to this Assignment must correspond with the name as it appears upon the face of the within Bond in every particular, without alteration or any change whatever.

485090.00005

Except as otherwise provided in the Ordinance, this global bond may be transferred, in whole but not in part, only to another nominee of DTC (as defined in the Ordinance) or to a successor of DTC or to a nominee of a successor of DTC. Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to Town or its agent for registration of transfer, exchange, or payment, and any Bond issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

No. AR-2 $285,000

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE TOWN OF KINGWOOD (WEST VIRGINIA)
SEWER REFUNDING REVENUE BOND, SERIES 2010 A

INTEREST RATE	MATURITY DATE	BOND DATE	CUSIP NO.
3.500%	October 1, 2016	August 27, 2010	496870 AE6

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: TWO HUNDRED EIGHTY-FIVE THOUSAND DOLLARS

KNOW ALL MEN BY THESE PRESENTS: That THE TOWN OF KINGWOOD, a municipal corporation organized and existing under the laws of the State of West Virginia (the "Town"), for value received, hereby promises to pay, solely from the special funds provided therefore, as hereinafter set forth, to the Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, the Principal Amount specified above and solely from such special funds also to pay interest on said Principal Amount from the Interest Payment Date (as hereinafter defined) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, or, if and to the extent that the Town shall default in the payment of interest on any Interest Payment Date, then this Bond shall bear interest from the most recent Interest Payment Date to which interest has been paid or duly provided for, and in which case any Bond surrendered for transfer or exchange shall be dated as of the Interest Payment Date to which interest has been paid in full, at the Interest Rate per

annum specified above, semiannually, on April 1 and October 1, in each year, beginning April 1, 2011 (each an "Interest Payment Date"), until maturity or until the date fixed for redemption if this Bond is called for prior redemption and payment on such date is provided for. Capitalized terms used and not defined herein shall have the meanings ascribed thereto in the hereinafter described Ordinance.

Interest accruing on this Bond on and prior to the Maturity Date hereof shall be payable by check or draft mailed by the West Virginia Municipal Bond Commission, Charleston, West Virginia, as paying agent (in such capacity, the "Paying Agent"), to the Registered Owner hereof as of the applicable Record Date (each March 15 and September 15) or, in the event of a default in the payment of Bonds, that special record date to be fixed by the hereinafter named Registrar by notice given to the Registered Owners not less than 10 days prior to said special record date at the address of such Registered Owner as it appears on the registration books of the Town maintained by WesBanco Bank, Inc, Wheeling, West Virginia, as registrar (in such capacity, the "Registrar"), or, at the option of any Registered Owner of at least $1,000,000 in aggregate principal amount of Bonds, by wire transfer in immediately available funds to a domestic bank account specified in writing by the Registered Owner to the Paying Agent at least 5 days prior to such Record Date. Principal and premium, if any, shall be paid when due upon presentation and surrender of this Bond for payment at the principal office of the Paying Agent, in Charleston, West Virginia.

This Bond is one of an issue of a series of bonds, in the aggregate principal amount of $1,605,000 designated "The Town of Kingwood (West Virginia) Sewer Refunding Revenue Bonds, Series 2010 A" (the "Bonds"), of like tenor and effect, except as to number, denomination, date of maturity and interest rate, dated August 27, 2010, the proceeds of which are to be used (i) to finance the costs of currently refunding the Town's Series 1997 A Refunding Revenue Bonds, (ii) to fund the Series 2010 A Bonds Reserve Account, and (iii) to pay certain costs of issuance of the Series 2010 A Bonds and related costs. The Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13 of the Code of West Virginia, 1931, as amended (the "Act"), and an ordinance duly enacted by the Council of the Town on July 27, 2010, and supplemented by supplemental resolutions adopted by said Council on July 27, 2010, (hereinafter collectively referred to as the "Ordinance"), and is subject to all the terms and conditions of said Ordinance. The Ordinance provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Ordinance. Reference is hereby made to the Ordinance, as the same may be amended and supplemented from time to time, for a description of the rights, limitations of rights, obligations, duties and immunities of the Town, the Registrar, the Paying Agent, the Registered Owners of the Bonds and the Registered Owners of any subsequently issued additional bonds. Executed counterparts or certified copies of the Ordinance are on file at the office of the Recorder in The Town of Kingwood, West Virginia.

The Bonds of this issue are subject to redemption prior to their stated maturity dates, as provided in the Ordinance and as set forth below:

Optional Redemption

The Series 2010 A Bonds maturing on and after October 1, 2016, are subject to redemption at the option of the Town, prior to maturity, on or after October 1, 2015, in whole or in part at any time from amounts deposited with the Bond Commission by the Town or from other funds available therefore at a redemption price equal to the principal amount thereof, plus accrued interest to the date fixed for redemption.

If fewer than all of the Series 2010 A Bonds shall be called for optional redemption, the particular maturities of the Series 2010 A Bonds to be redeemed shall be selected by the Town in such manner as it shall determine. So long as the Series 2010 A Bonds are maintained under a book-entry system, the selection of individual ownership interests in the Series 2010 A Bonds to be credited with any partial redemption shall be made as described herein under "BOOK-ENTRY ONLY SYSTEM."

Mandatory Redemption

The Series 2010 A Bonds maturing October 1, 2013, shall be subject to mandatory redemption prior to maturity in part from moneys on deposit in the Series 2010 A Bonds Sinking Fund at a redemption price equal to 100% of the principal amount thereof, plus accrued interest to the mandatory redemption date, on October 1, 2011, and on each October 1 thereafter to and including October 1, 2013, in annual principal amounts as follows:

Year	Amount
2011	$75,000
2012	$85,000
2013 (Maturity)	$90,000

The principal amount of Series 2010 A Bonds maturing October 1, 2013, delivered to or purchased by the Trustee shall reduce pro tanto the principal amount of Series 2010 A Bonds to be redeemed on the mandatory redemption date with respect to such maturity next following such delivery or purchase.

The Series 2010 A Bonds maturing October 1, 2016, shall be subject to mandatory redemption prior to maturity in part from moneys on deposit in the Series 2010 A Bonds Sinking Fund at a redemption price equal to 100% of the principal amount thereof, plus accrued interest to the mandatory redemption date, on October 1, 2014, and on each October 1 thereafter to and including October 1, 2016, in annual principal amounts as follows:

Year	Amount
2014	$90,000

2015	$95,000
2016 (Maturity)	$100,000

The principal amount of Series 2010 A Bonds maturing October 1, 2016, delivered to or purchased by the Trustee shall reduce pro tanto the principal amount of Series 2010 A Bonds to be redeemed on the mandatory redemption date with respect to such maturity next following such delivery or purchase.

The Series 2010 A Bonds maturing October 1, 2020, shall be subject to mandatory redemption prior to maturity in part from moneys on deposit in the Series 2010 A Bonds Sinking Fund at a redemption price equal to 100% of the principal amount thereof, plus accrued interest to the mandatory redemption date, on October 1, 2017, and on each October 1 thereafter to and including October 1, 2020, in annual principal amounts as follows:

Year	Amount
2017	$100,000
2018	$105,000
2019	$110,000
2020 (Maturity)	$115,000

The principal amount of Series 2010 A Bonds maturing October 1, 2020, delivered to or purchased by the Trustee shall reduce pro tanto the principal amount of Series 2010 A Bonds to be redeemed on the mandatory redemption date with respect to such maturity next following such delivery or purchase.

The Series 2010 A Bonds maturing October 1, 2022, shall be subject to mandatory redemption prior to maturity in part from moneys on deposit in the Series 2010 A Bonds Sinking Fund at a redemption price equal to 100% of the principal amount thereof, plus accrued interest to the mandatory redemption date, on October 1, 2021, and on each October 1 thereafter to and including October 1, 2022, in annual principal amounts as follows:

Year	Amount
2021	$115,000
2022 (Maturity)	$125,000

The principal amount of Series 2010 A Bonds maturing October 1, 2022, delivered to or purchased by the Trustee shall reduce pro tanto the principal amount of Series 2010 A Bonds to be redeemed on the mandatory redemption date with respect to such maturity next following such delivery or purchase.

The Series 2010 A Bonds maturing October 1, 2025, shall be subject to mandatory redemption prior to maturity in part from moneys on deposit in the Series 2010 A Bonds Sinking Fund at a redemption price equal to 100% of the principal amount thereof, plus accrued interest

to the mandatory redemption date, on October 1, 2023, and on each October 1 thereafter to and including October 1, 2025, in annual principal amounts as follows:

Year	Amount
2023	$125,000
2024	$135,000
2025 (Maturity)	$140,000

The principal amount of Series 2010 A Bonds maturing October 1, 2025, delivered to or purchased by the Trustee shall reduce pro tanto the principal amount of Series 2010 A Bonds to be redeemed on the mandatory redemption date with respect to such maturity next following such delivery or purchase.

Notice of Redemption

So long as the Series 2010 A Bonds are maintained under a book-entry system, notice of the call for any redemption of the Series 2010 A Bonds shall be given as described below under "BOOK-ENTRY ONLY SYSTEM." At any other time, notice to the registered owner of any redemption shall be given by the Registrar not less than 30 nor more than 60 days prior to the date fixed for redemption by registered or certified mail at the address appearing in the Register. Failure to receive such notice or any defect in the mailing thereof shall not affect the validity of any proceedings for the redemption of the Series 2010 A Bonds; and failure to mail such notice shall not affect the validity of any such proceedings for any Series 2010 A Bond with respect to which no such failure has occurred. Notice of redemption having been given in the manner hereinabove and in the Ordinance described and moneys necessary therefor having been deposited with the Paying Agent, the Series 2010 A Bonds specified in such notice shall on the date fixed for redemption be deemed paid, and interest thereon shall cease to accrue.

If less than all the Bonds are to be redeemed, the Bonds to be redeemed shall be identified by reference to the Series designation, date of issue, CUSIP numbers and Maturity Dates.

Notice of any redemption of this Bond, unless waived, shall be given by the Registrar on behalf of the Town by mailing an official redemption notice by registered or certified mail at least 30 days and not more than 60 days prior to the date fixed for redemption to the Registered Owner of the Bond or Bonds to be redeemed at the address shown on the Bond Register or at such other address as is furnished in writing by such Registered Owner to the Registrar. Notice of redemption having been given as aforesaid, the Bonds or portions of Bonds so to be redeemed shall, on the Redemption Date, become due and payable at the redemption price therein specified, and from and after such date (unless the Town shall default in the payment of the redemption price) such Bonds or portions of Bonds shall cease to bear interest.

Failure to receive such notice or any defect therein or in the mailing thereof shall not affect the validity of proceedings for the redemption of this Bond.

There are outstanding obligations of the Town which will rank on a parity with the Series 2010 A Bonds as to liens, pledge, source of and security for payment, as follows: (1) Sewerage System Design Revenue Bonds, Series 2009 A (West Virginia Water Development Authority), dated January 30, 2009, issued in the original aggregate principal amount of $724,650 (the "Series 2009 A Bonds"); (2) Sewer Revenue Bonds, Series 2001 A (West Virginia SRF Program), dated December 20, 2001, issued in the original aggregate principal amount of $878,181 (the "Series 2001 A Bonds"); and (3) Sewer Revenue Bonds, Series 1986 B (West Virginia Water Development Authority), dated March 26, 1986, issued in the original aggregate principal amount of $850,860 (the "Series 1986 B Bonds") (collectively, the "Prior Bonds").

The Bonds and the interest thereon are payable only from and are secured by the Net Revenues (as defined in the Ordinance) to be derived from the operation of the System, on a parity with the pledge of Net Revenues in favor of the holders of the Prior Bonds and from moneys in the Series 2010 A Bonds Sinking Fund and the Series 2010 A Bonds Reserve Account established under the Ordinance, and the 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 shall be set aside as a special fund hereby pledged for such purpose and to make the other payments required by the Ordinance. This Bond does not constitute an indebtedness of the Town within any constitutional or statutory provision or limitation, nor shall the Town 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 2010 A Bonds Sinking Fund and the Series 2010 A Bonds Reserve Account and unexpended proceeds of the Bonds. Under the Ordinance, the Town has covenanted and agreed to fix, establish and collect just and equitable rates or charges for the use of the services and facilities of the System and to revise the same from time to time as will always be sufficient to pay all operating expenses of the System and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest on the Bonds and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with the Bonds, including the Prior Bonds. The Town has entered into certain further covenants with the Registered Owners of the Bonds, for the terms of which reference is made to the Ordinance. Remedies provided the Registered Owners of the Bonds are exclusively as provided in the Ordinance, to which reference is here made for a detailed description thereof.

All moneys received from the sale of the Bonds except for accrued interest thereon shall be applied solely to finance the current refunding of the Town's outstanding Series 1997 A Refunding Revenue Bonds, fund a reserve account for the Bonds and pay costs of issuance of the Bonds, 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.

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 said

Town, 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 said Town for the prompt payment of the principal of and interest on the Bonds of which this Bond is one.

This Bond, under the provisions of the Act is and has all the qualities and incidents of, a negotiable instrument under the Uniform Commercial Code of the State of West Virginia, but may be transferred only upon the surrender hereof at the office of the Registrar and otherwise as provided by the Ordinance.

This Bond is, under the Act, exempt from all taxation by the State of West Virginia or any county, municipality, political subdivision or agency thereof.

This Bond shall not be entitled to any benefit under the Ordinance, or become valid or obligatory for any purpose, until the certificate of authentication and registration hereon shall have been signed by the Registrar.

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

[Remainder of Page Intentionally Blank]

IN WITNESS WHEREOF, THE TOWN OF KINGWOOD has caused this Bond to be signed by its Mayor and, and its corporate seal to be imprinted hereon and attested by its Recorder, and has caused this Bond to be dated as of the Bond Date specified above.

[SEAL]

Mayor

ATTEST:

Recorder

CERTIFICATE OF AUTHENTICATION
AND REGISTRATION

This Bond is one of the fully registered Bonds described in the within-mentioned Ordinance and has been duly registered in the name of the Registered Owner on the date set forth below. Attached hereto is the complete text of the opinion of Steptoe & Johnson PLLC, bond counsel, signed originals of which are on file with the Registrar, delivered and dated on the date of the original delivery of and payment for the Bonds.

Dated: August 27, 2010

WESBANCO BANK, INC.,
as Registrar

By _____
Its Authorized Officer

(Form of)

ASSIGNMENT

Social Security or Other Identifying Number of Assignee _____
_____

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

Dated: _____, 20_____.

_____

SIGNATURE GUARANTEED:

_____
(Bank, Trust Company or Firm)

_____
(Authorized Officer)

NOTICE: The Assignor's signature to this Assignment must correspond with the name as it appears upon the face of the within Bond in every particular, without alteration or any change whatever.

485090.00005

Except as otherwise provided in the Ordinance, this global bond may be transferred, in whole but not in part, only to another nominee of DTC (as defined in the Ordinance) or to a successor of DTC or to a nominee of a successor of DTC. Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to Town or its agent for registration of transfer, exchange, or payment, and any Bond issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

No. AR-3 $430,000

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE TOWN OF KINGWOOD (WEST VIRGINIA)
SEWER REFUNDING REVENUE BOND, SERIES 2010 A

INTEREST RATE	MATURITY DATE	BOND DATE	CUSIP NO.
4.000%	October 1, 2020	August 27, 2010	496870 AF3

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: FOUR HUNDRED THIRTY THOUSAND DOLLARS

KNOW ALL MEN BY THESE PRESENTS: That THE TOWN OF KINGWOOD, a municipal corporation organized and existing under the laws of the State of West Virginia (the "Town"), for value received, hereby promises to pay, solely from the special funds provided therefore, as hereinafter set forth, to the Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, the Principal Amount specified above and solely from such special funds also to pay interest on said Principal Amount from the Interest Payment Date (as hereinafter defined) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, or, if and to the extent that the Town shall default in the payment of interest on any Interest Payment Date, then this Bond shall bear interest from the most recent Interest Payment Date to which interest has been paid or duly provided for, and in which case any Bond surrendered for transfer or exchange shall be dated as of the Interest Payment Date to which interest has been paid in full, at the Interest Rate per

annum specified above, semiannually, on April 1 and October 1, in each year, beginning April 1, 2011 (each an "Interest Payment Date"), until maturity or until the date fixed for redemption if this Bond is called for prior redemption and payment on such date is provided for. Capitalized terms used and not defined herein shall have the meanings ascribed thereto in the hereinafter described Ordinance.

Interest accruing on this Bond on and prior to the Maturity Date hereof shall be payable by check or draft mailed by the West Virginia Municipal Bond Commission, Charleston, West Virginia, as paying agent (in such capacity, the "Paying Agent"), to the Registered Owner hereof as of the applicable Record Date (each March 15 and September 15) or, in the event of a default in the payment of Bonds, that special record date to be fixed by the hereinafter named Registrar by notice given to the Registered Owners not less than 10 days prior to said special record date at the address of such Registered Owner as it appears on the registration books of the Town maintained by WesBanco Bank, Inc, Wheeling, West Virginia, as registrar (in such capacity, the "Registrar"), or, at the option of any Registered Owner of at least $1,000,000 in aggregate principal amount of Bonds, by wire transfer in immediately available funds to a domestic bank account specified in writing by the Registered Owner to the Paying Agent at least 5 days prior to such Record Date. Principal and premium, if any, shall be paid when due upon presentation and surrender of this Bond for payment at the principal office of the Paying Agent, in Charleston, West Virginia.

This Bond is one of an issue of a series of bonds, in the aggregate principal amount of $1,605,000 designated "The Town of Kingwood (West Virginia) Sewer Refunding Revenue Bonds, Series 2010 A" (the "Bonds"), of like tenor and effect, except as to number, denomination, date of maturity and interest rate, dated August 27, 2010, the proceeds of which are to be used (i) to finance the costs of currently refunding the Town's Series 1997 A Refunding Revenue Bonds, (ii) to fund the Series 2010 A Bonds Reserve Account, and (iii) to pay certain costs of issuance of the Series 2010 A Bonds and related costs. The Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13 of the Code of West Virginia, 1931, as amended (the "Act"), and an ordinance duly enacted by the Council of the Town on July 27, 2010, and supplemented by supplemental resolutions adopted by said Council on July 27, 2010, (hereinafter collectively referred to as the "Ordinance"), and is subject to all the terms and conditions of said Ordinance. The Ordinance provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Ordinance. Reference is hereby made to the Ordinance, as the same may be amended and supplemented from time to time, for a description of the rights, limitations of rights, obligations, duties and immunities of the Town, the Registrar, the Paying Agent, the Registered Owners of the Bonds and the Registered Owners of any subsequently issued additional bonds. Executed counterparts or certified copies of the Ordinance are on file at the office of the Recorder in The Town of Kingwood, West Virginia.

The Bonds of this issue are subject to redemption prior to their stated maturity dates, as provided in the Ordinance and as set forth below:

Optional Redemption

The Series 2010 A Bonds maturing on and after October 1, 2016, are subject to redemption at the option of the Town, prior to maturity, on or after October 1, 2015, in whole or in part at any time from amounts deposited with the Bond Commission by the Town or from other funds available therefore at a redemption price equal to the principal amount thereof, plus accrued interest to the date fixed for redemption.

If fewer than all of the Series 2010 A Bonds shall be called for optional redemption, the particular maturities of the Series 2010 A Bonds to be redeemed shall be selected by the Town in such manner as it shall determine. So long as the Series 2010 A Bonds are maintained under a book-entry system, the selection of individual ownership interests in the Series 2010 A Bonds to be credited with any partial redemption shall be made as described herein under "BOOK-ENTRY ONLY SYSTEM."

Mandatory Redemption

The Series 2010 A Bonds maturing October 1, 2013, shall be subject to mandatory redemption prior to maturity in part from moneys on deposit in the Series 2010 A Bonds Sinking Fund at a redemption price equal to 100% of the principal amount thereof, plus accrued interest to the mandatory redemption date, on October 1, 2011, and on each October 1 thereafter to and including October 1, 2013, in annual principal amounts as follows:

Year	Amount
2011	$75,000
2012	$85,000
2013 (Maturity)	$90,000

The principal amount of Series 2010 A Bonds maturing October 1, 2013, delivered to or purchased by the Trustee shall reduce pro tanto the principal amount of Series 2010 A Bonds to be redeemed on the mandatory redemption date with respect to such maturity next following such delivery or purchase.

The Series 2010 A Bonds maturing October 1, 2016, shall be subject to mandatory redemption prior to maturity in part from moneys on deposit in the Series 2010 A Bonds Sinking Fund at a redemption price equal to 100% of the principal amount thereof, plus accrued interest to the mandatory redemption date, on October 1, 2014, and on each October 1 thereafter to and including October 1, 2016, in annual principal amounts as follows:

Year	Amount
2014	$90,000

2015	$95,000
2016 (Maturity)	$100,000

The principal amount of Series 2010 A Bonds maturing October 1, 2016, delivered to or purchased by the Trustee shall reduce pro tanto the principal amount of Series 2010 A Bonds to be redeemed on the mandatory redemption date with respect to such maturity next following such delivery or purchase.

The Series 2010 A Bonds maturing October 1, 2020, shall be subject to mandatory redemption prior to maturity in part from moneys on deposit in the Series 2010 A Bonds Sinking Fund at a redemption price equal to 100% of the principal amount thereof, plus accrued interest to the mandatory redemption date, on October 1, 2017, and on each October 1 thereafter to and including October 1, 2020, in annual principal amounts as follows:

Year	Amount
2017	$100,000
2018	$105,000
2019	$110,000
2020 (Maturity)	$115,000

The principal amount of Series 2010 A Bonds maturing October 1, 2020, delivered to or purchased by the Trustee shall reduce pro tanto the principal amount of Series 2010 A Bonds to be redeemed on the mandatory redemption date with respect to such maturity next following such delivery or purchase.

The Series 2010 A Bonds maturing October 1, 2022, shall be subject to mandatory redemption prior to maturity in part from moneys on deposit in the Series 2010 A Bonds Sinking Fund at a redemption price equal to 100% of the principal amount thereof, plus accrued interest to the mandatory redemption date, on October 1, 2021, and on each October 1 thereafter to and including October 1, 2022, in annual principal amounts as follows:

Year	Amount
2021	$115,000
2022 (Maturity)	$125,000

The principal amount of Series 2010 A Bonds maturing October 1, 2022, delivered to or purchased by the Trustee shall reduce pro tanto the principal amount of Series 2010 A Bonds to be redeemed on the mandatory redemption date with respect to such maturity next following such delivery or purchase.

The Series 2010 A Bonds maturing October 1, 2025, shall be subject to mandatory redemption prior to maturity in part from moneys on deposit in the Series 2010 A Bonds Sinking Fund at a redemption price equal to 100% of the principal amount thereof, plus accrued interest

to the mandatory redemption date, on October 1, 2023, and on each October 1 thereafter to and including October 1, 2025, in annual principal amounts as follows:

Year	Amount
2023	$125,000
2024	$135,000
2025 (Maturity)	$140,000

The principal amount of Series 2010 A Bonds maturing October 1, 2025, delivered to or purchased by the Trustee shall reduce pro tanto the principal amount of Series 2010 A Bonds to be redeemed on the mandatory redemption date with respect to such maturity next following such delivery or purchase.

Notice of Redemption

So long as the Series 2010 A Bonds are maintained under a book-entry system, notice of the call for any redemption of the Series 2010 A Bonds shall be given as described below under "BOOK-ENTRY ONLY SYSTEM." At any other time, notice to the registered owner of any redemption shall be given by the Registrar not less than 30 nor more than 60 days prior to the date fixed for redemption by registered or certified mail at the address appearing in the Register. Failure to receive such notice or any defect in the mailing thereof shall not affect the validity of any proceedings for the redemption of the Series 2010 A Bonds; and failure to mail such notice shall not affect the validity of any such proceedings for any Series 2010 A Bond with respect to which no such failure has occurred. Notice of redemption having been given in the manner hereinabove and in the Ordinance described and moneys necessary therefor having been deposited with the Paying Agent, the Series 2010 A Bonds specified in such notice shall on the date fixed for redemption be deemed paid, and interest thereon shall cease to accrue.

If less than all the Bonds are to be redeemed, the Bonds to be redeemed shall be identified by reference to the Series designation, date of issue, CUSIP numbers and Maturity Dates.

Notice of any redemption of this Bond, unless waived, shall be given by the Registrar on behalf of the Town by mailing an official redemption notice by registered or certified mail at least 30 days and not more than 60 days prior to the date fixed for redemption to the Registered Owner of the Bond or Bonds to be redeemed at the address shown on the Bond Register or at such other address as is furnished in writing by such Registered Owner to the Registrar. Notice of redemption having been given as aforesaid, the Bonds or portions of Bonds so to be redeemed shall, on the Redemption Date, become due and payable at the redemption price therein specified, and from and after such date (unless the Town shall default in the payment of the redemption price) such Bonds or portions of Bonds shall cease to bear interest.

Failure to receive such notice or any defect therein or in the mailing thereof shall not affect the validity of proceedings for the redemption of this Bond.

There are outstanding obligations of the Town which will rank on a parity with the Series 2010 A Bonds as to liens, pledge, source of and security for payment, as follows: (1) Sewerage System Design Revenue Bonds, Series 2009 A (West Virginia Water Development Authority), dated January 30, 2009, issued in the original aggregate principal amount of $724,650 (the "Series 2009 A Bonds"); (2) Sewer Revenue Bonds, Series 2001 A (West Virginia SRF Program), dated December 20, 2001, issued in the original aggregate principal amount of $878,181 (the "Series 2001 A Bonds"); and (3) Sewer Revenue Bonds, Series 1986 B (West Virginia Water Development Authority), dated March 26, 1986, issued in the original aggregate principal amount of $850,860 (the "Series 1986 B Bonds") (collectively, the "Prior Bonds").

The Bonds and the interest thereon are payable only from and are secured by the Net Revenues (as defined in the Ordinance) to be derived from the operation of the System, on a parity with the pledge of Net Revenues in favor of the holders of the Prior Bonds and from moneys in the Series 2010 A Bonds Sinking Fund and the Series 2010 A Bonds Reserve Account established under the Ordinance, and the 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 shall be set aside as a special fund hereby pledged for such purpose and to make the other payments required by the Ordinance. This Bond does not constitute an indebtedness of the Town within any constitutional or statutory provision or limitation, nor shall the Town 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 2010 A Bonds Sinking Fund and the Series 2010 A Bonds Reserve Account and unexpended proceeds of the Bonds. Under the Ordinance, the Town has covenanted and agreed to fix, establish and collect just and equitable rates or charges for the use of the services and facilities of the System and to revise the same from time to time as will always be sufficient to pay all operating expenses of the System and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest on the Bonds and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with the Bonds, including the Prior Bonds. The Town has entered into certain further covenants with the Registered Owners of the Bonds, for the terms of which reference is made to the Ordinance. Remedies provided the Registered Owners of the Bonds are exclusively as provided in the Ordinance, to which reference is here made for a detailed description thereof.

All moneys received from the sale of the Bonds except for accrued interest thereon shall be applied solely to finance the current refunding of the Town's outstanding Series 1997 A Refunding Revenue Bonds, fund a reserve account for the Bonds and pay costs of issuance of the Bonds, 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.

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 said

Town, 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 said Town for the prompt payment of the principal of and interest on the Bonds of which this Bond is one.

This Bond, under the provisions of the Act is and has all the qualities and incidents of, a negotiable instrument under the Uniform Commercial Code of the State of West Virginia, but may be transferred only upon the surrender hereof at the office of the Registrar and otherwise as provided by the Ordinance.

This Bond is, under the Act, exempt from all taxation by the State of West Virginia or any county, municipality, political subdivision or agency thereof.

This Bond shall not be entitled to any benefit under the Ordinance, or become valid or obligatory for any purpose, until the certificate of authentication and registration hereon shall have been signed by the Registrar.

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

[Remainder of Page Intentionally Blank]

IN WITNESS WHEREOF, THE TOWN OF KINGWOOD has caused this Bond to be signed by its Mayor and, and its corporate seal to be imprinted hereon and attested by its Recorder, and has caused this Bond to be dated as of the Bond Date specified above.

[SEAL]

Mayor

ATTEST:

Recorder

CERTIFICATE OF AUTHENTICATION
AND REGISTRATION

This Bond is one of the fully registered Bonds described in the within-mentioned Ordinance and has been duly registered in the name of the Registered Owner on the date set forth below. Attached hereto is the complete text of the opinion of Steptoe & Johnson PLLC, bond counsel, signed originals of which are on file with the Registrar, delivered and dated on the date of the original delivery of and payment for the Bonds.

Dated: August 27, 2010

WESBANCO BANK, INC.,
as Registrar

By _____
Its Authorized Officer

(Form of)

ASSIGNMENT

Social Security or Other Identifying Number of Assignee _____
_____

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

Dated: _____, 20_____.

_____

SIGNATURE GUARANTEED:

_____
(Bank, Trust Company or Firm)

_____
(Authorized Officer)

NOTICE: The Assignor's signature to this Assignment must correspond with the name as it appears upon the face of the within Bond in every particular, without alteration or any change whatever.

Except as otherwise provided in the Ordinance, this global bond may be transferred, in whole but not in part, only to another nominee of DTC (as defined in the Ordinance) or to a successor of DTC or to a nominee of a successor of DTC. Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to Town or its agent for registration of transfer, exchange, or payment, and any Bond issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

No. AR-4 $240,000

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE TOWN OF KINGWOOD (WEST VIRGINIA)
SEWER REFUNDING REVENUE BOND, SERIES 2010 A

INTEREST RATE	MATURITY DATE	BOND DATE	CUSIP NO.
4.000%	October 1, 2022	August 27, 2010	496870 AG1

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: TWO HUNDRED FORTY THOUSAND DOLLARS

KNOW ALL MEN BY THESE PRESENTS: That THE TOWN OF KINGWOOD, a municipal corporation organized and existing under the laws of the State of West Virginia (the "Town"), for value received, hereby promises to pay, solely from the special funds provided therefore, as hereinafter set forth, to the Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, the Principal Amount specified above and solely from such special funds also to pay interest on said Principal Amount from the Interest Payment Date (as hereinafter defined) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, or, if and to the extent that the Town shall default in the payment of interest on any Interest Payment Date, then this Bond shall bear interest from the most recent Interest Payment Date to which interest has been paid or duly provided for, and in which case any Bond surrendered for transfer or exchange shall be dated as of the Interest Payment Date to which interest has been paid in full, at the Interest Rate per

annum specified above, semiannually, on April 1 and October 1, in each year, beginning April 1, 2011 (each an "Interest Payment Date"), until maturity or until the date fixed for redemption if this Bond is called for prior redemption and payment on such date is provided for. Capitalized terms used and not defined herein shall have the meanings ascribed thereto in the hereinafter described Ordinance.

Interest accruing on this Bond on and prior to the Maturity Date hereof shall be payable by check or draft mailed by the West Virginia Municipal Bond Commission, Charleston, West Virginia, as paying agent (in such capacity, the "Paying Agent"), to the Registered Owner hereof as of the applicable Record Date (each March 15 and September 15) or, in the event of a default in the payment of Bonds, that special record date to be fixed by the hereinafter named Registrar by notice given to the Registered Owners not less than 10 days prior to said special record date at the address of such Registered Owner as it appears on the registration books of the Town maintained by WesBanco Bank, Inc, Wheeling, West Virginia, as registrar (in such capacity, the "Registrar"), or, at the option of any Registered Owner of at least $1,000,000 in aggregate principal amount of Bonds, by wire transfer in immediately available funds to a domestic bank account specified in writing by the Registered Owner to the Paying Agent at least 5 days prior to such Record Date. Principal and premium, if any, shall be paid when due upon presentation and surrender of this Bond for payment at the principal office of the Paying Agent, in Charleston, West Virginia.

This Bond is one of an issue of a series of bonds, in the aggregate principal amount of $1,605,000 designated "The Town of Kingwood (West Virginia) Sewer Refunding Revenue Bonds, Series 2010 A" (the "Bonds"), of like tenor and effect, except as to number, denomination, date of maturity and interest rate, dated August 27, 2010, the proceeds of which are to be used (i) to finance the costs of currently refunding the Town's Series 1997 A Refunding Revenue Bonds, (ii) to fund the Series 2010 A Bonds Reserve Account, and (iii) to pay certain costs of issuance of the Series 2010 A Bonds and related costs. The Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13 of the Code of West Virginia, 1931, as amended (the "Act"), and an ordinance duly enacted by the Council of the Town on July 27, 2010, and supplemented by supplemental resolutions adopted by said Council on July 27, 2010, (hereinafter collectively referred to as the "Ordinance"), and is subject to all the terms and conditions of said Ordinance. The Ordinance provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Ordinance. Reference is hereby made to the Ordinance, as the same may be amended and supplemented from time to time, for a description of the rights, limitations of rights, obligations, duties and immunities of the Town, the Registrar, the Paying Agent, the Registered Owners of the Bonds and the Registered Owners of any subsequently issued additional bonds. Executed counterparts or certified copies of the Ordinance are on file at the office of the Recorder in The Town of Kingwood, West Virginia.

The Bonds of this issue are subject to redemption prior to their stated maturity dates, as provided in the Ordinance and as set forth below:

Optional Redemption

The Series 2010 A Bonds maturing on and after October 1, 2016, are subject to redemption at the option of the Town, prior to maturity, on or after October 1, 2015, in whole or in part at any time from amounts deposited with the Bond Commission by the Town or from other funds available therefore at a redemption price equal to the principal amount thereof, plus accrued interest to the date fixed for redemption.

If fewer than all of the Series 2010 A Bonds shall be called for optional redemption, the particular maturities of the Series 2010 A Bonds to be redeemed shall be selected by the Town in such manner as it shall determine. So long as the Series 2010 A Bonds are maintained under a book-entry system, the selection of individual ownership interests in the Series 2010 A Bonds to be credited with any partial redemption shall be made as described herein under "BOOK-ENTRY ONLY SYSTEM."

Mandatory Redemption

The Series 2010 A Bonds maturing October 1, 2013, shall be subject to mandatory redemption prior to maturity in part from moneys on deposit in the Series 2010 A Bonds Sinking Fund at a redemption price equal to 100% of the principal amount thereof, plus accrued interest to the mandatory redemption date, on October 1, 2011, and on each October 1 thereafter to and including October 1, 2013, in annual principal amounts as follows:

Year	Amount
2011	$75,000
2012	$85,000
2013 (Maturity)	$90,000

The principal amount of Series 2010 A Bonds maturing October 1, 2013, delivered to or purchased by the Trustee shall reduce pro tanto the principal amount of Series 2010 A Bonds to be redeemed on the mandatory redemption date with respect to such maturity next following such delivery or purchase.

The Series 2010 A Bonds maturing October 1, 2016, shall be subject to mandatory redemption prior to maturity in part from moneys on deposit in the Series 2010 A Bonds Sinking Fund at a redemption price equal to 100% of the principal amount thereof, plus accrued interest to the mandatory redemption date, on October 1, 2014, and on each October 1 thereafter to and including October 1, 2016, in annual principal amounts as follows:

Year	Amount
2014	$90,000

2015	$95,000
2016 (Maturity)	$100,000

The principal amount of Series 2010 A Bonds maturing October 1, 2016, delivered to or purchased by the Trustee shall reduce pro tanto the principal amount of Series 2010 A Bonds to be redeemed on the mandatory redemption date with respect to such maturity next following such delivery or purchase.

The Series 2010 A Bonds maturing October 1, 2020, shall be subject to mandatory redemption prior to maturity in part from moneys on deposit in the Series 2010 A Bonds Sinking Fund at a redemption price equal to 100% of the principal amount thereof, plus accrued interest to the mandatory redemption date, on October 1, 2017, and on each October 1 thereafter to and including October 1, 2020, in annual principal amounts as follows:

Year	Amount
2017	$100,000
2018	$105,000
2019	$110,000
2020 (Maturity)	$115,000

The principal amount of Series 2010 A Bonds maturing October 1, 2020, delivered to or purchased by the Trustee shall reduce pro tanto the principal amount of Series 2010 A Bonds to be redeemed on the mandatory redemption date with respect to such maturity next following such delivery or purchase.

The Series 2010 A Bonds maturing October 1, 2022, shall be subject to mandatory redemption prior to maturity in part from moneys on deposit in the Series 2010 A Bonds Sinking Fund at a redemption price equal to 100% of the principal amount thereof, plus accrued interest to the mandatory redemption date, on October 1, 2021, and on each October 1 thereafter to and including October 1, 2022, in annual principal amounts as follows:

Year	Amount
2021	$115,000
2022 (Maturity)	$125,000

The principal amount of Series 2010 A Bonds maturing October 1, 2022, delivered to or purchased by the Trustee shall reduce pro tanto the principal amount of Series 2010 A Bonds to be redeemed on the mandatory redemption date with respect to such maturity next following such delivery or purchase.

The Series 2010 A Bonds maturing October 1, 2025, shall be subject to mandatory redemption prior to maturity in part from moneys on deposit in the Series 2010 A Bonds Sinking Fund at a redemption price equal to 100% of the principal amount thereof, plus accrued interest

to the mandatory redemption date, on October 1, 2023, and on each October 1 thereafter to and including October 1, 2025, in annual principal amounts as follows:

Year	Amount
2023	$125,000
2024	$135,000
2025 (Maturity)	$140,000

The principal amount of Series 2010 A Bonds maturing October 1, 2025, delivered to or purchased by the Trustee shall reduce pro tanto the principal amount of Series 2010 A Bonds to be redeemed on the mandatory redemption date with respect to such maturity next following such delivery or purchase.

Notice of Redemption

So long as the Series 2010 A Bonds are maintained under a book-entry system, notice of the call for any redemption of the Series 2010 A Bonds shall be given as described below under "BOOK-ENTRY ONLY SYSTEM." At any other time, notice to the registered owner of any redemption shall be given by the Registrar not less than 30 nor more than 60 days prior to the date fixed for redemption by registered or certified mail at the address appearing in the Register. Failure to receive such notice or any defect in the mailing thereof shall not affect the validity of any proceedings for the redemption of the Series 2010 A Bonds; and failure to mail such notice shall not affect the validity of any such proceedings for any Series 2010 A Bond with respect to which no such failure has occurred. Notice of redemption having been given in the manner hereinabove and in the Ordinance described and moneys necessary therefor having been deposited with the Paying Agent, the Series 2010 A Bonds specified in such notice shall on the date fixed for redemption be deemed paid, and interest thereon shall cease to accrue.

If less than all the Bonds are to be redeemed, the Bonds to be redeemed shall be identified by reference to the Series designation, date of issue, CUSIP numbers and Maturity Dates.

Notice of any redemption of this Bond, unless waived, shall be given by the Registrar on behalf of the Town by mailing an official redemption notice by registered or certified mail at least 30 days and not more than 60 days prior to the date fixed for redemption to the Registered Owner of the Bond or Bonds to be redeemed at the address shown on the Bond Register or at such other address as is furnished in writing by such Registered Owner to the Registrar. Notice of redemption having been given as aforesaid, the Bonds or portions of Bonds so to be redeemed shall, on the Redemption Date, become due and payable at the redemption price therein specified, and from and after such date (unless the Town shall default in the payment of the redemption price) such Bonds or portions of Bonds shall cease to bear interest.

Failure to receive such notice or any defect therein or in the mailing thereof shall not affect the validity of proceedings for the redemption of this Bond.

There are outstanding obligations of the Town which will rank on a parity with the Series 2010 A Bonds as to liens, pledge, source of and security for payment, as follows: (1) Sewerage System Design Revenue Bonds, Series 2009 A (West Virginia Water Development Authority), dated January 30, 2009, issued in the original aggregate principal amount of $724,650 (the "Series 2009 A Bonds"); (2) Sewer Revenue Bonds, Series 2001 A (West Virginia SRF Program), dated December 20, 2001, issued in the original aggregate principal amount of $878,181 (the "Series 2001 A Bonds"); and (3) Sewer Revenue Bonds, Series 1986 B (West Virginia Water Development Authority), dated March 26, 1986, issued in the original aggregate principal amount of $850,860 (the "Series 1986 B Bonds") (collectively, the "Prior Bonds").

The Bonds and the interest thereon are payable only from and are secured by the Net Revenues (as defined in the Ordinance) to be derived from the operation of the System, on a parity with the pledge of Net Revenues in favor of the holders of the Prior Bonds and from moneys in the Series 2010 A Bonds Sinking Fund and the Series 2010 A Bonds Reserve Account established under the Ordinance, and the 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 shall be set aside as a special fund hereby pledged for such purpose and to make the other payments required by the Ordinance. This Bond does not constitute an indebtedness of the Town within any constitutional or statutory provision or limitation, nor shall the Town 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 2010 A Bonds Sinking Fund and the Series 2010 A Bonds Reserve Account and unexpended proceeds of the Bonds. Under the Ordinance, the Town has covenanted and agreed to fix, establish and collect just and equitable rates or charges for the use of the services and facilities of the System and to revise the same from time to time as will always be sufficient to pay all operating expenses of the System and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest on the Bonds and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with the Bonds, including the Prior Bonds. The Town has entered into certain further covenants with the Registered Owners of the Bonds, for the terms of which reference is made to the Ordinance. Remedies provided the Registered Owners of the Bonds are exclusively as provided in the Ordinance, to which reference is here made for a detailed description thereof.

All moneys received from the sale of the Bonds except for accrued interest thereon shall be applied solely to finance the current refunding of the Town's outstanding Series 1997 A Refunding Revenue Bonds, fund a reserve account for the Bonds and pay costs of issuance of the Bonds, 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.

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 said

Town, 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 said Town for the prompt payment of the principal of and interest on the Bonds of which this Bond is one.

This Bond, under the provisions of the Act is and has all the qualities and incidents of, a negotiable instrument under the Uniform Commercial Code of the State of West Virginia, but may be transferred only upon the surrender hereof at the office of the Registrar and otherwise as provided by the Ordinance.

This Bond is, under the Act, exempt from all taxation by the State of West Virginia or any county, municipality, political subdivision or agency thereof.

This Bond shall not be entitled to any benefit under the Ordinance, or become valid or obligatory for any purpose, until the certificate of authentication and registration hereon shall have been signed by the Registrar.

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

[Remainder of Page Intentionally Blank]

IN WITNESS WHEREOF, THE TOWN OF KINGWOOD has caused this Bond to be signed by its Mayor and, and its corporate seal to be imprinted hereon and attested by its Recorder, and has caused this Bond to be dated as of the Bond Date specified above.

[SEAL]

Mayor

ATTEST:

Recorder

5404744

CERTIFICATE OF AUTHENTICATION
AND REGISTRATION

This Bond is one of the fully registered Bonds described in the within-mentioned Ordinance and has been duly registered in the name of the Registered Owner on the date set forth below. Attached hereto is the complete text of the opinion of Steptoe & Johnson PLLC, bond counsel, signed originals of which are on file with the Registrar, delivered and dated on the date of the original delivery of and payment for the Bonds.

Dated: August 27, 2010

WESBANCO BANK, INC.,
as Registrar

By _____
Its Authorized Officer

(Form of)

ASSIGNMENT

Social Security or Other Identifying Number of Assignee _____
_____

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

Dated: _____, 20_____.

_____

SIGNATURE GUARANTEED:

_____
(Bank, Trust Company or Firm)

_____
(Authorized Officer)

NOTICE: The Assignor's signature to this Assignment must correspond with the name as it appears upon the face of the within Bond in every particular, without alteration or any change whatever.

485090.00005

Except as otherwise provided in the Ordinance, this global bond may be transferred, in whole but not in part, only to another nominee of DTC (as defined in the Ordinance) or to a successor of DTC or to a nominee of a successor of DTC. Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to Town or its agent for registration of transfer, exchange, or payment, and any Bond issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

No. AR-5 $400,000

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE TOWN OF KINGWOOD (WEST VIRGINIA)
SEWER REFUNDING REVENUE BOND, SERIES 2010 A

INTEREST RATE	MATURITY DATE	BOND DATE	CUSIP NO.
4.250%	October 1, 2025	August 27, 2010	496870 AH9

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: FOUR HUNDRED THOUSAND DOLLARS

KNOW ALL MEN BY THESE PRESENTS: That THE TOWN OF KINGWOOD, a municipal corporation organized and existing under the laws of the State of West Virginia (the "Town"), for value received, hereby promises to pay, solely from the special funds provided therefore, as hereinafter set forth, to the Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, the Principal Amount specified above and solely from such special funds also to pay interest on said Principal Amount from the Interest Payment Date (as hereinafter defined) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, or, if and to the extent that the Town shall default in the payment of interest on any Interest Payment Date, then this Bond shall bear interest from the most recent Interest Payment Date to which interest has been paid or duly provided for, and in which case any Bond surrendered for transfer or exchange shall be dated as of the Interest Payment Date to which interest has been paid in full, at the Interest Rate per

annum specified above, semiannually, on April 1 and October 1, in each year, beginning April 1, 2011 (each an "Interest Payment Date"), until maturity or until the date fixed for redemption if this Bond is called for prior redemption and payment on such date is provided for. Capitalized terms used and not defined herein shall have the meanings ascribed thereto in the hereinafter described Ordinance.

Interest accruing on this Bond on and prior to the Maturity Date hereof shall be payable by check or draft mailed by the West Virginia Municipal Bond Commission, Charleston, West Virginia, as paying agent (in such capacity, the "Paying Agent"), to the Registered Owner hereof as of the applicable Record Date (each March 15 and September 15) or, in the event of a default in the payment of Bonds, that special record date to be fixed by the hereinafter named Registrar by notice given to the Registered Owners not less than 10 days prior to said special record date at the address of such Registered Owner as it appears on the registration books of the Town maintained by WesBanco Bank, Inc, Wheeling, West Virginia, as registrar (in such capacity, the "Registrar"), or, at the option of any Registered Owner of at least $1,000,000 in aggregate principal amount of Bonds, by wire transfer in immediately available funds to a domestic bank account specified in writing by the Registered Owner to the Paying Agent at least 5 days prior to such Record Date. Principal and premium, if any, shall be paid when due upon presentation and surrender of this Bond for payment at the principal office of the Paying Agent, in Charleston, West Virginia.

This Bond is one of an issue of a series of bonds, in the aggregate principal amount of $1,605,000 designated "The Town of Kingwood (West Virginia) Sewer Refunding Revenue Bonds, Series 2010 A" (the "Bonds"), of like tenor and effect, except as to number, denomination, date of maturity and interest rate, dated August 27, 2010, the proceeds of which are to be used (i) to finance the costs of currently refunding the Town's Series 1997 A Refunding Revenue Bonds, (ii) to fund the Series 2010 A Bonds Reserve Account, and (iii) to pay certain costs of issuance of the Series 2010 A Bonds and related costs. The Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13 of the Code of West Virginia, 1931, as amended (the "Act"), and an ordinance duly enacted by the Council of the Town on July 27, 2010, and supplemented by supplemental resolutions adopted by said Council on July 27, 2010, (hereinafter collectively referred to as the "Ordinance"), and is subject to all the terms and conditions of said Ordinance. The Ordinance provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Ordinance. Reference is hereby made to the Ordinance, as the same may be amended and supplemented from time to time, for a description of the rights, limitations of rights, obligations, duties and immunities of the Town, the Registrar, the Paying Agent, the Registered Owners of the Bonds and the Registered Owners of any subsequently issued additional bonds. Executed counterparts or certified copies of the Ordinance are on file at the office of the Recorder in The Town of Kingwood, West Virginia.

The Bonds of this issue are subject to redemption prior to their stated maturity dates, as provided in the Ordinance and as set forth below:

Optional Redemption

The Series 2010 A Bonds maturing on and after October 1, 2016, are subject to redemption at the option of the Town, prior to maturity, on or after October 1, 2015, in whole or in part at any time from amounts deposited with the Bond Commission by the Town or from other funds available therefore at a redemption price equal to the principal amount thereof, plus accrued interest to the date fixed for redemption.

If fewer than all of the Series 2010 A Bonds shall be called for optional redemption, the particular maturities of the Series 2010 A Bonds to be redeemed shall be selected by the Town in such manner as it shall determine. So long as the Series 2010 A Bonds are maintained under a book-entry system, the selection of individual ownership interests in the Series 2010 A Bonds to be credited with any partial redemption shall be made as described herein under "BOOK-ENTRY ONLY SYSTEM."

Mandatory Redemption

The Series 2010 A Bonds maturing October 1, 2013, shall be subject to mandatory redemption prior to maturity in part from moneys on deposit in the Series 2010 A Bonds Sinking Fund at a redemption price equal to 100% of the principal amount thereof, plus accrued interest to the mandatory redemption date, on October 1, 2011, and on each October 1 thereafter to and including October 1, 2013, in annual principal amounts as follows:

Year	Amount
2011	$75,000
2012	$85,000
2013 (Maturity)	$90,000

The principal amount of Series 2010 A Bonds maturing October 1, 2013, delivered to or purchased by the Trustee shall reduce pro tanto the principal amount of Series 2010 A Bonds to be redeemed on the mandatory redemption date with respect to such maturity next following such delivery or purchase.

The Series 2010 A Bonds maturing October 1, 2016, shall be subject to mandatory redemption prior to maturity in part from moneys on deposit in the Series 2010 A Bonds Sinking Fund at a redemption price equal to 100% of the principal amount thereof, plus accrued interest to the mandatory redemption date, on October 1, 2014, and on each October 1 thereafter to and including October 1, 2016, in annual principal amounts as follows:

Year	Amount
2014	$90,000

2015	$95,000
2016 (Maturity)	$100,000

The principal amount of Series 2010 A Bonds maturing October 1, 2016, delivered to or purchased by the Trustee shall reduce pro tanto the principal amount of Series 2010 A Bonds to be redeemed on the mandatory redemption date with respect to such maturity next following such delivery or purchase.

The Series 2010 A Bonds maturing October 1, 2020, shall be subject to mandatory redemption prior to maturity in part from moneys on deposit in the Series 2010 A Bonds Sinking Fund at a redemption price equal to 100% of the principal amount thereof, plus accrued interest to the mandatory redemption date, on October 1, 2017, and on each October 1 thereafter to and including October 1, 2020, in annual principal amounts as follows:

Year	Amount
2017	$100,000
2018	$105,000
2019	$110,000
2020 (Maturity)	$115,000

The principal amount of Series 2010 A Bonds maturing October 1, 2020, delivered to or purchased by the Trustee shall reduce pro tanto the principal amount of Series 2010 A Bonds to be redeemed on the mandatory redemption date with respect to such maturity next following such delivery or purchase.

The Series 2010 A Bonds maturing October 1, 2022, shall be subject to mandatory redemption prior to maturity in part from moneys on deposit in the Series 2010 A Bonds Sinking Fund at a redemption price equal to 100% of the principal amount thereof, plus accrued interest to the mandatory redemption date, on October 1, 2021, and on each October 1 thereafter to and including October 1, 2022, in annual principal amounts as follows:

Year	Amount
2021	$115,000
2022 (Maturity)	$125,000

The principal amount of Series 2010 A Bonds maturing October 1, 2022, delivered to or purchased by the Trustee shall reduce pro tanto the principal amount of Series 2010 A Bonds to be redeemed on the mandatory redemption date with respect to such maturity next following such delivery or purchase.

The Series 2010 A Bonds maturing October 1, 2025, shall be subject to mandatory redemption prior to maturity in part from moneys on deposit in the Series 2010 A Bonds Sinking Fund at a redemption price equal to 100% of the principal amount thereof, plus accrued interest

to the mandatory redemption date, on October 1, 2023, and on each October 1 thereafter to and including October 1, 2025, in annual principal amounts as follows:

Year	Amount
2023	$125,000
2024	$135,000
2025 (Maturity)	$140,000

The principal amount of Series 2010 A Bonds maturing October 1, 2025, delivered to or purchased by the Trustee shall reduce pro tanto the principal amount of Series 2010 A Bonds to be redeemed on the mandatory redemption date with respect to such maturity next following such delivery or purchase.

Notice of Redemption

So long as the Series 2010 A Bonds are maintained under a book-entry system, notice of the call for any redemption of the Series 2010 A Bonds shall be given as described below under "BOOK-ENTRY ONLY SYSTEM." At any other time, notice to the registered owner of any redemption shall be given by the Registrar not less than 30 nor more than 60 days prior to the date fixed for redemption by registered or certified mail at the address appearing in the Register. Failure to receive such notice or any defect in the mailing thereof shall not affect the validity of any proceedings for the redemption of the Series 2010 A Bonds; and failure to mail such notice shall not affect the validity of any such proceedings for any Series 2010 A Bond with respect to which no such failure has occurred. Notice of redemption having been given in the manner hereinabove and in the Ordinance described and moneys necessary therefor having been deposited with the Paying Agent, the Series 2010 A Bonds specified in such notice shall on the date fixed for redemption be deemed paid, and interest thereon shall cease to accrue.

If less than all the Bonds are to be redeemed, the Bonds to be redeemed shall be identified by reference to the Series designation, date of issue, CUSIP numbers and Maturity Dates.

Notice of any redemption of this Bond, unless waived, shall be given by the Registrar on behalf of the Town by mailing an official redemption notice by registered or certified mail at least 30 days and not more than 60 days prior to the date fixed for redemption to the Registered Owner of the Bond or Bonds to be redeemed at the address shown on the Bond Register or at such other address as is furnished in writing by such Registered Owner to the Registrar. Notice of redemption having been given as aforesaid, the Bonds or portions of Bonds so to be redeemed shall, on the Redemption Date, become due and payable at the redemption price therein specified, and from and after such date (unless the Town shall default in the payment of the redemption price) such Bonds or portions of Bonds shall cease to bear interest.

Failure to receive such notice or any defect therein or in the mailing thereof shall not affect the validity of proceedings for the redemption of this Bond.

There are outstanding obligations of the Town which will rank on a parity with the Series 2010 A Bonds as to liens, pledge, source of and security for payment, as follows: (1) Sewerage System Design Revenue Bonds, Series 2009 A (West Virginia Water Development Authority), dated January 30, 2009, issued in the original aggregate principal amount of $724,650 (the "Series 2009 A Bonds"); (2) Sewer Revenue Bonds, Series 2001 A (West Virginia SRF Program), dated December 20, 2001, issued in the original aggregate principal amount of $878,181 (the "Series 2001 A Bonds"); and (3) Sewer Revenue Bonds, Series 1986 B (West Virginia Water Development Authority), dated March 26, 1986, issued in the original aggregate principal amount of $850,860 (the "Series 1986 B Bonds") (collectively, the "Prior Bonds").

The Bonds and the interest thereon are payable only from and are secured by the Net Revenues (as defined in the Ordinance) to be derived from the operation of the System, on a parity with the pledge of Net Revenues in favor of the holders of the Prior Bonds and from moneys in the Series 2010 A Bonds Sinking Fund and the Series 2010 A Bonds Reserve Account established under the Ordinance, and the 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 shall be set aside as a special fund hereby pledged for such purpose and to make the other payments required by the Ordinance. This Bond does not constitute an indebtedness of the Town within any constitutional or statutory provision or limitation, nor shall the Town 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 2010 A Bonds Sinking Fund and the Series 2010 A Bonds Reserve Account and unexpended proceeds of the Bonds. Under the Ordinance, the Town has covenanted and agreed to fix, establish and collect just and equitable rates or charges for the use of the services and facilities of the System and to revise the same from time to time as will always be sufficient to pay all operating expenses of the System and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest on the Bonds and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with the Bonds, including the Prior Bonds. The Town has entered into certain further covenants with the Registered Owners of the Bonds, for the terms of which reference is made to the Ordinance. Remedies provided the Registered Owners of the Bonds are exclusively as provided in the Ordinance, to which reference is here made for a detailed description thereof.

All moneys received from the sale of the Bonds except for accrued interest thereon shall be applied solely to finance the current refunding of the Town's outstanding Series 1997 A Refunding Revenue Bonds, fund a reserve account for the Bonds and pay costs of issuance of the Bonds, 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.

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 said

Town, 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 said Town for the prompt payment of the principal of and interest on the Bonds of which this Bond is one.

This Bond, under the provisions of the Act is and has all the qualities and incidents of, a negotiable instrument under the Uniform Commercial Code of the State of West Virginia, but may be transferred only upon the surrender hereof at the office of the Registrar and otherwise as provided by the Ordinance.

This Bond is, under the Act, exempt from all taxation by the State of West Virginia or any county, municipality, political subdivision or agency thereof.

This Bond shall not be entitled to any benefit under the Ordinance, or become valid or obligatory for any purpose, until the certificate of authentication and registration hereon shall have been signed by the Registrar.

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

[Remainder of Page Intentionally Blank]

IN WITNESS WHEREOF, THE TOWN OF KINGWOOD has caused this Bond to be signed by its Mayor and, and its corporate seal to be imprinted hereon and attested by its Recorder, and has caused this Bond to be dated as of the Bond Date specified above.

[SEAL]

Mayor

ATTEST:

Recorder

CERTIFICATE OF AUTHENTICATION
AND REGISTRATION

This Bond is one of the fully registered Bonds described in the within-mentioned Ordinance and has been duly registered in the name of the Registered Owner on the date set forth below. Attached hereto is the complete text of the opinion of Steptoe & Johnson PLLC, bond counsel, signed originals of which are on file with the Registrar, delivered and dated on the date of the original delivery of and payment for the Bonds.

Dated: August 27, 2010

WESBANCO BANK, INC.,
as Registrar

By _____
Its Authorized Officer

(Form of)

ASSIGNMENT

Social Security or Other Identifying Number of Assignee _____
_____

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

Dated: _____, 20_____.

_____

SIGNATURE GUARANTEED:

_____
(Bank, Trust Company or Firm)

_____
(Authorized Officer)

NOTICE: The Assignor's signature to this Assignment must correspond with the name as it appears upon the face of the within Bond in every particular, without alteration or any change whatever.

485090.00005

The Town of Kingwood
Sewer Refunding Revenue Bonds, Series 2010 A

PREPAYMENT AGREEMENT FOR SERIES 1997 A BONDS

This **PREPAYMENT AGREEMENT** (the "Agreement"), made and entered into as of August 27, 2010, by and among **THE TOWN OF KINGWOOD** (the "Issuer"), and the **WEST VIRGINIA MUNICIPAL BOND COMMISSION** (the "Paying Agent", the "Prepayment Agent" or "Prepayment Trustee").

WITNESETH THAT:

WHEREAS, the Issuer presently owns and operates a public sewerage system (the "System") and has heretofore financed and refinanced the acquisition and construction of the System and certain additions, extensions and improvements thereto by the issuance of several series of bonds;

WHEREAS, the Issuer has determined to issue its Sewer Refunding Revenue Bonds, Series 2010 A, dated August 27, 2010, in the aggregate principal amount of $1,605,000 (the "Series 2010 A Bonds") and contemporaneously therewith defease its Sewer Refunding Revenue Bonds, Series 1997 A, dated November 1, 1997, issued in the original aggregate principal amount of $2,130,000 of which $1,640,258.89 is currently outstanding (the "Series 1997 A Bonds");

WHEREAS, the Issuer intends to defease all of the Series 1997 A Bonds currently outstanding by depositing with the Prepayment Agent on August 27, 2010 (the "Closing Date") a portion of the proceeds of the Series 2010 A Bonds in the amount of $1,370,546.39 and moneys on deposit in various accounts relating to the Series 1997 A Bonds, held by the Prepayment Agent in the amount of $269,712.50, which amounts will be deposited by the Prepayment Agent in an account to be created and known as the "Series 1997 A Bonds Prepayment Fund",

WHEREAS, the cumulative amount deposited in the Series 1997 A Bonds Prepayment Fund from the Series 2010 A Bonds, the Series 1997 A Bonds Revenue Fund and the Series 1997 A Reserve Account ($1,640,258.89) shall collectively be known as the "Redemption Deposit Amount";

WHEREAS, the Redemption Deposit Amount is in such amount as to insure the payment on September 27, 2010 (the "Redemption Date"), pursuant to the Bond Ordinance enacted by the Issuer on July 27, 2010, as supplemented, by Supplemental Parameters Resolution adopted by the Issuer on July 27, 2010 (collectively, the "Bond Ordinance"), of the entire

principal amount of the Series 1997 A Bonds then outstanding, and all interest accrued thereon (collectively, the "Redemption Price"); and

WHEREAS, on or before one business day prior to the Redemption Date, the Paying Agent shall transfer to WesBanco Bank, Inc., as paying agent for the Series 1997 A Bonds, the Redemption Price in order that the payment can be effected to the registered owner(s) of the Series 1997 A Bonds upon presentation of such Series 1997 A Bonds for payment in accordance with the Bond Ordinance;

NOW, THEREFORE, in consideration of the mutual agreements contained herein, and in order further to secure payment of the Series 1997 A Bonds, as heretofore provided, the parties hereto mutually undertake, promise and agree for themselves, their respective representatives, successors and assigns, as follows:

1. The Prepayment Agent shall create the Series 1997 A Bonds Prepayment Fund separate and apart from all other funds or accounts of the Prepayment Agent.

2. The Issuer shall deposit an amount of $1,370,546.39 from proceeds of the Series 2010 A Bonds with the Prepayment Agent on the Closing Date and such amount shall constitute an irrevocable deposit of such moneys in trust for, and such moneys shall be deposited by the Prepayment Agent in the Series 1997 A Bonds Prepayment Fund.

3. The Prepayment Agent shall transfer an amount of $111,287.50 from the Series 1997 A Bonds Sinking Fund to the Series 1997 A Bonds Prepayment Fund.

4. The Prepayment Agent shall transfer an amount of $158,425.00 from the Series 1997 A Bonds Reserve Account to the Series 1997 A Bonds Prepayment Fund.

5. Surplus amounts remaining in the Series 1997 A Bonds Revenue Fund and/or Series 1997 A Bonds Reserve Account shall be applied to fees due and owing the Prepayment Agent with respect to the Series 1997 A Bonds.

6. The cumulative amounts deposited from the Series 2010 A Bonds, the Series 1997 A Bonds Revenue Fund and the Series 1997 A Bonds Reserve Account into the Series 1997 A Bonds Prepayment Fund (cumulative total of $1,640,258.89) shall collectively be known as the "Redemption Deposit Amount".

7. The Redemption Deposit Amount shall be sufficient to pay the Redemption Price in full on the Redemption Date.

8. WesBanco Bank, Inc., Wheeling, West Virginia has provided a notice of redemption by registered or certified mail to the Depository Trust Company as the registered owner of the Series 1997 A Bonds, with a copy of such redemption notice being provided to Standard & Poor's Called Bond Record and EMMA, not more than 60 days nor less than 30 days prior to the Redemption Date, in accordance with the requirements of the Series 1997 A Bonds.

9. The holders of the Series 1997 A Bonds shall have an express lien on all moneys and assets in the Series 1997 A Bonds Sinking Fund, including the Series 1997 A Bonds Reserve Account therein, until paid out, used and applied in accordance with this Agreement.

10. At least one business day prior to the Redemption Date, the Prepayment Agent shall transfer the Redemption Price to the Paying Agent in order that the payment of the Redemption Price can be made to the registered owners of the Series 1997 A Bonds upon presentation of such Series 1997 A Bonds for payment in accordance with the Bond Ordinance.

11. This Agreement shall terminate on the date on which all the Outstanding Series 1997 A Bonds have been redeemed, paid in full and discharged. Upon termination of this Agreement, any moneys remaining after payment of fees of the Prepayment Agent shall be transferred by the Paying Agent for deposit into the Series 2010 A Bonds Sinking Fund of the Series 2010 A Bonds.

12. This Agreement may be executed in several counterparts, all or any of which shall be regarded for all purposes as one original and shall constitute and be but one and the same instrument.

13. This Agreement is made in the State of West Virginia under the Constitution and laws of such State and is to be so construed.

[Remainder of Page Intentionally Blank]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the day and year first above written.

THE TOWN OF KINGWOOD

By: _____
Its: Mayor

WEST VIRGINIA MUNICIPAL BOND COMMISSION

By: _____
Its: Authorized Representative

08.12.10
485090.00005

The Town of Kingwood
Sewer Refunding Revenue Bonds, Series 2010 A
(Tax-Exempt)

REGISTRAR AGREEMENT

THIS AGREEMENT, dated as of the 27th day of August, 2010, by and between THE TOWN OF KINGWOOD, a municipal corporation and political subdivision of the State of West Virginia (the "Issuer"), and WESBANCO BANK, INC., Wheeling, West Virginia, a state banking corporation (the "Bank").

WHEREAS, the Issuer has, contemporaneously with the execution hereof, issued and sold its $1,605,000 aggregate principal amount of Sewer Refunding Revenue Bonds, Series 2010 A (the "Series 2010 A Bonds" or "Bonds"), in fully registered form pursuant to a Bond Ordinance enacted July 27, 2010, as supplemented by a Supplemental Parameters Resolution adopted July 27, 2010 (collectively, the "Bond Legislation");

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

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

WHEREAS, the Issuer desires to appoint, and by the Bond Legislation and this Agreement does appoint the Bank 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 Agreement by the Issuer and the Bank and during the term hereof, the Bank does accept and shall have and agrees to perform all of the powers and duties of Registrar, as set forth in the Bond Legislation, such duties including, among other things, the duties to authenticate, register and deliver Bonds upon original issuance and when properly presented for exchange or transfer, and shall do so with the intention of maintaining the excludability from gross income of interest on the Series 2010 A Bonds for purposes of 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 Bank 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 Bank'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 Bank 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 Agreement, the Issuer hereby agrees to pay to the Bank, the compensation for services rendered as provided in the annexed fee schedule and reimbursement for reasonable expenses incurred in connection therewith.

5. It is intended that this 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 Agreement and the Bond Legislation, the terms of the Bond Legislation shall govern.

6. The Issuer and the Bank each warrants and represents that it is duly authorized and empowered to execute and enter into this 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 Agreement may be terminated by either party upon 60 days' written notice sent by registered or certified mail to the other party, at the following respective addresses:

ISSUER:
The Town of Kingwood
313 Tunnelton Street
Kingwood, West Virginia 26537
Attention: Town Manager

REGISTRAR:
WesBanco Bank, Inc.
One Bank Plaza
Wheeling, West Virginia 26003
Attention: Trust Department

8. The Bank is hereby requested and authorized to authenticate and deliver the Bonds in accordance with the Bond Legislation.

9. If any one or more of the covenants or agreements provided in this Agreement to be performed on the part of any of the parties hereto shall be determined by a court of competent jurisdiction to be contrary to law, such covenant or agreement shall be deemed and construed to be severable from the remaining covenants and agreements herein contained and shall in no way affect the validity of the remaining provisions of this Agreement.

10. This Agreement may be executed in several counterparts, all or any of which shall be regarded for all purposes as one original and shall constitute and be but one and the same instrument.

[Remainder of Page Intentionally Blank]

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

THE TOWN OF KINGWOOD

By: _____
Its: Mayor

WESBANCO BANK, INC.

By: _____
Its: Authorized Officer

08.12.10
485090.00005

EXHIBIT A

Bond Legislation

[See Transcript at Tab No. 1 and Tab No. 2]

FEE SCHEDULE

(On File with Issuer)

Acts of Assembly, 1852-1853

Chap. 511. - An ACT to incorporate the Town of Kingwood
Passed March 22, 1853.

1. Be it enacted by the general assembly, that the Town of Kingwood in the County of Preston, as the same has heretofore been, laid off into lots, streets and alleys, and as the same may be hereafter laid off into lots, streets and alleys, shall be and the same is hereby made a town corporate by the name of "The Town of Kingwood;" and by that name shall have and exercise the powers conferred upon towns by the fifty-fourth chapter of the Code of Virginia.
2. The officers of said Town shall consist of seven trustees, who shall compose the council, (and four of whom can act), and a sergeant.
3. James C. McGrew, William G. Browne and Isreal Baldwin, or any two of them are hereby authorized to hold an election, agreeably to the Chapter aforesaid, for said officers on the first Monday in June next, and annually thereafter an election shall be held in conformity to the said fifty-fourth chapter of the Code of Virginia.
4. This Act shall be in force from its passage.

CHAPTER 102.—An ACT to amend "An Act to incorporate the town of Kingwood", passed March 22, 1853.

Passed March 2, 1868.

Be it enacted by the Legislature of West Virginia:

1. Section two of an act entitled "An Act to incorporate the town of Kingwood," is hereby amended and re-enacted so as to read as follows:

"2. The qualified voters of said town shall on the third Saturday of April next, and on the same day in every year thereafter, elect a mayor and six trustees. Said election shall be held under the supervision of the present mayor and secretary of the board of trustees, who shall give notice of such election by posting at the front door of the court house and post office, written or printed notices of the same; such election shall be held at the recorder's office in said town, and shall be by ballot. Before such officers shall enter upon the duties of their offices, they shall take the oath required of county officers."

2. That said act be further amended by adding thereto the following, as sections five, six and seven:

"5. The mayor shall be the chief executive officer of the town; he shall take care that the orders, by-laws, ordinances, acts and resolutions of the council are faithfully executed; he shall be ex officio a justice and conservator of the peace within the town, and shall within the same possess and exercis all the powers and duties vested by law in a justice of a township, except that he shall have no jurisdiction as such in civil cases; he shall have control of the police of the town, and may appoint special police officers whenever he deems it necessary; and it shall be his duty especially, to see that the peace and good order of the town are preserved, and that persons and property therein are protected, and to this end he may cause the arrest and

detention of all riotous and disorderly persons in the town before issuing his warrant therefor; he shall have power to issue executions for all fines, penalties and costs imposed by him, or he may require the immediate payment thereof, and in default of such payment, he may commit the party in default to the jail of Preston county until the fine or penalty and costs shall be paid; but the term of imprisonment in such case shall not exceed thirty days.

"6. Whenever anything for which a State license is required is to be done in said town, the council may require a town license therefor, and may impose a tax thereon for the use of said town. But no license to sell strong or spiritous liquors, wine, beer, ale, porter, or drinks of like nature, within said town, shallbe granted by the board of supervisors of the county of Preston, unless the person applying therefor shall produce to said board of supervisors the certificate of the council of said town of its consent to the granting of such license. The council may require from a person so licensed a bond, with sureties, payable to said town, in such penalty and with such conditions as it may think proper, and may revoke such license at any time, if the conditions of said bond be broken."

"7. Whenever the mayor and trustees of said town shall fail in any one year to cause to be levied a tax upon the property, both real and personal, of said town, for the purpose of keeping in repair the streets and alleys thereof, or shall fail in any way to carry out the provisions of the original act of incorporation or this amendatory act, all such acts of incorporation shall be null and void, and the property of the citizens of said town shall be liable to be assessed with county taxes for all purposes, as well as road tax."

CHAPTER 76.— An ACT to extend and prescribe the limits of the Town of Kingwood, and to provide for the burial of the dead.

Passed March 2, 1870.

Be it enacted by the Legislature of West Virginia:

1. The corporate limits and boundaries of the town of Kingwood, in the County of Preston, shall be as follows:

Beginning at the Herndon spring at the north end of Price street in said town, and running thence north eighty-seven and one-half degrees west ninety poles to a stone in the Kelso line, west of the turnpike road leading to Morgantown; thence south thirteen degrees east thirteen poles to a spring in Herndon field; thence, continuing the same bearing, fifty-two poles to a stone in John R. Stone's field; thence south eighty-seven and one-half degrees east to the southwest corner of lot numbered fifteen of Price's addition to said town, thence, continuing with same bearing, parallel to and with the south ends of the lots at the south side of said town, to a stake in James W. Parks' field, and in a direct line with the east side of lots numbered twenty and forty of the original plan of said town; thence north two and one -half degrees, east sixty-two and one-half poles, with the eastern line of said lots numbered twenty and forty, and extending beyond

the same to a stake in Elijah Shafer's field; thence north eighty-seven and one-half degrees west one hundred and twenty-four poles to the beginning.

2. The powers, duties, and obligations of the municipal authorities of said town shall be and remain as heretofore prescribed by law, and shall hereafter extend to and be exercised within the boundaries specified in section one of this act.

2. The trustees of said town shall have power to provide for the burial of the dead; and for this purpose may purchase and hold in their corporate capacity the necessary land for a cemetery near or convenient to said town, and to provide for its improvement and security.

AN ORDINANCE TO AMEND ORDINANCE NO. 2
RELATING TO THE NOMINATION AND
ELECTION OF CITY OFFICERS

WHEREAS, an Ordinance to Amend and Re-enact Ordinance No. 2 of the ordinances of the Municipal Corporation of Kingwood, West Virginia, relating to the nomination and election of city officers, requiring the written filing fee for city officers and payment of a filing fee therefor was approved and adopted, and said Ordinance was amended on the 10th day of January, 1962, by the Council of the City of Kingwood, Preston County, West Virginia; and

WHEREAS, Paragraph (d) of said Ordinance provides for the Code Section of the West Virginia Code that said Municipal Corporation shall abide by for the municipal election and that said Code Section has been amended and further the municipality wishes to change the residency requirement; and

NOW, THEREFORE, the Common Council of the City of Kingwood, Preston County, West Virginia, does hereby amend the aforementioned Ordinance, being Paragraph (d) of said Ordinance to adhere to the amendments made to the West Virginia Code, as amended, and further to change the residency requirements and does therefore amend the aforementioned Ordinance, Paragraph (d), to read as follows:

(d) Amended Paragraph

All elections hereafter held, shall be held in accordance with the West Virginia Code, Chapter 8, Article 5, relating to election, appointment, qualification, and compensation of officers; general provisions relating to officers and employees; elections and petitions generally; conflict of interests. That the Municipality does by this ordinance elect to establish resididency requirement for any elected officer to be that said elected officer must have resided within the municipality boundary limits for a period of at least thirty days preceding their election.

The effective date of the above described Amendment in regard to municipal elections shall be immediately upon the date of the final approval and adoption of the Amendment to this Ordinance by the Council of the City of Kingwood.

The Amendment of the Ordinance No. 2 relating to the nomination and election of city officers of the Municipality of Kingwood, West Virginia, and providing for municipal elections in accordance with the West Virginia Code, as amended, is passed and approved this 22nd day of February, 1983.

Patrick Crogan, Mayor
City of Kingwood
Kingwood, West Virginia

ATTEST:

City Recorder
Kingwood, West Virginia

FIRST READING Jan. 25, 1983
SECOND READING Feb. 8, 1983
THIRD READING Feb. 22, 1983

CITY OF KINGWOOD

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 Kingwood 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 City Clerk at the front door or bulletin board of the Kingwood 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 72 hours before such regular meeting is to be held. 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 Kingwood City Hall not less than 72 hours 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 13th day of November, 2001.

Mayor

ATTEST:

City Clerk

THE TOWN OF KINGWOOD

Sewer Refunding Revenue Bonds, Series 2010 A

PETITION OF SANITARY BOARD

The Sanitary Board of The Town of Kingwood (the "Town") hereby petitions the Council of the Town to enact an ordinance directing that Sewer Refunding Revenue Bonds of the Town be issued pursuant to the provisions of Chapter 16, Article 13 of the West Virginia Code of 1931, as amended, such bonds to be in an amount not to exceed $2,000,000 for the purposes of (i) refunding the Series 1997 A Bonds; and (ii) paying the costs of issuance and related costs.

Directed this 16th day of June, 2010.

SANITARY BOARD OF THE TOWN OF KINGWOOD

By: James G. Lobb
Its: Chairman

CITY OF KINGWOOD

ORDINANCE CREATING A SANITARY BOARD
OF THE CITY OF KINGWOOD

WHEREAS, the City of Kingwood contemplates the issuance of its Sewer Revenue Bonds and other obligations to finance the acquisition, construction and operation of a sewerage system, and additions, extensions and improvements thereto (the "System"), pursuant to Article 13 of Chapter 16 of the Official 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 or other obligations, 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 KINGWOOD AS FOLLOWS:

Section 1. That the Council of the City of Kingwood 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 Kingwood, and two persons appointed by the Council, one of whom, during the construction period of any sewer facilities, 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 two and three 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 three 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 Kingwood, whether holding a paid or unpaid office, shall be eligible to appointment on said Sanitary Board until at least one year after the expiration of the term of his public office.

Section 3. Organizational Meetings; Vice Chairman, Secretary, Treasurer; Official Bonds. As soon as may be practicable following the appointment of a new member of the Sanitary Board, the

Board shall hold an organizational meeting and choose a vice chairman from among its members, and a secretary and treasurer, who may be one person and need not be a Board member, and such officers shall hold office at the will of the Board. No bond shall be required of the Board members as such, but the treasurer, whether a member of the Board or not, shall give bond in the penalty of two thousand dollars 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 a yearly salary of $100. In addition, all members of the Board shall be reimbursed from sewage works funds for all necessary expenses properly incurred in the discharge of their duties, but there shall be no liability upon the City of Kingwood 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 Kingwood.

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 under the Act as the same now exists and may hereafter be amended; but the powers of the Sanitary Board shall be subject to all restrictions and limitations contained in 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 of Kingwood 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 $5,000 or the maximum as provided by law 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 the Act shall be restored or repaired by the Board and placed in their original condition, as nearly as practicable, if requested so to do by the proper authorities, out of the funds provided pursuant to the provisions of the Act.

Section 7. Publication of Financial Statement. The Sanitary Board shall prepare a financial statement and cause it to be published as a Class I legal advertisement in compliance with the provisions of 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.

Patrick R. Ryan
Mayor

ATTEST:

Harry E. VanDeventine
Recorder

First Reading: October 8, 1985

Second Reading: October 22, 1985

Enacted on Third Reading: February 25, 1986

04/22/85
KGSEW1-A

OATH OF OFFICE FOR

JAMES G. LOBB

MAYOR

CITY OF KINGWOOD

PRESTON COUNTY, WEST VIRGINIA

STATE OF WEST VIRGINIA,

COUNTY OF PRESTON, TO-WIT;

I, JAMES G. LOBB, do solemnly swear that I will support the Constitution of the United States and the Constitution of this State, and that I will faithfully discharge the duties of the office of Mayor of the City of Kingwood, of Preston County, West Virginia, for the two year term commencing on the 1st day of July, 2009, to the best of my skill and judgment. So help me God.

James G. Lobb

James G. Lobb

Subscribed and sworn to before the undersigned Senior Status Circuit Judge, Robert C. Halbritter, this 25th day of June, 2009.

Robert C. Halbritter

Robert C. Halbritter, Senior Status Judge,
State of West Virginia

OATH OF OFFICE FOR

WILLIAM ROBERTSON

RECORDER

CITY OF KINGWOOD

PRESTON COUNTY, WEST VIRGINIA

STATE OF WEST VIRGINIA,

COUNTY OF PRESTON, TO-WIT;

I, William Robertson, do solemnly swear that I will support the Constitution of the United States and the Constitution of this State, and that I will faithfully discharge the duties of the office of Recorder of the City of Kingwood, of Preston County, West Virginia, for the two year term commencing on the 1st day of July, 2009, to the best of my skill and judgment. So help me God.

William Robertson

Subscribed and sworn to before the undersigned Senior Status Circuit Judge, Robert C. Halbritter, this 25th day of June, 2009.

Robert C. Halbritter, Senior Status Judge, State of West Virginia

OATH OF OFFICE FOR

MICHAEL LOUGHRY

COUNCIL

CITY OF KINGWOOD

PRESTON COUNTY, WEST VIRGINIA

STATE OF WEST VIRGINIA,

COUNTY OF PRESTON, TO-WIT;

I, Michael Loughry, do solemnly swear that I will support the Constitution of the United States and the Constitution of this State, and that I will faithfully discharge the duties of the office of Council of the City of Kingwood, of Preston County, West Virginia, for the two year term commencing on the 1st day of July, 2009, to the best of my skill and judgment. So help me God.

Michael Loughry

Subscribed and sworn to before the undersigned Senior Status Circuit Judge, Robert C. Halbritter, this 25th day of June, 2009.

Robert C. Halbritter, Senior Status Judge,
State of West Virginia

OATH OF OFFICE FOR

DAVID L. ESTEP

COUNCIL

CITY OF KINGWOOD

PRESTON COUNTY, WEST VIRGINIA

STATE OF WEST VIRGINIA,

COUNTY OF PRESTON, TO-WIT;

I, David L. Estep, do solemnly swear that I will support the Constitution of the United States and the Constitution of this State, and that I will faithfully discharge the duties of the office of Council of the City of Kingwood, of Preston County, West Virginia, for the two year term commencing on the 1st day of July, 2009, to the best of my skill and judgment. So help me God.

David L. Estep

David L. Estep

Subscribed and sworn to before the undersigned Senior Status Circuit Judge, Robert C. Halbritter, this 25th day of June, 2009.

Robert C. Halbritter

Robert C. Halbritter, Senior Status Judge,
State of West Virginia

OATH OF OFFICE FOR

BRUCE A. WILEY

COUNCIL

CITY OF KINGWOOD

PRESTON COUNTY, WEST VIRGINIA

STATE OF WEST VIRGINIA;

COUNTY OF PRESTON, TO-WIT;

I, Bruce A. Wiley, do solemnly swear that I will support the Constitution of the United States and the Constitution of this State, and that I will faithfully discharge the duties of the office of Council of the City of Kingwood, of Preston County, West Virginia, for the two year term commencing on the 1st day of July, 2009, to the best of my skill and judgment. So help me God.

Bruce A. Wiley

Bruce A. Wiley

Subscribed and sworn to before the undersigned Senior Status Circuit Judge, Robert C. Halbritter, this 25th day of June, 2009.

Robert C. Halbritter

Robert C. Halbritter, Senior Status Judge,
State of West Virginia

OATH OF OFFICE FOR

JAMES L. MAIER

COUNCIL

CITY OF KINGWOOD

PRESTON COUNTY, WEST VIRGINIA

STATE OF WEST VIRGINIA,

COUNTY OF PRESTON, TO-WIT;

I, James L. Maier, do solemnly swear that I will support the Constitution of the United States and the Constitution of this State, and that I will faithfully discharge the duties of the office of Council of the City of Kingwood, of Preston County, West Virginia, for the two year term commencing on the 1st day of July, 2009, to the best of my skill and judgment. So help me God.

James L. Maier

James L. Maier

Subscribed and sworn to before the undersigned Senior Status Circuit Judge, Robert C. Halbritter, this 25th day of June, 2009.

Robert C. Halbritter

Robert C. Halbritter, Senior Status Judge,
State of West Virginia

OATH OF OFFICE FOR

KATHY MACE

COUNCIL

CITY OF KINGWOOD

PRESTON COUNTY, WEST VIRGINIA

STATE OF WEST VIRGINIA,

COUNTY OF PRESTON, TO-WIT;

I, Kathy Mace, do solemnly swear that I will support the Constitution of the United States and the Constitution of this State, and that I will faithfully discharge the duties of the office of Council of the City of Kingwood, of Preston County, West Virginia, for the two year term commencing on the 1st day of July, 2009, to the best of my skill and judgment. So help me God.

Kathy Mace

Kathy Mace

Subscribed and sworn to before the undersigned Senior Status Circuit Judge, Robert C. Halbritter, this 25th day of June, 2009.

Robert C. Halbritter

Robert C. Halbritter, Senior Status Judge,
State of West Virginia

CITY OF KINGWOOD COUNCIL MEETING
JUNE 22, 2010

The Kingwood City Council met in regular session June 22, 2010 @ 7:00 pm. Those present were; Mayor, James Lobb; Recorder, William Robertson; Council, Kathy Mace, Richard Shaffer, & James Maier.

Ms. Mace moved to approve the minutes of the June 8, 2010 meeting with a spelling correction of passion to position. Mr. Shaffer seconded motion. Motion carried with all voting yes.

Ms. Mace moved to approve the bills presented to be paid. Mr. Shaffer seconded motion. Motion carried with all voting yes.

Mr. Robertson moved to approve the building permits according to zoning. Ms. Mace seconded motion. Motion carried with all voting yes.

BUSINESS; Ms. Mace moved to open the public hearing for the 2nd reading for the Zoning Ordinance. Mr. Shaffer seconded motion. Motion carried with all voting yes. Neil Reed attorney for property owners on N. Price Street stated the zoning will go from R-3 to R-1. Council, Zoning Board explained the rezoning to all residences. Ms. Mace moved to close the public hearing for the Zoning Ordinance. Mr. Shaffer seconded motion. Motion carried with all voting yes. Ms. Mace moved to approve the Zoning Ordinance as proposed. Mr. Maier seconded motion. Motion carried with all voting yes. Craig Rotruck thanked Council & the Planning Commission will proceed to the next project.

John Stump with Steptoe & Johnson presented the proposal to refinance the 1997 Sewer bonds. The interest rate right now is 4.53% net savings of 150K. The interest rates may change by the time the public hearing is complete. If the interest rates would go up the bonds will not be refinanced at that time. When the rates drop again the bonds can be refinanced without another public hearing. Mr. Maier moved to approve the 1st reading of the Sewer Bonds Ordinance refinanced. Mr. Shaffer seconded motion. Motion carried with all voting yes.

Mr. Robertson moved to increase the citation court cost from $69.00 to $100.00 effective July 1, 2010 as requested by the Municipal Judge, Diane Thomas. Mr. Maier seconded motion. Motion carried with all voting yes.

Council discussed the pool & consulting engineers to remove the roof. Mills Group will call this week to see the pool per Kathy Whetsell.

Ms. Mace moved to approve the purchase of hanging basket flowers. No second.

SUPERVISORS; Francis Hyre stated DOH, Larry Weaver, to look at Larry Shaffer issue on E High Street. Paint will have to be purchased to paint the curbs & street lines.

Kathy Whetsell & Kevin Stiles stated the floor is scheduled to be sealed the first week of Sept. Kathy asked to advertise for a part-time employee. Mr. Maier moved to approve the advertisement to hire a part-time help. Mr. Shaffer seconded motion. Motion carried with all voting yes.

CITY COUNCIL CONTINUED JUNE 22, 2010

Council reviewed & discussed the office copier estimates for leasing. Martha Moore explained the lease will expire November 2010. Council will wait until later to decide. Martha stated employees would like to know if they can give unused sick time to another employee (Scott Estep). Mr. Shaffer moved to allow employees to give unused sick time to another employee with understanding the employee will not have the sick time to use at a later date. Ms. Mace seconded motion. Motion carried with 4 voting yes, Robertson voting no.

Francis Hyre stated plugged storm drain on Seemont Dr causing problems to others. Francis to check.

Council asked Kathy Whetsell how the batting cage is working out. Weather has slowed it down.

Mr. Robertson moved to allow Craig Rotruck to obtain funds to purchase the flower baskets for the street lights & City workers will water. Mr. Maier seconded motion. Motion carried with all voting yes.

Paul Somerruk, Brown Ave, asked if yard waste could be picked up by the City. Kathy Whetsell stated that landfills will not take yard waste of any kind. The City provides curb side service for $1.50 per bag. Francis will look into compost pile.

Mr. Maier moved to adjourn @ 8:07 pm. Ms. Mace seconded motion.

Mayor *Recorder*

CITY OF KINGWOOD COUNCIL MEETING
JULY 13, 2010

The Kingwood City Council met in regular session July 13, 2010 @ 7:01 pm. Those present were; Mayor, James Lobb; Recorder, William Robertson; Council, Michael Loughry, James Maier, Kathy Mace, James Shaffer, & Bruce Wiley.

Mr. Maier moved to approve the minutes of the June 22, 2010 meeting. Ms. Mace seconded motion. Motion carried with 5 voting yes, Loughry & Wiley abstained.

Mr. Loughry moved to approve June 30, 2010 bills presented to be paid. Mr. Shaffer seconded motion. Motion carried with all voting yes.
Ms. Mace moved to approve July 13, 2010 bills presented to be paid. Mr. Wiley seconded motion. Motion carried with all voting yes.

Mr. Wiley moved to approve the building permits according to zoning. Mr. Maier seconded motion. Motion carried with 6 voting yes, Lobb abstained.

BUSINESS; Mr. Robertson moved to approve the 2nd Reading of the Sanitary Sewer Bonds refinancing. Ms. Mace seconded motion. Motion carried with all voting yes.

Preston County EDA Board member vacancy June 30, 2010. Mr. Wiley moved to reappoint Mayor Lobb to the Board. Mr. Shaffer seconded motion. Motion carried with 6 voting yes, Lobb abstained.

BrickStreet annual meeting July 26, 2010 @ 10:00 am @ White Sulphur Springs. No action taken, vote by proxy.

E-Cycling Bids; PC Renewal bid $6525.00, AfterLife Electronics bid $5000.00. Mr. Robertson moved to accept the lowest bid from AfterLife Electronics $5000.00 for the E-Cycling grant. Mr. Loughry seconded motion. Motion carried with all voting yes.

Mr. Shaffer discussed Von Rodeheaver's trailer park & the need to clean up the storm damaged trailers. A junk ordinance notice was sent certified return receipt July 9, 2010 which gives him 72 hours after receipt of notice. Council, proceed with procedure of Junk Ordinance or Trailer Committee guidelines.

Imre & Janet Szilagyi addressed Council with a proposal of $25,000.00 in five tranches as stated in the proposal. Mrs. Szilagyi read a letter from Mrs. Jennifer Reese concerning the opening of the pool. William Armstrong addressed Council about the need of the pool & would like to support the pool. Discussion followed with Council explaining the direction already in hand. A committee of the following; Szilagyi's, Armstrong, Maier, Robertson & Kathy Whetsell will get together before next Council meeting. The proposal will be on the agenda July 27, 2010 meeting.
Representatives from the Hospital Physical Therapy were present to support the pool.

CITY COUNCIL CONTINUED JULY 13, 2010

SUPERVISORS REPORT;

Francis Hyre; ordered paint for the streets. Would like to hire new person from previous applications & Mr. Lobb & Mr. Shaffer will interview applicant. Ordered recycling bins with grant money; notice of violation at the transfer station due to the construction debris & regular garbage being mixed dumped on the outside, everything will be dumped inside.

Dan Holsinger; two cruisers (brook) broke down. New vehicle information for next meeting lease purchase agreement.

Martha Moore presented budget revision for the beginning fund balance for 2010-2011 fiscal year. Mr. Robertson moved to approve the budget revision. Mr. Wiley seconded motion. Motion carried with all voting yes.
Martha stated still working with contractors about the drive through window.

Mr. Wiley stated to make sure the Cemetery gate is locked every night. Council asked Francis Hyre to check on broken markers in the cemetery.

Mr. Lobb stated the there is no stimulus money available for the Sewer Project, loan dollars are half percent interest.

Mr. Loughry moved to go into executive session for personnel @ 8:57 pm. Mr. Robertson seconded motion. Motion carried with all voting yes.
Council returned to regular session @ 9:53 pm.

Mr. Shaffer moved to adjourn @ 9:54 pm. Mr. Wiley seconded motion. Motion carried with all voting yes.

Mayor *Recorder*

CITY OF KINGWOOD COUNCIL MEETING
JULY 27, 2010

The Kingwood City Council met in regular session on July 27, 2010 @ 7:00 pm. Those present were; Mayor, James Lobb; Recorder, William Robertson; Council, Michael Loughry, James Maier, Kathy Mace, & James Shaffer.

Ms. Mace moved to approve the July 13th special meeting. Mr. Loughry seconded motion. Motion carried with all voting yes.
Mr. Maier moved to approve the July 13th regular session meeting with a spelling correction brook to broken. Mr. Loughry seconded motion. Motion carried with all voting yes.

Mr. Maier moved to approve the building permits according to zoning. Mr. Robertson seconded motion. Motion carried with all voting yes.

BUSINESS; Mr. Robertson moved to open the public hearing for the refinancing of the Sewer Bonds. Ms. Mace seconded motion. Motion carried with all voting yes.
Ms. Mace moved to close the public hearing with no comments. Mr. Loughry seconded motion. Motion carried with all voting yes. Mr. Loughry moved to approve the 3rd & final reading to refinance the Sanitary Sewer Bonds. Ms. Mace seconded motion. Motion carried with all voting yes.

Council discussed Mr. & Mrs. Szilagy's proposal for the pool. The pool committee met at 6:00 pm July 27th to discuss ways of progress with the study. Mr. Robertson discussed the need to leave the roof on & would Council make a decision to leave the roof on. Mr. Maier moved to accept the first proposal of $5,000.00 for an engineer study as requested. Mr. Shaffer seconded motion. Motion carried with all voting yes.

Council reviewed a letter from DEP accepting Afterlife Electronics' bid for the E-cycling of $5,000.00.

City Hall front window estimate explanation only.

Police cruiser interest rates; at the present time three is no leasing company that the WV Municipal League recommends, so we can not purchase any vehicle until one is found.

Council reviewed an estimate for a server for the office software $3,724.00 split 3 ways. Ms. Mace moved to purchase the server from Infinite Solutions. Mr. Loughry seconded motion. Motion carried with all voting yes.

Council reviewed the estimate to pave High Street for $96,000.00 from Tunnelton Street to Main Street. Mr. Robertson moved to pave a section of High Street from Tunnelton Street to Price Street. Mr. Shaffer seconded motion. Motion carried with all voting yes.

Francis Hyre truck estimate; no action taken, Francis to get estimate for 550.
Francis had first aid classes today; will schedule other employees later.
Francis stated the City needs a Flood Plain ordinance. The Civic Center needs new flags.

CITY COUNCIL CONTINUED JULY 27, 2010

Martha Moore stated that the OPEB will have to be in the financial statement as a liability; later will have to be expensed.

Crew & Associates, Greg Isaacs and Steptoe & Johnson, John Stump discussed the refinancing of the Sanitary Sewer Bonds, also, explained the supplemental resolution. Mr. Robertson moved to approve the supplemental resolution. Ms. Mace seconded motion. Motion carried with all voting yes.

Mr. Loughry moved to go into executive session for legal @ 7:52pm. Mr. Shaffer seconded motion. Motion carried with all voting yes.
Council resumed regular session @ 8:24 pm.

Martha Moore stated the retiree increase with PEIA is $21.31 per employee, (139.69 to 161.00). A budget revision will be done later.

Mr. Loughry moved Mr. Robertson will direct the Police force in Mr. Wiley's absence.

Mr. Maier, Water property; Lease of gas rights, other details & problems that will be discussed. This was not a lease but a more detailed agreement with other legal issues.

Mr. Shaffer asked about Rodeheaver returned any reply. No he has not replied.

Mr. Loughry moved to adjourn @ 8:45 pm. Mr. Shaffer seconded motion. Motion carried with all voting yes.

Mayor *Recorder*

Certificate of Publication

LEGAL NOTICE

NOTICE OF PUBLIC HEARING ON
THE TOWN OF KINGWOOD BOND ORDINANCE

A public hearing will be held on the following-entitled Ordinance at a regular meeting of the Council of The Town of Kingwood (the "Town") to be held on Tuesday, July 27, 2010, at 7:00 p.m. at the Town Hall, 313 Tunnelton Street, Kingwood, West Virginia, and at such hearing any person interested may appear before the Town and present protests, and all protests and suggestions shall be heard by the Town and it shall then take such actions as it shall deem proper in the premises upon an Ordinance entitled:

THE TOWN OF KINGWOOD

AN ORDINANCE AUTHORIZING THE REFUNDING OF THE ISSUER'S OUTSTANDING SEWER REFUNDING REVENUE BONDS, SERIES 1997 A AND THE FINANCING OF THE COST THEREOF, NOT OTHERWISE PROVIDED, AND PAYING COSTS OF ISSUANCE AND RELATED COSTS, THROUGH THE ISSUANCE OF SEWER REFUNDING REVENUE BONDS, SERIES 2010 A OF THE TOWN IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT MORE THAN $2,000,000; PROVIDING FOR THE RIGHTS AND REMEDIES OF, AND THE SECURITY FOR, THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING THE EXECUTION AND DELIVERY OF A TAX AND NON-ARBITRAGE CERTIFICATE, AN OFFICIAL STATEMENT, A BOND PURCHASE AGREEMENT, A CONTINUING DISCLOSURE AGREEMENT AND OTHER DOCUMENTS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

The above-quoted title of the Ordinance describes generally the contents thereof and the purposes of the Bonds contemplated thereby. The Town contemplates the issuance of the Bonds described in the Ordinance. The proceeds of the Bonds will be used (i) to finance the costs of currently refunding the Series 1997 A Refunding Revenue Bonds, (ii) to fund the Series 2010 A Bonds Reserve Account, and (iii) to pay certain costs of issuance of the Series 2010 A Bonds and related costs. The Bonds are payable from the revenues derived from the System. No taxes may at any time be levied for the payment of the Bonds or the interest thereon.

The above-entitled Ordinance was adopted by the Council of The Town of Kingwood on July 13, 2010. A certified copy of the above-entitled Ordinance is on file with the Town for review by interested parties during regular office hours.

Following the public hearing, the Town intends to enact the Ordinance upon final reading.

/s/ James G. Lobb
Mayor
7/14

I, **Carol Peters,** the undersigned Advertising Manager of The Preston County Journal, a weekly newspaper of general circulation, published at Kingwood, Preston County, West Virginia, do hereby certify that
the notice

Bond Ordinance

a copy of which notice is hereto annexed, was published in said paper for Two successive weeks, beginning with its issue of 7/14/10

and expiring with its issue of 7/21/10

And, I do further certify that on 7/21/10

I posted and left posted, a copy of said notice at the front door of the Courthouse of said county.

Carol Peters
ADVERTISING MANAGER

Subscribed and sworn to before me this the 21st day of July, 20 10

Dennis E. Peters
NOTARY PUBLIC

My commission expires 6/29/2014

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
DENNIS E. PETERS
[illegible] WEST MAIN ST.
KINGWOOD, WV 26537
My commission expires June 29, 2014

Kingwood, WV_____
Received of_____
Amount for publishing notice hereto $_____

ADVERTISING MANAGER

AN AMENDMENT AND RE-ENACTMENT OF AN ORDINANCE ESTABLISHING AND FIXING NEW SEWER RATES, CONNECTION CHARGES, RECONNECTION CHARGES AND DELAYED PAYMENT PENALTY FOR SERVICE TO CUSTOMERS OF THE SEWERAGE SYSTEM OF THE CITY OF KINGWOOD REPLACING A PRIOR ORDINANCE SETTING FORTH SEWER RATES.

THE CITY COUNCIL OF THE CITY OF KINGWOOD HEREBY ORDAINS:

The following schedule of sewer rates, connection charges, reconnection charges and delayed payment penalty are hereby fixed and determined as the sewer rates, connection charges, reconnection charges and delayed payment penalty to be charged to customers of the sewerage facilities of the City of Kingwood and does amend and adopt these rates as set forth herein and does re-enact the Ordinance as replacement of prior rates adopted by the Council in a separate Ordinance of this City entitled "AN ORDINANCE TO PROVIDE REVENUES FOR THE CONTINUANCE, MAINTENANCE, INSTALLATION, IMPROVEMENT, OPERATION AND ADMINISTRATION OF THE SEWERAGE DISPOSAL SYSTEM WITH THE MUNICIPALITY OF KINGWOOD, PRESTON COUNTY, WEST VIRGINIA, BY LEVYING AND ASSESSING RATES UPON THE USERS THEREOF FOR THE PURPOSE OF PAYING THE COST OF SUCH SPECIAL SERVICE, PROVIDING FOR THE COLLECTION OF RATES" and this Re-enacted Ordinance does only delete the rates from said prior Ordinance and adopt new rates and does not in any other way amend said Ordinance and does, by adoption hereof, create a new ordinance as herein set forth.

SECTION 1. SCHEDULE OF RATES

APPLICABILITY

Applicable to entire area served.

AVAILABILITY OF SERVICE

Available for general domestic, commercial and industrial sanitary sewer service.

RATES

(Based upon metered volume of water supplied).

Number of Gallons/Month	Rate
First 10,000 gallons	$10.18 per 1000 gallons
Next 490,000 gallons	$3.26 per 1000 gallons
Over 500,000 gallons	$2.44 per 1,000 gallons

MINIMUM BILL

No bill shall be rendered for less than $ 37.67 per month.

The monthly Minimum Bill shall be $37.67 per month.

UNMETERED/UNMEASURED RATES

In the event the water supply is unmetered or otherwise unmeasurable, the unmetered rate shall be charged. The unmetered rate shall be $37.67 per month for residential customers. Each occupied trailer located within or outside of a house trailer court and which occupied trailer receives unmetered water service is required to pay a minimum of $37.67 per month. The Municipality of Kingwood shall collect from each unmetered customer who has only a sanitary sewer connection with the Municipality of Kingwood a sewer use flat rate per month of $37.67.

DELAYED PAYMENT PENALTY

The above rates are net. On all current usage billings not paid in full within twenty (20) days of billing date, a ten percent (10%) penalty will be added to the net amount shown. This delayed payment penalty is not interest and is only to be collected once for each bill where it is appropriate.

If any bill is not paid within sixty (60) days after date, water service to the customer will be discontinued. Water service will not be restored until all past due water and sewer bills have been paid in full and all accrued penalties plus a Reconnection Charge have been paid.

SEWER CONNECTION CHARGE (TAP FEE)

All new Tap-ons will be charged a $ 500.00 connection fee.

The City shall have no obligation to acquire by condemnation or otherwise additional rights of way or easements necessary for extension of lines, which shall be provided by applicant upon terms and conditions approved by the City.

RECONNECTION SERVICE CHARGE

There shall be a Reconnection Charge of $20.00, which shall be paid prior to restoration of water service previously disconnected for non-payment of sewer charges.

RETURNED CHECKS FOR INSUFFICIENT FUNDS

If a check received is returned by the bank for any reason, the bank's charge to the Town shall be the Town's charge to the customer for such a bad check, but such charge to the customer shall not exceed $20.00.

LEAK ADJUSTMENT

$1.00 per 1,000 gallons. To be used when a water bill reflects unusual consumption which can be attributed to eligible leakage on customer's side of the meter. The rate shall be applied to all such consumption above the customer's historical average.

SECTION 2. EFFECTIVE DATE

The rates, charges and delayed payment penalty provided herein shall become effective forty-five (45) days after final enactment hereof.

SECTION 3. SEPARABILITY; REPEAL OF CONFLICTING ORDINANCES

The provisions of this Ordinance are separable, and if any clause, provision or section hereof shall be held void or unenforceable by the West Virginia Public Service Commission or any court of competent jurisdiction, such holding shall not affect the remainder of this Ordinance. Upon the effective date hereof, all ordinances, resolutions, order or parts thereof in conflict with the provisions of this Ordinance are, to the extend of such conflicts, hereby repealed.

SECTION 4. STATUTORY NOTICE AND PUBLIC HEARING

Upon introduction hereof, the City Clerk shall cause to be published a copy of this Ordinance once a week for two (2) successive weeks within a period of fourteen (14) consecutive days, with at least six (6) days between each publication, in a qualified newspaper of general circulation in the City of Kingwood, and said notice shall state that this Ordinance has been introduced, and that any person interested may appear before the Council at the Kingwood City Hall, Kingwood, West Virginia, on the 8th day of December, 2009, at 7:00 p.m., which date is not less than ten (10) days after the date of the first publication of the Ordinance and notice, and present any comment or protest thereto, following which hearing Council shall take such action as it shall deem proper. Copies of this Ordinance shall be available to the public for inspection at the office of the City Clerk, Kingwood, West Virginia, during regular business hours.

James G. Lobb

James G. Lobb, Mayor

First Reading: November 10, 2009

Second Reading: January 26, 2010

LEGAL NOTICE

AN AMENDMENT AND RE-ENACTMENT OF AN ORDINANCE ESTABLISHING AND FIXING NEW SEWER RATES, CONNECTION CHARGES, RECONNECTION CHARGES AND DELAYED PAYMENT PENALTY FOR SERVICE TO CUSTOMERS OF THE SEWERAGE SYSTEM OF THE CITY OF KINGWOOD REPLACING A PRIOR ORDINANCE SETTING FORTH SEWER RATES

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SECTION 1. SCHEDULE OF RATES

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Applicable to entire area served.

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RATES

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MINIMUM BILL

No bill shall be rendered for less that $37.67 per month.

The monthly Minimum Bill shall be $37.67 per month.

UNMETERED/UNMEASURED RATES

In the event the water supply is unmetered or otherwise unmeasurable, the unmetered rate shall be charged. The unmetered rate shall be $37.67 per month for residential customers. Each occupied trailer located within or outside of a house trailer court and which occupied trailer receives unmetered water service is required to pay a minimum of $37.67 per month. The Municipality of Kingwood shall collect from each unmetered customer who has only a sanitary sewer connection with the Municipality of Kingwood a sewer use flat rate per month of $37.67.

DELAYED PAYMENT PENALTY

The above rates are net. On all current usage billings not paid in full within twenty (20) days of billing date, a ten percent (10%) penalty will be added to the net amount shown. This delayed payment penalty is not interest and is only to be collected once for each bill where it is appropriate.

If any bill is not paid within sixty (60) days after date, water service to the customer will be discontinued. Water service will not be restored until all past due water and sewer bills have been paid in full and all accrued penalties plus a Reconnection Charge have been paid.

SEWER CONNECTION CHARGE (TAP FEE)

All new Tap-ons will be charged a $500.00 connection fee.

The City shall have no obligation to acquire by condemnation or otherwise additional rights of way or easements necessary for extension of lines, which shall be provided by applicant upon terms and conditions approved by the City.

RECONNECTION SERVICE CHARGE

There shall be a Reconnection Charge of $20.00, which shall be paid prior to restoration of water service previously disconnected for non-payment of sewer charges.

RETURNED CHECKS FOR INSUFFICIENT FUNDS

If a check received is returned by the bank for any reason, the bank's charge to the Town shall be the Town's charge to the customer for such a bad check, but such charge to the customer shall not exceed $20.00.

LEAK ADJUSTMENT

$1.00 per 1,000 gallons. To be used when a water bill reflects unusual consumption which can be attributed to eligible leakage on customer's side of the meter. The rate shall be applied to all such consumption above the customer's historical average.

SECTION 2 EFFECTIVE DATE

The rates, charges and delayed payment penalty provided herein shall become effective forty-five (45) days after final enactment hereof.

SECTION 3. SEPARABILITY; REPEAL OF CONFLICTING ORDINANCES

f Publication

I, **Carol Peters,** the undersigned Advertising Manager of The Preston County Journal, a weekly newspaper of general circulation, published at Kingwood, Preston County, West Virginia, do hereby certify that the notice

Sewer Increases

a copy of which notice is hereto annexed, was published in said paper for Two successive weeks, beginning with its issue of 1/6/10

and expiring with its issue of 1/13/10

And, I do further certify that on 1/13/10

I posted and left posted, a copy of said notice at the front door of the Courthouse of said county.

Carol Peters

ADVERTISING MANAGER

Subscribed and sworn to before me this the 13th day of January, 20 10

Dennis E. Peters

NOTARY PUBLIC

My commission expires 6/29/2014

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
DENNIS E. PETERS
116 WEST MAIN ST.
KINGWOOD, WV 26537
My commission expires June 29, 2014

d, WV

for publishing notice hereto $

ADVERTISING MANAGER

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The provisions of this Ordinance are separable, and if any clause, provision or section hereof shall be held void or unenforceable by the West Virginia Public Service Commission or any court of competent jurisdiction such holding shall not affect the remainder of this Ordinance. Upon the effective date hereof, all ordinances, resolutions, orders or parts thereof in conflict with the provisions of this Ordinance are, to the extent of such conflicts, hereby repealed.

SECTION 4. STATUTORY NOTICE AND PUBLIC HEARING

Upon introduction hereof, the City Clerk shall cause to be published a copy of this Ordinance once a week for two (2) successive weeks within a period of fourteen (14) consecutive days, with at least six (6) days between each publications, in a qualified newspaper of general circulation in the City of Kingwood, and said notice shall state that this Ordinance has been introduced, and that any person interested may appear before the Council at the Kingwood City Hall, Kingwood, West Virginia on the 26th day of January, 2010, at 7:00 p.m., which date is not less than ten (10) days after the date of the first publication of the Ordinance and notice, and present any comment or protest thereto, following which hearing Council shall take such action as it shall deem proper. Copies of this Ordinance shall be available to the public for inspection at the office of the City Clerk, Kingwood, West Virginia, during regular business hours.

CERTIFICATION AND NOTICE

The foregoing Ordinance was introduced and adopted on first reading at a meeting of the Council held on December 22, 2009. Any person interested may appear before the Council of the City of Kingwood, at the Kingwood City Hall, Kingwood, West Virginia, on the 26th day of January, 2010 at 7:00 p.m., being the date, time and place of the proposed final adoption of this Ordinance, and be heard with respect thereto. Following such public hearing, the Council will then take such action as it shall deem proper. The proposed Ordinance may be inspected by the public at the office of the City Clerk, Kingwood, West Virginia.

James G. Lobb, Mayor

1/6,13

Carolyn Peters

ADVERTISING MANAG

Subscribed and sworn to before me this th

13th day of January, 20 10

Dennis E. Peters

NOTARY PUBL

My commission expires 6/29/2

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
DENNIS E. PETERS
116 WEST MAIN ST.
KINGWOOD, WV 26537
My commission expires June 29, 2014

I, WV

or publishing notice hereto $

ADVERTISING MANA

LEGAL NOTICE

AN AMENDMENT AND RE-ENACTMENT OF AN ORDINANCE ESTABLISHING AND FIXING NEW SEWER RATES, CONNECTION CHARGES, RECONNECTION CHARGES AND DELAYED PAYMENT PENALTY FOR SERVICE TO CUSTOMERS OF THE SEWERAGE SYSTEM OF THE CITY OF KINGWOOD REPLACING A PRIOR ORDINANCE

SETTING FORTH SEWER RATES

THE CITY COUNCIL OF THE CITY OF KINGWOOD HEREBY ORDAINS:

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SECTION 2 EFFECTIVE DATE

[illegible] provided herein shall

# of Publication

I, **Carol Peters,** Advertising Manager of The Preston County News, a weekly newspaper of general circulation, published at Kingwood, Preston County, West Virginia, do hereby certify that the annexed public notice

Sewer Increases

has been published for Two successive weeks in said newspaper, beginning with its issue of 1/9/10

and expiring with the issue of 1/16/10

And, I do further certify that on 1/16/10

Carol Peters

ADVERTISING MANAGER

Sworn to and subscribed before me this the 16th day of January, 20 10

Dennis E. Peters

NOTARY PUBLIC

My commission expires 6/29/2014

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
DENNIS E. PETERS
118 WEST MAIN ST.
KINGWOOD, WV 26537
My commission expires June 29, 2014

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James G. Lobb, Mayor
1/9,16

Carol Peters
ADVERTISING M

Sworn to and subscribed before me
16th day of January, 20

Dennis E. P
NOTARY

My commission expires 6/2

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINI
DENNIS E. PETERS
119 WEST MAIN ST.
KINGWOOD, WV 26537
My commission expires June 29

Certificate of Publication

LEGAL NOTICE

PUBLIC NOTICE OF CHANGE IN SEWER RATES
BY CITY OF KINGWOOD

Notice is hereby given that the City of Kingwood, a municipal utility, has adopted by ordinance on January 26, 2010, a tariff containing increased rates, tolls and charges for furnishing sewer service to the 1375 current customers of the City of Kingwood sewer system, all of which is situate in Preston County, West Virginia.

The proposed increased rates and charges will become effective March 15, 2010, unless otherwise ordered by the Public Service Commission ("the Commission") and will produce approximately $70,080.00 annually in additional revenue, an increase of 15%. The average monthly bill for the various classes of customers will be changed as follows:

	($) INCREASE	INCREASE (%)
Residential (only one class in City, applies to all users)	$4.93	15%
Commercial	N/A	N/A
Industrial	N/A	N/A
Resale	N/A	N/A
Other	N/A	N/A

The increase shown is 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 rates and charges are only a proposal and are subject to change (increases or decreases) by the Commission in its review of this filing. The Commission shall review and approve or modify the increased rates only upon the filing of a petition within thirty (30) days of the adoption of the ordinance changing said rates or charges, by:

(1) Any customer aggrieved by the changed rates or charges who presents to the Commission a petition signed by not less than 25% of the customers served by the Town of Kingwood; or

(2) Any customer who is served by the Town of Kingwood and who resides outside the corporate limits and who is affected by the change in said rates or charges and who presents to the Commission a petition alleging discrimination between customers within and 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 change 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 Town of Kingwood. 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 rates is available for public inspection at the Kingwood City Hall, Kingwood, West Virginia.

A copy of the proposed rates is available for public inspection at the office of the Secretary of the Public Service Commission at 201 Brooks Street, Charleston, West Virginia.

2/3,10

I, **Carol Peters,** the undersigned Advertising Manager of The Preston County Journal, a weekly newspaper of general circulation, published at Kingwood, Preston County, West Virginia, do hereby certify that
the notice

Sewer Rates

a copy of which notice is hereto annexed, was published in said paper for Two successive weeks, beginning with its issue of 2/3/10

and expiring with its issue of 2/10/10

And, I do further certify that on 2/10/10

I posted and left posted, a copy of said notice at the front door of the Courthouse of said county.

Carol Peters
ADVERTISING MANAGER

Subscribed and sworn to before me this the 10th day of February, 20 10

Dennis E. Peters
NOTARY PUBLIC

My commission expires 6/29/2017

Kingwood, WV
Received of
Amount for publishing notice hereto $

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
DENNIS E. PETERS
118 WEST MAIN ST.
KINGWOOD, WV 26537
My commission expires June 29, 2014

ADVERTISING MANAGER

Certificate of Publication

LEGAL NOTICE

PUBLIC NOTICE OF CHANGE IN SEWER RATES
BY CITY OF KINGWOOD

Notice is hereby given that the City of Kingwood, a municipal utility, has adopted by ordinance on January 25, 2010, a tariff containing increased rates, tolls and charges for furnishing sewer service to the 1375 current customers of the City of Kingwood sewer system, all of which is situate in Preston County, West Virginia.

The proposed increased rates and charges will become effective March 15, 2010, unless otherwise ordered by the Public Service Commission ("the Commission") and will produce approximately $70,080.00 annually in additional revenue, an increase of 15%. The average monthly bill for the various classes of customers will be changed as follows:

	($) INCREASE	INCREASE (%)
Residential (only one class in City, applies to all users)	$4.93	15%
Commercial	N/A	N/A
Industrial	N/A	N/A
Resale	N/A	N/A
Other	N/A	N/A

The increase shown is 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 rates and charges are only a proposal and are subject to change (increases or decreases) by the Commission in its review of this filing. The Commission shall review and approve or modify the increased rates only upon the filing of a petition within thirty (30) days of the adoption of the ordinance changing said rates or charges, by:

(1) Any customer aggrieved by the changed rates or charges who presents to the Commission a petition signed by not less than 25% of the customers served by the Town of Kingwood; or

(2) Any customer who is served by the Town of Kingwood and who resides outside the corporate limits and who is affected by the change in said rates or charges and who presents to the Commission a petition alleging discrimination between customers within and 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 change 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 Town of Kingwood. 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 rates is available for public inspection at the Kingwood City Hall, Kingwood, West Virginia.

A copy of the proposed rates is available for public inspection at the office of the Secretary of the Public Service Commission at 201 Brooks Street, Charleston, West Virginia.

2/6,13

I, **Carol Peters,** Advertising Manager of The Preston County News, a weekly newspaper of general circulation, published at Kingwood, Preston County, West Virginia, do hereby certify that the annexed public notice

Sewer Rates

has been published for Two successive weeks in said newspaper, beginning with its issue of 2/6/10

and expiring with the issue of 2/13/10

And, I do further certify that on 2/13/10

Carol Peters
ADVERTISING MANAGER

Sworn to and subscribed before me this the 13th day of February, 2010

Dennis E. Peters
NOTARY PUBLIC

My commission expires 6/29/2014

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
DENNIS E. PETERS
110 WEST MAIN ST.
KINGWOOD, WV 26537
My commission expires June 29, 2014

:ogressive Jackpot.

February 28

Canon Hill Post
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a.-1 p.m., at the
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arch 27

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e J. Sisler,
wood Manor

Sewer rates to increase

The City of Kingwood has adopted an ordinance that will increase rates for furnishing sewer service to the 1375 customers of the City of Kingwood sewer system.

The proposed increased rates will become effective March 15, and will produce approximately $70,080 annually in additional revenue, an increase of 15%.

This raise will impact only residential customers. A complete copy of the proposed rates is available for public inspection at the Kingwood City Hall, Kingwood.

CITY OF KINGWOOD COUNCIL MEETING
NOVEMBER 10, 2009

The Kingwood City Council met in regular session November 10, 2009 @ 7:00 pm. Those present were; Acting Mayor, William Robertson; Acting Recorder, Michael Loughry; Council, Kathy Mace, Dave Estep, James Maier.

Mr. Loughry moved to approve the minutes of the October 27, 2009 meeting. Mr. Estep seconded motion. Motion carried with all voting yes.

Mr. Estep moved to approve the bills presented to be paid. Ms Mace seconded motion. Motion carried with all voting yes.

Mr. Maier moved to approve the building permits according to zoning. Mr. Estep seconded motion. Motion carried with all voting yes.

BUSINESS; Ms. Mace moved to close the streets for the Christmas Parade November 30th @ 6:00 pm. Mr. Loughry seconded motion. Motion carried with all voting yes. Discussion of having the City float in the parade with City kids riding the float. Ms. Mace suggested to ask the Citizen of the Year, Pearl Titchenell, to ride the float.

Council reviewed the Sanitary Sewer Rate increase of 15%. The minimum sewer rate will increase $4.93. The minimum will be $37.67 for 3,700 gallons. The average usage of 4,000 gallons will be $40.70. Ms. Mace moved to accept the first reading of the Sanitary Sewer rate increase of 15%. Mr. Loughry seconded motion. Motion carried with all voting yes.

Council reviewed a letter from Romona Miller owner of Morgans Auto Parts store stating she is not responsible for the water, sewer, or trash for the business. After discussion Council ask Sheila Williams to call Romona Miller.

SUPERVISOR REPORT; Francis Hyre stated that the new chains for the garbage truck has been installed. Francis stated that Oscar Taylor will be having back surgery in December & will be off for 4 months (non-work related). Oscar is the driver for the tractor & trailer to the landfill may need part time help. Ms. Mace asked to be notified of any new employee, for informational purposes.
Francis stated that new street signs will need to be purchased due to the 911 new addresses.

POLICE REPORT; Dale gave the cost to get each officer to full time status; 1425.00 for Freddie Harrison & 900.00 for Randy Wright. After Council's discussion Mr. Loughry moved to hire a third full time officer & discuss the remainder of the budget for police at the next session. Ms. Mace seconded motion. Motion carried with all voting yes.

CITY COUNCIL CONTINUED NOVEMBER 10, 2009

Mr. Maier moved to go into executive session for legal. Ms. Mace seconded motion. Motion carried with all voting yes. Council resumed @ 9:02 pm.

Mr. Loughry moved to direct Sheila Williams to write a letter offering a settlement to Mr. Childers' Attorney. Mr. Maier seconded motion. Motion carried with all voting yes.

Ms. Mace moved to have Sheila Williams send a letter to Rodeheaver's Attorney stating that he needs a City license by December 15th or business will be shut down via circuit court. Mr. Estep seconded motion. Motion carried with all voting yes.

Phillip DeVall asked Council to make an addendum to the employee personnel manual regarding language, alcohol, & theft. Sheila Williams was asked to address the verbiage Phillip provided & add or amend the current policy.

Ms. Mace moved to go into executive session @ 9:12 pm. Mr. Maier seconded motion. Motion carried with all voting yes. Council resumed @ 9:20 pm.

Ms. Mace moved to adjourn @ 9:21 pm. Mr. Maier seconded motion. Motion carried with all voting yes.

Acting Mayor *Acting Recorder*

CITY OF KINGWOOD COUNCIL MEETING
JANUARY 26, 2010

The Kingwood City Council met in regular session January 26, 2010 @ 7:00 pm. Those present were; Mayor, James Lobb; Recorder, William Robertson; Council, Michael Loughry, James Maier, Kathy Mace, Dave Estep, & Bruce Wiley.

Mr. Loughry moved to approve the minute of the January 12, 2010 meeting. Mr. Estep seconded motion. Motion carried with all voting yes.
Ms. Mace moved to approve the minutes of the special workshop meeting January 19, 2010. Mr. Wiley seconded motion. Motion carried with 6 voting yes & Estep abstained not present.

Ms. Mace moved to approve the payment of the bills presented. Mr. Loughry seconded motion. Motion carried with all voting yes.

Building Permits; Robert Goodwin Jr. denied by Board of Zoning Appeals for footages & complaints from neighbors. Robert Goodwin Jr. moved the 25 X 28 garage 25 feet from rear for the allowed footages. The Brown Avenue alley will be used for the entrance for his garage, any objections is a civil matter. Dr. Keefe asked about the amount of empty space allowed according to the Zoning Ordinance. Ms. Sheila Williams stated this is a matter for the Planning Commissioners. Ms. Mace moved to approve the building permits according to zoning & send Robert Goodwin Jr. to the Planning Commissioners. Mr. Estep seconded motion. Motion carried with all voting yes.

BUSINESS; Public hearing for the seconded reading of the Sewer Rate Increase. Mr. Storm questioned the rate increase & its need. Dr. Frank Cary opposed the rate increase & the extension to route 7 west. Agnes Hovatter spoke out about the extension. Mr. Maier questioned the obligation of the Sewer project. Thrasher Engineering, Matt Fluharty, discussed the issues. Ms. Mace called for questions. Joe Gillespie questioned the tap fees & cost to the property owners. Dana Keefe asked about the cost that has been paid. Ms. Mace called for questions again. Ms. Mace moved to approve the second reading of the Sewer Rate increase. Mr. Loughry seconded motion. Motion carried with all voting yes.
Mr. Estep moved to approve the second sewer resolution increase. Mr. Robertson seconded motion. Motion carried with all voting yes.

The meeting was turned over to Mr. Robertson, Recorder, for the second reading & public hearing for the Wall/Walnut Street abandonment. Ms. Mace has legal questions. No action taken at this time. The meeting was turned over to the Mayor.

Dr. Frank Cary questioned the sewer board's motion about the extension to route 7 west. The Mayor explained that the Sewer Board has had public meetings concerning this project since 2006.

CITY COUNCIL CONTINUED JANUARY 26, 2010

Larry Shaffer, 217 E. High Street, stated there have been 2 wrecks in his yard due to the ice & snow covered road. Larry would like some kind of barrier to protect his property & will work with the City for improvements. Larry, also, stated the speed of the vehicles needs to be slowed down. Francis to survey for areas that need repaired. Mr. Maier moved to have Francis look at the areas around Larry Shaffer's home. Mr. Loughry seconded motion. Motion carried with all voting yes.

Personnel Policy; Ms. Mace moved to approve the amended Personnel Policy as written a few months ago. Mr. Robertson seconded motion. Motion carried with all voting yes.

Francis, Supervisor, repairs to the old garbage truck's engine is a hole in the cylinder estimate 4500. to 5000. for repairs from Deep Hollow One Stop. Mr. Estep moved to approve the repairs to the garbage truck. Mr. Loughry seconded motion. Motion carried with all voting yes.

Ms. Mace moved to go into executive session @ 8:01 pm. Mr. Loughry seconded motion. Motion carried with all voting yes. Council resumed the meeting @ 8:47 pm.

The meeting was turned over to Recorder, William Robertson. Mr. Wiley moved to table the second reading of the Wall/Walnut Street abandonment. Mr. Estep seconded motion. Motion carried with 6 voting yes, Lobb abstained.

Mr. Wiley moved to adjourn the meeting @ 8:49 pm. Ms. Mace seconded motion. Motion carried with all voting yes.

Mayor *Recorder*

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Writer's Contact Information

August 27, 2010

The Town of Kingwood
Sewer Refunding Revenue Bonds, Series 2010 A
(Tax-Exempt)

The Town of Kingwood
Kingwood, West Virginia

Crews & Associates, Inc.
Charleston, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

Ladies and Gentlemen:

We have examined a record of proceedings relating to the issuance by The Town of Kingwood, West Virginia (the "Issuer") of its $1,605,000 aggregate principal amount of Sewer Refunding Revenue Bonds, Series 2010 A (Tax-Exempt) (the "Series 2010 A Bonds").

The Series 2010 A Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 16, Article 13 and Chapter 13, Article 2E of the West Virginia Code of 1931, as amended (collectively, the "Act"), and a Bond Ordinance duly enacted by the Issuer on July 27, 2010, as supplemented by a Supplemental Parameters Resolution duly adopted by the Issuer on July 27, 2010 (collectively, the "Ordinance"), and are subject to all the terms and conditions of the Ordinance. All capitalized terms used herein and not otherwise defined shall have the meanings set forth in the Ordinance when used herein.

The Series 2010 A Bonds are issued in fully registered form, are dated August 27, 2010, upon original issuance, mature on October 1 in the years and amounts and bear interest payable each April 1 and October 1, commencing April 1, 2011, as set forth in the Ordinance.

The Series 2010 A Bonds shall be subject to optional redemption on or after October 1, 2015, at par plus accrued interest thereon to the date set for redemption.

The Ordinance provides that the Series 2010 A Bonds are issued for the purpose of currently refunding the Issuer's Sewer Refunding Revenue Bonds, Series 1997 A (the "Series

1997 A Bonds"), funding a debt service reserve account for the Series 2010 A Bonds and paying costs of issuance of the Series 2010 A Bonds and related costs.

The Series 2010 A Bonds have been sold to Crews & Associates, Inc. (the "Original Purchaser"), pursuant to a Bond Purchase Agreement dated August 12, 2010, and accepted by the Issuer (the "Bond Purchase Agreement").

As to questions of fact material to our opinion, we have relied upon representations of the Issuer, the Original Purchaser and other entities contained in the Ordinance, the Bond Purchase Agreement, the Continuing Disclosure Agreement, the Tax Certificate and in the certified proceedings and other certifications of certain officials furnished to us without undertaking to verify the same by independent investigation.

Based upon the foregoing, and assuming compliance with the covenants and representations of the Issuer and others set forth in the Ordinance, the Bond Purchase Agreement, the Continuing Disclosure Agreement, the Tax Certificate and such certifications, we are of the opinion, under existing law, that:

1. The Issuer is a duly organized and validly existing municipal corporation under and pursuant to the laws of the State of West Virginia, with full power and authority to adopt and enact the Ordinance, enter into the Prepayment Agreement, the Bond Purchase Agreement, the Continuing Disclosure Agreement and Tax Certificate, perform its obligations under the terms and provisions thereof and to issue and sell the Series 2010 A Bonds, all under the provisions of the Act and other applicable provisions of law.

2. The Issuer, through its governing body, has legally and effectively adopted and enacted the Ordinance, has authorized, executed and delivered the Prepayment Agreement, the Bond Purchase Agreement, the Continuing Disclosure Agreement and the Tax Certificate, has authorized the distribution of the Official Statement in connection with the marketing and sale of the Series 2010 A Bonds, and has issued and delivered the Series 2010 A Bonds to the Original Purchaser pursuant to the Bond Purchase Agreement. The Ordinance is in full force and effect as of the date hereof.

3. Assuming due authorization, execution and delivery by the other parties thereto, the Prepayment Agreement, the Bond Purchase Agreement, the Continuing Disclosure Agreement and the Tax Certificate constitute valid, legal, binding and enforceable instruments of the Issuer in accordance with their respective terms.

4. The Series 2010 A Bonds have been duly authorized, executed and delivered by the Issuer and, assuming proper authentication, constitute valid and legally enforceable limited obligations of the Issuer, payable from, and secured by a lien on, the Net Revenues of the System, on a parity with the Issuer's outstanding: (1) Sewerage System Design Revenue Bonds, Series 2009 A (West Virginia Water Development Authority), dated January 30, 2009, issued in the original aggregate principal amount of $724,650 (the "Series 2009 A Bonds"); (2) Sewer Revenue Bonds, Series 2001 A (West Virginia SRF Program), dated December 20, 2001, issued

in the original aggregate principal amount of $878,181 (the "Series 2001 A Bonds"); and (3) Sewer Revenue Bonds, Series 1986 B (West Virginia Water Development Authority), dated March 26, 1986, issued in the original aggregate principal amount of $850,860 (the "Series 1986 B Bonds") (collectively referred to herein as the "Prior Bonds"). The Series 2010 A Bonds are enforceable in accordance with their terms and the terms of the Ordinance, and are entitled to the benefits of the Ordinance and the Act.

5. The Series 1997 A Bonds have been paid within the meaning and with the effect expressed in the Ordinance, as supplemented, pursuant to which they were issued, and the covenants, agreements and other obligations of the Issuer to the holders and owners of the Series 1997 A Bonds have been satisfied and discharged.

6. Under existing laws, regulations, published rulings and judicial decisions of the United States of America, as presently written and applied, the interest on the Series 2010 A Bonds (including any original issue discount properly allocable to owners of the Bonds) is excludable from gross income of the holders thereof for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed upon individuals and corporations. It should be noted, however, that for the purpose of computing the alternative minimum tax on corporations (as defined for federal income tax purposes), such interest is taken into account in determining adjusted current earnings. Ownership of tax-exempt obligations, including the Series 2010 A Bonds, may result in collateral federal income tax consequences to certain taxpayers, including without limitation, financial institutions, property and casualty insurance companies, individual recipients of Social Security or Railroad Retirement benefits, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry such obligations. We offer no opinion as to such collateral tax consequences or any other federal tax consequences arising with respect to the Series 2010 A Bonds. Prospective purchasers of the Series 2010 A Bonds should consult their own tax advisors as to such consequences. The opinions set forth above are subject to the condition that the Issuer comply, on a continuing basis, with all requirements of the Internal Revenue Code of 1986, as amended, and regulations thereunder (collectively, the "Code") that must be satisfied subsequent to issuance of the Series 2010 A Bonds for interest thereon to be or continue to be excludable from gross income for federal income tax purposes and with all certifications, covenants and representations which may affect the excludability from gross income of the interest on the Series 2010 A Bonds set forth in the Ordinance, the Prepayment Agreement, the Tax Certificate and the certifications of the Issuer and others. Failure to comply with such Code provisions or such certifications, covenants and representations could cause the interest on the Series 2010 A Bonds to be includable in gross income retroactive to the date of issuance of the Series 2010 A Bonds.

7. Under the Act, the Series 2010 A Bonds and the interest thereon are exempt from all taxation by the State of West Virginia or any county, municipality, political subdivision or agency thereof.

8. The Issuer has designated the Series 2010 A Bonds as "Qualified Tax-Exempt Obligations" for purposes of paragraph (3) of Section 265(b) of the Code and covenanted that not

more than $30,000,000 aggregate principal amount of obligations the interest on which is excludable (under Section 103(a) of the Code) from gross income for federal income taxes (excluding, however, obligations described in Section 265(b)(3)(C)(ii) of the Code), including the Bonds, have been or shall be issued by the Issuer or any entities subordinate to it, during the calendar year 2010, all as determined in accordance with the Code. For purposes of this paragraph and for the purposes of applying such Section 265(b)(3) of the Code, the Issuer and all entities which issue obligations on behalf of the Issuer shall be treated as one issuer; all obligations issued by a subordinate entity shall, for purposes of applying this paragraph and Section 265(b)(3) of the Code to each other entity to which such entity is subordinate, be treated as issued by such other entity; and an entity formed (or, to the extent provided by the Secretary, as set forth in the Code, availed of) to avoid the purposes of Section 265(b)(3)(C) or (D) of the Code and all entities benefitting thereby shall be treated as one issuer. Therefore, the Series 2010 A Bonds are "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code.

9. The Series 2010 A Bonds are exempted securities within the meaning of Section 3(a)(2) of the Securities Act of 1933, as amended, and the West Virginia Uniform Securities Act, as amended, and it is not necessary, in connection with the public offering and sale of the Series 2010 A Bonds, to register any securities under said Securities Acts.

It is to be understood that the rights of the holders of the Series 2010 A Bonds and the enforceability of the Series 2010 A Bonds, the Ordinance, the Prepayment Agreement, the Bond Purchase Agreement, the Continuing Disclosure Agreement, the Tax Certificate, and the liens, pledges, rights or remedies with respect thereto, are subject to and may be limited by any applicable bankruptcy, reorganization, insolvency, moratorium or other similar laws heretofore or hereafter enacted affecting creditors' rights or remedies generally and that their enforcement may also be subject to the application of public policy, general principles of equity and the exercise of judicial discretion in appropriate cases.

We do not express any opinion as to the sufficiency or accuracy of the material, information or financial statements which are set forth in the official statement prepared and used in connection with the offering and sale of the Series 2010 A Bonds.

We have examined the executed and authenticated Series 2010 A Bonds of said issue, and in our opinion, said Series 2010 A Bonds are in proper form and have been duly executed and authenticated.

Very truly yours,

STEPTOE & JOHNSON PLLC

08.12.10
485090.00005

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Writer's Contact Information

August 27, 2010

The Town of Kingwood
Sewer Refunding Revenue Bonds, Series 2010 A
(Tax-Exempt)

The Town of Kingwood
Kingwood, West Virginia

Crews & Associates, Inc.
Charleston, West Virginia

Ladies and Gentlemen:

We have served as bond counsel in connection with the issuance and sale by The Town of Kingwood (the "Town" or "Issuer") of its $1,605,000 aggregate principal amount of Sewer Refunding Revenue Bonds, Series 2010 A (Tax-Exempt) (the "Series 2010 A Bonds"). In our capacity as bond counsel, we are delivering an opinion of even date herewith concerning the legality of the Series 2010 A Bonds and the exclusion of interest on the Series 2010 A Bonds from gross income for federal income tax purposes (the "Bond Opinions"). We have examined the documents and instruments as described in the Bond Opinions, the Official Statement and such other matters as we have deemed necessary or appropriate to render this opinion. Words and terms used in this opinion shall have the meanings assigned to them in the Bond Purchase Agreement (the "Bond Purchase Agreement") dated August 12, 2010, between the Town and Crews & Associates, Inc. (the "Underwriter").

Based upon the foregoing, we are of opinion that:

(1) The Bond Documents have been authorized, executed and delivered by the Town and, assuming due authorization, execution and delivery by the other parties thereto, are legal, valid, binding and enforceable obligations of the Town (except to the extent that enforceability may be limited by bankruptcy, insolvency or other laws or equitable principles affecting creditors' right generally).

(2) The Town, under the Act, has full power and authority to enact the Ordinance, enter into the Bond Purchase Agreement and perform its obligations thereunder.

(3) The Official Statement has been duly approved, signed and delivered by the Town, and the Town has authorized the distribution of the Official Statement and the use thereof by the Underwriter in connection with the offering of the Series 2010 A Bonds.

(4) The statements and information contained in the Official Statement under the captions or subcaptions (i) "Tax Matters" are true and accurate in all material respects and presents a fair summary and description of the matters summarized and described under such caption, and (ii) the statements and information contained in the Official Statement under the captions or subcaptions, "Introduction," "Security for the Series 2010 A Bonds," "The Series 2010 A Bonds" (except for the statements referred to therein under "Appendix G- Book-Entry Only System" with respect to the Depository Trust Company), "Appendix D- Form of Bond Counsel Opinion" and "Appendix F- Ordinance", except for financial or statistical data therein as to which no opinion is hereby expressed, do not contain any untrue statement of a material fact or omit to state a material fact necessary to make such statements, in light of the circumstances under which they were made, not misleading in any material respect and are accurate and present a fair summary of the matters referred to therein.

(5) The Series 2010 A Bonds are exempt from registration pursuant to the Securities Act of 1933, as amended, and the Ordinance is exempt from qualification as a trust indenture pursuant to the Trust Indenture Act of 1939, as amended.

Very truly yours,

STEPTOE & JOHNSON PLLC

08.12.10
485090.00005

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ATTORNEYS AT LAW

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Writer's Contact Information

August 27, 2010

The Town of Kingwood
Sewer Refunding Revenue Bonds, Series 2010 A
(Tax-Exempt)

The Town of Kingwood
Kingwood, West Virginia

Crews & Associates, Inc.
Charleston, West Virginia

Ladies and Gentlemen:

We have acted as counsel for The Town of Kingwood, West Virginia (the "Town") in connection with the sale of the above-referenced Bonds (the "Series 2010 A Bonds"), which are being delivered and sold pursuant to a Bond Purchase Agreement dated as of August 12, 2010 (the "Bond Purchase Agreement") between Crews & Associates, Inc. (the "Underwriter") and the Town. Any capitalized term used herein and not defined herein shall have the meaning assigned to it in the Bond Purchase Agreement.

In this connection, we have reviewed and examined certain proceedings and documents with respect to the Series 2010 A Bonds, any such records, certificates and other documents as we have considered necessary or appropriate for the purposes of this opinion, the Constitution and the laws of the State of West Virginia, including Chapter 16, Article 13 and Chapter 13, Article 2E of the Code of West Virginia, 1931, as amended (the "Act"), the Ordinance of the Town relating to the Series 2010 A Bonds enacted on July 27, 2010, as supplemented by a supplemental parameters resolution adopted by the Council of the Town on July 27, 2010 (collectively, the "Ordinance"), the Bond Purchase Agreement and the Official Statement dated August 12, 2010, with respect to the issuance and offering of the Series 2010 A Bonds (the "Official Statement"), and certifications of the Town. Based on such review and such other considerations of law and fact as we believe to be relevant, we are of the opinion that:

1. The Town is a municipal corporation and political subdivision duly organized and existing under the laws and Constitution of the State of West Virginia. The Town is authorized by the laws of the State of West Virginia, as provided by the Act, to enter into and perform its obligations under the Ordinance and the Bond Purchase Agreement.

2. The Town has full power and authority to consummate all transactions contemplated by the Series 2010 A Bonds, the Bond Purchase Agreement, the Official Statement and any other agreements relating thereto, to which the Town is a party and the Town has

complied with all requirements of the Act that must be satisfied in connection with the issuance of the Series 2010 A Bonds.

3. To the best of our knowledge following due inquiry, there is no litigation pending or threatened against the Town, in any court, which in any way affects the existence of the Town or the titles of its officers to their respective offices, or seeking to restrain or to enjoin the issuance or delivery of the Bonds, or the collection of revenues and assets of the Town pledged or to be pledged to pay the principal of and interest on the Series 2010 A Bonds, or the pledge thereof, or in any way contesting or affecting the validity or enforceability of the Series 2010 A Bonds, the Ordinance, the Bond Purchase Agreement, or contesting the powers of the State of West Virginia with respect to the Series 2010 A Bonds, the Ordinance or this Bond Purchase Agreement or any transaction described in or contemplated by the Official Statement.

4. The Official Statement, as amended or supplemented to the date hereof, contains no untrue statement regarding the Town of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein regarding the Town, in light of the circumstances under which they were made, not misleading.

5. The statements contained in the Official Statement under the captions "The System," "Financing Plan," "Absence of Material Litigation," "Continuing Litigation," and "Appendix B- The System," insofar as such statements contained under such captions purport to summarize certain matters set forth therein and certain provisions of the Ordinance, except for financial or statistical data therein or matters relating to the book entry system maintained by the Depository Trust Company as to which no opinion is hereby expressed, are accurate and present a fair summary of the matters referred to therein.

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

Very truly yours,

STEPTOE & JOHNSON PLLC

06.08.10
485090.00005

LAW OFFICES

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(304) 372-2651

August 27, 2010

Crews & Associates, Inc.
Charleston, West Virginia

Re: $1,605,000 The Town of Kingwood
Sewer Refunding Revenue Bonds, Series 2010 A

Ladies and Gentlemen:

We have acted as counsel to you (the "Underwriter") in connection with the issuance and sale by The Town of Kingwood (the "Town") of its Sewer Refunding Revenue Bonds, Series 2010 A, in the aggregate principal amount of $1,605,000 (the "Series 2010 A Bonds"). In connection with rendering this opinion, we have examined the Official Statement dated August 12, 2010, the Bond Purchase Agreement dated August 12, 2010 (the "Purchase Agreement"), and Rule 15c2-12 of the Securities and Exchange Commission promulgated under the Securities Exchange Act of 1934, as amended (the "Rule"). Capitalized terms used but not defined herein shall have the meanings set forth in the Purchase Agreement.

Based upon the foregoing review, we are of the opinion that you are not required to comply with the requirements of paragraph (b)(5) of the Rule.

Without having undertaken to determine independently the accuracy or completeness of the statements contained in the Official Statement, but on the basis of our conferences with representatives of the Town, counsel for the Town, Bond Counsel and the Underwriter, and our examination of certain documents referred to in the Official Statement, nothing has come to our attention that would lead us to believe that the Official Statement (excluding therefrom the financial and statistical data included in the Official Statement, including Appendix B thereto as to which we express no opinion) contains any untrue statement of a material fact or omits to state a material fact necessary in order to make the statements made therein, in light of the circumstances under which they were made, not misleading.

This opinion is solely for the benefit of, and may be relied upon only by, the Underwriter; and it is not to be used, circulated, quoted or otherwise referred to for any other purpose, except that a copy hereof may be included in the transcript of closing documents pertaining to the delivery of the Series 2010 A Bonds.

Respectfully submitted,

Goodwin + Goodwin, LLP

GOODWIN & GOODWIN, LLP

The Town of Kingwood
Sewer Refunding Revenue Bonds, Series 2010 A
(Tax-Exempt)

GENERAL CERTIFICATE OF THE TOWN OF KINGWOOD ON:

1. TERMS
2. NO LITIGATION
3. GOVERNMENTAL APPROVALS
4. RATES
5. PUBLICATION OF NOTICES
6. AWARD OF BONDS; SIGNATURES
7. DELIVERY AND PAYMENT
8. CERTIFICATION OF DOCUMENTS
9. NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS
10. MEETINGS, ETC.
11. INCUMBENCY AND OFFICIAL NAME
12. PUBLICATION AND PUBLIC HEARING ON BOND ORDINANCE
13. DEFEASANCE OF SERIES 1997 A BONDS
14. SPECIMEN BONDS
15. NO FEDERAL GUARANTY
16. IRS INFORMATION RETURN
17. OFFICIAL STATEMENT CERTIFICATION
18. CERTIFICATIONS REGARDING BOND PURCHASE
19. DESIGNATION OF REGISTRAR, PAYING AGENT AND DEPOSITORY BANK
20. COUNTERPARTS

We, the undersigned MAYOR, and RECORDER of The Town of Kingwood, West Virginia (the "Issuer"), hereby certify this 27th day of August, 2010 in connection with the $1,605,000 aggregate principal amount of The Town of Kingwood Sewer Refunding Revenue Bonds, Series 2010 A (Tax-Exempt) (the "Series 2010 A Bonds" or "Bonds"), as follows:

1. TERMS: All capitalized words and terms used in this General Certificate and not otherwise defined herein shall have the same meanings as set forth in the Bond Ordinance of the Issuer enacted July 27, 2010, as supplemented by a Supplemental Parameters Resolution of the Issuer adopted July 27, 2010 (collectively, the "Ordinance").

2. NO LITIGATION: Except as otherwise disclosed in the Official Statement, no controversy or litigation of any nature is now pending or, to the knowledge of any of the undersigned, threatened, restraining, enjoining or affecting in any manner the issuance, sale and delivery of the Series 2010 A Bonds, the refunding of the Series 1997 A Bonds, the

collection or use of the revenues of the System, or the respective pledge thereof to the payment of the principal and interest on the Series 2010 A Bonds, nor in any manner questioning the proceedings and authority by which the Issuer authorized the issuance and sale of the Series 2010 A Bonds, nor in any manner affecting the validity or enforceability of the Series 2010 A Bonds, the Ordinance or the Bond Purchase Agreement, dated August 12, 2010 (the "Bond Purchase Agreement"), by and between the Issuer and Crews & Associates, Inc. (the "Underwriter") or any agreement or instrument relating thereto, used or contemplated by the Bond Purchase Agreement or any provisions made or authorized for the payment of the Series 2010 A Bonds; nor in any manner questioning the valid existence of the Issuer or the authority or titles of the Mayor, Recorder and the members of the Council and other officials of the Issuer to their respective offices; nor in any manner questioning any proceeding, procedure, action or thing followed, taken or done in connection with the issuance, sale and delivery of the Series 2010 A Bonds or the refunding and payment of the Series 1997 A Bonds, which is not set forth in the Official Statement relating to the Series 2010 A Bonds.

3. GOVERNMENTAL APPROVALS: All applicable approvals and certificates required by law for operation of the System, including, without limitation, the imposition of rates and charges, and the issuance of the Series 2010 A Bonds, have been obtained as of the date hereof and remain in full force and effect.

4. RATES: On January 26, 2010, the Issuer passed a sewer rate ordinance establishing new rates and charges for the sewerage system. There was no protest filed as to said sewer rates with the Public Service Commission of West Virginia and said sewer rates became effective 45 days following enactment and remain in full force and effect on the date hereof.

5. PUBLICATION OF NOTICES: Notice of the public hearing upon the Ordinance was duly published as required by law. The Council of the Issuer approved the Ordinance, and the Ordinance became fully effective July 27, 2010 and remains in full force and effect on the date hereof. The Ordinance was supplemented by a Supplemental Parameters Resolution adopted by the Issuer on July 27, 2010.

6. AWARD OF BONDS; SIGNATURES: The Series 2010 A Bonds were awarded to the Underwriter upon a negotiated basis at the price of $1,553,767 (par amount of $1,605,000 less original issue discount in the amount of $11,108, and less underwriter's discount of $40,125). As of the date hereof, the Series 2010 A Bonds were duly signed by the manual signature of the Mayor, and the official seal of the Issuer, which seal is impressed upon this Certificate, was impressed or imprinted thereon and attested by the manual signature of the Recorder.

7. DELIVERY AND PAYMENT: On the date hereof the undersigned Mayor did deliver to the Underwriter the entire issue of the Series 2010 A Bonds, numbered AR-1 to AR-5.

At the time of delivery of the Series 2010 A Bonds, there was paid to the Issuer (or others, on behalf of the Issuer) the agreed price therefor as follows:

Par Amount of Series 2010 A Bonds	$1,605,000.00
Less: Original Issue Discount	($11,108.00)
Less: Underwriter's Discount	($40,125.00)
Total	$1,553,767.00

Series 2010 A Bonds proceeds in the amount of $1,553,767 was made in immediately available funds (federal funds wire) and the uses are shown below:

Refund a portion of the Series 1997 A Bond	$1,370,546.39
Fund the Series 2010 A Bonds Reserve	$147,300.00
Cost of Issuance & Rounding Amount	$35,920.61
Total	$1,553,767.00

8. CERTIFICATION OF DOCUMENTS: There are delivered herewith true and correct copies of the following documents, all which remain in full force and effect and have not been amended, modified, supplemented or repealed unless changed by the terms of other documents listed below:

Bond Ordinance

Supplemental Parameters Resolution

Tax and Non-Arbitrage Certificate

Certificate of Determinations

Specimen Series 2010 A Bond

Prepayment Agreement

Town Charter

Rules of Procedure

Oaths of Office of Councilmembers

Minutes on Enactment of Bond Ordinance and Supplemental Parameters Resolution

Affidavit of Publication of Notice of Public Hearing

Ordinance creating Sanitary Board

Petition of Sanitary Board

Sewer Rate Ordinance

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

Minutes on Adoption and Enactment of Sewer Rate Ordinance

Preliminary Official Statement

Official Statement

Bond Purchase Agreement

Continuing Disclosure Agreement

Rule 15c-2-12 Certificate

DTC Blanket Letter of Representations

IRS Information Return (Form 8038-G)

Municipal Bond Commission New Issue Report

Prior Bonds Ordinances and Supplemental Resolutions

9. NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS: Except as otherwise disclosed in the Official Statement, there has been no adverse change in the financial condition of the Issuer or the System since August 12, 2010. The Issuer has heretofore financed and refinanced the acquisition and construction of the System and certain additions, betterments and improvements thereto by the issuance of its bonds, of which there are presently outstanding its: (1) Sewerage System Design Revenue Bonds, Series 2009 A (West Virginia Water Development Authority), dated January 30, 2009, issued in the original aggregate principal amount of $724,650 (the "Series 2009 A Bonds"); (2) Sewer Revenue Bonds, Series 2001 A (West Virginia SRF Program), dated December 20, 2001, issued in the original aggregate principal amount of $878,181 (the "Series 2001 A Bonds"); and (3) Sewer Revenue Bonds, Series 1986 B (West Virginia Water Development Authority), dated March 26, 1986, issued in

the original aggregate principal amount of $850,860 (the "Series 1986 B Bonds") (collectively referred to herein as the "Prior Bonds").

The Series 2010 A Bonds shall be issued on a parity with one another and with the Prior Bonds, all of which shall have a first lien position with respect to pledge and source of and security for payment and in all other respects. The Issuer has met the coverage requirements for issuance of parity bonds of the Prior Bonds and the Prior Ordinances and has substantially complied with all other parity requirements, except to the extent that noncompliance with any such other parity requirements is not of a material nature. Other than the Prior Bonds, there are no other outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System. The respective debt service reserve funds for the Prior Bonds are fully funded as of the date hereof.

10. 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 2010 A Bonds were authorized or adopted at meetings of the Council of the Issuer duly and regularly called and held pursuant to the Town Charter and Town Council Rules of Procedure, and all applicable statutes, including Chapter 6, Article 9A of the Official West Virginia Code of 1931, as amended, and a quorum of duly elected, qualified and acting members of the council was present and acting at all times during all such meetings.

11. INCUMBENCY AND OFFICIAL NAME: The proper corporate title of the Issuer is "The Town of Kingwood" and it is a municipal corporation of the State of West Virginia, in Preston County of said state. The governing body of the Issuer is its Council, consisting of a Mayor and 5 council members. The names and terms of office of the members of Council, the Mayor and the Recorder are as follows:

Name		Commencement Date	Termination Date
James G. Lobb -	Mayor	07/01/2009	07/01/2011
William Robertson -	Recorder	07/01/2009	07/01/2011
Michael Loughry -	Councilmember	07/01/2009	07/01/2011
James Maier -	Councilmember	07/01/2009	07/01/2011
Bruce Wiley -	Councilmember	07/01/2009	07/01/2011
David Estep -	Councilmember	07/01/2009	07/01/2011
Kathy Mace -	Councilmember	07/01/2009	07/01/2011

The duly elected or appointed members of the Sanitary Board for 2010 are as follows:

Name		Term of Office	
James G. Lobb, Chairman	–	07/01/2009	07/01/2011

Fred Koch	–	07/01/2008	07/01/2011
William Rosier	–	07/01/2009	07/01/2011

The duly appointed and acting Counsel to the Issuer is Steptoe & Johnson PLLC.

12. PUBLICATION AND PUBLIC HEARING ON BOND ORDINANCE: Upon adoption of the Bonds Ordinance, an abstract thereof, determined by the Council of the Issuer 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 *Preston County Journal*, a newspaper of general circulation in The Town of Kingwood, together with a notice to all persons concerned, stating that the Bonds Ordinance had been adopted and that the Issuer contemplated the issuance of the Series 2010 A Bonds described in such Ordinance, stating that any person interested may appear before the Council at the public hearing held at a public meeting of Council on the 27th day of July, 2010, at 7:00 p.m., in the Council Chambers of the Town Hall of The Town of Kingwood and present protests, and stating that a certified copy of the Bonds Ordinance was on file at the office of the Recorder of the Issuer for review by interested parties during the office hours of the Recorder. At such hearing all objections and suggestions were heard by the Council of the Issuer and the Bonds Ordinance became finally adopted, enacted and effective as of the date of such public hearing, and remains in full force and effect.

13. DEFEASANCE OF SERIES 1997 A BONDS: As of the date hereof, the Series 1997 A Bonds have been prepaid and refunded and the liens and pledges securing the Series 1997 A Bonds have been discharged and defeased.

14. SPECIMEN BONDS. Delivered concurrently herewith are true and accurate specimens of the Series 2010 A Bonds.

15. NO FEDERAL GUARANTY: The Series 2010 A Bonds are not, in whole or part, and will not be, directly or indirectly, federally guaranteed within the meaning of Section 149(b) of the Code.

16. IRS INFORMATION RETURN: On the date hereof, the undersigned Mayor did officially sign a properly completed IRS Form 8038-G and will cause such executed Form 8038-G to be filed in a timely manner with the Internal Revenue Service Center, Ogden, Utah, with respect to the Series 2010 A Bonds.

17. OFFICIAL STATEMENT CERTIFICATION: At and since the date of the Official Statement nothing has come to the attention of any signer hereof which would lead any such signer to believe that the Official Statement contains an untrue statement of a material fact or omits to state a material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading.

18. CERTIFICATIONS REGARDING BOND PURCHASE AGREEMENT: In addition to the foregoing, the undersigned Mayor hereby certify in connection with Section 6(c)(vii) of the Bond Purchase Agreement as follows: (i) the Issuer has duly performed all of its obligations to be performed at or prior to the Closing and each of its representations and warranties contained in the Bond Purchase Agreement are true as of Closing, (ii) the Issuer has authorized, by all necessary action, the execution, delivery, receipt and due performance of the Series 2010 A Bonds, the Undertaking represented by the Continuing Disclosure Agreement, the Ordinance and any and all such other agreements and documents as may be required to be executed, delivered and received by the Underwriter in order to carry out, give effect to and consummate the transactions contemplated by the Bond Purchase Agreement and by the Official Statement, (iii) to the Issuer's knowledge no litigation is pending or threatened which would restrain or enjoin the collection of the Gross Revenues, the pledge of the Net Revenues to the Series 2010 A Bonds, the issuance or sale of the Series 2010 A Bonds or in any way affecting any authority for or the validity of the Series 2010 A Bonds or the Ordinance, (iv) the execution, delivery, receipt and due performance of the Series 2010 A Bonds, the Undertaking, the Ordinance and the other agreements contemplated by the Bond Purchase Agreement and by the Official Statement under the circumstances contemplated thereby and the Issuer's compliance with the provisions thereof will not conflict with or constitute on its part a breach of or a default under any existing law, court or administrative regulation, decree or order or any agreement, indenture, mortgage, lease or other instrument to which the Issuer is subject or by which the Issuer is or may be bound and (v) the Issuer is in compliance with all covenants in its outstanding resolutions which authorized bonds secured by the Net Revenues of the System.

19. DESIGNATION OF REGISTRAR, PAYING AGENT AND DEPOSITORY BANK: The Issuer hereby confirms the appointment of (a) WesBanco Bank, Inc, Wheeling, West Virginia, as Registrar, (b) WesBanco Bank, Inc, Wheeling, West Virginia, as Depository Bank and (c) West Virginia Municipal Bond Commission, Charleston, West Virginia, as Paying Agent.

20. COUNTERPARTS: This Certificate may be executed in counterparts, and all counterparts shall be deemed to be the Certificate.

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

[SEAL]

Signature	Official Title
_____	Mayor
_____	Recorder

08.12.10
485090.00005

ROGER HARDESTY & ASSOCIATES, AC
CERTIFIED PUBLIC ACCOUNTANTS
420 MORGANTOWN STREET
KINGWOOD, WV 26537
PHONE (304) 329-1351
FAX (304) 329-1352

August 27, 2010

THE TOWN OF KINGWOOD

Sewer Refunding Revenue Bonds, Series 2010 A

The Town of Kingwood
Kingwood, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

Ladies and Gentlemen:

Based upon the principal and interest payments for the proposed $1,605,000 Sewer Refunding Revenue Bonds, Series 2010 A (the "Bonds"), the sewer rates and charges set forth in the Sewer Rate Ordinance enacted January 26, 2010, and the projected operating expenses and the anticipated customer usage as furnished to us by The Town of Kingwood (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 (i) to pay 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 debt service on the Bonds and all other obligations secured by or payable from the revenues of the System, including the Issuer's: (1) Sewer Revenue Bonds, Series 1986 B (West Virginia Water Development Authority), dated March 26, 1986, issued in the original aggregate principal amount of $850,860; (2) Sewer Revenue Bonds, Series 2001 (West Virginia SRF Program), dated December 20, 2001, issued in the original aggregate principal amount of $878,181; and (3) Sewerage System Design Revenue Bonds, Series 2009 A (West Virginia Water Development Authority), dated January 30, 2009, issued in the original aggregate principal amount of $724,650 (collectively, the "Prior Bonds").

It is our further opinion that the Net Revenues actually derived from the System during any 12 consecutive months, within the 18 months immediately preceding the date of the actual issuance of the 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, if any, are not less than 115% of the largest aggregate amount that will mature and become due in any succeeding fiscal year for the principal of and interest on the Bonds and the Prior Bonds.

Very truly yours,

Roger Hardesty & Associates, AC

Roger Hardesty & Associates, AC

The Town of Kingwood
Sewer Refunding Revenue Bonds, Series 2010 A
(Tax-Exempt)

REGISTRAR'S CERTIFICATE

WesBanco Bank, Inc., Wheeling, West Virginia (the "Bank"), as Registrar for the above-captioned Bonds (collectively, the "Bonds"), hereby certifies this 27th day of August, 2010, as follows, all capitalized terms used herein to have the same meanings set forth in the Ordinance of The Town of Kingwood (the "Issuer") enacted July 27, 2010, as supplemented by a Supplemental Parameters Resolution adopted July 27, 2010 (collectively the "Ordinance"):

1. The Bank is a state banking corporation duly organized, validly existing, and in good standing under the laws of the State of West Virginia, may lawfully conduct business in West Virginia, and is lawfully empowered, pursuant to such laws, to accept the duties and obligations contemplated and as provided under the Ordinance and to serve in the capacity of Registrar under the Ordinance.

2. The Bank has duly authorized, by all necessary action, the authentication of the Bonds and the execution and delivery of this Certificate and the acceptance of all duties of Registrar under the Ordinance, and any and all other documents and agreements as may be required to be executed, delivered and received by the Bank in order to carry out, give effect to, and consummate the transactions contemplated thereby.

3. The person indicated in paragraph 4 below was at the time of the authentication of the Bonds, and is now, a duly elected, qualified and acting incumbent in his or her office; and, pursuant to authorization from the Board of Directors of the Bank, attached hereto as Exhibit A, such person, in his or her official capacity, was and is authorized to authenticate the Bonds for and on behalf of the Bank.

4. Appearing opposite the name and title of the person indicated below is a true and correct specimen of his or her signature.

Name	Title	Signature
Janet L Shelburne	Vice President	Janet L Shelburne

5. There have been filed with the Bank all of the documents listed in Section 3.12 of the Ordinance; the Bonds have been duly authenticated and delivered to the Original Purchaser, and proceeds of the Bonds have been deposited as required by the Ordinance.

6. Attached hereto as EXHIBIT B is a correct listing of the Bond numbers, CUSIP numbers, maturity dates, principal amounts, interest rates and yields of the Bonds.

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

WESBANCO BANK, INC.

By: _____
Its: Authorized Officer

08.12.10
485090.00005

EXHIBIT A
Resolution of Board of Directors

(on file with Registrar)

EXHIBIT B

The Town of Kingwood
Sewer Refunding Revenue Bonds, Series 2010 A
(Tax-Exempt)

Bond No.	Maturity Date (October 1)	Principal Amount	Interest Rate	Yield	CUSIP
AR-1	2013	$250,000	3.000%	3.000%	496870 AD8
AR-2	2016	$285,000	3.500%	3.500%	496870 AE6
AR-3	2020	$430,000	4.000%	4.000%	496870 AF3
AR-4	2022	$240,000	4.000%	4.200%	496870 AG1
AR-5	2025	$400,000	4.250%	4.400%	496870 AH9

The Town of Kingwood
Sewer Refunding Revenue Bonds, Series 2010 A
(Tax-Exempt)

CERTIFICATE OF UNDERWRITER

The undersigned Gregory B. Isaacs, Senior Managing Director of CREWS & ASSOCIATES, INC. (the "Underwriter"), which is purchasing the entirety of the above-captioned bonds in the aggregate principal amount of $1,605,000, dated August 27, 2010 (the "Bonds") of The Town of Kingwood (the "Issuer"), hereby certifies this 27th day of August, 2010, that:

1. The Underwriter and the Issuer on August 12, 2010 (the "Sale Date") executed a Bond Purchase Agreement for the Bonds (the "Bond Purchase Agreement"). The Bond Purchase Agreement has not been modified since the execution thereof on the Sale Date. Capitalized terms used herein shall have the meanings set forth in the Bond Purchase Agreement.

2. The Underwriter certifies that the initial offering price of the Bonds to the public (excluding bond houses, brokers and similar persons or organizations acting in the capacity of underwriters or wholesalers) at which a substantial amount of the Bonds of that maturity (i.e., at least ten percent (10%) of such maturity) were reasonably expected to be sold as of the Sale Date is as follows for each of the maturities listed below:

Maturity Date	Principal Amount	Initial Offering Price	Dollar Price
2013	$250,000	100.000%	$250,000
2016	$285,000	100.000%	$285,000
2020	$430,000	100.000%	$430,000
2022	$240,000	98.115%	$235,476
2025	$400,000	98.354%	$393,416
		Total	$1,593,892
		Accrued Interest	-0-
TOTAL			$1,593,892

3. The Underwriter hereby confirms that all of the Bonds have been the subject of a bona fide initial offering to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of Underwriter, placement agents or wholesalers) at prices equal to those set forth in the Bond Purchase Agreement. Based upon the Underwriter's assessment of then prevailing market conditions, the purchase price of each Bond is not less than the fair market value of each Bond as of the Sale Date.

4. The Underwriter hereby confirms that the Reserve Fund for the Bonds in the amount of $147,300 established under the Ordinance for the Bonds is reasonable, necessary and required for the marketability of the Bonds.

5. The Underwriter hereby confirms that the issue price of the Bonds, calculated in accordance with Treas. Regs. Section 1.148-1(b) is $1,593,892.

6. The Underwriter hereby confirms that the yield on the Bonds, calculated in accordance with Treasury Regulations Section 1.148-4 is 4.0887522%.

7. The Underwriter hereby confirms that the weighted average maturity of the Bonds, based on the issue price of the Bonds from their date of issue (and not on the basis of the principal amount of the Bonds from their dated date) is 8.794 years.

8. The Underwriter hereby confirms the maximum amount of principal and interest payable on the Bonds in any year is $147,300, and such amount is lesser than 10% of the principal amount of the Bonds and 125% of the average annual debt service on the Bonds payable in any year during the term of the Bonds.

9. The Bonds are issued as fixed-rate bonds.

10. The Underwriter has not and will not receive any compensation from the proceeds of the sale of the Bonds, including investment earnings thereon, in excess of its underwriter's discount in the amount of $40,125.

11. The terms used herein have the same meaning given them in Section 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations applicable thereunder or in the Tax and Non-Arbitrage Certificate for the Bonds.

12. This certificate may be relied upon by the Issuer with respect to the Tax and Non-Arbitrage Certificate relating to the Bonds and by Steptoe & Johnson PLLC in rendering its opinions with respect to the Bonds.

[Remainder of Page Intentionally Blank]

Dated the day and year first written above.

CREWS & ASSOCIATES, INC.

By: _____
Gregory B. Isaacs
Its: Senior Managing Director

This Preliminary Official Statement and the information contained herein are subject to completion and amendment. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy. Nor shall there be any sale of these securities, in any jurisdiction in which such offer, solicitation or sale would be unlawful, prior to registration or qualification under the securities laws of such jurisdiction.

PRELIMINARY OFFICIAL STATEMENT DATED AUGUST 9, 2010

NEW ISSUE-BOOK ENTRY ONLY

In the opinion of Bond Counsel, under existing laws, regulations, rulings and judicial decisions of the United States of America, as presently written and applied, interest on the Series 2010 A Bonds [including any original issue discount properly allocable to an owner thereof] is excludable from gross income of the holders thereof for federal income tax purposes, and interest on the Series 2010 A Bonds will not be treated as a preference item for purposes of the federal alternative minimum tax imposed on individuals and corporations. However, interest paid to corporate holders of the Series 2010 A Bonds may be indirectly subject to alternative minimum tax under certain circumstances. Further, in the opinion of Bond Counsel, under existing laws of the State of West Virginia, the Series 2010 A Bonds, and the interest thereon are exempt from taxation by the State of West Virginia. See "TAX MATTERS" herein.

$1,615,000*
THE TOWN OF KINGWOOD (WEST VIRGINIA)
SEWER REFUNDING REVENUE BONDS, SERIES 2010 A

Dated: August __, 2010 Due: October 1, as shown below

The Series 2010 A Bonds are issuable only as fully registered bonds without coupons in denominations of $5,000 and integral multiples thereof for any year of maturity. All of the Series 2010 A Bonds initially will be maintained under a book-entry system under which The Depository Trust Company, New York, New York ("DTC"), will act as securities depository. Purchases of the Series 2010 A Bonds will be in book-entry form only. Semiannual interest on the Series 2010 A Bonds is payable October 1, 2010, and each April 1 and October 1 thereafter. So long as the Series 2010 A Bonds are maintained under a book-entry system, payments of the principal of and premium, if any, and interest on the Series 2010 A Bonds will be made when due by the West Virginia Municipal Bond Commission, Charleston, West Virginia, as Paying Agent (the "Paying Agent"), to DTC in accordance with the Ordinance and the Supplemental Resolutions, and the Paying Agent will have no obligation to make any payments to any beneficial owner of any Series 2010 A Bonds. See "THE SERIES 2010 A BONDS - Book-Entry Only System." The Series 2010 A Bonds are subject to redemption prior to maturity as described herein.

Proceeds of the Series 2010 A Bonds will be used, together with other funds available therefor, to: (i) refund the Town's Sewer Refunding Revenue Bonds, Series 1997 A; (ii) provide funds in the amount of $_____, to be deposited in the Series 2010 A Bonds Reserve Account; and (iii) pay certain costs of issuance of the Series 2010 A Bonds and related costs.

The Series 2010 A Bonds are payable from and further secured by the Net Revenues derived from the existing sewerage system of the Town and any extensions, improvements and betterments thereto on parity with the Prior Bonds, as hereinafter defined, and any additional parity bonds that may hereafter be issued by the Town as permitted by the Ordinance, as hereinafter defined, and the Series 2010 A Bonds are also payable from funds on deposit in the Series 2010 A Bonds Sinking Fund and the Series 2010 A Bonds Reserve Account therein. The Series 2010 A Bonds do not constitute an indebtedness of the Town within the meaning of any constitutional or statutory provisions or limitations, and the Town shall not be obligated to pay the principal or premium, if any, of and the interest on the Series 2010 A Bonds, except from the Net Revenues and such funds on deposit. Neither the full faith and credit nor the taxing power of the Town shall be deemed to be pledged to, nor shall any tax be levied for, the payment or the principal of or the premium, if any, or interest on the Series 2010 A Bonds.

The Town has designated the Series 2010 A Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b) of the Internal Revenue Code of 1986, as amended.

MATURITIES, AMOUNTS, INTEREST RATES AND PRICES OR YIELDS*

$180,000*	____%	**Series 2010 A Term Bonds due October 1, 2012**	at ____%
$270,000*	____%	**Series 2010 A Term Bonds due October 1, 2015**	at ____%
$300,000*	____%	**Series 2010 A Term Bonds due October 1, 2018**	at ____%
$340,000*	____%	**Series 2010 A Term Bonds due October 1, 2021**	at ____%
$525,000*	____%	**Series 2010 A Term Bonds due October 1, 2025**	at ____%

This cover page contains certain information for quick reference only. It is not a summary of this issue. Investors must read the entire Official Statement to obtain information essential to making an informed investment decision. The Series 2010 A Bonds are offered when, as and if issued and received by the Underwriter, subject to prior sale, to withdrawal or modification of the offering without notice and to the unqualified approval of legality by Steptoe & Johnson PLLC, Charleston, West Virginia, Bond Counsel. Steptoe & Johnson PLLC, Charleston, West Virginia, Counsel to the Town, will pass upon certain legal matters for the Town. Goodwin & Goodwin, LLP, Charleston, West Virginia, as counsel to the Underwriter, will pass upon certain legal matters for the Underwriter. It is expected that the Series 2010 A Bonds will be available for delivery in New York, New York on or about August __, 2010.

Crews&Associates
Member First Security Bancorp

Dated: August __, 2010

*Preliminary, subject to change.

THE TOWN OF KINGWOOD, WEST VIRGINIA

MAYOR
James G. Lobb

COUNCILMEMBERS
James Shaffer Michael Loughry
Kathy Mace James L. Maier
Bruce A. Wiley

RECORDER
William C. Robertson

BOND COUNSEL
Steptoe & Johnson PLLC
Charleston, West Virginia

UNDERWRITER'S COUNSEL
Goodwin & Goodwin, LLP
Charleston, West Virginia

ISSUER'S COUNSEL
Steptoe & Johnson PLLC
Charleston, West Virginia

AUDITORS
Hardesty & Associates AC
Kingwood, West Virginia

UNDERWRITER
Crews & Associates, Inc.
Charleston, West Virginia

DEPOSITORY BANK
WesBanco Bank, Inc.
Kingwood, West Virginia

REGISTRAR
United Bank, Inc.
Charleston, West Virginia

This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Series 2010 A Bonds in any jurisdiction in which it is unlawful to make such offer, solicitation or sale. No dealer, broker, salesman or other person has been authorized by The Town of Kingwood, West Virginia, or the Underwriter to give any information or to make any representations, other than as contained in this Official Statement. If given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. The information set forth herein has been obtained from The Town of Kingwood and other sources, which are believed to be reliable but is not guaranteed as to accuracy or completeness and is not to be construed as a representation by the Underwriter. The information and any expression of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall under any circumstances create any implication that there has been no change in the affairs of The Town of Kingwood, West Virginia, as it relates to the System, since the date hereof. This Official Statement is submitted in connection with the sale of securities referred to herein, and may not be reproduced or used, in whole or in part, for any other purposes.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 2010 A BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

The Underwriter has gathered the information in this Official Statement from sources it believes to be reliable, including primarily the Town. The Underwriter does not guarantee this information as to its completeness or its accuracy.

By its purchase of the Series 2010 A Bonds, an investor is acknowledging that it has reviewed all the information it deems necessary to make an informed decision, and that it is not relying on any representation of the Underwriter or any of its officers, representatives, agents or directors in reaching its decision to purchase the Series 2010 A Bonds.

The investor, by its purchase of the Series 2010 A Bonds, acknowledges its consent for the Underwriter to rely upon the investor's understanding of and agreement to the preceding two paragraphs as such relates to the disclosure and fair dealing obligations that may be applicable to the Underwriter under applicable securities laws and regulations.

TABLE OF CONTENTS

INTRODUCTION 1
FINANCING PLAN 3
Estimated Sources and Uses of Funds 3
THE SERIES 2010 A BONDS 3
General 3
Optional Redemption 4
Mandatory Redemption 4
Notice of Redemption 5
BOOK-ENTRY ONLY SYSTEM 6
The Depository Trust Company 6
Ownership of Series 2010 A Bonds 6
Payments on and Redemption of Series 2010 A Bonds 6
Discontinuance of Book-Entry Only System 6
ADDITIONAL SECURITY FOR THE SERIES 2010 A BONDS 7
Outstanding Prior Bonds 7
Sources of Payment 7
Rate Covenant 8
Series 2010 A Bonds Reserve Account 8
Application of Revenues 8
Enforcement of Collections 9
Additional Parity Bonds 9
THE SYSTEM 9
Sewer System 9
Organization and Administration 9
Service Area 10
History and Development 10
Customer History 10
Major Retail Users 10
Rates 11
Public Service Commission 12
Billings and Collections 13
Method of Accounting 13
Public Employees Retirement System 13
Summary of Historic Revenues and Expenses 14
BOND ORDINANCE 14
TAX MATTERS 14
[Original Issue Premium] 15
[Original Issue Discount] 16
APPROVAL OF LEGALITY 16
ABSENCE OF MATERIAL LITIGATION 16
NEGOTIABLE INSTRUMENTS 16
UNDERWRITING 17
FINANCIAL INFORMATION 17
CONTINUING DISCLOSURE 17
MISCELLANEOUS 17

APPENDIX A - General Information Regarding the Town of Kingwood and Preston County, West Virginia A-1
APPENDIX B - Financial Information for the Municipality of Kingwood B-1
APPENDIX C - Form of Bond Ordinance C-1
APPENDIX D - Form of Opinion of Bond Counsel D-1
APPENDIX E – Form of Continuing Disclosure Agreement E-1

OFFICIAL STATEMENT

$1,615,000*
THE TOWN OF KINGWOOD (WEST VIRGINIA)
SEWER REFUNDING REVENUE BONDS, SERIES 2010 A

INTRODUCTION

This Official Statement, including the cover page and appendices, is provided for the purpose of setting forth certain information concerning The Town of Kingwood, West Virginia (the "Town"), the Town's sewerage system hereinafter described and the Town's $1,615,000* in aggregate principal amount of Sewer Refunding Revenue Bonds, Series 2010 A (the "Series 2010 A Bonds"). The Series 2010 A Bonds are being issued pursuant to the Constitution and laws of the State of West Virginia (the "State"), specifically Chapter 16, Article 13 of the Code of West Virginia of 1931, as amended (the "Act"), and an ordinance enacted by the Board of the Town on July 27, 2010 (the "Original Ordinance"), as supplemented and amended by supplemental resolutions adopted by the Board of the Town pursuant to the Original Ordinance (the "Supplemental Resolutions" and together with the Original Ordinance, the "Ordinance").

The proceeds of the Series 2010 A Bonds, together with other funds available therefor, will be used as follows: (i) to refund the Town's Sewer Refunding Revenue Bonds, Series 1997 A (the "Refunded Bonds"); (ii) to provide funds in the amount of $_____, to be deposited in the Series 2010 A Bonds Reserve Account; and (iii) to pay certain costs of issuance of the Series 2010 A Bonds and related costs.

The Series 2010 A Bonds are payable from and secured by the Net Revenues, as defined in the Ordinance, derived from the existing sewerage system of the Town, known as the City of Kingwood Sanitary Sewer Works, and any extensions, improvements or betterments thereto (the "System") on parity with the Prior Bonds, as hereinafter defined, and any additional parity bonds that may hereafter be issued by the Town as permitted by the Ordinance (the Series 2010 A Bonds, the Prior Bonds and any such additional parity bonds are collectively referred to herein as the "Bonds"), and the Series 2010 A Bonds are also payable from funds on deposit in the Series 2010 A Bonds Sinking Fund and the Series 2010 A Bonds Reserve Account therein. The Series 2010 A Bonds do not constitute an indebtedness of the Town within the meaning of any constitutional or statutory provisions or limitations, and the Town shall not be obligated to pay the Series 2010 A Bonds or premium, if any, or the interest thereon except from such Net Revenues and such funds on deposit. Pursuant to the Ordinance and the ordinances enacted with respect to other Bonds outstanding payable from the Net Revenues, the Town has covenanted and agreed to establish and collect just and equitable rates and charges for the use of the System and the services rendered thereby as will produce for each fiscal year Net Revenues, as defined in the Ordinance, equal to at least 115% of the maximum amount required in any year to pay the principal of and interest on the Bonds and the Prior Bonds. See "ADDITIONAL SECURITY FOR THE SERIES 2010 A BONDS - Rate Covenant."

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*Preliminary, subject to change.

The Series 2010 A Bonds will be dated, will mature, will bear interest and will be subject to redemption prior to maturity as more fully described on the cover page and under the heading "THE SERIES 2010 A BONDS" herein. The Series 2010 A Bonds initially will be maintained under a book-entry system. So long as the Series 2010 A Bonds are maintained under a book-entry system, the manner of payment, the denominations, the transfer and exchange of ownership and the method of providing notice of redemption to the owners of the Series 2010 A Bonds shall be determined as described under the "BOOK-ENTRY ONLY SYSTEM" herein. If the book-entry system is discontinued, principal of, interest, and premium, if any, on the Series 2010 A Bonds will be payable by the West Virginia Municipal Bond Commission, Charleston, West Virginia, as paying agent (the "Paying Agent"), to the owners thereof at the addresses appearing in the books kept by United Bank, Inc., Charleston, West Virginia, as registrar (the "Registrar"). For further information describing the method of payment and other matters in the event the book-entry system is discontinued, see "THE SERIES 2010 A BONDS" herein.

For a description of the exclusion of interest on the Series 2010 A Bonds from gross income for federal and state income tax purposes, see "TAX MATTERS" herein.

The Town may issue additional bonds on a parity with the Series 2010 A Bonds for the purpose of financing the cost of the construction or acquisition of additions, improvements and betterments to the System and/or refunding one or more or all series of bonds subject, in each case, to certain tests and conditions provided for by the Ordinance. See "ADDITIONAL SECURITY FOR THE SERIES 2010 A BONDS - Additional Parity Bonds."

The Series 2010 A Bonds are offered when, as and if issued and received on behalf of the underwriter appearing on the cover page hereof (the "Underwriter"), subject to prior sale, to withdrawal or modification of the offering without notice and to the unqualified approval of the legality by Steptoe & Johnson PLLC, Charleston, West Virginia, Bond Counsel. Steptoe & Johnson PLLC, Charleston, West Virginia, as counsel for the Town, will pass upon certain legal matters for the Town. Goodwin & Goodwin, LLP, Charleston, West Virginia, as counsel to the Underwriter, will pass upon certain legal matters for the Underwriter.

Brief descriptions of the Series 2010 A Bonds, the System, the Town and certain provisions of the Ordinance and the Act, as defined in the Ordinance and hereinbefore, are set forth in this Official Statement, as well as other information contained in the appendices hereto. Such descriptions and information do not purport to be comprehensive or definitive. All references herein to the Ordinance, provisions of the Act and other applicable laws of the State are qualified in their entirety by reference to each such document or law. References herein to the Series 2010 A Bonds are qualified in their entirety by reference to the form thereof included in the Ordinance and the information with respect thereto included in the aforesaid documents. Capitalized terms used and not otherwise defined in this Official Statement shall have the respective meanings given them in the Ordinance. Copies of the Ordinance and other applicable documents may be obtained from the Town or, during the period of offering the Series 2010 A Bonds, from the Underwriter.

FINANCING PLAN

Estimated Sources and Uses of Funds

Sources of Funds:	
Principal Amount of Bonds	$1,615,000*
Less: Original Issue Discount	(_____)
Total Sources	$1,___,___
Uses of Funds:	
Prepayment Fund	$
Underwriter's Discount	
Costs of Issuance (1)	
Total Uses	$

(1) Includes legal and financing fees and other miscellaneous expenses relating to the issuance of the Series 2010 A Bonds.

* Preliminary, subject to change.

THE SERIES 2010 A BONDS

General

The Series 2010 A Bonds shall be dated as of the date provided in a Supplemental Resolution and shall bear interest from the interest payment date next preceding the date of authentication or, if authenticated after the Record Date but prior to the applicable interest payment date or on such interest payment date, from such interest payment date or, if no interest on such Series 2010 A Bonds has been paid, from the date thereof; provided however, that, if, as shown by the records of the Registrar, interest on such Series 2010 A Bonds shall be in default, Series 2010 A Bonds issued in exchange for Series 2010 A Bonds surrendered for transfer or exchange shall bear interest from the date to which interest has been paid in full on the initial Series 2010 A Bonds surrendered. The Series 2010 A Bonds will bear interest from their date, payable semiannually on each April 1 and October 1, commencing October 1, 2010, upon original issuance, at the rates per annum and will mature on the dates and in the amounts set forth on the cover page of this Official Statement.

The Series 2010 A Bonds will be issued as fully registered bonds without coupons in denominations of $5,000 and integral multiples thereof for any year of maturity. The Series 2010 A Bonds initially shall be maintained under a book-entry system; Beneficial Owners shall have no right to receive physical possession of the Series 2010 A Bonds and payments of principal or redemption price of and interest on the Series 2010 A Bonds will be made as described herein under "BOOK-ENTRY ONLY SYSTEM." If the book-entry system is discontinued, interest on the Series 2010 A Bonds will be payable by check or draft made payable and mailed to the owners thereof at the addresses appearing in the books kept by the Registrar as of the 15th day of the month preceding such interest payment date (the "Record Date"). If the book-entry system is discontinued, principal of and premium, if any, on the Series 2010 A Bonds will be payable to the owner thereof upon surrender thereof at the office of the Paying Agent.

So long as the Series 2010 A Bonds are maintained under a book-entry system, transfers of ownership interests in the Series 2010 A Bonds will be made as described herein under "BOOK--ENTRY ONLY SYSTEM." If the book-entry system is discontinued, ownership of any Series 2010 A Bond may be transferred upon surrender thereof to the Registrar, together with a written instrument of transfer satisfactory to the Registrar, duly executed by the registered owner or his duly authorized attorney or legal representative. Upon any such transfer of a Series 2010 A Bond, there will be issued another Series 2010 A Bond or Series 2010 A Bonds, at the option of the transferee, of the same aggregate principal amount, series, maturity and interest rate as said Series 2010 A Bond. For every exchange or transfer of Series 2010 A Bonds, the Registrar may make a charge sufficient to reimburse it for any tax or other governmental charge required to be paid with respect to such exchange or registration of transfer. The party requesting such transfer shall pay any service charge of the Registrar and any applicable tax or other governmental charge.

Optional Redemption*

The Series 2010 A Bonds maturing on or after October 1, 20__, at the option of the Town, will be subject to redemption prior to maturity, as a whole or in part at any time, at a redemption price (expressed as a percentage of the principal amount to be redeemed) set forth below, plus accrued interest to the date fixed for redemption:

Period During Which Redeemed
(both dates inclusive)

Redemption Dates	Redemption Price

If fewer than all of the Series 2010 A Bonds shall be called for optional redemption, the particular maturities of the Series 2010 A Bonds to be redeemed shall be selected by the Town in such manner as it shall determine. So long as the Series 2010 A Bonds are maintained under a book-entry system, the selection of individual ownership interests in the Series 2010 A Bonds to be credited with any partial redemption shall be made as described herein under "BOOK-ENTRY ONLY SYSTEM."

Mandatory Redemption

The Series 2010 A Bonds maturing October 1, 201_, shall be subject to mandatory redemption prior to maturity in part from moneys on deposit in the Series 2010 A Bonds Sinking Fund at a redemption price equal to 100% of the principal amount thereof, plus accrued interest to the mandatory redemption date, on October 1, 2010, and on each October 1 thereafter to and including October 1, 201_, in annual principal amounts as follows:

Year	Amount
2010	$ __,000
201_	__,000
201_ (Maturity)	__,000

The principal amount of Series 2010 A Bonds maturing October 1, 201_, delivered to or purchased by the Trustee shall reduce pro tanto the principal amount of Series 2010 A Bonds to be redeemed on the mandatory redemption date with respect to such maturity next following such delivery or purchase.

Notice of Redemption

So long as the Series 2010 A Bonds are maintained under a book-entry system, notice of the call for any redemption of the Series 2010 A Bonds shall be given as described below under "BOOK-ENTRY ONLY SYSTEM." At any other time, notice to the registered owner of any redemption shall be given by the Registrar not less than 30 nor more than 60 days prior to the date fixed for redemption by registered or certified mail at the address appearing in the Register. Failure to receive such notice or any defect in the mailing thereof shall not affect the validity of any proceedings for the redemption of the Series 2010 A Bonds; and failure to mail such notice shall not affect the validity of any such proceedings for any Series 2010 A Bond with respect to which no such failure has occurred. Notice of redemption having been given in the manner hereinabove and in the Ordinance described and moneys necessary therefor having been deposited with the Paying Agent, the Series 2010 A Bonds specified in such notice shall on the date fixed for redemption be deemed paid, and interest thereon shall cease to accrue.

BOOK-ENTRY ONLY SYSTEM

The information in this section has been obtained from sources that the Town and the Underwriter believe to be reliable, but neither the Town nor the Underwriter takes any responsibility for the accuracy thereof.

The Depository Trust Company

1. The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Series 2010 A Bonds. The Series 2010 A Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Series 2010 A Bond will be issued for each maturity, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

2. DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such

as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at **www.dtcc.com** and www.dtc.org.

3. Purchases of the Series 2010 A Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2010 A Bonds on DTC's records. The ownership interest of each actual purchaser of the Series 2010 A Bonds ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Series 2010 A Bonds, except in the event that use of the book-entry system for the Series 2010 A Bonds is discontinued.

4. To facilitate subsequent transfers, all the Series 2010 A Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the Series 2010 A Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2010 A Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts the Series 2010 A Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. [Beneficial Owners of the Series 2010 A Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2010 A Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Series 2010 A Bonds documents. For example, Beneficial Owners of the Series 2010 A Bonds may wish to ascertain that the nominee holding the Series 2010 A Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Registrar and request that copies of notices be provided directly to them.]

6. Redemption notices shall be sent to DTC. If less than all of the Series 2010 A Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series 2010 A Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Bondholders as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s

consenting or voting rights to those Direct Participants to whose accounts the Series 2010 A Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds on the Series 2010 A Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Registrar, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Registrar or the Town, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Town, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

9. DTC may discontinue providing its services as depository with respect to the Series 2010 A Bonds at any time by giving reasonable notice to the Town or the Registrar. Under such circumstances, in the event that a successor depository is not obtained, Series 2010 A Bonds are required to be printed and delivered.

10. The Town may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Series 2010 A Bonds will be printed and delivered to DTC.

ADDITIONAL SECURITY FOR THE SERIES 2010 A BONDS

The Series 2010 A Bonds are special obligations of the Town and are payable as to principal, premium, if any, and interest solely from the sources described below. The Town is under no obligation to pay the Series 2010 A Bonds except from said sources.

Outstanding Prior Bonds

The Town has outstanding the following bonds payable from the Net Revenues of the System that are on parity with the Series 2010 A Bonds: the Sewer Revenue Bonds, Series 1986 B, dated March 26, 1986, issued in the original aggregate principal amount of $850,860, of which approximately $380,648 is currently outstanding (the "Series 1986 B Bonds"); the Sewer Revenue Bonds, Series 2001 A, dated December 20, 2001, issued in the original aggregate principal amount of $818,181, of which approximately $693,768 is currently outstanding; and the Sewer Revenue Bonds, Series 2009 A, dated January 30, 2009, issued in the original aggregate principal amount of $724,650, of which approximately $172,900 is currently outstanding (collectively, the "Prior Bonds").

Sources of Payment

The payment of the debt service on the Series 2010 A Bonds shall be secured forthwith equally and ratably by a first lien on and pledge of the Net Revenues derived from the System, on parity with the Prior Bonds and any additional parity bonds that may hereafter be issued by the Town as permitted by the Ordinance, and the Series 2010 A Bonds are also payable from the funds

on deposit in the Series 2010 A Bonds Sinking Fund and the Reserve Account therein. Net Revenues derived from the System in an amount sufficient to pay the principal of, premium, if any, and interest on the Bonds and to make the payments into the Series 2010 A Bonds Sinking Fund and all other payments provided for in the Ordinance, and the funds in the Series 2010 A Bonds Sinking Fund and the Reserve Account therein are irrevocably pledged to the payment of the principal of, premium, if any, and interest on the Series 2010 A Bonds as the same become due and for the other purposes provided in the Ordinance.

Rate Covenant

Prior to the issuance of the Series 2010 A Bonds, rates or charges for the use of the services and facilities of the System will be fixed and established, all in the manner and form required by law, and a copy of such rates and charges so fixed and established shall at all times be kept on file in the office of the Clerk of the Town, which copy will be open to inspection by all interested parties. The schedule or schedules of rates and charges shall at all times be adequate to produce Gross Revenues from the System sufficient to pay Operating Expenses and to make the prescribed payments into the funds and accounts created hereunder. Such schedule or schedules of rates and charges shall be revised from time to time, whenever necessary, so that the aggregate of the rates and charges will be sufficient for such purposes. In order to assure full and continuous performance of this covenant with a margin for contingencies and temporary unanticipated reduction in income and revenues, the Town has covenanted and agreed that the schedule or schedules of rates or charges from time to time in effect shall be sufficient to produce Net Revenues equal to not less than 115% of the Maximum Annual Debt Service on the Bonds in any Fiscal Year and all payments required into all funds and accounts of the Bonds. All such rates and charges, if not paid when due, shall constitute a lien upon the premises served by the System. For purposes of this test, the terms "Gross Revenues" and "Net Revenues" shall not include proceeds from the sale of capital assets. In any event, the Town shall not reduce the rates or charges of the System set forth in the rate ordinance enacted by the Town on January 26, 2010.

The Town further covenanted that it will enact any rate increases as shall be required to comply with the aforementioned rate covenant, to the extent and in the manner authorized by law, immediately following a determination by the Town or upon an annual audit of the Town that the Town is not in compliance with such rate covenant.

Series 2010 A Bonds Reserve Account

$_____ of proceeds of the Series 2010 A Bonds will be deposited in the Series 2010 A Bonds Reserve Account.

In the event of a transfer from the Series 2010 A Bonds Reserve Account to the Series 2010 A Bonds Sinking Fund as aforesaid, the Town shall restore the balance to the Series 2010 A Bonds Reserve Account in an amount up to the Series 2010 A Bonds Reserve Requirement, and the Town shall replenish the Series 2010 A Bonds Reserve Account with the first Net Revenues available after all required payments have been made in full in the order set forth in the Ordinance.

Application of Revenues

See APPENDIX C – FORM OF BOND ORDINANCE – pages C-26 to C-31.

Enforcement of Collections

See APPENDIX C – FORM OF BOND ORDINANCE – pages C-39 to C-40.

Additional Parity Bonds

See APPENDIX C – FORM OF BOND ORDINANCE – pages C-36 to C-38.

THE SYSTEM

Sewer System

The System, pursuant to statute, is under the custody, supervision, control, administration, maintenance and operation of the Sanitary Board. The Sanitary Board operates a sewage collection and treatment system with a treatment plant of approximately 1.3 million gallons per day capacity and about twenty-five (25) miles of sewer lines. The System, valued at approximately $10,000,000, serves 100% of the Town with a total population of approximately 2,944. The System consists of six different treatment facilities whose average age is nine years. Certain facilities of the base System were constructed through funds provided from the sale of sewer revenue bonds in the original amount of $2,560,000. The base system became operational in September of 1987. These Bonds are payable from sewer user charges which provide the requisite net revenues for payment of sewer revenue bonds.

Organization and Administration

The System is a municipally owned public sewer utility operated in accordance with the Act and the rules and regulations of the Public Service Commission of West Virginia. The Sanitary Board was created by the Town by an ordinance passed February 25, 1986, to acquire, construct, equip, operate and maintain a sewage collection and disposal system. The Sanitary Board serves as the policy making body for the System. The Sanitary Board consists of three members, with the Mayor of the Town as ex-officio chairman. Two (2) other members are appointed by Council. During any period of construction, one member must be a Registered Professional Engineer. Under the Act, the Council retains the authority to establish and maintain rates and charges for the use of services provided by the Sanitary Board and to issue bonds on behalf of the Town for the purpose of paying the costs of improvements and extensions to the System.

The present membership of the Sanitary Board:

James Lobb	–	Mayor and Ex-Officio Chairman Term Expires June 30, 2011
William Rosier	–	Vice Chairman Term Expires September 1, 2010
Fred Koch	–	Secretary/Treasurer Term Expires September 1, 2010

Service Area

The System presently serves the municipal limits that comprise Kingwood, West Virginia. The Town is located centrally in Preston County, just west of the Cheat River.

History and Development

The Kingwood sewerage system dates back to the early 1900's. The Town has storm, sanitary and combined sewers. Sewer construction has taken place continuously since the 1980's. The primary sewage treatment plant ("rotating biological contactors" system) was built in 1985. There are approximately twenty-five miles of sewer lines in the Town.

Customer History

Customer Count

Year Ended June 30	Avg. Number of Customers
2005	1,363
2006	1,374
2007	1,378
2008	1,416
2009	1,431

Source: Public Service Commission Audits and Sanitary Board records

Major Retail Users

Major Customers	Gallons	June 30 2009 Revenue	% of Total Sanitary Board Revenues
WV Army National Guard	12,985,200	$31,774	4.29%
Heartland of Preston County	4,115,500	$10,666	1.44%
Wash N Shop – Laundry	2,163,763	$6,881	0.93%
Heldreth Motel	1,502,500	$4,981	0.67%
Preston Memorial Hospital	1,463,500	$4,957	0.67%
Preston County BOE*	1,285,300	$5,389	0.73%
Hardee's of Kingwood	513,900	$2,351	0.32%
Marrara's Laundry	318,600	$1,827	0.25%
Total:	24,347,700	$68,836	9.29%

* Includes 2 separate facilities

Industrial Customers			
Sheidow Bronze	448,800	$2,130	0.29%

Source: Sanitary Board Records

Rates

The current schedule of rates and charges has been in place since January 26, 2010. The following table sets for the current rates and charges.

Applicability

Applicable to entire area served.

Availability of Service

Available for general domestic, commercial and industrial sanitary sewer service.

Rates

(Based upon metered volume of water supplied)

Number of Gallons/Month		Rate
First	10,000 gallons	$10.18 per 1000 gallons
Next	490,000 gallons	$3.26 per 1000 gallons
All Over	500,000 gallons	$2.44 per 1000 gallons

Minimum Bill

No bill shall be rendered for less than $37.67 per month.

The monthly Minimum Bill shall be $37.67 per month.

Unmetered/Unmeasured Rates

In the event the water supply is unmetered or otherwise unmeasurable, the unmetered rate shall be charged. The unmetered rate shall be $37.67 per month for residential customers. Each occupied trailer located within or outside of a house trailer court and which occupied trailer receives unmetered water service is required to pay a minimum of $37.67 per month. The Municipality of Kingwood shall collect from each unmetered customer who has only a sanitary connection with the Municipality of Kingwood a sewer use flat rate per month of $37.67.

Delayed Payment Penalty

The above rates are net. On all current usage billings not paid in full within twenty (20) days of billing date, a ten percent (10%) penalty will be added to the net amount shown. This delayed payment penalty is not interest and is only to be collected once for each bill where it is appropriate.

If any bill is not paid within sixty (60) days after date, water service to the customer will be discontinued. Water service will not be restored until all past due water

and sewer bills have been paid in full and all accrued penalties plus a Reconnection Charge have been paid.

Sewer Connection Charge (Tap Fee)

All new Tap-ons will be charged a $500.00 connection fee.

The Town shall have no obligation to acquire by condemnation or otherwise additional rights of way or easements necessary for the extension of lines, which shall be provided by applicant upon terms and conditions approved by the Town.

Reconnection Service Charge

There shall be a Reconnection Charge of $20, which shall be paid prior to restoration of water service previously disconnected for non-payment of sewer charges.

Returned Checks for Insufficient Funds

If a check received is returned by the bank for any reason, the bank's charge to the Town shall be the Town's charge to the customer for such a bad check, but such charge to the customer shall not exceed $20.00.

Leak Adjustment

$1.00 per 1,000 gallons. To be used when a water bill reflects unusual consumption which can be attributed to eligible leakage on customer's side of the meter. The rate shall be applied to all such consumption above the customer's historic average.

Public Service Commission

The tariffs, rates, joint rates, tolls and schedules of municipality utilities are not subject to the general authority of the West Virginia Public Service Commission (the "PSC") to enforce, originate, establish, change and promulgate rates and charges. However, such rates and charges shall be just, reasonable, applied without unjust discrimination or preference, and based primarily on the costs of providing such services. Municipal utility rates and charges shall become effective not sooner than forty-five (45) days after adoption. Notice of intent to effect a rate change shall be specified on the monthly bill sent to the customers. Such rates and charges shall be filed with the PSC, together with such information showing the basis of such rates and charges and such other information as the PSC considers necessary.

The PSC shall review and approve or modify such rates upon the filing of a petition, within thirty (30) days of the adoption of the ordinance changing said rates or charges, (1) by any customer aggrieved by the changed rates or charges, who presents to the PSC a petition signed by not less than twenty-five percent (25%) of the customers served by a municipal utility or (2) by any customer or group of customers who presents a petition alleging discrimination between said customer or group of customers and other customers of the municipal utility, accompanied by evidence of discrimination. Upon the filing of a petition or sufficient showing of discrimination, the PSC shall suspend the adoption of the rate change contained in the ordinance for a period of one hundred twenty (120) days from the date said rates or charges would

otherwise go into effect or until an order approving, disapproving or modifying the rate change is issued.

The PSC shall have general supervision of all municipal utilities. The PSC may audit and investigate the Town's practices and policies and shall have power to order such improvements as will best promote the public interests.

Billing and Collections

Billing and collecting is performed by the Sanitary Board using monthly water meter readings obtained from the Town's Water Department. Accounts not paid in full within twenty (20) days of the date of billing are assessed an additional 10%.

Summary of Accounts Receivable

Year Ended June 30	Operating Revenues	Total Accounts Receivable
2005	$509,728	$56,220
2006	$543,449	$63,820
2007	$619,690	$61,111
2008	$681,952	$81,454
2009	$741,215	$66,898

Source: State Tax Department and Public Service Commission Audits

The Town has taken steps to diligently enforce and collect all fees and charges.

Method of Accounting

The Sanitary Board maintains its accounts on an accrual basis and in accordance with the guidelines of the Public Service Commission of West Virginia and generally accepted accounting principles. The State Tax Commissioner's office has audited the Sanitary Board annually since 1985.

Public Employees Retirement System

The Board elected to participate in the West Virginia Public Employees Retirement System, a statewide system comprised of the State of West Virginia and such of its political subdivisions as elect to participate.

Annuity benefits under the Retirement System are financed through employer and member contributions and investment earnings on such contributions. The Sanitary Board is obligated as an employer to contribute monthly to the System an amount equal to 11% of its employee payroll for the preceding month. The following table summarized the contributions made by the Sanitary Board to the Retirement System during each of the past five fiscal years.

Summary of Historical Revenues and Expenses

City of Kingwood Sanitary Sewer Works
Historical Coverage Ratios
(Year ended, June 30th)

	2006	2007	2008	2009	Preliminary 2010
Collections	543,449	619,690	666,609	744,360	782,400
Interest Income	7,185	29,220	37,966	12,589	30,850
O&M Expense	(326,272)	(344,532)	(465,866)	(529,782)	(513,974)
Taxes	(10,254)	(11,015)	(16,922)	(21,628)	(27,715)
Net Revenues*	214,108	293,363	221,787	205,539	271,561
Debt Service Requirement	207,717	232,092	204,972	222,420	223,464
Debt Service Coverage	103%	126%	108%	92%	122%

*Recent Sewer Rate History:

7/10/2007: Enacted a sewer rate ordinance with a rate increase of 10%. Rates became effective on August 24, 2007.

8/12/2008: Enacted a sewer rate ordinance with a rate increase of 15%. Rates became effective on September 26, 2008.

1/26/2010: Enacted a sewer rate ordinance with a rate increase of 15%. Rates became effective 45 days from passage (March 12, 2010).

Summary: Rate increases have been enacted to respond to rising O & M expenses - primarily the addition of Sewer Field crew employees previously employed by the City of Kingwood. The Sewer System gained operational efficiencies by adding the crew, but also increased expenses.

BOND ORDINANCE

See APPENDIX C – FORM OF BOND ORDINANCE, for the Bond Ordinance enacted by the Town on July 27, 2010. The Ordinance includes, inter alia, a description of the intended uses of the proceeds of the Series 2010 A Bonds, the System's application of revenues and flow of funds, general covenants imposed upon the Town and the System as a result of the issuance of the Series 2010 A Bonds and defaults and remedies associated with the issuance of the Series 2010 A Bonds.

TAX MATTERS

In the opinion of Steptoe & Johnson PLLC, Charleston, West Virginia, Bond Counsel, under existing laws, regulations, published rulings and judicial decisions of the United States of America, as presently written and applied, interest on the Series 2010 A Bonds [including any original issue discount properly allocable to an owner thereof] is excludable from gross income of the holders thereof for federal income tax purposes and will not be treated as a preference item for

purposes of the federal alternative minimum tax imposed on individuals and corporations. It should be noted, however, that for purposes of computing the alternative minimum tax on corporations, such interest is taken into account in determining adjusted current earnings.

The Town has designated the Series 2010 A Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b) of the Code, and in the case of certain financial institutions (within the meaning of Section 265(b)(5) of the Code), a deduction is allowed for 80% of that portion of such financial institution's interest expense allocable to interest on the Series 2010 A Bonds.

The Code imposes certain requirements as a condition to exclusion from gross income of the interest on the Series 2010 A Bonds for federal income tax purposes, including a requirement that the Town rebate to the United States Treasury certain arbitrage earnings. The Town will covenant or certify that it will comply with all applicable requirements of the Code. Failure of the Town to comply with such requirements could result in interest on the Series 2010 A Bonds being included in gross income for federal income tax purposes from the date of issue.

Prospective purchasers of the Series 2010 A Bonds should be aware that ownership of the Series 2010 A Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, individual recipients of Social Security or Railroad Retirement benefits, certain S corporations with "excess net passive income," foreign corporations subject to the branch profits tax, life insurance companies and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry or have paid or incurred certain expenses allocable to the Series 2010 A Bonds. Bond Counsel does not express any opinion regarding such collateral tax consequences. Prospective purchasers of the Series 2010 A Bonds should consult their tax advisors regarding collateral federal income tax consequences.

Bond Counsel is further of the opinion that under the laws of the State of West Virginia, as presently written and applied, the Series 2010 A Bonds and the interest thereon are exempt from taxation by the State of West Virginia or any county or municipality thereof.

[Original Issue Premium

"Acquisition Premium" is the excess of the cost of a bond over the stated redemption price of such bond at maturity or, for bonds that have one or more earlier call dates, the amount payable at the next earliest call date. The Series 2010 A Bonds that mature _____ (collectively, the "Premium Bonds") are being initially offered and sold to the public at an Acquisition Premium. For federal income tax purposes, the amount of Acquisition Premium on each bond the interest on which is excludable from gross income for federal income tax purposes ("tax-exempt bonds") must be amortized and will reduce the bondholder's adjusted basis in that bond. However, no amount of amortized Acquisition Premium on tax-exempt bonds may be deducted in determining bondholder's taxable income for federal income tax purposes. The amount of any Acquisition Premium paid on the Premium Bonds, or on any of the Bonds, that must be amortized during any period will be based on the "constant yield" method, using the original bondholder's basis in such bonds and compounding semiannually. This amount is amortized ratably over that semiannual period on a daily basis.

Holders of any Series 2010 A Bonds, including any Premium Bonds, purchased at an Acquisition Premium should consult their own tax advisors as to the actual effect of such

Acquisition Premium with respect to their own tax situation and as to the treatment of Acquisition Premium for State of West Virginia tax purposes.

Original Issue Discount

The Series 2010 A Bonds maturing _____ (the "Discount Bonds") are being offered and sold to the public at an original issue discount ("OID") from the amounts payable at maturity thereon. OID is the excess of the stated redemption price of a bond at maturity (the face amount) over the "issue price" of such bond. The issue price is the initial offering price to the public (other than to bond houses, brokers or similar persons acting in the capacity of underwriters or wholesalers) at which a substantial amount of bonds of the same maturity are sold pursuant to that initial offering. For federal income tax purposes, OID on each bond will accrue over the term of the bond, and for the Discount Bonds, the amount of accretion will be based on a single rate of interest, compounded semiannually (the "yield to maturity"). The amount of OID that accrues during each semi-annual period will do so ratably over that period on a daily basis. With respect to an initial purchaser of a Discount Bond at its issue price, the portion of OID that accrues during the period that such purchaser owns the Discount Bond is added to such purchaser's tax basis for purposes of determining gain or loss at the maturity, redemption, sale or other disposition of that Discount Bond and thus, in practical effect, is treated as stated interest, which is excludable from gross income for federal income tax purposes.

Holders of Discount Bonds should consult their own tax advisors as to the treatment of OID and the tax consequences of the purchase of such Discount Bonds other than at the issue price during the initial public offering and as to the treatment of OID for State of West Virginia tax purposes.]

APPROVAL OF LEGALITY

Legal matters incident to the authorization, sale and issuance of the Series 2010 A Bonds are subject to the unqualified approving opinion of Steptoe & Johnson PLLC, Charleston, West Virginia, Bond Counsel. Steptoe & Johnson PLLC, Charleston, West Virginia, as counsel for the Town, will pass upon certain legal matters for the Town. Goodwin & Goodwin, LLP, Charleston, West Virginia, as counsel to the Underwriter, will pass upon certain legal matters for the Underwriter.

ABSENCE OF MATERIAL LITIGATION

There is no action, suit, proceeding, inquiry or investigation at law or in equity before or by any court, public board or body, now pending or, to the best knowledge of the Town, threatened or affecting the Town (or, to the Town's knowledge, any basis therefor) wherein an unfavorable decision, ruling or finding would have a material adverse effect on the Town's financial position or on the validity of the Series 2010 A Bonds, the Ordinance or any agreement to which the Town is a party and which is a part of the issuance of the Series 2010 A Bonds.

NEGOTIABLE INSTRUMENTS

Pursuant to State law, the Series 2010 A Bonds are and have all the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia. See "THE SERIES 2010 A BONDS - General."

UNDERWRITING

The Series 2010 A Bonds are being purchased by the Underwriter named on the cover of this Official Statement. The Purchase Contract provides that the Underwriter will purchase all the Series 2010 A Bonds, if any are purchased, at a purchase price equal to the initial public offering prices set forth on the cover page hereof less an Underwriter's discount of $_____ plus accrued interest. The obligation to make such purchase is subject to the terms and conditions set forth in the Purchase Contract, including the approval of certain legal matters by counsel. The Underwriter may change the initial public offering prices from time to time. The Underwriter may offer and sell Series 2010 A Bonds to certain dealers (including dealers depositing Series 2010 A Bonds into investment trusts) and certain dealer banks acting as agents at prices lower than the public offering prices stated on the cover page hereof.

FINANCIAL INFORMATION

Included herein as Appendix B is the Audit Report for the Municipality of Kingwood as of and for the twelve-month period ended June 30, 2008, and the report with respect to the Audit Report as of and for the twelve-month period ended June 30, 2008, dated October 8, 2009, from the West Virginia State Auditor, as well as the Annual Report for the year ended 2009 filed with the Public Service Commission of West Virginia on October 16, 2009, and a revision thereto dated January 4, 2010.

CONTINUING DISCLOSURE

The Town has agreed in the Ordinance to execute and deliver contemporaneously with the issuance of the Series 2010 A Bonds, to provide, in accordance with the Continuing Disclosure Agreement, which shall be delivered in substantially the form attached hereto as Appendix D, for the benefit of the Registered Owners of the Series 2010 A Bonds to provide certain financial and operating information of the System (the "Annual Information") not later than one hundred fifty (150) days following the end of the fiscal year of the System, commencing in 2010. The Annual Information and each notice of material events will be filed electronically by the Town with the Electronic Municipal Markets Access system ("EMMA").

This continuing disclosure obligation is being undertaken by the Town to assist the Underwriter in complying with Rule 15c2-12 promulgated by the SEC. The Town has agreed to give notice in a timely manner to EMMA of any failure to supply the requested information. However, any such failure will not constitute a default under the terms of the Series 2010 A Bonds. Registered Owners may contact the Clerk of the Town at 313 Tunnelton Street, Kingwood, West Virginia 26537 for more information. Under the Continuing Disclosure Agreement, the sole remedy for such failure is to seek an order for specific performance. See "APPENDIX E – FORM OF CONTINUING DISCLOSURE AGREEMENT."

MISCELLANEOUS

The foregoing summaries, explanations and quotations do not purport to be complete and are expressly made subject to the exact provisions of the complete documents. Purchasers are referred to the Act and the Ordinance for full and complete statements of their provisions.

Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representation of fact. This Official Statement is

not to be construed as a contract or agreement between the Town and the purchasers or owners of any of the Series 2010 A Bonds. The Town has authorized the execution and distribution of this Official Statement.

THE TOWN OF KINGWOOD, WEST VIRGINIA

By: _____
Mayor

GENERAL INFORMATION REGARDING THE TOWN OF KINGWOOD AND PRESTON COUNTY, WEST VIRGINIA

General

The Town of Kingwood was incorporated in 1811 and became the county seat of Preston County in 1818. With a total population of approximately 3,000, the Town employs 28 full-time individuals. The Town is served by an all-volunteer fire department, a Water System, a Sewer System, and a police force.

Elected Officials

Councilman	Term Expires
James Shaffer	June 30, 2011
Michael Loughry	June 30, 2011
Kathy Mace	June 30, 2011
James L. Maier	June 30, 2011
Bruce A. Wiley	June 30, 2011
Mayor	
James G. Lobb	June 30, 2011
Recorder	
William C. Robertson	June 30, 2011

Population

The tables below present the populations of the Town and of Preston County for each of the last six census periods.

Town of Kingwood Population

Census Report	Population	% Change
1940	1,676	NA
1950	2,186	+30.4%
1960	2,530	+15.7%
1970	2,550	+ .8%
1980	2,877	+12.8%
1990	3,232	+12.3%
2000	2,944	- 8.9%
2010	(est.) 3,045_	+ 3.4%

Source: U.S. Census Bureau and Region VI Planning and Development Council

Preston County Population

Census Report	County Population	% Change
1940	30,416	NA
1950	31,399	+ 3.2%
1960	27,233	-13.3%
1970	25,455	- 6.5%
1980	30,460	+19.6%
1990	29,037	- 4.7%
2000	29,334	+ 1.0%
2010	(est.) 30,237	+3.1%

Source: U.S. Census Bureau and Region VI Planning and Development Council

Preston County is one of 55 counties in West Virginia. It is part of the Morgantown, WV Metropolitan Statistical Area. Its 2007 population of 30,233 ranked 18th in the state.

Per Capita Personal Income

In 2007, Preston had a per capita personal income (PCPI) of $25,753. This PCPI ranked 31st in the state, and was 88 percent of the state average, $29,385, and 67 percent of the national average, $38,615. The 2007 PCPI reflected an increase of 5.3 percent from 2006. The 2006–2007 state change was 5.2 percent and the national change was 4.9 percent. In 1997, the PCPI of Preston was $15,399 and ranked 39th in the state. The average annual growth rate of PCPI over the past 10 years was 5.3 percent. The average annual growth rate for the state was 4.3 percent and for the nation was 4.3 percent.

Total Personal Income

In 2007, Preston had a total personal income (TPI) of $778,576*. This TPI ranked 20th in the state and accounted for 1.5 percent of the state total. The 2007 TPI reflected an increase of 5.8 percent from 2006. The 2006–2007 state change was 5.4 percent and the national change was 6.0 percent. In 1997, the TPI of Preston was $455,221* and ranked 24th in the state. The average annual growth rate of TPI over the past 10 years was 5.5 percent. The average annual growth rate for the state was 4.3 percent and for the nation was 5.4 percent.

Components of Total Personal Income

Total personal income (TPI) includes net earnings by place of residence; dividends, interest, and rent; and current transfer receipts received by the residents of Preston. In 2007, net earnings accounted for 63.8 percent of TPI (compared with 57.5 percent in 1997); dividends, interest, and rent were 9.8 percent (compared with 15.8 percent in 1997); and transfer receipts were 26.4 percent (compared with 26.7 percent in 1997). From 2006 to 2007, net earnings increased 5.7 percent; dividends, interest, and rent increased 4.6 percent; and transfer receipts increased 6.4 percent. From 1997 to 2007, net earnings increased on average 6.6 percent; dividends, interest, and rent increased on average 0.6 percent; and transfer receipts increased on average 5.4 percent.

Earnings by Place of Work

Earnings by persons employed in Preston increased from $365,110* in 2006 to $381,005* in 2007, an increase of 4.4 percent. The 2006-2007 state change was 4.5 percent and the national change was 4.9 percent. The average annual growth rate from the 1997 estimate of $206,644* to the 2007 estimate was 6.3 percent. The average annual growth rate for the state was 4.3 percent and for the nation was 5.4 percent.

* All income estimates with the exception of PCPI are in thousands of dollars.

Source: Regional Economic Information System, Bureau of Economic Analysis

Table DP-1. Profile of General Demographic Characteristics: 2000

Geographic area: Preston County, West Virginia

[For information on confidentiality protection, nonsampling error, and definitions, see text]

Subject	Number	Percent
Total population	**29,334**	**100.0**
SEX AND AGE		
Male	14,535	49.6
Female	14,799	50.4
Under 5 years	1,634	5.6
5 to 9 years	1,815	6.2
10 to 14 years	2,049	7.0
15 to 19 years	2,199	7.5
20 to 24 years	1,591	5.4
25 to 34 years	3,622	12.3
35 to 44 years	4,529	15.4
45 to 54 years	4,431	15.1
55 to 59 years	1,657	5.6
60 to 64 years	1,421	4.8
65 to 74 years	2,379	8.1
75 to 84 years	1,507	5.1
85 years and over	500	1.7
Median age (years)	39.1	(X)
18 years and over	22,390	76.3
Male	10,959	37.4
Female	11,431	39.0
21 years and over	21,306	72.6
62 years and over	5,249	17.9
65 years and over	4,386	15.0
Male	1,892	6.4
Female	2,494	8.5
RACE		
One race	29,175	99.5
White	28,995	98.8
Black or African American	86	0.3
American Indian and Alaska Native	32	0.1
Asian	43	0.1
Asian Indian	10	-
Chinese	6	-
Filipino	11	-
Japanese	1	-
Korean	12	-
Vietnamese	1	-
Other Asian [1]	2	-
Native Hawaiian and Other Pacific Islander	5	-
Native Hawaiian	-	-
Guamanian or Chamorro	-	-
Samoan	4	-
Other Pacific Islander [2]	1	-
Some other race	14	-
Two or more races	159	0.5
Race alone or in combination with one or more other races: [3]		
White	29,151	99.4
Black or African American	112	0.4
American Indian and Alaska Native	130	0.4
Asian	63	0.2
Native Hawaiian and Other Pacific Islander	15	0.1
Some other race	31	0.1

Subject	Number	Percent
HISPANIC OR LATINO AND RACE		
Total population	**29,334**	**100.0**
Hispanic or Latino (of any race)	168	0.6
Mexican	44	0.1
Puerto Rican	4	-
Cuban	2	-
Other Hispanic or Latino	118	0.4
Not Hispanic or Latino	29,166	99.4
White alone	28,845	98.3
RELATIONSHIP		
Total population	**29,334**	**100.0**
In households	28,905	98.5
Householder	11,544	39.4
Spouse	6,861	23.4
Child	8,318	28.4
Own child under 18 years	6,217	21.2
Other relatives	1,020	3.5
Under 18 years	389	1.3
Nonrelatives	1,162	4.0
Unmarried partner	647	2.2
In group quarters	429	1.5
Institutionalized population	271	0.9
Noninstitutionalized population	158	0.5
HOUSEHOLD BY TYPE		
Total households	**11,544**	**100.0**
Family households (families)	8,353	72.4
With own children under 18 years	3,634	31.5
Married-couple family	6,861	59.4
With own children under 18 years	2,840	24.6
Female householder, no husband present	1,055	9.1
With own children under 18 years	542	4.7
Nonfamily households	3,191	27.6
Householder living alone	2,741	23.7
Householder 65 years and over	1,347	11.7
Households with individuals under 18 years	3,968	34.4
Households with individuals 65 years and over	3,179	27.5
Average household size	2.50	(X)
Average family size	2.94	(X)
HOUSING OCCUPANCY		
Total housing units	**13,444**	**100.0**
Occupied housing units	11,544	85.9
Vacant housing units	1,900	14.1
For seasonal, recreational, or occasional use	686	5.1
Homeowner vacancy rate (percent)	2.1	(X)
Rental vacancy rate (percent)	9.2	(X)
HOUSING TENURE		
Occupied housing units	**11,544**	**100.0**
Owner-occupied housing units	9,585	83.0
Renter-occupied housing units	1,959	17.0
Average household size of owner-occupied units	2.56	(X)
Average household size of renter-occupied units	2.23	(X)

- Represents zero or rounds to zero. (X) Not applicable.

[1] Other Asian alone, or two or more Asian categories.

[2] Other Pacific Islander alone, or two or more Native Hawaiian and Other Pacific Islander categories.

[3] In combination with one or more of the other races listed. The six numbers may add to more than the total population and the six percentages may add to more than 100 percent because individuals may report more than one race.

Source: U.S. Census Bureau, Census 2000.

Table DP-2. Profile of Selected Social Characteristics: 2000

Geographic area: Preston County, West Virginia

[Data based on a sample. For information on confidentiality protection, sampling error, nonsampling error, and definitions, see text]

Subject	Number	Percent
SCHOOL ENROLLMENT		
Population 3 years and over enrolled in school	6,362	100.0
Nursery school, preschool	303	4.8
Kindergarten	329	5.2
Elementary school (grades 1-8)	3,215	50.5
High school (grades 9-12)	1,824	28.7
College or graduate school	691	10.9
EDUCATIONAL ATTAINMENT		
Population 25 years and over	20,050	100.0
Less than 9th grade	2,340	11.7
9th to 12th grade, no diploma	2,883	14.4
High school graduate (includes equivalency)	9,432	47.0
Some college, no degree	2,653	13.2
Associate degree	586	2.9
Bachelor's degree	1,238	6.2
Graduate or professional degree	918	4.6
Percent high school graduate or higher	74.0	(X)
Percent bachelor's degree or higher	10.8	(X)
MARITAL STATUS		
Population 15 years and over	23,854	100.0
Never married	4,965	20.8
Now married, except separated	14,519	60.9
Separated	303	1.3
Widowed	1,988	8.3
Female	1,600	6.7
Divorced	2,079	8.7
Female	986	4.1
GRANDPARENTS AS CAREGIVERS		
Grandparent living in household with one or more own grandchildren under 18 years	378	100.0
Grandparent responsible for grandchildren	182	48.1
VETERAN STATUS		
Civilian population 18 years and over	22,377	100.0
Civilian veterans	3,176	14.2
DISABILITY STATUS OF THE CIVILIAN NONINSTITUTIONALIZED POPULATION		
Population 5 to 20 years	6,324	100.0
With a disability	458	7.2
Population 21 to 64 years	16,965	100.0
With a disability	3,853	22.7
Percent employed	42.1	(X)
No disability	13,112	77.3
Percent employed	71.4	(X)
Population 65 years and over	4,159	100.0
With a disability	2,079	50.0
RESIDENCE IN 1995		
Population 5 years and over	27,731	100.0
Same house in 1995	19,377	69.9
Different house in the U.S. in 1995	8,299	29.9
Same county	5,199	18.7
Different county	3,100	11.2
Same state	1,424	5.1
Different state	1,676	6.0
Elsewhere in 1995	55	0.2

Subject	Number	Percent
NATIVITY AND PLACE OF BIRTH		
Total population	29,334	100.0
Native	29,167	99.4
Born in United States	29,066	99.1
State of residence	22,294	76.0
Different state	6,772	23.1
Born outside United States	101	0.3
Foreign born	167	0.6
Entered 1990 to March 2000	31	0.1
Naturalized citizen	84	0.3
Not a citizen	83	0.3
REGION OF BIRTH OF FOREIGN BORN		
Total (excluding born at sea)	167	100.0
Europe	102	61.1
Asia	42	25.1
Africa	10	6.0
Oceania	-	-
Latin America	2	1.2
Northern America	11	6.6
LANGUAGE SPOKEN AT HOME		
Population 5 years and over	27,731	100.0
English only	27,249	98.3
Language other than English	482	1.7
Speak English less than "very well"	173	0.6
Spanish	202	0.7
Speak English less than "very well"	86	0.3
Other Indo-European languages	262	0.9
Speak English less than "very well"	78	0.3
Asian and Pacific Island languages	11	-
Speak English less than "very well"	9	-
ANCESTRY (single or multiple)		
Total population	29,334	100.0
Total ancestries reported	*22,836*	*77.8*
Arab	17	0.1
Czech[1]	22	0.1
Danish	7	-
Dutch	878	3.0
English	2,354	8.0
French (except Basque)[1]	551	1.9
French Canadian[1]	68	0.2
German	5,909	20.1
Greek	26	0.1
Hungarian	142	0.5
Irish[1]	2,966	10.1
Italian	1,057	3.6
Lithuanian	19	0.1
Norwegian	46	0.2
Polish	443	1.5
Portuguese	2	-
Russian	52	0.2
Scotch-Irish	481	1.6
Scottish	263	0.9
Slovak	37	0.1
Subsaharan African	35	0.1
Swedish	72	0.2
Swiss	25	0.1
Ukrainian	24	0.1
United States or American	5,019	17.1
Welsh	239	0.8
West Indian (excluding Hispanic groups)	-	-
Other ancestries	2,082	7.1

-Represents zero or rounds to zero. (X) Not applicable.

[1]The data represent a combination of two ancestries shown separately in Summary File 3. Czech includes Czechoslovakian. French includes Alsatian. French Canadian includes Acadian/Cajun. Irish includes Celtic.

Source: U.S. Bureau of the Census, Census 2000.

Table DP-3. Profile of Selected Economic Characteristics: 2000

Geographic area: Preston County, West Virginia

[Data based on a sample. For information on confidentiality protection, sampling error, nonsampling error, and definitions, see text]

Subject	Number	Percent
EMPLOYMENT STATUS		
Population 16 years and over	**23,413**	**100.0**
In labor force	12,937	55.3
Civilian labor force	12,922	55.2
Employed	12,042	51.4
Unemployed	880	3.8
Percent of civilian labor force	6.8	(X)
Armed Forces	15	0.1
Not in labor force	10,476	44.7
Females 16 years and over	**11,887**	**100.0**
In labor force	5,558	46.8
Civilian labor force	5,558	46.8
Employed	5,167	43.5
Own children under 6 years	**1,905**	**100.0**
All parents in family in labor force	1,085	57.0
COMMUTING TO WORK		
Workers 16 years and over	**11,869**	**100.0**
Car, truck, or van - - drove alone	9,107	76.7
Car, truck, or van - - carpooled	1,942	16.4
Public transportation (including taxicab)	35	0.3
Walked	262	2.2
Other means	143	1.2
Worked at home	380	3.2
Mean travel time to work (minutes)[1]	30.2	(X)
Employed civilian population 16 years and over	**12,042**	**100.0**
OCCUPATION		
Management, professional, and related occupations	2,602	21.6
Service occupations	2,121	17.6
Sales and office occupations	2,674	22.2
Farming, fishing, and forestry occupations	196	1.6
Construction, extraction, and maintenance occupations	1,913	15.9
Production, transportation, and material moving occupations	2,536	21.1
INDUSTRY		
Agriculture, forestry, fishing and hunting, and mining	854	7.1
Construction	1,096	9.1
Manufacturing	1,503	12.5
Wholesale trade	283	2.4
Retail trade	1,594	13.2
Transportation and warehousing, and utilities	781	6.5
Information	214	1.8
Finance, insurance, real estate, and rental and leasing	337	2.8
Professional, scientific, management, administrative, and waste management services	725	6.0
Educational, health and social services	2,661	22.1
Arts, entertainment, recreation, accommodation and food services	740	6.1
Other services (except public administration)	633	5.3
Public administration	621	5.2
CLASS OF WORKER		
Private wage and salary workers	9,024	74.9
Government workers	1,999	16.6
Self-employed workers in own not incorporated business	944	7.8
Unpaid family workers	75	0.6

Subject	Number	Percent
INCOME IN 1999		
Households	**11,551**	**100.0**
Less than $10,000	1,673	14.5
$10,000 to $14,999	1,316	11.4
$15,000 to $24,999	2,208	19.1
$25,000 to $34,999	1,946	16.8
$35,000 to $49,999	2,063	17.9
$50,000 to $74,999	1,543	13.4
$75,000 to $99,999	462	4.0
$100,000 to $149,999	230	2.0
$150,000 to $199,999	62	0.5
$200,000 or more	48	0.4
Median household income (dollars)	27,927	(X)
With earnings	8,397	72.7
Mean earnings (dollars)[1]	34,977	(X)
With Social Security income	3,835	33.2
Mean Social Security income (dollars)[1]	10,140	(X)
With Supplemental Security Income	646	5.6
Mean Supplemental Security Income (dollars)[1]	5,817	(X)
With public assistance income	374	3.2
Mean public assistance income (dollars)[1]	2,011	(X)
With retirement income	2,482	21.5
Mean retirement income (dollars)[1]	12,300	(X)
Families	**8,390**	**100.0**
Less than $10,000	796	9.5
$10,000 to $14,999	705	8.4
$15,000 to $24,999	1,458	17.4
$25,000 to $34,999	1,589	18.9
$35,000 to $49,999	1,734	20.7
$50,000 to $74,999	1,389	16.6
$75,000 to $99,999	435	5.2
$100,000 to $149,999	199	2.4
$150,000 to $199,999	58	0.7
$200,000 or more	27	0.3
Median family income (dollars)	32,904	(X)
Per capita income (dollars)[1]	13,596	(X)
Median earnings (dollars):		
Male full-time, year-round workers	26,440	(X)
Female full-time, year-round workers	17,905	(X)

Subject	Number below poverty level	Percent below poverty level
POVERTY STATUS IN 1999		
Families	**1,235**	**14.7**
With related children under 18 years	814	21.0
With related children under 5 years	356	27.2
Families with female householder, no husband present	**356**	**36.3**
With related children under 18 years	292	50.3
With related children under 5 years	114	58.8
Individuals	**5,302**	**18.3**
18 years and over	3,552	16.1
65 years and over	604	14.5
Related children under 18 years	1,624	24.4
Related children 5 to 17 years	1,143	22.5
Unrelated individuals 15 years and over	1,365	32.7

-Represents zero or rounds to zero. (X) Not applicable.

[1]If the denominator of a mean value or per capita value is less than 30, then that value is calculated using a rounded aggregate in the numerator. See text.

Source: U.S. Bureau of the Census, Census 2000.

Table DP-4. Profile of Selected Housing Characteristics: 2000

Geographic area: Preston County, West Virginia

[Data based on a sample. For information on confidentiality protection, sampling error, nonsampling error, and definitions, see text]

Subject	Number	Percent
Total housing units	13,444	100.0
UNITS IN STRUCTURE		
1-unit, detached	9,670	71.9
1-unit, attached	100	0.7
2 units	157	1.2
3 or 4 units	194	1.4
5 to 9 units	316	2.4
10 to 19 units	26	0.2
20 or more units	102	0.8
Mobile home	2,835	21.1
Boat, RV, van, etc	44	0.3
YEAR STRUCTURE BUILT		
1999 to March 2000	345	2.6
1995 to 1998	1,134	8.4
1990 to 1994	1,078	8.0
1980 to 1989	2,306	17.2
1970 to 1979	2,642	19.7
1960 to 1969	1,062	7.9
1940 to 1959	1,778	13.2
1939 or earlier	3,099	23.1
ROOMS		
1 room	73	0.5
2 rooms	190	1.4
3 rooms	600	4.6
4 rooms	2,107	15.7
5 rooms	3,378	25.1
6 rooms	3,173	23.6
7 rooms	1,902	14.1
8 rooms	1,112	8.3
9 or more rooms	909	6.8
Median (rooms)	5.6	(X)
Occupied housing units	11,544	100.0
YEAR HOUSEHOLDER MOVED INTO UNIT		
1999 to March 2000	1,437	12.4
1995 to 1998	2,414	20.9
1990 to 1994	1,920	16.6
1980 to 1989	2,229	19.3
1970 to 1979	1,577	13.7
1969 or earlier	1,967	17.0
VEHICLES AVAILABLE		
None	1,002	8.7
1	3,497	30.3
2	4,715	40.8
3 or more	2,330	20.2
HOUSE HEATING FUEL		
Utility gas	1,854	16.1
Bottled, tank, or LP gas	1,702	14.7
Electricity	1,682	14.6
Fuel oil, kerosene, etc	3,882	33.6
Coal or coke	963	8.3
Wood	1,315	11.4
Solar energy	-	-
Other fuel	139	1.2
No fuel used	7	0.1
SELECTED CHARACTERISTICS		
Lacking complete plumbing facilities	163	1.4
Lacking complete kitchen facilities	80	0.7
No telephone service	613	5.3

Subject	Number	Percent
OCCUPANTS PER ROOM		
Occupied housing units	11,544	100.0
1.00 or less	11,409	98.8
1.01 to 1.50	94	0.8
1.51 or more	41	0.4
Specified owner-occupied units	6,068	100.0
VALUE		
Less than $50,000	2,116	34.9
$50,000 to $99,999	3,025	49.9
$100,000 to $149,999	619	10.2
$150,000 to $199,999	216	3.6
$200,000 to $299,999	73	1.2
$300,000 to $499,999	9	0.1
$500,000 to $999,999	-	-
$1,000,000 or more	10	0.2
Median (dollars)	63,100	(X)
MORTGAGE STATUS AND SELECTED MONTHLY OWNER COSTS		
With a mortgage	2,921	48.1
Less than $300	91	1.5
$300 to $499	762	12.6
$500 to $699	899	14.8
$700 to $999	781	12.9
$1,000 to $1,499	340	5.6
$1,500 to $1,999	36	0.6
$2,000 or more	12	0.2
Median (dollars)	630	(X)
Not mortgaged	3,147	51.9
Median (dollars)	196	(X)
SELECTED MONTHLY OWNER COSTS AS A PERCENTAGE OF HOUSEHOLD INCOME IN 1999		
Less than 15.0 percent	3,171	52.3
15.0 to 19.9 percent	991	16.3
20.0 to 24.9 percent	707	11.7
25.0 to 29.9 percent	340	5.6
30.0 to 34.9 percent	183	3.0
35.0 percent or more	630	10.4
Not computed	46	0.8
Specified renter-occupied units	1,843	100.0
GROSS RENT		
Less than $200	213	11.6
$200 to $299	305	16.5
$300 to $499	726	39.4
$500 to $749	170	9.2
$750 to $999	35	1.9
$1,000 to $1,499	-	-
$1,500 or more	4	0.2
No cash rent	390	21.2
Median (dollars)	336	(X)
GROSS RENT AS A PERCENTAGE OF HOUSEHOLD INCOME IN 1999		
Less than 15.0 percent	285	15.5
15.0 to 19.9 percent	205	11.1
20.0 to 24.9 percent	215	11.7
25.0 to 29.9 percent	198	10.7
30.0 to 34.9 percent	112	6.1
35.0 percent or more	412	22.4
Not computed	416	22.6

-Represents zero or rounds to zero. (X) Not applicable.

Source: U.S. Bureau of the Census, Census 2000.

FINANCIAL INFORMATION FOR THE MUNICIPALITY OF KINGWOOD

AUDIT REPORT OF
KINGWOOD, WEST VIRGINIA
A CLASS III MUNICIPALITY IN PRESTON COUNTY
For the Fiscal Year Ended June 30, 2008

AUDIT REPORT OF
THE MUNICIPALITY OF KINGWOOD, WEST VIRGINIA
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

This audit has been conducted pursuant to the authority and duty of the State Auditor as Chief Inspector and Supervisor of Public Offices to conduct an annual inspection of all political subdivisions of the State of West Virginia and any agency created by these subdivisions. This power is granted by West Virginia Code §6-9-1 et seq.

MUNICIPALITY OF KINGWOOD, WEST VIRGINIA
SCHEDULE OF FUNDS INCLUDED IN REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

GOVERNMENTAL FUND TYPES

MAJOR FUNDS

General
Coal Severance Tax
Storm Sewer
Cemetery

PROPRIETARY FUND TYPE

MAJOR FUND

Parks and Recreation

COMPONENT UNITS

Discretely Presented
Sewer Board
Water Board
Kingwood Public Library

MUNICIPALITY OF KINGWOOD, WEST VIRGINIA
TABLE OF CONTENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	Page
Introductory Section	
Municipal Officials	1
Financial Section	
Independent Auditor's Report	2-3
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Assets	4-5
Statement of Activities	6
Fund Financial Statements:	
Balance Sheet - Governmental Funds	7
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Assets	8
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	9-10
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	11
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Budgetary Basis) - General Fund	12-13
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Coal Severance Tax Fund	14
Statement of Net Assets - Proprietary Fund	15-16
Statement of Revenues, Expenses and Changes in Fund Net Assets - Proprietary Fund	17
Statement of Cash Flows - Proprietary Fund	18-19
Notes to the Financial Statements	20-41
Supplementary Information	
Schedule of Rate Covenant Compliance	42
Combining and Individual Fund Statements:	
Balance Sheet/Statement of Net Assets - Governmental Component Unit	43
Statement of Revenues, Expenditures and Changes in Fund Balance/ Statement of Activities - Governmental Component Unit	44

MUNICIPALITY OF KINGWOOD, WEST VIRGINIA
TABLE OF CONTENTS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

Page

Supplementary Information (continued)

Statement of Net Assets - Proprietary Component Units. 45-46
Statement of Revenues, Expenses and Changes in
Fund Net Assets - Proprietary Component Units. 47
Statement of Cash Flows - Proprietary Component Units. 48-49

Accompanying Information

Report on Internal Control Over Financial Reporting and on Compliance and Other
Matters Based on an Audit of Financial Statements Performed in Accordance with
Government Auditing Standards. 50-52

Schedule of Findings and Responses 53-56

INTRODUCTORY SECTION

MUNICIPALITY OF KINGWOOD, WEST VIRGINIA
MUNICIPAL OFFICIALS
For the Fiscal Year Ended June 30, 2008

OFFICE	NAME	TERM
	Elective	
Mayor:	James G. Lobb	07-01-07 / 06-30-09
Recorder:	William Robertson	07-01-07 / 06-30-09
Council Members:	David Estep	07-01-07 / 06-30-09
	Robert Goodwin Jr.	07-01-07 / 06-30-09
	Michael Loughry	07-01-07 / 06-30-09
	Kathy Mace, appointed	01-01-08 / 06-30-09
	Bruce Wiley, resigned	07-01-07 / 12-30-07
	Jeff Zigray	07-01-07 / 06-30-09
	Appointive	
City Supervisor:	Francis Hyre	
City Clerk/Treasurer:	Martha E. Moore	
Municipal Attorney:	Sheila Williams	

FINANCIAL SECTION

Glen B. Gainer III
State Auditor and
Chief Inspector

Stuart T. Stickel, CPA
Deputy Chief Inspector

State of West Virginia

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Council
Municipality of Kingwood
Kingwood, West Virginia 26537

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, and each major fund, of the Municipality of Kingwood, West Virginia (the Municipality), as of and for the year ended June 30, 2008, which collectively comprise the Municipality's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the entity's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, and each major fund of the Municipality of Kingwood, West Virginia, as of June 30, 2008, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General Fund and Coal Severance Tax Special Revenue Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 8, 2009 on our consideration of the Municipality's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Municipality has not presented the management's discussion and analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be part of the basic financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Municipality's basic financial statements. The introductory section, schedule of rate covenant compliance, combining and individual component unit financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of rate covenant compliance, combining and individual component unit financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

Respectfully submitted,

Glen B. Gainer, III
West Virginia State Auditor

October 8, 2009

MUNICIPALITY OF KINGWOOD, WEST VIRGINIA
STATEMENT OF NET ASSETS
June 30, 2008

	Primary Government			Component Units		
	Governmental Activities	Business-type Activities	Total	Water Board	Sewer Board	Kingwood Public Library
ASSETS						
Current assets:						
Cash and cash equivalents	$ 233,874	$ 23,361	$ 257,235	$ 433,523	$ 233,448	$ 315,543
Receivables:						
Accounts	63,498	3,408	66,906	108,707	81,454	--
Taxes	68,315	--	68,315	--	--	--
Internal balances	34,325	(34,325)	--	--	--	--
Inventory, at cost	13,668	--	13,668	21,339	--	--
Restricted assets:						
Regular account	--	--	--	179,371	187,658	--
Reserve account	--	--	--	409,362	231,237	--
Renewal and replacement	--	--	--	--	35,304	--
Reserve for construction	--	--	--	1	--	--
Capital assets:						
Nondepreciable:						
Land	--	103,500	103,500	12,070	2,552	10,400
Depreciable:						
Buildings	--	1,250,000	1,250,000	--	--	235,132
Structures and improvements	521,428	464,201	985,629	524,591	5,494,876	171,255
Books and Videos	--	--	--	--	--	88,665
Transmission and distribution	--	--	--	7,184,792	4,563,889	--
Machinery and equipment	892,053	--	892,053	440,122	2,388,291	--
Less: accumulated depreciation	(709,245)	(601,825)	(1,311,070)	(3,510,485)	(4,815,938)	(388,597)
Other debits:						
Unamortized bond discount	--	--	--	--	77,697	--
Total assets	$ 1,117,916	$ 1,208,320	$ 2,326,236	$ 5,803,393	$ 8,480,468	$ 432,398

See accompanying notes to the financial statements.

MUNICIPALITY OF KINGWOOD, WEST VIRGINIA
STATEMENT OF NET ASSETS
June 30, 2008

	Primary Government			Component Units		
	Governmental Activities	Business-type Activities	Total	Water Board	Sewer Board	Kingwood Public Library
LIABILITIES						
Current liabilities payable from current assets:						
Accounts payable	$ 37,476	$ 14,973	$ 52,449	$ 27,696	$ 16,586	$ --
Payroll payable	19,918	264	20,182	14,206	9,044	3,008
Other accrued expenses	--	1,180	1,180	--	--	--
Accrued revenue bond/note interest payable	--	--	--	61,185	24,272	--
Customer deposits	--	--	--	6,978	--	--
Total current liabilities payable from current assets	57,394	16,417	73,811	110,065	49,902	3,008
Noncurrent liabilities payable due within one year:						
Leases payable	91,926	--	91,926	--	13,417	--
Bonds payable	--	--	--	112,206	106,672	--
Notes payable	--	--	--	5,305	--	--
Total noncurrent liabilities payable due within one year	91,926	--	91,926	117,511	120,089	--
Noncurrent liabilities payable due within more than one year:						
Bonds payable	--	--	--	3,689,653	2,729,407	--
Notes payable	--	--	--	6,078	--	--
Leases payable	268,237	--	268,237	--	53,209	--
Total noncurrent liabilities due within more than one year	268,237	--	268,237	3,695,731	2,782,616	--
Total liabilities	417,557	16,417	433,974	3,923,307	2,952,607	3,008
NET ASSETS						
Invested in capital assets, net of related debt	344,073	1,215,876	1,559,949	837,848	4,730,965	116,855
Restricted for:						
Debt service	--	--	--	588,733	454,199	--
Unrestricted	356,286	(23,973)	332,313	453,505	342,697	312,535
Total net assets	700,359	1,191,903	1,892,262	1,880,086	5,527,861	429,390
Total liabilities and net assets	$ 1,117,916	$ 1,208,320	$ 2,326,236	$ 5,803,393	$ 8,480,468	$ 432,398

See accompanying notes to the financial statements.

MUNICIPALITY OF KINGWOOD, WEST VIRGINIA
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2008

		Program Revenues			Net (Expense) Revenues and Changes in Net Assets					
					Primary Government			Component Units		
Functions / Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activity	Total	Water Board	Sewer Board	Kingwood Public Library
Primary government:										
Governmental activities:										
General government	$ 284,193	$ 1,040,472	$ 20,117	$ --	$ 776,396	$ --	$ 776,396	$ --	$ --	$ --
Public safety	264,949	42,798	--	--	(222,151)	--	(222,151)	--	--	--
Streets and transportation	268,514	--	--	--	(268,514)	--	(268,514)	--	--	--
Health and sanitation	878,635	--	--	--	(878,635)	--	(878,635)	--	--	--
Culture and recreation	6,925	--	--	--	(6,925)	--	(6,925)	--	--	--
Social services	16,596	--	--	--	(16,596)	--	(16,596)	--	--	--
Total governmental activities	1,719,812	1,083,270	20,117	--	(616,425)	--	(616,425)	--	--	--
Business-type activity:										
Parks and recreation	307,550	210,673	40,173	--	--	(56,704)	(56,704)	--	--	--
Total business-type activity	307,550	210,673	40,173	--	--	(56,704)	(56,704)	--	--	--
Total primary government	$ 2,027,362	$ 1,293,943	$ 60,290	$ --	(616,425)	(56,704)	(673,129)	--	--	--
Component units:										
Water Board	1,214,317	1,088,411	--	202,211	--	--	--	76,305	--	--
Sewer Board	885,645	686,749	--	--	--	--	--	--	(198,896)	--
Kingwood Public Library	156,629	141,642	--	--	--	--	--	--	--	(14,987)
Total component units	$ 2,256,591	$ 1,916,802	$ --	$ 202,211	--	--	--	76,305	(198,896)	(14,987)
General revenues:										
Ad valorem property taxes					393,462	--	393,462	--	--	--
Alcoholic beverages tax					31,583	--	31,583	--	--	--
Utility services tax					155,889	--	155,889	--	--	--
Animal tax					1,148	--	1,148	--	--	--
Gas and oil severance tax					13,386	--	13,386	--	--	--
Amusement tax					4,239	--	4,239	--	--	--
Other taxes					5,895	--	5,895	--	--	--
Coal severance tax					11,137	--	11,137	--	--	--
Unrestricted investment earnings					3,559	86	3,645	34,687	26,941	--
Refunds					34,494	--	34,494	--	--	--
Reimbursement					23,858	--	23,858	--	--	--
Sale of Timber					--	--	--	189,334	--	--
Gain on sale of capital assets					3,000	--	3,000	--	--	--
Miscellaneous					29,905	7,648	37,553	--	--	--
Transfers					(38,019)	38,019	--	--	--	--
Total general revenues and transfers					673,536	45,753	719,289	224,021	26,941	--
Change in net assets					57,111	(10,951)	46,160	300,326	(171,955)	(14,987)
Net assets - beginning, restated, Note IV.H.					643,248	1,202,854	1,846,102	1,579,760	5,699,816	444,377
Net assets - ending					$ 700,359	$ 1,191,903	$ 1,892,262	$ 1,880,086	$ 5,527,861	$ 429,390

See accompanying notes to the financial statements.

MUNICIPALITY OF KINGWOOD, WEST VIRGINIA
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2008

	General	Coal Severance Tax	Storm Sewer	Cemetery	Total Governmental Funds
ASSETS					
Current:					
Cash and cash equivalents	$ 116,951	$ 19,684	$ 54,519	$ 42,720	$ 233,874
Receivables:					
Taxes	68,315	--	--	--	68,315
Accounts	63,498	--	--	--	63,498
Due from:					
Other funds	34,325	--	--	--	34,325
Inventory, at cost	13,668	--	--	--	13,668
Total assets	$ 296,757	$ 19,684	$ 54,519	$ 42,720	$ 413,680
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	37,476	--	--	--	37,476
Payroll payable	19,918	--	--	--	19,918
Deferred revenues:					
Taxes	46,467	--	--	--	46,467
Total liabilities	103,861	--	--	--	103,861
Fund balances:					
Reserved for:					
Perpetual care	--	--	--	42,720	42,720
Unreserved, reported in:					
General fund	192,896	--	--	--	192,896
Special revenue funds	--	19,684	54,519	--	74,203
Total fund balances	192,896	19,684	54,519	42,720	309,819
Total liabilities and fund balances	$ 296,757	$ 19,684	$ 54,519	$ 42,720	$ 413,680

See accompanying notes to the financial statements.

MUNICIPALITY OF KINGWOOD, WEST VIRGINIA
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
June 30, 2008

Total fund balances on the governmental fund's balance sheet	$	309,819
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and therefore not reported in the funds. (Note IV-C)		704,236
Certain revenues are not available to fund current year expenditures and therefore are deferred in the funds. This is the amount of deferred taxes. (Note IV-B)		46,467
Long-term liabilities, including leases payable, are not due and payable in the current period and therefore are not reported in the funds. (Note IV-F)		(360,163)
Net assets of governmental activities	$	700,359

See accompanying notes to the financial statements.

MUNICIPALITY OF KINGWOOD, WEST VIRGINIA
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2008

	General	Coal Severance Tax	Storm Sewer	Cemetery	Total Governmental Funds
REVENUES					
Taxes:					
Ad valorem property taxes	$ 371,996	$ --	$ --	$ --	$ 371,996
Alcoholic beverages tax	31,583	--	--	--	31,583
Utility services tax	155,889	--	--	--	155,889
Animal tax	1,148	--	--	--	1,148
Gas and oil severance tax	13,386	--	--	--	13,386
Amusement tax	4,239	--	--	--	4,239
Other taxes	5,895	--	--	--	5,895
Coal severance tax	--	11,137	--	--	11,137
Licenses and permits	35,213	--	--	--	35,213
Intergovernmental:					
State	17,117	--	--	--	17,117
Charges for services	990,034	--	--	--	990,034
Fines and forfeits	42,798	--	--	--	42,798
Interest and investment earnings	778	12	1,789	980	3,559
Refunds	34,494	--	--	--	34,494
Reimbursements	23,858	--	--	--	23,858
IRP fees	15,225	--	--	--	15,225
Contributions and donations	--	--	--	3,000	3,000
Miscellaneous	29,905	--	--	--	29,905
Total revenues	1,773,558	11,149	1,789	3,980	1,790,476
EXPENDITURES					
Current:					
General government	286,276	--	--	--	286,276
Public safety	270,450	--	--	--	270,450
Streets and transportation	254,776	1,356	--	--	256,132
Health and sanitation	955,884	--	--	--	955,884
Culture and recreation	20,876	--	--	--	20,876
Social services	15,596	--	--	--	15,596
Total expenditures	1,803,858	1,356	--	--	1,805,214
Excess (deficiency) of revenues over (under) expenditures	(30,300)	9,793	1,789	3,980	(14,738)

See accompanying notes to the financial statements.

MUNICIPALITY OF KINGWOOD, WEST VIRGINIA
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2008

	General	Coal Severance Tax	Storm Sewer	Cemetery	Total Governmental Funds
OTHER FINANCING SOURCES (USES)					
Transfers (out)	$ (38,019)	$ --	$ --	$ --	$ (38,019)
Proceeds from the sale of assets	3,000	--	--	--	3,000
Capital leases	75,850	--	--	--	75,850
Total other financing sources (uses)	40,831	--	--	--	40,831
Net change in fund balance	10,531	9,793	1,789	3,980	26,093
Fund balances - beginning	182,365	9,891	52,730	38,740	283,726
Fund balances - ending	$ 192,896	$ 19,684	$ 54,519	$ 42,720	$ 309,819

See accompanying notes to the financial statements.

MUNICIPALITY OF KINGWOOD, WEST VIRGINIA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2008

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds	$	26,093
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period (Note II.A).		2,421
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. This is the net value of prior and current year deferred taxes.		21,466
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items (Notes II.A).		7,131
Change in net assets of governmental activities	$	57,111

See accompanying notes to the financial statements.

MUNICIPALITY OF KINGWOOD, WEST VIRGINIA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (BUDGETARY BASIS) - GENERAL FUND
For the Fiscal Year Ended June 30, 2008

	Budgeted Amounts		Actual Modified Accrual Basis	Adjustments Budget Basis	Actual Amounts Budget Basis	Variance with Final Budget Positive (Negative)
	Original	Final				
REVENUES						
Taxes:						
Ad valorem property taxes	$ 337,662	$ 347,689	$ 371,996	$ 1,358	$ 373,354	$ 25,665
Alcoholic beverages tax	10,000	20,769	31,583	(1,448)	30,135	9,366
Utility services tax	106,000	106,000	155,889	(71)	155,818	49,818
Animal tax	1,000	1,000	1,148	- -	1,148	148
Gas and oil severance tax	8,000	10,455	13,386	- -	13,386	2,931
Amusement tax	- -	- -	4,239	- -	4,239	4,239
Other taxes	2,500	3,795	5,895	- -	5,895	2,100
Licenses and permits	14,500	27,293	35,213	- -	35,213	7,920
Intergovernmental:						
State	- -	13,222	17,117	- -	17,117	3,895
Charges for services	893,300	975,621	990,034	12,770	1,002,804	27,183
Fines and forfeits	20,000	32,300	42,798	- -	42,798	10,498
Interest earnings	1,000	1,000	778	- -	778	(222)
Refunds	19,500	23,372	34,494	- -	34,494	11,122
Reimbursements	35,000	35,000	23,858	- -	23,858	(11,142)
IRP fees	15,000	15,000	15,225	- -	15,225	225
Miscellaneous	14,500	23,110	29,905	(2,917)	26,988	3,878
Total revenues	1,477,962	1,635,626	1,773,558	9,692	1,783,250	147,624
EXPENDITURES						
Current:						
General government	284,216	289,196	286,276	5,403	291,679	(2,483)
Public safety	165,607	295,724	270,450	4,735	275,185	20,539
Streets and transportation	245,856	260,368	254,776	4,300	259,076	1,292
Health and sanitation	890,248	962,014	955,884	3,229	959,113	2,901
Culture and recreation	18,700	28,727	20,876	- -	20,876	7,851
Social services	20,988	20,988	15,596	48	15,644	5,344
Total expenditures	1,625,615	1,857,017	1,803,858	17,715	1,821,573	35,444
Excess (deficiency) of revenues over (under) expenditures	(147,653)	(221,391)	(30,300)	(8,023)	(38,323)	183,068

See accompanying notes to the financial statements.

MUNICIPALITY OF KINGWOOD, WEST VIRGINIA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (BUDGETARY BASIS) - GENERAL FUND
For the Fiscal Year Ended June 30, 2008

	Budgeted Amounts		Actual Modified Accrual Basis	Adjustments Budget Basis	Actual Amounts Budget Basis	Variance with Final Budget Positive (Negative)
	Original	Final				
OTHER FINANCING SOURCES (USES)						
Transfers (out)	$ --	$ (38,020)	$ (38,019)	$ --	$ (38,019)	$ 1
Proceeds from sale of assets	--	--	3,000	--	3,000	3,000
Capital leases	--	75,850	75,850	--	75,850	--
Total other financing sources (uses)	--	37,830	40,831	--	40,831	3,001
Net change in fund balance	(147,653)	(183,561)	10,531	(8,023)	2,508	186,069
Fund balances - beginning	147,653	183,561	182,365	(67,922)	114,443	(69,118)
Fund balances - ending	$ --	$ --	$ 192,896	$ (75,945)	$ 116,951	$ 116,951

See accompanying notes to the financial statements.

MUNICIPALITY OF KINGWOOD, WEST VIRGINIA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - COAL SEVERANCE TAX FUND
For the Fiscal Year Ended June 30, 2008

	Budgeted Amounts		Actual Amounts Budget Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes:				
Coal severance tax	$ 7,000	$ 7,000	$ 11,137	$ 4,137
Interest earnings	--	--	12	12
Total revenues	7,000	7,000	11,149	4,149
EXPENDITURES				
Current:				
Streets and transportation	15,500	16,892	1,356	15,536
Total expenditures	15,500	16,892	1,356	15,536
Net change in fund balance	(8,500)	(9,892)	9,793	19,685
Fund balances - beginning	8,500	9,892	9,891	(1)
Fund balances - ending	$ --	$ --	$ 19,684	$ 19,684

See accompanying notes to the financial statements.

MUNICIPALITY OF KINGWOOD, WEST VIRGINIA
STATEMENT OF NET ASSETS - PROPRIETARY FUND
June 30, 2008

	Business-type Activities - Enterprise Fund
	Parks and Recreation
ASSETS	
Current:	
Cash and cash equivalents	$ 23,361
Receivables:	
Accounts	3,408
Total current assets	26,769
Capital assets:	
Nondepreciable:	
Land	103,500
Depreciable:	
Buildings	1,250,000
Structures and improvements	464,201
Less: accumulated depreciation	(601,825)
Total capital assets (net of accumulated depreciation)	1,215,876
Total assets	$ 1,242,645
LIABILITIES	
Current liabilities payable from current assets:	
Accounts payable	$ 14,973
Payroll payable	264
Other accrued expenses	1,180
Due to:	
Other funds	34,325
Total current liabilities payable from current assets	50,742

See accompanying notes to the financial statements.

MUNICIPALITY OF KINGWOOD, WEST VIRGINIA
STATEMENT OF NET ASSETS - PROPRIETARY FUND
June 30, 2008

	Business-type Activities - Enterprise Fund
	Parks and Recreation
NET ASSETS	
Invested in capital assets, net of related debt	$ 1,215,876
Unrestricted	(23,973)
Total net assets	1,191,903
Total liabilities and net assets	$ 1,242,645

See accompanying notes to the financial statements.

MUNICIPALITY OF KINGWOOD, WEST VIRGINIA
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS - PROPRIETARY FUND
For the Fiscal Year Ended June 30, 2008

	Business-type Activities - Enterprise Fund
	Parks and Recreation
Operating revenues:	
Sales and services to customers	$ 210,673
Total revenues	210,673
Operating expenses:	
Personal services	112,620
Administrative and general	613
Materials and supplies	122,851
Utilities	73,722
Depreciation	30,258
Maintenance	1,486
Total operating expenses	341,550
Operating income (loss)	(130,877)
Nonoperating revenues (expenses):	
Interest revenue	86
Excess levy	34,000
Gaming income	7,648
Donations	40,173
Total nonoperating revenues (expenses)	81,907
Income (loss) before operating transfers and contributions	(48,970)
Transfers in	38,019
Change in net assets	(10,951)
Net assets at beginning of year, restated, Note IV.H.	1,202,854
Net assets at end of year	$ 1,191,903

See accompanying notes to the financial statements.

MUNICIPALITY OF KINGWOOD, WEST VIRGINIA
STATEMENT OF CASH FLOWS - PROPRIETARY FUND
For the Fiscal Year Ended June 30, 2008

	Business-type Activities - Enterprise Fund
	Parks and Recreation
Cash flows from operating activities:	
Cash received from customers	$ 206,085
Cash paid for goods and services	(210,715)
Cash paid to employees	(112,620)
Net cash provided (used) by operating activities	(117,250)
Cash flows from noncapital financing activities:	
Transfers in	38,019
Excess levy	34,000
Gaming income	7,648
Donations	40,173
Net cash provided (used) by noncapital financing activities	119,840
Cash flows from investing activities:	
Interest received	86
Net cash provided (used) by investing activities	86
Net increase (decrease) in cash and cash equivalents	2,676
Cash and cash equivalents, July 1, 2007	20,685
Cash and cash equivalents, June 30, 2008	$ 23,361

See accompanying notes to the financial statements.

MUNICIPALITY OF KINGWOOD, WEST VIRGINIA
STATEMENT OF CASH FLOWS - PROPRIETARY FUND
For the Fiscal Year Ended June 30, 2008

	Business-type Activities - Enterprise Fund
	Parks and Recreation
Reconciliation of operating income to net cash provided (used) by operating activities:	
Operating income (loss)	$ (130,877)
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation expense	30,258
Decrease (increase) in accounts receivable	(3,408)
Increase (decrease) in customer deposits	(1,180)
Increase (decrease) in accounts payable	2,137
Increase (decrease) in refunds payable	(10,751)
Increase (decrease) in other accrued expenses	(3,429)
Net cash provided by operations	$ (117,250)

See accompanying notes to the financial statements.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Municipality of Kingwood, West Virginia, conform to generally accepted accounting principles as applicable to governmental units. The following is a summary of significant accounting policies:

A. Reporting Entity

The Municipality of Kingwood is a municipal corporation governed by an elected mayor and six member council. The accompanying financial statements present the government and its component units as required by generally accepted accounting principles.

The services provided by the government and accounted for within these financial statements include law enforcement for the Municipality, health and sanitation services, cultural and recreational programs, and other governmental services.

The accompanying financial statements present the government and its component units as required by the accounting principles generally accepted in the United States. In determining whether to include a governmental department, agency, commission or organization as a component unit, the government must evaluate each entity as to whether they are legally separate and financially accountable based on the criteria set forth by the Governmental Accounting Standards Board (GASB). Legal separateness is evaluated on the basis of (1) its corporate name, (2) the right to sue and be sued and (3) the right to buy, sell or lease and mortgage property. Financial accountability is based on (1) the appointment of the governing authority and (2) the ability to impose will or (3) the providing of specific financial benefit or imposition of specific financial burden. Another factor to consider in this evaluation is whether an entity is fiscally dependent on the Municipality.

Discretely Presented Component Units

Discretely presented component units are entities which are legally separate from the Municipality, but are financially accountable to the Municipality, or whose relationship with the Municipality is such that exclusion would cause the Municipality's financial statements to be misleading or incomplete. Because of the nature of services they provide and the Municipality's ability to impose its will on them or a financial benefit/burden relationship exists, the following component units are discretely presented in accordance with GASB Statement No. 14 (as amended by GASB Statement 39) The discretely presented component units are presented on the government-wide statements.

The *Kingwood Sewer Board* serves all the citizens of the Municipality of Kingwood and is governed by a three member board comprised of the Mayor and two persons appointed by council. The rates for user charges and bond issuance authorizations are approved by the government's elected council.

The *Kingwood Water Board* serves all the citizens of the Municipality of Kingwood and is governed by a five member board comprised of one council member and four persons appointed by council. The rates for user charges and bond issuance authorizations are approved by the government's elected council.

The *Kingwood Public Library* serves all citizens of the Municipality of Kingwood and is governed by a five member board appointed by the Municipality. The Municipality provides financial support obtained through an excess levy to the library annually.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied and collectible. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collectible within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, interest and special assessments are susceptible to accrual. Also, certain taxpayer-assessed revenues such as business and occupation and utility taxes are accrued as revenue at year end. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. Other receipts and taxes become measurable and available when cash is received by the government and are recognized as revenue at that time.

Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

The government reports the following major governmental funds:

The *General fund* is the government's primary operating fund. It accounts for all financial sources of the general government, except those required to be accounted for in another fund.

The *Coal Severance Tax fund*, a special revenue fund, accounts for revenues and expenditures from a severance tax placed on coal that is distributed to West Virginia municipalities.

The *Storm Sewer fund*, a special revenue fund, accounts for the revenues and expenditures of the storm sewer system in the Municipality of Kingwood.

The *Cemetery fund*, a special revenue fund, accounts for perpetual care activities.

The government reports the following major proprietary fund:

The *Parks and Recreation* fund serves the citizens of the Municipality of Kingwood by providing for recreation and activities for the public. This fund accounts for the receipts and expenses of operating this facility. The rates for user charges are approved by the government's elected council.

The Municipality of Kingwood, West Virginia follows GASB guidance as applicable to proprietary funds and FASB Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins issued on or before November 30, 1989, that do not conflict with GASB Pronouncements in both the government-wide and proprietary fund financial statements.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the Parks and Recreation as well as of the Water and Sewer Boards, discretely presented component units, are charges to customers for services. Operating expenses for the enterprise funds include the cost of services, administrative expenses, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

D. Assets, Liabilities, and Net Assets or Equity

1. Deposits and Investments

The Municipality of Kingwood, West Virginia's cash and cash equivalents are considered to be cash on hand, demand deposits and short term investments with original maturities of less than three months from the date of acquisition. For purposes of the Statement of Cash Flows, restricted assets may be considered cash equivalents based on liquidity.

In accordance with GASB Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools", the Municipality reports its investments at fair value, except for non-participating investment contracts (certificates of deposit and repurchase agreements) which are reported at cost, which approximates fair value. All investment income, including changes in fair value of investments, are recognized as revenue in the operating statement. Fair value is determined by quoted market prices.

Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Managed funds related to the retirement systems not listed on an established market are reported at estimated fair value as determined by the respective fund managers based on quoted sales prices of underlying securities. Cash deposits are reported at carrying amount which reasonably estimates fair value. The composition of investments and fair values are presented in Note IV.A.

State statutes authorize the government to invest in the State Investment Pool or the Municipal Bond Commission or to invest such funds in the following classes of securities: Obligations of the United States or any agency thereof, certificates of deposit (which mature in less than one year), general and direct obligations of the State of West Virginia; obligations of the federal mortgage association; indebtedness secured by first lien deed of trusts for property situated within this state if the payment is substantially insured or guaranteed by the federal government; pooled mortgage trusts (subject to limitations); indebtedness of any private corporation that is properly graded in the top three ratings, at the time of acquisition; interest earning deposits which are fully insured or collateralized; and mutual funds registered with S.E.C. which have fund assets over three hundred million dollars.

State statute limitations concerning the aforementioned investments include the following: at no time can investment portfolios consist of more than seventy-five percent of the indebtedness of any private corporation nor can the portfolio have over twenty-five percent of its portfolio consisting of the indebtedness of a private corporation's debt which matures in less than one year; at no time may more than five percent of the portfolio be invested in securities issued by a single private corporation or association; and at no time can more than sixty percent of the portfolio be invested in equity mutual funds.

2. Receivables and Payables

Interfund Transactions

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "interfund receivables or payables" (i.e, the current portion of interfund loans) or "advances to/from other funds" (i.e, the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balance outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances".

Trade Receivables

All trade receivables are shown at their gross value.

The government periodically analyzes delinquent accounts and uses the direct write off method. There were no material accounts written off during the year.

Property Tax Receivable

All current taxes assessed on real and personal property may be paid in two installments; the first installment is payable on September first of the year for which the assessment is made, and becomes delinquent on October first; the second installment is payable on the first day the following March and becomes delinquent on April first. Taxes paid on or before the date when they are payable, including both first and second installments, are subject to a discount of two and one-half percent. If the taxes are not paid on or before the date in which they become delinquent, including both first and second installments, interest at the rate of nine percent per annum is added from the date they become delinquent until the date they are paid.

All municipalities within the state are authorized to levy taxes not in excess of the following maximum levies per $100 of assessed valuation: On Class I property, twelve and five-tenths cents (12.5 cents); On Class II property, twenty-five cents (25 cents); On Class IV property, fifty cents (50 cents). In addition, municipalities may provide for an election to lay an excess levy; the rates not to exceed statutory limitations, provided at least sixty percent of the voters cast ballots in favor of the excess levy.

The rates levied by the Municipality per $100 of assessed valuation for each class of property for the fiscal year ended June 30, 2008, were as follows:

Class of Property	Assessed Valuation For Tax Purposes	Current Expense	Excess Levy
Class I	$ 78,420	12.09 cents	6.25 cents
Class II	38,541,344	24.18 cents	12.50 cents
Class IV	48,279,990	48.36 cents	25.00 cents

The Municipality of Kingwood, West Virginia held a special election on February 15, 2003. The Municipality was authorized to lay an excess levy to provide approximately $104,875 annually during the next five fiscal years ended June 30, 2004 through June 30, 2008, for the purpose of support, maintenance and operation of the Kingwood Municipal Library and the purchase of books and supplies, and further for the support, maintenance and operation of the Kingwood Parks and Recreation, and for the materials and repairs to storm sewers and paving of the city streets.

3. Inventories

For governmental and proprietary fund-types, inventories are valued at cost using the first-in/first-out (FIFO) method.

4. Restricted Assets

Certain proceeds of the Water and Sewer Board revenue bonds, as well as certain proceeds set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants.

The "regular" account is used to segregate resources accumulated for debt service payments over the next twelve months.

The "reserve" account is used to report resources set aside to make up potential future deficiencies in the regular account.

The "renewal and replacement" account is used to report resources set aside to meet unexpected contingencies or fund asset renewals and replacements.

The "reserve for construction account" is used to report those proceeds of revenue bonds that are restricted for use in construction.

5. Capital Assets and Depreciation

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are determined by the government and its component units on an individual purchase basis. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized in proprietary funds as projects are constructed. Interest incurred during the construction phase of proprietary fund capital assets is not reflected in the capitalized value of the asset constructed, net of interest earned on the invested proceeds during the same period.

Capital assets of the primary government, as well as the component units, are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings	25 - 50
Structures and improvements	10 - 100
Transmission and distribution	40 - 60
Machinery and equipment	3 - 40

6. Compensated Absences

It is the government's policy to require employees to use all earned vacation time by the end of the fiscal year; therefore no liability is reported for vacation leave. No liability is reported for unpaid accumulated sick leave.

7. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

8. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balance and the Government-wide Statement of Activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances-total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that, "Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount that capital outlays exceeded depreciation for the current period." The details of the $2,421 difference are as follows:

Capital outlays	$ 57,000
Depreciation expense	(54,579)
Net adjustment to increase net change in fund balance-total governmental funds to arrive at changes in net assets of governmental activities	$ 2,421

Another element of that reconciliation states that, "The issuance of long-term debt (i.e. bonds, leases) provide current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas, these amounts are deferred and amortized in the statement of activities." The details of this $7,131 difference are as follows:

Debt issued or incurred:	
Capital lease financing	($ 75,850)
Principal repayments:	
Capital lease	82,981
Net adjustment to increase net changes in fund balances-total governmental funds to arrive at changes in net assets of governmental activities	$ 7,131

III. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund and the Coal Severance Tax Special Revenue Fund. All annual appropriations lapse at fiscal year end.

The Municipality of Kingwood, West Virginia prepares its budget on the cash basis of accounting. Therefore, a reconciliation has been performed on the Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual for the General Fund.

The governing body of the Municipality is required to hold a meeting or meetings between the seventh and twenty-eighth days of March to ascertain the financial condition of the Municipality and to prepare the levy estimate (budget) for the fiscal year commencing July 1. The budget is then forthwith submitted to the State Auditor for approval. The governing body then reconvenes on the third Tuesday in April to hear objections from the public and formally lay the levy.

The appropriated budget is prepared by fund, function and department. Transfers of appropriations between departments and revenue related revisions to the budget require approval from the governing council and then submission to the State Auditor for approval. Revisions become effective when approved by the State Auditor and budgeted amounts in the financial statements reflect only such approved amounts. The governing body made the following material supplementary budgetary appropriations throughout the year:

Amount	Description
$ 4,980	General Government Expenditure Increase
130,117	Public Safety Expenditure Increase
14,512	Streets and Transportation Expenditure Increase
71,766	Health and Sanitation Expenditure Increase
10,027	Culture and Recreation Expenditure Increase

Encumbrance accounting is not employed as an extension of the formal budgetary process. Encumbrances (e.g. purchase orders, contracts) should be reported as reservations of fund balance and do not constitute expenditures or liabilities because the commitments will be re-appropriated and honored during the subsequent year.

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

At year end, the government and its component units had investments with the Municipal Bond Commission. These investments are considered collateralized and secured.

Custodial Credit Risk

For deposits, the government could be exposed to risk in the event of a bank failure where the government's deposits may not be returned. The government's policy for custodial credit risk is to obtain collateralization on deposits in excess of amounts covered by FDIC. At year end, the primary government's bank balances were $257,235. The entire balance is collateralized.

For deposits, the government's component units could be exposed to risk in the event of a bank failure where deposits may not be returned. The policy for custodial credit risk is to obtain collateralization on deposits in excess of amounts covered by FDIC. At year end, the Water Board's bank balances were $433,523, the Sewer Board's bank balances were $268,752, and the Kingwood Public Library's bank balances were $315,543. Of the bank balances, the Sewer Board was entirely collateralized, the Water Board was exposed to credit risk for the amount of $326,538 because it was not fully collateralized, and the Kingwood Public Library was exposed to credit risk for the amount of $215,543 because it was not fully collateralized.

For investments, the government, and it's component units, could be exposed to risk in the event of the failure of the counterparty where the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The government's policy for custodial credit risk for investments is to limit investments to deposits with the Municipal Bond Commission. At year end, the Water Board's investment balances were $588,734 and the Sewer Board's investment balances were $41,895. The total balance of $1,007,629 is considered collateralized and secured.

A reconciliation of cash and investments as shown on the Statement of Net Assets of the primary government is as follows:

	Primary Government	Water Board	Sewer Board	Kingwood Public Library
Cash and cash equivalents	$ 257,235	$ 433,523	$ 268,752	$ 315,543
Investments - collateralized and secured	--	588,734	418,895	--
Total	$ 257,235	$ 1,022,257	$ 687,647	$ 315,543
Cash and cash equivalents	$ 257,235	$ 433,523	$ 233,448	$ 315,543
Cash and cash equivalents-restricted	--	--	35,304	--
Investments-restricted	--	588,734	418,895	--
Total	$ 257,235	$ 1,022,257	$ 687,647	$ 315,543

B. Receivables

Receivables at year end for the government's individual major funds are as follows:

	General	Parks and Recreation	Total
Receivables:			
Accounts	$ 63,498	$ 3,408	$ 66,906
Taxes	68,315	--	68,315
Total Receivables	$ 131,813	$ 3,408	$ 135,221

Governmental funds report deferred revenue in connection with receivables for revenue that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

	Unavailable
Delinquent property taxes receivable (general fund)	$ 46,467
Total deferred/unearned revenue for governmental funds	$ 46,467

Accounts receivables for the Water Board are $108,707.

Accounts receivables for the Sewer Board are $81,454.

C. Capital Assets

Capital asset activity for the fiscal year ended June 30, 2008 was as follows:

	Primary Government			
	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets being depreciated:				
Structures and improvements	$ 521,428	$ --	$ --	$ 521,428
Machinery and equipment	879,212	57,000	(44,159)	892,053
Total accumulated depreciation	(698,825)	(54,579)	44,159	(709,245)
Total capital assets being depreciated, net	701,815	2,421	--	704,236
Governmental activities capital assets, net	$ 701,815	$ 2,421	$ --	$ 704,236

The June 30, 2007 ending balance in accumulated depreciation was restated to accurately reflect the useful lives of the assets. The decreases in the construction in progress is equally reflected as an addition to the capital assets.

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets, not being depreciated:				
Land	$ 103,500	$ --	$ --	$ 103,500
Total capital assets, not being depreciated	103,500	--	--	103,500
Capital assets being depreciated:				
Buildings	1,250,000	--	--	1,250,000
Structures and improvements	464,201	--	--	464,201
Less: accumulated depreciation	(571,567)	(30,258)	--	(601,825)
Total capital assets being depreciated, net	1,142,634	(30,258)	--	1,112,376
Business-type activities capital assets, net	$ 1,246,134	$ (30,258)	$ --	$ 1,215,876

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
General government	$ 4,086
Public safety	5,895
Streets and transportation	15,543
Health and sanitation	28,055
Social services	1,000
Total depreciation expense-governmental activities	$ 54,579
Business-type activities:	
Parks and recreation	$ 30,258
Total depreciation expense-business-type activities	$ 30,258

Discretely Presented Component Units

Activity related to capital assets for the Water Board for the fiscal year ended June 30, 2008 was as follows:

	Beginning Balances	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	$ 9,569	$ 2,501	$ --	$ 12,070
Construction in progress	54,378	--	(54,378)	--
Total capital assets not being depreciated	$ 63,947	$ 2,501	$ (54,378)	$ 12,070
Capital assets, being depreciated:				
Structures and improvements	507,826	16,765	--	524,591
Transmission and distribution	6,655,718	529,074	--	7,184,792
Machinery and equipment	393,951	46,171	--	440,122
Less: accumulated depreciation	(3,335,396)	(175,089)	--	(3,510,485)
Total capital assets being depreciated	4,222,099	416,921	--	4,639,020
Total capital assets, net	$ 4,286,046	$ 419,422	$ (54,378)	$ 4,651,090

Activity related to capital assets for the Sewer Board for the fiscal year ended June 30, 2008 was as follows:

	Beginning Balances	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	$ 2,552	$ --	$ --	$ 2,552
Total capital assets not being depreciated	2,552	--	--	2,552
Capital assets, being depreciated:				
Structures and improvements	5,494,876	--	--	5,494,876
Transmission and distribution	4,563,889	--	--	4,563,889
Machinery and equipment	2,274,725	119,566	(6,000)	2,388,291
Less: accumulated depreciation	(4,530,370)	(291,568)	6,000	(4,815,938)
Total capital assets being depreciated	7,803,120	(172,002)	--	7,631,118
Total capital assets, net	$ 7,805,672	$ (172,002)	$ --	$ 7,633,670

Activity related to capital assets for the Kingwood Public Library for the fiscal year ended June 30, 2008 was as follows:

	Beginning Balances	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	$ 10,400	$ --	$ --	$ 10,400
Total capital assets not being depreciated	10,400	--	--	10,400
Capital assets, being depreciated:				
Buildings	235,132	--	--	235,132
Structures and improvements	171,255	--	--	171,255
Books and videos	74,688	13,977	--	88,665
Less: accumulated depreciation	(350,309)	(38,288)	--	(388,597)
Total capital assets being depreciated	130,766	(24,311)	--	106,455
Total capital assets, net	$ 141,166	$ (24,311)	$ --	$ 116,855

D. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2008, is as follows:

Interfund receivables/payables:

Receivable Fund	Payable Fund	Amount
General	Parks and recreation	$ 34,325
	Total	$ 34,325

Interfund transfers:

	Transfers In Parks and Recreation
Transfers out:	
General fund	$ 38,019
Total Transfers	$ 38,019

Interfund transfers provide appropriations to subsidize the funds to support the programs and activities of the government.

E. Leases

Capital Leases

The government has entered into lease agreements as lessee for financing the acquisition of recreation, office equipment and public safety equipment. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of the future minimum lease payments as of the inception date.

The Water and Sewer Boards have entered into lease agreements as lessee for financing the acquisition of machinery and equipment for its their respective funds. These lease agreements qualify as capital assets for accounting purposes, and, therefore have been recorded at the present value of future minimum lease payments as of the inception date in the respective enterprise funds.

The assets acquired through capital leases are as follows:

Asset	Governmental Activities
Machinery, equipment and vehicles	$ 57,000
Less: accumulated depreciation	(9,300)
Total	$ 47,700

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2008 were as follows:

Year Ending June 30	Governmental Activities
2009	$ 107,849
2010	98,337
2011	84,703
2012	47,441
2013	40,610
2014 - 2018	21,125
Total minimum lease payments	$ 400,065
Less: amount representing interest	(39,902)
Present value of minimum lease payments	$ 360,163

The Sewer Board, a discretely presented component unit, entered into a Lease-Purchase Agreement dated February 2008 with BB&T. The economic substance of the lease is that the Sewer Board is financing the acquisition of equipment/vehicles for its maintenance crews through the lease and, accordingly, it is recorded in the Board's assets and liabilities.

The assets acquired through capital lease are as follows:

	Sewer Board
Machinery, equipment and vehicles	$ 71,000
Less: accumulated depreciation	(10,143)
Total	$ 60,857

The lease agreement is secured by the leased assets. The lease agreement contains a purchase option under which the Board may purchase all of the equipment covered by the lease on any rent payment due date by paying BB&T all rent payments then due plus the termination value at such date.

The future minimum lease obligation and the net present value of these minimum lease payments as of June 30, 2008 were as follows:

Year Ending June 30	Sewer Board
2009	$ 15,438
2010	15,438
2011	15,439
2012	15,438
2013	10,293
Total minimum lease payments	72,046
Less: amount representing interest	(5,420)
Present value of minimum lease payments	$ 66,626

F. Long-term Debt

Notes Payable

The Water Board entered into a loan agreement to finance the purchase of water meters. The note payable for the Water Board had a balance of $11,383 with full principal balance due in two years.

Revenue Bonds

The Municipality issues bonds where the government pledges income derived from acquired or constructed assets to pay debt service.

Purpose	Maturity Dates	Interest Rates	Issued	Retired	June 30, 2008
Business-type activities:					
Component Units:					
Water Board	2027	8.38%	$ 2,810,612	$ 500,684	$ 2,309,928
Water Board	2027	0.00%	689,388	344,694	344,694
Water Board	2021	5.80%	1,119,214	236,977	882,237
Water Board	2048	0.00%	265,000	--	265,000
Sewer Board	2027	0.00%	850,860	447,821	403,039
Sewer Board	2025	5.69%	2,130,000	420,000	1,710,000
Sewer Board	2021	0.00%	876,739	153,699	723,040
Total component units			$ 8,741,813	$ 2,103,875	$ 6,637,938

Utility Pledged Revenues

The Municipality has pledged future water customer revenues, net of specified operating expenses, to repay $3,500,000 in water system revenue bonds issued in 1987. Proceeds from the bonds provided financing for the construction of the upgrades and expansions. The bonds are payable solely from water customer net revenues and are payable through 2027. Annual principal and interest payments on the bonds are expected to require less than 89 percent of net revenues. The total principal and interest remaining to be paid on the bonds is $4,918,779. Principal and interest paid for the current year and total customer net revenues were $263,849 and $296,845, respectively.

The Municipality has pledged future water customer revenues, net of specified operating expenses, to repay $1,139,214 in water system revenue bonds issued in 2001. Proceeds from the bonds provided financing for the construction of expansions and upgrades to the water system. The bonds are payable solely from water customer net revenues and are payable through 2021. Annual principal and interest payments on the bonds are expected to require less than 33 percent of net revenues. The total principal and interest remaining to be paid on the bonds is $1,255,354. Principal and interest paid for the current year and total customer net revenues were $97,452 and $296,845, respectively.

The Municipality has pledged future water customer revenues, net of specified operating expenses, to repay $265,000 in water system revenue bonds issued in 2007. Proceeds from the bonds provided financing for the construction of expansions and upgrades to the water system. The bonds are payable solely from water customer net revenues and are payable through 2048. Annual principal and interest payments on the bonds are expected to require less than 9 percent of net revenues. The total principal and interest remaining to be paid on the bonds is $265,000. Principal and interest paid for the current year and total customer net revenues were $0 and $296,845, respectively.

The Municipality has pledged future sewer customer revenues, net of specified operating expenses, to repay $850,000 in sewer system revenue bonds issued in 1986. Proceeds from the bonds provided financing for the construction of expansions and upgrades to the sewer system. The bonds are payable solely from sewer customer net revenues and are payable through 2027. Annual principal and interest payments on the bonds are expected to require less than 12 percent of net revenues. The total principal and interest remaining to be paid on the bonds is $403,039. Principal and interest paid for the current year and total customer net revenues were $22,391 and $200,619, respectively.

The Municipality has pledged future sewer customer revenues, net of specified operating expenses, to repay $1,160,000 in sewer system revenue bonds issued in 1997. Proceeds from the bonds provided financing for the construction of expansions and upgrades to the sewer system. The bonds are payable solely from sewer customer net revenues and are payable through 2025. Annual principal and interest payments on the bonds are expected to require less than 77 percent of net revenues. The total principal and interest remaining to be paid on the bonds is $2,721,559. Principal and interest paid for the current year and total customer net revenues were $155,513 and $200,619, respectively.

The Municipality has pledged future sewer customer revenues, net of specified operating expenses, to repay $878,181 in sewer system revenue bonds issued in 2001. Proceeds from the bonds provided financing for the construction of expansions and upgrades to the sewer system. The bonds are payable solely from sewer customer net revenues and are payable through 2021. Annual principal and interest payments on the bonds are expected to require less than 15 percent of net revenues. The total principal and interest remaining to be paid on the bonds is $723,040. Principal and interest paid for the current year and total customer net revenues were $29,276 and $200,619, respectively.

The discretely presented component units revenue bond debt service requirements to maturity are as follows:

Year	Water Board		Sewer Board	
Ended	Principal	Interest	Principal	Interest
2009	$ 145,669	$ 241,472	$ 109,114	$ 95,858
2010	153,165	233,972	112,469	92,503
2011	161,236	225,905	116,020	88,952
2012	169,927	217,214	119,779	85,193
2013	179,289	207,852	123,757	81,215
2014 - 2018	1,064,284	871,421	687,077	337,783
2019 - 2023	1,086,552	512,957	827,784	197,076
2024 - 2028	841,737	126,383	603,365	32,252
2029 - 2033	--	--	136,714	--
Totals	$ 3,801,859	$ 2,637,176	$ 2,836,079	$ 1,010,832

Changes in Long-term Liabilities

	Governmental Activities				
	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Capital leases	$ 367,294	$ 75,850	$ (82,981)	$ 360,163	$ 91,926
Governmental activities Long-term liabilities	$ 367,294	$ 75,850	$ (82,981)	$ 360,163	$ 91,926

	Discretely Presented Component Units				
	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Revenue bonds payable	$ 6,612,220	$ 244,686	$ (218,968)	$ 6,637,938	$ 218,878
Notes payable	16,685	--	(5,302)	11,383	5,305
Total bonds payable	6,628,905	244,686	(224,270)	6,649,321	224,183
Capital leases	--	71,000	(4,374)	66,626	13,417
Business-type activities Long-term liabilities	$ 6,628,905	$ 315,686	$ (228,644)	$ 6,715,947	$ 237,600

G. Restricted Assets

The balances of the restricted asset accounts for the primary government and component units are as follows:

	Water Board	Sewer Board
Revenue bond operations and maintenance account	$ 588,733	$ 418,895
Revenue bond construction account	1	--
Revenue bond renewal and replacement account	--	35,304
Total restricted assets	$ 588,734	$ 454,199

H. Prior Period Adjustment

The following net assets required restatement at the beginning of the year as follows:

	Governmental Activities	Business-type Activities
Net assets, as previously stated	$ 675,218	$ --
Deduct:		
Capital Assets	(31,970)	--
Beginning fund equity	--	1,202,854
Net assets, restated	$ 643,248	$ 1,202,854

The following net assets for business-type activities required restatement at the beginning of the year as follows:

	Parks and Recreation
Net assets, as previously stated	$ --
Add:	
Beginning fund equity	1,202,854
Net assets, restated	$ 1,202,854

The following net assets for the Parks and Recreation discretely presented component unit required restatement at the beginning of the year as follows:

	Parks and Recreation
Net assets, as previously stated	$ 1,202,854
Deduct:	
Beginning fund equity	(1,202,854)
Net assets, restated	$ --

V. OTHER INFORMATION

A. Risk Management

The government is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the government carries insurance with Travelers for umbrella (general liability) insurance for these various risks.

Workers' Compensation Fund (WCF): West Virginia utilizes a single private insurance company, Brick Street Insurance, to provide workers' compensation coverage to all employers in the state. Other private insurance companies may begin to offer coverage to private sector employers beginning July 1, 2008, and to government employers July 1, 2012. For the most part, all employers in the State, including governmental entities, must have coverage. The cost of all coverage, as determined by Brick Street, is paid by the employers. The WCF risk pool retains the risk related to the compensation of injured employees under the program.

Liabilities are reported when it is probable a loss has occurred and the amount of the loss can be reasonably estimated.

B. Contingent Liabilities

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds.

The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the government expects such amounts, if any, to be immaterial.

It is the opinion of the government's counsel that there are no pending lawsuits or unasserted claims against the Municipality of Kingwood, West Virginia.

VI. EMPLOYEE RETIREMENT SYSTEMS AND PLANS

VI.A.1 Plan Descriptions Contribution Information and Funding Policies

Public Employees Retirement System (PERS)

The Municipality of Kingwood, West Virginia participates in a state-wide, cost-sharing, multiple-employer defined benefit plan on behalf of general Municipality employees. The system is administered by agencies of the State of West Virginia and funded by contributions from participants, employers, and state appropriations, as necessary.

The following is a summary of eligibility factors, contribution methods, and benefit provisions:

	Public Employees Retirement System (PERS)
Eligibility to participate	All Municipality full-time employees
Authority establishing contribution obligations and benefit provisions	State Statute
Plan member's contribution rate	4.50%
Municipality's contribution rate	10.50%
Period required to vest	Five Years
Benefits and eligibility for distribution	A member who has attained age 60 and has earned 5 years or more of contributing service or age 55 if the sum of his/her age plus years of credited service is equal to or greater than 80. The final average salary (three highest consecutive years in the last 10) times the years of service times 2% equals the annual retirement benefit.
Deferred retirement portion	No
Provisions for:	
Cost of Living	No
Death Benefits	Yes

VI.A.2. Trend Information

Public Employees' Retirement System (PERS)

Fiscal Year	Annual Pension Cost	Percentage Contributed
2008	$ 107,378	100%
2007	89,588	100%
2006	81,373	100%

PERS issues a publicly available financial report that includes financial statements and required supplementary information. That information may be obtained by writing to the Public Employees Retirement System, 4101 MacCorkle Ave S.E., Charleston, WV 25304.

SUPPLEMENTARY INFORMATION

MUNICIPALITY OF KINGWOOD, WEST VIRGINIA
SCHEDULE OF RATE COVENANT COMPLIANCE
For the Fiscal Year Ended June 30, 2008

I. The component units of the Municipality of Kingwood, West Virginia are subject to rate covenant compliance associated with the issuance of various bonds. Specifically, the Boards must meet gross revenue targeted percentage and reserve debt requirements as shown in the bond documents as follows:

"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 [water] System (i) to provide for all Operating Expenses of the System and (ii) to leave a balance each year equal to at least 115% of the maximum amount required in any year for payment of principal and interest on the Series 2007 A, and all other obligations secured by a lien on or payable from such revenues on a parity with, or subordinate to, the Series 2007A Bonds."

"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 [sewer] System (i) to provide for all Operating Expenses of the System and (ii) to leave a balance each year equal to at least 115% of the maximum amount required in any year for payment of principal and interest, if any, on the Series 2001 Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2001 Bonds, including the Prior Bonds."

The following schedule summarizes the provisions for the fiscal year ended June, 30, 2008.

Rate Covenant

	Net Gross Revenues	Maximum Amount Annual Debt Service	Percentage	Percentage Required
Water Board	$ 331,532	$ 387,141	86%	115%
Sewer Board	227,560	204,972	111%	115%

As of June 30, 2008, the Municipality was not in compliance with the provisions of the Water or Sewer revenue bond covenants which require revenues to be 115% or above the amount of the highest principal payment plus interest due in any given year. The Municipality is in the process of completing rate increases for both the water and the sewer to correct these noncompliances.

The provisions of the revenue bond covenants require that assets be accumulated in restricted accounts for the payment of future debt service. The covenants require, at a minimum, that an amount equivalent to one-third of the current year's debt service payment be maintained in a revenue account. A reserve account must also be funded with one-tenth of one-twelfth of the highest debt service payment in any given year. The Municipality had $1,007,628 on deposit in the revenue and reserve accounts to comply with the bond provisions.

MUNICIPALITY OF KINGWOOD, WEST VIRGINIA
BALANCE SHEET/STATEMENT OF NET ASSETS - GOVERNMENTAL COMPONENT UNIT
June 30, 2008

	Library Board	Adjustments	Statement of Net Assets
ASSETS			
Current:			
Cash and cash equivalents	$ 315,543	$ --	$ 315,543
Nondepreciable:			
Land	--	10,400	10,400
Depreciable:			
Buildings	--	235,132	235,132
Structures and improvements	--	171,255	171,255
Books and videos	--	88,665	88,665
Less: accumulated depreciation	--	(388,597)	(388,597)
Total assets	$ 315,543	$ 116,855	$ 432,398
LIABILITIES AND FUND BALANCES			
Liabilities:			
Payroll payable	3,008	--	3,008
Total liabilities	3,008	--	3,008
Fund balances:			
Unreserved	312,535	(312,535)	--
Total fund balances	312,535	(312,535)	--
Total liabilities and fund balances	$ 315,543	$ (312,535)	$ --
Net assets:			
Invested in capital assets net of related debt		116,855	116,855
Restricted for:			
Culture and recreation		312,535	312,535
Total net assets		429,390	429,390
Total liabilities and net assets	$	$ 432,398	$ 432,398

See accompanying notes to the financial statements.

MUNICIPALITY OF KINGWOOD, WEST VIRGINIA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE/STATEMENT OF ACTIVITIES - GOVERNMENTAL COMPONENT UNIT
For the Fiscal Year Ended June 30, 2008

	Library Board	Adjustments	Statement of Net Assets
REVENUES			
Taxes:			
Ad valorem property taxes	$ 50,875	$ --	$ 50,875
Intergovernmental:			--
State	75,224	--	75,224
Interest and investment earnings	9,141	--	9,141
Miscellaneous	6,402	--	6,402
Total revenues	141,642	--	141,642
EXPENDITURES			
Current:			
Culture and recreation	132,318	(13,977)	118,341
Depreciation	--	38,288	38,288
Total expenditures	132,318	24,311	156,629
Excess (deficiency) of revenues over (under) expenditures	9,324	(9,324)	--
Change in net assets	--	(14,987)	(14,987)
Fund balances/Net assets - beginning	303,211	--	444,377
Fund balances/Net assets - ending	$ 312,535	$ --	$ 429,390

See accompanying notes to the financial statements.

MUNICIPALITY OF KINGWOOD, WEST VIRGINIA
STATEMENT OF NET ASSETS - PROPRIETARY COMPONENT UNITS
June 30, 2008

	Business-type Activities - Enterprise Funds	
	Water Board	Sewer Board
ASSETS		
Current:		
Cash and cash equivalents	$ 433,523	$ 233,448
Receivables:		
Accounts	108,707	81,454
Inventory, at cost	21,339	--
Total current assets	563,569	314,902
Restricted:		
Regular account	179,371	187,658
Reserve account	409,362	231,237
Renewal and replacement	--	35,304
Reserve for construction	1	--
Total restricted assets	588,734	454,199
Capital assets:		
Nondepreciable:		
Land	12,070	2,552
Depreciable:		
Structures and improvements	524,591	5,494,876
Transmission and distribution	7,184,792	4,563,889
Machinery and equipment	440,122	2,388,291
Less: accumulated depreciation	(3,510,485)	(4,815,938)
Total capital assets (net of accumulated depreciation)	4,651,090	7,633,670
Other debits:		
Unamortized bond discount	--	77,697
Total other debits	--	77,697
Total assets	$ 5,803,393	$ 8,480,468

See the accompanying notes to the financial statements.

MUNICIPALITY OF KINGWOOD, WEST VIRGINIA
STATEMENT OF NET ASSETS - PROPRIETARY COMPONENT UNITS
June 30, 2008

	Business-type Activities - Enterprise Funds	
	Water Board	Sewer Board
LIABILITIES		
Current liabilities payable from current assets:		
Accounts payable	$ 27,696	$ 16,586
Payroll payable	14,206	9,044
Accrued revenue bond/note interest payable	61,185	24,272
Customer deposits	6,978	--
Total current liabilities payable from current assets	110,065	49,902
Noncurrent liabilities payable due within one year:		
Revenue bonds payable	112,206	106,672
Notes payable	5,305	--
Leases payable	--	13,417
Total noncurrent liabilities payable due within one year	117,511	120,089
Noncurrent liabilities due within more than one year:		
Bonds payable	3,689,653	2,729,407
Notes payable	6,078	--
Leases payable	--	53,209
Total noncurrent liabilities due within more than one year	3,695,731	2,782,616
Total liabilities	3,923,307	2,952,607
NET ASSETS		
Invested in capital assets, net of related debt	837,848	4,730,965
Restricted for debt service	588,733	454,199
Unrestricted	453,505	342,697
Total net assets	1,880,086	5,527,861
Total liabilities and net assets	$ 5,803,393	$ 8,480,468

See the accompanying notes to the financial statements.

MUNICIPALITY OF KINGWOOD, WEST VIRGINIA
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS - PROPRIETARY COMPONENT UNITS
For the Fiscal Year Ended June 30, 2008

	Business-type Activities - Enterprise Funds	
	Water Board	Sewer Board
Operating revenues:		
Sales and services to customers	$ 1,084,862	$ 681,649
Miscellaneous	3,549	5,100
Total revenues	1,088,411	686,749
Operating Expenses:		
Personal services	299,037	259,408
Contractual services	2,855	9,210
Administrative and general	57,169	18,937
Rents	1,200	--
Liability insurance	15,916	15,131
Materials and supplies	76,353	35,617
Utilities	87,369	54,256
Depreciation	175,089	291,568
Maintenance	251,667	93,571
Amortization	--	5,758
Total operating expenses	966,655	783,456
Operating income (loss)	121,756	(96,707)
Nonoperating revenues (expenses):		
Interest revenue	34,687	26,941
Interest and fiscal charges	(247,662)	(102,189)
Sale of timber	189,334	--
Total nonoperating revenues (expenses)	(23,641)	(75,248)
Income (loss) before operating transfers and contributions	98,115	(171,955)
Capital contributions	202,211	--
Change in net assets	300,326	(171,955)
Net assets at beginning of year	1,579,760	5,699,816
Net assets at end of year	$ 1,880,086	$ 5,527,861

See the accompanying notes to the financial statements.

MUNICIPALITY OF KINGWOOD, WEST VIRGINIA
STATEMENT OF CASH FLOWS - PROPRIETARY COMPONENT UNITS
For the Fiscal Year Ended June 30, 2008

	Business-type Activities - Enterprise Funds	
	Water Board	Sewer Board
Cash flows from operating activities:		
Cash received from customers	$ 1,078,847	$ 671,407
Cash paid for goods and services	(485,345)	(217,153)
Cash paid to employees	(299,037)	(259,408)
Net cash provided (used) by operating activities	294,465	194,846
Cash flows from noncapital financing activities:		
Sale of timber	189,334	--
Net cash provided (used) by noncapital financing activities	189,334	--
Cash flows from capital and related financing activities:		
Proceeds from capital debt	244,686	71,000
Capital contributions	202,211	--
Purchases of capital assets	(540,133)	(119,566)
Principal paid on capital debt	(117,603)	(111,041)
Interest paid on capital debt	(249,346)	(103,398)
Net cash provided (used) by capital and related financing activities	(460,185)	(263,005)
Cash flows from investing activities:		
Interest received	34,687	26,941
Net cash provided (used) by investing activities	34,687	26,941
Net increase (decrease) in cash and cash equivalents	58,301	(41,218)
Cash and cash equivalents, July 1, 2007 (including $1,039,487 in restricted accounts)	963,956	728,865
Cash and cash equivalents, June 30, 2008 (including $1,042,933 in restricted accounts)	$ 1,022,257	$ 687,647

See accompanying notes to the financial statements.

MUNICIPALITY OF KINGWOOD, WEST VIRGINIA
STATEMENT OF CASH FLOWS - PROPRIETARY COMPONENT UNITS
For the Fiscal Year Ended June 30, 2008

	Business-type Activities - Enterprise Funds	
	Water Board	Sewer Board
Reconciliation of operating income to net cash provided (used) by operating activities:		
Operating income (loss)	$ 121,756	$ (96,707)
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation expense	175,089	291,568
Amortization	--	5,758
Decrease (increase) in accounts receivable	(9,034)	(15,342)
Decrease (increase) in inventory	(3,119)	
Decrease (increase) in prepaid expenses	2,589	--
Increase (decrease) in customer deposits	(427)	--
Increase (decrease) in accounts payable	4,616	4,411
Increase (decrease) in payroll payable	2,995	5,158
Net cash provided by operations	$ 294,465	$ 194,846

See accompanying notes to the financial statements.

ACCOMPANYING INFORMATION

Glen B. Gainer III
State Auditor and
Chief Inspector

Stuart T. Stickel, CPA
Deputy Chief Inspector

State of West Virginia

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Honorable Mayor and Council
Municipality of Kingwood
Kingwood, West Virginia 26537

We have audited the financial statements of the governmental activities, the business-type activities, each discretely presented component unit, and each major fund of the Municipality of Kingwood, West Virginia (the Municipality), as of and for the year ended June 30, 2008, which collectively comprise the Municipality's basic financial statements and have issued our report thereon, dated October 8, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Municipality's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Municipality's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Municipality's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combinations of control deficiencies, that adversely affects the Municipality's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Municipality's financial statements that is more than inconsequential will not prevented or detected by the Municipality's internal control. We consider the deficiencies described in the accompanying Schedule of Findings and Responses to be significant deficiencies in internal control over financial reporting as items 2008-03 and 2008-04.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Municipality's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. Of the significant deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Responses, we consider item 2008-03 to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Municipality's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards,* which are described in the accompanying Schedule of Findings and Responses as items 2008-01 and 2008-02.

The Municipality's response to findings identified in our audit is described in the accompanying Schedule of Findings and Responses. We did not audit the Municipality's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the audit committee, management, and City Council and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

Glen B. Gainer, III
West Virginia State Auditor

October 8, 2009

Water Revenue Bond Ordinance -Rate Covenant
2008-01

CONDITION:

It was determined during our examination that the Kingwood Water Board failed to assess sufficient rates or charges to comply with the Series 1987, 2001, and 2007A Rate Covenant Ordinances. The water system failed to meet this covenant by an amount of $113,680 during the fiscal year ended June 30, 2008.

CRITERIA:

The Kingwood Water Board's Revenue Bond Ordinance Rate Covenant states in part that:

> ... 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 [water] System (i) to provide for all Operating Expenses of the System and (ii) to leave a balance each year equal to at least 115% of the maximum amount required in any year for payment of principal and interest on the Series 2007 A, and all other obligations secured by a lien on or payable from such revenues on a parity with, or subordinate to, the Series 2007A Bonds.

CAUSE:

The Water Board failed to assess adequate rates and charges to pay all operating expenses of the system and meet the bond rate covenant requirements.

EFFECT:

The Board incurred unexpected expenses in the current fiscal year and therefore is in violation of the bond rate covenant. Further losses could inhibit the ability of the system from meeting financial obligations.

RECOMMENDATION:

The municipal officials are directed to review this ordinance and comply with the provisions set forth therein.

AUDITED AGENCY'S RESPONSE:

The Water Board is in the process of a project which will require the water to have rates to make all bond payments. The water had a 12% rate increase effective May 2009 and another 9% increase when part of the project is complete, which is expected to happen within fiscal year 2010.

Sewer Revenue Bond Ordinance -Rate Covenant
2008-02

CONDITION:

It was determined during our examination that the Kingwood Sewer Board failed to assess sufficient rates or charges to comply with the Series 1986, 1997, and 2001 Rate Covenant Ordinances. The Sewer Board failed to meet this covenant by an amount of $8,158 during the fiscal year ended June 30, 2008.

CRITERIA:

The Municipality of Kingwood's Sewer Refunding Revenue Bond Ordinance Rate Covenant states in part that:

> "...The sewer system rates and charges shall be sufficient to provide each year gross revenues to make required payments into funds and accounts created by the bond ordinance. Gross revenues shall be equal to but not less than 115 percent of the average annual debt service requirements, principal and interest, and sufficient to pay all reasonable operating expenses of the system."

CAUSE:

The municipal sewer system failed to assess adequate rates and charges to pay all operating expenses of the system and meet the bond rate covenant requirements.

EFFECT:

The Municipality incurred a net loss in the current fiscal year and therefore is in violation of the bond rate covenant. Further losses could inhibit the ability of the system from meeting financial obligations.

RECOMMENDATION:

The municipal officials are directed to review this ordinance and comply with the provisions set forth therein.

AUDITED AGENCY'S RESPONSE:

The Sewer is in the process of a project that requires the rates to be high enough for the bond payments. With this project there will be 3 different increases to meet the required rates for the loans. The Sewer had a 15% rate increase effective August, 2008.

Segregation of Duties
2008-03

CONDITION:

It was noted that the responsibilities for approving, executing, and recording transactions and custody of the resulting asset arising from the transactions were not assigned to different individuals.

CRITERIA:

Proper internal control dictates responsibility for approving, executing and recording transactions should rest with different individuals. Custody of resulting assets should also be assigned to individuals with no responsibilities in the above areas.

CAUSE:

The size of the entity does not permit adequate segregation of duties.

EFFECT:

Internal control structure elements do not reduce to a relatively low level the risk that errors and irregularities, in amounts that would be material in relation to the financial statements, may occur and not be detected in a timely manner.

RECOMMENDATION:

The Municipality should distribute among the accounting staff the duties of approving, executing and recording transactions to the extent feasible.

AUDITED AGENCY'S RESPONSE:

The Municipality stated that further segregation of duties is not economically feasible at this time.

Uncollateralized Deposits
2008-04

CONDITION:

It was determined during this examination that the Kingwood Water Board and the Kingwood Public Library failed to require the depositories to adequately collateralize all deposits which were in excess of the amount insured by the Federal Depository Insurance Corporation.

CRITERIA:

All deposits in excess of insured limits should be collateralized.

CAUSE:

The Board officials failed to establish a policy requiring all depositories to provide collateralization for all funds in excess of F.D.I.C. coverage limits.

EFFECT:

In the event of bank failure, the Boards could incur large cash losses.

RECOMMENDATION:

The officials of the Kingwood Water Board and the Kingwood Public Library should establish policies requiring all deposits be fully insured or collateralized at all times.

AUDITED AGENCY'S RESPONSE:

The Kingwood Water Board & the Kingwood Public Library have now established the required policies to provide collateralization for all funds in excess of FDIC limits.

Annual Reports Section

Received by E-Filing on: 10-16-09

AR Utility ID 242

Class B

SEWER UTILITIES
(Classes A and B)

☐ Includes Audit

☒ Includes Revision Dated 01-04-10

ANNUAL REPORT
For Year Ended 2009

OF

NAME OF UTILITY: CITY OF KINGWOOD SANITARY SEWER WORKS

ADDRESS: 313 TUNNELTON STREET KINGWOOD, WV 26537

CONTACT PERSON: MARTHA MOORE, CITY CLERK

TELEPHONE NO: 304-329-1225

E-MAIL ADDRESS:

TO THE

PUBLIC SERVICE COMMISSION
OF
WEST VIRGINIA

FOR THE YEAR ENDED	6/30/2008
CLASS OF UTILITY	CLASS B

NOTICE

GENERAL INSTRUCTIONS

1. The original of this report form properly filled out and verified should be filed with the Public Service Commission of West Virginia on or before the last day of the third month following the close of the calendar or established fiscal year by each Class A or Class B public utility (as defined in the Uniform System of Accounts). One copy of the report should be retained by the respondent in its files.

2. The form of annual report is prepared in conformity with Uniform System of Accounts for Public Utilities prescribed by the Public Service Commission of West Virginia, and all accounting words and phrases are to be interpreted in accordance with the said classification.

3. Instructions should be carefully observed and each question should be answered fully and accurately whether it has been answered in a previous annual report or not. Where the word "none" truly and completely states the fact, it should be given to any particular inquiry. Where dates are called for, the month and day should be stated as well as the year. Customary abbreviations may be used in stating dates.

4. If any schedule does not apply to the respondent such fact should be shown on the schedule by the words "not applicable."

5. All entries should be made in permanent form. Entries of a contrary or opposite character (such as decreases reported in a column providing for both increases and decreases) should be enclosed in parentheses.

6. Commission authorization (abbreviated Comm. Auth.) used in the report means the authorization of this Commission or any other commission. Where a commission authorization is shown, the identity of the commission should also be given.

7. The annual report should in all particulars be complete in itself. Reference to reports of previous years or to other reports should not be made in lieu of required entries except as specifically authorized.

8. Wherever schedules call for comparison of figures of a previous year, the figures reported must be based upon those shown by the annual report of the previous year, or an appropriate explanation given why the different figures were used.

9. Additional statements inserted for the purpose of further explanation of accounts or schedules should be made on durable paper conforming to this form in size and width of margin. The inserts should be securely bound in the report. Inserts should bear the schedule numbers and titles of the schedules to which they pertain.

10. The word "respondent" wherever used in this report means the person, firm, association, corporation or municipal corporation in whose behalf the report is made.

11. If the respondent makes a report for a period other than a calendar year, the beginning and the end of the period covered must be clearly stated on the front cover, and throughout the report where the year or period is required to be stated.

12. Round off cents to the nearest whole dollar on all schedules except where cents are requested.

LIST OF SCHEDULES

Designate in column (c) by terms "none" or "not applicable" as appropriate, in instances where no information or amounts have been reported in certain schedules. Pages may be omitted where the responses are "none" or "not applicable to the schedules on such pages.

Title of Schedule (a)	Schedule Page No. (b)	Remarks (c)
Summary Financial Statements		
Income Statement	100	
Balance Sheet	101-103	
Statement of Cash Flows	104/104A	
Notes to Balance Sheet and Statement of Cash Flows and Operational Programs	105	
Retained Earnings - Appropriated and Unappropriated	106	
Balance Sheet Supporting Schedules		
Utility Plant		
Utility Plant and Accumulated Depreciation	200	
Utility Plant Adjustments	201	
Investment and Fund Accounts		
Non-utility Property and Accumulated Depreciation	201	
Investments in Associated Companies and Other Investments	202	
Sinking, Depreciation, and Other Special Funds	203	
Current and Accrued Assets		
Notes Receivable	204	
Accounts Receivable	204	
Accumulated Provision for Uncollectible Accounts	204	
Notes Receivable from Associated Companies	205	
Accounts Receivable from Associated Companies	205	
Materials and Supplies	206	
Prepayments	207	
Other Current and Accrued Assets	207	
Deferred Debits		
Deferred Debits	207	
Unamortized Debt Discount and Expense and Unamortized Premium on Debt	208	
Extraordinary Property Losses	209	
Preliminary Survey and Investigation Charges	209	
Capital Stock, Discount and Expense		
Capital Stock	210	
Stock Liability for Conversion	211	
Capital Stock Subscribed	211	
Installments Received on Capital Stock	211	
Other Paid-in Capital	212	
Discount on Capital Stock	212	
Capital Stock Expense	212	
Retained Earnings	105	
Long-Term Debt		
Long-Term Debt (Excluding Advances from Associated Companies)	213-213B	
Advances from Associated Companies	214	

LIST OF SCHEDULES

Designate in column (c) by terms "none" or "not applicable" as appropriate, in instances where no information or amounts have been reported in certain schedules. Pages may be omitted where the responses are "none" or "not applicable" to the schedules on such pages.

Title of Schedule (a)	Schedule Page No. (b)	Remarks (c)
Current and Accrued Liabilities		
Notes Payable	214	
Securities Issued or Assumed	215	
Accounts and Notes Payable to Associated Companies	216	
Taxes Accrued	217	
Other Current and Accrued Liabilities	218	
Deferred Credits		
Customer Advances for Construction	218	
Other Deferred Credits	218A	
Operating Reserves	219	
Contributions In Aid of Construction	220	
Income Statement Supporting Schedules		
Taxes Other Than Income Taxes	300	
Distribution of Income Taxes	301	
Income from Utility Plant Leased to Others	302	
Gain or Loss on Disposition of Property	302	
Income from Merchandising, Jobbing, and Contract Work	303	
Income from Non-utility Operations	303	
Non-operating Rental Income	304	
Interest and Dividend Income	304	
Miscellaneous Non-operating Revenues	305	
Miscellaneous Amortization	305	
Non-operating Revenue Deductions	305	
Interest Charges	306	
Management, Engineering, and Service Contracts	307	
Utility Plant		
Sewer Plant In Service, Leased to Others, and Held for Future Use	500-502	
Sewer Plant Retirement and Replacement	503	
Sewer Plant Leased to Others	504	
Sewer Plant Held for Future Use	504	
Sewer Plant Acquisition Adjustments	505	
Reserve for Depreciation of Sewer Plant	505	
Depreciation and Amortization of Sewer Plant - Basis for Charges	506	
Sewer Plant In Process of Reclassification	507	
Operating Revenues	600	
Sales of Sewage Treatment to General Customers by Months, Billing Acc	601	
Sales for Resale by Months	601A	

LIST OF SCHEDULES

Designate in column (c) by terms "none" or "not applicable" as appropriate, in instances where no information or amounts have been reported in certain schedules. Pages may be omitted where the responses are "none" or "not applicable" to the schedules on such pages.

Title of Schedule (a)	Schedule Page No. (b)	Remarks (c)
Operation and Maintenance Expenses	602-603	
Purchased Sewer Treatment	604	
Franchise Requirements	604	
Regulatory Expenses	605	
Detail of Certain General Expense Accounts	605	
Salaries of All Officials	606	
Distribution of Salaries and Wages	606	
Employee Health, Safety , And Training Hours	606B	
Construction Clearances	607	
Statistical Section		
Pumping Station Equipment	700A-700I	
Sewer Mains	701	
Pumping and Purchased Sewer Treatment Statistics	702	
Main Blockages, Treatment Rate, System Intergrity, Csutomer Satisfactio	702a	
Proposed Summary Budget	703	
General Corporate Information		
Identity of Respondent	800	
Officers and Directors	801	
Corporate Control Over Respondent	802	
Security Holders and Voting Powers	803	
Corporations Controlled by Respondent	804	
Important Changes During the Year	805	
Verification and Oath	806	
Evaluation	807	

CITY OF KINGWOOD SANITARY SEWER WORKS 6/30/2008

INCOME AND EARNED SURPLUS ACCOUNTS

1. Report below a statement of income and changes in capitalized Earned Surplus for the year according to prescribed accounts.
2. If the increases and decreases are not derived from previously reported figures explain in footnotes.

Line No.		Account (a)	Sch Page No. (b)	Current Year (c)	Last Year (d)	Increase or OR (Decrease) (e)
1		**OPERATING INCOME**				
2	501	Operating Revenues	600	741,215	681,952	59,263
3		Operating Revenue Deductions				
4	502	Operating Expenses	602-603	540,194	475,444	64,750
5	503	Depreciation	505	295,596	291,568	4,028
6	504	Amortization of Limited-Term Utility Investments				-
7	505	Amortization of Utility Plant Acquisition Adjustmer	505	-		-
8	506	Property Losses Chargeable to Operations				-
9	507	Taxes		21,628	16,922	4,706
10		Total Operating Revenue Deductions		857,418	783,934	73,484
11		Net Operating Revenues		(116,203)	(101,982)	(14,221)
12	508	Income From Utility Plant Leased to Others	302	-		-
13	509	Rent payable for Lease of Utility Plant				-
14		Utility Operating Income		(116,203)	(101,982)	(14,221)
15		**OTHER INCOME**				
16	520	Income from Mdse., Jobbing, and Contract Work	303	-		-
17	521	Income from Non-Utility Operations	303	-		-
18	522	Revenues from Lease of Other Physical Property	304	-		-
19	523	Dividend & Interest Income (523 & 524)	304	9,325	26,941	(17,616)
20						-
21	525	Revenues from Sinking and Other Funds				-
22	526	Miscellaneous Non-Operating Revenues	305	3,264	11,025	(7,761)
23	527	Non-Operating Revenue Deductions	305	-		-
24		Total Other Income		12,589	37,966	(25,377)
25		Gross Income		(103,614)	(64,016)	(39,598)
26		**INCOME DEDUCTIONS**				
27	530	Interest on Long-Term Debt	306	100,016	101,417	(1,401)
28	531	Amortization of Debt Discount and Expense		5,758	5,758	-
29	532	Amortization of Premium on Debt - Cr.				-
30	533	Taxes Assumed on Interest				-
31	534	Interest on Debt to Associated Companies	306	-		-
32	535	Other Interest Charges	306	2,021	772	1,249
33	536	Interest Charged to Construction - Cr.				-
34	537	Miscellaneous Amortization	305			-
35	538	Miscellaneous Income Deductions				-
36		Total Income Deductions		107,795	107,947	(152)
37		Net Income		(211,409)	(171,963)	(39,446)
38		**DISPOSITION OF NET INCOME**				
39	540	Miscellaneous Reservations of Net Income				-
40		Balance Transferred to Earned Surplus				-
41		**EARNED SURPLUS**				
42	271	Earned Surplus, Beginning of Year		273,604	445,567	(171,963)
43	400	Credit Balance Transferred from Income Account		-		-
44	401	Miscellaneous Credits to Surplus	106			-
45		Total Credits		-	-	-
46	410	Debit Balance Transferred from Income Account		(211,409)	(171,963)	(39,446)
47	411	Dividend Appropriations - Preferred Stock	106			-
48	412	Dividend Appropriations - Common Stock	106			-
49	413	Miscellaneous Reservations of Surplus	106			-
50	414	Miscellaneous Debits to Surplus	106	(11,411)	-	(11,411)
51		Total Debits		(222,820)	(171,963)	(50,857)
52	271	Earned Surplus, End of Year		50,784	273,604	(222,820)

COMPARATIVE BALANCE SHEET

Assets and Other Debits

Line No. (a)		Title of Account (b)	Sch Page No. (c)	Balance Beginning of Year (d)	Balance End of Year (e)	Increase or Decrease (f)
1		**UTILITY PLANT**				
2	100	Utility Plant	502	12,449,608	12,633,438	183,830
3		Less Reserves for Depreciation, Amortization, accts. 250, 251, 252	200	4,815,938	5,111,534	295,596
4		Utility Plant Less Reserves		7,633,670	7,521,904	(111,766)
5	107	Utility Plant Adjustments (less reserve included in Acct. 250 $)	201	-	-	-
6		**INVESTMENT AND FUND ACCOUNTS**				
7	110	Other Non- Utility Plant (less reserve for depreciation, Acct 253 (-)	201	-	-	-
8	111	Invest in Assoc. Companies	202	-	-	-
9	112	Other Invest	202	-	-	-
10	113	Sinking Funds	203	418,895	435,464	16,569
11	114	Miscellaneous Special Funds	203	-	-	-
12		Net Investment in Fund Accounts		418,895	435,464	16,569
13		**CURRENT AND ACCRUED ASSETS**				
14	120	Cash		98,242	57,476	(40,766)
15	121	Special Deposits		35,304	27,644	(7,660)
16	122	Working Funds		-	-	-
17	123	Temporary Cash Investments		135,206	139,252	4,046
19	124	Notes Receivable	204	-	-	-
20	125	Accounts Receivable	204	81,454	66,898	(14,556)
21	126	Receivables from Associated Companies	205	-	-	-
22	127	Subscriptions to Capital Stock		-	-	-
23	128	Interest and Dividends Receivable		-	-	-
24	129	Rents Receivable		-	-	-
25	130	Accrued Utility Revenues		-	-	-
27	254	Less Reserve for Uncoll. Accts. - Cr.	204	-	-	-
29	131	Materials and Supplies	206	-	-	-
30	132	Prepayments	207	-	-	-
31	133	Other Current and Accrued Assets	207	-	-	-
32		Total Current and Accrued Assets		350,206	291,270	(58,936)
33		**DEFERRED DEBITS**				
34	140	Unamortized Debt Discount and Expense	208	77,698	71,940	(5,758)
35	141	Extraordinary Property Losses	209	-	-	-
36	142	Preliminary Survey and Investigation Charges	209	-	-	-
37	143	Clearing Accounts		-	-	-
38	144	Retirement Work in Progress		-	-	-
39	145	Other Work in Progress		-	-	-
40	146	Other Deferred Debits		-	-	-
41		Total Deferred Debits		77,698	71,940	(5,758)
42		**CAPITAL STOCK DISCOUNT AND EXPENSE**				
43	150	Discount on Capital Stock	212	-	-	-
44	151	Capital Stock Expense	212	-	-	-
45		**Total Capital Stock Discount and Expense**		-	-	-

COMPARATIVE BALANCE SHEET
Assets and Other Debits (Continued)

Line No. (a)		Title of Account (b)	Sch Page No. (c)	Balance Beginning of Year (d)	Balance End of Year (e)	Increase or Decrease (f)
46		**REACQUIRED SECURITIES**				
47	152	Reacquired Capital Stock	210	-	-	-
48	153	Reacquired Long-Term Debt		-	-	-
49		Total Reacquired Securities		-	-	-
50		Total Assets and Other Debits		8,480,469	8,320,578	(159,891)

COMPARATIVE BALANCE SHEET
Liabilities and Other Credits

Line No. (a)		Title of Account (b)	Sch Page No. (c)	Balance Beginning of Year (d)	Balance End of Year (e)	Increase or Decrease (f)
51		**CAPITAL AND STOCK SURPLUS**				
52	200	Common Capital Stock	210	-	-	-
53	201	Preferred Capital Stock	210	-	-	-
54	202	Stock Liability for Conversion	211	-	-	-
55	203	Premiums and Assessments on Capital Stock		-	-	-
56	204	Capital Stock Subscribed	211	-	-	-
57	205	Installments Received on Capital Stock	211	-	-	-
58		Total Capital Stock		-	-	-
59	270	Capital Surplus		-	-	-
60	271	Earned Surplus		273,604	50,784	(222,820)
61		Total Surplus		273,604	50,784	(222,820)
62		Total Capital Stock and Surplus		273,604	50,784	(222,820)
63		**LONG TERM DEBT**				
64	210	Bonds	213	2,836,079	2,902,316	66,237
65	211	Receiver's Certificates	213	-	-	-
66	212	Advances from Associated Companies	214	-	-	-
67	213	Miscellaneous Long-Term Debt	213	66,626	53,209	(13,417)
68		Total Long-Term Debt		2,902,705	2,955,525	52,820
69		**CURRENT AND ACCRUED LIABILITIES**				
70	220	Notes Payable	214	-	-	-
71	221	Notes Receivable Discounted		-	-	-
72	222	Accounts Payable		16,595	8,191	(8,404)
73	223	Payables to Associated Companies	216	-	-	-
74	224	Dividends Declared		-	-	-
75	225	Matured Long-Term Debt		-	-	-
76	226	Matured interest		-	-	-
77	227	Customer Deposits		-	-	-
78	228	Taxes Accrued	217	-	-	-
79	229	Interest Accrued		24,272	23,969	(303)
80	230	Other Current and Accrued Liabilities	218	9,043	27,859	18,816
81		Total Current and Accrued Liabilities		49,910	60,019	10,109
82		**DEFERRED CREDITS**				
83	240	Unamortized Premium on Debt	208	-	-	-
84	241	Customers' Advances for Construction	218	-	-	-
85	242	Other Deferred Credits	218A	-	-	-
86		Total Deferred Credits		-	-	-

COMPARATIVE BALANCE SHEET

Liabilities and Other Credits (Continued)

Line No. (a)	Title of Account (b)	Sch Page No. (c)	Balance Beginning of Year (d)	Balance End of Year (e)	Increase or Decrease (e)
91	**RESERVES**				
92	255 Insurance Reserve	219	-	-	-
93	256 Injuries and Damages Reserve	219	-	-	-
94	257 Employees' Provident Reserve	219	-	-	-
95	258 Other Reserves (except reserves dedicated contr	219	-	-	-
96	Total Reserves		-	-	-
97	**CONTRIBUTIONS IN AID OF CONSTRUCTION**				
98	265 Contributions in Aid of Construction	220	5,254,250	5,254,250	-
99	266 Municipal Equity				-
100	**Total Liabilities and Other Credits**		8,206,865	8,269,794	62,929
101	**Total Liabilities and Equity**		8,480,469	8,320,578	(159,891)
102					
103					
104					
105					
106					
107					
108					
109					
110					
111					
112					
113					
114					
115					
116					
117					
118					
119					
120					
121					
122					
123					
124					
125					
126					
127					
128					
129					
130					
131					
132					
133					
134					
135					
136					

STATEMENT OF CASH FLOWS

The overall design of the form has been categorized in accordance with FASB #95-Statement of Cash Flows using the direct method.
For those completing the form without the assistance of an accountant, categorize receipts and disbursements using captions given and the blank lines as necessary to reconcile with cash accounts.
Cash Flows from Operating Activities include the cash effects of items normally appearing on an income statement. Other cash transactions should be reported as investing or financing activities, whichever appears to be the most appropriate for each circumstance.

Notes: please enter the inflow as positive numbers and out flow as negative numbers.

Line No.	Statement of Cash Flows	Amount for Year
1	Cash Flows from Operating Activities	
2	Cash from Customers Attributable to Operating Revenues	744,360
3	Less: Cash Paid for Operation & Maintenance Expenses	
4	Cash Paid for Taxes Other Than Income Taxes	(529,782)
5	Income Taxes Paid	(21,628)
6	Subtotal of Cash Flows from Operating Activities	192,950
7	Interest and Other income Received	12,589
8	(Interest Paid)	(102,340)
9	Other Cash Inflows(Outflows) from Operating Activities:	
10	Other Income Adjustments	
11	Net Cash Provided by (Used in) Operating Activities	103,199
	Cash Flows from Investing Activities:	
	Cash inflows:(enter the number as positive numbers. Example 12500)	
12	Proceeds from Sale of Utility Plant	
13	Contributions and Advances in Aid of Construction	
14	Contributions and Advances from Associated Companies	
15	Proceeds from Sale of Investment Securities	
16	Proceeds from Disposal of Other Noncurrent Assets	
	Cash Outflows: (enter the number as negative. Example: -12500)	
17	Expenditures on Additions to Utility Plant	(183,830)
18	Refunds of Customer Advances for Construction	
19	Investments in and Advances to Associated Companies	
20	Purchase of Investment Securities	
21	Acquisition of Other Noncurrent Assets	
22	Other Cash Inflows(Outflows) from Investing Activities:	
23		
24		
25	Net Cash Provided by (Used in) Investing Activities	(183,830)
	Cash Flows from Financing Activities:	
	Cash Inflows - Proceeds from Issuance of:(enter the number as positive numbers. Example 12500)	
26	Long-Term Debt	172,900
27	Preferred Stock	
28	Common Stock	
	Cash Outflows (enter the number as negative. Example: -12500)	
	Payments for Retirement of:	
29	Long-Term Debt	(120,080)
30	Preferred Stock	
31	Common Stock	
32	Dividends on Preferred Stock	
33	Dividends on Common Stock	
	Other Cash Inflows(Outflows) from Financing Activities:	
34	Net Increase or (Decrease) in Short-Term Debt	
35	Net Increase or (Decrease) in Customer Deposits	
36		
37		
38		
39		
40		
41	Net Cash Provided by (Used in) Financing Activities	52,820
42	Net Increase (Decrease) in Cash and Cash Equivalents	(27,811)
43	Cash and Cash Equivalents - Beginning of Year	687,647
44	Cash and Cash Equivalents - End of Year	659,836

STATEMENT OF CASH FLOWS

Line No.	Reconciliation of Net Income to Net Cash Provided by Operating Activities	Amount for Year
46	Net Income	(211,409)
	Adjustments to reconcile net income to net cash provided by operating activities:	
47	Depreciation and amortization	295,596
48	Net deferred taxes & investment tax credits	
49	(Allowance for funds used during construction)	
50	(Gain) Loss recognized on disposition of assets	
51	Amortization of debt discount (premium) on debt	5,758
52	Net (increase) decrease in receivables	14,556
53	(Increase) decrease in materials and supplies	
54	(Increase) decrease in prepayments	
55	Net (increase) decrease in other accrued revenues & assets	
56	Increase (decrease) in accounts payable	(8,404)
57	Increase (decrease) in interest accrued	(303)
58	Net increase (decrease) in taxes accrued & taxes payable	
59	Net increase (decrease) in other accrued expenses	18,816
60	Increase (decrease) in operating reserves	
61	Other adjustments	(11,411)
62		
63		
64		
65		
66	Net cash provided by operating activities	103,199
	SCHEDULE OF FINANCING OF PLANT ADDITIONS FOR YEAR	
	Total plant additions financed with external funds (loans, grants, etc.)	**172,900**
	Total plant additions financed with internal funds (cash reserves, revenues, etc.)	**10,930**
	BOND REQUIREMENTS (List each bond separately)	
	Bond Reserves	
	Repair and Replacement Fund	
		4,712
	Others	

NOTES TO BALANCE SHEET, STATEMENT OF CASH FLOWS AND OPERATIONAL PROGRAMS

Main Extensions

Main Extensions Performed per Rule 5.5	0
Alternate Main Line Extensions Agreements	0
Total # customers added	0
Total number of long service lines added during year	0

Inspections Reports - DEP

# DEP violations cited	0
Compliance achieved	
If no, expected date of compliance achievement	

Capacity Development Report

Capacity Development Report prepared?	NO
Compliance achieved with recommendations	
If no, expected date of compliance achievement	

Revenue Bonds

Has Audit Report by CPA been submitted this year?	NOT FINISHED
List Bond Issues that are in default and amounts	NONE

List measures taken to cure default and expected date of default cure

(Please use separate word document if space is not adequate)

CAPITAL SURPLUS (Account 270)

Line No.	Purpose of Appropriation (a)	Balance End of Year (c)
1		
2		
3		
4		
5		
6		
7		
8		
9		
10		
11		
12		
13		
14		
	Total Account 270	-

EARNED SURPLUS (Account 271)

Line No.	Particulars (a)	This Year (b)	Last Year (c)
21			
22	Earned Surplus (at beginning of period)	273,604	445,567
23	Debit Balance transferred from income account 410	(211,409)	(171,963)
24	Credit Balance transferred from income account 400		
25	Miscellaneous appropriations of surplus (413)		
26	Dividends declared - preferred stock (411)		
27	Dividends declared - common stock (412)		
28	Adjustments of surplus, Credits (401)		
29	Adjustments of surplus, Debits (414)	(11,411)	-
30			
31	Net increase (decrease) to Earned Surplus	(222,820)	(171,963)
32	Earned Surplus (at end of period)	50,784	273,604

NOTES TO STATEMENT OF RETAINED EARNINGS

ADJUSTMENT TO EARNED SURPLUS WAS DUE TO OVERCHARGES OF SEWER REVENUE IN

UTILITY PLANT AND ACCUMULATED DEPRECIATION

1. Report below the amount of utility plant at end of year.
2. If the accounts for utility departments are not kept as indicated in this schedule, report the book figures according to the major classifications shown by the books, classifying such amounts, so far as possible, according to the classifications shown by this schedule, and giving appropriate explanations in a footnote.

Line No.	Item (a)	Total (b)	Sewer (c)	others (e)	Common (f)
1	Utility plant in service (100-1)	12,460,538	12,460,538		
2	Utility plant purchased or sold (100-1)	-			
3	Utility plant leased to others (100-2)	-			
4	Construction work in progress (100-3)	172,900	172,900		
5	Property held for future use (100-4)	-			
6	Utility plant in process of reclassification (100-6)	-			
7					
8					
9					
10	Total above accounts	12,633,438	12,633,438	-	-
11	Accumulated provision for depreciation				
12	Utility plant in service (250-1)	5,111,534	5,111,534		
13	Utility plant leased to others (250-2)	-			
14	Property held for future use (250-3)	-			
15					
16					
17					
18	Accumulated provision for amortization				
19	Utility plant in service (251-1)	-			
20	Utility plant leased to others (251-2)	-			
21	Property held for future use (251-3)	-			
22					
23					
24					
25	Total accumulated prov. for deprc. and amort.	5,111,534	5,111,534	-	-
26					
27	Utility plant acquisition adjustments (100-5)	-			
28	Accum. prov. for amort. of acquisition adjs. (252)	-			
29	Total acquisition adjustments less amortization	-	-	-	-
30	Total accumulated provision for depreciation and amortization	5,111,534	5,111,534	-	-
31	Total utility plant less depreciation and amort.	7,521,904	7,521,904	-	-

UTILITY PLANT ADJUSTMENTS--DETAIL OF CHANGES (Accounts 107, 250)

Line No.	Particulars (a)	Plant Adjustments Account 107 (b)	Accumulated Depreciation Account 250 (c)
1	Balance beginning of year		
2	Changes during year (give complete details)		
3	Debits		
4			
5			
6			
7			
8			
10			
11	Credits		
12			
13			
14			
15			
17			
18			
19			
20			
21	Balance end of year	-	-

NON-UTILITY PROPERTY AND ACCUMULATED DEPRECIATION (Accounts 110, 253)

MINOR ITEMS MAY BE GROUPED BY CLASSES.

Line No.	Description and Location (a)	Balance Beginning of Year (b)	Balance End of Year (c)	Net Rents and Other Income During Year (d)
30				
31				
32				
33				
34				
35				
36				
37				
38				
39				
40				
41				
42				
49				
50				
51	Total non-utility property (110)	-	-	-
52	Less: Depreciation and Amortization. (253)			
53				
54	Net non-utility property	-	-	-

INVESTMENTS IN ASSOCIATED COMPANIES AND OTHER INVESTMENTS (Accounts 111-112)

1. Report with separate subheadings for each account, the securities owned by the utility.
2. Include date of issue and date of maturity in description of any debt securities owned.
3. Designate any securities pledged and explain purpose of pledge in footnote.
4. Minor investments in Account 112 may be grouped by classes.
5. If book cost is different from cost to respondent, give cost to respondent in a footnote and explain difference.

Line No.	Description of Investment (a)	Book Cost Beginning of Year (b)	Purchases or Additions During Year (c)	Sales or Other Dispositions During Year (d)	Book Cost End of Year (e)	Principal Amount or No. of Shares End of Year (f)	Revenues for Year (g)	Gain or Loss from Investments Disposed of (h)
1	**Associated Companies (111)**							
2					-			
3					-			
4					-			
5					-			
6					-			
7					-			
8					-			
9					-			
10					-			
11					-			
12	Total Associated Companies	-	-	-	-	-	-	-
13	**Other Investments (112)**							
14					-			
15					-			
16					-			
17					-			
18					-			
19					-			
20					-			
21					-			
22					-			
23					-			
24					-			
25	Total Other Investments	-	-	-	-	-	-	-
32	Total Account 111 & 112	-	-	-	-	XXX	-	-

A. SINKING AND MISCELLANEOUS SPECIAL FUNDS (Accounts 113-114)

Line No.	Name of Fund (a)	Balance Beginning of Year (b)	Additions Principal (c)	Additions Income (d)	(enter as negative) Deductions (e)	Balance End of Year (f)
113	Sinking Funds					
1	MUNICIPAL BOND COMMISSION	418,895	219,048	4,504	(206,983)	435,464
2						-
3						-
4						-
5						-
6						-
7						-
8						-
9						-
	Total Sinking Funds	418,895	219,048	4,504	(206,983)	435,464
114	Miscellaneous Special Funds					
1						-
2						-
3						-
4						-
5						-
6						-
7						-
8						-
9						-
10						-
	Total Miscellaneous Special Fur	-	-	-	-	-

B. ASSETS IN SINKING AND MISCELLANEOUS SPECIAL FUNDS

1. List the securities and other assets comprising the balance of each fund at end of year. Minor items may be grouped for each account.
2. Include date of issue and date of maturity in description of any debt securities owned.
3. For any securities pledged state name of pledges and purpose of pledge.

Line No.	Name of Fund and Description of Asset (a)	Interest or Dividend Rate (b)	Cost to Respondent (c)	Par Value (d)	Book Cost End of Year (e)
1					
2					
3					
4					
5					
6					
7					
8					
9					
10	Total	XXX	-	-	-

NOTES RECEIVABLE (Account 124)

Give particulars of any notes discounted or pledged. Minor items may be grouped showing showing number of such items. Designate notes from other funds (general or enterprise fund)

Line No.	Name of Maker and Purpose for Which Received (a)	Date of Issue (b)	Date of Maturity (c)	Amount End of Year (d)	Interest Rate(%) (e)	Interest Amount (f)
1						
2						
3						
4						
5						
6						
7	Interest on notes retired during year	XXX	XXX	XXX	XX	
8	Total	XXX	XXX	-	XX	-

ACCOUNTS RECEIVABLE (Account 125)

Line No.	Particulars (a)	Amount End of Year (b)
15	Customer accounts receivable (125.1):	
16	Utility service	66,898
17	Merchandising, jobbing and contract work	
18	Total (Account 125.1)	66,898
19	Other accounts receivable (125.2):	
20	Officers and employees	
21	Subscriptions to capital stock	
22	All other (list separately only the large or unusual items):	
23	Miscellaneous Invoices	
24		
25	Advances to Employees	
26		
27	Total (Account 125.2)	-

RESERVE FOR UNCOLLECTIBLE ACCOUNTS-CR. (Account 254)

1. Report below the information called for concerning this accumulated provision.
2. Explain any important adjustments of sub accounts.
3. Entries with respect to officers and employees shall not include items for utility services.

Line No.	Item (a)	Utility Customers (b)	Merchandise Jobbing and Contract Work (c)	Officers and Employees (d)	Other (e)	Total (f)
37						
38	Balance beginning of year					-
39	Prov. for uncollectibles for year					-
40	Accounts written off					-
41	Coll. of accounts written off					-
42	Adjustments (explain):					-
43						-
44	Balance end of year	-	-	-	-	-

NOTES RECEIVABLE FROM ASSOCIATED COMPANIES (Account 126-1)

1. Give particulars of any notes pledged or discounted.
2. Include date of issue and date of maturity in description of note.

Line No.	Name of Maker and Description (a)	Balance Beginning of Year (b)	Totals for Year Debits (c)	Totals for Year Credits (d)	Balance End of Year (e)	Interest for Year Rate(%) (f)	Interest for Year Amount (g)
1					-		
2					-		
3					-		
4					-		
5					-		
6					-		
7					-		
8					-		
9					-		
10	Total	-	-	-	-	XXX	-

ACCOUNTS RECEIVABLE FROM ASSOCIATED COMPANIES (Account 126-2)

Line No.	Name of Associated Company (a)	Balance Beginning of Year (b)	Totals for Year Debits (c)	Totals for Year Credits (d)	Balance End of Year (e)
19					-
20					-
21					-
22					-
23					-
24					-
25					-
26					-
27					-
28					-
29	Total	-	-	-	-

MATERIALS AND SUPPLIES (Accounts 131)

1. Report below the amount of materials and supplies at end of year under titles which are indicative of the character of the material included.
2. In section B give an explanation of inventory adjustments during year showing general classes of material affected and the various classes of accounts (operating expense, clearing accounts, etc.) debited or credited. Debits or credits to stores expense-clearing shall be shown separately.

A. Summary of Materials and Supplies at End of Year

Line No.	Class of Material (a)	Departments Which Use Material (b)	Departments to Which Predominant Use of Material is Attributable (c)	Amount End of Year (d)
1				
2				
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				
14				
15				
16				
17				
18				
19				
20	Total	xxx	xxx	-

B. Explanation of Inventory Adjustments

24	
25	
26	
27	
28	
29	
30	
31	
32	
33	
34	
35	

PREPAYMENTS (Account 132)
OTHER CURRENT & ACCRUED ASSETS (Account 133)
DEFERRED DEBITS (Accounts 140-146)

1. Give below the particulars called for concerning each prepayment.
2. Minor items may be grouped by classes, showing number of such items.

Line No.	Nature of Prepayment (a)	Balance Beginning of Year (b)	Balance End of Year (c)
132	Prepayments		
1			
2			
3			
4			
5			
6			
7			
8			
9			
10			
11			
12			
	Total Prepayments	-	-
133	Other Current & Accrued Assets		
1			
2			
3			
4			
5			
6			
7			
8			
9			
10			
11			
12			
	Total Miscellaneous Assets	-	-
140-146	Deferred Debits		
1			
2			
3			
4			
5			
6			
7			
8			
9			
10			
11			
12			
	Total Deferred Debits	-	-

UNAMORTIZED DEBT DISCOUNT AND EXPENSE AND UNAMORTIZED PREMIUM ON DEBT (Accounts 140-240)

Report below the particulars called for with respect to the unamortized debt discount and expense or net premium applicable to each class and series of long-term debt. Show separately any amortized debt discount and expense or call premiums applicable to refunded issues, including separate subtotal therefor. Show in column (a) the method of amortization for each amount of debt discount and expense or premium. In column (b) show principal amount of debt on which the total discount and expense or premium, shown in column (c), was incurred.

Explain any charges or credits in column (e) and (f) other than amortization of Account 531 or 532.

Line No.	Debt to Which Related (a)	Principal Amount of Debt to Which Dis. and Exp. or Net Premiums Relate (b)	Total Discount and Expense or (Net Premiums) (c)	Balance Beginning of Year (d)	Debits During Year (e)	Credits During Year (f)	Balance End of Year (g)
140	Unamortized Debt Discount and Expense						
1	1997 BOND DISCOUNT		63,900	34,255		(2,780)	31,475
2	1997 BOND EXPENSE		56,033	30,037		(2,437)	27,600
3	2001 BOND EXPENSE		16,250	13,406		(541)	12,865
4							-
5							-
6							-
7							-
8							-
9							-
10							-
	Total Account 140	-	136,183	77,698	-	(5,758)	71,940
240	Unamortized Premium on Debt						
1							-
2							-
3							-
4							-
5							-
6							-
7							-
8							-
9							-
10							-
	Total Account 240	-	-	-	-	-	-

EXTRAORDINARY PROPERTY LOSSES (Account 141)

1. Report the information indicated concerning this account.
2. Include in the description the date the property was abandoned or other extraordinary loss incurred.
3. Show in column (c) the entire period over which the loss is to be written off.

Line No.	Description of Property Loss or Damage (a)	Comm. Authority (b)	Period of Amortization (c)	Balance Beginning of Year (d)	Debits (e)	Credits		Balance End of Year (h)
						Account Charged (f)	Amount (g)	
1								-
2								-
3								-
4								-
5								-
6								-
7								-
8								-
9								-
10	Totals	xxx	xxx	-	-	xxx	-	-

PRELIMINARY SURVEY AND INVESTIGATION CHARGES (Account 142)

1. Report below the particulars called for concerning this account.
2. Minor items may be grouped by classes, showing number of such items.

Line No.	Description and Purpose of Project (a)	Balance Beginning of Year (b)	Debits (c)	Credits		Balance End of Year (f)
				Account Charged (d)	Amount (e)	
21						-
22						-
23						-
24						-
25						-
26						-
27						-
28						-
29	Totals	-	-	xxx	-	-

CAPITAL STOCK (Accounts 200, 201, and 152)

1. Report below the particulars called for concerning common and preferred stock at end of year, distinguishing separate series of any general class. Show totals separately for common and preferred stock.
2. Entries in column (b) should represent the number of shares authorized by the articles of incorporation as amended to end of year.
3. Give particulars concerning shares of any class and series of stock authorized to be issued by a regulatory commission which have not yet been issued.
4. The designation of each class of preferred stock should show the dividend rate and whether the dividends are cumulative or non-cumulative.
5. State if any capital stock which has been nominally issued is nominally outstanding at end of year.
6. Give particulars of any nominally issued capital stock, reacquired stock, or stock in sinking and other funds which is pledged, stating name of pledgee and purpose of pledge.

Line No.	Class and Series of Stock (a)	Number of Shares Authorized by Charter (b)	Par or Stated Value Per Share (c)	Call Price at End of Year (d)	OUTSTANDING PER BALANCE SHEET		HELD BY RESPONDENT			
							AS REACQUIRED STOCK (Account 152)		IN SINKING AND OTHER FUNDS	
					Shares (e)	Amount (f)	Shares (g)	Cost (h)	Shares (i)	Amount (j)
1	Common Stock - Account 200									
2										
3										
4										
5										
6										
7										
8										
9										
10										
11	Total Common Stock	-	-	-	-	-	-	-	-	-
12	Preferred Stock - Account 201									
13										
14										
15										
16										
17										
18										
19										
20										
21										
22										
23	Total Preferred Stock	-	-	-	-	-	-	-	-	-

STOCK LIABILITY FOR CONVERSION (Account 202)
CAPITAL STOCK SUBSCRIBED (Account 204)
INSTALLMENTS RECEIVED ON CAPITAL STOCK (Account 205)

1. Show for each of the above accounts the amounts applying to each class and series of capital stock.
2. Describe the agreement and transaction under which a conversion liability existed under accounts 203 & 206, Stock Liability for Conversion, at end of year.
3. For Capital Stock Subscribed, Accounts 202 & 205, show the subscription price and the balance due on each class at end of year.

Line No.	Name of Account and Description of Item (a)	Number of Shares (b)	Amount (c)
	Stock Liability for Conversion (Account 202)		
1			
2			
3			
4			
5			
6			
7			
8			
9			
10			
	Total Account 202	-	-
	Capital Stock Subscribed (Account 204)		
1			
2			
3			
4			
5			
6			
7			
8			
9			
10			
	Total Account 204	-	-
	Installments Received on Capital Stock (Account 205)		
1			
2			
3			
4			
5			
6			
7			
8			
9			
10			
	Total Account 205	-	-

OTHER PAID - IN CAPITAL (Accounts 203-207)

Line No.	Particulars (a)	Balance First of Year (b)	Balance End of Year (c)	Increase or (Decrease) (d)
1	Premium on capital stock (203)			-
2	Gain on resale or cancellation of reacquired capital stock (203)			-
3	Miscellaneous paid-in capital (206)			-
4	Donations received from stockholders (207)			-
5				
6	Total	-	-	-
7	Explain changes during year:			
8				
9				
10				
11				
12				
13				
14				
15				
16				
17				

DISCOUNT ON CAPITAL STOCK (Account 150)
CAPITAL STOCK EXPENSE (Account 151)

1. Report below the particulars by account.
2. Explain each debit and credit in detail.

Line No.	Class and Series of Stock (a)	Balance Beginning of Year (b)	Debits (c)	Credits (d)	Balance End of Year (e)
150	Discount on Capital Stock				
2					-
3					-
4					-
5					-
6					-
7					-
8					-
	Total Account 150	-	-	-	-
151	Capital Stock Expense				
1					-
2					-
3					-
4					-
5					-
6					-
7					-
8					-
	Total Account 151	-	-	-	-

LONG-TERM DEBT (Account 210)

(Excluding Advances from Associated Companies)

1. Report below the particulars indicated of the long-term debt at end of year represented by unmatured obligations issued or assumed by the respondent, exclusive of advances from associated companies.
2. Group amounts according to accounts and show the total for each account.
3. If the respondent has pledged any of its long-term debt securities give particulars in a footnote, including name of the pledgee and purpose of the pledge.

Line No.	Class and Series of Obligation (a)	Nominal Date of Issue (b)	Date of Maturity (c)	Outstanding per Balance Sheet (d)	Rate (%) (e)	Interest for Year ($) (f)	Principal for Year ($) (g)	Reserve Requirements ($) (h)	Total Funding Required ($) (i)
210	BONDS								
1	SERIES 1986 B SEWER	1/1/1986	1/1/2025	380,648	0.00%	0	22,391	0	22,391
2	SERIES 1997 A SEWER REFUNDING	1/1/1997	1/1/2025	1,655,000	5.50%	97,084	55,000	0	152,084
3	SERIES 2001 B SEWER	1/1/2001	1/1/2033	693,768	0.00%	2,214	29,272	0	31,486
4	SERIES 2009 A SEWER	1/1/2009		172,900		718	-	0	718
5									-
6									-
7									-
8									-
9									-
10									-
11									-
12									-
13									-
14									-
15									-
16									-
17									-
18									-
19									-
20									-
21									-
22									-
23									-
24									-
25									-
26									-
27									-
28									-
29									-
30									-
	Total Account 210	XXX	XXX	2,902,316	XXX	100,016	106,663	0	206,679

LONG-TERM DEBT (Account 211)

(Excluding Advances from Associated Companies)

1. Report below the particulars indicated of the long-term debt at end of year represented by unmatured obligations issued or assumed by the respondent, exclusive of advances from associated companies.
2. Group amounts according to accounts and show the total for each account.
3. If the respondent has pledged any of its long-term debt securities give particulars in a footnote, including name of the pledgee and purpose of the pledge.

Line No.	Class and Series of Obligation (a)	Nominal Date of Issue (b)	Date of Maturity (c)	Outstanding per Balance Sheet (d)	Rate (%) (e)	Interest for Year ($) (f)	Principal for Year ($) (g)	Reserve Requirements ($) (h)	Total Funding Required ($) (i)
211	RECEIVERS' CERTIFICATES								
1									-
2									-
3									-
4									-
5									-
6									-
7									-
8									-
9									-
10									-
11									-
12									-
13									-
14									-
15									-
16									-
17									-
18									-
19									-
20									-
21									-
22									-
23									-
24									-
25									-
26									-
27									-
28									-
29									-
30									-
	Total Account 211	XXX	XXX	XXX	XXX	-	-	-	-

LONG-TERM DEBT (Account 213)

(Excluding Advances from Associated Companies)

1. Report below the particulars indicated of the long-term debt at end of year represented by unmatured obligations issued or assumed by the respondent, exclusive of advances from associated companies.
2. Group amounts according to accounts and show the total for each account.
3. If the respondent has pledged any of its long-term debt securities give particulars in a footnote, including name of the pledgee and purpose of the pledge.

Line No.	Class and Series of Obligation (a)	Nominal Date of Issue (b)	Date of Maturity (c)	Outstanding per Balance Sheet (d)	Rate (%) (e)	Interest for Year ($) (f)	Principal for Year ($) (g)	Reserve Requirements ($) (h)	Total Funding Required ($) (i)
213	MISCELLANEOUS LONG-TERM DEBT								
1	BACKHOE LOAN	1/8/2008	1/8/2013	53209	3.34%	2,021	13,417	0	15,438
2									-
3									-
4									-
5									-
6									-
7									-
8									-
9									-
10									-
11									-
12									-
13									-
14									-
15									-
16									-
17									-
18									-
19									-
20									-
21									-
22									-
23									-
24									-
25									-
26									-
27									-
28									-
29									-
30									-
	Total Account 213	XXX	XXX	XXX	XXX	2,021	13,417	-	15,438

ADVANCES FROM ASSOCIATED COMPANIES (Account 212)

LIST EACH NOTE SEPARATELY.

Line No.	Name of Associated Company (a)	Date of Note (b)	Date of Maturity (c)	Balance Beginning of Year (d)	Principal Advanced During Year (e)	Principal Repaid During Year (f)	Balance End of Year (g)	Interest Expense For Year		Comm. Auth. (j)
								Rate(%) (h)	Amount (i)	
1							-			
2							-			
3							-			
4							-			
5							-			
6							-			
7							-			
8							-			
9							-			
10	Total	XXX	XXX	-	-	-	-	XXX	-	XXX

NOTES PAYABLE (Account 220)

1. Give below the particulars indicated concerning notes payable at end of year.
2. Give particulars or collateral pledged, if any.
3. Any demand notes should be described as such in column (d).
4. Minor amounts may be grouped by classes, showing the number of such amounts.

Line No.	Payee (a)	Purpose for Which Issued (b)	Date of Note (c)	Date of Maturity (d)	Interest		Balance End of Year (g)
					Rate(%) (e)	Amount (f)	
21							
22							
23							
24							
25							
26							
27							
28							
29							
30							
31	Totals		XXX	XXX	XXX	-	-

SECURITIES ISSUED OR ASSUMED DURING YEAR

1. Report below the particulars called for concerning securities issued or assumed during year.
2. Group and show separate totals for each class of security.
3. Give particulars concerning the assumption of long-term debt of others.
4. Non-par stock should be reported in column (c) at stated or assigned values, or if there is not stated or assigned value, they should be reported at the cash value of the consideration received.
5. Give particulars concerning consideration other than cash received for securities issued during year.
6. Designate premiums in column (f) by appropriate symbol.
7. Show in column (g) expenses applicable to securities issued during year and also any delayed items of expense applicable to securities issued during preceding year. For such delayed items entries should be made only in columns (a), (b), and (g).

Line No.	Class of Security (a)	Comm. Auth. No. (b)	Principal Amount Issued During Year (Omit Cents) (c)	Number of Shares of Stock Issued (d)	Par value Per Share of Stock (e)	Discount or Premium (f)	Expenses (g)
1							
2							
3							
4							
5							
6							
7							
8							
9							
10							
11							
12							
13							
14							
15							
16							
17							
18							
19							
20							
21							

ACCOUNTS AND NOTES PAYABLE TO ASSOCIATED COMPANIES (Account 223)

1. If collateral has been pledged as security to the payment of any note, describe such collateral.
2. Include date of note and date of maturity in description of note.

Line No.	Payee and Description (a)	Balance Beginning of Year (b)	Totals for Year		Balance End of Year (e)	Interest for Year	
			Debits (c)	Credits (d)		Rate(%) (f)	Amount (g)
1					-		
2					-		
3					-		
4					-		
5					-		
6					-		
7					-		
8					-		
9					-		
10					-		
11					-		
12					-		
13					-		
14					-		
15					-		
16					-		
17					-		
18					-		
19					-		
20					-		
21					-		
22					-		
23					-		
24					-		
25					-		
26					-		
27					-		
28	Total	-	-	-	-	xxx	-

TAXES ACCRUED (Account 228)

1. The balance of accruals for income taxes should be classified by the years to which the tax is applicable
2. The balance of any accruals materially in excess of the liability admitted by the tax returns of the utility shall be transferred from this account and recorded in an appropriately designated reserve account.

Enter payments as negative numbers.

Line No.	Kind of Tax (a)	Balance First of Year (b)	Amounts Accrued (c)	Payments During Year (d)	Other Items Debit or (Credit) (e)	Balance End of Year (f)
1						-
2						-
3						-
4						-
5						-
6						-
7						-
8						-
9						-
10						-
11						-
12						-
13						-
14						-
15						-
16						-
17						-
18						-
19						-
20						-
21						-
22						-
23						-
24						-
25						-
26						-
27						-
28						-
29						-
30						-
31						-
32						-
33						-
34						-
35						-
36						-
37						-
38						-
39						-
40						-
41						-
42	Total	-	-	-	-	-

OTHER CURRENT AND ACCRUED LIABILITIES (Account 230)

1. Report the amount and description of other current and accrued liabilities at end of year.
2. Minor items may be grouped under appropriate title.

Line No.	Item (a)	Amount (b)
1	ACCRUED PAYROLL	9,081
2	ACCRUED BENEFITS - OPEB	18,778
3		
4		
5		
6		
7		
8		
9		
10		
11		
12		
13		
14		
15		
16		
17		
18	Total	27,859

CUSTOMERS' ADVANCES FOR CONSTRUCTION (Account 241)

Line No.	Class of Utility Service (a)	Balance Beginning of Year (b)	Debits		Credits (e)	Balance End of Year (f)
			Account Credited (c)	Amount (d)		
26						-
27						-
28						-
29						-
30						-
31						-
32						-
33						-
34						-
35						-
36						-
37						-
38						-
39						-
40						-
41						-
42						-
43						-
44						-
45	Total	-	XXX	-	-	-

OTHER DEFERRED CREDITS (Account 242)

Line No.	Item (a)	Amount (b)
1		
2		
3		
4		
5		
6		
7		
8		
9		
10		
11		
12		
13		
14		
15		
16		
17		
18		
19		
20		
21		
22		
23		
24		
25		
26		
27		
28		
29		
30		
31		
32		
33		
34		
35		
36		
37		
38		
39		
40		
41		
42		
43		
44	Total	-

PROPERTY INSURANCE AND INJURIES AND DAMAGES RESERVES (Accounts 255 - 256)

Line No.	Particulars (a)	Insurance Reserve (Account 255) (b)	Injuries & Damages Reserve (Account 256) (c)
1	Balance beginning of year		
2	Additions during year (specify department and account charged)		
3			
4			
5			
6			
7			
8	Total additions	-	-
9	Deductions during year (specify)		
10			
11			
12			
13			
14			
15	Total deductions	-	-
16			
17	Balance end of year	-	-

PENSIONS AND BENEFITS AND MISCELLANEOUS RESERVES (Accounts 257 - 258)

Line No.	Particulars (a)	Employees' Provident Reserve (Account 257) (b)	Other Reserves (Account 258) (c)
23	Balance beginning of year		
24	Additions during year (specify department and account charged)		
25			
26			
27			
28			
29			
30	Total additions	-	-
31	Deductions during year (specify)		
32			
33			
34			
35			
36			
37	Total deductions	-	-
38			
39	Balance end of year	-	-

40 Explain nature of risks for which above reserves have been established and give actual or estimated liability for claims at end
41 of year.
42
43
44
45
46
47

CONTRIBUTIONS IN AID OF CONSTRUCTION (Account 265)

REPORT AMOUNTS APPLICABLE TO EACH UTILITY DEPARTMENT

Line No.	Class of Utility Service (a)	Balance Beginning of Year (b)	Debits		Credits (e)	Balance End of Year (f)
			Account Credited (c)	Amount (d)		
1	SEWER	5,254,250				5,254,250
2						-
3						-
4						-
5						-
6						-
7						-
8						-
9						-
10						-
11						-
12						-
13						-
14						-
15						-
16						-
17						-
18						-
19						-
20						-
21						-
22						-
23						-
24						-
25						-
26						-
27						-
28						-
29	Total	5,254,250	XX	-	-	5,254,250

DISTRIBUTION OF TAXES OTHER THAN INCOME TAXES (Account 507.1)

Line No.	Particulars (a)	Account 507.2 - Utility Operating Income			Account 507.3 Other Income and Deductions (e)	Total Account 507 (f)	Charged to Plant Accounts (g)	Other (Explain) (h)	Total Distribution of Other Taxes (i)
		Sewer (b)	Water (c)	Other Dept. ------ Amount (d)					
1	State & Local (Detail)								
2	UNEMPLOYMENT	1,187				1,187			1,187
3	WORKERS COMPENSATION	4,151				4,151			4,151
4						-			-
5						-			-
6						-			-
7						-			-
8						-			-
9						-			-
10						-			-
11						-			-
12						-			-
13						-			-
14	Federal (Detail)								
15	FICA	16,290				16,290			16,290
16						-			-
17						-			-
18						-			-
19						-			-
20						-			-
21						-			-
22						-			-
23						-			-
24						-			-
25						-			-
26						-			-
27						-			-
28	Total other taxes	21,628	-	-	-	21,628	-	-	21,628

DISTRIBUTION OF INCOME TAXES - ACCOUNT 507.4

Line No.	Particulars (a)	Account 507.4 Income Taxes (b)	Deferred Income Taxes Account 507.5 DEBIT Provision (c)	Deferred Income Taxes Account 507.6 CREDIT Prior Years (d)	Investment Tax Credits Account 507.7 Debits Deferred to Future Periods (e)	Investment Tax Credits Account 507.7 Credits Restored to Income (f)
1	Utility Operating Income					
2	Water					
3	Sewer					
4	Other Department					
5						
6						
7	Total Charged Operations	-	-	-	-	-
8						
9	Other Income and Deductions					
10						
11	Extraordinary Items		XXX	XXX	XXX	XXX
12						
13	Total Account	-	-	-	-	-
14	Other Distributions (Specify)					
15	Adjustment to Retained Earnings					
16						
17						
18	Total Distribution of Tax	-	-	-	-	-
19						
20	Notes and Explanation Regarding Distribution of Taxes - Accounts 507.4-507.7					
21						
22						
23						
24						
25						
26						
27						
28						
29						
30						
31						
32						
33						
34						
35						
36						
37						
38						
39						
40						
41						
42						

INCOME FROM UTILITY PLANT LEASED TO OTHERS (Account 508)

1. Report below the revenues, expenses, and net income for the year from utility property constituting a distinct operating unit or system leased to others.
2. Designate associated companies by placing an "x" in column (b) opposite the name of the lessee.

Line No.	Name of Lessee, Description and Location of Leased Property (a)	Assoc. Co. (b)	Revenues (c)	DEDUCTIONS Operation (d)	Maintenance (e)	Depreciation (f)	Amortization (g)	Net Income Before Taxes (h)
1								-
2								-
3								-
4								-
5								-
6								-
7								-
8								-
9								-
10	Total	XXX	-	-	-	-	-	-

GAIN OR LOSS ON DISPOSITION OF PROPERTY (Accounts 526 and 527)

Give a brief description of property creating gain or loss. Include name of party acquiring the property (if another utility or associated company) and the date transaction was completed.

Line No.	Description of Property (a)	Commission Date Approved (When Required) (b)	Original Cost of Related Property (c)	Property Gains Account 526 (d)	Property Losses Account 527 (e)
18	Gains:				
19					
20					
21					
22					
23					
24					
25					
26	Losses:				
27					
28					
29					
30					
31					
32					
33	Total	XXX	-	-	-

INCOME FROM MERCHANDISING, JOBBING, AND CONTRACT WORK (Account 520)

Report by utility departments the revenues, costs, expenses and net income from merchandising, jobbing and contract work during year.

Line No.	Particulars (a)	Sewer (b)	Other Department (c)	Total (d)
1	Revenues			
2	Gross Sales (detail)			
3				-
4				-
5				-
6	Deductions:			-
7	Discounts and Allowances			-
8				-
9				-
10				-
11	Net Sales	-	-	-
12				
13	Costs and Expenses (List the Expenses by Major Classes)			
14				-
15				-
16				-
17				-
18				-
19				-
20	Total Costs and Expenses	-	-	-
21	Income From Merchandising, Jobbing and Contract			
22	Work, Before Taxes	-	-	-

INCOME FROM NON-UTILITY OPERATIONS (Account 521)

Line No.	Description of Non-utility Operations (a)	Amount (b)
29	Revenues: (Minor Items May Be Grouped)	
30		
31		
32		
33		
34		
35		
36	Total Revenues	-
37	Expenses:	
38	Operation	
39	Maintenance	
40	Rents	
41	Depreciation	
42	Amortization	
43		
44	Total Expenses	-
45	Income From Non-utility Operations, Before Taxes	-

NON-OPERATING RENTAL INCOME (Account 418)

Line No.	Name of Lessee and Description of Property (a)	Amount (b)
1	Rent Revenue (list major items separately, others may be grouped)	
2		
3		
4		
5		
6		
7		
8		
9		
10		
11		
12		
13	Total Rent Revenues	-
14	Expenses:	
15	Operation	
16	Maintenance	
17	Rents	
18	Depreciation	
19	Amortization	
20		
21	Total Expenses	-
22	Non-operating Rental Income, Before Taxes	-

INTEREST AND DIVIDEND INCOME (Account 523 & 524)

Line No.	Security or Account on Which Received (a)	Interest or Dividend Rate (b)	Amount (c)
29	MUNICIPAL BOND COMMISSION	VARIOUS	5,042
30	MONEY MARKET REVENUE	VARIOUS	406
31	RENEWAL AND REPLACEMENT	VARIOUS	332
32	CERTIFICATES OF DEPOSIT	VARIOUS	4,046
33	CHECKING	VARIOUS	37
34			
35			
36			
37	Total Interest and Dividends	XXX	9,863
38	Expenses applicable to above (as listed hereunder):		
39	MUNICIPAL BOND COMMISSION		(538)
40			
41			
42			
43			
44			
45	Total Expenses	XXX	(538)
46	Interest and Dividend Income, before taxes	XXX	9,325

MISCELLANEOUS NON-OPERATING REVENUES (Account 526)

Line No.	Nature and Source of Miscellaneous Non-operating Income (a)	Amount For Year (b)
1	TAP FEES	1,500
2	SEWER CAMERA RENTAL	125
3	JET RODDER RENTAL	1,558
4	MISCELLANEOUS	81
5		
6		
7		
8		
9		
10		
11		
12		
13		
14	Total	3,264

MISCELLANEOUS AMORTIZATION (Account 537)

Line No.	Nature of Item (a)	Account Credited (b)	Amount For Year (c)
19			
20			
21			
22			
23			
24			
25			
26			
27			
28			
29			
30			
31	Total	XXX	-

NON-OPERATING REVENUE DEDUCTIONS (Account 527)

Line No.	Nature of Item (a)	Amount For Year (b)
36		
37		
38		
39		
40		
41		
42		
43		
44		
45		
46		
47		
48	Total	-

INTEREST CHARGES
INTEREST ON LONG-TERM DEBT (Account 530)
INTEREST ON DEBT TO ASSOCIATED COMPANIES (Account 534)
OTHER INTEREST EXPENSE (Account 535)

REPORT DETAILS OF ITEMS SEPARATELY BY ACCOUNTS

Line No.	Class of Debt on Which Payable (a)	INTEREST Rate(%) (b)	INTEREST Amount (c)
530	Interest on Long-Term Debt		
1	1997 SERIES A BONDS	5.5% - 6.0%	97,084
2	2001 SERIES A BONDS	ADMIN. FEE .5%	2,214
3	2009 SERIES A BONDS		718
4			
5			
6			
7			
8			
9			
10			
	Total Interest on Long-Term Debt	XXX	100,016
534	Interest on Debt to Associated Companies		
1			
2			
3			
4			
5			
6			
7			
8			
9			
10			
	Total Interest on Debt to Associated Companies	XXX	-
535	Other Interest Expense		
1	BACKHOE LOAN	3.34%	2,021
2			
3			
4			
5			
6			
7			
8			
9			
10			
	Total Other Interest Expense	XXX	2,021

MANAGEMENT, ENGINEERING AND SERVICE CONTRACTS

LIST LEASE AGREEMENTS

1. Furnish the following information concerning each contract (written) in effect at any time during the year with any corporation, partnership, individual, or organization of any form whatever, whereby the respondent received management, construction, engineering, supply, financial, legal, accounting, purchasing or other type of service of a continuing nature:
   (a) Name of company rendering service.
   (b) Character of service.
   (c) Basis of charges.
   (d) Date and term of contract.
   (e) Date of Commission authorization, if contract has received Commission approval.
   (f) Total charges for year, classified as to character of service.
   (g) Utility departments and account charged with amounts reported under (f).
2. Identify the information furnished concerning each contract with the items in the inquiry.
3. Identify associated companies.

1	NONE
2	
3	
4	
5	
6	
7	
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12	
13	
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35	
36	

SEWER PLANT IN SERVICE, LEASED TO OTHERS, AND HELD FOR FUTURE USE (CLASS A AND CLASS B SEWER UTILITIES)

1. Report by prescribed accounts the original cost of sewer plant in service and the additions and retirements of such plant during year, also, the original cost and additions and retirements during year of sewer plant leased to others and sewer plant held for future use.
2. Do not include as adjustments, corrections of additions and retirements for the current or preceding year. Such items should be included in the appropriate column (d) and (e).

Line No.	Account (a)		Balance Beginning of Year (b)	(+) Additions (c)	(-) Retirements (d)	(+/-) Adjustments (e)	Balance End of Year (f)
1		**Intangible Plant**					
2	301	Organization					-
3	302	Franchises and Consents					-
4	303	Miscellaneous Intangible Plant					-
5		Total Intangible Plant	-	-	-	-	-
6		**Tangible Plant**					
7		**LAND AND LAND RIGHTS**					
8	311	Land and Land Rights					-
9	311.1	Collecting System Land					-
10	311.2	Pumping System Land					-
11	311.3	Treatment and Disposal System Land					-
12	311.4	Miscellaneous Land					-
13		Total Land and Land Rights	-	-	-	-	-
14		**STRUCTURES AND IMPROVEMENTS**					
15	312	Structures and Improvements					-
16	312.1	Collecting System					-
17	312.2	Pumping System					-
18	312.3	Treatment and Disposal System					-
19	312.4	General Plant	8,659				8,659
20		Total Structures and Improvements	8,659	-	-	-	8,659
21		**COLLECTING SYSTEM**					
22	320	Service Connections, Traps and Accessories					-
23	321	Collecting Mains and Accessories					-
24	322	Transmission Mains and Accessories	873,469				873,469
25	323	Other Collecting System Equipment	4,566,441				4,566,441
26		Total Collecting System	5,439,910	-	-	-	5,439,910
27		**PUMPING SYSTEM**					
28	330	Receiving Wells					-
29	331	Electric Pumping Equipment	130,870				130,870
30	332	Other Power Pumping Equipment					-
31	333	Force Mains					-
32	334	Miscellaneous Pumping System Equipment	1,031,452				1,031,452
33		Total Pumping System	1,162,322	-	-	-	1,162,322

SEWER PLANT IN SERVICE, LEASED TO OTHERS, AND HELD FOR FUTURE USE (Continued)

Line No.	Account (a)		Balance Beginning of Year (b)	(+) Additions (c)	(-) Retirements (d)	(+/-) Adjustments (e)	Balance End of Year (f)
35							
36		TREATMENT AND DISPOSAL SYSTEM					
37	341	Grit Removal Chambers					-
38	342	Grit Removal Equipment					-
39	343	Sedimentation Tanks					-
40	344	Sludge Removing Equipment					-
41	345	Sludge Concentration Chambers					-
42	346	Decanting Equipment					-
43	347	Sludge Pumping Equipment					-
44	348	Sludge Digesting Tanks and Accessories					-
45	349	Heating Equipment and Accessories					-
46	350	Waste Burning Equipment					-
47	351	Sludge Drying and Filtering Equipment					-
48	352	Other Sewage Removing Equipment					-
49	353	Chlorination Plant and Accessories					-
50	354	Chlorine Contact Tanks					-
51	355	Other Chemical Treatment Plant and Equipment					-
52	356	Outfall Pipes and Accessories					-
53	357	Other Disposal Equipment	5,486,217				5,486,217
54		Total Treatment and Disposal System	5,486,217	-	-	-	5,486,217
55							
56		GENERAL PLANT					
57	391	Office Furniture and Equipment	34,714				34,714
58	392	Transportation Equipment	90,263	10,930			101,193
59	393	Stores Equipment	11,022				11,022
60	394	Tools and Shop Equipment	66,142				66,142
61	395	Laboratory Equipment	533				533
62	397	Communication Equipment	7,333				7,333
63	398	Miscellaneous General Plant	142,493				142,493
64	399	Utility Plant Purchased or Sold					-
65							-
66		Total General Plant	352,500	10,930	-	-	363,430
67		Total Tangible Plant	12,449,608	10,930	-	-	12,460,538
68		Total Sewer Plant in Service	12,449,608	10,930	-	-	12,460,538

SEWER PLANT IN SERVICE, LEASED TO OTHERS, AND HELD FOR FUTURE USE (Continued)

Line No.	Account (a)		Balance Beginning of Year (b)	Balance End of Year (c)
71				
72		**SUMMARY OF SEWER PLANT**		
73				
74		Balance Sheet Sub accounts		
75	100.1	Sewer Plant in Service	12,449,608	12,460,538
76	100.2	Sewer Plant Leased to Others		
77	100.3	Construction Work in Progress	-	172,900
78	100.4	Sewer Plant Held for Future Use		
79	100.5	Sewer Plant Acquisition Adjustments		
80	100.6	Sewer Plant in Process of Reclassification		
81		Total Sewer Plant Per Balance Sheet	12,449,608	12,633,438

SEWER PLANT RETIREMENT AND REPLACEMENT

Report by prescribed accounts the average age and replacement cost

Line No.	Accounts (a)	Balance of Plant older than 15 years ($) (b)	Balance of Plant younger than 15 years ($) (c)	Replacement Cost ($) (d)	Amount To Be Replaced within 5 years ($) (e)
1	**Tangible Plant**				
2	312. Structures and Improvements				
3	312-1. Collecting System				
4	312-2. Pumping System				
5	312-3. Treatment and Disposal System				
6	312-4. General Plant	-	8,659	8,659	-
7	Total Tangible Plant	-	8,659	8,659	-
8	**Collecting System**				
9	320. Service Connections, Traps and Accessories				
10	321. Collecting Mains and Accessories				
11	322. Transmission Mains and Accessories	3,178	870,291	873,469	3,178
12	323. Other Collecting System Equipment	4,566,441	-	4,566,441	500,000
13	Total Collecting System	4,569,619	870,291	5,439,910	503,178
14	**Pumping System**				
15	330. Receiving Wells				
16	331. Electric Pumping Equipment	14,412	116,458	130,870	14,412
17	332. Other Power Pumping Equipment				
18	333. Force Mains				
19	334. Miscellaneous Pumping System Equipment	1,031,452	-	1,031,452	100,000
20	Total Pumping System	1,045,864	116,458	1,162,322	114,412
21	**Treatment and Disposal System**				
22	341. Grit Removal				
23	342. Grit Removing Equipment				
24	343. Sedimentation Tanks				
25	344. Sludge Removing Equipment				
26	345. Sludge Concentration Chambers				
27	346. Decanting Equipment				
28	347. Sludge Pumping Equipment				
29	348. Sludge Digesting Tanks and Accessories				
30	349. Heating Equipment and Accessories				
31	350. Waste Burning Equipment				
32	351. Sludge Drying and Filtering Equipment				
33	352. Other Sewage Removing Equipment				
34	353. Chlorination Plant and Accessories				
35	354. Chlorine Contact Tanks				
36	355. Other Chemical Treatment Plant and Equip.				
37	356. Outfall Pipes and Accessories				
38	357. Other Disposal Equipment	5,239,996	246,221	5,486,217	600,000
39	Total Treatment and Disposal System	5,239,996	246,221	5,486,217	600,000
40	**General Plant**				
41	391. Office Furniture and Equipment	8,852	25,862	34,714	8,852
42	392. Transportation Equipment	-	101,193	101,193	-
43	393. Stores Equipment	632	10,390	11,022	632
44	394. Tools and Shop Equipment	-	66,142	66,142	-
45	395. Laboratory Equipment	-	533	533	-
46	397. Communication Equipment	-	7,333	7,333	-
47	398. Miscellaneous General Plant	-	142,493	142,493	-
48	Total General Plant	9,484	353,946	363,430	9,484
49	Total Sewer Plant	10,864,963	1,595,575	12,460,538	1,227,074

SEWER PLANT LEASED TO OTHERS (Account 100-2)

1. Report below the information called for concerning sewer plant leased to others.
2. In column (d) give the date of Commission authorization of the lease of sewer plant to others.
3. Designate if lessee is an associated company by placing an "x" in column (b).

Line No.	Name of Lessee (a)	Assoc. Co. (b)	Description of Property Leased (c)	Comm. Auth. (d)	Expiration Date of Lease (e)	Balance End of Year (f)
1						
2						
3						
4						
5						
6						
7						
8						
9	Total	XXX	XXX	XXX	XXX	-

SEWER PLANT HELD FOR FUTURE USE (Account 100-4)

1. Report below the information called for concerning sewer plant held for future use. Report data as of end of year.
2. Explain important items entered in column (g).

Line No.	Description and Location of Property (a)	Date Originally Included In This Account (b)	Date Expected to be used in Utility Service (c)	Original Cost (d)	Interest Capitalized (e)	Taxes Capitalized (f)	Other Expenditures Capitalized (g)	Book Cost End of Year (h)
21								-
22								-
23								-
24								-
25								-
26								-
27								-
28								-
29								-
30	Total	XXX	XXX	-	-	-	-	-

SEWER PLANT ACQUISITION ADJUSTMENTS (Account 100.5)

1. Report below the changes in the above account during the year.
2. If debits or credits were made to this account during the year, arising from acquisitions of sewer plant, furnish a statement showing the following information for each acquisition:
   (a) Particulars as to the cost of property to respondent, showing the amount of cash, securities, or other consideration.
   (b) Original cost of property and how original cost was determined.
   (c) Depreciation and amortization reserves recorded and how reserve requirements were determined.
   (d) Amount of plant acquisition adjustment.
   (e) Classification of plant acquisition adjustments according to the character of the amounts comprising the total.
   (f) Date and other reference to Commission authorization of acquisition.
   (g) Plan for amortization of acquisition adjustments and date of Commission approval of plan.
   (h) Basis of computing amount of acquisition adjustment applicable to sewer plant where sewer plant and other plant were acquired in the same transaction
3. State in a footnote the amounts, if any, of plant acquisition adjustments applicable to sewer plant leased to others and sewer plant held for future use.

Line No.	Item (a)	Amount (b)
1	Balance beginning of year	
2	DEBITS	
3	From plant acquisitions during year (debit)	
4	Other debits (give nature of debit and account credited):	
5		
6	Total Debits	-
7	CREDITS	
8	From plant acquisitions during year (credit)	
9	Other credits (give nature of credit and account debited):	
10		
11	Total Credits	-
12	Balance end of year	-

RESERVE FOR DEPRECIATION OF SEWER PLANT (Account 250)

1. Report below the information called for concerning reserve for depreciation of sewer plant at end of year.
2. Explain any important adjustments during year.
3. Show separately amounts computed as interest credits under a sinking fund or similar method of depreciation reserve accounting.
4. If the respondent maintains a separate classification for common utility plant, a portion of the reserve for depreciation of such plant should be allocated to the reserve for depreciation of sewer plant. Explain the basis of such allocation and state if there was any change in the basis of allocation from that of the previous year.
5. If any portion of the depreciation reserve balance at the end of year applies to sewer plant leased to others or to sewer plant held for future use, state such amounts in a footnote.

Line No.	Item (a)	Amount (b)
24	Balance beginning of year	4,815,938
25	Depreciation accruals for year, charged to:	
26	Depreciation	295,596
27	Other accruals (specify):	
28		
29	Total depreciation accruals for year	295,596
30	Net charges for plant retired:	
31	Book cost of plant retired	
32	Cost of removal	
33	Salvage (credit)	
34	Net charges for plant retired	-
35	Other debit or credit items (describe):	
36		
37	Total debit or credit items (net debit)	-
38	Balance end of year	5,111,534
39	Allocation to sewer plant of reserve for depreciation of common utility plant	
40	Total reserve for depreciation of sewer plant including reserve for common utility plant	5,111,534

DEPRECIATION AND AMORTIZATION OF SEWER PLANT (ACCOUNT 503)

State below the rules by which the respondent determined the amounts of charges for the depreciation and amortization of sewer plant. Show the rates used in computing the depreciation and amortization charges for the year, and state if any change has been made in the rates used or methods of determining depreciation and amortization charges from those used for the preceding year.

THE STRAIGHT-LINE METHOD OF DEPRECIATION HAS BEEN CONSISTENTLY APPLIED.

SEWER PLANT IN PROCESS OF RECLASSIFICATION

Report below, according to accounts to which classified in the books of the respondent, the amount of sewer utility plant which has not been classified in accordance with the sewer plant accounts prescribed in the Uniform System of Accounts.

Line No.	Number and title of account (a)	Balance beginning of year (b)	(-) Retirements (c)	(-/+) Adjustments (d)	Balance end of year (e)
1					-
2					-
3					-
4					-
5					-
6					-
7					-
8					-
9					-
10					-
11					-
12					-
13					-
14					-
15					-
16					-
17					-
18					-
19					-
20					-
21					-
22					-
23					-
24					-
25					-
26					-
27					-
28					-
29					-
30					-
31					-
32					-
33					-
34					-
35					-
36					-
37					-
38					-
39					-
40					-
41					-
42					-
43					-
44					-

SEWER OPERATING REVENUES

1. Report below the amount of operating revenues for the year for each accou and the amount of increase or decrease over the preceding year.
2. If increases and decreases are not derived from previously reported figures explain any inconsistencies.
3. Number of customers should be reported on the basis of number of meters. The average number of customers means the average of 12 figures at the close of each month.
4. Unmetered sales should be included below. The details of such sales should be given in a footnote.

Line No.	Amount (a)		OPERATING REVENUES Amount for Year (d)	OPERATING REVENUES Increase or Decrease from Preceding Year (e)	Volume Of Water on Which Billings Are Based (f)	AVERAGE NUMBER OF CUSTOMERS Number for Year (g)	AVERAGE NUMBER OF CUSTOMERS Increase or Decrease from Preceding Year (h)
1		SALES OF SEWER SERVICE					
2	601.1	Domestic Service	510,027	39,517	44,523	1,213	19
3	601.2	Commercial Service	215,954	17,411	51,542	218	(4)
4	602	Industrial Waste Service					
5	606	Service to Public Authorities					
6	607	Service to Other Systems					
7	609	Other Sewerage Service					
8		Total Sales of Sewer Service	725,981	56,928	96,065	1,431	15
9		OTHER SEWER REVENUES					
10	610	Rents from Sewerage Property					
11	612	Customers' Forfeited Discounts and Penalties	15,234	2,335			
12	615	Miscellaneous Sewerage Revenues					
13	616	Merchandising, Jobbing and Contract Work					
14		Total Other Sewer Revenues	15,234	2,335			
15		Total Sewer Operating Revenues	741,215	59,263			

SALES OF SEWAGE TREATMENT TO GENERAL CUSTOMERS - BY MONTHS (Accounts 601-606)

Line No.	Month (or Other Billing Period) (a)	Unmetered Revenue (b)	Unmetered Estimated Gallons Billed (000 Omitted) (c)	Unmetered Number of Customers (d)	Metered Revenue (e)	Metered Gallons billed (000 Omitted) (f)	Metered Number of Customers (g)
1	JULY	-	-	-	53,178	7,345	1,436
2	AUGUST	-	-	-	54,229	8,964	1,440
3	SEPTEMBER	-	-	-	56,035	8,876	1,442
4	OCTOBER	-	-	-	63,391	8,764	1,431
5	NOVEMBER	-	-	-	64,497	9,890	1,440
6	DECEMBER	-	-	-	62,185	7,053	1,436
7	JANUARY	-	-	-	64,278	7,749	1,425
8	FEBRUARY	-	-	-	62,852	9,269	1,426
9	MARCH	-	-	-	58,266	6,577	1,416
10	APRIL	-	-	-	62,929	7,932	1,424
11	MAY	-	-	-	62,258	6,727	1,424
12	JUNE	-	-	-	61,883	6,919	1,424
13	Total	-	-	-	725,981	96,065	1,430
14							

	Billing Accuracy	
1	Average number of customer during the reporting period.	1,431
2	Billing cycle (monthly,quarterly, semiannually) during the reporting period.	12
	e.g monthly: enter 12,quarterly: enter 4, semiannually: enter2	
3	Total Number of Bills Generated during the reporting period.	17,172
4	Numbers of error - driven billing adjustments during reporting period(# of bill adjsuted)	120
43	Total	

SEWAGE TREATMENT FOR RESALE - BY MONTHS (Account 607)

1. Report below the information specified concerning sewage treated during the year for other sewer utilities or public authorities.
2. The quantities reported should be those shown by the bills rendered to the purchasers.
3. The sales should be reported by months or other billing period for each utility.
4. Attach continuation sheets as necessary.

Line No.	Name of Other Sewer Utility (a)	Billing Period (b)	Gallons Billed (000) Omitted (c)	Revenue (d)
1				
2				
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				
14				
15				
16				
17				
18				
19				
20				
21				
22				
23				
24				
25				
26				
27				
28				
29				
30				
31				
32				
33				
34				
35				
36				
37	Total		-	-

SEWER OPERATING EXPENSES

1. Enter in the spaces provided the sewer operating expenses for the year.

2. If the increases and decreases are not derived from previously reported figures explain in footnotes.

Line No.	Account (a)		Class A (b)	Class B (c)	Amount for Year (d)	Increase or Decrease from Preceding Year (e)
1		**COLLECTING EXPENSES**				
2		**Operation:**				
3	701	Operation Supervision and Engineering	A	B	164,397	28,093
4	702	Operation Labor	A	B		
5	703	Supplies and Expenses	A	B	12,052	3,893
6		Total Operation			176,449	31,986
7		**Maintenance:**				
8	704	Maintenance Supervision and Engineering	A	B		
9	705	Maintenance of Collecting System Plant		B		
10	705.1	Maintenance of Service Connections and Traps	A		2,390	(3,088)
11	705.2	Maintenance of Collecting and Transmission Mains	A		-	(101)
12	705.3	Maintenance of Structures and Improvements	A		27,256	(4,520)
13	705.4	Maintenance of Other Collecting System Equipment	A			
14		Total Maintenance			29,646	(7,709)
15		**Miscellaneous:**				
16	708	Rents	A	B		
17		Total Collecting Expenses			206,095	24,277
18		**PUMPING EXPENSES**				
19		**Operation:**				
20	721	Operation Supervision and Engineering	A	B	36,421	4,313
21	722	Operation Labor	A	B		
22	723	Power and Fuel	A	B	60,183	6,215
23	724	Supplies and Expenses	A	B	2,817	1,554
24		Total Operation			99,421	12,082
25		**Maintenance:**				
26	725	Maintenance Supervision and Engineering	A	B		
27	726	Maintenance of Structures and Improvements	A	B	3,208	483
28	727	Maintenance of Pumping Equipment		B	1,909	(7,431)
29	727.1	Maintenance of Power Pumping Equipment	A			
30	727.2	Maintenance of Other Pumping System Equipment	A			
31		Total Maintenance			5,117	(6,948)
32		**Miscellaneous:**				
33	728	Rents	A	B		
34		Total Pumping Expenses			104,538	5,134
35		**TREATMENT AND DISPOSAL EXPENSES**				
36		**Operation:**				
37	741	Operation Supervision and Engineering	A	B	-	(6,070)
38	742	Operation Labor	A	B	5,969	47
39	743	Purification Supplies and Expenses		B	7,377	(11,782)
40	743.1	Supplies and Expenses	A			
41	743.2	Chemical Treatment Expenses	A		3,775	2,286
42		Total Operation			17,121	(15,519)
43		**Maintenance:**				
44	744	Maintenance Supervision and Engineering	A	B		
45	745	Maintenance of Structures and Improvements	A	B	475	(6,375)
46	746	Maintenance of Treatment and Disposal System Equip	A	B	16,041	(6,165)
47		Total Maintenance			16,516	(12,540)
48		**Miscellaneous:**				
49	747	Rents	A	B		
50		Total Treatment and Disposal Expenses			33,637	(28,059)

SEWER OPERATING EXPENSES

Line No.	Account (a)		Class A (b)	Class B (c)	Amount for Year (d)	Increase or Decrease from Preceding Year (e)
1		**BILLING AND COLLECTING EXPENSES**				
2	780	Supervision	A	B		
3	781	Flat Rate Inspections	A	B		
4	782	Meter Reading	A	B		
5	783	Billing, Collecting and Accounting	A	B	4,200	-
6	784	Uncollectible Accounts	A	B	6,497	269
7	785	Rents	A	B		
8		Total Billing and Collecting Expenses			10,697	269
9		**ADMINISTRATIVE AND GENERAL EXPENSES**				
10	790	Administrative and General Salaries	A	B	12,000	(3,803)
11	791	Other General Office Salaries	A	B		
12	792	Expenses of General Officers and General Office Employees		B		
13	792.1	Expenses of General Officers	A			
14	792.2	Expenses of General Office Employees	A			
15	793	General Office Supplies and Expenses	A	B	26,365	6,454
16	794	Management and Supervision Fees & Expenses	A	B	1,000	-
17	795	Special Services	A	B	3,675	1,275
18	796	Special Legal Services	A	B		
19	797	Regulatory Commission Expenses	A	B	2,610	42
20	798	Insurance	A	B	15,305	174
21	799	Injuries and Damages	A	B		
22	800	Employees' Welfare Expenses and Pensions		B	116,078	65,889
23	800.1	Employees' Welfare Expenses	A			
24	800.2	Pensions	A			
25	801	Miscellaneous General Expenses	A	B		
26	802	Maintenance of General Property		B	8,194	(6,902)
27	802.1	Maintenance of Structures and Improvements	A			
28	802.2	Maintenance of Office Furniture and Equipment	A			
29	802.3	Maintenance of Communication Equipment	A			
30	802.4	Maintenance of Miscellaneous Property	A			
31	803	Rents	A	B		
32	804	Commissions Paid under Agency Sales Contracts	A	B		
33	805	Franchise Requirements	A	B		
34	807	Administrative & General Expenses Transferred - Credit	A	B		
35	808	Joint Expenses - Debit	A	B		
36	809	Joint Expenses - Credit	A	B		
37		Total Administrative and General Expenses			185,227	63,129
38		**SUMMARY OF OPERATING EXPENSES**				
39	Collecting Expenses				206,095	24,277
40	Pumping Expenses				104,538	5,134
41	Treatment and Disposal Expenses				33,637	(28,059)
42	Billing and Collecting Expenses				10,697	269
43	Administrative and General Expenses				185,227	63,129
44	Total Operating Expenses				540,194	64,750
45	Total Salaries and Wages of Sewer Department for Year,					
46	including amounts charged to Operating Expenses,					
47	Construction and Other Accounts				212,943	39,742
48	Total Number of Employees of Sewer Department at End of Year					
49	Including Administrative, Operating, Maintenance, Construction,					
50	and Other Employees.				9	-

PURCHASED SEWER TREATMENT (Account 743)

1. Report below the information concerning sewer treatment purchased during the year.
2. The quantities reported should be those shown by the bills rendered by the vendor.
3. The purchases should be reported by months or other billing period for each vendor.
4. Attach continuation sheets as necessary.

Line No.	Name of Vendor (a)	Billing Period (b)	Gallons Purchased (000 Omitted) (c)	Cost (d)
1				
2				
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				
14				
15				
16				
17				
18	Total	XXX	-	-

FRANCHISE REQUIREMENTS (Account 805)

Sewer

1. Report below the amount of payments to municipal or other governmental authorities and the cost of treatment, materials, supplies and other items furnished such authorities during the year without reimbursement in compliance with franchise, ordinance, or similar requirements.
2. Give the basis of amounts entered in column (c) for water supplied without charge.

Line No.	Name of Municipality or Other Governmental Authority (a)	Cash Outlays (b)	Sewer Treatment Supplied Without Charge (c)	Other Items Furnished Without Charge (d)	Total (e)
32					-
33					-
34					-
35					-
36					-
37					-
38					-
39					-
40					-
41					-
42	Total	-	-	-	-

REGULATORY EXPENSES (Account 797)

Line No.	Description of Case (a)	Deferred In Account 126 Beginning of Year (b)	EXPENSES INCURRED DURING YEAR CHARGED CURRENTLY TO Department (c)	Account No. (d)	Amount (e)	Deferred to Account 146 (f)	AMORTIZED DURING YEAR Contra Account (g)	Amount (h)	Deferred In Account 146 End of Year (i)
1	PSC ANNUAL ASSESSMENT			797	2,610				
2									
3									
4									
5									
6									
7									
8									
9									
10									
11	Total	-	XXX	XXX	2,610	-	XXX	-	-

DETAIL OF CERTAIN GENERAL EXPENSE ACCOUNTS (Accounts 795-801)

MINOR ITEMS MAY BE GROUPED BY NATURE OF SERVICE. PROVIDE TOTAL COST, NATURE OF SERVICE, AND PAYEE FOR ANY ITEM OVER $5,000.

Line No.	OUTSIDE SERVICES EMPLOYED - Accounts 795, 796 Particulars (a)	Amount (b)	MISCELLANEOUS GENERAL EXPENSES - Account 801 Particulars (c)	Amount (d)
20	PSC REPORT PREPARATION	1,500		
21	AUDIT	1,200		
22	RULE 42 PREPARATION	975		
23				
24				
25				
26				
27				
28				
29				
30				
31	Total	3,675	Total	-

SALARIES OF ALL OFFICIALS

1. Report below the amount of compensation paid during the year to each elected officer of the respondent. Report also the compensation of the general manager, if the general manager or person holding a position comparable to general manager is not an elected officer of respondent.
2. If compensation reported for any officer does not cover the full year, state the period covered.
3. Bonuses and other allowances should be included in the total compensation. Furnish particulars as to such other compensation.

Line No.	Name and Title (a)	Total Compensation for year (b)	DISTRIBUTION TO ACCOUNT CLASSIFICATIONS (state utility department and account number) (c)	(d)	(e)	(f)	(g)
1	JAMES LOBB CHAIR	0					
2	WILLIAM ROSIER VICE	0					
3	FRED KOCH S/T	0					
4							
5							
6							
7							
8							
9							
10							

DISTRIBUTION OF SALARIES AND WAGES

Amounts originally charged to clearing accounts should be distributed to final classifications in column (c). Estimates may be used in such distribution provided that a reasonable approximation of final classification is obtained.

	Particulars (a)	Direct Payroll Distributions (b)	Allocation of Amounts Charged Clearing Accounts (c)	Total (d)
20				
21	Sewer Operation & Maintenance Expense	212,943		212,943
22				
23	Water Operation & Maintenance Expense			-
24	Other Dept.			
25	Operation & Maintenance Expense			-
26	Total of all Utility Departments			
27	Operation & Maintenance Expense	212,943	-	212,943
28	Total Merchandise and Jobbing			-
29	Total Utility Plant Construction			-
30	Total Utility Plant Retirements			-
31	Total All Other Accounts			-
32	Clearing Accounts			-
33				
34	TOTAL SALARIES & WAGES	212,943	XXXX	212,943

			Employees		Contract Employees
35	Total number of full time and contract equivalent employees at end of year.				
	Note: One full time equivalent employee = 2080 hours of work per year				
36	Total number of Operation and maintenance employees		7.00		-
37	Total number of employees engaged in customer billing and collection		-		1.00
38	Total number of employees engaged in adminstrative function		1.00		-
39	Total		8.00		1.00

40 Describe hereunder the general basis used in allocating to utility departments the several classes of expenses and salaries:

41
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47

EMPLOYEE HEALTH, SAFETY , AND TRAINING HOURS

Report Total hours worke d, total hours away from work due to work related injury and
Total hours of qualified formal training hours for all employees.

Line no.			
1	1	**Employee Health and Safety Severity Rate**	
2		**Description:**	
3		Quantifies the rate of employee days lost from work due to work related illness or injury.	
4			
5	a	Total hours away from work by all employees due to work related injury	-
6	b	Total hours worked by all employees during the reporting period	12,500.00
7			
8	2	**Training Hours Per Employee**	
9			
10		*Qualified training is training that has been approved by the WV BPH, is documented by the utility	
11		outline, attendance roster and a qualified instructor, professional licensing certification	
12		requirements, through a training professional or is from an accredited institution development	
13		courses where a certificate is obtained upon the successful completion of the course	
14		or is from an accredited institution	
15			
16	a	Total of qualified * formal training hours for all employees	42.00
17	b	Total hours worked by employees during the reporting period	12,500.00
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CONSTRUCTION CLEARANCES

Line No.	Name of Overhead (a)	Undistributed Overheads Beginning of Year (b)	(+) Overheads for Year (c)	(-) Undistributed Overheads End of Year (d)	Overheads Cleared During Year: Total Clearances (b+c-d) (e)	To Construction (f)	To Other Accounts (g)
1	Direct Charges:						
2	Company Labor				-		
3							
4	Company Materials				-		
5							
6	Contractor Payments				-		
7							
8	Other (specify)						
9					-		
10					-		
11					-		
12					-		
13					-		
14	Total Direct Charges	-	-	-	-	-	-
15	Overheads:						
16	Engineering and Supervision				-		
17							
18	Administrative and General				-		
19							
20	Taxes				-		
21							
22	Allowance for Funds Used				-		
23							
24	Other (specify)						
25					-		
26					-		
27					-		
28					-		
29	Total Overheads	-	-	-	-	-	-
30	Total Construction Clearances	-	-	-	-	-	-

PUMPING STATION EQUIPMENT

Use separate columns for each pump associated power equipment. Use insert sheets if necessary. For pumps, use only those lines applicable to the unit.

	PARTICULARS (a)	(b)	(c)	(d)	(e)
1	**PUMPING EQUIPMENT**				
2	Identification number or description of pump station	GREEN ACRES	MT. VIEW	CROGAN	WELLSLEY
3	Identification number, description, etc. of each pump	60ROZ201	60ROZ201	20ROZ281	60ROZ201
4	Type (displacement, centrifugal, air lift, ejector, etc.)	CENTRIFUGAL	CENTRIFUGAL	CENTRIFUGAL	CENTRIFUGAL
5	Purpose of pump (collection, plant, etc.)	COLLECTION	COLLECTION	COLLECTION	COLLECTION
6	Manufacturer	S & L	S & L	S & L	S & L
7	Rated capacity - gallons per minute	90	90	90	90
8	Discharge head - in feet	2640'	3960'	780'	2640'
9	Revolutions or strokes per minute	1600	1600	950	1600
10	Type station (dry well, wet well, other)	DRY	DRY	WET	DRY
11	Wet well dimensions (depth and length x width or diameter)			12' DEEP	
12	Number of hours operated during year	250	250	250	250
13					
14	**POWER EQUIPMENT**				
15	Motive power for pump (steam, internal comb. engine,				
16	electric motor, or water turbine):				
17	Type				
18	Manufacturer				
19	Rated horsepower				
20					
21	Electric generators or Emergency pumping units:				
22	Identification number or description				
23	Manufacturer				
24	Motive power (steam, internal comb. engine, hydraulic)				
25	Rated capacity in Kilowatt or KVA				
26	Rated capacity in GPM				
27					
28	Air compressors:				
29	Identification number or description				
30	Manufacturer				
31	Bore and stroke or rated delivery (CFM)				
32	Submergence of air lift in feet, static				
33					
34	Miscellaneous:				
35	Odor control equipment (yes / no)				
36	Emergency pumping connection (yes / no)				
37	Wet well aeration (yes / no)				
38	Other (yes / no)				
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PUMPING STATION EQUIPMENT

Use separate columns for each pump associated power equipment. Use insert sheets if necessary. For pumps, use only those lines applicable to the unit.

	PARTICULARS (a)	(b)	(c)	(d)	(e)
1	**PUMPING EQUIPMENT**				
2	Identification number or description of pump station	SOUTH FORK			
3	Identification number, description, etc. of each pump	80ROZ201			
4	Type (displacement, centrifugal, air lift, ejector, etc.)	CENTRIFUGAL			
5	Purpose of pump (collection, plant, etc.)	COLLECTION			
6	Manufacturer	S & L			
7	Rated capacity - gallons per minute	141			
8	Discharge head - in feet	3960'			
9	Revolutions or strokes per minute	1800			
10	Type station (dry well, wet well, other)	DRY			
11	Wet well dimensions (depth and length x width or diameter)	250			
12	Number of hours operated during year				
13					
14	**POWER EQUIPMENT**				
15	Motive power for pump (steam, internal comb. engine,				
16	electric motor, or water turbine):				
17	Type				
18	Manufacturer				
19	Rated horsepower				
20					
21	Electric generators or Emergency pumping units:				
22	Identification number or description				
23	Manufacturer				
24	Motive power (steam, internal comb. engine, hydraulic)				
25	Rated capacity in Kilowatt or KVA				
26	Rated capacity in GPM				
27					
28	Air compressors:				
29	Identification number or description				
30	Manufacturer				
31	Bore and stroke or rated delivery (CFM)				
32	Submergence of air lift in feet, static				
33					
34	Miscellaneous:				
35	Odor control equipment (yes / no)				
36	Emergency pumping connection (yes / no)				
37	Wet well aeration (yes / no)				
38	Other (yes / no)				
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PUMPING STATION EQUIPMENT

Use separate columns for each pump associated power equipment. Use insert sheets if necessary. For pumps, use only those lines applicable to the unit.

	PARTICULARS (a)	(b)	(c)	(d)	(e)
1	**PUMPING EQUIPMENT**				
2	Identification number or description of pump station				
3	Identification number, description, etc. of each pump				
4	Type (displacement, centrifugal, air lift, ejector, etc.)				
5	Purpose of pump (collection, plant, etc.)				
6	Manufacturer				
7	Rated capacity - gallons per minute				
8	Discharge head - in feet				
9	Revolutions or strokes per minute				
10	Type station (dry well, wet well, other)				
11	Wet well dimensions (depth and length x width or diameter)				
12	Number of hours operated during year				
13					
14	**POWER EQUIPMENT**				
15	Motive power for pump (steam, internal comb. engine,				
16	electric motor, or water turbine):				
17	Type				
18	Manufacturer				
19	Rated horsepower				
20					
21	Electric generators or Emergency pumping units:				
22	Identification number or description				
23	Manufacturer				
24	Motive power (steam, internal comb. engine, hydraulic)				
25	Rated capacity in Kilowatt or KVA				
26	Rated capacity in GPM				
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28	Air compressors:				
29	Identification number or description				
30	Manufacturer				
31	Bore and stroke or rated delivery (CFM)				
32	Submergence of air lift in feet, static				
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34	Miscellaneous:				
35	Odor control equipment (yes / no)				
36	Emergency pumping connection (yes / no)				
37	Wet well aeration (yes / no)				
38	Other (yes / no)				
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PUMPING STATION EQUIPMENT

Use separate columns for each pump associated power equipment. Use insert sheets if necessary. For pumps, use only those lines applicable to the unit.

	PARTICULARS (a)	(b)	(c)	(d)	(e)
1	**PUMPING EQUIPMENT**				
2	Identification number or description of pump station				
3	Identification number, description, etc. of each pump				
4	Type (displacement, centrifugal, air lift, ejector, etc.)				
5	Purpose of pump (collection, plant, etc.)				
6	Manufacturer				
7	Rated capacity - gallons per minute				
8	Discharge head - in feet				
9	Revolutions or strokes per minute				
10	Type station (dry well, wet well, other)				
11	Wet well dimensions (depth and length x width or diameter)				
12	Number of hours operated during year				
13					
14	**POWER EQUIPMENT**				
15	Motive power for pump (steam, internal comb. engine,				
16	electric motor, or water turbine):				
17	Type				
18	Manufacturer				
19	Rated horsepower				
20					
21	Electric generators or Emergency pumping units:				
22	Identification number or description				
23	Manufacturer				
24	Motive power (steam, internal comb. engine, hydraulic)				
25	Rated capacity in Kilowatt or KVA				
26	Rated capacity in GPM				
27					
28	Air compressors:				
29	Identification number or description				
30	Manufacturer				
31	Bore and stroke or rated delivery (CFM)				
32	Submergence of air lift in feet, static				
33					
34	Miscellaneous:				
35	Odor control equipment (yes / no)				
36	Emergency pumping connection (yes / no)				
37	Wet well aeration (yes / no)				
38	Other (yes / no)				
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PUMPING STATION EQUIPMENT

Use separate columns for each pump associated power equipment. Use insert sheets if necessary. For pumps, use only those lines applicable to the unit.

	PARTICULARS (a)	(b)	(c)	(d)	(e)
1	**PUMPING EQUIPMENT**				
2	Identification number or description of pump station				
3	Identification number, description, etc. of each pump				
4	Type (displacement, centrifugal, air lift, ejector, etc.)				
5	Purpose of pump (collection, plant, etc.)				
6	Manufacturer				
7	Rated capacity - gallons per minute				
8	Discharge head - in feet				
9	Revolutions or strokes per minute				
10	Type station (dry well, wet well, other)				
11	Wet well dimensions (depth and length x width or diameter)				
12	Number of hours operated during year				
13					
14	**POWER EQUIPMENT**				
15	Motive power for pump (steam, internal comb. engine,				
16	electric motor, or water turbine):				
17	Type				
18	Manufacturer				
19	Rated horsepower				
20					
21	Electric generators or Emergency pumping units:				
22	Identification number or description				
23	Manufacturer				
24	Motive power (steam, internal comb. engine, hydraulic)				
25	Rated capacity in Kilowatt or KVA				
26	Rated capacity in GPM				
27					
28	Air compressors:				
29	Identification number or description				
30	Manufacturer				
31	Bore and stroke or rated delivery (CFM)				
32	Submergence of air lift in feet, static				
33					
34	Miscellaneous:				
35	Odor control equipment (yes / no)				
36	Emergency pumping connection (yes / no)				
37	Wet well aeration (yes / no)				
38	Other (yes / no)				
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PUMPING STATION EQUIPMENT

Use separate columns for each pump associated power equipment. Use insert sheets if necessary. For pumps, use only those lines applicable to the unit.

	PARTICULARS (a)	(b)	(c)	(d)	(e)
1	**PUMPING EQUIPMENT**				
2	Identification number or description of pump station				
3	Identification number, description, etc. of each pump				
4	Type (displacement, centrifugal, air lift, ejector, etc.)				
5	Purpose of pump (collection, plant, etc.)				
6	Manufacturer				
7	Rated capacity - gallons per minute				
8	Discharge head - in feet				
9	Revolutions or strokes per minute				
10	Type station (dry well, wet well, other)				
11	Wet well dimensions (depth and length x width or diameter)				
12	Number of hours operated during year				
13					
14	**POWER EQUIPMENT**				
15	Motive power for pump (steam, internal comb. engine,				
16	electric motor, or water turbine):				
17	Type				
18	Manufacturer				
19	Rated horsepower				
20					
21	Electric generators or Emergency pumping units:				
22	Identification number or description				
23	Manufacturer				
24	Motive power (steam, internal comb. engine, hydraulic)				
25	Rated capacity in Kilowatt or KVA				
26	Rated capacity in GPM				
27					
28	Air compressors:				
29	Identification number or description				
30	Manufacturer				
31	Bore and stroke or rated delivery (CFM)				
32	Submergence of air lift in feet, static				
33					
34	Miscellaneous:				
35	Odor control equipment (yes / no)				
36	Emergency pumping connection (yes / no)				
37	Wet well aeration (yes / no)				
38	Other (yes / no)				
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PUMPING STATION EQUIPMENT

Use separate columns for each pump associated power equipment. Use insert sheets if necessary. For pumps, use only those lines applicable to the unit.

	PARTICULARS (a)	(b)	(c)	(d)	(e)
1	**PUMPING EQUIPMENT**				
2	Identification number or description of pump station				
3	Identification number, description, etc. of each pump				
4	Type (displacement, centrifugal, air lift, ejector, etc.)				
5	Purpose of pump (collection, plant, etc.)				
6	Manufacturer				
7	Rated capacity - gallons per minute				
8	Discharge head - in feet				
9	Revolutions or strokes per minute				
10	Type station (dry well, wet well, other)				
11	Wet well dimensions (depth and length x width or diameter)				
12	Number of hours operated during year				
13					
14	**POWER EQUIPMENT**				
15	Motive power for pump (steam, internal comb. engine,				
16	electric motor, or water turbine):				
17	Type				
18	Manufacturer				
19	Rated horsepower				
20					
21	Electric generators or Emergency pumping units:				
22	Identification number or description				
23	Manufacturer				
24	Motive power (steam, internal comb. engine, hydraulic)				
25	Rated capacity in Kilowatt or KVA				
26	Rated capacity in GPM				
27					
28	Air compressors:				
29	Identification number or description				
30	Manufacturer				
31	Bore and stroke or rated delivery (CFM)				
32	Submergence of air lift in feet, static				
33					
34	Miscellaneous:				
35	Odor control equipment (yes / no)				
36	Emergency pumping connection (yes / no)				
37	Wet well aeration (yes / no)				
38	Other (yes / no)				
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PUMPING STATION EQUIPMENT

Use separate columns for each pump associated power equipment. Use insert sheets if necessary. For pumps, use only those lines applicable to the unit.

	PARTICULARS (a)	(b)	(c)	(d)	(e)
1	**PUMPING EQUIPMENT**				
2	Identification number or description of pump station				
3	Identification number, description, etc. of each pump				
4	Type (displacement, centrifugal, air lift, ejector, etc.)				
5	Purpose of pump (collection, plant, etc.)				
6	Manufacturer				
7	Rated capacity - gallons per minute				
8	Discharge head - in feet				
9	Revolutions or strokes per minute				
10	Type station (dry well, wet well, other)				
11	Wet well dimensions (depth and length x width or diameter)				
12	Number of hours operated during year				
13					
14	**POWER EQUIPMENT**				
15	Motive power for pump (steam, internal comb. engine,				
16	electric motor, or water turbine):				
17	Type				
18	Manufacturer				
19	Rated horsepower				
20					
21	Electric generators or Emergency pumping units:				
22	Identification number or description				
23	Manufacturer				
24	Motive power (steam, internal comb. engine, hydraulic)				
25	Rated capacity in Kilowatt or KVA				
26	Rated capacity in GPM				
27					
28	Air compressors:				
29	Identification number or description				
30	Manufacturer				
31	Bore and stroke or rated delivery (CFM)				
32	Submergence of air lift in feet, static				
33					
34	Miscellaneous:				
35	Odor control equipment (yes / no)				
36	Emergency pumping connection (yes / no)				
37	Wet well aeration (yes / no)				
38	Other (yes / no)				
39					
40					
41					
42					
43					
44					
45					
46					
47					
48					
49					
50					
51					

PUMPING STATION EQUIPMENT

Use separate columns for each pump associated power equipment. Use insert sheets if necessary. For pumps, use only those lines applicable to the unit.

	PARTICULARS (a)	(b)	(c)	(d)	(e)
1	**PUMPING EQUIPMENT**				
2	Identification number or description of pump station				
3	Identification number, description, etc. of each pump				
4	Type (displacement, centrifugal, air lift, ejector, etc.)				
5	Purpose of pump (collection, plant, etc.)				
6	Manufacturer				
7	Rated capacity - gallons per minute				
8	Discharge head - in feet				
9	Revolutions or strokes per minute				
10	Type station (dry well, wet well, other)				
11	Wet well dimensions (depth and length x width or diameter)				
12	Number of hours operated during year				
13					
14	**POWER EQUIPMENT**				
15	Motive power for pump (steam, internal comb. engine,				
16	electric motor, or water turbine):				
17	Type				
18	Manufacturer				
19	Rated horsepower				
20					
21	Electric generators or Emergency pumping units:				
22	Identification number or description				
23	Manufacturer				
24	Motive power (steam, internal comb. engine, hydraulic)				
25	Rated capacity in Kilowatt or KVA				
26	Rated capacity in GPM				
27					
28	Air compressors:				
29	Identification number or description				
30	Manufacturer				
31	Bore and stroke or rated delivery (CFM)				
32	Submergence of air lift in feet, static				
33					
34	Miscellaneous:				
35	Odor control equipment (yes / no)				
36	Emergency pumping connection (yes / no)				
37	Wet well aeration (yes / no)				
38	Other (yes / no)				
39					
40					
41					
42					
43					
44					
45					
46					
47					
48					
49					
50					
51					

SEWER MAINS

Report collection, transmission, and force mains under separate captions and report number of feet at end of year for each sewer system . Also indicate how many feet were inspected by video during the year.
(Attached additional pages if necessary)

	Size and Kind of Pipe (a)	Feet (b)
1	GRAVITY LINES	
2	8" (EST. 60% PVC & 40% TERRACOTTA)	74,039
3	10"	3,700
4	12"	6,386
5	15"	7,100
6		
7	FORCE MAINS	
8	< 3" (EST. 80% DUCTILE & 20% PVC)	3,000
9	3"	800
10	6"	8,300
11		
12	MANHOLES - 646	
13		
14		
15		
16		
17		
18		
19		
20		
21		
22		
23		
24		
25		
26		
27		
28		
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34		
35		
36		
37		
38		
39		
40		
41		
42		
43		
44		
45		
46		103,325

PUMPING AND PURCHASED SEWER TREATMENT STATISTICS

Omit 000's in reporting gallons of sewage.

Particulars (a)	Gallons of Purchased Sewage Treatment (b)	Gallons of Sewage Treated Per Month Treatment Plant (c)	Total all Methods (e)	
JULY		14,430	14,430	1
AUGUST		8,589	8,589	2
SEPTEMBER		8,443	8,443	3
OCTOBER		8,791	8,791	4
NOVEMBER		10,688	10,688	5
DECEMBER		27,212	27,212	6
JANUARY		21,135	21,135	7
FEBRUARY		17,861	17,861	8
MARCH		12,556	12,556	9
APRIL		21,150	21,150	10
MAY		20,040	20,040	11
JUNE		19,529	19,529	12
Total for year	-	190,424	190,424	13
				14
Total Gallons Treated			190,424	15
Less Gallons Billed (From page 601)	96,065			16
Inflow and Infiltration			49.55205%	17
State what action has been taken to reduce Inflow & Infiltration		SEE BELOW		18
Maximum gallons treated at the plant in any one day	1585700.00	Date:	12/17/08	19
Minimum gallons treated at the plant in any one day	108800.00	Date:	8/24/08	20
Average gallons treated per day	522	(Line 22 / 365)		21

If sewage treatment sold to other sewer utilities, list names of such utilities below: 22

15 I & I INVESTIGATIVE ACTIVITIES 23
11 SEWER LINE OR MANHOLE REPAIRS 24
2 CUSTOMER REPAIR LINES 25
9 GRINDER PUMP WELL PUMPING REPAIR 26
27
28
29
30
31
32
33
34
35
36
37
38
39
40
41
42
43
44
45
46

MAIN BLOCKAGES, TREATMENT RATE, SYSTEM INTEGRITY, CUSTOMER SATISFACTION, OVERFLOW RATE, AND MAINTENANCE RATIO

1	**(Water) Main Blockages (Wastewater)**		1
			2
a	Sewer Main Blockages	21.000	3
b	Main Blockages Repaired	5.000	4
			5
2	For Privates Only!		6
	Rate of Return : Authorized (from last Rae Study)		7
			8
3	**Planned Maintenance Ratio: WasteWater (Hours)**		9
	Description:		10
	This indicator is a measure of the investment in planned maintenance.		11
			12
a	Planned maintenance hours	320.000	13
b	Corrective maintenance hours	180.000	14
			15
c	Planned budgeted maintenance cost	78,400.00	16
d	Corrective(experienced) maintenance cost	51,278.00	17
			18
4	**Sewer Overflow Rate**		19
a	Total number of dry weather sewer overflows	14.00	20
b	Total number of wet weather sewer overflows	59.00	21
c	Number of Sewer Overflow Points	3.00	22
			23
5	**Wastewater System Collection System Integrity Rate**		24
a	Total number of collection system failures	21.00	25
b	Total miles of sewer collection main	19.57	26
			27
6	**Wastewater Treatment Effectiveness Rate**		28
			29
a	Number of standard non compliance months	3.00	30
b	Number of months in reporting period	12.00	31
			32
			33
7	**Customer Service**		34
	Customer satisfaction (surveys/focus groups, etc.)		35
			36
	Please indicate all efforts at determining customer satisfaction during the reporting		37
	period including, but not limited to, surveys, focus groups, customer meetings,		38
	and the results of those efforts.		39
			40
			41
			42
			43
			44
			45
			46
			47
			48
	RESPOND & ADDRESSING OF REPORTS/COMPLAINTS		49

PROPOSED SUMMARY BUDGET

Line No.		Revenue Requirement ($)	Revenue Sources ($)
1			
2			
3			
4	Available cash:		
5	Operating income		782,400
6	Other Income / Interest		30,850
7	Total Income		813,250
8			
9	Cash Disbursements:		
10	Operating expenses	513,974	
11	Other taxes	27,715	
12	Debt service requirements:		
13	Principal & Interest Requirement	223,464	
14			
15			
16			
17			
18	Bond Reserve Requirement		
19			
20			
21			
22			
23	Repair and Replacement Reserve Requirement	19,235	
24			
25			
26			
27			
28	Contingencies	28,862	
29			
30			
31			
32			
33	Plant Additions		
34			
35	Remaining Surplus		-
36			
37			
38			
39			
40			
41			

IDENTITY OF RESPONDENT

1. Exact name of Respondent

CITY OF KINGWOOD SANITARY SEWER WORKS

2. If name of respondent was changed during the year, give particulars of change and date change became effective

N/A

3. Address of principal business office at end of year
313 TUNNELTON STREET
KINGWOOD, WV 26537

4. Names and titles of officer having custody of the general corporate books of account and address of where the general corporate books are kept.
MARTHA MOORE, CITY CLERK
313 TUNNELTON STREET
KINGWOOD, WV 26537

5. Name of State under the laws of which respondent is incorporated and date of incorporation.
WEST VIRGINIA
1914

6. If respondent is not incorporated, give the type of organization and date organized.
MUNICIPALITY OWNED

7. If at any time during the year the property of respondent was held b a receiver or trustee, give (a) name of receiver or trustee, (b) date such receiver or trustee took possession, (c), the authority by which the receivership or trusteeship was created, and (d) date when possession by receiver or trustee ceased.
N/A

9. State the classes of utility and other services furnished by the respondent during the year in each state in which the respondent operated
CLASS B SEWER UTILITY

OFFICERS

Report below officers at end of year. If there were any changes during year show title, name, and address of previous officer and the date of change.

Line No.	Official Title (a)	Name and Principal Business Address (b)
1		
2		
3		
4		
5		
6		
7		
8		
9		
10		
11		
12		
13		
14		
15		
16		
17		
18		
19		

DIRECTORS

1. Report below directors at end of year. If there were any changes during year, show name and address of previous director and date of change.
2. Designate by an asterisk names of members of the executive committee.

Line No.	Name of Director (a)		Principal Business Address (b)	Term Began (c)	Term Expires (d)
28	JAMES LOBB	CHAIR	KINGWOOD, WV	7/1/2007	6/30/2010
29	WILLIAM ROSIER	VICE-CHAIR	KINGWOOD, WV	9/1/2006	8/31/2009
30	FRED KOCH	SEC/TREAS	KINGWOOD, WV	9/1/2008	8/31/2011
31					
32					
33					
34					
35					
36					
37					
38					
39					
40					
41					
42					

1. State number of meeting of Board of Directors held during year. 12
2. State number of directors required to constitute a quorum. 2
3. State total amount of directors' fees paid during year. -

CORPORATE CONTROL OVER RESPONDENT

1. Did any corporation, business trust, or similar organization, hold control over the respondent at the close of the year? **NO**

2. If control was so held, state:
   (a) The form of control, whether sole or joint.

   (b) The name of the controlling corporation or organization.

   (c) The manner in which control was held.

   (d) The extent of control.

   (e) Whether control was direct or indirect.

   (f) The name or names of the intermediary or intermediaries through which control, if indirect, was held (see note).

3. If any individual, association or corporation held control, as trustees, over the respondent, give the information called for below:

   (a) The name of the trustee.

   (b) The name of the beneficiary or beneficiaries for whom the trust was maintained.

   (c) The purpose of the trust.

4. Give particulars as to any change during the year in the corporate control over the respondent.

Note: In cases where control of the respondent was in a holding company organization, submit a statement showing the chain of ownership or control to the main parent company or organization.

SECURITY HOLDERS AND VOTING POWERS

1. (A) Give the names and addresses of the security holders of the respondent who, at the date of the latest closing of the stock book or compilation of list of stockholders of the respondent, prior to the end of the year, each held 5% or more of the voting powers in the respondent, and state the number of votes which each would have had a right to cast on that date if a meeting were then in order. If any such holder held in trust, give in a footnote the known particulars of the trust, if the stock book was not closed or a list of stockholders not compiled within one year prior to the end of the year, or if since the previous compilation of a list of stockholders, some other class of security has become vested with voting rights, then show such largest security holders as of the close of the year. Arrange the names of security holders in the order of voting power commencing with the highest. Show in column (a) the title of officers and directors included in such list of security holders.
   (B) Give also the voting powers resulting from ownership of securities of the respondent of each officer and director not included in the list of largest security holders.
2. Give the date of the latest closing of the stock book prior to the end of the year, and state the purpose of such closing:

Line No.	Security Holder (a)	Address of Security Holder (b)	Number of Votes as of			
			Total Number of Votes (c)	Common Stock (d)	Preferred Stock (e)	Other Securities With Voting Power (f)
1						
2						
3						
3						
4						
5						
6						
7						
8						
9						
10						
11	Total Votes Represented by above (insert total here).					

3. Show below the total number of security holders, and total number of votes entitled to be cast, for each series and class of security vested with voting rights as of the date for which the foregoing list of security holders is furnished.

4. If voting rights are attached to any securities other than stock, name in a supplemental statement each such security to which voting rights are attached and state the relation between holdings and corresponding voting rights, whether voting rights are actual or contingent, and if contingent, describe the contingency.

5. If any class or issue of securities has any special privileges in the election of directors, trustees, or managers, or in the determination of corporate action by any method, describe fully in a footnote each such class or issue and give a succinct statement showing clearly the character and extent of such privilege.

6. State the total number of votes cast on the latest general meeting prior to end of year for the election of directors of the respondent and number of such votes cast by proxy.

7. Give the date and place of such meeting.

CORPORATIONS CONTROLLED BY RESPONDENT

1. Show the names of all corporations, business trusts, and similar organizations, controlled directly or indirectly by respondent at any time during the year. If control ceased prior to end of year, give particulars in an attached memorandum.
2. Direct control is that which is exercised without interposition of an intermediary.
3. Indirect control is that which is exercised by the interposition of an intermediary which exercises direct control.

Line No.	Name of Company Controlled (a)	Kind of Business (b)	% Voting Stock Owned (c)	Character of Control			
				Form of Control (d)	Sole or Joint (e)	Direct or Indirect (f)	Other Parties to Joint Control (g)
1							
2							
3							
4							
5							
6							
7							
8							
9							
10							
11							
12							
13							
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18							
19							
20							
21							
22							
23							
24							
25							
26							
27							

IMPORTANT CHANGES DURING THE YEAR

Here under give particulars concerning the matters indicated below. Make the statements explicit and precise, and number them in accordance with the inquiries. Each inquiry must be answered. However, if the word "none" states the fact it may be used in answering any inquiry, or if information is given in the report which answers any inquiry, reference to such other schedules will be sufficient.

1. Changes in, and additions to franchise rights: describing (a) the actual consideration given therefor, and (b) from whom acquired. If acquired without the payment of any consideration, state that fact.
2. Acquisition of other companies, reorganization, merger or consolidation with other companies: give names of companies involved, particulars concerning the transactions, and reference to Commission authorization, if any.
3. Purchase or sale of operating units or systems such as generating plants, transmission lines, etc; specifying items, parties, dates and also reference to Commission authorization, if any.
4. Important leaseholds acquired, given, assigned or surrendered, giving effective dates, lengths of terms, names of parties, rents, Commission authorization, if any, and other conditions.
5. Important extensions of system, giving location, new territory covered by distribution system, and dates of beginning operations.
6. Estimated increase or decrease in annual revenues due to important rate changes, giving basis of estimate and stating for each revenue classification the amounts of increase or decrease and the number of customers affected for each such classification.
7. Obligation incurred or assumed by respondent as guarantor for the performance by another of any agreement or obligation, excluding ordinary commercial paper maturing on demand or not later than one year after date of issue, and giving Commission authorization, if any.
8. Changes in articles of incorporation or amendments to charter.
9. Additional matters of fact (not elsewhere provided for) which the respondent may desire to include in its report.

NONE

VERIFICATION

The foregoing report must be verified by the oath of the officer, or person duly designated having control of the books and records of account of the utility. The oath required may be taken before any person authorized to administer an oath by the laws of the State in which same is taken.

OATH

State of West Virginia)
) SS:
County of PRESTON)

JAMES LOBB makes oath and says that

he/she is CHAIRMAN
(insert here the official title of the affiant)

of CITY OF KINGWOOD SANITARY SEWER WORKS
(Insert here the exact legal title or name of the utility)

that he/she has examined the foregoing report; that to the best of his knowledge, information, and belief, all statements of fact contained in said report are true and that said report is a correct statement of the business and affairs of the above named utility in respect to each and every matter set forth therein during the period from and including---

07/01/2008 to and including 06/30/2009

James G. Lobb
(Signature of Affiant)

Subscribed and sworn to before me, a Notary public in and for the State and County above named, this 30th day of Sept. 2009

My commission expires October 20, 2014

Martha E. Moore
(Signature of officer authorized to administer oaths)

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
MARTHA E. MOORE
CITY OF KINGWOOD
313 TUNNELTON ST.
KINGWOOD, WV 26537
My commission expires October 20, 2014

APPENDIX C

FORM OF BOND ORDINANCE

FORM OF BOND ORDINANCE

THE TOWN OF KINGWOOD
(WEST VIRGINIA)

SEWER REFUNDING REVENUE BONDS, SERIES 2010 A

BOND ORDINANCE

Table of Contents

RECITALS

ARTICLE I
DEFINITIONS; STATUTORY AUTHORITY; FINDINGS

Section 1.01 Definitions....3
Section 1.02 Authority for this Ordinance....10
Section 1.03 Findings....10
Section 1.04 Ordinance Constitutes Contract....14

ARTICLE II
AUTHORIZATION OF REFUNDING

Section 2.01 Authorization of Refunding....15

ARTICLE III
THE BONDS

Section 3.01 Form and Payment of Bonds....16
Section 3.02 Execution of Bonds....16
Section 3.03 Authentication and Registration....17
Section 3.04 Negotiability and Registration....17
Section 3.05 Bonds Mutilated, Destroyed, Stolen or Lost....18
Section 3.06 Term Bonds....18
Section 3.07 Notice of Redemption....19
Section 3.08 Persons Treated as Owners....20
Section 3.09 Temporary Bonds....20

Section 3.10 Authorization Bonds 21
Section 3.11 Book Entry System for Series 2010 A Bonds 21
Section 3.12 Delivery of Series 2010 A Bonds 23
Section 3.13 Form of Series 2010 A Bonds 23
Section 3.14 Disposition of Proceeds of Series 2010 A Bonds 24

ARTICLE IV
SYSTEM REVENUES; FUNDS AND ACCOUNTS

Section 4.01 Establishment of Funds and Accounts with Depository Bank 25
Section 4.02 Establishment of Funds and Accounts with Bond Commission 25
Section 4.03 System Revenues and Application Thereof 25

ARTICLE V
INVESTMENTS; NON-ARBITRAGE
REBATES AND CONTINUING DISCLOSURE CERTIFICATE

Section 5.01 Investments 30
Section 5.02 Arbitrage 31
Section 5.03 Tax Certificate, Rebates and Rebate Fund 31
Section 5.04 Continuing Disclosure Certificate 32

ARTICLE VI
ADDITIONAL COVENANTS OF THE ISSUER

Section 6.01 Covenants Binding and Irrevocable 33
Section 6.02 Bonds not to be Indebtedness of the Issuer 33
Section 6.03 Series 2010 A Bonds Secured by Parity Pledge of Net Revenues; Lien Position with Respect to Prior Bonds 33
Section 6.04 Rates 33
Section 6.05 Operation and Maintenance 34
Section 6.06 Sale of the System 34
Section 6.07 Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances 35
Section 6.08 Additional Parity Bonds 35
Section 6.09 Insurance and Bonds 37
Section 6.10 Mandatory Connections 38
Section 6.11 No Free Services 38
Section 6.12 Enforcement of Collections 38
Section 6.13 No Competing Franchise 39
Section 6.14 Books and Records 39
Section 6.15 Operating Budget 40
Section 6.16 Tax Covenants 40
Section 6.17 Statutory Mortgage Lien 41
Section 6.18 Designation of Series 2010 A Bonds as "Qualified Tax-Exempt Obligation" 41

ARTICLE VII
DEFAULTS AND REMEDIES

Section 7.01 Events of Default 42
Section 7.02 Enforcement 42
Section 7.03 Appointment of Receiver 43
Section 7.04 Restoration of Issuer and Registered Owners 44

ARTICLE VIII
REGISTRAR, PAYING AGENT AND DEPOSITORY BANK

Section 8.01 Appointment of Registrar, Paying Agent and Depository Bank 45
Section 8.02 Responsibilities of Fiduciaries 45
Section 8.03 Evidence on Which Fiduciaries May Act 45
Section 8.04 Compensation and Expenses 45
Section 8.05 Certain Permitted Acts 45
Section 8.06 Resignation of Registrar 46
Section 8.07 Removal 46
Section 8.08 Appointment of Successor 46
Section 8.09 Transfer of Rights and Property to Successor 46
Section 8.10 Merger or Consolidation 47
Section 8.11 Adoption of Authentication 47
Section 8.12 Paying Agent and Depository Bank 47

ARTICLE IX
DEFEASANCE; DISCHARGE OF PLEDGE OF ORDINANCE

Section 9.01 Defeasance; Discharge of Pledge of Ordinance 49

ARTICLE X
MISCELLANEOUS

Section 10.01 Amendment of Ordinance 50
Section 10.02 Evidence of Signatures of Registered Owners and Ownership of Series 2010 A Bonds 50
Section 10.03 Preservation and Inspection of Documents 51
Section 10.04 Cancellation of Series 2010 A Bonds 51
Section 10.05 Failure to Present Series 2010 A Bonds 51
Section 10.06 Notices, Demands and Requests 51
Section 10.07 No Personal Liability 52
Section 10.08 Law Applicable 52
Section 10.09 Parties Interested Herein 52
Section 10.10 Severability of Invalid Provisions 53
Section 10.11 Table of Contents and Headings 53
Section 10.12 Conflicting Provisions Repealed 53
Section 10.13 Covenant of Due Procedure, Etc. 53

Section 10.14 Procedure on Enactment of Ordinance; Public Hearing 53
Section 10.15 Effective Date 54

SIGNATURES S-1
CERTIFICATION S-2
EXHIBIT A - SERIES 2010 A BOND FORM A-1

THE TOWN OF KINGWOOD
(WEST VIRGINIA)

AN ORDINANCE AUTHORIZING THE REFUNDING OF THE ISSUER'S OUTSTANDING SEWER REFUNDING REVENUE BONDS, SERIES 1997 A AND THE FINANCING OF THE COST THEREOF, NOT OTHERWISE PROVIDED, AND PAYING COSTS OF ISSUANCE AND RELATED COSTS, THROUGH THE ISSUANCE OF SEWER REFUNDING REVENUE BONDS, SERIES 2010 A OF THE TOWN IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT MORE THAN $2,000,000; PROVIDING FOR THE RIGHTS AND REMEDIES OF, AND THE SECURITY FOR, THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING THE EXECUTION AND DELIVERY OF A TAX AND NON-ARBITRAGE CERTIFICATE, AN OFFICIAL STATEMENT, A BOND PURCHASE AGREEMENT, A CONTINUING DISCLOSURE AGREEMENT AND OTHER DOCUMENTS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

WHEREAS, The Town of Kingwood (the "Issuer" or the "Town") presently owns and operates, a sewerage system (the "System") and has heretofore financed the acquisition and construction of the System and certain additions, betterments and improvements thereto through the issuance of several series of bonds or refunding bonds, of which there are presently outstanding the Prior Bonds, as hereinafter defined;

WHEREAS, all of the Prior Bonds were issued pursuant to ordinances of the Issuer previously enacted (such ordinances, as so amended and supplemented, collectively herein called the "Prior Ordinances");

WHEREAS, under the provisions of Chapter 16, Article 13 of the Code of West Virginia, 1931, as amended (the "Act"), the Issuer is authorized to issue refunding revenue bonds for the purpose of refunding, paying or discharging all or any part of its outstanding revenue bonds, including interest thereon;

WHEREAS, the Issuer has determined and hereby determines that present value debt service savings would result from the Issuer's current refunding of its outstanding Sewer

Refunding Revenue Bonds, Series 1997 A, dated November 1, 1997, issued in the original aggregate principal amount of $2,130,000 (the "Series 1997 A Bonds");

WHEREAS, the Issuer has determined that it is in the best interests of the inhabitants of The Town of Kingwood and other users of the System to currently refund its outstanding Series 1997 A Bonds;

WHEREAS, the Issuer has determined that the aforementioned refunding of the Series 1997 A Bonds should be financed with the proceeds from the issuance of the Town's Sewer Refunding Revenue Bonds, Series 2010 A, in the original aggregate principal amount of not more than $2,000,000 (the "Series 2010 A Bonds"), such Series 2010 A Bonds to be secured by and payable from the Net Revenues (as hereinafter defined) of the System; and

WHEREAS, the Issuer has determined and hereby determines that it is in the best interests of the residents of the Town that its Series 2010 A Bonds be sold to the Original Purchaser (as hereinafter defined) thereof pursuant to the terms and provisions of a bond purchase agreement (the "Bond Purchase Agreement") between the Issuer and the Original Purchaser.

NOW, THEREFORE, THE COUNCIL OF THE TOWN OF KINGWOOD HEREBY ORDAINS:

ARTICLE I

DEFINITIONS; STATUTORY AUTHORITY; FINDINGS

Section 1.01. Definitions. All capitalized terms used in this Ordinance and not otherwise defined in the recitals hereto shall have the meanings specified below, unless the context expressly requires otherwise:

"Act" means Chapter 16, Article 13 of the Code of West Virginia, 1931, as amended and in effect on the date of delivery of the Series 2010 A Bonds.

"Authorized Newspaper" means a financial journal or newspaper of general circulation in the City of New York, New York, printed in the English language and customarily published on each business day of the Registrar, whether or not published on Saturdays, Sundays or legal holidays, and so long as so published, shall include The Bond Buyer.

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

"Board" means the Sanitary Board of the Issuer.

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

"Bond Counsel" shall mean any law firm having a national reputation in the field of municipal law whose opinions are generally accepted by purchasers of municipal bonds, appointed by the Issuer, and shall initially mean Steptoe & Johnson PLLC, Charleston, West Virginia.

"Bondholder," "Holder," "Holder of the Bonds," "Owner of the Bonds," "Registered Owner," or any similar term means any person who shall be the registered owner of any outstanding Bond.

"Bond Insurer" means any entity which shall insure all or any portion of the payment of principal of and interest on any of the Bonds.

"Bond Register" means the books of the Issuer maintained by the Registrar for the registration and transfer of Bonds.

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

"Bonds" means, collectively, the Series 2010 A Bonds, the Prior Bonds and any additional parity Bonds hereafter issued within the terms, restrictions and conditions contained herein.

"Business Day" means any day other than a Saturday, Sunday or a day on which national banking associations or West Virginia banking corporations are authorized by law to remain closed.

"Certificate of Authentication and Registration" means the Certificate of Authentication and Registration on the Series 2010 A Bonds, substantially in the form set forth in EXHIBIT A - FORM OF SERIES 2010 A BOND, attached hereto.

"Closing Date" means the date upon which there is an exchange of the Series 2010 A Bonds for the proceeds representing the original purchase price thereof.

"Code" shall mean the Internal Revenue Code of 1986, as amended and supplemented from time to time, and Regulations thereunder.

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

"Consulting Engineers" means any qualified engineer or engineers or firm or firms of engineers that shall at any time now or hereafter be retained by the Issuer as Consulting Engineers for the System, or portion thereof.

"Costs" or "Costs of the Project" or similar terms means all those costs now or hereafter permitted by the Act to be financed with bonds issued pursuant hereto, including, without limitation, those costs described in Section 1.03E.

"Council" means the Town Council of the Issuer or any other governing body of the Issuer that succeeds to the functions of the Council as presently constituted.

"Debt Service," with reference to a specified period, means the amount of principal, including any sinking fund payments, and interest payable with respect to the Bonds during such period.

"Depository Bank" means the bank or banks to be designated as such in the Supplemental Resolution, and any other bank or national banking association located in the State of West Virginia, eligible under the laws of the State of West Virginia to receive deposits of state and municipal funds and insured by the FDIC that may hereafter be appointed by the Issuer as Depository Bank.

"DTC" means The Depository Trust Company, New York, New York or its successor.

"DTC-eligible" means, with respect to the Series 2010 A Bonds, meeting the qualifications prescribed by DTC.

"Event of Default" means any occurrence or event specified in Section 7.01.

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

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

"Governing Body" means the Town Council of the Issuer or any other governing body of the Issuer that succeeds to the functions of the Town Council, as it may now or hereafter be constituted.

"Government Obligations" means certificates or interest-bearing notes or obligations of the United States, or those for which the full faith and credit of the United States are pledged for the payment of principal and interest.

"Gross Revenues" means the aggregate gross operating and non-operating revenues of the System, determined in accordance with generally accepted accounting principles, after deduction of prompt payment discounts, if any, and reasonable provision for uncollectible

accounts, and includes any proceeds from the sale or other disposition of capital assets, but does not include any increase in the value of capital assets (including Qualified Investments).

"Independent Accountants" means the West Virginia State Tax Department or any certified public accountant or firm of certified public accountants that shall at any time hereafter be retained by the Issuer to prepare an independent annual or special audit of the accounts of the System or for any purpose except keeping the accounts of said System in the normal operations of its business and affairs.

"Investment Property" means any security (as said term is defined in Section 165(g)(2)(A) or (B) of the Code), obligation, annuity contract, investment-type property or residential rental property for family units which is not located within the jurisdiction of the Issuer and which is not acquired to implement a court ordered or approved housing desegregation plan, excluding, however, obligations the interest on which is excluded from gross income, under Section 103 of the Code, for federal income tax purposes other than specified private activity bonds as defined in Section 57(a)(5)(C) of the Code.

"Maximum Annual Debt Service" means, at the time of computation, the greatest amount of Debt Service required to be paid on the Bonds for the then current or any succeeding Fiscal Year, assuming that the principal of any Term Bonds is deemed due on the earlier of their stated maturity date or the date on which they are required to be redeemed pursuant to mandatory sinking fund redemption.

"Mayor" means the Mayor of the Issuer.

"Net Proceeds" means the face amount of the Series 2010 A Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds deposited in the Series 2010 A Bonds Reserve Account. For purposes of the Private Business Use limitations set forth herein, the term Net Proceeds shall include any amounts resulting from investment of proceeds of the Series 2010 A Bonds, without regard to whether or not such investment is made in tax-exempt obligations.

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

"Nonpurpose Investment" means any Investment Property which is acquired with the gross proceeds of the Series 2010 A Bonds and is not acquired in order to carry out the governmental purpose of the Series 2010 A Bonds.

"Operating Expenses," unless qualified, means the current expenses, paid or accrued, of repair, operation and maintenance of the System, and includes, without limiting the generality of the foregoing, administrative, engineering, legal, auditing and insurance expenses (other than those capitalized as part of the costs of any project relating to the acquisition or construction of additions, betterments or improvements for the System), supplies, labor, wages, the cost of materials and supplies used for current operations, fees and expenses of fiscal agents and of the Depository Bank, Registrar and Paying Agent or Paying Agents, payments to pension

or retirement funds, taxes and such other reasonable operating costs and expenses as should normally and regularly be included under generally accepted accounting principles.

"Ordinance" regardless of whether preceded by the article "the" or "this," means this Ordinance, as it may hereafter from time to time be amended or supplemented, by ordinance or by resolution.

"Original Purchaser" means the investment banking firm or firms, bank or banks or such other entity or entities as shall purchase the Series 2010 A Bonds directly from the Issuer, as determined by a resolution supplemental hereto.

"Outstanding," when used with reference to Bonds and as of any particular date, describes all Bonds theretofore and thereupon being issued and delivered except (a) any Bond or Prior Bond canceled by the registrar for such Bond or Prior Bond at or prior to said date; (b) any Bond or Prior Bond for the payment of which moneys, equal to its principal amount, with interest to the date of maturity, shall be held in trust under this Ordinance and set aside for such payment (whether upon or prior to maturity); (c) any Bond deemed to have been paid as provided by Section 9.01; and (d) with respect to determining the number or percentage of Bondholders or Bonds respectively, for the purpose of consents, notices and the like, any Bond registered to the Issuer. Notwithstanding the foregoing, in the event that a Bond Insurer has paid principal of and/or interest on any Bond, such Bond shall be deemed to be Outstanding until such time as such Bond Insurer has been reimbursed in full.

"Paying Agent" means the Bond Commission and any other paying agent for the Bonds which may be appointed by a resolution supplemental hereto, all in accordance with Section 8.12 hereof.

"Prior Bonds" means, collectively, the Series 1986 B Bonds, the Series 2001 Bonds, and the Series 2009 A Bonds as more fully defined in Section 1.03H hereof.

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

"Private Business Use" means use directly or indirectly in a trade or business carried on by a natural person or in any activity carried on by a person other than a natural person, excluding, however, use by a state or local governmental unit and use as a member of the general public.

"Purchase Price," for the purpose of computation of the Yield of the Series 2010 A Bonds, has the same meaning as the term "issue price" in Sections 1273(b) and 1274 of the Code, and, in general, means the initial offering price of the Series 2010 A Bonds to the public (not including bond houses and brokers, or similar persons or organizations acting in the capacity of underwriters or wholesalers) at which price a substantial amount of the Bonds of each maturity is sold or, if the Series 2010 A Bonds are privately placed, the price paid by the first buyer of the Series 2010 A Bonds or the acquisition cost of the first buyer. "Purchase Price," for purposes of computing Yield of Nonpurpose Investments, means the fair market value of the

Nonpurpose Investments on the date of use of Gross Proceeds of the Series 2010 A Bonds for acquisition thereof, or if later, on the date that Investment Property constituting a Nonpurpose Investment becomes a Nonpurpose Investment of the Series 2010 A Bonds.

"Qualified Investments" means and includes the investments set forth in the Supplemental Resolution and designated as such.

"Rebate Fund" means the Rebate Fund described in Section 4.01 hereof.

"Record Date" means the day of the month which shall be so stated in the Series 2010 A Bonds, regardless of whether such day is a Saturday, Sunday or legal holiday.

"Recorder" means the Recorder of the Issuer.

"Redemption Date" means the date fixed for redemption of Bonds subject to redemption in any notice of redemption published or mailed in accordance herewith.

"Redemption Price" means the price at which the Bonds may be called for redemption and includes the principal amount of the Bonds to be redeemed, plus the premium, if any, required to be paid to effect such redemption.

"Registered Owner," "Bondholder," "Holder," "Owner" or any similar term means any person who shall be the registered owner of any outstanding Bond.

"Registrar" means the bank to be designated in the Supplemental Resolution as the registrar for the Series 2010 A Bonds, and any successor thereto appointed in accordance with Section 8.08 hereof.

"Regulations" means temporary and permanent regulations promulgated under the Code, and includes applicable regulations promulgated under the Internal Revenue Code of 1954.

"Renewal and Replacement Fund" means the Renewal and Replacement Fund created by the Prior Ordinances and continued by Section 4.02 hereof.

"Reserve Accounts" means, collectively, the respective reserve accounts created for the Series 2010 A Bonds and the Prior Bonds.

"Reserve Account Requirement" means, collectively, the respective amount required to be on deposit in the respective Reserve Accounts for the Series 2010 A Bonds and the Prior Bonds.

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

"Series 1986 B Bonds" means the Issuer's Sewer Revenue Bonds, Series 1986 B (West Virginia Water Development Authority), dated March 26, 1986, issued in the original aggregate principal amount of $850,860.

"Series 1997 A Bonds" means The City of Kingwood (West Virginia) Sewer Refunding Revenue Bonds, Series 1997, dated November 1, 1997, issued in the original aggregate principle amount of $2,130,000.

"Series 1997 A Ordinance" means the Bond Ordinances authorizing the Series 1997 A Bonds.

"Series 2001 A Bonds" means The City of Kingwood Sewer Revenue Bonds, Series 2001 A (West Virginia SRF Program), dated December 20, 2001, issued in the original aggregate principal amount of $878,181.

"Series 2009 A Bonds" means the Sewerage System Design Revenue Bonds, Series 2009 A (West Virginia Water Development Authority), dated January 30, 2009, issued in the original aggregate principal amount of $724,650.

"Series 2010 A Bonds" means the Sewer Refunding Revenue Bonds, Series 2010 A, of the Issuer, originally authorized to be issued pursuant to this Ordinance and the Supplemental Resolution.

"Series 2010 A Bonds Costs of Issuance Fund" means the Costs of Issuance Fund created by Section 4.01 hereof.

"Series 2010 A Bonds Redemption Account" means the Series 2010 A Bonds Redemption Account established in the Series 2010 A Bonds Sinking Fund pursuant to Section 4.02 hereof.

"Series 2010 A Bonds Reserve Account" means the Series 2010 A Bonds Reserve Account established in the Series 2010 A Bonds Sinking Fund pursuant to Section 4.02 hereof.

"Series 2010 A Bonds Reserve Account Requirement" means an amount equal to the lesser of (i) 10% of the original principal amount of the Series 2010 A Bonds, (ii) Maximum Annual Debt Service at the time of original issuance of the Series 2010 A Bonds, or (iii) 125% of average annual Debt Service at the time of original issuance of the Series 2010 A Bonds.

"Series 2010 A Bonds Sinking Fund" means the Series 2010 A Bonds Sinking Fund established by Section 4.02 hereof.

"Sinking Funds" means, collectively, the respective sinking funds created for the Series 2010 A Bonds and the Prior Bonds.

"State" means the State of West Virginia.

"Supplemental Resolution" means any ordinance or resolution amendatory hereof or supplemental hereto and, when preceded by the article "the," refers specifically to the Supplemental Resolution to be adopted by the Issuer following enactment of this Ordinance, setting forth the final amounts, maturities, interest rates and other terms of the Series 2010 A Bonds and authorizing the sale of the Series 2010 A Bonds to the Original Purchaser; provided, that any provision intended to be included in the Supplemental Resolution and not so included may be contained in any other Supplemental Resolution.

"Surplus Revenues" means the Gross Revenues not required by the 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 funds and accounts established for the Prior Bonds or the Series 2010 A Bonds.

"System" means the complete public sewerage system of the Issuer, presently existing in its entirety or any integral part thereof, and any further additions, extensions and improvements thereto hereafter constructed or acquired for the System from any sources whatsoever.

"Term Bonds" means Series 2010 A Bonds subject to mandatory sinking fund redemption, as described by Section 3.06 hereof.

"Town" or "Issuer" means The Town of Kingwood, a municipal corporation and political subdivision of the State of West Virginia, in Preston County thereof, and, unless the context clearly indicates otherwise, includes the Governing Body and any other commission, board or department established by the Issuer to operate and maintain the System.

Words importing singular number shall include the plural number in each case and vice versa; words importing persons shall include firms and corporations and vice versa; and words importing the masculine gender shall include the feminine and neuter genders and vice versa.

Additional terms and phrases are defined in this Ordinance as they are used. Accounting terms not specifically defined herein shall be given meaning in accordance with generally accepted accounting principles.

The terms "herein," "hereunder," "hereby," "hereto," "hereof" and any similar terms refer to this Ordinance; and the term "hereafter" means after the date of enactment of this Ordinance.

Articles, sections and subsections mentioned by number only are the respective articles, sections and subsections of this Ordinance so numbered.

Section 1.02. Authority for this Ordinance. This Ordinance is enacted pursuant to the provisions of the Act and other applicable provisions of law.

Section 1.03. Findings. The Council hereby finds and determines as follows:

A. The Issuer is a municipal corporation and political subdivision of the State of West Virginia, in Preston County of said State.

B. The Issuer now owns and operates a public sewerage System, the construction, extension and improvement of which it has financed or refinanced pursuant to the issuance of the Prior Bonds.

C. The Issuer has determined that present value debt service savings will result from the current refunding of its Outstanding Series 1997 A Refunding Revenue Bonds, and that it is in the best interest of the residents of the Issuer and other users of the System to currently refund such Series 1997 A Refunding Revenue Bonds.

D. It is deemed necessary for the Issuer to issue its Sewer Refunding Revenue Bonds, Series 2010 A, in the original aggregate principal amount of not more than $2,000,000, in order to repay in full the remaining principal balance of and all accrued interest on the Issuer 's Series 1997 A Refunding Revenue Bonds. The proceeds of the Series 2010 A Bonds may also be applied to funding the Series 2010 A Bonds Reserve Account and the payment of underwriter's discount; legal expenses; expenses for estimates of costs and revenues; administrative expense; commitment fees; premiums for municipal bond insurance, reserve account insurance or reserve account surety bonds; letter of credit fees; discount; initial fees for the services of registrar's, paying agents, depositories or trustees or other costs in connection with the sale of the Series 2010 A Bonds and such other expenses as may be necessary or incidental to the financing herein authorized; and the performance of the things herein required or permitted, in connection with any thereof, provided, that reimbursement to the Issuer for any amounts expended by it for allowable costs prior to the issuance of the Series 2010 A Bonds or the repayment of indebtedness incurred by the Issuer for such purposes shall also be permitted.

E. It is in the best interest of the Issuer that the Series 2010 A Bonds be sold to the Original Purchaser pursuant to the terms and provisions of a Bond Purchase Agreement to be entered into by and between the Issuer and the Original Purchaser, as shall be approved by the Supplemental Resolution of the Issuer.

F. There are outstanding obligations of the Issuer which will rank on a parity with the Series 2010 A Bonds as to liens, pledge, source of and security for payment, as follows: (1) Sewerage System Design Revenue Bonds, Series 2009 A (West Virginia Water Development Authority), dated January 30, 2009, issued in the original aggregate principal amount of $724,650 (the "Series 2009 A Bonds"); (2) Sewer Revenue Bonds, Series 2001 A (West Virginia SRF Program), dated December 20, 2001, issued in the original aggregate principal amount of $878,181 (the "Series 2001 A Bonds"); and (3) Sewer Revenue Bonds, Series 1986 B (West Virginia Water Development Authority), dated March 26, 1986, issued in the original aggregate principal amount of $850,860 (the "Series 1986 B Bonds") (collectively referred to herein as the "Prior Bonds").

The Series 2010 A Bonds shall be issued on a parity with one another and with the Prior Bonds, all of which shall have a first lien position with respect to pledge and source of and

security for payment and in all other respects. The Issuer has met the coverage requirements for issuance of parity bonds of the Prior Bonds and the Prior Ordinances and has substantially complied with all other parity requirements, except to the extent that noncompliance with any such other parity requirements is not of a material nature.

Prior to the issuance of the Series 2010 A Bonds, the Issuer will obtain (i) the certificate of an Independent Certified Public Accountant stating that the coverage and parity tests of the Prior Bonds are met; and (ii) the written consent of the Registered Owners of the Prior Bonds to the issuance of the Series 2010 A Bonds on a parity with such Prior Bonds if required by the Prior Ordinances.

Other than the Prior Bonds, there are no other outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System.

G. The Issuer derives revenues from the System which are pledged for payment of the Prior Bonds. Except for such pledge thereof to secure and pay the Prior Bonds, said revenues are not pledged or encumbered in any manner. The Issuer intends to issue the Series 2010 A Bonds and to pledge for payment thereof, the Net Revenues of the System. Upon issuance of the Series 2010 A Bonds, the Series 2010 A Bonds will be secured by a first lien on the Net Revenues of the System, on a parity with the Prior Bonds.

H. The estimated revenues to be derived in each year after the date hereof from the operation of the System will be sufficient, to provide for repair, maintenance and operation of the System, the payment of interest on the Series 2010 A Bonds and the Prior Bonds, and to create sinking funds, as hereinafter provided, to pay the principal on the Series 2010 A Bonds and the Prior Bonds as and when it becomes due and reasonable reserves therefore, to provide an adequate renewal and replacement fund, as hereinafter provided, and to make all other payments provided for in this Ordinance.

I. It is in the best interests of the Issuer, and the residents thereof, that the Issuer issue the Series 2010 A Bonds, and secure the Series 2010 A Bonds by a pledge and assignment of the Net Revenues derived from the operation of the System, the monies in the Series 2010 A Bonds Reserve Account, unexpended proceeds of the Series 2010 A Bonds and as further set forth herein.

J. The Series 2010 A Bonds and the Certificate of Authentication and Registration to be endorsed thereon are to be in substantially the forms set forth in EXHIBIT A - SERIES 2010 A BOND FORM, attached hereto and incorporated herein by reference, with necessary and appropriate variations, omissions and insertions as permitted or required by this Ordinance or a Supplemental Resolution or as deemed necessary by the Registrar or the Issuer.

K. All things necessary to make the Series 2010 A Bonds, when authenticated by the Registrar and issued as in this Ordinance provided, the valid, binding and legal special obligations of the Issuer according to the import thereof, and to validly pledge and assign those funds pledged hereby to the payment of the principal of and interest on the Series 2010 A Bonds will be timely done and duly performed.

L. The enactment of this Ordinance, and the execution and issuance of the Series 2010 A Bonds, subject to the terms thereof, will not result in any breach of, or constitute a default under, any instrument to which the Issuer is a party or by which it may be bound or affected.

M. 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 2010 A Bonds for the purposes set forth herein.

N. The Issuer has complied with all requirements of West Virginia law relating to the operation of the System, the issuance of the Series 2010 A Bonds and the refunding of the Series 1997 A Refunding Revenue Bonds, or will have so complied prior to issuance of any thereof, including, among other things, the obtaining of a certificate of convenience and necessity from the West Virginia Public Service Commission by final order, the time for rehearing and appeal of which will either have expired prior to the date of issuance of the Series 2010 A Bonds or such final order will not be subject to appeal or rehearing.

Section 1.04. Ordinance Constitutes Contract. In consideration of the acceptance of the Series 2010 A Bonds by those who shall own or hold the same from time to time, this Ordinance shall be deemed to be and shall constitute a contract between the Issuer and such Registered Owners and the covenants and agreements herein set forth to be performed by the Issuer shall be for the equal benefit, protection and security of the legal Registered Owners of any and all of such Series 2010 A Bonds, all of which shall be of equal rank and without preference, priority or distinction between any one Series 2010 A Bond and any other Series 2010 A Bond, by reason of priority of issuance or otherwise, except as expressly provided therein and herein.

ARTICLE II

AUTHORIZATION OF REFUNDING

Section 2.01. Authorization of Refunding. All Series 1997 A Refunding Revenue Bonds Outstanding as of the date of issuance of the Series 2010 A Bonds and all unpaid interest accrued thereon, if any, are hereby ordered to be refunded and paid in full and the pledge of Net Revenues in favor of the Registered Owners of the Series 1997 A Refunding Revenue Bonds imposed by the Prior Ordinance authorizing the issuance of the Series 1997 A Refunding Revenue Bonds, the monies in the funds and accounts created by the Prior Ordinances pledged to payment of the Series 1997 A Refunding Revenue Bonds, and any other funds pledged by the Prior Ordinances to payment of the Series 1997 A Refunding Revenue Bonds are hereby ordered terminated, discharged and released upon such payment to the Registered Owners of the Series 1997 A Refunding Revenue Bonds. Contemporaneously with the payment in full of the Series 1997 A Refunding Revenue Bonds, the amounts on deposit in the sinking fund, and all other funds and accounts created and maintained on behalf of the Series 1997 A Refunding Revenue Bonds, shall be released from the lien created by the Prior Ordinance authorizing the issuance of the Series 1997 A Refunding Revenue Bonds.

ARTICLE III

THE BONDS

Section 3.01. Form and Payment of Bonds. No Series 2010 A Bond shall be issued pursuant to this Ordinance except as provided in this Article III. Any Series 2010 A Bonds issued pursuant to this Ordinance may be issued only as fully registered Series 2010 A Bonds without coupons, in the denomination of $5,000 or any integral multiple thereof for any year of maturity (or such other denominations as may be set forth in a Supplemental Resolution). All Series 2010 A Bonds shall be dated as of the date provided in a Supplemental Resolution applicable to such series. All Series 2010 A Bonds shall bear interest from the interest payment date next preceding the date of authentication or, if authenticated after the Record Date but prior to the applicable interest payment date or on such interest payment date, from such interest payment date or, if no interest on such Series 2010 A Bonds has been paid, from the date thereof; provided however, that, if, as shown by the records of the Registrar, interest on such Series 2010 A Bonds shall be in default, Series 2010 A Bonds issued in exchange for Series 2010 A Bonds surrendered for transfer or exchange shall bear interest from the date to which interest has been paid in full on the initial Series 2010 A Bonds surrendered.

The principal of and the premium, if any, on the Series 2010 A Bonds shall be payable in any coin or currency which, on the respective date of such payment, is legal tender for the payment of public and private debts under the laws of the United States of America upon surrender at the principal office of the Paying Agent. Interest on the Series 2010 A Bonds shall be paid by check or draft made payable and mailed to the Registered Owner thereof at his address as it appears in the Bond Register at the close of business on the Record Date, or, if requested, in the case of a Registered Owner of $1,000,000 or more of the Series 2010 A Bonds, by wire transfer to a domestic bank account specified in writing at least 5 days prior to such interest payment date by such Registered Owner.

In the event any Series 2010 A Bond is redeemed in part, such bond shall be surrendered to and canceled by the Registrar, and the Issuer shall execute, and the Registrar shall authenticate and deliver to the Registered Owner thereof, another Series 2010 A Bond in the principal amount of said Series 2010 A Bond then Outstanding.

Section 3.02. Execution of Bonds. The Series 2010 A Bonds shall be executed in the name of the Issuer by the Mayor, by his or her manual or facsimile signatures, and the seal of the Issuer shall be affixed thereto or imprinted thereon and attested by the Recorder by his or her manual or facsimile signature; provided, that, all such signatures and the seal may be by facsimile. In case any one or more of the officers who shall have signed or sealed any of the Series 2010 A Bonds shall cease to be such officer of the Issuer before the Bonds so signed and sealed have been actually sold and delivered, such Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bonds had not ceased to hold such office. Any Series 2010 A Bonds 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 3.03. Authentication and Registration. No Series 2010 A Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under this Ordinance unless and until the Certificate of Authentication and Registration on such Bond, substantially in the form set forth in EXHIBIT A - FORM OF SERIES 2010 A BOND attached hereto and incorporated herein by reference with respect to such respective Series 2010 A Bond, shall have been duly manually executed by the Registrar. Any such manually executed Certificate of Authentication and Registration upon any such Bond shall be conclusive evidence that such Series 2010 A Bond has been authenticated, registered and delivered under this Ordinance. The Certificate of Authentication and Registration on any Series 2010 A Bond shall be deemed to have been executed by the Registrar if signed by an authorized officer of the Registrar, but it shall not be necessary that the same officer sign the Certificate of Authentication and Registration on all of the Series 2010 A Bonds issued hereunder.

Section 3.04. Negotiability and Registration. Subject to the requirements for transfer set forth below, the Series 2010 A Bonds shall be, and have all of the qualities and incidents of, negotiable instruments under the Uniform Commercial Code of the State, and each successive Registered Owner, in accepting any of said Series 2010 A Bonds, shall be conclusively deemed to have agreed that such Series 2010 A Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State, and each successive Holder shall further be conclusively deemed to have agreed that said Series 2010 A Bonds shall be incontestable in the hands of a bona fide holder for value.

So long as any of the Series 2010 A Bonds remain Outstanding, the Registrar shall keep and maintain books for the registration and transfer of the Series 2010 A Bonds. The Series 2010 A Bonds shall be transferable only by transfer of registration upon the Bond Register by the registered owner thereof in person or by his attorney or legal representative duly authorized in writing, upon surrender thereof, together with a written instrument of transfer satisfactory to the Registrar duly executed by the registered owner or such duly authorized attorney or legal representative. Upon transfer of a Series 2010 A Bond, there shall be issued at the option of the Holder or the transferee another Bond or Bonds of the aggregate principal amount equal to the unpaid amount of the transferred Bond and of the same series, interest rate and maturity of said transferred Bond.

Upon surrender thereof at the office of the Registrar with a written instrument of transfer satisfactory to the Registrar and duly executed by the registered owner or his attorney or legal representative duly authorized in writing, Series 2010 A Bonds may at the option of the Holder thereof be exchanged for an equal aggregate principal amount of Bonds of the same series, maturity and interest rate, in any authorized denominations.

In all cases in which the privilege of transferring or exchanging a Series 2010 A Bond is exercised, Series 2010 A Bonds shall be delivered in accordance with the provisions of this Ordinance. All Series 2010 A Bonds surrendered in any such transfer or exchange shall forthwith be canceled by the Registrar. Transfers of Series 2010 A Bonds, the initial exchange

of Series 2010 A Bonds and exchanges of such Bonds in the event of partial redemption of fully registered Bonds shall be made by the Registrar without charge to the Holder or the transferee thereof, except as provided below. For other exchanges of Series 2010 A Bonds, the Registrar may impose a service charge. For every such transfer or exchange of such Bonds, the Registrar may make a charge sufficient to reimburse its office for any tax or other governmental charge required to be paid with respect to such transfer or exchange, and such tax or governmental charge, and such service charge for exchange other than the initial exchange or in the event of partial redemption, shall be paid by the person requesting such transfer or exchange as a condition precedent to the exercise of the privilege of making such transfer or exchange. The Registrar shall not be obliged to make any such transfer or exchange of Series 2010 A Bonds that have been called for redemption.

Section 3.05. Bonds Mutilated, Destroyed, Stolen or Lost. In case any Series 2010 A Bond shall become mutilated or be destroyed, stolen or lost, the Issuer may execute, in its discretion, and the Registrar shall authenticate, register and deliver any new Bond of like series, maturity and principal amount as the Bond so mutilated, destroyed, stolen or lost, in exchange and upon surrender and cancellation of, such mutilated Bond, or in lieu of and substitution for the Bond so destroyed, stolen or lost, and upon the Registered Owner furnishing the Issuer and the Registrar proof of his ownership thereof and that said Bond has been destroyed, stolen or lost and satisfactory indemnity and complying with such other reasonable regulations and conditions as the Issuer or the Registrar may prescribe and paying such expenses as the Issuer or the Registrar may incur. The name of the Registered Owner listed in the Bond Register shall constitute proof of ownership. All Bonds so surrendered shall be submitted to and canceled by the Registrar, and evidence of such cancellation shall be given to the Issuer. If such Bond shall have matured or be about to mature, instead of issuing a substitute Bond the Issuer, by and through the Registrar, may pay the same, upon being indemnified as aforesaid, and, if such Bond be lost, stolen or destroyed, without surrender thereof.

Any such duplicate Bonds issued pursuant to this section shall constitute original, additional contractual obligations on the part of the Issuer, whether or not the lost, stolen or destroyed Bonds be at any time found by any one, and such duplicate Bonds shall be entitled to equal and proportionate benefits and rights as to lien and source of and security for payment from the revenues pledged herein with all other Bonds issued hereunder.

Section 3.06. Term Bonds. In the event Term Bonds are issued as part of the Series 2010 A Bonds issued pursuant to this Ordinance, the following provisions shall apply:

A. The amounts to be deposited, apportioned and set apart by the Issuer from the Revenue Fund and into the Series 2010 A Bonds Redemption Account in accordance with Subsection 4.03(A)(2) shall include (after credit as provided below) on the first of each month, beginning on the first day of that month which is 13 months prior to the first mandatory redemption date of said Term Bonds, a sum equal to 1/12th of the amount required to redeem the principal amount of such Term Bonds which are to be redeemed as of the next ensuing mandatory redemption date, which amounts and dates, if any, with respect to a series of Bonds shall be set forth in the Supplemental Resolution relating thereto.

B. At its option, to be exercised on or before the 60th day next preceding any such mandatory redemption date, the Issuer may (a) deliver to the Registrar for cancellation such Term Bonds in any aggregate principal amount desired or (b) receive a credit in respect of its mandatory redemption obligation for any such Term Bonds which prior to said date have been redeemed (otherwise than pursuant to this section) and canceled by the Registrar and not theretofore applied as a credit against any such mandatory redemption obligation. Each Term Bond so delivered or previously redeemed shall be credited by the Registrar at 100% of the principal amount thereof against the obligation of the Issuer on such mandatory redemption date, and Term Bonds delivered in excess of such mandatory redemption obligation shall be credited against future mandatory redemption obligations in the order directed by the Issuer, and the principal amount of such Term Bonds to be redeemed pursuant to mandatory sinking fund redemption shall be accordingly reduced.

C. The Issuer shall on or before the 60th day next preceding each mandatory redemption date furnish the Registrar and the Bond Commission with its certificate indicating whether and to what extent the provisions of (a) and (b) of the preceding paragraph are to be utilized with respect to such mandatory redemption payment and stating, in the case of the credit provided for in (b) of the preceding paragraph, that such credit has not theretofore been applied against any mandatory redemption obligation.

D. After said 60th day but prior to the date on which the Registrar selects the Term Bonds to be redeemed, the Bond Commission may use the moneys in the Series 2010 A Bonds Redemption Account to purchase Term Bonds at a price less than the par value thereof and accrued interest thereon. The Bond Commission shall advise the Issuer and the Registrar of any Term Bonds so purchased, and they shall be credited by the Registrar at 100% of the principal amount thereof against the obligation of the Issuer on such mandatory redemption date, and any excess shall be credited against future mandatory redemption obligations in the order directed by the Issuer, and the principal amount of such Term Bonds to be redeemed pursuant to mandatory sinking fund redemption shall be accordingly reduced.

E. The Registrar shall call for redemption, in the manner provided herein, an aggregate principal amount of such Term Bonds, at the principal amount thereof plus interest accrued to the redemption date (interest to be paid from the Sinking Fund), as will exhaust as nearly as practicable such Series 2010 A Bonds Redemption Account payment designated to be made in accordance with paragraph (A) of this section. Such redemption shall be by random selection made on the 45th day preceding the mandatory redemption date, in such manner as may be determined by the Registrar. For purposes of this section, "Term Bonds" shall include any portion of a fully registered Term Bond, in integrals of $5,000.

Section 3.07. Notice of Redemption. Unless waived by any Registered Owner of the Bonds to be redeemed, official notice of any redemption shall be given by the Registrar on behalf of the Issuer by mailing a copy of an official redemption notice by registered or certified mail at least 30 days and not more than 60 days prior to the date fixed for redemption to the applicable Bond Insurer, if any, the Original Purchaser, and the Registered Owner of the Series 2010 A Bond or Bonds, as applicable, to be redeemed at the address shown on the Bond

Register or at such other address as is furnished in writing by such registered owner to the Bond Registrar.

All official notices of redemption shall be dated and shall state:

(1) The Redemption Date,

(2) The Redemption Price,

(3) If less than all outstanding Series 2010 A Bonds are to be redeemed, the identification (and, in the case of partial redemption, the respective principal amounts) of the Bonds to be redeemed,

(4) That on the Redemption Date the Redemption Price and interest accrued will become due and payable upon each such Bond or portion thereof called for redemption, and that interest thereon shall cease to accrue from and after said date,

(5) The place where such Bonds are to be surrendered for payment of the Redemption Price, which place of payment shall be the principal office of the Registrar, and

(6) Such other information, if any, as shall be required for DTC-eligible Bonds.

Prior to any redemption date, the Issuer shall deposit with the Registrar an amount of money sufficient to pay the redemption price of all the Series 2010 A Bonds or portions of such Bonds which are to be redeemed on that date.

Official notice of redemption having been given as aforesaid, the Series 2010 A Bonds or portions of such Bonds so to be redeemed shall, on the Redemption Date, become due and payable at the Redemption Price therein specified, and from and after such date (unless the Issuer shall default in the payment of the redemption price) such Series 2010 A Bonds or portions of such Bonds shall cease to bear interest. Upon surrender of such Bonds for redemption in accordance with said notice, such Bonds shall be paid by the Registrar at the Redemption Price. Installments of interest due on or prior to the Redemption Date shall be payable as herein provided for payment of interest. Upon surrender for any partial redemption of any Bond, there shall be prepared for the registered owner a new Bond or Bonds of the same maturity in the amount of the unpaid principal. All Bonds which have been redeemed shall be canceled and destroyed by the Bond Registrar and shall not be reissued.

Failure to receive such notice or any defect therein or in the mailing thereof shall not affect the validity of proceedings for the redemption of Series 2010 A Bonds, and failure to mail such notice shall not affect the validity of proceedings for the redemption of any portion of Bonds for which there was no such failure.

Section 3.08. Persons Treated as Owners. The Issuer, the Registrar and any agent of the Issuer or the Registrar may treat the person in whose name any Bond is registered as the owner of such Bond for the purpose of receiving payment of the principal of, and interest on,

such Bond and (except as provided in Section 6.18) for all other purposes, whether or not such Bond is overdue.

Section 3.09. Temporary Bonds. Until Bonds of any series in definitive form are ready for delivery, the Issuer may execute and the Registrar shall authenticate, register, if applicable, and deliver, subject to the same provisions, limitations and conditions set forth in this Article III, one or more printed, lithographed or typewritten Bonds in temporary form, substantially in the form of the definitive Bonds of such series, with appropriate omissions, variations and insertions, and in authorized denominations. Until exchanged for Bonds in definitive form, such Bonds in temporary form shall be entitled to the lien and benefit created under this Ordinance. Upon the presentation and surrender of any Bond in temporary form, the Issuer shall, without unreasonable delay, prepare, execute and deliver to the Registrar, and the Registrar shall authenticate, register, if applicable, and deliver, in exchange therefore, a Bond or Bonds in definitive form. Such exchange shall be made by the Registrar without making any charge therefore to the Holder of such Bond in temporary form.

Section 3.10. Authorization of Bonds. For the purposes of paying in full the entire outstanding principal of and all accrued interest on the Series 1997 A Refunding Revenue Bonds, funding the Series 2010 A Bonds Reserve Account and paying costs of issuance of the Series 2010 A Bonds and related costs, there shall be issued the Series 2010 A Bonds of the Issuer, in an aggregate principal amount of not more than $2,000,000. The Series 2010 A Bonds shall be designated "The Town of Kingwood (West Virginia) Sewer Refunding Revenue Bonds, Series 2010 A" and shall be issued in fully registered form, in denominations of $5,000 or any integral multiple thereof for any year of maturity (or such other denominations as may be set forth in the Supplemental Resolution), not exceeding the aggregate principal amount of Series 2010 A Bonds maturing in the year of maturity for which the denomination is to be specified. The Series 2010 A Bonds shall be numbered from AR-1 consecutively upward. The Series 2010 A Bonds shall be dated; shall be in such aggregate principal amount; shall bear interest at such rate or rates, not exceeding the then legally permissible rate, payable semiannually on such dates; shall mature on such dates and in such amounts; shall be subject to such mandatory and optional redemption provisions; and shall have such other terms, all as the Issuer shall prescribe herein and in the Supplemental Resolution.

Section 3.11. Book Entry System for Series 2010 A Bonds. The Series 2010 A Bonds (if purchased by the Original Purchaser) shall initially be issued in the form of one fully-registered bond for the aggregate principal amount of the Series 2010 A Bonds of each maturity, and shall be registered in the name of Cede & Co., as nominee of DTC. Notwithstanding anything herein to the contrary contained, so long as the Series 2010 A Bonds are so issued and registered, DTC (or its nominee) shall be treated as the sole Registered Owner for all purposes hereunder. Each Bond shall bear a legend substantially to the following effect "Except as otherwise provided in the Ordinance, this global bond may be transferred, in whole but not in part, only to another nominee of DTC (as defined in the Ordinance) or to a successor of DTC or to a nominee of a successor of DTC. Unless this certificate is presented by an authorized representative of DTC, to the Issuer or its agent for registration of transfer, exchange, or payment, and any certificate issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede

& Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the Registered Owner hereof, Cede & Co., has an interest herein."

With respect to Series 2010 A Bonds registered in the records of the Registrar in the name of Cede & Co., as nominee of DTC, the Issuer and the Paying Agent shall have no responsibility or obligation to any other participant in DTC or to any Person on behalf of whom such a participant in DTC holds a beneficial interest in the Series 2010 A Bonds. Without limiting the immediately preceding sentence, the Issuer and the Paying Agent shall have no responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede & Co. or any other participant in DTC with respect to any beneficial ownership interest in any Bond, (ii) the delivery to any other participant in DTC or any other Person, other than a Registered Owner, as shown in the records of the Registrar, of any notice with respect to any Series 2010 A Bonds, including without limitation any notice of redemption, tender, purchase or any event which would or could give rise to a tender or purchase right or option with respect to any Bond, (iii) the payment to any other participant in DTC or any other Person, other than a Registered Owner, as shown in the records of the Registrar, of any amount with respect to principal of, premium, if any, or interest on, any Bond, or (iv) any consent given by DTC as Registered Owner. Notwithstanding any other provision of this Ordinance to the contrary, the Issuer and the Paying Agent shall be entitled to treat and consider the Person in whose name each Bond is registered in the records of the Registrar as the absolute owner of such Bond for the purpose of payment of principal, premium, if any, and interest with respect to such Bond, for the purpose of giving notices of redemption, sale, purchase or any event which would or could give rise to a sale or purchase right or option with respect to any Bond for the purpose of making payment of any purchase price of such Bond, for the purpose of registering transfers with respect to such Bond, and for all other purposes whatsoever. The Issuer and Paying Agent shall pay all principal of, premium, if any, and interest on the Series 2010 A Bonds and the purchase price of any Bond only to or upon the order of the respective Registered Owners, as shown in the records of the Registrar as provided in this Ordinance, or their respective attorneys or legal representatives duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the Issuer's obligations with respect to payment of principal of, premium, if any, and interest on the Series 2010 A Bonds to the extent of the sum or sums so paid. No Person other than a Registered Owner, as shown in the records of the Registrar, shall receive a Bond certificate evidencing the obligation of the Issuer to make payments of principal, premium, if any, and interest pursuant to this Ordinance.

The Registered Owners have no right to a depository for the Series 2010 A Bonds. The Issuer may remove DTC or any successor thereto for any reason at any time. In such event or in the event DTC shall notify the Issuer that DTC is discontinuing its book-entry system for the Series 2010 A Bonds, the Issuer shall (i) appoint a successor securities depository, qualified to act as such under Section 17(a) of the Securities Exchange Act, notify DTC of the appointment of such successor securities depository and transfer one or more separate Bond certificates to such successor securities depository or (ii) notify DTC of the availability through the DTC of Bond certificates and transfer one or more separate Bond certificates to other participants or beneficial owners as DTC may direct. In such event, the Series 2010 A Bonds

shall no longer be restricted to being registered in the records of the Registrar in the name of Cede & Co., as nominee, but may be registered in the name of the successor securities depository, or its nominee, or in whatever name or names other participants in DTC receiving Series 2010 A Bonds shall designate, in accordance with the provisions of this Ordinance. The provisions of this Section applicable to DTC shall apply, mutatis mutandis, to any successor depository performing the same functions hereunder as DTC.

The Issuer represents hereby that it has executed a Letter of Representations, the terms of which are applicable to the issuance of the Series 2010 A Bonds hereunder. Such Letter of Representations is for the purpose of effectuating the Book-Entry Only System only and shall not be deemed to amend, supersede or supplement the terms of this Ordinance which are intended to be complete without reference to the Letter of Representations. In the event of any conflict between the terms of the Letter of Representations and the terms of this Ordinance, the terms of this Ordinance shall control. DTC may exercise the rights of a Registered Owner hereunder only in accordance with the terms hereof applicable to the exercise of such rights.

Section 3.12. Delivery of Series 2010 A Bonds. The Issuer shall execute and deliver the Series 2010 A Bonds to the Registrar, and the Registrar shall authenticate, register and deliver the Series 2010 A Bonds to the Original Purchaser upon receipt of the documents set forth below:

(1) If not registered in the name of DTC or its nominee, a list of the names in which the Series 2010 A Bonds are to be registered upon original issuance, together with such taxpayer identification and other information as the Registrar may reasonably require;

(2) A request and authorization to the Registrar on behalf of the Issuer, signed by an Authorized Officer, to authenticate and deliver the Series 2010 A Bonds to DTC for the benefit of the Original Purchaser;

(3) Copies of this Ordinance and the Supplemental Resolution certified by the Recorder;

(4) The unqualified approving opinion of Bond Counsel regarding the Series 2010 A Bonds; and

(5) A copy of such other documents and certificates as the Original Purchaser may reasonably require.

Section 3.13. Form of Series 2010 A Bonds. The definitive Series 2010 A Bonds shall be in substantially the form set forth in EXHIBIT A - SERIES 2010 A BOND FORM attached hereto and incorporated herein by reference, with such necessary and appropriate omissions, insertions and variations as are approved by those officers executing such Series 2010 A Bonds on behalf of the Issuer and execution thereof by such officers shall constitute conclusive evidence of such approval, and the definitive Series 2010 A Bonds shall have the

form of the opinion of Steptoe & Johnson PLLC, as Bond Counsel, attached thereto or printed on the reverse thereof.

Section 3.14. Disposition of Proceeds of Series 2010 A Bonds. Upon the issuance and delivery of the Series 2010 A Bonds, the Issuer shall forthwith deposit the proceeds thereof as follows:

1. All interest accrued on Series 2010 A Bonds from the date thereof to the date of delivery thereof shall be deposited in the Series 2010 A Bonds Sinking Fund and applied to payment of interest on the Series 2010 A Bonds at the first interest payment date.

2. An amount of the proceeds of the Series 2010 A Bonds equal to the amount, if any, set forth in the Supplemental Resolution shall be remitted to the Bond Commission for deposit in the Series 2010 A Bonds Reserve Account.

3. An amount of the proceeds of the Series 2010 A Bonds equal to the entire outstanding principal of and all accrued interest on the Series 1997 A Refunding Revenue Bonds as set forth in the Supplemental Resolution shall be remitted to the Bond Commission to pay the Series 1997 A Refunding Revenue Bonds in full.

4. An amount of Series 2010 A Bond proceeds which, together with other monies or securities deposited therein, shall be equal to the Costs of Issuance of the Series 2010 A Bonds shall be deposited with the Depository Bank in the Costs of Issuance Fund and shall be drawn out, used and applied by the Issuer solely to pay costs of issuance of the Series 2010 A Bonds at the written direction of the Issuer. Monies not to be applied immediately to pay such costs of issuance may be invested in accordance with this Ordinance, subject however, to applicable yield restrictions as may be in effect under the Code. If for any reason such proceeds, or any part thereof, are not necessary for, or are not applied to such purpose within 120 days following the Closing Date for the Series 2010 A Bonds, such unapplied proceeds shall be transferred by the Issuer to the Series 2010 A Bonds Sinking Fund established in Section 4.02 hereof and applied to the next ensuing payment of interest on the Series 2010 A Bonds. All such proceeds shall constitute a trust fund for such purposes, and there hereby is created a lien upon such monies until so applied in favor of the Holders of the Series 2010 A Bonds from which such proceeds are derived.

ARTICLE IV

SYSTEM REVENUES; FUNDS AND ACCOUNTS

Section 4.01. Establishment of Funds and Accounts with Depository Bank. Pursuant to this Article IV, the following special funds are created with (or continued if previously established by the Prior Ordinances), and shall be held by, the Depository Bank, segregated from all other funds and accounts of the Depository Bank or the Issuer and from each other and used solely for the purposes provided herein:

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

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

(3) Series 2010 A Bonds Costs of Issuance Fund; and

(4) Rebate Fund.

Section 4.02. Establishment of Funds and Accounts with Bond Commission. Pursuant to this Article IV, the following special funds and accounts are hereby established (or continued if previously established by the Prior Ordinances) with and shall be held by the Bond Commission, separate and apart from all other funds or accounts of the Bond Commission or the Issuer and from each other and used solely for the purposes provided herein:

(1) Series 1986 B Bonds Sinking Fund (established by Prior Ordinance and continued hereby);

(2) Series 1986 B Bonds Reserve Account (established by Prior Ordinance and continued hereby);

(3) Series 2001 A Bonds Sinking Fund (established by Prior Ordinance and continued hereby);

(4) Series 2001 A Bonds Reserve Account (established by Prior Ordinance and continued hereby);

(5) Series 2009 A Bonds Sinking Fund (established by Prior Ordinance and continued hereby);

(6) Series 2009 A Bonds Reserve Account (established by Prior Ordinance and continued hereby);

(7) Series 2010 A Bonds Sinking Fund;

(a) Within the Series 2010 A Bonds Sinking Fund:

(i) Series 2010 A Bonds Reserve Account; and

(ii) Series 2010 A Bonds Redemption Account.

Section 4.03. System Revenues and Application Thereof. So long as any of the Series 2010 A Bonds shall be Outstanding and unpaid, the Issuer covenants as follows:

A. The entire Gross Revenues derived from the operation of the System and all parts thereof shall be deposited by the Issuer in the Revenue Fund. The Revenue Fund shall be kept separate and distinct from all other funds of the Issuer and the Depository Bank and used only for the purposes and in the manner herein provided. All Revenues at any time remaining on

deposit in the Revenue Fund shall be disposed of only in the following manner and order of priority:

(1) The Issuer shall first, 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 simultaneously remit to the Bond Commission (i) for deposit in the Sinking Funds of the Series 2001 A Bonds and Series 2009 A Bonds the amounts required by the Prior Ordinances to pay the interest on the Prior Bonds; and (ii) commencing 7 months prior to the first interest payment date of the Series 2010 A Bonds, for deposit in the Series 2010 A Bonds Sinking Fund, a sum equal to 1/6th of the amount of interest which will become due on the Series 2010 A Bonds on the next ensuing semiannual interest payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 2010 A Bonds Sinking Fund and the next ensuing semiannual interest payment date is more or less than 7 months, then such monthly payments shall be decreased or increased proportionately to provide, 1 month prior to the next ensuing semiannual interest payment date, the required amount of interest coming due on such date; provided further that, the initial amount required to be transferred from the Revenue Fund and deposited in the Series 2010 A Bonds Sinking Fund shall be reduced by the amount of accrued interest on the Series 2010 A Bonds deposited therein, and subsequent amounts required to be transferred from the Revenue Fund and deposited in the Series 2010 A Bonds Sinking Fund shall be reduced by the amount of any earnings credited to the Series 2010 A Bonds Sinking Fund.

(3) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the Bond Commission (i) for deposit in the Sinking Funds of the Prior Bonds the amounts required by the Prior Ordinances to pay the principal of the Prior Bonds; and (ii) commencing 13 months prior to the first principal payment date or mandatory Redemption Date of the Series 2010 A Bonds, for deposit in the Series 2010 A Bonds Sinking Fund and in the Series 2010 A Bonds Redemption Account therein in the case of the Term Bonds which are to be redeemed, a sum equal to 1/12th of the amount (or 1/6th of the amount if the Series 2010 A Bonds mature semiannually rather than annually) of principal which will mature or be redeemed and become due on the Series 2010 A Bonds on the next ensuing principal payment date or mandatory Redemption Date; provided that, in the event the period to elapse between the date of such

initial deposit in the Series 2010 A Bonds Sinking Fund and the next ensuing principal payment date or mandatory Redemption Date is more or less than 13 months (or 7 months if the Series 2010 A Bonds mature semiannually rather than annually), then such monthly payments shall be decreased or increased proportionately to provide, 1 month prior to the next ensuing principal payment date or mandatory Redemption Date, the required amount of principal coming due on such date, and provided further, that the amount of such deposits shall be reduced by the amount of any earnings credited to the Series 2010 A Bonds Sinking Fund and not previously credited pursuant to the preceding paragraph.

Moneys in the Series 2010 A Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest on the Series 2010 A Bonds, whether by maturity or redemption prior to maturity. Moneys on deposit in the Series 2010 A Bonds Reserve Account shall be used only for the purpose of paying principal of and interest on the Series 2010 A Bonds when the funds on deposit in the Series 2010 A Bonds Sinking Fund are insufficient therefore, and for no other purpose. Pending such use, such moneys shall be invested in accordance with Article V.

The Issuer shall not be required to make any further payments into the Series 2010 A Bonds Sinking Fund when the aggregate amount of funds therein, including the Series 2010 A Bonds Reserve Account therein, is at least equal to the aggregate principal amount of Series 2010 A Bonds then Outstanding, plus the amount of interest due or thereafter to become due on such Bonds then Outstanding.

As and when additional Bonds ranking on a parity with the Series 2010 A Bonds are issued, provision shall be made for additional deposits into the respective Sinking Funds sufficient to pay the interest on such additional parity Bonds and accomplish retirement thereof at maturity and to accumulate a balance in the respective reserve account in an amount equal to the requirement thereof.

The payments into the Series 2010 A Bonds Sinking Fund shall be made on the first day of each month, except that, when the first day of any month shall be a Saturday, 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 Bond Commission with appropriate instructions as to the custody, use and application thereof consistent with the provisions of this Ordinance.

(4) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the Bond Commission (i) for deposit in the Reserve Accounts of the Prior Bonds the amounts required by the Prior Ordinances; and (ii) commencing 13 months prior to the first date of payment of principal of the Series 2010 A Bonds, if not fully funded upon issuance of the Series 2010 A Bonds, for deposit in the Series

2010 A Bonds Reserve Account, an amount equal to 1/120th of the Series 2010 A Bonds Reserve Requirement; provided that, no further payments shall be made into the Series 2010 A Bonds Reserve Account when there shall have been deposited therein, and as long as there shall remain on deposit therein, an amount equal to the Series 2010 A Bonds Reserve Requirement, and thereafter the Issuer shall deposit in the Series 2010 A Bonds Reserve Account, an amount sufficient to remedy any decrease in value of the Series 2010 A Bonds Reserve Account below the Series 2010 A Bonds Reserve Requirement or any withdrawal from the Series 2010 A Bonds Reserve Account, beginning with the first full calendar month following the date on which (a) the valuation of investments in the Series 2010 A Bonds Reserve Account results in a determination that the amount of moneys and the value of the Qualified Investments deposited to the credit of the Series 2010 A Bonds Reserve Account is less than the Series 2010 A Bonds Reserve Requirement, or (b) any amount is withdrawn from the Series 2010 A Bonds Reserve Account for deposit into the Series 2010 A Bonds Sinking Fund. To the extent Gross Revenues and any other legally available funds are available therefore, the amount so deposited shall be used to restore the amount of moneys on deposit in the Series 2010 A Bonds Reserve Account to an amount equal to the Series 2010 A Bonds Reserve Requirement to the full extent that such Gross Revenues are available; provided however, that if the shortfall in the Series 2010 A Bonds Reserve Account is due to a decrease in value of investments therein, such shortfall shall be replenished by not less than 6 equal monthly payments, and if such shortfall is due to a withdrawal from the Series 2010 A Bonds Reserve Account, such shortfall shall be replenished by not less than 12 equal monthly payments, and provided further, that no payments shall be required to be made into the Series 2010 A Bonds Reserve Account whenever and as long as the amount on deposit therein shall be equal to the Series 2010 A Bonds Reserve Requirement.

Amounts in the Series 2010 A Bonds Reserve Account shall be used only for the purpose of making payments of principal of and interest on the Series 2010 A Bonds when due, when amounts in the Series 2010 A Bonds Sinking Fund are insufficient therefore and for no other purpose.

(5) The Issuer shall next, on the first day of each month, transfer from the monies remaining in the Revenue Fund and remit to the Depository Bank for deposit in the Renewal and Replacement Fund (as previously set forth in the Prior Ordinances and not in addition thereto), a sum equal to 2 1/2% of the Gross Revenues each month, exclusive of any payments for account of

any Reserve Account. All funds in the Renewal and Replacement Fund shall be kept apart from all other funds of the Issuer or of the Depository Bank and shall be invested and reinvested in accordance with Article VIII hereof. Subject to the restrictions contained in the Prior Ordinances, so long as the Prior Bonds are outstanding, withdrawals and disbursements may be made from the Renewal and Replacement Fund for replacements, emergency repairs, or improvements or extensions to the System; provided, that any deficiency in any Reserve Account, except to the extent such deficiency exists because the required payments into such account have not, as of the date of determination of a deficiency, funded such account to the maximum extent required hereof, shall be promptly eliminated with monies from the Renewal and Replacement Fund.

(6) If on any monthly payment date the revenues of the System are insufficient to make the required deposits in any of the funds and accounts as hereinabove provided, the deficiency shall be made up on the next ensuing payment dates by payments in addition to the payments which are otherwise required to be made into the funds on such ensuing payment dates.

(7) The Issuer may next, each month, after making the above required transfers of moneys from the Revenue Fund, apply any remaining revenues ("Surplus Revenues") to payment of debt service on any other subordinate bonds, notes, certificates or other obligations of the System. Any Surplus Revenues then remaining in the Revenue Fund may be used for any lawful purpose of the System.

B. The Bond Commission is hereby designated as the fiscal agent for the administration of the Sinking Funds created or continued hereunder, and all amounts required for said Sinking Funds shall be remitted to the Bond Commission from said Revenue Fund and from the proceeds of the sale of the Bonds, by the Issuer at the times and as otherwise provided herein. All remittances made by the Issuer to the Bond Commission shall clearly identify the fund or account into which each amount is to be deposited. Notwithstanding the foregoing, however, the Bond Commission shall deposit all remittances in the fund or account in the priority established by this Ordinance.

C. If on any monthly payment date the Net Revenues are insufficient to place the required amount in any of the funds and accounts as hereinabove provided, the deficiency shall be made up in the subsequent payments in addition to the payments which would otherwise be required to be made into the funds and accounts on the subsequent payment dates; provided, however, that the priority of curing deficiencies in the funds and accounts herein shall be in the same order as payments are to be made pursuant to this Section 4.03 and the Net Revenues shall be applied to such deficiencies before being applied to any other payments hereunder.

D. Principal and interest payments, and any payments made for the purpose of funding the Reserve Accounts, shall be made on a parity basis and pro-rata, with respect to the Prior Bonds, the Series 2010 A Bonds and any parity Bonds hereinafter issued, in accordance with the respective principal amounts of each such series of Bonds then Outstanding, if less than the full amount required hereby.

ARTICLE V

INVESTMENTS; NON-ARBITRAGE REBATES AND CONTINUING DISCLOSURE CERTIFICATE

Section 5.01. Investments. The Issuer shall invest and reinvest, and shall instruct the Bond Commission and the Depository Bank to invest and reinvest, any moneys held as a part of the funds and accounts created by this Ordinance in Qualified Investments to the fullest extent possible under applicable laws, this Ordinance, the need for such moneys for the purposes set forth herein and the specific restrictions and provisions set forth in this section.

Except as provided below, any investment shall be held in and at all times deemed a part of the fund or account in which such 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 Issuer shall sell and reduce to cash a sufficient amount of such investments whenever the cash balance in any fund or account is insufficient to make the payments required from such fund or account, regardless of the loss on such liquidation. The Issuer may make any and all investments permitted by this section through the bond department of the Depository Bank. The Depository Bank shall not be responsible for any losses from such investments, other than for its own negligence or willful misconduct.

The following specific provisions shall apply with respect to any investments made under this section:

(A) Qualified Investments acquired for the Renewal and Replacement Fund or any Reserve Account shall mature or be subject to retirement at the option of the holder within not more than 3 years from the date of such investment.

(B) The Issuer shall, or shall cause the Bond Commission to, semiannually transfer from each Reserve Account to the corresponding Sinking Fund any earnings on the moneys deposited therein and any other funds in excess of the applicable Reserve Account Requirement; provided, however, that there shall at all times remain on deposit in each Reserve Account an amount at least equal to the applicable Reserve Account Requirement.

(C) In computing the amount in any fund or account, Qualified Investments shall be valued at the lower of the cost or the market price, exclusive of accrued interest. Valuation of all funds and accounts shall occur annually, except in the event of a withdrawal from a Reserve Account, whereupon it shall be valued immediately after such withdrawal. If amounts on deposit

in a Reserve Account shall, at any time, be less than the applicable Reserve Requirement, the applicable Bond Insurer, if any, shall be notified immediately of such deficiency, and such deficiency shall be made up from the first available Net Revenues after required deposits to the applicable Sinking Fund and otherwise in accordance with Section 4.03(3).

(D) All amounts representing accrued interest shall be held by the Bond Commission, pledged solely to the payment of interest on the Bonds and invested only in Government Obligations maturing at such times and in such amounts as are necessary to match the interest payments to which they are pledged.

(E) Notwithstanding the foregoing, all moneys deposited in any Sinking Fund may be invested by the Bond Commission in the West Virginia "consolidated fund" managed by the West Virginia Board of Treasury Investments pursuant to Chapter 12, Article 6C of the Code of West Virginia, 1931, as amended.

Section 5.02. Arbitrage. The Issuer covenants that (i) it will restrict the use of the proceeds of the Series 2010 A Bonds in such manner and to such extent as may be necessary, so that such Series 2010 A Bonds will not constitute "arbitrage bonds" under Section 148 of the Code and Regulations prescribed thereunder, and (ii) it will take all actions that may be required of it (including, without implied limitation, the timely filing of a Federal information return with respect to such Bonds) so that the interest on the Series 2010 A Bonds will be and remain excluded from gross income for Federal income tax purposes, and will not take any actions which would adversely affect such exclusion.

Section 5.03. Tax Certificate, Rebates, and Rebate Fund. The Issuer shall deliver a certificate of arbitrage, a tax certificate or other similar certificate to be prepared by nationally recognized bond counsel or tax counsel relating to payment of arbitrage rebate and other tax matters as a condition to issuance of any series of Bonds. In addition, the Issuer covenants to comply with all Regulations from time to time in effect and applicable to the Series 2010 A Bonds as may be necessary in order to fully comply with Section 148(f) of the Code, and covenants to take such actions, and refrain from taking such actions, as may be necessary to fully comply with such Section 148(f) of the Code and such Regulations, regardless of whether such actions may be contrary to any of the provisions of this Ordinance.

The Issuer shall calculate, annually, the rebatable arbitrage, determined in accordance with Section 148(f) of the Code. Upon completion of each such annual calculation, the Issuer shall deposit, or cause to be deposited, in the Rebate Fund such sums as are necessary to cause the aggregate amount on deposit in the Rebate Fund to equal the sum determined to be subject to rebate to the United States, which, notwithstanding anything herein to the contrary, shall be paid from investment earnings on the underlying fund or account established hereunder and on which such rebatable arbitrage was earned or from other lawfully available sources. Notwithstanding anything herein to the contrary, the Rebate Fund shall be held free and clear of any lien or pledge hereunder and used only for payment of rebatable arbitrage to the United States. The Issuer shall pay, or cause to be paid, to the United States, from the Rebate Fund, the rebatable arbitrage in accordance with Section 148(f) of the Code and such Regulations. In the event that there are any amounts remaining in the Rebate Fund following all

such payments required by the preceding sentence, the Depository Bank shall pay said amounts to the Issuer to be used for any lawful purpose of the System. The Issuer shall remit payments to the United States in the time and at the address prescribed by the Regulations as the same may be in time to time in effect with such reports and statements as may be prescribed by such Regulations. In the event that, for any reason, amounts in the Rebate Fund are insufficient to make the payments to the United States which are required, the Issuer shall assure that such payments are made by the Issuer to the United States, on a timely basis, from any funds lawfully available therefore. The Issuer at its expense, may provide for the employment of independent attorneys, accountants or consultants compensated on such reasonable basis as the Issuer may deem appropriate in order to assure compliance with this Section 5.03. The Issuer shall keep and retain, or cause to be kept and retained, records of the determinations made pursuant to this Section 5.03 in accordance with the requirements of Section 148(f) of the Code and such Regulations. In the event the Issuer fails to make such rebates as required, the Issuer shall pay any and all penalties and other amounts, from lawfully available sources, and obtain a waiver from the Internal Revenue Service, if necessary, in order to maintain the exclusion of interest on the Bonds from gross income for federal income tax purposes.

Section 5.04. Continuing Disclosure Certificate. The Issuer shall deliver a continuing disclosure certificate in form acceptable to the Original Purchaser sufficient to ensure compliance with SEC Rule 15c2-12, as it may be amended from time to time.

ARTICLE VI

ADDITIONAL COVENANTS OF THE ISSUER

Section 6.01. Covenants Binding and Irrevocable. All the covenants, agreements and provisions of this Ordinance shall be and constitute valid and legally binding covenants of the Issuer and shall be enforceable in any court of competent jurisdiction by any Holder or Holders of the Series 2010 A Bonds, as prescribed by Article VII. In addition to the other covenants, agreements and provisions of this Ordinance, the Issuer hereby covenants and agrees with the Holders of the Series 2010 A Bonds as hereinafter provided in this Article VI. All such covenants, agreements and provisions shall be irrevocable, except as provided herein, as long as any of the Series 2010 A Bonds or the interest thereon, are Outstanding and unpaid.

Section 6.02. Bonds Not to be Indebtedness of the Issuer. The Series 2010 A Bonds shall not be or constitute an indebtedness of the Issuer within the meaning of any constitutional, statutory or charter limitation of indebtedness but shall be payable solely from the Net Revenues of the System, the moneys in the Series 2010 A Bonds Sinking Fund and the Series 2010 A Bonds Reserve Account therein and the unexpended proceeds of the Series 2010 A Bonds, all as herein provided. No Holder or Holders of the Series 2010 A Bonds issued hereunder shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Series 2010 A Bonds or the interest thereon.

Section 6.03. Series 2010 A Bonds Secured by Parity Pledge of Net Revenues; Lien Position with Respect to Prior Bonds. The payment of the debt service of all of the Series 2010 A Bonds issued hereunder shall be secured forthwith equally and ratably with each other by a first

lien on the Net Revenues derived from the operation of the System, on a parity with the lien on the Net Revenues in favor of the Holders of the Prior Bonds. The payment of the debt service on the Series 2010 A Bonds shall also be secured by the moneys in the Series 2010 A Bonds Sinking Fund, including the Series 2010 A Bonds Reserve Account therein. The Net Revenues derived from the System, in an amount sufficient to pay the principal of and interest on the Prior Bonds and the Series 2010 A Bonds herein authorized, and to make the payments into the Series 2010 A Bonds Sinking Fund, all moneys and securities in the Series 2010 A Bonds Sinking Fund, including the Series 2010 A Bonds Reserve Account therein, and all other payments provided for in this Ordinance, are hereby irrevocably pledged in the manner provided in this Ordinance to the payment of the principal of and interest on the Prior Bonds and the Series 2010 A Bonds herein authorized as the same become due and for the other purposes provided in this Ordinance.

Section 6.04. Rates. Prior to the issuance of the Series 2010 A Bonds, rates or charges for the use of the services and facilities of the System will be fixed and established, all in the manner and form required by law, and a copy of such rates and charges so fixed and established shall at all times be kept on file in the office of the Recorder of the Issuer, which copy will be open to inspection by all interested parties. The schedule or schedules of rates and charges shall at all times be adequate to produce 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, (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 Annual Debt Service on the Series 2010 A Bonds, and all obligations issued on a parity with the Series 2010 A Bonds, including the Prior Bonds. All such rates and charges, if not paid when due, shall constitute a lien upon the premises served by the System.

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

Section 6.05. Operation and Maintenance. The Issuer will maintain the System in good condition and will operate the same as a revenue-producing enterprise in an efficient and economical manner, making such expenditures for equipment and for renewal, repair and replacement as may be proper for the economical operation and maintenance thereof from the Revenues of said System in the manner provided in this Ordinance. The Issuer will obtain all permits required by state and federal laws for the acquisition and construction of the Project and all orders and approvals from the Public Service Commission of West Virginia necessary for the acquisition and construction of the Project and the operation of the System.

Section 6.06. Sale of the System. So long as the Prior Bonds are outstanding, the Issuer shall not sell, mortgage, lease or otherwise dispose of or encumber the System except as provided in the Prior Ordinances. Additionally, so long as the Series 2010 A Bonds are Outstanding, the System may be sold, mortgaged, leased or otherwise disposed of only as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to fully pay all the Bonds Outstanding, or to defease the pledge created by this Ordinance and the Prior Ordinances. The proceeds from such sale, mortgage, lease or other disposition of the System shall be immediately remitted to the Bond Commission for deposit in the respective Sinking Funds, and otherwise as prescribed by Section 9.01. Any balance remaining after such defeasance shall be remitted to the Issuer by the Bond Commission unless necessary for the payment of other obligations of the Issuer payable out of the revenues of the System.

The foregoing provision notwithstanding, the Issuer shall have and hereby reserves the right to sell, lease or otherwise dispose of any of the property comprising a part of the System hereinafter determined in the manner provided herein to be no longer necessary, useful or profitable in the operation thereof. Prior to any such sale, lease or other disposition of such property, if the amount to be received therefor is not in excess of $50,000, the Issuer shall, in writing, determine that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof, and the Issuer may then provide for the sale of such property. The proceeds of any such sale shall be deposited in the Revenue Fund. If the amount to be received from such sale, lease or other disposition of said property shall be in excess of $50,000 but not in excess of $200,000, the Issuer shall first, in writing, determine with the written approval of the Consulting Engineers that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof, and the Issuer may then, if it be so advised, by resolution duly adopted, approve and concur in such finding and authorize such sale, lease or other disposition of such property in accordance with the laws of the State. The proceeds derived from any such sale, lease or other disposition of such property, in excess of $50,000 and not in excess of $200,000, shall be deposited by the Issuer into the Renewal and Replacement Fund. Such payments of such proceeds into the Renewal and Replacement Fund shall not reduce the amounts required to be paid into said funds by other provisions of this Ordinance.

No sale, lease or other disposition of the properties of the System shall be made by the Issuer if the proceeds to be derived therefrom shall be in excess of $200,000 and insufficient to defease the pledge created by this Ordinance, as provided by Section 9.01, without the prior approval and consent in writing of the Holders, or their duly authorized representatives, of 60% in amount of Bonds then Outstanding. The Issuer shall prepare the form of such approval and consent for execution by the then Holders of the Bonds for the disposition of the proceeds of the sale, lease or other disposition of such properties of the System.

Section 6.07. Issuance of Other Obligations Payable out of Revenues and General Covenant Against Encumbrances. The Issuer shall not issue any other obligations whatsoever, except additional parity Bonds provided for in Section 6.08 hereof, payable from the Revenues of the System which rank prior to, or equally, as to lien on and source of and security for payment from the Net Revenues with the Series 2010 A Bonds; and all obligations hereafter

issued by the Issuer payable from the revenues of the System, except such additional 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 Bonds.

The Issuer shall not create, or cause or permit to be created, any debt, lien, pledge, assignment, encumbrance or any other charge having priority over or, except with respect to such additional parity Bonds, being on a parity with the lien of the Series 2010 A Bonds, and the interest thereon, upon any of the income and revenues of the System pledged for payment of the Series 2010 A Bonds and the interest thereon in this Ordinance or upon the System or any part thereof.

Section 6.08. Additional Parity Bonds. So long as the Prior Bonds are Outstanding, the limitations and requirements on the issuance of parity obligations set forth in the Prior Ordinances shall be applicable. In addition, no additional parity Bonds, as in this section defined, payable out of the revenues of the System shall be issued after the issuance of any Bonds pursuant to this Ordinance, except under the conditions and in the manner herein provided.

No such additional parity Bonds shall be issued except for the purpose of financing the costs of the design, acquisition or 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 refunding the Prior Bonds, to pay claims which may exist against the revenues or facilities of the System, or all of such purposes.

No such additional parity Bonds shall be issued at any time, however, unless and until there has been procured and filed with the Recorder of the Issuer a written statement by an Independent Accountant, reciting the conclusion that the Net Revenues actually derived from the System during any 12 consecutive months in 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 not be less than 115% of the Maximum Annual Debt Service on the following:

(1) The Prior Bonds then Outstanding;

(2) The Series 2010 A Bonds then Outstanding;

(3) Any additional parity Bonds theretofore issued pursuant to the provisions contained in this Ordinance then Outstanding; and

(4) The additional parity Bonds then proposed to be issued.

Notwithstanding the foregoing, the Issuer shall be permitted to issue bonds which refund any Outstanding Series 2010 A Bonds, any additional parity Bonds hereafter issued or any Prior Bonds if, prior to the issuance of such refunding bonds, the Issuer shall have filed with the Recorder: (i) a verification report of the Independent Accountants concluding that present

value debt service savings shall be realized by the Issuer as a result of such refunding, after taking into account all costs of issuance of such refunding bonds, and (ii) a certificate of the Independent Accountants reciting the conclusion that the estimated average increased annual Net Revenues to be received in each of the 3 succeeding years after the issuance of such refunding bonds shall not be less than 115% of the Maximum Annual Debt Service on the following:

(1) The Prior Bonds Outstanding after such refunding;

(2) The Series 2010 A Bonds Outstanding after such refunding;

(3) Any additional parity Bonds theretofore issued pursuant to the provisions contained in this Ordinance which shall be Outstanding following such refunding; and

(4) The additional parity refunding 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 any increase in rates enacted by the Issuer, the time for appeal of which shall have expired (without successful appeal) prior to the date of delivery of such additional parity Bonds, and shall not exceed the amount to be stated in the aforementioned certificate of Independent Accountants, which shall be filed in the office of the Recorder of the Issuer prior to the issuance of such additional parity Bonds.

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

The term "additional parity Bonds," as used in this section, shall be deemed to mean additional Bonds issued under the provisions and within the limitations of this section, payable from the Net Revenues of the System on a parity with the Series 2010 A Bonds, and all the covenants and other provisions of this Ordinance (except as to details of such additional parity Bonds inconsistent herewith) shall be for the equal benefit, protection and security of the Holders of the Series 2010 A Bonds, the Prior Bonds and the Holders of any additional parity Bonds theretofore or subsequently issued from time to time within the limitations of and in compliance with this section. All the Bonds, regardless of the time or times of their issuance, shall rank equally with respect to their lien on the Net Revenues of the System, and their source of and security for payment from said Net Revenues, without preference of any Bond over any other. The Issuer shall comply fully with all the increased payments into the various funds and accounts created in this Ordinance required for and on account of such additional parity Bonds, in addition to the payments required for Bonds theretofore issued pursuant to this Ordinance.

The term "additional parity Bonds," as used in this section, shall not be deemed to include bonds, notes, certificates or other obligations subsequently issued, the lien on the Revenues of the System of which is subject to the prior and superior lien of the Bonds on such Revenues. Any such subordinate bonds, notes, certificates or other obligations shall be payable from Surplus 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 equally, as to lien and source of and security for payment from such Revenues, with the Series 2010 A Bonds, except in the manner and under the conditions provided in this section.

No additional parity Bonds, as in this section defined, shall be issued at any time, however, unless all of the payments into the respective funds and accounts provided for in this Ordinance on account of the Bonds then Outstanding, if any (excluding the Renewal and Replacement Fund), and any other payments provided for in this Ordinance shall have been made in full as required to the date of delivery of the additional parity Bonds.

Section 6.09. Insurance and Bonds. The Issuer hereby covenants and agrees, that so long as the Series 2010 A Bonds remain Outstanding, the Issuer will, as an Operating Expense, procure, carry and maintain insurance and bonds and worker's compensation coverage with a reputable insurance carrier or carriers or bonding company or companies covering the following risks and in the following amounts:

A. FIRE, LIGHTNING, VANDALISM, MALICIOUS MISCHIEF AND EXTENDED COVERAGE INSURANCE, on all above-ground insurable portions of the System in an amount equal to the greater of the fair appraised value or the original cost thereof. In the time of war the Issuer will also carry and maintain insurance to the extent available against 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 and destroyed properties or for the other purposes provided herein for the Renewal and Replacement Fund.

B. 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.

C. WORKER'S COMPENSATION COVERAGE FOR ALL EMPLOYEES OF OR FOR THE SYSTEM ELIGIBLE THEREFOR; AND PERFORMANCE AND PAYMENT OR COMPLETION BONDS, such bonds to be in the amounts of not less than 100% of the amount of any construction contract and to be required of each contractor dealing directly with the Issuer and such payment bonds will be filed with the Clerk of the County Commission of the County in which such work is to be performed prior to commencement of construction of any additions, extensions or improvements for the System in compliance with West Virginia Code, Section 38-2-39.

D. FLOOD INSURANCE, to extent available at reasonable cost to the Issuer.

E. BUSINESS INTERRUPTION INSURANCE, to the extent available at reasonable cost to the Issuer.

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

Section 6.10. 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 waterborne 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, 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 and every such owner, tenant or occupant shall, after a 30 day notice of the availability of sewerage services of the System, pay the rates and charges established therefore.

Any such house, dwelling or building from which emanates sewage or waterborne 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 residents of the Issuer and a public nuisance which shall be abated to the extent permitted by law and as promptly as possible by proceedings in a court of competent jurisdiction.

Section 6.11. No Free Services. The Issuer will not render or cause to be rendered any free services of any nature by the System; and, in the event the Issuer or any department, agency, instrumentality, officer or employee thereof shall avail himself of the facilities or services provided by the System or any part thereof, the same rates, fees or charges applicable to other customers receiving like services under similar circumstances shall be charged the Issuer and any such department, agency, instrumentality, officer or employee. Such charges shall be paid as they accrue, and the Issuer shall transfer from its general funds sufficient sums to pay such charges for service to any of its departments or properties. The revenues so received shall be deemed to be revenues derived from the operation of the System and shall be deposited and accounted for in the same manner as other revenues derived from such operation of the System.

Section 6.12. 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 20 days after the same shall become due and

payable, the user of the services and facilities shall be delinquent until such time as all such rates and charges are fully paid and to the extent authorized by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, all delinquent rates, rentals and other charges, if not paid, shall become a lien on the premises served by the System. The Issuer further covenants and agree that it will, to the full extent permitted by law and the rules and regulations promulgated by the Public Service Commission of West Virginia, discontinue and shut off the services and facilities of the System to all delinquent users of services and facilities of the System and will not restore such services of the System until all billing for charges for the services and facilities of the System, including penalties and reconnect fees, have been fully paid, or a payment agreement in compliance with the West Virginia Public Service Commission regulations has been entered.

Section 6.13. 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 or body, or agency or instrumentality whatsoever for the providing of any services which would compete with services provided by the System.

Section 6.14. 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 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, to the extent allowable under and in accordance with the rules and regulations of the Public Service Commission of West Virginia and the Act. Separate control accounting records shall be maintained by the Issuer. Subsidiary records as may be required shall be kept in the manner, on the forms, in the books and along with other bookkeeping records as prescribed by the 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 it shall direct.

The Issuer shall file with the Original Purchaser and any Bond Insurer, and shall mail to any Holder of Bonds requesting the same, an annual report within 120 days following the end of each Fiscal Year containing a balance sheet, statement of revenues, expenses, and changes in retained earnings, and statement of cash flows, as prescribed by generally accepted accounting principles.

The Issuer shall also file with the Original Purchaser and any Bond Insurer, and mail to any Holder of Bonds requesting the same, a monthly unaudited report within 30 days following the end of each month containing the following:

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

(B) A statement of account balances in the Sinking Fund accounts provided for in this Ordinance and status of said funds.

The Issuer shall also, at least once a year, cause the books, records and accounts of the System to be completely audited by Independent Accountants, shall mail upon request, and make available generally, the report of said Independent Accountants, or a summary thereof, to any Holder or Holders of Bonds issued pursuant to this Ordinance and shall file said report with the Original Purchaser.

Section 6.15. Operating Budget. The Issuer shall annually, at least 30 days preceding the beginning of each Fiscal Year, or at such earlier date required by its charter, prepare and adopt by resolution a detailed budget of the estimated revenues and expenditures for operation and maintenance of the System during the succeeding Fiscal Year. The Issuer shall mail copies of such annual budget and all resolutions authorizing increased expenditures for operation and maintenance to the Original Purchaser and shall make available such budgets and all resolutions authorizing increased expenditures for operation and maintenance of the System at all reasonable times to the Original Purchaser and to any Holder of Bonds or anyone acting for and in behalf of such Holder who requests the same.

Section 6.16. Tax Covenants. The Issuer hereby further covenants and agrees as follows:

A. PRIVATE BUSINESS USE LIMITATION. The Issuer shall assure that (i) not in excess of 10% of the Net Proceeds of the Series 2010 A Bonds are used for Private Business Use if, in addition, the payment of more than 10% of the principal or 10% of the interest due on such Series 2010 A Bonds during the term thereof is, under the terms of such Bonds or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for a Private Business Use or in payments in respect of property used or to be used for a Private Business Use or is to be derived from payments, whether or not to the Issuer, in respect of property or borrowed money used or to be used for a Private Business Use; and (ii) in the event that both (A) in excess of 5% of the Net Proceeds of the Series 2010 A Bonds are used for a Private Business Use, and (B) an amount in excess of 5% of the principal or 5% of the interest due on the Series 2010 A Bonds during the terms thereof is, under the terms of such Series 2010 A Bonds or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for said Private Business Use or in payments in respect of property used or to be used for said Private Business Use or is to be derived from payments, whether or not to the Issuer, in respect of property or borrowed money used or to be used for said Private Business Use, then said excess over said 5% of Net Proceeds of the Series 2010 A Bonds used for a Private Business Use shall be used for a Private Business Use related to the governmental use of the System, or if the Series 2010 A Bonds are for the purpose of financing more than one project, a portion of the System, and shall not exceed the proceeds used for the governmental use of that portion of the System to which such Private Business Use is related.

B. PRIVATE LOAN LIMITATION. The Issuer shall assure that not in excess of the lesser of 5% of the Net Proceeds of the Series 2010 A Bonds or $5,000,000 are used, directly or indirectly, to make or finance a loan to persons other than state or local government units.

C. FEDERAL GUARANTEE PROHIBITION. The Issuer shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause the Series 2010 A Bonds to be directly or indirectly "federally guaranteed" within the meaning of Section 149(b) of the Code and Regulations promulgated thereunder.

D. INFORMATION RETURN. The Issuer will file all statements, instruments and returns necessary to assure the tax-exempt status of the Series 2010 A Bonds and the interest thereon, including without limitation, the information return required under Section 149(e) of the Code.

E. FURTHER ACTIONS. The Issuer will take all actions that may be required of it so that the interest on the Series 2010 A Bonds will be and remain excludable from gross income for federal income tax purposes, and will not take any actions which would adversely affect such exclusion.

Section 6.17. Statutory Mortgage Lien. For the further protection of the Holders of the Series 2010 A Bonds, a statutory mortgage lien upon the System is granted and created by the Act, which statutory mortgage lien is hereby recognized and declared to be valid and binding, shall take effect immediately upon the issuance of the Series 2010 A Bonds and shall be on a parity with one another and with the statutory mortgage lien in favor of the Holders of the Prior Bonds.

Section 6.18. Designation of Series 2010 A Bonds as "Qualified Tax-Exempt Obligations". The Issuer hereby designates the Series 2010 A Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b)(3)(B) of the Code and covenants that the Series 2010 A Bonds do not constitute private activity bonds as defined in Section 141 of the Code, and that not more than $30,000,000 aggregate principal amount of obligations the interest on which is excludable (under Section 103(a) of the Code) from gross income for federal income tax purposes (excluding, however, obligations issued to currently refund any obligation of the Issuer to the extent the amount of the refunding obligation does not exceed the amount of the refunded obligation and private activity bonds, as defined in Section 141 of the Code, other than qualified 501(c)(3) bonds as defined in Section 145 of the Code), including the Series 2010 A Bonds, have been or shall be issued by the Issuer, including all subordinate entities of the Issuer, during the calendar year 2010, all as determined in accordance with the Code.

ARTICLE VII

DEFAULTS AND REMEDIES

Section 7.01. Events of Default. Each of the following events shall constitute an "Event of Default" with respect to the Series 2010 A Bonds:

(A) If default by the Issuer occurs in the due and punctual payment of the principal of or interest on any Bond;

(B) If default occurs in the Issuer's observance of any of the covenants, agreements or conditions on its part in this Ordinance or any Supplemental Resolution or in the Bonds contained, and such default shall have continued for a period of 30 days after written notice specifying such default and requiring the same to be remedied shall have been given to the Issuer by any Registered Owner of any Bond;

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

(D) If the Issuer defaults on the Prior Bonds or the Prior Ordinances.

Section 7.02. Enforcement. Upon the happening and continuance of any Event of Default, any Registered Owner of any Bond may exercise any available remedy and bring any appropriate action, suit or proceeding to enforce his rights and, in particular:

(A) Bring suit for any unpaid principal or interest then due;

(B) By mandamus or other appropriate proceeding enforce all rights of the Registered Owners, including the right to require the Issuer to perform its duties under the Act and this Ordinance;

(C) Bring suit upon the Bonds;

(D) By action at law or bill in equity require the Issuer to account as if it were the trustee of an express trust for the Registered Owners of the Bonds; and

(E) By action or bill in equity enjoin any acts in violation of this Ordinance or the rights of the Registered Owners of the Bonds; provided that, all rights and remedies of the Registered Owners of the Series 2010 A Bonds shall be on a parity with those of the Registered Owners of the Prior Bonds.

No remedy by the terms of this Ordinance conferred upon or reserved to the Registered Owners is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to any other remedy given to the Registered Owners hereunder or now or hereafter existing at law or by statute.

No delay or omission to exercise any right or power accruing upon any default or Event of Default shall impair any such right or power or shall be construed to be a waiver of any such default or Event of Default or acquiescence therein, and every such right and power may be exercised from time to time and as often as may be deemed expedient.

No waiver of any default or Event of Default hereunder by the Registered Owners shall extend to or shall affect any subsequent default or Event of Default or shall impair any rights or remedies consequent thereto.

Section 7.03. Appointment of Receiver. If there be any Event of Default existing and continuing, any Registered Owner shall, in addition to all other remedies or rights, have the right by appropriate legal proceedings to obtain the appointment of a receiver to administer the System on behalf of the Issuer, with power to charge rates, rentals, fees and other charges sufficient to provide for the payment of the principal of and interest on the Bonds, the deposits into the funds and accounts hereby established as herein provided and the payment of Operating Expenses of the System and to apply such rates, rentals, fees, charges or other Revenues in conformity with the provisions of this Ordinance and the Act.

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

Whenever all that is due upon the Series 2010 A Bonds issued pursuant to this Ordinance and interest thereon and under any covenants of this Ordinance for reserve, sinking or other funds and accounts and upon any other obligations and interest thereon having a charge, lien or encumbrance upon the Revenues of the System shall have been paid and made good, and all defaults under the provisions of this Ordinance shall have been cured and made good, 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 shall have the same right to secure the further appointment of a receiver upon any such subsequent default.

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

Any receiver appointed as provided herein shall hold and operate the System in the name of the Issuer and for the joint protection and benefit of the Issuer and the Registered Owners of the Bonds issued pursuant to this Ordinance. Such receiver shall have no power to sell, assign, mortgage or otherwise dispose of any assets of any kind or character belonging or pertaining to the System, but the authority of such receiver shall be limited to the possession,

operation and maintenance of the System, for the sole purpose of the protection of both the Issuer and the Registered Owners of the Bonds, and the curing and making good of any default under the provisions of this Ordinance, and the title to and ownership of said System shall remain in the Issuer, and no court shall have any jurisdiction to enter any order or decree permitting or requiring such receiver to sell, mortgage or otherwise dispose of any assets of the System.

Section 7.04. Restoration of Issuer and Registered Owners. In case any Registered Owner shall have proceeded to enforce any right under this Ordinance by the appointment of a receiver, by entry or otherwise, and such proceedings shall have been discontinued or abandoned for any reason, or shall have been determined adversely, then and in every such case the Issuer and such Registered Owners shall be restored to their former positions and rights hereunder, and all rights and remedies of such Registered Owners shall continue as if no such proceedings had been taken.

ARTICLE VIII

REGISTRAR, PAYING AGENT AND DEPOSITORY BANK

Section 8.01. Appointment of Registrar, Paying Agent and Depository Bank. The Registrar, Paying Agent and Depository Bank (collectively, the "Fiduciaries") for the Series 2010 A Bonds shall be appointed pursuant to the Supplemental Resolution. The Issuer is hereby authorized and directed to enter into an agreement with the Fiduciaries, the substantial form of which agreement is to be approved by Supplemental Resolution.

Section 8.02. Responsibilities of Fiduciaries. The recitals of fact in the Series 2010 A Bonds shall be taken as statements of the Issuer, and the Fiduciaries shall not be responsible for their accuracy. The Fiduciaries shall not be deemed to make any representation as to, and shall not incur any liability on account of, the validity of the execution of any Series 2010 A Bonds by the Issuer. Notwithstanding the foregoing, the Registrar shall be responsible for any representation in its Certificate of Authentication on the Series 2010 A Bonds. The Fiduciaries and any successor thereto shall agree to perform all the duties and responsibilities spelled out in this Ordinance and any other duties and responsibilities incident thereto, all as provided by said agreement described in Section 8.01.

Section 8.03. Evidence on Which Fiduciaries May Act. Except as otherwise provided by Section 10.02, the Fiduciaries shall be protected in acting upon any notice, resolution, request, consent, order, certificate, opinion or other document believed by them to be genuine and to have been signed or presented by the proper party or parties. Whenever any Fiduciary shall deem it necessary or desirable that a fact or matter be proved or established prior to taking or suffering any action, such fact or matter, unless other evidence is specifically prescribed, may be deemed to be conclusively proved and established by a certificate of an Authorized Officer of the Issuer, but in its discretion such Fiduciary may instead accept other evidence of such fact or matter.

Section 8.04. Compensation and Expenses. The Issuer shall pay to the Fiduciaries from time to time reasonable compensation for all services, including the transfer of registration of Series 2010 A Bonds, the first exchange of Series 2010 A Bonds and the exchange of Series 2010 A Bonds in the event of partial redemption, incurred in the performance of their duties hereunder.

Section 8.05. Certain Permitted Acts. The Registrar may become the owner of or may deal in Series 2010 A Bonds as fully and with the same rights it would have if it were not Registrar. To the extent permitted by law, the Registrar may act as depository for, and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Registered Owners or effect or aid in any reorganization growing out of the enforcement of the Series 2010 A Bonds or this Ordinance, whether or not any such committee shall represent the Registered Owners of a majority in principal amount of the Series 2010 A Bonds Outstanding.

Section 8.06. Resignation of Registrar. The Registrar may at any time resign and be discharged of its duties and obligations under this Ordinance by giving not less than 60 days' written notice to the Issuer and publishing in an Authorized Newspaper notice (or mailing such notice to each Registered Owner in the event all Series 2010 A Bonds are fully registered), specifying the date when such resignation shall take effect, within 20 days after the giving of such written notice. A copy of such notice shall also be mailed to each owner of a fully registered Bond or a coupon Bond registered as to principal (other than to bearer). Such resignation shall take effect upon the day specified in such notice unless a successor shall have been previously appointed by the Issuer or bondholders, in which event such resignation shall take effect immediately.

Section 8.07. Removal. The Registrar may be removed at any time by the Issuer or by the Registered Owners of a majority in principal amount of the Series 2010 A Bonds then Outstanding by an instrument or concurrent instruments in writing signed and duly acknowledged by the Issuer or by such Registered Owners or their attorneys duly authorized in writing and delivered to the Issuer, as the case may be. Copies of each such instrument shall be delivered by the Issuer to the Registrar.

Section 8.08. Appointment of Successor. In case at any time the Registrar shall resign or shall be removed or shall become incapable of acting, or shall be adjudged bankrupt or insolvent, or if a receiver, liquidator or conservator of the Registrar or of its property shall be appointed, or if any public officer or court shall take charge or control of the Registrar or of its property or affairs, a successor may be appointed by the Registered Owners of a majority in principal amount of the Series 2010 A Bonds then Outstanding by an instrument or concurrent instruments in writing signed by such Registered Owners or their attorneys duly authorized in writing and delivered to the Issuer and such successor Registrar, notification thereof being given to the predecessor Registrar. Pending such appointment, the Issuer shall forthwith appoint a Registrar to fill such vacancy until a successor Registrar shall be appointed by such Registered Owners. The Issuer shall publish in an Authorized Newspaper (or mail to each Registered Owner in the event all Series 2010 A Bonds are fully registered) notice of any such appointment within 20 days after the effective date of such appointment. A copy of such notice shall also be

mailed to each owner of a fully registered Bond or a coupon Bond registered as to principal (other than to bearer). Any successor Registrar appointed by the Issuer shall, immediately and without further act, be superseded by a Registrar appointed by such Registered Owners. If in a proper case no appointment of a successor Registrar shall be made within 45 days after the Registrar shall have given to the Issuer written notice of resignation or after the occurrence of any other event requiring such appointment, the Registrar or any Registered Owner may apply to any court of competent jurisdiction to appoint a successor. Any Registrar appointed under the provisions of this section shall be a bank, trust company or national banking association authorized to perform the duties imposed upon it by this Ordinance.

Section 8.09. Transfer of Rights and Property to Successor. Any predecessor Registrar or Paying Agent shall pay over, assign and deliver any moneys, books and records held by it and relating to the Series 2010 A Bonds to its successor.

Section 8.10. Merger or Consolidation. Any company into which the Registrar may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party, or any company to which the Registrar or any public officer or court may sell or transfer all or substantially all of its corporate trust business, shall be the successor to such Registrar without the execution or filing of any paper or the performance of any further act; provided, however, that such company shall be a bank, trust company or national banking association meeting the requirements set forth in Section 8.08.

Section 8.11. Adoption of Authentication. In case any of the Series 2010 A Bonds shall have been authenticated but not delivered, any successor Registrar may adopt a Certificate of Authentication and Registration executed by any predecessor Registrar and deliver such Series 2010 A Bonds so authenticated, and, in case any Series 2010 A Bonds shall have been prepared but not authenticated, any successor Registrar may authenticate such Series 2010 A Bonds in the name of the predecessor Registrar or in its own name.

Section 8.12. Paying Agent and Depository Bank. The Registrar shall also serve as the Paying Agent and Depository Bank. The Registrar's acceptance of the duties and responsibilities of the Registrar expressed in Section 8.02 shall also include the trusts and the duties of Paying Agent and Depository Bank. Any alternate Paying Agent must be a bank, trust company or national banking association authorized to perform the duties imposed upon it by this Ordinance. Such alternate Paying Agent shall signify its acceptance of the duties and obligations imposed upon it pursuant hereto by executing and delivering to the Issuer a written acceptance thereof. Any successor Paying Agent shall take such actions as may be necessary to ensure that the Series 2010 A Bonds shall be and remain DTC-eligible.

Each Paying Agent shall be entitled to payment and reimbursement for reasonable fees for its services rendered hereunder and all advances, counsel fees and other expenses reasonably and necessarily made or incurred by such Paying Agent in connection with such services solely from moneys available therefore.

Any bank, trust company or national banking association with or into which any Paying Agent may be merged or consolidated, or to which the assets and business of such Paying Agent may be sold, shall be deemed the successor of such Paying Agent for the purposes of this Ordinance. If the position of Paying Agent shall become vacant for any reason, the Issuer shall, within 30 days thereafter, appoint a bank, trust company or national banking association located in the same city as such Paying Agent to fill such vacancy; provided, however, that, if the Issuer shall fail to appoint such Paying Agent within said period, the Bond Commission, a court of competent jurisdiction or a majority of the Registered Owners may make such appointment.

The Paying Agents shall enjoy the same protective provisions in the performance of their duties hereunder as are specified in this Article VIII with respect to the Registrar, insofar as such provisions may be applicable.

Notice of the appointment of successor or additional Paying Agents or fiscal agents shall be given in the same manner as provided by Section 8.08 hereof with respect to the appointment of a successor Registrar.

All moneys received by the Paying Agents shall, until used or applied as provided in this Ordinance, be held in trust for the purposes for which they were received.

ARTICLE IX

DEFEASANCE; DISCHARGE OF PLEDGE OF ORDINANCE

Section 9.01. Defeasance; Discharge of Pledge of Ordinance. If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the respective Registered Owners of all Series 2010 A Bonds the principal of and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Ordinance, then this Ordinance and the pledges of the Net Revenues and other moneys and securities pledged hereunder, and all covenants, agreements and other obligations of the Issuer on behalf of the Registered Owners of the Series 2010 A Bonds made hereunder, shall thereupon cease, terminate and become void and be discharged and satisfied.

Bonds for the payment of which either moneys in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide moneys which, together with the moneys, if any, deposited with the Paying Agent at the same or earlier time, shall be sufficient, to pay as and when due the respective principal of and interest on such Bonds shall be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section. All Series 2010 A Bonds shall, prior to the maturity thereof, be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section if there shall have been deposited with the Bond Commission or an escrow trustee either 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 Bond Commission or said escrow trustee at the same or earlier time shall be sufficient, to pay when due the principal of, any redemption premium on and interest due and to become due on said Series 2010 A Bonds on and prior to the maturity date thereof, or if the

Issuer irrevocably determines to redeem any of said Series 2010 A Bonds prior to the maturity thereof, on and prior to said redemption date. Neither securities nor moneys deposited with the Bond Commission or an escrow trustee pursuant to this section nor principal or interest payments on any such securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal of and interest on said Series 2010 A Bonds; provided, that any cash received from such principal, redemption premium, if any, and interest payments on such securities deposited with the Bond Commission or said escrow trustee, if not then needed for such purpose, shall, to the extent practicable, be reinvested in securities maturing at times and in amounts sufficient to pay when due the principal of and redemption premium, if any, and interest to become due on said Bonds on and prior to such maturity or redemption dates thereof, and interest earned from such reinvestments shall be paid over to the Issuer as received by the Bond Commission or said escrow trustee, free and clear of any trust, lien or pledge. For the purpose of this section, securities shall mean and include only Government Obligations.

ARTICLE X

MISCELLANEOUS

Section 10.01. Amendment of Ordinance. This Ordinance and any Supplemental Resolution may be amended or modified without the consent of any Registered Owner or other person, solely for the purpose of maintaining the tax-exempt status of the Series 2010 A Bonds, provided that, in the event any of the Series 2010 A Bonds are insured, no such amendment or modification which adversely affects the security for such Series 2010 A Bonds or the rights of the applicable Bond Insurer for such Series 2010 A Bonds may be effected without the written consent of such Bond Insurer. Otherwise, no materially adverse amendment or modification to this Ordinance, or of any Supplemental Resolution, may be made without the written consent of the Registered Owners of 60% in aggregate principal amount of the Series 2010 A Bonds then Outstanding and affected thereby and the Bond Insurer, which must be filed with the Recorder of the Issuer before any such modification or amendment may be made. No such modification or amendment shall extend the maturity of or reduce the interest rate on, or otherwise alter the terms of payment of the principal of or interest on, any Series 2010 A Bond without the express written consent of the Registered Owner of such Bond, nor reduce the percentage of Series 2010 A Bonds required for consent to any such modification or amendment.

Section 10.02. Evidence of Signatures of Registered Owners and Ownership of Series 2010 A Bonds. Any request, consent, revocation of consent or other instrument which this Ordinance may require or permit to be signed and executed by Registered Owners may be in one or more instruments of similar tenor, and shall be signed or executed by such Registered Owners in person or by their attorneys duly authorized in writing. Proof of the execution of any such instrument, or of an instrument appointing or authorizing any such attorney, shall be sufficient for any purpose of this Ordinance if made in the following manner, or in any other manner satisfactory to the Issuer or the Registrar, as the case may be, which may nevertheless in its discretion require further or other proof in cases where it deems the same desirable:

A. The fact and date of the execution by any Registered Owner or his attorney of any such instrument may be proved (i) by the certificate of a notary public or other officer authorized to take acknowledgments of deeds to be recorded in the jurisdiction in which he purports to act that the person signing such instrument acknowledged to him the execution thereof, or by the affidavit of a witness of such execution, duly sworn to before such a notary public or other officer or (ii) by the certificate, which need not be acknowledged or verified, of an officer of a bank, a trust company or a financial firm or corporation satisfactory to the Issuer or the Registrar, as the case may be, that the person signing such instrument acknowledged to such bank, trust company, firm or corporation the execution thereof.

B. The authority of a person or persons to execute any such instrument on behalf of a corporate Holder may be established without further proof if such instrument is signed by a person purporting to be the president or treasurer or a vice-president or an assistant treasurer of such corporation with a corporate seal affixed, and is attested by a person purporting to be its secretary or assistant secretary.

C. The amount of fully registered Series 2010 A Bonds held by a person executing any instrument as a Registered Owner, the date of his holding such Series 2010 A Bonds and the numbers and other identification thereof, shall be confirmed by the Bond Register.

Any request, consent or other instrument executed by the Registered Owner of any Bond shall bind all future Registered Owners of such Bond in respect of anything done or suffered to be done hereunder by the Issuer or the Registrar in accordance therewith.

Section 10.03. Preservation and Inspection of Documents. To the extent allowable under law, all reports, certificates, statements and other documents received by the Registrar under the provisions of this Ordinance shall be retained in its possession and shall be available at all reasonable times for the inspection of the Issuer or any Registered Owner, and their agents and their representatives, but any such reports, certificates, statements or other documents may, at the election of the Registrar, be destroyed or otherwise disposed of at any time after such date as the pledge created by this Ordinance shall be discharged as provided in Section 9.01.

Section 10.04. Cancellation of Series 2010 A Bonds. All Series 2010 A Bonds purchased or paid shall, if surrendered to the Issuer, be canceled and delivered to the Registrar, or, if surrendered to the Registrar, be canceled by it. No such Series 2010 A Bonds shall be deemed Outstanding under this Ordinance and no Series 2010 A Bonds shall be issued in lieu thereof. All such Series 2010 A Bonds shall be canceled and upon order of the Issuer shall be destroyed, and a certificate evidencing such destruction shall be delivered to the Issuer.

Section 10.05. Failure to Present Series 2010 A Bonds. Anything in this Ordinance to the contrary notwithstanding, any moneys held by the Bond Commission or a Paying Agent in trust for the payment and discharge of any of the Series 2010 A Bonds which remain unclaimed for 1 year after the date on which such Series 2010 A Bonds have become due and payable, whether by maturity or upon call for redemption, shall at the written request of the Issuer be paid by the Bond Commission or said Paying Agent to the Issuer as its absolute property and free

from trust, and the Bond Commission or said Paying Agent shall thereupon be released and discharged with respect thereto, and the Registered Owners of such Series 2010 A Bonds shall look only to the Issuer for the payment of such Series 2010 A Bonds; provided, however, that, before making any such payment to the Issuer, the Registrar, if so advised by the Bond Commission, or said Paying Agent shall send to the Registered Owner, at the address listed on the Bond Register, by certified mail, a notice that such moneys remain unclaimed and that, after a date named in said notice, which date shall be not less than 30 days after the date of such notice is mailed, the balance of such moneys then unclaimed will be returned to the Issuer. If any of said Series 2010 A Bonds is a coupon Bond the Registrar or said Paying Agent shall also publish such notice, not less than 30 days prior to the date such moneys will be returned to the Issuer, in an Authorized Newspaper.

Section 10.06. Notices, Demands and Requests. Unless otherwise expressly provided, all notices, demands and requests to be given or made hereunder to or by the Issuer, the Registrar, the Depository Bank, or the Original Purchaser shall be in writing and shall be properly made if sent by United States mail, postage prepaid, and addressed as follows or if hand-delivered to the individual to whom such notice, demand or request is required to be directed as indicated below:

TOWN:

The Town of Kingwood
313 Tunnelton Street
Kingwood, West Virginia 26537
Attention: Mayor

REGISTRAR AND PAYING AGENT:

[Name and address
to be set forth in the
Supplemental Resolution]

DEPOSITORY BANK:

[Name and address
to be set forth in the
Supplemental Resolution]

ORIGINAL PURCHASERS:

Crews & Associates, Inc.
300 Summers Street
Suite 930
Charleston, West Virginia 25301

Any party listed above may change such address listed for it at any time upon written notice of change sent by United States mail, postage prepaid, to the other parties.

Section 10.07. No Personal Liability. No member of the Council or officer or employee of the Issuer shall be individually or personally liable for the payment of the principal of or the interest on any Series 2010 A Bond, but nothing herein contained shall relieve any such member, official or employee from the performance of any official duty provided by law or this Ordinance.

Section 10.08. Law Applicable. The laws of the State shall govern the construction of this Ordinance and of all Series 2010 A Bonds issued hereunder.

Section 10.09. Parties Interested Herein. Nothing in this Ordinance expressed or implied is intended or shall be construed to confer upon, or give to, any person or corporation, other than the Issuer, the Registrar, the Paying Agent, the Registered Owners of the Series 2010 A Bonds and the Original Purchaser, any right, remedy or claim under or by reason of this Ordinance. All the covenants, stipulations, promises and agreements contained in this Ordinance by and on behalf of the Issuer shall be for the sole and exclusive benefit of the Issuer, the Registrar, the Paying Agent, the Registered Owners of the Series 2010 A Bonds and the Original Purchaser.

Section 10.10. Severability of Invalid Provisions. If any section, paragraph, clause or provision of this Ordinance shall be held invalid, such invalidity shall not affect any of the remaining provisions of this Ordinance.

Section 10.11. Table of Contents and Headings. The Table of Contents and headings of the articles, sections and subsections hereof are for convenience only and shall neither control nor affect in any way the meaning or construction of any of the provisions hereof.

Section 10.12. Conflicting Provisions Repealed. All ordinances, orders, resolutions or parts thereof in conflict with the provisions of this Ordinance are, to the extent of such conflict, hereby repealed, provided however, that the Prior Ordinances shall remain in full force and effect so long as any of the Prior Bonds are Outstanding.

Section 10.13. Covenant of Due Procedure, Etc. The Issuer covenants that all acts, conditions, things and procedures required to exist, to happen, to be performed or to be taken precedent to and in the adoption of this Ordinance do exist, have happened, have been performed and have been taken in regular and due time, form and manner as required by and in full compliance with the laws and Constitution of the State of West Virginia applicable thereto; and that the Mayor, Recorder and members of the Council were at all times when any actions in connection with this Ordinance occurred and are duly in office and duly qualified for such office.

Section 10.14. Procedure on Enactment of Ordinance; Public Hearing. Upon adoption of this Ordinance, the Recorder is hereby authorized and directed to have an abstract of this Ordinance, which abstract has been determined by the Council to contain sufficient information to give notice of the contents of such Ordinance, published once each week for 2

successive weeks, with not less than six full days between each publication, the first such publication to be not less than 10 days before the date stated below for the public hearing, in the *Preston County Journal*, a newspaper published and having a general circulation in The Town of Kingwood, together with a notice to all persons concerned, stating that this Ordinance has been adopted and that the Issuer contemplates the issuance of the Bonds described in this Ordinance and that any person interested may appear before the Council of the Issuer at the public hearing to be had at a public meeting of the Council on _____, 2010, at _____:00 p.m., and present protests, and that a certified copy of this Ordinance is on file with the Recorder for review by interested parties during the office hours of the Recorder. At such hearing all protests and suggestions shall be heard by the Council and it shall then take such action as it shall deem proper in the premises.

First Reading: _____, 2010

Second Reading: _____, 2010

Passed on Final Reading
Following Public
Hearing: _____, 2010

Section 10.15. Effective Date. This Ordinance shall take effect immediately upon enactment.

Enacted this _____ day of _____, 2010.

[SEAL]

_____
Mayor

ATTEST:

_____
Recorder

CERTIFICATION

Certified a true, correct and complete copy of an Ordinance duly enacted by the Council of THE TOWN OF KINGWOOD at a regular meeting of the Council held at _____ p.m., on _____, 2010, pursuant to proper notice, at which meeting a quorum was present and acting throughout, and which Ordinance was enacted following a public hearing thereon, notice of which public hearing was published once a week for two successive weeks in a newspaper published and having a general circulation in The Town of Kingwood, the first publication having been not less than 10 days prior to such public hearing.

Dated this _____ day of _____, 2010.

[SEAL]

_____

Recorder

EXHIBIT A - SERIES 2010 A BOND FORM

Except as otherwise provided in the Ordinance, this global bond may be transferred, in whole but not in part, only to another nominee of DTC (as defined in the Ordinance) or to a successor of DTC or to a nominee of a successor of DTC. Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to Issuer or its agent for registration of transfer, exchange, or payment, and any Bond issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

No. AR-_____ $_____

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE TOWN OF KINGWOOD (WEST VIRGINIA)
SEWER REFUNDING REVENUE BOND, SERIES 2010 A

INTEREST RATE	MATURITY DATE	BOND DATE	CUSIP NO.

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: _____

KNOW ALL MEN BY THESE PRESENTS: That THE TOWN OF KINGWOOD, a municipal corporation organized and existing under the laws of the State of West Virginia (the "Town"), for value received, hereby promises to pay, solely from the special funds provided therefore, as hereinafter set forth, to the Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, the Principal Amount specified above and solely from such special funds also to pay interest on said Principal Amount from the Interest Payment Date (as hereinafter defined) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, or, if and to the extent that the Town shall default in the payment of interest on any Interest Payment Date, then this Bond shall bear interest from the most recent Interest Payment Date to which interest has been paid or duly provided for, and in which case any Bond surrendered for transfer or exchange shall be dated as of the Interest Payment Date to which interest has been paid in full, at the Interest Rate per annum specified above, semiannually, on _____ 1 and _____ 1, in each year, beginning _____ 1, 20____ (each an "Interest Payment Date"), until maturity

or until the date fixed for redemption if this Bond is called for prior redemption and payment on such date is provided for. Capitalized terms used and not defined herein shall have the meanings ascribed thereto in the hereinafter described Ordinance.

Interest accruing on this Bond on and prior to the Maturity Date hereof shall be payable by check or draft mailed by _____, _____, West Virginia, as paying agent (in such capacity, the "Paying Agent"), to the Registered Owner hereof as of the applicable Record Date (each _____ 15 and _____ 15) or, in the event of a default in the payment of Bonds, that special record date to be fixed by the hereinafter named Registrar by notice given to the Registered Owners not less than 10 days prior to said special record date at the address of such Registered Owner as it appears on the registration books of the Town maintained by _____, _____, West Virginia, as registrar (in such capacity, the "Registrar"), or, at the option of any Registered Owner of at least $1,000,000 in aggregate principal amount of Bonds, by wire transfer in immediately available funds to a domestic bank account specified in writing by the Registered Owner to the Paying Agent at least 5 days prior to such Record Date. Principal and premium, if any, shall be paid when due upon presentation and surrender of this Bond for payment at the principal office of the Paying Agent, in _____, West Virginia.

This Bond is one of an issue of a series of bonds, in the aggregate principal amount of $_____ designated "The Town of Kingwood (West Virginia) Sewer Refunding Revenue Bonds, Series 2010 A" (the "Bonds"), of like tenor and effect, except as to number, denomination, date of maturity and interest rate, dated _____, 2010, the proceeds of which are to be used (i) to finance the costs of currently refunding the Issuer's Series 1997 A Refunding Revenue Bonds, (ii) to fund the Series 2010 A Bonds Reserve Account, and (iii) to pay certain costs of issuance of the Series 2010 A Bonds and related costs. The Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13 of the Code of West Virginia, 1931, as amended (the "Act"), and an ordinance duly enacted by the Council of the Issuer on _____, 2010, and supplemented by supplemental resolutions adopted by said Council on _____, 2010, and _____, 2010 (hereinafter collectively referred to as the "Ordinance"), and is subject to all the terms and conditions of said Ordinance. The Ordinance provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Ordinance. Reference is hereby made to the Ordinance, as the same may be amended and supplemented from time to time, for a description of the rights, limitations of rights, obligations, duties and immunities of the Issuer, the Registrar, the Paying Agent, the Registered Owners of the Bonds and the Registered Owners of any subsequently issued additional bonds. Executed counterparts or certified copies of the Ordinance are on file at the office of the Recorder in The Town of Kingwood, West Virginia.

The Bonds of this issue are subject to redemption prior to their stated maturity dates, as provided in the Ordinance and as set forth in the following lettered paragraphs:

(A) Optional Redemption. The Bonds maturing on or after _____, _____ are subject to redemption prior to maturity at the option of the Issuer on and after _____, _____, in whole or in part at any time, in such order of maturity as shall be designated to the Registrar by the Issuer and by lot within a maturity, at the following

redemption prices (expressed as percentages of the principal amount of Bonds to be redeemed), plus interest accrued thereon to the date fixed for redemption:

Period During Which Redeemed (Dates Inclusive)	Redemption Price
_____ to _____	$_____
_____ to _____	$_____
_____ to _____	$_____

(B) Mandatory Sinking Fund Redemption. The Bonds maturing on _____, are subject to annual mandatory redemption prior to maturity by random selection on _____ of the years and in the principal amounts set forth below, at the redemption price of 100% of the principal amount of each Bond so called for redemption plus interest accrued to the date fixed for redemption:

Bonds Maturing

Year ( )	Principal Amount

Bonds Maturing

Year ( )	Principal Amount

_____
* Final Maturity

If less than all the Bonds are to be redeemed, the Bonds to be redeemed shall be identified by reference to the Series designation, date of issue, CUSIP numbers and Maturity Dates.

Notice of any redemption of this Bond, unless waived, shall be given by the Registrar on behalf of the Issuer by mailing an official redemption notice by registered or certified mail at least 30 days and not more than 60 days prior to the date fixed for redemption to the Registered Owner of the Bond or Bonds to be redeemed at the address shown on the Bond Register or at such other address as is furnished in writing by such Registered Owner to the Registrar. Notice of redemption having been given as aforesaid, the Bonds or portions of Bonds so to be redeemed shall, on the Redemption Date, become due and payable at the redemption price therein specified, and from and after such date (unless the Issuer shall default in the payment of the redemption price) such Bonds or portions of Bonds shall cease to bear interest.

Failure to receive such notice or any defect therein or in the mailing thereof shall not affect the validity of proceedings for the redemption of this Bond.

There are outstanding obligations of the Issuer which will rank on a parity with the Series 2010 A Bonds as to liens, pledge, source of and security for payment, as follows: (1) Sewerage System Design Revenue Bonds, Series 2009 A (West Virginia Water Development Authority), dated January 30, 2009, issued in the original aggregate principal amount of $724,650 (the "Series 2009 A Bonds"); (2) Sewer Revenue Bonds, Series 2001 A (West Virginia SRF Program), dated December 20, 2001, issued in the original aggregate principal amount of $878,181 (the "Series 2001 A Bonds"); and (3) Sewer Revenue Bonds, Series 1986 B (West Virginia Water Development Authority), dated March 26, 1986, issued in the original aggregate principal amount of $850,860 (the "Series 1986 B Bonds") (collectively, the "Prior Bonds").

The Bonds and the interest thereon are payable only from and are secured by the Net Revenues (as defined in the Ordinance) to be derived from the operation of the System, on a parity with the pledge of Net Revenues in favor of the holders of the Prior Bonds and from moneys in the Series 2010 A Bonds Sinking Fund and the Series 2010 A Bonds Reserve Account established under the Ordinance, and the 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 shall be set aside as a special fund hereby pledged for such purpose and to make the other payments required by the Ordinance. This Bond does not constitute an indebtedness of the Issuer within any constitutional or statutory provision or limitation, nor shall the Issuer be obligated to pay the same or the interest hereon except from said special fund provided from the Net Revenues, the moneys in the Series 2010 A Bonds Sinking Fund and the Series 2010 A Bonds Reserve Account and unexpended proceeds of the Bonds. Under the Ordinance, the Issuer has covenanted and agreed to fix, establish and collect just and equitable rates or charges for the use of the services and facilities of the System and to revise the same from time to time as will always be sufficient to pay all operating expenses of the System and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest on the Bonds and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with the Bonds, including the Prior Bonds. 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 Ordinance. Remedies provided the Registered Owners of the Bonds are exclusively as provided in the Ordinance, to which reference is here made for a detailed description thereof.

All moneys received from the sale of the Bonds except for accrued interest thereon shall be applied solely to finance the current refunding of the Issuer's outstanding Series 1997 A Refunding Revenue Bonds, fund a reserve account for the Bonds and pay costs of issuance of the Bonds, 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.

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 said Issuer, does not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia, and that a sufficient amount of the Net Revenues of the System has been pledged to and will be set aside into said special fund by said Issuer for the prompt payment of the principal of and interest on the Bonds of which this Bond is one.

This Bond, under the provisions of the Act is and has all the qualities and incidents of, a negotiable instrument under the Uniform Commercial Code of the State of West Virginia, but may be transferred only upon the surrender hereof at the office of the Registrar and otherwise as provided by the Ordinance.

This Bond is, under the Act, exempt from all taxation by the State of West Virginia or any county, municipality, political subdivision or agency thereof.

This Bond shall not be entitled to any benefit under the Ordinance, or become valid or obligatory for any purpose, until the certificate of authentication and registration hereon shall have been signed by the Registrar.

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

[Remainder of Page Intentionally Blank]

IN WITNESS WHEREOF, THE TOWN OF KINGWOOD has caused this Bond to be signed by its Mayor and, and its corporate seal to be imprinted hereon and attested by its Recorder, and has caused this Bond to be dated as of the Bond Date specified above.

[SEAL]

(Manual or Facsimile Signature)
Mayor

ATTEST:

(Manual or Facsimile Signature)
Recorder

CERTIFICATE OF AUTHENTICATION
AND REGISTRATION

This Bond is one of the fully registered Bonds described in the within-mentioned Ordinance and has been duly registered in the name of the Registered Owner on the date set forth below. Attached hereto is the complete text of the opinion of Steptoe & Johnson PLLC, bond counsel, signed originals of which are on file with the Registrar, delivered and dated on the date of the original delivery of and payment for the Bonds.

Dated: _____, _____.

_____,
as Registrar

By _____
Its Authorized Officer

ASSIGNMENT

(Exhibit A – Bond Form)

Social Security or Other Identifying Number of Assignee _____
_____

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

Dated: _____, 20_____.

_____

SIGNATURE GUARANTEED:

_____
(Bank, Trust Company or Firm)

_____
(Authorized Officer)

NOTICE: The Assignor's signature to this Assignment must correspond with the name as it appears upon the face of the within Bond in every particular, without alteration or any change whatever.

APPENDIX D

FORM OF OPINION OF BOND COUNSEL

_____, 2010

The Town of Kingwood
Sewer Refunding Revenue Bonds, Series 2010 A
(Tax-Exempt)

The Town of Kingwood
Kingwood, West Virginia

Crews & Associates, Inc.
Charleston, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

Ladies and Gentlemen:

We have examined a record of proceedings relating to the issuance by The Town of Kingwood, West Virginia (the "Issuer") of its $_____ aggregate principal amount of Sewer Refunding Revenue Bonds, Series 2010 A (Tax-Exempt) (the "Series 2010 A Bonds").

The Series 2010 A Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 16, Article 13 and Chapter 13, Article 2E of the West Virginia Code of 1931, as amended (collectively, the "Act"), and a Bond Ordinance duly enacted by the Issuer on __ _____, 2010, as supplemented by a Supplemental Parameters Resolution duly adopted by the Issuer on _____, 2010 (collectively, the "Ordinance"), and are subject to all the terms and conditions of the Ordinance. All capitalized terms used herein and not otherwise defined shall have the meanings set forth in the Ordinance when used herein.

The Series 2010 A Bonds are issued in fully registered form, are dated _____ _____, 2010, upon original issuance, mature on October 1 in the years and amounts and bear interest payable each April 1 and October 1, commencing _____, 2010, as set forth in the Ordinance.

The Series 2010 A Bonds shall be subject to optional redemption on or after _____ 1, 20_____, at par plus accrued interest thereon to the date set for redemption.

The Ordinance provides that the Series 2010 A Bonds are issued for the purpose of currently refunding the Issuer's Sewer Refunding Revenue Bonds, Series 1997 A (the "Series

1997 A Bonds"), funding a debt service reserve account for the Series 2010 A Bonds and paying costs of issuance of the Series 2010 A Bonds and related costs.

The Series 2010 A Bonds have been sold to Crews & Associates, Inc. (the "Original Purchaser"), pursuant to a Bond Purchase Agreement dated _____, 2010, and accepted by the Issuer (the "Bond Purchase Agreement").

As to questions of fact material to our opinion, we have relied upon representations of the Issuer, the Original Purchaser and other entities contained in the Ordinance, the Bond Purchase Agreement, the Continuing Disclosure Agreement, the Tax Certificate and in the certified proceedings and other certifications of certain officials furnished to us without undertaking to verify the same by independent investigation.

Based upon the foregoing, and assuming compliance with the covenants and representations of the Issuer and others set forth in the Ordinance, the Bond Purchase Agreement, the Continuing Disclosure Agreement, the Tax Certificate and such certifications, we are of the opinion, under existing law, that:

1. The Issuer is a duly organized and validly existing municipal corporation under and pursuant to the laws of the State of West Virginia, with full power and authority to adopt and enact the Ordinance, enter into a Prepayment Agreement, the Bond Purchase Agreement, the Continuing Disclosure Agreement and Tax Certificate, perform its obligations under the terms and provisions thereof and to issue and sell the Series 2010 A Bonds, all under the provisions of the Act and other applicable provisions of law.

2. The Issuer, through its governing body, has legally and effectively adopted and enacted the Ordinance, has authorized, executed and delivered the Prepayment Agreement, the Bond Purchase Agreement, the Continuing Disclosure Agreement, the Tax Certificate, has authorized the distribution of the Official Statement in connection with the marketing and sale of the Series 2010 A Bonds, and has issued and delivered the Series 2010 A Bonds to the Original Purchaser pursuant to the Bond Purchase Agreement. The Ordinance is in full force and effect as of the date hereof.

3. Assuming due authorization, execution and delivery by the other parties thereto, the Prepayment Agreement, the Bond Purchase Agreement, the Continuing Disclosure Agreement and the Tax Certificate constitute valid, legal, binding and enforceable instruments of the Issuer in accordance with their respective terms.

4. The Series 2010 A Bonds have been duly authorized, executed and delivered by the Issuer and, assuming proper authentication, constitute valid and legally enforceable limited obligations of the Issuer, payable from, and secured by a lien on, the Net Revenues of the System, on a parity with the Issuer's outstanding: (1) Sewerage System Design Revenue Bonds, Series 2009 A (West Virginia Water Development Authority), dated January 30, 2009, issued in the original aggregate principal amount of $724,650 (the "Series 2009 A Bonds"); (2) Sewer Revenue Bonds, Series 2001 A (West Virginia SRF Program), dated December 20, 2001, issued

in the original aggregate principal amount of $878,181 (the "Series 2001 A Bonds"); and (3) Sewer Revenue Bonds, Series 1986 B (West Virginia Water Development Authority), dated March 26, 1986, issued in the original aggregate principal amount of $850,860 (the "Series 1986 B Bonds") (collectively referred to herein as the "Prior Bonds"). The Series 2010 A Bonds are enforceable in accordance with their terms and the terms of the Ordinance, and are entitled to the benefits of the Ordinance and the Act.

5. The Series 1997 A Bonds have been paid within the meaning and with the effect expressed in the Ordinance, as supplemented, pursuant to which they were issued, and the covenants, agreements and other obligations of the Issuer to the holders and owners of the Series 1997 A Bonds have been satisfied and discharged.

6. Under existing laws, regulations, published rulings and judicial decisions of the United States of America, as presently written and applied, the interest on the Series 2010 A Bonds (including any original issue discount properly allocable to owners of the Bonds) is excludable from gross income of the holders thereof for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed upon individuals and corporations. It should be noted, however, that for the purpose of computing the alternative minimum tax on corporations (as defined for federal income tax purposes), such interest is taken into account in determining adjusted current earnings. Ownership of tax-exempt obligations, including the Series 2010 A Bonds, may result in collateral federal income tax consequences to certain taxpayers, including without limitation, financial institutions, property and casualty insurance companies, individual recipients of Social Security or Railroad Retirement benefits, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry such obligations. We offer no opinion as to such collateral tax consequences or any other federal tax consequences arising with respect to the Series 2010 A Bonds. Prospective purchasers of the Series 2010 A Bonds should consult their own tax advisors as to such consequences. The opinions set forth above are subject to the condition that the Issuer comply, on a continuing basis, with all requirements of the Internal Revenue Code of 1986, as amended, and regulations thereunder (collectively, the "Code") that must be satisfied subsequent to issuance of the Series 2010 A Bonds for interest thereon to be or continue to be excludable from gross income for federal income tax purposes and with all certifications, covenants and representations which may affect the excludability from gross income of the interest on the Series 2010 A Bonds set forth in the Ordinance, the Prepayment Agreement, the Tax Certificate and the certifications of the Issuer and others. Failure to comply with such Code provisions or such certifications, covenants and representations could cause the interest on the Series 2010 A Bonds to be includable in gross income retroactive to the date of issuance of the Series 2010 A Bonds.

7. Under the Act, the Series 2010 A Bonds and the interest thereon are exempt from all taxation by the State of West Virginia or any county, municipality, political subdivision or agency thereof.

8. The Issuer has designated the Bonds as "Qualified Tax-Exempt Obligations" for purposes of paragraph (3) of Section 265(b) of the Code and covenanted that not more than

$30,000,000 aggregate principal amount of obligations the interest on which is excludable (under Section 103(a) of the Code) from gross income for federal income taxes (excluding, however, obligations described in Section 265(b)(3)(C)(ii) of the Code), including the Bonds, have been or shall be issued by the Issuer or any entities subordinate to it, during the calendar year 2010, all as determined in accordance with the Code. For purposes of this paragraph and for the purposes of applying such Section 265(b)(3) of the Code, the Issuer and all entities which issue obligations on behalf of the Issuer shall be treated as one issuer; all obligations issued by a subordinate entity shall, for purposes of applying this paragraph and Section 265(b)(3) of the Code to each other entity to which such entity is subordinate, be treated as issued by such other entity; and an entity formed (or, to the extent provided by the Secretary, as set forth in the Code, availed of) to avoid the purposes of Section 265(b)(3)(C) or (D) of the Code and all entities benefitting thereby shall be treated as one issuer. Therefore, the Series 2010 A Bonds are "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code.

9. The Series 2010 A Bonds are exempted securities within the meaning of Section 3(a)(2) of the Securities Act of 1933, as amended, and the West Virginia Uniform Securities Act, as amended, and it is not necessary, in connection with the public offering and sale of the Series 2010 A Bonds, to register any securities under said Securities Acts.

It is to be understood that the rights of the holders of the Series 2010 A Bonds and the enforceability of the Series 2010 A Bonds, the Ordinance, the Prepayment Agreement, the Bond Purchase Agreement, the Continuing Disclosure Agreement, the Tax Certificate, and the liens, pledges, rights or remedies with respect thereto, are subject to and may be limited by any applicable bankruptcy, reorganization, insolvency, moratorium or other similar laws heretofore or hereafter enacted affecting creditors' rights or remedies generally and that their enforcement may also be subject to the application of public policy, general principles of equity and the exercise of judicial discretion in appropriate cases.

We do not express any opinion as to the sufficiency or accuracy of the material, information or financial statements which are set forth in the official statement prepared and used in connection with the offering and sale of the Series 2010 A Bonds.

We have examined the executed and authenticated Series 2010 A Bonds of said issue, and in our opinion, said Series 2010 A Bonds are in proper form and have been duly executed and authenticated.

Very truly yours,

STEPTOE & JOHNSON PLLC

APPENDIX E

FORM OF CONTINUING DISCLOSURE AGREEMENT

$_,___,000
THE TOWN OF KINGWOOD (WEST VIRGINIA)
SEWER REFUNDING REVENUE BONDS, SERIES 2010 A

This Continuing Disclosure Agreement (this "Agreement"), is delivered this ___ day of August, 2010, by THE **TOWN OF KINGWOOD** (the "Town"), to **UNITED BANK, INC.**, a state banking corporation, at its office located in Charleston, West Virginia (the "Bank"), in connection with the Town's issuance of its $_,___,000 Sewer Refunding Revenue Bonds, Series 2010 A (the "Series 2010 A Bonds"). The Series 2010 A Bonds are being issued pursuant to a Bond Ordinance enacted by the Town on July 27, 2010 (the "Ordinance"). The Town covenants and agrees as follows:

SECTION 1. Purpose of Agreement. This Agreement is being executed and delivered by the Town for the benefit of the holders and beneficial owners of the Series 2010 A Bonds and in order to assist the Underwriter in complying with SEC Rule 15c2-12(b)(5).

Any filing under this Agreement may be made solely by transmitting such filing to the Texas Municipal Advisory Council (the "MAC") as provided at http://www.disclosureusa.org unless the United States Securities and Exchange Commission has withdrawn the interpretive advice in its letter to the MAC dated September 7, 2009.

SECTION 2. Definitions. In addition to the definitions set forth in the Ordinance and the Bond Purchase Agreement, which apply to any capitalized term used in this Agreement unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Financial Information" means the financial information (which shall be based on financial statements prepared in accordance with generally accepted accounting principles ("GAAP")), provided at least annually, of the type included in those sections of the final official statement with respect to the Series 2010 A Bonds attached thereto as Appendix B, which Annual Financial Information shall include Audited Financial Statements if available on the due date set forth herein, and, if not then available, unaudited financial statements.

"Audited Financial Statements" means the System's annual financial statements, prepared in accordance with GAAP, which financial statements shall have been audited by a firm of independent certified public accountants.

"Beneficial Owner" shall mean any person who has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any the Series 2010 A Bonds (including persons holding the Series 2010 A Bonds through nominees, depositories or other intermediaries).

"Central Post Office" shall mean the MAC, which shall receive Annual Reports and Listed Events and then electronically transmit them to the National Repositories and the State Repository.

"Dissemination Agent" shall initially mean the Bank and any later appointed Dissemination Agent or any successor Dissemination Agent designated in writing by the Town and which has filed with the Town a written acceptance of such designation.

"EMMA" means the Electronic Municipal Market Access system described in 1934 Act Release No. 59062 and maintained by the Municipal Securities Rulemaking Board for purposes of the Rule.

"Listed Events" shall mean any of the events listed in Section 5(a) of this Agreement.

"National Repository" shall mean the Municipal Securities Rulemaking Board, Washington, D.C., the sole Nationally Recognized Municipal Securities Information Repository for purposes of the Rule, effective as of July 1, 2010.

"Purchase Contract" shall mean the Bond Purchase Agreement dated August __, 2010, between the Underwriter and the Town, by which the Underwriter offered to purchase the Series 2010 A Bonds from the Town upon the terms set forth therein.

"Repository" shall mean each National Repository and the State Repository.

"Rule" shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"Series 2010 A Bonds" shall mean the $1,615,000 Sewer Refunding Revenue Bonds, Series 2010 A.

"State" shall mean the State of West Virginia.

"State Repository" shall mean any public or private repository or entity designated by the State as the state repository for the purpose of the Rule and recognized as such by the Securities and Exchange Commission. As of the date of this Agreement, there is no State Repository.

"System" shall mean the Kingwood Sanitary Sewer Works or an successor thereto.

"Underwriter" shall mean Crews & Associates, Inc., the original underwriter of the Series 2010 A Bonds, who is required to comply with the Rule in connection with offering of the Series 2010 A Bonds.

SECTION 3. Provision of Annual Reports.

(a) The Town shall, or shall cause the Dissemination Agent to, not later than 150 days after the end of the System's fiscal year (presently June 30), commencing with the report for the Fiscal Year ended June 30, 2010, provide to each Repository Annual Financial Information and

Audited Financial Statements, which are consistent with the requirements of Section 4 of this Agreement. The Annual Financial Information and Audited Financial Statements may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Agreement. If the System's fiscal year changes, the Town shall give notice of such change in the same manner as for a Listed Event under Section 5(a).

(b) Not later than fifteen (15) Business Days prior to said date, the Town shall provide the Annual Financial Information and Audited Financial Statements to the Dissemination Agent. If the Town is unable to provide to the Repositories the System's Annual Financial Information and Audited Financial Statements by the date required in subsection (a), the Town shall send a notice to the Repositories, in substantially the form attached as Exhibit A.

(c) The Dissemination Agent shall:

(i) determine each year prior to the date for providing the Annual Financial Information and Audited Financial Statements the name and address of each Repository; and

(ii) file a report with the Town certifying that the Annual Financial Information and Audited Financial Statements have been provided pursuant to this Agreement, stating the date it was provided and listing the Repositories to which it was provided.

(d) All documents provided to the Municipal Securities Rulemaking Board shall be provided in an electronic formant and shall be accompanied by identifying information as prescribed by the Municipal Securities Rulemaking Board.

SECTION 4. Content of Annual Financial Information and Audited Financial Statements. The System's Annual Financial Information and Audited Financial Statements shall contain or include by reference the following:

(a) Within ninety (90) days after receipt by the Dissemination Agent of the System's fiscal year ended June 30, 2010 fiscal year and each subsequent fiscal year, for delivery to each Repository in the format required by the Rule, unaudited general purpose financial statements of the Town, and

(b) Within one hundred fifty (150) days of the System's fiscal year ended June 30, 2010, and each subsequent fiscal year, for delivery to each Repository in the format required by the Rule, such information and data of the System for the prior fiscal year, including (i) the audited financial statements, prepared in accordance with generally accepted accounting principles in effect from time to time, and (ii) actual data of the type found in the Official Statement under the caption "THE SYSTEM - Historical and Proforma Revenues, Expenses and Coverages."

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the Town or related public entities, which have been submitted to each of the Repositories or the Securities and Exchange Commission. If the document included by reference is a final official statement it must be available from the Municipal

Securities Rulemaking Board. The Town shall clearly identify each such other document so included by reference.

SECTION 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5, the Town shall give, or cause to be given, notice of the occurrence of any of the following events, if applicable, with respect to the Series 2010 A Bonds, if material:

1. principal and interest payment delinquencies;

2. non-payment related defaults;

3. unscheduled draws on debt service reserves reflecting financial difficulties;

4. unscheduled draws on credit enhancements reflecting financial difficulties;

5. substitution of credit or liquidity providers, or their failure to perform;

6. adverse tax opinions or events affecting the tax-exempt status of the security;

7. modifications to rights of security holders;

8. bond calls;

9. defeasances;

10. release, substitution, or sale of property securing repayment of the securities, except as provided by the Ordinance;

11. rating changes.

(b) Whenever the Town obtains knowledge of the occurrence of any of the Listed Events, the Town shall as soon as possible determine if such event would be material under applicable federal securities laws.

(c) If the Town determines that knowledge of the occurrence of any of the Listed Events would be material under applicable federal securities laws, the Town shall promptly file a notice of such occurrence with each Repository. Notwithstanding the foregoing, notice of Listed Events described in subsections (a) (4) and (5) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to holders of affected the Series 2010 A Bonds pursuant to the Ordinance.

SECTION 6. Termination of Reporting Obligation. The Town's obligations under this Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Series 2010 A Bonds. If such termination occurs prior to the final maturity of the Series 2010 A

Bonds, the Town shall give notice of such termination in the same manner as for any of the Listed Events under Section 5(a).

SECTION 7. Dissemination Agent. The Town may, from time to time, appoint or engage a different Dissemination Agent to assist it in carrying out its obligations under this Agreement.

SECTION 8. Amendment, Waiver. Notwithstanding any other provision of this Agreement, the Town may amend this Agreement, and any provision of this Agreement may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 4 or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Series 2010 A Bonds, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Series 2010 A Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances, and

(c) The amendment or waiver either (i) is approved by the Holders of the Series 2010 A Bonds in the same manner as provided in the Ordinance for amendments to the Ordinance with the consent of holders of the Series 2010 A Bonds, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the holders or beneficial owners of the Series 2010 A Bonds.

In the event of any amendment or waiver of a provision of this Agreement, the Town shall describe such amendment in the next Annual Financial Information and Audited Financial Statements, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for any of the Listed Events under Section 5(a), and (ii) the Annual Financial Information and Audited Financial Statements for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

SECTION 9. Additional Information. Nothing in this Agreement shall be deemed to prevent the Town from disseminating any other information, using the means of dissemination set forth in this Agreement or any other means of communication, or including any other information in any Annual Financial Information and Audited Financial Statements or notice of occurrence of any of the Listed Events, in addition to that which is required by this Agreement. If the Town chooses to include any information in any Annual Financial Information and Audited Financial Statements or notice of occurrence of any of the Listed Events in addition to that which is specifically required by this Agreement, the Town shall have no obligation under this Agreement to update such

information or include it is any future Annual Financial Information and Audited Financial Statements or notice of occurrence of any of the Listed Events.

SECTION 10. Default. In the event of a failure of the Town to comply with any provision of this Agreement (and, at the request of the Original Purchaser), any Holder or Beneficial Owner of the Series 2010 A Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Town to comply with its obligations under this Agreement. A default under this Agreement shall not be deemed an Event of Default under the Ordinance, and the sole remedy under this Agreement in the event of any failure of the Town to comply with this Agreement shall be an action to compel performance.

SECTION 11. Beneficiaries. This Agreement shall inure solely to the benefit of the Town, the Bank, the Underwriter and holders and beneficial owners from time to time of the Series 2010 A Bonds, and shall create no rights in any other person or entity.

Date: August __, 2010

THE TOWN OF KINGWOOD

By: _____
Mayor

UNITED BANK, INC.

By: _____
Vice President

EXHIBIT A

NOTICE TO REPOSITORIES OF FAILURE TO FILE ANNUAL REPORT

Name of Town: The Town of Kingwood

Name of Issue: $_,___,000 The Town of Kingwood
Sewer Refunding Revenue Bonds, Series 2010 A

Date of Issuance: August __, 2010

Notice is hereby given that the Town has not provided an Annual Report with respect to the above-named bonds as required by its covenant made in connection with the above-referenced bond issue. The Town anticipates that the Annual Report will be filed by _____.

Dated this ___ day of _____, 20__.

THE TOWN OF KINGWOOD

By: _____
Mayor

NEW ISSUE-BOOK ENTRY ONLY

In the opinion of Bond Counsel, under existing laws, regulations, rulings and judicial decisions of the United States of America, as presently written and applied, interest on the Series 2010 A Bonds, including any original issue discount properly allocable to an owner thereof, is excludable from gross income of the holders thereof for federal income tax purposes, and interest on the Series 2010 A Bonds will not be treated as a preference item for purposes of the federal alternative minimum tax imposed on individuals and corporations. However, interest paid to corporate holders of the Series 2010 A Bonds may be indirectly subject to alternative minimum tax under certain circumstances. Further, in the opinion of Bond Counsel, under existing laws of the State of West Virginia, the Series 2010 A Bonds, and the interest thereon are exempt from taxation by the State of West Virginia. See "TAX MATTERS" herein.

$1,605,000
THE TOWN OF KINGWOOD (WEST VIRGINIA)
SEWER REFUNDING REVENUE BONDS, SERIES 2010 A

Dated: Date of Delivery

Due: October 1, as shown below

The Series 2010 A Bonds are issuable only as fully registered bonds without coupons in denominations of $5,000 and integral multiples thereof for any year of maturity. All of the Series 2010 A Bonds initially will be maintained under a book-entry system under which The Depository Trust Company, New York, New York ("DTC"), will act as securities depository. Purchases of the Series 2010 A Bonds will be in book-entry form only. Semiannual interest on the Series 2010 A Bonds is payable April 1, 2011, and each April 1 and October 1 thereafter. So long as the Series 2010 A Bonds are maintained under a book-entry system, payments of the principal of and premium, if any, and interest on the Series 2010 A Bonds will be made when due by the West Virginia Municipal Bond Commission, Charleston, West Virginia, as Paying Agent (the "Paying Agent"), to DTC in accordance with the Ordinance and the Supplemental Resolutions, and the Paying Agent will have no obligation to make any payments to any beneficial owner of any Series 2010 A Bonds. See "THE SERIES 2010 A BONDS - Book-Entry Only System." The Series 2010 A Bonds are subject to redemption prior to maturity as described herein.

Proceeds of the Series 2010 A Bonds will be used, together with other funds available therefor, to: (i) refund the Town's Sewer Refunding Revenue Bonds, Series 1997 A; (ii) provide funds in the amount of $147,300 to be deposited in the Series 2010 A Bonds Reserve Account; and (iii) pay certain costs of issuance of the Series 2010 A Bonds and related costs.

The Series 2010 A Bonds are payable from and further secured by the Net Revenues derived from the existing sewerage system of the Town and any extensions, improvements and betterments thereto on parity with the Prior Bonds, as hereinafter defined, and any additional parity bonds that may hereafter be issued by the Town as permitted by the Ordinance, as hereinafter defined, and the Series 2010 A Bonds are also payable from funds on deposit in the Series 2010 A Bonds Sinking Fund and the Series 2010 A Bonds Reserve Account therein. The Series 2010 A Bonds do not constitute an indebtedness of the Town within the meaning of any constitutional or statutory provisions or limitations, and the Town shall not be obligated to pay the principal or premium, if any, of and the interest on the Series 2010 A Bonds, except from the Net Revenues and such funds on deposit. Neither the full faith and credit nor the taxing power of the Town shall be deemed to be pledged to, nor shall any tax be levied for, the payment of the principal of or the premium, if any, or interest on the Series 2010 A Bonds.

The Town has designated the Series 2010 A Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b) of the Internal Revenue Code of 1986, as amended.

MATURITIES, AMOUNTS, INTEREST RATES AND PRICES OR YIELDS

$250,000	**3.00%**	**Series 2010 A Term Bonds due October 1, 2013**	**at 100%**
$285,000	**3.50%**	**Series 2010 A Term Bonds due October 1, 2016**	**at 100%**
$430,000	**4.00%**	**Series 2010 A Term Bonds due October 1, 2020**	**at 100%**
$240,000	**4.00%**	**Series 2010 A Term Bonds due October 1, 2022**	**at 98.115%**
$400,000	**4.25%**	**Series 2010 A Term Bonds due October 1, 2025**	**at 98.354%**

This cover page contains certain information for quick reference only. It is not a summary of this issue. Investors must read the entire Official Statement to obtain information essential to making an informed investment decision. The Series 2010 A Bonds are offered when, as and if issued and received by the Underwriter, subject to prior sale, to withdrawal or modification of the offering without notice and to the unqualified approval of legality by Steptoe & Johnson PLLC, Charleston, West Virginia, Bond Counsel. Steptoe & Johnson PLLC, Charleston, West Virginia, Counsel to the Town, will pass upon certain legal matters for the Town. Goodwin & Goodwin, LLP, Charleston, West Virginia, as counsel to the Underwriter, will pass upon certain legal matters for the Underwriter. It is expected that the Series 2010 A Bonds will be available for delivery in New York, New York on or about August 27, 2010.

Dated: August 12, 2010

THE TOWN OF KINGWOOD, WEST VIRGINIA

MAYOR
James G. Lobb

COUNCILMEMBERS
James Shaffer Michael Loughry
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UNDERWRITER
Crews & Associates, Inc.
Charleston, West Virginia

DEPOSITORY BANK
WesBanco Bank, Inc.
Kingwood, West Virginia

REGISTRAR
WesBanco Bank, Inc.
Wheeling, West Virginia

This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Series 2010 A Bonds in any jurisdiction in which it is unlawful to make such offer, solicitation or sale. No dealer, broker, salesman or other person has been authorized by The Town of Kingwood, West Virginia, or the Underwriter to give any information or to make any representations, other than as contained in this Official Statement. If given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. The information set forth herein has been obtained from The Town of Kingwood and other sources, which are believed to be reliable but is not guaranteed as to accuracy or completeness and is not to be construed as a representation by the Underwriter. The information and any expression of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall under any circumstances create any implication that there has been no change in the affairs of The Town of Kingwood, West Virginia, as it relates to the System, since the date hereof. This Official Statement is submitted in connection with the sale of securities referred to herein, and may not be reproduced or used, in whole or in part, for any other purposes.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 2010 A BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

The Underwriter has gathered the information in this Official Statement from sources it believes to be reliable, including primarily the Town. The Underwriter does not guarantee this information as to its completeness or its accuracy.

By its purchase of the Series 2010 A Bonds, an investor is acknowledging that it has reviewed all the information it deems necessary to make an informed decision, and that it is not relying on any representation of the Underwriter or any of its officers, representatives, agents or directors in reaching its decision to purchase the Series 2010 A Bonds.

The investor, by its purchase of the Series 2010 A Bonds, acknowledges its consent for the Underwriter to rely upon the investor's understanding of and agreement to the preceding two paragraphs as such relates to the disclosure and fair dealing obligations that may be applicable to the Underwriter under applicable securities laws and regulations.

OFFICIAL STATEMENT

$1,605,000
THE TOWN OF KINGWOOD (WEST VIRGINIA)
SEWER REFUNDING REVENUE BONDS, SERIES 2010 A

INTRODUCTION

This Official Statement, including the cover page and appendices, is provided for the purpose of setting forth certain information concerning The Town of Kingwood, West Virginia (the "Town"), the Town's sewerage system hereinafter described and the Town's $1,605,000 in aggregate principal amount of Sewer Refunding Revenue Bonds, Series 2010 A (the "Series 2010 A Bonds"). The Series 2010 A Bonds are being issued pursuant to the Constitution and laws of the State of West Virginia (the "State"), specifically Chapter 16, Article 13 of the Code of West Virginia of 1931, as amended (the "Act"), and an ordinance enacted by the Board of the Town on July 27, 2010 (the "Original Ordinance"), as supplemented and amended by supplemental resolutions adopted by the Board of the Town pursuant to the Original Ordinance (the "Supplemental Resolutions" and together with the Original Ordinance, the "Ordinance").

The proceeds of the Series 2010 A Bonds, together with other funds available therefor, will be used as follows: (i) to refund the Town's Sewer Refunding Revenue Bonds, Series 1997 A (the "Refunded Bonds"); (ii) to provide funds in the amount of $147,300, to be deposited in the Series 2010 A Bonds Reserve Account; and (iii) to pay certain costs of issuance of the Series 2010 A Bonds and related costs.

The Series 2010 A Bonds are payable from and secured by the Net Revenues, as defined in the Ordinance, derived from the existing sewerage system of the Town, known as the City of Kingwood Sanitary Sewer Works, and any extensions, improvements or betterments thereto (the "System") on parity with the Prior Bonds, as hereinafter defined, and any additional parity bonds that may hereafter be issued by the Town as permitted by the Ordinance (the Series 2010 A Bonds, the Prior Bonds and any such additional parity bonds are collectively referred to herein as the "Bonds"), and the Series 2010 A Bonds are also payable from funds on deposit in the Series 2010 A Bonds Sinking Fund and the Series 2010 A Bonds Reserve Account therein. The Series 2010 A Bonds do not constitute an indebtedness of the Town within the meaning of any constitutional or statutory provisions or limitations, and the Town shall not be obligated to pay the Series 2010 A Bonds or premium, if any, or the interest thereon except from such Net Revenues and such funds on deposit. Pursuant to the Ordinance and the ordinances enacted with respect to other Bonds outstanding payable from the Net Revenues, the Town has covenanted and agreed to establish and collect just and equitable rates and charges for the use of the System and the services rendered thereby as will produce for each fiscal year Net Revenues, as defined in the Ordinance, equal to at least 115% of the maximum amount required in any year to pay the principal of and interest on the Bonds and the Prior Bonds. See "SECURITY FOR THE SERIES 2010 A BONDS - Rate Covenant."

The Series 2010 A Bonds will be dated, will mature, will bear interest and will be subject to redemption prior to maturity as more fully described on the cover page and under the heading "THE SERIES 2010 A BONDS" herein. The Series 2010 A Bonds initially will be maintained under a

TABLE OF CONTENTS

INTRODUCTION 1
FINANCING PLAN 3
Sources and Uses of Funds 3
THE SERIES 2010 A BONDS 3
General 3
Optional Redemption 4
Mandatory Redemption 4
Notice of Redemption 6
BOOK-ENTRY ONLY SYSTEM 6
The Depository Trust Company 6
SECURITY FOR THE SERIES 2010 A BONDS 8
Outstanding Prior Bonds 8
Sources of Payment 9
Rate Covenant 9
Series 2010 A Bonds Reserve Account 9
Application of Revenues 10
Enforcement of Collections 10
Additional Parity Bonds 10
THE SYSTEM 10
Sewer System 10
Organization and Administration 10
Service Area 11
History and Development 11
Customer History 11
Major Retail Users 11
Rates 12
Public Service Commission 13
Billings and Collections 14
Method of Accounting 14
Public Employees Retirement System 14
Summary of Historic Revenues and Expenses 15
BOND ORDINANCE 15
TAX MATTERS 16
Original Issue Discount 16
APPROVAL OF LEGALITY 17
ABSENCE OF MATERIAL LITIGATION 17
NEGOTIABLE INSTRUMENTS 17
UNDERWRITING 17
FINANCIAL INFORMATION 18
CONTINUING DISCLOSURE 18
MISCELLANEOUS 18

APPENDIX A - General Information Regarding the Town of Kingwood and Preston County, West Virginia. A-1
APPENDIX B - Financial Information for the Municipality of Kingwood B-1
APPENDIX C - Form of Bond Ordinance C-1
APPENDIX D - Form of Opinion of Bond Counsel D-1
APPENDIX E – Form of Continuing Disclosure Agreement E-1

book-entry system. So long as the Series 2010 A Bonds are maintained under a book-entry system, the manner of payment, the denominations, the transfer and exchange of ownership and the method of providing notice of redemption to the owners of the Series 2010 A Bonds shall be determined as described under the "BOOK-ENTRY ONLY SYSTEM" herein. If the book-entry system is discontinued, principal of, interest, and premium, if any, on the Series 2010 A Bonds will be payable by the West Virginia Municipal Bond Commission, Charleston, West Virginia, as paying agent (the "Paying Agent"), to the owners thereof at the addresses appearing in the books kept by WesBanco Bank, Inc., Wheeling, West Virginia, as registrar (the "Registrar"). For further information describing the method of payment and other matters in the event the book-entry system is discontinued, see "THE SERIES 2010 A BONDS" herein.

For a description of the exclusion of interest on the Series 2010 A Bonds from gross income for federal and state income tax purposes, see "TAX MATTERS" herein.

The Town may issue additional bonds on a parity with the Series 2010 A Bonds for the purpose of financing the cost of the construction or acquisition of additions, improvements and betterments to the System and/or refunding one or more or all series of bonds subject, in each case, to certain tests and conditions provided for by the Ordinance. See "SECURITY FOR THE SERIES 2010 A BONDS - Additional Parity Bonds."

The Series 2010 A Bonds are offered when, as and if issued and received on behalf of the underwriter appearing on the cover page hereof (the "Underwriter"), subject to prior sale, to withdrawal or modification of the offering without notice and to the unqualified approval of the legality by Steptoe & Johnson PLLC, Charleston, West Virginia, Bond Counsel. Steptoe & Johnson PLLC, Charleston, West Virginia, as counsel for the Town, will pass upon certain legal matters for the Town. Goodwin & Goodwin, LLP, Charleston, West Virginia, as counsel to the Underwriter, will pass upon certain legal matters for the Underwriter.

Brief descriptions of the Series 2010 A Bonds, the System, the Town and certain provisions of the Ordinance and the Act, as defined in the Ordinance and hereinbefore, are set forth in this Official Statement, as well as other information contained in the appendices hereto. Such descriptions and information do not purport to be comprehensive or definitive. All references herein to the Ordinance, provisions of the Act and other applicable laws of the State are qualified in their entirety by reference to each such document or law. References herein to the Series 2010 A Bonds are qualified in their entirety by reference to the form thereof included in the Ordinance and the information with respect thereto included in the aforesaid documents. Capitalized terms used and not otherwise defined in this Official Statement shall have the respective meanings given them in the Ordinance. Copies of the Ordinance and other applicable documents may be obtained from the Town or, during the period of offering the Series 2010 A Bonds, from the Underwriter.

FINANCING PLAN

Sources and Uses of Funds

Sources of Funds:	
Principal Amount of Bonds	$1,605,000.00
Transfers from Series 1997 Revenue Fund	158,425.00
Transfers from Series 1997 Debt Service Reserve Fund	111,287.50
Less: Original Issue Discount	(11,108.00)
Total Sources	$1,863,604.50
Uses of Funds:	
Deposits to Current Refunding Fund	$1,640,258.89
Deposit to Debt Service Reserve Fund	147,300.00
Underwriter's Discount	40,125.00
Costs of Issuance (1)	35,920.61
Total Uses	$1,863,604.50

(1) Includes legal and financing fees and other miscellaneous expenses relating to the issuance of the Series 2010 A Bonds.

THE SERIES 2010 A BONDS

General

The Series 2010 A Bonds shall be dated as of the date of delivery and shall bear interest from the interest payment date next preceding the date of authentication or, if authenticated after the Record Date but prior to the applicable interest payment date or on such interest payment date, from such interest payment date or, if no interest on such Series 2010 A Bonds has been paid, from the date thereof; provided however, that, if, as shown by the records of the Registrar, interest on such Series 2010 A Bonds shall be in default, Series 2010 A Bonds issued in exchange for Series 2010 A Bonds surrendered for transfer or exchange shall bear interest from the date to which interest has been paid in full on the initial Series 2010 A Bonds surrendered. The Series 2010 A Bonds will bear interest from their date, payable semiannually on each April 1 and October 1, commencing April 1, 2011, upon original issuance, at the rates per annum and will mature on the dates and in the amounts set forth on the cover page of this Official Statement.

The Series 2010 A Bonds will be issued as fully registered bonds without coupons in denominations of $5,000 and integral multiples thereof for any year of maturity. The Series 2010 A Bonds initially shall be maintained under a book-entry system; Beneficial Owners shall have no right to receive physical possession of the Series 2010 A Bonds and payments of principal or redemption price of and interest on the Series 2010 A Bonds will be made as described herein under "BOOK-ENTRY ONLY SYSTEM." If the book-entry system is discontinued, interest on the Series 2010 A Bonds will be payable by check or draft made payable and mailed to the owners thereof at the addresses appearing in the books kept by the Registrar as of the 15th day of the month preceding such interest payment date (the "Record Date"). If the book-entry system is discontinued, principal of and premium, if any, on the Series 2010 A Bonds will be payable to the owner thereof upon surrender thereof at the office of the Paying Agent.

So long as the Series 2010 A Bonds are maintained under a book-entry system, transfers of ownership interests in the Series 2010 A Bonds will be made as described herein under "BOOK--ENTRY ONLY SYSTEM." If the book-entry system is discontinued, ownership of any Series 2010 A Bond may be transferred upon surrender thereof to the Registrar, together with a written instrument of transfer satisfactory to the Registrar, duly executed by the registered owner or his duly authorized attorney or legal representative. Upon any such transfer of a Series 2010 A Bond, there will be issued another Series 2010 A Bond or Series 2010 A Bonds, at the option of the transferee, of the same aggregate principal amount, series, maturity and interest rate as said Series 2010 A Bond. For every exchange or transfer of Series 2010 A Bonds, the Registrar may make a charge sufficient to reimburse it for any tax or other governmental charge required to be paid with respect to such exchange or registration of transfer. The party requesting such transfer shall pay any service charge of the Registrar and any applicable tax or other governmental charge.

Optional Redemption

The Series 2010 A Bonds maturing on and after October 1, 2016, are subject to redemption at the option of the Town, prior to maturity, on or after October 1, 2015, in whole or in part at any time from amounts deposited with the Bond Commission by the Town or from other funds available therefore at a redemption price equal to the principal amount thereof, plus accrued interest to the date fixed for redemption.

If fewer than all of the Series 2010 A Bonds shall be called for optional redemption, the particular maturities of the Series 2010 A Bonds to be redeemed shall be selected by the Town in such manner as it shall determine. So long as the Series 2010 A Bonds are maintained under a book-entry system, the selection of individual ownership interests in the Series 2010 A Bonds to be credited with any partial redemption shall be made as described herein under "BOOK-ENTRY ONLY SYSTEM."

Mandatory Redemption

The Series 2010 A Bonds maturing October 1, 2013, shall be subject to mandatory redemption prior to maturity in part from moneys on deposit in the Series 2010 A Bonds Sinking Fund at a redemption price equal to 100% of the principal amount thereof, plus accrued interest to the mandatory redemption date, on October 1, 2011, and on each October 1 thereafter to and including October 1, 2013, in annual principal amounts as follows:

Year	Amount
2011	$ 75,000
2012	85,000
2013 (Maturity)	90,000

The principal amount of Series 2010 A Bonds maturing October 1, 2013, delivered to or purchased by the Trustee shall reduce pro tanto the principal amount of Series 2010 A Bonds to be redeemed on the mandatory redemption date with respect to such maturity next following such delivery or purchase.

The Series 2010 A Bonds maturing October 1, 2016, shall be subject to mandatory redemption prior to maturity in part from moneys on deposit in the Series 2010 A Bonds Sinking Fund at a redemption price equal to 100% of the principal amount thereof, plus accrued interest to

the mandatory redemption date, on October 1, 2014, and on each October 1 thereafter to and including October 1, 2016, in annual principal amounts as follows:

Year	Amount
2014	$ 90,000
2015	95,000
2016 (Maturity)	100,000

The principal amount of Series 2010 A Bonds maturing October 1, 2016, delivered to or purchased by the Trustee shall reduce pro tanto the principal amount of Series 2010 A Bonds to be redeemed on the mandatory redemption date with respect to such maturity next following such delivery or purchase.

The Series 2010 A Bonds maturing October 1, 2020, shall be subject to mandatory redemption prior to maturity in part from moneys on deposit in the Series 2010 A Bonds Sinking Fund at a redemption price equal to 100% of the principal amount thereof, plus accrued interest to the mandatory redemption date, on October 1, 2017, and on each October 1 thereafter to and including October 1, 2020, in annual principal amounts as follows:

Year	Amount
2017	$100,000
2018	105,000
2019	110,000
2020 (Maturity)	115,000

The principal amount of Series 2010 A Bonds maturing October 1, 2020, delivered to or purchased by the Trustee shall reduce pro tanto the principal amount of Series 2010 A Bonds to be redeemed on the mandatory redemption date with respect to such maturity next following such delivery or purchase.

The Series 2010 A Bonds maturing October 1, 2022, shall be subject to mandatory redemption prior to maturity in part from moneys on deposit in the Series 2010 A Bonds Sinking Fund at a redemption price equal to 100% of the principal amount thereof, plus accrued interest to the mandatory redemption date, on October 1, 2021, and on each October 1 thereafter to and including October 1, 2022, in annual principal amounts as follows:

Year	Amount
2021	$115,000
2022 (Maturity)	125,000

The principal amount of Series 2010 A Bonds maturing October 1, 2022, delivered to or purchased by the Trustee shall reduce pro tanto the principal amount of Series 2010 A Bonds to be redeemed on the mandatory redemption date with respect to such maturity next following such delivery or purchase.

The Series 2010 A Bonds maturing October 1, 2025, shall be subject to mandatory redemption prior to maturity in part from moneys on deposit in the Series 2010 A Bonds Sinking Fund at a redemption price equal to 100% of the principal amount thereof, plus accrued interest to the mandatory redemption date, on October 1, 2023, and on each October 1 thereafter to and including October 1, 2025, in annual principal amounts as follows:

Year	Amount
2023	$125,000
2024	135,000
2025 (Maturity)	140,000

The principal amount of Series 2010 A Bonds maturing October 1, 2025, delivered to or purchased by the Trustee shall reduce pro tanto the principal amount of Series 2010 A Bonds to be redeemed on the mandatory redemption date with respect to such maturity next following such delivery or purchase.

Notice of Redemption

So long as the Series 2010 A Bonds are maintained under a book-entry system, notice of the call for any redemption of the Series 2010 A Bonds shall be given as described below under "BOOK-ENTRY ONLY SYSTEM." At any other time, notice to the registered owner of any redemption shall be given by the Registrar not less than 30 nor more than 60 days prior to the date fixed for redemption by registered or certified mail at the address appearing in the Register. Failure to receive such notice or any defect in the mailing thereof shall not affect the validity of any proceedings for the redemption of the Series 2010 A Bonds; and failure to mail such notice shall not affect the validity of any such proceedings for any Series 2010 A Bond with respect to which no such failure has occurred. Notice of redemption having been given in the manner hereinabove and in the Ordinance described and moneys necessary therefor having been deposited with the Paying Agent, the Series 2010 A Bonds specified in such notice shall on the date fixed for redemption be deemed paid, and interest thereon shall cease to accrue.

BOOK-ENTRY ONLY SYSTEM

The information in this section has been obtained from sources that the Town and the Underwriter believe to be reliable, but neither the Town nor the Underwriter takes any responsibility for the accuracy thereof.

The Depository Trust Company

1. The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Series 2010 A Bonds. The Series 2010 A Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Series 2010 A Bond will be issued for each maturity, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

2. DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities

transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

3. Purchases of the Series 2010 A Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2010 A Bonds on DTC's records. The ownership interest of each actual purchaser of the Series 2010 A Bonds ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Series 2010 A Bonds, except in the event that use of the book-entry system for the Series 2010 A Bonds is discontinued.

4. To facilitate subsequent transfers, all the Series 2010 A Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the Series 2010 A Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2010 A Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts the Series 2010 A Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. [Beneficial Owners of the Series 2010 A Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2010 A Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Series 2010 A Bonds documents. For example, Beneficial Owners of the Series 2010 A Bonds may wish to ascertain that the nominee holding the Series 2010 A Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Registrar and request that copies of notices be provided directly to them.]

6. Redemption notices shall be sent to DTC. If less than all of the Series 2010 A Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series 2010 A Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Bondholders as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2010 A Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds on the Series 2010 A Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Registrar, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Registrar or the Town, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Town, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

9. DTC may discontinue providing its services as depository with respect to the Series 2010 A Bonds at any time by giving reasonable notice to the Town or the Registrar. Under such circumstances, in the event that a successor depository is not obtained, Series 2010 A Bonds are required to be printed and delivered.

10. The Town may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Series 2010 A Bonds will be printed and delivered to DTC.

SECURITY FOR THE SERIES 2010 A BONDS

The Series 2010 A Bonds are special obligations of the Town and are payable as to principal, premium, if any, and interest solely from the sources described below. The Town is under no obligation to pay the Series 2010 A Bonds except from said sources.

Outstanding Prior Bonds

The Town has outstanding the following bonds payable from the Net Revenues of the System that are on parity with the Series 2010 A Bonds: the Sewer Revenue Bonds, Series 1986 B, dated March 26, 1986, issued in the original aggregate principal amount of $850,860, of which approximately $380,648 is currently outstanding; the Sewer Revenue Bonds, Series 2001 A, dated December 20, 2001, issued in the original aggregate principal amount of $878,181, of which approximately $693,768 is currently outstanding; and the Sewerage System Design Bonds, Series 2009 A, dated January 30, 2009, issued in the original aggregate principal amount of $724,650, of which approximately $172,900 is currently outstanding (collectively, the "Prior Bonds").

Sources of Payment

The payment of the debt service on the Series 2010 A Bonds shall be secured forthwith equally and ratably by a first lien on and pledge of the Net Revenues derived from the System, on parity with the Prior Bonds and any additional parity bonds that may hereafter be issued by the Town as permitted by the Ordinance, and the Series 2010 A Bonds are also payable from the funds on deposit in the Series 2010 A Bonds Sinking Fund and the Reserve Account therein. Net Revenues derived from the System in an amount sufficient to pay the principal of, premium, if any, and interest on the Bonds and to make the payments into the Series 2010 A Bonds Sinking Fund and all other payments provided for in the Ordinance, and the funds in the Series 2010 A Bonds Sinking Fund and the Reserve Account therein are irrevocably pledged to the payment of the principal of, premium, if any, and interest on the Series 2010 A Bonds as the same become due and for the other purposes provided in the Ordinance.

Rate Covenant

Prior to the issuance of the Series 2010 A Bonds, rates or charges for the use of the services and facilities of the System will be fixed and established, all in the manner and form required by law, and a copy of such rates and charges so fixed and established shall at all times be kept on file in the office of the Clerk of the Town, which copy will be open to inspection by all interested parties. The schedule or schedules of rates and charges shall at all times be adequate to produce Gross Revenues from the System sufficient to pay Operating Expenses and to make the prescribed payments into the funds and accounts created hereunder. Such schedule or schedules of rates and charges shall be revised from time to time, whenever necessary, so that the aggregate of the rates and charges will be sufficient for such purposes. In order to assure full and continuous performance of this covenant with a margin for contingencies and temporary unanticipated reduction in income and revenues, the Town has covenanted and agreed that the schedule or schedules of rates or charges from time to time in effect shall be sufficient to produce Net Revenues equal to not less than 115% of the Maximum Annual Debt Service on the Bonds in any Fiscal Year and all payments required into all funds and accounts of the Bonds. All such rates and charges, if not paid when due, shall constitute a lien upon the premises served by the System. For purposes of this test, the terms "Gross Revenues" and "Net Revenues" shall not include proceeds from the sale of capital assets. In any event, the Town shall not reduce the rates or charges of the System set forth in the rate ordinance enacted by the Town on January 26, 2010.

The Town further covenanted that it will enact any rate increases as shall be required to comply with the aforementioned rate covenant, to the extent and in the manner authorized by law, immediately following a determination by the Town or upon an annual audit of the Town that the Town is not in compliance with such rate covenant.

Series 2010 A Bonds Reserve Account

$147,300 of proceeds of the Series 2010 A Bonds will be deposited in the Series 2010 A Bonds Reserve Account.

In the event of a transfer from the Series 2010 A Bonds Reserve Account to the Series 2010 A Bonds Sinking Fund as aforesaid, the Town shall restore the balance to the Series 2010 A Bonds Reserve Account in an amount up to the Series 2010 A Bonds Reserve Requirement, and the Town

shall replenish the Series 2010 A Bonds Reserve Account with the first Net Revenues available after all required payments have been made in full in the order set forth in the Ordinance.

Application of Revenues

See APPENDIX C – FORM OF BOND ORDINANCE – pages C-26 to C-31.

Enforcement of Collections

See APPENDIX C – FORM OF BOND ORDINANCE – pages C-39 to C-40.

Additional Parity Bonds

See APPENDIX C – FORM OF BOND ORDINANCE – pages C-36 to C-38.

THE SYSTEM

Sewer System

The System, pursuant to statute, is under the custody, supervision, control, administration, maintenance and operation of the Sanitary Board. The Sanitary Board operates a sewage collection and treatment system with a treatment plant of approximately 1.3 million gallons per day capacity and about twenty-five (25) miles of sewer lines. The System, valued at approximately $10,000,000, serves 100% of the Town with a total population of approximately 2,944. The System consists of six different treatment facilities whose average age is nine years. Certain facilities of the base System were constructed through funds provided from the sale of sewer revenue bonds in the original amount of $2,560,000. The base system became operational in September of 1987. These Bonds are payable from sewer user charges which provide the requisite net revenues for payment of sewer revenue bonds.

Organization and Administration

The System is a municipally owned public sewer utility operated in accordance with the Act and the rules and regulations of the Public Service Commission of West Virginia. The Sanitary Board was created by the Town by an ordinance passed February 25, 1986, to acquire, construct, equip, operate and maintain a sewage collection and disposal system. The Sanitary Board serves as the policy making body for the System. The Sanitary Board consists of three members, with the Mayor of the Town as ex-officio chairman. Two (2) other members are appointed by Council. During any period of construction, one member must be a Registered Professional Engineer. Under the Act, the Council retains the authority to establish and maintain rates and charges for the use of services provided by the Sanitary Board and to issue bonds on behalf of the Town for the purpose of paying the costs of improvements and extensions to the System.

The present membership of the Sanitary Board:

James Lobb	–	Mayor and Ex-Officio Chairman Term Expires June 30, 2011
William Rosier	–	Vice Chairman Term Expires September 1, 2010
Fred Koch	–	Secretary/Treasurer Term Expires September 1, 2010

Service Area

The System presently serves the municipal limits that comprise Kingwood, West Virginia. The Town is located centrally in Preston County, just west of the Cheat River.

History and Development

The Kingwood sewerage system dates back to the early 1900's. The Town has storm, sanitary and combined sewers. Sewer construction has taken place continuously since the 1980's. The primary sewage treatment plant ("rotating biological contactors" system) was built in 1985. There are approximately twenty-five miles of sewer lines in the Town.

Customer History

Year Ended June 30	Avg. Number of Customers
2005	1,363
2006	1,374
2007	1,378
2008	1,416
2009	1,431

Source: Public Service Commission Audits and Sanitary Board records

Major Retail Users

Major Customers	Gallons	June 30 2009 Revenue	% of Total Sanitary Board Revenues
WV Army National Guard	12,985,200	$31,774	4.29%
Heartland of Preston County	4,115,500	$10,666	1.44%
Wash N Shop – Laundry	2,163,763	$6,881	0.93%
Heldreth Motel	1,502,500	$4,981	0.67%
Preston Memorial Hospital	1,463,500	$4,957	0.67%
Preston County BOE*	1,285,300	$5,389	0.73%
Hardee's of Kingwood	513,900	$2,351	0.32%
Marrara's Laundry	318,600	$1,827	0.25%
Total:	24,347,700	$68,836	9.29%

* Includes 2 separate facilities

Industrial Customers

Sheidow Bronze	448,800	$2,130	0.29%

Source: Sanitary Board Records

Rates

The current schedule of rates and charges has been in place since January 26, 2010. The following table sets for the current rates and charges.

Applicability

Applicable to entire area served.

Availability of Service

Available for general domestic, commercial and industrial sanitary sewer service.

Rates

(Based upon metered volume of water supplied)

Number of Gallons/Month		Rate
First	10,000 gallons	$10.18 per 1000 gallons
Next	490,000 gallons	$3.26 per 1000 gallons
All Over	500,000 gallons	$2.44 per 1000 gallons

Minimum Bill

No bill shall be rendered for less than $37.67 per month.

The monthly Minimum Bill shall be $37.67 per month.

Unmetered/Unmeasured Rates

In the event the water supply is unmetered or otherwise unmeasurable, the unmetered rate shall be charged. The unmetered rate shall be $37.67 per month for residential customers. Each occupied trailer located within or outside of a house trailer court and which occupied trailer receives unmetered water service is required to pay a minimum of $37.67 per month. The Municipality of Kingwood shall collect from each unmetered customer who has only a sanitary connection with the Municipality of Kingwood a sewer use flat rate per month of $37.67.

Delayed Payment Penalty

The above rates are net. On all current usage billings not paid in full within twenty (20) days of billing date, a ten percent (10%) penalty will be added to the net amount shown. This delayed payment penalty is not interest and is only to be collected once for each bill where it is appropriate.

If any bill is not paid within sixty (60) days after date, water service to the customer will be discontinued. Water service will not be restored until all past due water and sewer bills have been paid in full and all accrued penalties plus a Reconnection Charge have been paid.

Sewer Connection Charge (Tap Fee)

All new Tap-ons will be charged a $500.00 connection fee.

The Town shall have no obligation to acquire by condemnation or otherwise additional rights of way or easements necessary for the extension of lines, which shall be provided by applicant upon terms and conditions approved by the Town.

Reconnection Service Charge

There shall be a Reconnection Charge of $20, which shall be paid prior to restoration of water service previously disconnected for non-payment of sewer charges.

Returned Checks for Insufficient Funds

If a check received is returned by the bank for any reason, the bank's charge to the Town shall be the Town's charge to the customer for such a bad check, but such charge to the customer shall not exceed $20.00.

Leak Adjustment

$1.00 per 1,000 gallons. To be used when a water bill reflects unusual consumption which can be attributed to eligible leakage on customer's side of the meter. The rate shall be applied to all such consumption above the customer's historic average.

Public Service Commission

The tariffs, rates, joint rates, tolls and schedules of municipality utilities are not subject to the general authority of the West Virginia Public Service Commission (the "PSC") to enforce, originate, establish, change and promulgate rates and charges. However, such rates and charges shall be just, reasonable, applied without unjust discrimination or preference, and based primarily on the costs of providing such services. Municipal utility rates and charges shall become effective not sooner than forty-five (45) days after adoption. Notice of intent to effect a rate change shall be specified on the monthly bill sent to the customers. Such rates and charges shall be filed with the PSC, together with such information showing the basis of such rates and charges and such other information as the PSC considers necessary.

The PSC shall review and approve or modify such rates upon the filing of a petition, within thirty (30) days of the adoption of the ordinance changing said rates or charges, (1) by any customer aggrieved by the changed rates or charges, who presents to the PSC a petition signed by not less than twenty-five percent (25%) of the customers served by a municipal utility or (2) by any customer or group of customers who presents a petition alleging discrimination between said customer or group of customers and other customers of the municipal utility, accompanied by evidence of discrimination. Upon the filing of a petition or sufficient showing of discrimination, the PSC shall suspend the adoption of the rate change contained in the ordinance for a period of one hundred twenty (120) days from the date said rates or charges would otherwise go into effect or until an order approving, disapproving or modifying the rate change is issued.

The PSC shall have general supervision of all municipal utilities. The PSC may audit and investigate the Town's practices and policies and shall have power to order such improvements as will best promote the public interests.

Billing and Collections

Billing and collecting is performed by the Sanitary Board using monthly water meter readings obtained from the Town's Water Department. Accounts not paid in full within twenty (20) days of the date of billing are assessed an additional 10%.

Summary of Accounts Receivable

Year Ended June 30	Operating Revenues	Total Accounts Receivable
2005	$509,728	$56,220
2006	$543,449	$63,820
2007	$619,690	$61,111
2008	$681,952	$81,454
2009	$741,215	$66,898

Source: State Tax Department and Public Service Commission Audits

The Town has taken steps to diligently enforce and collect all fees and charges.

Method of Accounting

The Sanitary Board maintains its accounts on an accrual basis and in accordance with the guidelines of the Public Service Commission of West Virginia and generally accepted accounting principles. The State Tax Commissioner's office has audited the Sanitary Board annually since 1985.

Public Employees Retirement System

The Board elected to participate in the West Virginia Public Employees Retirement System, a statewide system comprised of the State of West Virginia and such of its political subdivisions as elect to participate.

Annuity benefits under the Retirement System are financed through employer and member contributions and investment earnings on such contributions. The Sanitary Board is obligated as an employer to contribute monthly to the System an amount equal to 11% of its employee payroll for the preceding month. The following table summarized the contributions made by the Sanitary Board to the Retirement System during each of the past five fiscal years.

Summary of Historical Revenues and Expenses

City of Kingwood Sanitary Sewer Works
Historical Coverage Ratios
(Year ended, June 30th)

	2006	2007	2008	2009	Preliminary 2010
Collections	543,449	619,690	666,609	744,360	782,400
Interest Income	7,185	29,220	37,966	12,589	30,850
O&M Expense	(326,272)	(344,532)	(465,866)	(529,782)	(513,974)
Taxes	(10,254)	(11,015)	(16,922)	(21,628)	(27,715)
Net Revenues*	214,108	293,363	221,787	205,539	271,561
Debt Service Requirement	207,717	232,092	204,972	222,420	223,464
Debt Service Coverage	103%	126%	108%	92%	122%

*Recent Sewer Rate History:

7/10/2007: Enacted a sewer rate ordinance with a rate increase of 10%. Rates became effective on August 24, 2007.

8/12/2008: Enacted a sewer rate ordinance with a rate increase of 15%. Rates became effective on September 26, 2008.

1/26/2010: Enacted a sewer rate ordinance with a rate increase of 15%. Rates became effective 45 days from passage (March 12, 2010).

Summary: Rate increases have been enacted to respond to rising O & M expenses - primarily the addition of Sewer Field crew employees previously employed by the City of Kingwood. The Sewer System gained operational efficiencies by adding the crew, but also increased expenses.

BOND ORDINANCE

See APPENDIX C – FORM OF BOND ORDINANCE, for the Bond Ordinance enacted by the Town on July 27, 2010. The Ordinance includes, inter alia, a description of the intended uses of the proceeds of the Series 2010 A Bonds, the System's application of revenues and flow of funds, general covenants imposed upon the Town and the System as a result of the issuance of the Series 2010 A Bonds and defaults and remedies associated with the issuance of the Series 2010 A Bonds.

TAX MATTERS

In the opinion of Steptoe & Johnson PLLC, Charleston, West Virginia, Bond Counsel, under existing laws, regulations, published rulings and judicial decisions of the United States of America, as presently written and applied, interest on the Series 2010 A Bonds [including any original issue discount properly allocable to an owner thereof] is excludable from gross income of the holders thereof for federal income tax purposes and will not be treated as a preference item for purposes of the federal alternative minimum tax imposed on individuals and corporations. It should be noted, however, that for purposes of computing the alternative minimum tax on corporations, such interest is taken into account in determining adjusted current earnings.

The Town has designated the Series 2010 A Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b) of the Code, and in the case of certain financial institutions (within the meaning of Section 265(b)(5) of the Code), a deduction is allowed for 80% of that portion of such financial institution's interest expense allocable to interest on the Series 2010 A Bonds.

The Code imposes certain requirements as a condition to exclusion from gross income of the interest on the Series 2010 A Bonds for federal income tax purposes, including a requirement that the Town rebate to the United States Treasury certain arbitrage earnings. The Town will covenant or certify that it will comply with all applicable requirements of the Code. Failure of the Town to comply with such requirements could result in interest on the Series 2010 A Bonds being included in gross income for federal income tax purposes from the date of issue.

Prospective purchasers of the Series 2010 A Bonds should be aware that ownership of the Series 2010 A Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, individual recipients of Social Security or Railroad Retirement benefits, certain S corporations with "excess net passive income," foreign corporations subject to the branch profits tax, life insurance companies and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry or have paid or incurred certain expenses allocable to the Series 2010 A Bonds. Bond Counsel does not express any opinion regarding such collateral tax consequences. Prospective purchasers of the Series 2010 A Bonds should consult their tax advisors regarding collateral federal income tax consequences.

Bond Counsel is further of the opinion that under the laws of the State of West Virginia, as presently written and applied, the Series 2010 A Bonds and the interest thereon are exempt from taxation by the State of West Virginia or any county or municipality thereof.

Original Issue Discount

The Series 2010 A Bonds maturing October 1, 2022 and October 1, 2025 (collectively, the "Discount Bonds") are being offered and sold to the public at an original issue discount ("OID") from the amounts payable at maturity thereon. OID is the excess of the stated redemption price of a bond at maturity (the face amount) over the "issue price" of such bond. The issue price is the initial offering price to the public (other than to bond houses, brokers or similar persons acting in the capacity of underwriters or wholesalers) at which a substantial amount of bonds of the same maturity are sold pursuant to that initial offering. For federal income tax purposes, OID on each bond will accrue over the term of the bond, and for the Discount Bonds, the amount of accretion will be based on a single rate of interest, compounded

semiannually (the "yield to maturity"). The amount of OID that accrues during each semi-annual period will do so ratably over that period on a daily basis. With respect to an initial purchaser of a Discount Bond at its issue price, the portion of OID that accrues during the period that such purchaser owns the Discount Bond is added to such purchaser's tax basis for purposes of determining gain or loss at the maturity, redemption, sale or other disposition of that Discount Bond and thus, in practical effect, is treated as stated interest, which is excludable from gross income for federal income tax purposes.

Holders of Discount Bonds should consult their own tax advisors as to the treatment of OID and the tax consequences of the purchase of such Discount Bonds other than at the issue price during the initial public offering and as to the treatment of OID for State of West Virginia tax purposes.

APPROVAL OF LEGALITY

Legal matters incident to the authorization, sale and issuance of the Series 2010 A Bonds are subject to the unqualified approving opinion of Steptoe & Johnson PLLC, Charleston, West Virginia, Bond Counsel. Steptoe & Johnson PLLC, Charleston, West Virginia, as counsel for the Town, will pass upon certain legal matters for the Town. Goodwin & Goodwin, LLP, Charleston, West Virginia, as counsel to the Underwriter, will pass upon certain legal matters for the Underwriter.

ABSENCE OF MATERIAL LITIGATION

There is no action, suit, proceeding, inquiry or investigation at law or in equity before or by any court, public board or body, now pending or, to the best knowledge of the Town, threatened or affecting the Town (or, to the Town's knowledge, any basis therefor) wherein an unfavorable decision, ruling or finding would have a material adverse effect on the Town's financial position or on the validity of the Series 2010 A Bonds, the Ordinance or any agreement to which the Town is a party and which is a part of the issuance of the Series 2010 A Bonds.

NEGOTIABLE INSTRUMENTS

Pursuant to State law, the Series 2010 A Bonds are and have all the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia. See "THE SERIES 2010 A BONDS - General."

UNDERWRITING

The Series 2010 A Bonds are being purchased by the Underwriter named on the cover of this Official Statement. The Purchase Contract provides that the Underwriter will purchase all the Series 2010 A Bonds, if any are purchased, at a purchase price equal to the initial public offering prices set forth on the cover page hereof, less original issue discount of $11,108 and less an Underwriter's discount of $40,125. The obligation to make such purchase is subject to the terms and conditions set forth in the Purchase Contract, including the approval of certain legal matters by counsel. The Underwriter may change the initial public offering prices from time to time. The Underwriter may offer and sell Series 2010 A Bonds to certain dealers (including dealers depositing Series 2010 A Bonds into investment trusts) and certain dealer banks acting as agents at prices lower than the public offering prices stated on the cover page hereof.

FINANCIAL INFORMATION

Included herein as Appendix B is the Audit Report for the Municipality of Kingwood as of and for the twelve-month period ended June 30, 2008, and the report with respect to the Audit Report as of and for the twelve-month period ended June 30, 2008, dated October 8, 2009, from the West Virginia State Auditor, as well as the Annual Report for the year ended 2009 filed with the Public Service Commission of West Virginia on October 16, 2009, and a revision thereto dated January 4, 2010.

CONTINUING DISCLOSURE

The Town has agreed in the Ordinance to execute and deliver contemporaneously with the issuance of the Series 2010 A Bonds, to provide, in accordance with the Continuing Disclosure Agreement, which shall be delivered in substantially the form attached hereto as Appendix E, for the benefit of the Registered Owners of the Series 2010 A Bonds to provide certain financial and operating information of the System (the "Annual Information") not later than one hundred fifty (150) days following the end of the fiscal year of the System, commencing in 2010. The Annual Information and each notice of material events will be filed electronically by the Town with the Electronic Municipal Markets Access system ("EMMA").

This continuing disclosure obligation is being undertaken by the Town to assist the Underwriter in complying with Rule 15c2-12 promulgated by the SEC. The Town has agreed to give notice in a timely manner to EMMA of any failure to supply the requested information. However, any such failure will not constitute a default under the terms of the Series 2010 A Bonds. Registered Owners may contact the Clerk of the Town at 313 Tunnelton Street, Kingwood, West Virginia 26537 for more information. Under the Continuing Disclosure Agreement, the sole remedy for such failure is to seek an order for specific performance. See "APPENDIX E – FORM OF CONTINUING DISCLOSURE AGREEMENT."

MISCELLANEOUS

The foregoing summaries, explanations and quotations do not purport to be complete and are expressly made subject to the exact provisions of the complete documents. Purchasers are referred to the Act and the Ordinance for full and complete statements of their provisions.

Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representation of fact. This Official Statement is not to be construed as a contract or agreement between the Town and the purchasers or owners of any of the Series 2010 A Bonds. The Town has authorized the execution and distribution of this Official Statement.

THE TOWN OF KINGWOOD, WEST VIRGINIA

By: /s/ James G. Lobb
Mayor

THE TOWN OF KINGWOOD, WEST VIRGINIA

By: _____
Mayor

GENERAL INFORMATION REGARDING THE TOWN OF KINGWOOD AND PRESTON COUNTY, WEST VIRGINIA

General

The Town of Kingwood was incorporated in 1811 and became the county seat of Preston County in 1818. With a total population of approximately 3,000, the Town employs 28 full-time individuals. The Town is served by an all-volunteer fire department, a Water System, a Sewer System, and a police force.

Elected Officials

Councilman	Term Expires
James Shaffer	June 30, 2011
Michael Loughry	June 30, 2011
Kathy Mace	June 30, 2011
James L. Maier	June 30, 2011
Bruce A. Wiley	June 30, 2011
Mayor	
James G. Lobb	June 30, 2011
Recorder	
William C. Robertson	June 30, 2011

Population

The tables below present the populations of the Town and of Preston County for each of the last six census periods.

Town of Kingwood Population

Census Report	Population	% Change
1940	1,676	NA
1950	2,186	+30.4%
1960	2,530	+15.7%
1970	2,550	+ .8%
1980	2,877	+12.8%
1990	3,232	+12.3%
2000	2,944	- 8.9%
2010	(est.) 3,045_	+ 3.4%

Source: U.S. Census Bureau and Region VI Planning and Development Council

Preston County Population

Census Report	County Population	% Change
1940	30,416	NA
1950	31,399	+ 3.2%
1960	27,233	-13.3%
1970	25,455	- 6.5%
1980	30,460	+19.6%
1990	29,037	- 4.7%
2000	29,334	+ 1.0%
2010	(est.) 30,237	+3.1%

Source: U.S. Census Bureau and Region VI Planning and Development Council

Preston County is one of 55 counties in West Virginia. It is part of the Morgantown, WV Metropolitan Statistical Area. Its 2007 population of 30,233 ranked 18th in the state.

Per Capita Personal Income

In 2007, Preston had a per capita personal income (PCPI) of $25,753. This PCPI ranked 31st in the state, and was 88 percent of the state average, $29,385, and 67 percent of the national average, $38,615. The 2007 PCPI reflected an increase of 5.3 percent from 2006. The 2006–2007 state change was 5.2 percent and the national change was 4.9 percent. In 1997, the PCPI of Preston was $15,399 and ranked 39th in the state. The average annual growth rate of PCPI over the past 10 years was 5.3 percent. The average annual growth rate for the state was 4.3 percent and for the nation was 4.3 percent.

Total Personal Income

In 2007, Preston had a total personal income (TPI) of $778,576*. This TPI ranked 20th in the state and accounted for 1.5 percent of the state total. The 2007 TPI reflected an increase of 5.8 percent from 2006. The 2006–2007 state change was 5.4 percent and the national change was 6.0 percent. In 1997, the TPI of Preston was $455,221* and ranked 24th in the state. The average annual growth rate of TPI over the past 10 years was 5.5 percent. The average annual growth rate for the state was 4.3 percent and for the nation was 5.4 percent.

Components of Total Personal Income

Total personal income (TPI) includes net earnings by place of residence; dividends, interest, and rent; and current transfer receipts received by the residents of Preston. In 2007, net earnings accounted for 63.8 percent of TPI (compared with 57.5 percent in 1997); dividends, interest, and rent were 9.8 percent (compared with 15.8 percent in 1997); and transfer receipts were 26.4 percent (compared with 26.7 percent in 1997). From 2006 to 2007, net earnings increased 5.7 percent; dividends, interest, and rent increased 4.6 percent; and transfer receipts increased 6.4 percent. From 1997 to 2007, net earnings increased on average 6.6 percent; dividends, interest, and rent increased on average 0.6 percent; and transfer receipts increased on average 5.4 percent.

Earnings by Place of Work

Earnings by persons employed in Preston increased from $365,110* in 2006 to $381,005* in 2007, an increase of 4.4 percent. The 2006-2007 state change was 4.5 percent and the national change was 4.9 percent. The average annual growth rate from the 1997 estimate of $206,644* to the 2007 estimate was 6.3 percent. The average annual growth rate for the state was 4.3 percent and for the nation was 5.4 percent.

* All income estimates with the exception of PCPI are in thousands of dollars.

Source: Regional Economic Information System, Bureau of Economic Analysis

Table DP-1. Profile of General Demographic Characteristics: 2000

Geographic area: Preston County, West Virginia

[For information on confidentiality protection, nonsampling error, and definitions, see text]

Subject	Number	Percent
Total population	29,334	100.0
SEX AND AGE		
Male	14,535	49.6
Female	14,799	50.4
Under 5 years	1,634	5.6
5 to 9 years	1,815	6.2
10 to 14 years	2,049	7.0
15 to 19 years	2,199	7.5
20 to 24 years	1,591	5.4
25 to 34 years	3,622	12.3
35 to 44 years	4,529	15.4
45 to 54 years	4,431	15.1
55 to 59 years	1,657	5.6
60 to 64 years	1,421	4.8
65 to 74 years	2,379	8.1
75 to 84 years	1,507	5.1
85 years and over	500	1.7
Median age (years)	39.1	(X)
18 years and over	22,390	76.3
Male	10,959	37.4
Female	11,431	39.0
21 years and over	21,306	72.6
62 years and over	5,249	17.9
65 years and over	4,386	15.0
Male	1,892	6.4
Female	2,494	8.5
RACE		
One race	29,175	99.5
White	28,995	98.8
Black or African American	86	0.3
American Indian and Alaska Native	32	0.1
Asian	43	0.1
Asian Indian	10	-
Chinese	6	-
Filipino	11	-
Japanese	1	-
Korean	12	-
Vietnamese	1	-
Other Asian [1]	2	-
Native Hawaiian and Other Pacific Islander	5	-
Native Hawaiian	-	-
Guamanian or Chamorro	-	-
Samoan	4	-
Other Pacific Islander [2]	1	-
Some other race	14	-
Two or more races	159	0.5
Race alone or in combination with one or more other races: [3]		
White	29,151	99.4
Black or African American	112	0.4
American Indian and Alaska Native	130	0.4
Asian	63	0.2
Native Hawaiian and Other Pacific Islander	15	0.1
Some other race	31	0.1

Subject	Number	Percent
HISPANIC OR LATINO AND RACE		
Total population	29,334	100.0
Hispanic or Latino (of any race)	168	0.6
Mexican	44	0.1
Puerto Rican	4	-
Cuban	2	-
Other Hispanic or Latino	118	0.4
Not Hispanic or Latino	29,166	99.4
White alone	28,845	98.3
RELATIONSHIP		
Total population	29,334	100.0
In households	28,905	98.5
Householder	11,544	39.4
Spouse	6,861	23.4
Child	8,318	28.4
Own child under 18 years	6,217	21.2
Other relatives	1,020	3.5
Under 18 years	389	1.3
Nonrelatives	1,162	4.0
Unmarried partner	647	2.2
In group quarters	429	1.5
Institutionalized population	271	0.9
Noninstitutionalized population	158	0.5
HOUSEHOLD BY TYPE		
Total households	11,544	100.0
Family households (families)	8,353	72.4
With own children under 18 years	3,634	31.5
Married-couple family	6,861	59.4
With own children under 18 years	2,840	24.6
Female householder, no husband present	1,055	9.1
With own children under 18 years	542	4.7
Nonfamily households	3,191	27.6
Householder living alone	2,741	23.7
Householder 65 years and over	1,347	11.7
Households with individuals under 18 years	3,968	34.4
Households with individuals 65 years and over	3,179	27.5
Average household size	2.50	(X)
Average family size	2.94	(X)
HOUSING OCCUPANCY		
Total housing units	13,444	100.0
Occupied housing units	11,544	85.9
Vacant housing units	1,900	14.1
For seasonal, recreational, or occasional use	686	5.1
Homeowner vacancy rate (percent)	2.1	(X)
Rental vacancy rate (percent)	9.2	(X)
HOUSING TENURE		
Occupied housing units	11,544	100.0
Owner-occupied housing units	9,585	83.0
Renter-occupied housing units	1,959	17.0
Average household size of owner-occupied units	2.56	(X)
Average household size of renter-occupied units	2.23	(X)

- Represents zero or rounds to zero. (X) Not applicable.

[1] Other Asian alone, or two or more Asian categories.

[2] Other Pacific Islander alone, or two or more Native Hawaiian and Other Pacific Islander categories.

[3] In combination with one or more of the other races listed. The six numbers may add to more than the total population and the six percentages may add to more than 100 percent because individuals may report more than one race.

Source: U.S. Census Bureau, Census 2000.

Table DP-2. Profile of Selected Social Characteristics: 2000

Geographic area: Preston County, West Virginia

[Data based on a sample. For information on confidentiality protection, sampling error, nonsampling error, and definitions, see text]

Subject	Number	Percent
SCHOOL ENROLLMENT		
Population 3 years and over enrolled in school	6,362	100.0
Nursery school, preschool	303	4.8
Kindergarten	329	5.2
Elementary school (grades 1-8)	3,215	50.5
High school (grades 9-12)	1,824	28.7
College or graduate school	691	10.9
EDUCATIONAL ATTAINMENT		
Population 25 years and over	20,050	100.0
Less than 9th grade	2,340	11.7
9th to 12th grade, no diploma	2,883	14.4
High school graduate (includes equivalency)	9,432	47.0
Some college, no degree	2,653	13.2
Associate degree	586	2.9
Bachelor's degree	1,238	6.2
Graduate or professional degree	918	4.6
Percent high school graduate or higher	74.0	(X)
Percent bachelor's degree or higher	10.8	(X)
MARITAL STATUS		
Population 15 years and over	23,854	100.0
Never married	4,965	20.8
Now married, except separated	14,519	60.9
Separated	303	1.3
Widowed	1,988	8.3
Female	1,600	6.7
Divorced	2,079	8.7
Female	986	4.1
GRANDPARENTS AS CAREGIVERS		
Grandparent living in household with one or more own grandchildren under 18 years	378	100.0
Grandparent responsible for grandchildren	182	48.1
VETERAN STATUS		
Civilian population 18 years and over	22,377	100.0
Civilian veterans	3,176	14.2
DISABILITY STATUS OF THE CIVILIAN NONINSTITUTIONALIZED POPULATION		
Population 5 to 20 years	6,324	100.0
With a disability	458	7.2
Population 21 to 64 years	16,965	100.0
With a disability	3,853	22.7
Percent employed	42.1	(X)
No disability	13,112	77.3
Percent employed	71.4	(X)
Population 65 years and over	4,159	100.0
With a disability	2,079	50.0
RESIDENCE IN 1995		
Population 5 years and over	27,731	100.0
Same house in 1995	19,377	69.9
Different house in the U.S. in 1995	8,299	29.9
Same county	5,199	18.7
Different county	3,100	11.2
Same state	1,424	5.1
Different state	1,676	6.0
Elsewhere in 1995	55	0.2

Subject	Number	Percent
NATIVITY AND PLACE OF BIRTH		
Total population	29,334	100.0
Native	29,167	99.4
Born in United States	29,066	99.1
State of residence	22,294	76.0
Different state	6,772	23.1
Born outside United States	101	0.3
Foreign born	167	0.6
Entered 1990 to March 2000	31	0.1
Naturalized citizen	84	0.3
Not a citizen	83	0.3
REGION OF BIRTH OF FOREIGN BORN		
Total (excluding born at sea)	167	100.0
Europe	102	61.1
Asia	42	25.1
Africa	10	6.0
Oceania	-	-
Latin America	2	1.2
Northern America	11	6.6
LANGUAGE SPOKEN AT HOME		
Population 5 years and over	27,731	100.0
English only	27,249	98.3
Language other than English	482	1.7
Speak English less than "very well"	173	0.6
Spanish	202	0.7
Speak English less than "very well"	86	0.3
Other Indo-European languages	262	0.9
Speak English less than "very well"	78	0.3
Asian and Pacific Island languages	11	-
Speak English less than "very well"	9	-
ANCESTRY (single or multiple)		
Total population	29,334	100.0
Total ancestries reported	*22,836*	*77.8*
Arab	17	0.1
Czech[1]	22	0.1
Danish	7	-
Dutch	878	3.0
English	2,354	8.0
French (except Basque)[1]	551	1.9
French Canadian[1]	68	0.2
German	5,909	20.1
Greek	26	0.1
Hungarian	142	0.5
Irish[1]	2,966	10.1
Italian	1,057	3.6
Lithuanian	19	0.1
Norwegian	46	0.2
Polish	443	1.5
Portuguese	2	-
Russian	52	0.2
Scotch-Irish	481	1.6
Scottish	263	0.9
Slovak	37	0.1
Subsaharan African	35	0.1
Swedish	72	0.2
Swiss	25	0.1
Ukrainian	24	0.1
United States or American	5,019	17.1
Welsh	239	0.8
West Indian (excluding Hispanic groups)	-	-
Other ancestries	2,082	7.1

-Represents zero or rounds to zero. (X) Not applicable.

[1]The data represent a combination of two ancestries shown separately in Summary File 3. Czech includes Czechoslovakian. French includes Alsatian. French Canadian includes Acadian/Cajun. Irish includes Celtic.

Source: U.S. Bureau of the Census, Census 2000.

Table DP-3. Profile of Selected Economic Characteristics: 2000

Geographic area: Preston County, West Virginia

[Data based on a sample. For information on confidentiality protection, sampling error, nonsampling error, and definitions, see text]

Subject	Number	Percent
EMPLOYMENT STATUS		
Population 16 years and over	23,413	100.0
In labor force	12,937	55.3
Civilian labor force	12,922	55.2
Employed	12,042	51.4
Unemployed	880	3.8
Percent of civilian labor force	6.8	(X)
Armed Forces	15	0.1
Not in labor force	10,476	44.7
Females 16 years and over	11,887	100.0
In labor force	5,558	46.8
Civilian labor force	5,558	46.8
Employed	5,167	43.5
Own children under 6 years	1,905	100.0
All parents in family in labor force	1,085	57.0
COMMUTING TO WORK		
Workers 16 years and over	11,869	100.0
Car, truck, or van - - drove alone	9,107	76.7
Car, truck, or van - - carpooled	1,942	16.4
Public transportation (including taxicab)	35	0.3
Walked	262	2.2
Other means	143	1.2
Worked at home	380	3.2
Mean travel time to work (minutes)[1]	30.2	(X)
Employed civilian population 16 years and over	12,042	100.0
OCCUPATION		
Management, professional, and related occupations	2,602	21.6
Service occupations	2,121	17.6
Sales and office occupations	2,674	22.2
Farming, fishing, and forestry occupations	196	1.6
Construction, extraction, and maintenance occupations	1,913	15.9
Production, transportation, and material moving occupations	2,536	21.1
INDUSTRY		
Agriculture, forestry, fishing and hunting, and mining	854	7.1
Construction	1,096	9.1
Manufacturing	1,503	12.5
Wholesale trade	283	2.4
Retail trade	1,594	13.2
Transportation and warehousing, and utilities	781	6.5
Information	214	1.8
Finance, insurance, real estate, and rental and leasing	337	2.8
Professional, scientific, management, administrative, and waste management services	725	6.0
Educational, health and social services	2,661	22.1
Arts, entertainment, recreation, accommodation and food services	740	6.1
Other services (except public administration)	633	5.3
Public administration	621	5.2
CLASS OF WORKER		
Private wage and salary workers	9,024	74.9
Government workers	1,999	16.6
Self-employed workers in own not incorporated business	944	7.8
Unpaid family workers	75	0.6

Subject	Number	Percent
INCOME IN 1999		
Households	11,551	100.0
Less than $10,000	1,673	14.5
$10,000 to $14,999	1,316	11.4
$15,000 to $24,999	2,208	19.1
$25,000 to $34,999	1,946	16.8
$35,000 to $49,999	2,063	17.9
$50,000 to $74,999	1,543	13.4
$75,000 to $99,999	462	4.0
$100,000 to $149,999	230	2.0
$150,000 to $199,999	62	0.5
$200,000 or more	48	0.4
Median household income (dollars)	27,927	(X)
With earnings	8,397	72.7
Mean earnings (dollars)[1]	34,977	(X)
With Social Security income	3,835	33.2
Mean Social Security income (dollars)[1]	10,140	(X)
With Supplemental Security Income	646	5.6
Mean Supplemental Security income (dollars)[1]	5,817	(X)
With public assistance income	374	3.2
Mean public assistance income (dollars)[1]	2,011	(X)
With retirement income	2,482	21.5
Mean retirement income (dollars)[1]	12,300	(X)
Families	8,390	100.0
Less than $10,000	796	9.5
$10,000 to $14,999	705	8.4
$15,000 to $24,999	1,458	17.4
$25,000 to $34,999	1,589	18.9
$35,000 to $49,999	1,734	20.7
$50,000 to $74,999	1,389	16.6
$75,000 to $99,999	435	5.2
$100,000 to $149,999	199	2.4
$150,000 to $199,999	58	0.7
$200,000 or more	27	0.3
Median family income (dollars)	32,904	(X)
Per capita income (dollars)[1]	13,596	(X)
Median earnings (dollars):		
Male full-time, year-round workers	26,440	(X)
Female full-time, year-round workers	17,905	(X)

Subject	Number below poverty level	Percent below poverty level
POVERTY STATUS IN 1999		
Families	1,235	14.7
With related children under 18 years	814	21.0
With related children under 5 years	356	27.2
Families with female householder, no husband present	356	36.3
With related children under 18 years	292	50.3
With related children under 5 years	114	58.8
Individuals	5,302	18.3
18 years and over	3,552	16.1
65 years and over	604	14.5
Related children under 18 years	1,624	24.4
Related children 5 to 17 years	1,143	22.5
Unrelated individuals 15 years and over	1,365	32.7

-Represents zero or rounds to zero. (X) Not applicable.

[1]If the denominator of a mean value or per capita value is less than 30, then that value is calculated using a rounded aggregate in the numerator. See text.

Source: U.S. Bureau of the Census, Census 2000.

Table DP-4. Profile of Selected Housing Characteristics: 2000

Geographic area: Preston County, West Virginia

[Data based on a sample. For information on confidentiality protection, sampling error, nonsampling error, and definitions, see text]

Subject	Number	Percent
Total housing units	13,444	100.0
UNITS IN STRUCTURE		
1-unit, detached	9,670	71.9
1-unit, attached	100	0.7
2 units	157	1.2
3 or 4 units	194	1.4
5 to 9 units	316	2.4
10 to 19 units	26	0.2
20 or more units	102	0.8
Mobile home	2,835	21.1
Boat, RV, van, etc	44	0.3
YEAR STRUCTURE BUILT		
1999 to March 2000	345	2.6
1995 to 1998	1,134	8.4
1990 to 1994	1,078	8.0
1980 to 1989	2,306	17.2
1970 to 1979	2,642	19.7
1960 to 1969	1,062	7.9
1940 to 1959	1,778	13.2
1939 or earlier	3,099	23.1
ROOMS		
1 room	73	0.5
2 rooms	190	1.4
3 rooms	600	4.5
4 rooms	2,107	15.7
5 rooms	3,378	25.1
6 rooms	3,173	23.6
7 rooms	1,902	14.1
8 rooms	1,112	8.3
9 or more rooms	909	6.8
Median (rooms)	5.6	(X)
Occupied housing units	11,544	100.0
YEAR HOUSEHOLDER MOVED INTO UNIT		
1999 to March 2000	1,437	12.4
1995 to 1998	2,414	20.9
1990 to 1994	1,920	16.6
1980 to 1989	2,229	19.3
1970 to 1979	1,577	13.7
1969 or earlier	1,967	17.0
VEHICLES AVAILABLE		
None	1,002	8.7
1	3,497	30.3
2	4,715	40.8
3 or more	2,330	20.2
HOUSE HEATING FUEL		
Utility gas	1,854	16.1
Bottled, tank, or LP gas	1,702	14.7
Electricity	1,682	14.6
Fuel oil, kerosene, etc	3,882	33.6
Coal or coke	963	8.3
Wood	1,315	11.4
Solar energy	-	-
Other fuel	139	1.2
No fuel used	7	0.1
SELECTED CHARACTERISTICS		
Lacking complete plumbing facilities	163	1.4
Lacking complete kitchen facilities	80	0.7
No telephone service	613	5.3

Subject	Number	Percent
OCCUPANTS PER ROOM		
Occupied housing units	11,544	100.0
1.00 or less	11,409	98.8
1.01 to 1.50	94	0.8
1.51 or more	41	0.4
Specified owner-occupied units	6,068	100.0
VALUE		
Less than $50,000	2,116	34.9
$50,000 to $99,999	3,025	49.9
$100,000 to $149,999	619	10.2
$150,000 to $199,999	216	3.6
$200,000 to $299,999	73	1.2
$300,000 to $499,999	9	0.1
$500,000 to $999,999	-	-
$1,000,000 or more	10	0.2
Median (dollars)	63,100	(X)
MORTGAGE STATUS AND SELECTED MONTHLY OWNER COSTS		
With a mortgage	2,921	48.1
Less than $300	91	1.5
$300 to $499	762	12.6
$500 to $699	899	14.8
$700 to $999	781	12.9
$1,000 to $1,499	340	5.6
$1,500 to $1,999	36	0.6
$2,000 or more	12	0.2
Median (dollars)	630	(X)
Not mortgaged	3,147	51.9
Median (dollars)	196	(X)
SELECTED MONTHLY OWNER COSTS AS A PERCENTAGE OF HOUSEHOLD INCOME IN 1999		
Less than 15.0 percent	3,171	52.3
15.0 to 19.9 percent	991	16.3
20.0 to 24.9 percent	707	11.7
25.0 to 29.9 percent	340	5.6
30.0 to 34.9 percent	183	3.0
35.0 percent or more	630	10.4
Not computed	46	0.8
Specified renter-occupied units	1,843	100.0
GROSS RENT		
Less than $200	213	11.6
$200 to $299	305	16.5
$300 to $499	726	39.4
$500 to $749	170	9.2
$750 to $999	35	1.9
$1,000 to $1,499	-	-
$1,500 or more	4	0.2
No cash rent	390	21.2
Median (dollars)	336	(X)
GROSS RENT AS A PERCENTAGE OF HOUSEHOLD INCOME IN 1999		
Less than 15.0 percent	285	15.5
15.0 to 19.9 percent	205	11.1
20.0 to 24.9 percent	215	11.7
25.0 to 29.9 percent	198	10.7
30.0 to 34.9 percent	112	6.1
35.0 percent or more	412	22.4
Not computed	416	22.6

-Represents zero or rounds to zero. (X) Not applicable.

Source: U.S. Bureau of the Census, Census 2000.

FINANCIAL INFORMATION FOR THE MUNICIPALITY OF KINGWOOD

AUDIT REPORT OF
KINGWOOD, WEST VIRGINIA
A CLASS III MUNICIPALITY IN PRESTON COUNTY
For the Fiscal Year Ended June 30, 2008

AUDIT REPORT OF
THE MUNICIPALITY OF KINGWOOD, WEST VIRGINIA
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

This audit has been conducted pursuant to the authority and duty of the State Auditor as Chief Inspector and Supervisor of Public Offices to conduct an annual inspection of all political subdivisions of the State of West Virginia and any agency created by these subdivisions. This power is granted by West Virginia Code §6-9-1 et seq.

MUNICIPALITY OF KINGWOOD, WEST VIRGINIA
SCHEDULE OF FUNDS INCLUDED IN REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

GOVERNMENTAL FUND TYPES

MAJOR FUNDS

General
Coal Severance Tax
Storm Sewer
Cemetery

PROPRIETARY FUND TYPE

MAJOR FUND

Parks and Recreation

COMPONENT UNITS

Discretely Presented
Sewer Board
Water Board
Kingwood Public Library

MUNICIPALITY OF KINGWOOD, WEST VIRGINIA
TABLE OF CONTENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	Page
Introductory Section	
Municipal Officials	1
Financial Section	
Independent Auditor's Report	2-3
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Assets	4-5
Statement of Activities	6
Fund Financial Statements:	
Balance Sheet - Governmental Funds	7
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Assets	8
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	9-10
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	11
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Budgetary Basis) - General Fund	12-13
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Coal Severance Tax Fund	14
Statement of Net Assets - Proprietary Fund	15-16
Statement of Revenues, Expenses and Changes in Fund Net Assets - Proprietary Fund	17
Statement of Cash Flows - Proprietary Fund	18-19
Notes to the Financial Statements	20-41
Supplementary Information	
Schedule of Rate Covenant Compliance	42
Combining and Individual Fund Statements:	
Balance Sheet/Statement of Net Assets - Governmental Component Unit	43
Statement of Revenues, Expenditures and Changes in Fund Balance/ Statement of Activities - Governmental Component Unit	44

MUNICIPALITY OF KINGWOOD, WEST VIRGINIA
TABLE OF CONTENTS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

Page

Supplementary Information (continued)

Statement of Net Assets - Proprietary Component Units. 45-46
Statement of Revenues, Expenses and Changes in
Fund Net Assets - Proprietary Component Units. 47
Statement of Cash Flows - Proprietary Component Units. 48-49

Accompanying Information

Report on Internal Control Over Financial Reporting and on Compliance and Other
Matters Based on an Audit of Financial Statements Performed in Accordance with
Government Auditing Standards. 50-52

Schedule of Findings and Responses 53-56

INTRODUCTORY SECTION

MUNICIPALITY OF KINGWOOD, WEST VIRGINIA
MUNICIPAL OFFICIALS
For the Fiscal Year Ended June 30, 2008

OFFICE	NAME	TERM
	Elective	
Mayor:	James G. Lobb	07-01-07 / 06-30-09
Recorder:	William Robertson	07-01-07 / 06-30-09
Council Members:	David Estep	07-01-07 / 06-30-09
	Robert Goodwin Jr.	07-01-07 / 06-30-09
	Michael Loughry	07-01-07 / 06-30-09
	Kathy Mace, appointed	01-01-08 / 06-30-09
	Bruce Wiley, resigned	07-01-07 / 12-30-07
	Jeff Zigray	07-01-07 / 06-30-09
	Appointive	
City Supervisor:	Francis Hyre	
City Clerk/Treasurer:	Martha E. Moore	
Municipal Attorney:	Sheila Williams	

FINANCIAL SECTION

Glen B. Gainer III
State Auditor and
Chief Inspector

Stuart T. Stickel, CPA
Deputy Chief Inspector

State of West Virginia

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Council
Municipality of Kingwood
Kingwood, West Virginia 26537

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, and each major fund, of the Municipality of Kingwood, West Virginia (the Municipality), as of and for the year ended June 30, 2008, which collectively comprise the Municipality's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the entity's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, and each major fund of the Municipality of Kingwood, West Virginia, as of June 30, 2008, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General Fund and Coal Severance Tax Special Revenue Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 8, 2009 on our consideration of the Municipality's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Municipality has not presented the management's discussion and analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be part of the basic financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Municipality's basic financial statements. The introductory section, schedule of rate covenant compliance, combining and individual component unit financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of rate covenant compliance, combining and individual component unit financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

Respectfully submitted,

Glen B. Gainer, III
West Virginia State Auditor

October 8, 2009

MUNICIPALITY OF KINGWOOD, WEST VIRGINIA
STATEMENT OF NET ASSETS
June 30, 2008

	Primary Government			Component Units		
	Governmental Activities	Business-type Activities	Total	Water Board	Sewer Board	Kingwood Public Library
ASSETS						
Current assets:						
Cash and cash equivalents	$ 233,874	$ 23,361	$ 257,235	$ 433,523	$ 233,448	$ 315,543
Receivables:						
Accounts	63,498	3,408	66,906	108,707	81,454	--
Taxes	68,315	--	68,315	--	--	--
Internal balances	34,325	(34,325)	--	--	--	--
Inventory, at cost	13,668	--	13,668	21,339	--	--
Restricted assets:						
Regular account	--	--	--	179,371	187,658	--
Reserve account	--	--	--	409,362	231,237	--
Renewal and replacement	--	--	--	--	35,304	--
Reserve for construction	--	--	--	1	--	--
Capital assets:						
Nondepreciable:						
Land	--	103,500	103,500	12,070	2,552	10,400
Depreciable:						
Buildings	--	1,250,000	1,250,000	--	--	235,132
Structures and improvements	521,428	464,201	985,629	524,591	5,494,876	171,255
Books and Videos	--	--	--	--	--	88,665
Transmission and distribution	--	--	--	7,184,792	4,563,889	--
Machinery and equipment	892,053	--	892,053	440,122	2,388,291	--
Less: accumulated depreciation	(709,245)	(601,825)	(1,311,070)	(3,510,485)	(4,815,938)	(388,597)
Other debits:						
Unamortized bond discount	--	--	--	--	77,697	--
Total assets	$ 1,117,916	$ 1,208,320	$ 2,326,236	$ 5,803,393	$ 8,480,468	$ 432,398

See accompanying notes to the financial statements.

MUNICIPALITY OF KINGWOOD, WEST VIRGINIA
STATEMENT OF NET ASSETS
June 30, 2008

	Primary Government			Component Units		
	Governmental Activities	Business-type Activities	Total	Water Board	Sewer Board	Kingwood Public Library
LIABILITIES						
Current liabilities payable from current assets:						
Accounts payable	$ 37,476	$ 14,973	$ 52,449	$ 27,696	$ 16,586	$ --
Payroll payable	19,918	264	20,182	14,206	9,044	3,008
Other accrued expenses	--	1,180	1,180	--	--	--
Accrued revenue bond/note interest payable	--	--	--	61,185	24,272	--
Customer deposits	--	--	--	6,978	--	--
Total current liabilities payable from current assets	57,394	16,417	73,811	110,065	49,902	3,008
Noncurrent liabilities payable due within one year:						
Leases payable	91,926	--	91,926	--	13,417	--
Bonds payable	--	--	--	112,206	106,672	--
Notes payable	--	--	--	5,305	--	--
Total noncurrent liabilities payable due within one year	91,926	--	91,926	117,511	120,089	--
Noncurrent liabilities payable due within more than one year:						
Bonds payable	--	--	--	3,689,653	2,729,407	--
Notes payable	--	--	--	6,078	--	--
Leases payable	268,237	--	268,237	--	53,209	--
Total noncurrent liabilities due within more than one year	268,237	--	268,237	3,695,731	2,782,616	--
Total liabilities	417,557	16,417	433,974	3,923,307	2,952,607	3,008
NET ASSETS						
Invested in capital assets, net of related debt	344,073	1,215,876	1,559,949	837,848	4,730,965	116,855
Restricted for:						
Debt service	--	--	--	588,733	454,199	--
Unrestricted	356,286	(23,973)	332,313	453,505	342,697	312,535
Total net assets	700,359	1,191,903	1,892,262	1,880,086	5,527,861	429,390
Total liabilities and net assets	$ 1,117,916	$ 1,208,320	$ 2,326,236	$ 5,803,393	$ 8,480,468	$ 432,398

See accompanying notes to the financial statements.

MUNICIPALITY OF KINGWOOD, WEST VIRGINIA
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2008

		Program Revenues			Net (Expense) Revenues and Changes in Net Assets					
					Primary Government			Component Units		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activity	Total	Water Board	Sewer Board	Kingwood Public Library
Functions / Programs										
Primary government:										
Governmental activities:										
General government	$ 284,193	$ 1,040,472	$ 20,117	$ --	$ 776,396	$ --	$ 776,396	$ --	$ --	$ --
Public safety	264,949	42,798	--	--	(222,151)	--	(222,151)	--	--	--
Streets and transportation	268,514	--	--	--	(268,514)	--	(268,514)	--	--	--
Health and sanitation	878,635	--	--	--	(878,635)	--	(878,635)	--	--	--
Culture and recreation	6,925	--	--	--	(6,925)	--	(6,925)	--	--	--
Social services	16,596	--	--	--	(16,596)	--	(16,596)	--	--	--
Total governmental activities	1,719,812	1,083,270	20,117	--	(616,425)	--	(616,425)	--	--	--
Business-type activity:										
Parks and recreation	307,550	210,673	40,173	--	--	(56,704)	(56,704)	--	--	--
Total business-type activity	307,550	210,673	40,173	--	--	(56,704)	(56,704)	--	--	--
Total primary government	$ 2,027,362	$ 1,293,943	$ 60,290	$ --	(616,425)	(56,704)	(673,129)	--	--	--
Component units:										
Water Board	1,214,317	1,088,411	--	202,211	--	--	--	76,305	--	--
Sewer Board	885,645	686,749	--	--	--	--	--	--	(198,896)	--
Kingwood Public Library	156,629	141,642	--	--	--	--	--	--	--	(14,987)
Total component units	$ 2,256,591	$ 1,916,802	$ --	$ 202,211	--	--	--	76,305	(198,896)	(14,987)
General revenues:										
Ad valorem property taxes					393,462	--	393,462	--	--	--
Alcoholic beverages tax					31,583	--	31,583	--	--	--
Utility services tax					155,889	--	155,889	--	--	--
Animal tax					1,148	--	1,148	--	--	--
Gas and oil severance tax					13,386	--	13,386	--	--	--
Amusement tax					4,239	--	4,239	--	--	--
Other taxes					5,895	--	5,895	--	--	--
Coal severance tax					11,137	--	11,137	--	--	--
Unrestricted investment earnings					3,559	86	3,645	34,687	26,941	--
Refunds					34,494	--	34,494	--	--	--
Reimbursement					23,858	--	23,858	--	--	--
Sale of Timber					--	--	--	189,334	--	--
Gain on sale of capital assets					3,000	--	3,000	--	--	--
Miscellaneous					29,905	7,648	37,553	--	--	--
Transfers					(38,019)	38,019	--	--	--	--
Total general revenues and transfers					673,536	45,753	719,289	224,021	26,941	--
Change in net assets					57,111	(10,951)	46,160	300,326	(171,955)	(14,987)
Net assets - beginning, restated, Note IV.H.					643,248	1,202,854	1,846,102	1,579,760	5,699,816	444,377
Net assets - ending					$ 700,359	$ 1,191,903	$ 1,892,262	$ 1,880,086	$ 5,527,861	$ 429,390

See accompanying notes to the financial statements.

MUNICIPALITY OF KINGWOOD, WEST VIRGINIA
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2008

	General	Coal Severance Tax	Storm Sewer	Cemetery	Total Governmental Funds
ASSETS					
Current:					
Cash and cash equivalents	$ 116,951	$ 19,684	$ 54,519	$ 42,720	$ 233,874
Receivables:					
Taxes	68,315	--	--	--	68,315
Accounts	63,498	--	--	--	63,498
Due from:					
Other funds	34,325	--	--	--	34,325
Inventory, at cost	13,668	--	--	--	13,668
Total assets	$ 296,757	$ 19,684	$ 54,519	$ 42,720	$ 413,680
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	37,476	--	--	--	37,476
Payroll payable	19,918	--	--	--	19,918
Deferred revenues:					
Taxes	46,467	--	--	--	46,467
Total liabilities	103,861	--	--	--	103,861
Fund balances:					
Reserved for:					
Perpetual care	--	--	--	42,720	42,720
Unreserved, reported in:					
General fund	192,896	--	--	--	192,896
Special revenue funds	--	19,684	54,519	--	74,203
Total fund balances	192,896	19,684	54,519	42,720	309,819
Total liabilities and fund balances	$ 296,757	$ 19,684	$ 54,519	$ 42,720	$ 413,680

See accompanying notes to the financial statements.

MUNICIPALITY OF KINGWOOD, WEST VIRGINIA
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
June 30, 2008

Total fund balances on the governmental fund's balance sheet	$	309,819
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and therefore not reported in the funds. (Note IV-C)		704,236
Certain revenues are not available to fund current year expenditures and therefore are deferred in the funds. This is the amount of deferred taxes. (Note IV-B)		46,467
Long-term liabilities, including leases payable, are not due and payable in the current period and therefore are not reported in the funds. (Note IV-F)		(360,163)
Net assets of governmental activities	$	700,359

See accompanying notes to the financial statements.

MUNICIPALITY OF KINGWOOD, WEST VIRGINIA
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2008

	General	Coal Severance Tax	Storm Sewer	Cemetery	Total Governmental Funds
REVENUES					
Taxes:					
Ad valorem property taxes	$ 371,996	$ --	$ --	$ --	$ 371,996
Alcoholic beverages tax	31,583	--	--	--	31,583
Utility services tax	155,889	--	--	--	155,889
Animal tax	1,148	--	--	--	1,148
Gas and oil severance tax	13,386	--	--	--	13,386
Amusement tax	4,239	--	--	--	4,239
Other taxes	5,895	--	--	--	5,895
Coal severance tax	--	11,137	--	--	11,137
Licenses and permits	35,213	--	--	--	35,213
Intergovernmental:					
State	17,117	--	--	--	17,117
Charges for services	990,034	--	--	--	990,034
Fines and forfeits	42,798	--	--	--	42,798
Interest and investment earnings	778	12	1,789	980	3,559
Refunds	34,494	--	--	--	34,494
Reimbursements	23,858	--	--	--	23,858
IRP fees	15,225	--	--	--	15,225
Contributions and donations	--	--	--	3,000	3,000
Miscellaneous	29,905	--	--	--	29,905
Total revenues	1,773,558	11,149	1,789	3,980	1,790,476
EXPENDITURES					
Current:					
General government	286,276	--	--	--	286,276
Public safety	270,450	--	--	--	270,450
Streets and transportation	254,776	1,356	--	--	256,132
Health and sanitation	955,884	--	--	--	955,884
Culture and recreation	20,876	--	--	--	20,876
Social services	15,596	--	--	--	15,596
Total expenditures	1,803,858	1,356	--	--	1,805,214
Excess (deficiency) of revenues over (under) expenditures	(30,300)	9,793	1,789	3,980	(14,738)

See accompanying notes to the financial statements.

MUNICIPALITY OF KINGWOOD, WEST VIRGINIA
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2008

	General	Coal Severance Tax	Storm Sewer	Cemetery	Total Governmental Funds
OTHER FINANCING SOURCES (USES)					
Transfers (out)	$ (38,019)	$ --	$ --	$ --	$ (38,019)
Proceeds from the sale of assets	3,000	--	--	--	3,000
Capital leases	75,850	--	--	--	75,850
Total other financing sources (uses)	40,831	--	--	--	40,831
Net change in fund balance	10,531	9,793	1,789	3,980	26,093
Fund balances - beginning	182,365	9,891	52,730	38,740	283,726
Fund balances - ending	$ 192,896	$ 19,684	$ 54,519	$ 42,720	$ 309,819

See accompanying notes to the financial statements.

MUNICIPALITY OF KINGWOOD, WEST VIRGINIA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2008

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds	$	26,093
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period (Note II.A).		2,421
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. This is the net value of prior and current year deferred taxes.		21,466
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items (Notes II.A).		7,131
Change in net assets of governmental activities	$	57,111

See accompanying notes to the financial statements.

MUNICIPALITY OF KINGWOOD, WEST VIRGINIA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (BUDGETARY BASIS) - GENERAL FUND
For the Fiscal Year Ended June 30, 2008

	Budgeted Amounts		Actual Modified Accrual Basis	Adjustments Budget Basis	Actual Amounts Budget Basis	Variance with Final Budget Positive (Negative)
	Original	Final				
REVENUES						
Taxes:						
Ad valorem property taxes	$ 337,662	$ 347,689	$ 371,996	$ 1,358	$ 373,354	$ 25,665
Alcoholic beverages tax	10,000	20,769	31,583	(1,448)	30,135	9,366
Utility services tax	106,000	106,000	155,889	(71)	155,818	49,818
Animal tax	1,000	1,000	1,148	--	1,148	148
Gas and oil severance tax	8,000	10,455	13,386	--	13,386	2,931
Amusement tax	--	--	4,239	--	4,239	4,239
Other taxes	2,500	3,795	5,895	--	5,895	2,100
Licenses and permits	14,500	27,293	35,213	--	35,213	7,920
Intergovernmental:						
State	--	13,222	17,117	--	17,117	3,895
Charges for services	893,300	975,621	990,034	12,770	1,002,804	27,183
Fines and forfeits	20,000	32,300	42,798	--	42,798	10,498
Interest earnings	1,000	1,000	778	--	778	(222)
Refunds	19,500	23,372	34,494	--	34,494	11,122
Reimbursements	35,000	35,000	23,858	--	23,858	(11,142)
IRP fees	15,000	15,000	15,225	--	15,225	225
Miscellaneous	14,500	23,110	29,905	(2,917)	26,988	3,878
Total revenues	1,477,962	1,635,626	1,773,558	9,692	1,783,250	147,624
EXPENDITURES						
Current:						
General government	284,216	289,196	286,276	5,403	291,679	(2,483)
Public safety	165,607	295,724	270,450	4,735	275,185	20,539
Streets and transportation	245,856	260,368	254,776	4,300	259,076	1,292
Health and sanitation	890,248	962,014	955,884	3,229	959,113	2,901
Culture and recreation	18,700	28,727	20,876	--	20,876	7,851
Social services	20,988	20,988	15,596	48	15,644	5,344
Total expenditures	1,625,615	1,857,017	1,803,858	17,715	1,821,573	35,444
Excess (deficiency) of revenues over (under) expenditures	(147,653)	(221,391)	(30,300)	(8,023)	(38,323)	183,068

See accompanying notes to the financial statements.

MUNICIPALITY OF KINGWOOD, WEST VIRGINIA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (BUDGETARY BASIS) - GENERAL FUND
For the Fiscal Year Ended June 30, 2008

	Budgeted Amounts		Actual Modified Accrual Basis	Adjustments Budget Basis	Actual Amounts Budget Basis	Variance with Final Budget Positive (Negative)
	Original	Final				
OTHER FINANCING SOURCES (USES)						
Transfers (out)	$ --	$ (38,020)	$ (38,019)	$ --	$ (38,019)	$ 1
Proceeds from sale of assets	--	--	3,000	--	3,000	3,000
Capital leases	--	75,850	75,850	--	75,850	--
Total other financing sources (uses)	--	37,830	40,831	--	40,831	3,001
Net change in fund balance	(147,653)	(183,561)	10,531	(8,023)	2,508	186,069
Fund balances - beginning	147,653	183,561	182,365	(67,922)	114,443	(69,118)
Fund balances - ending	$ --	$ --	$ 192,896	$ (75,945)	$ 116,951	$ 116,951

See accompanying notes to the financial statements.

MUNICIPALITY OF KINGWOOD, WEST VIRGINIA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - COAL SEVERANCE TAX FUND
For the Fiscal Year Ended June 30, 2008

	Budgeted Amounts		Actual Amounts Budget Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes:				
Coal severance tax	$ 7,000	$ 7,000	$ 11,137	$ 4,137
Interest earnings	--	--	12	12
Total revenues	7,000	7,000	11,149	4,149
EXPENDITURES				
Current:				
Streets and transportation	15,500	16,892	1,356	15,536
Total expenditures	15,500	16,892	1,356	15,536
Net change in fund balance	(8,500)	(9,892)	9,793	19,685
Fund balances - beginning	8,500	9,892	9,891	(1)
Fund balances - ending	$ --	$ --	$ 19,684	$ 19,684

See accompanying notes to the financial statements.

MUNICIPALITY OF KINGWOOD, WEST VIRGINIA
STATEMENT OF NET ASSETS - PROPRIETARY FUND
June 30, 2008

	Business-type Activities - Enterprise Fund
	Parks and Recreation
ASSETS	
Current:	
Cash and cash equivalents	$ 23,361
Receivables:	
Accounts	3,408
Total current assets	26,769
Capital assets:	
Nondepreciable:	
Land	103,500
Depreciable:	
Buildings	1,250,000
Structures and improvements	464,201
Less: accumulated depreciation	(601,825)
Total capital assets (net of accumulated depreciation)	1,215,876
Total assets	$ 1,242,645
LIABILITIES	
Current liabilities payable from current assets:	
Accounts payable	$ 14,973
Payroll payable	264
Other accrued expenses	1,180
Due to:	
Other funds	34,325
Total current liabilities payable from current assets	50,742

See accompanying notes to the financial statements.

MUNICIPALITY OF KINGWOOD, WEST VIRGINIA
STATEMENT OF NET ASSETS - PROPRIETARY FUND
June 30, 2008

	Business-type Activities - Enterprise Fund
	Parks and Recreation
NET ASSETS	
Invested in capital assets, net of related debt	$ 1,215,876
Unrestricted	(23,973)
Total net assets	1,191,903
Total liabilities and net assets	$ 1,242,645

See accompanying notes to the financial statements.

MUNICIPALITY OF KINGWOOD, WEST VIRGINIA
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS - PROPRIETARY FUND
For the Fiscal Year Ended June 30, 2008

	Business-type Activities - Enterprise Fund
	Parks and Recreation
Operating revenues:	
Sales and services to customers	$ 210,673
Total revenues	210,673
Operating expenses:	
Personal services	112,620
Administrative and general	613
Materials and supplies	122,851
Utilities	73,722
Depreciation	30,258
Maintenance	1,486
Total operating expenses	341,550
Operating income (loss)	(130,877)
Nonoperating revenues (expenses):	
Interest revenue	86
Excess levy	34,000
Gaming income	7,648
Donations	40,173
Total nonoperating revenues (expenses)	81,907
Income (loss) before operating transfers and contributions	(48,970)
Transfers in	38,019
Change in net assets	(10,951)
Net assets at beginning of year, restated, Note IV.H.	1,202,854
Net assets at end of year	$ 1,191,903

See accompanying notes to the financial statements.

MUNICIPALITY OF KINGWOOD, WEST VIRGINIA
STATEMENT OF CASH FLOWS - PROPRIETARY FUND
For the Fiscal Year Ended June 30, 2008

	Business-type Activities - Enterprise Fund
	Parks and Recreation
Cash flows from operating activities:	
Cash received from customers	$ 206,085
Cash paid for goods and services	(210,715)
Cash paid to employees	(112,620)
Net cash provided (used) by operating activities	(117,250)
Cash flows from noncapital financing activities:	
Transfers in	38,019
Excess levy	34,000
Gaming income	7,648
Donations	40,173
Net cash provided (used) by noncapital financing activities	119,840
Cash flows from investing activities:	
Interest received	86
Net cash provided (used) by investing activities	86
Net increase (decrease) in cash and cash equivalents	2,676
Cash and cash equivalents, July 1, 2007	20,685
Cash and cash equivalents, June 30, 2008	$ 23,361

See accompanying notes to the financial statements.

MUNICIPALITY OF KINGWOOD, WEST VIRGINIA
STATEMENT OF CASH FLOWS - PROPRIETARY FUND
For the Fiscal Year Ended June 30, 2008

	Business-type Activities - Enterprise Fund
	Parks and Recreation
Reconciliation of operating income to net cash provided (used) by operating activities:	
Operating income (loss)	$ (130,877)
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation expense	30,258
Decrease (increase) in accounts receivable	(3,408)
Increase (decrease) in customer deposits	(1,180)
Increase (decrease) in accounts payable	2,137
Increase (decrease) in refunds payable	(10,751)
Increase (decrease) in other accrued expenses	(3,429)
Net cash provided by operations	$ (117,250)

See accompanying notes to the financial statements.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Municipality of Kingwood, West Virginia, conform to generally accepted accounting principles as applicable to governmental units. The following is a summary of significant accounting policies:

A. Reporting Entity

The Municipality of Kingwood is a municipal corporation governed by an elected mayor and six member council. The accompanying financial statements present the government and its component units as required by generally accepted accounting principles.

The services provided by the government and accounted for within these financial statements include law enforcement for the Municipality, health and sanitation services, cultural and recreational programs, and other governmental services.

The accompanying financial statements present the government and its component units as required by the accounting principles generally accepted in the United States. In determining whether to include a governmental department, agency, commission or organization as a component unit, the government must evaluate each entity as to whether they are legally separate and financially accountable based on the criteria set forth by the Governmental Accounting Standards Board (GASB). Legal separateness is evaluated on the basis of (1) its corporate name, (2) the right to sue and be sued and (3) the right to buy, sell or lease and mortgage property. Financial accountability is based on (1) the appointment of the governing authority and (2) the ability to impose will or (3) the providing of specific financial benefit or imposition of specific financial burden. Another factor to consider in this evaluation is whether an entity is fiscally dependent on the Municipality.

Discretely Presented Component Units

Discretely presented component units are entities which are legally separate from the Municipality, but are financially accountable to the Municipality, or whose relationship with the Municipality is such that exclusion would cause the Municipality's financial statements to be misleading or incomplete. Because of the nature of services they provide and the Municipality's ability to impose its will on them or a financial benefit/burden relationship exists, the following component units are discretely presented in accordance with GASB Statement No. 14 (as amended by GASB Statement 39) The discretely presented component units are presented on the government-wide statements.

The *Kingwood Sewer Board* serves all the citizens of the Municipality of Kingwood and is governed by a three member board comprised of the Mayor and two persons appointed by council. The rates for user charges and bond issuance authorizations are approved by the government's elected council.

The *Kingwood Water Board* serves all the citizens of the Municipality of Kingwood and is governed by a five member board comprised of one council member and four persons appointed by council. The rates for user charges and bond issuance authorizations are approved by the government's elected council.

The *Kingwood Public Library* serves all citizens of the Municipality of Kingwood and is governed by a five member board appointed by the Municipality. The Municipality provides financial support obtained through an excess levy to the library annually.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied and collectible. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collectible within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, interest and special assessments are susceptible to accrual. Also, certain taxpayer-assessed revenues such as business and occupation and utility taxes are accrued as revenue at year end. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. Other receipts and taxes become measurable and available when cash is received by the government and are recognized as revenue at that time.

Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

The government reports the following major governmental funds:

The *General fund* is the government's primary operating fund. It accounts for all financial sources of the general government, except those required to be accounted for in another fund.

The *Coal Severance Tax fund*, a special revenue fund, accounts for revenues and expenditures from a severance tax placed on coal that is distributed to West Virginia municipalities.

The *Storm Sewer fund*, a special revenue fund, accounts for the revenues and expenditures of the storm sewer system in the Municipality of Kingwood.

The *Cemetery fund*, a special revenue fund, accounts for perpetual care activities.

The government reports the following major proprietary fund:

The *Parks and Recreation* fund serves the citizens of the Municipality of Kingwood by providing for recreation and activities for the public. This fund accounts for the receipts and expenses of operating this facility. The rates for user charges are approved by the government's elected council.

The Municipality of Kingwood, West Virginia follows GASB guidance as applicable to proprietary funds and FASB Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins issued on or before November 30, 1989, that do not conflict with GASB Pronouncements in both the government-wide and proprietary fund financial statements.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the Parks and Recreation as well as of the Water and Sewer Boards, discretely presented component units, are charges to customers for services. Operating expenses for the enterprise funds include the cost of services, administrative expenses, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

D. Assets, Liabilities, and Net Assets or Equity

1. Deposits and Investments

The Municipality of Kingwood, West Virginia's cash and cash equivalents are considered to be cash on hand, demand deposits and short term investments with original maturities of less than three months from the date of acquisition. For purposes of the Statement of Cash Flows, restricted assets may be considered cash equivalents based on liquidity.

In accordance with GASB Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools", the Municipality reports its investments at fair value, except for non-participating investment contracts (certificates of deposit and repurchase agreements) which are reported at cost, which approximates fair value. All investment income, including changes in fair value of investments, are recognized as revenue in the operating statement. Fair value is determined by quoted market prices.

Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Managed funds related to the retirement systems not listed on an established market are reported at estimated fair value as determined by the respective fund managers based on quoted sales prices of underlying securities. Cash deposits are reported at carrying amount which reasonably estimates fair value. The composition of investments and fair values are presented in Note IV.A.

State statutes authorize the government to invest in the State Investment Pool or the Municipal Bond Commission or to invest such funds in the following classes of securities: Obligations of the United States or any agency thereof, certificates of deposit (which mature in less than one year), general and direct obligations of the State of West Virginia; obligations of the federal mortgage association; indebtedness secured by first lien deed of trusts for property situated within this state if the payment is substantially insured or guaranteed by the federal government; pooled mortgage trusts (subject to limitations); indebtedness of any private corporation that is properly graded in the top three ratings, at the time of acquisition; interest earning deposits which are fully insured or collateralized; and mutual funds registered with S.E.C. which have fund assets over three hundred million dollars.

State statute limitations concerning the aforementioned investments include the following: at no time can investment portfolios consist of more than seventy-five percent of the indebtedness of any private corporation nor can the portfolio have over twenty-five percent of its portfolio consisting of the indebtedness of a private corporation's debt which matures in less than one year; at no time may more than five percent of the portfolio be invested in securities issued by a single private corporation or association; and at no time can more than sixty percent of the portfolio be invested in equity mutual funds.

2. Receivables and Payables

Interfund Transactions

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "interfund receivables or payables" (i.e, the current portion of interfund loans) or "advances to/from other funds" (i.e, the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balance outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances".

Trade Receivables

All trade receivables are shown at their gross value.

The government periodically analyzes delinquent accounts and uses the direct write off method. There were no material accounts written off during the year.

Property Tax Receivable

All current taxes assessed on real and personal property may be paid in two installments; the first installment is payable on September first of the year for which the assessment is made, and becomes delinquent on October first; the second installment is payable on the first day the following March and becomes delinquent on April first. Taxes paid on or before the date when they are payable, including both first and second installments, are subject to a discount of two and one-half percent. If the taxes are not paid on or before the date in which they become delinquent, including both first and second installments, interest at the rate of nine percent per annum is added from the date they become delinquent until the date they are paid.

All municipalities within the state are authorized to levy taxes not in excess of the following maximum levies per $100 of assessed valuation: On Class I property, twelve and five-tenths cents (12.5 cents); On Class II property, twenty-five cents (25 cents); On Class IV property, fifty cents (50 cents). In addition, municipalities may provide for an election to lay an excess levy; the rates not to exceed statutory limitations, provided at least sixty percent of the voters cast ballots in favor of the excess levy.

The rates levied by the Municipality per $100 of assessed valuation for each class of property for the fiscal year ended June 30, 2008, were as follows:

Class of Property	Assessed Valuation For Tax Purposes	Current Expense	Excess Levy
Class I	$ 78,420	12.09 cents	6.25 cents
Class II	38,541,344	24.18 cents	12.50 cents
Class IV	48,279,990	48.36 cents	25.00 cents

The Municipality of Kingwood, West Virginia held a special election on February 15, 2003. The Municipality was authorized to lay an excess levy to provide approximately $104,875 annually during the next five fiscal years ended June 30, 2004 through June 30, 2008, for the purpose of support, maintenance and operation of the Kingwood Municipal Library and the purchase of books and supplies, and further for the support, maintenance and operation of the Kingwood Parks and Recreation, and for the materials and repairs to storm sewers and paving of the city streets.

3. Inventories

For governmental and proprietary fund-types, inventories are valued at cost using the first-in/first-out (FIFO) method.

4. Restricted Assets

Certain proceeds of the Water and Sewer Board revenue bonds, as well as certain proceeds set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants.

The "regular" account is used to segregate resources accumulated for debt service payments over the next twelve months.

The "reserve" account is used to report resources set aside to make up potential future deficiencies in the regular account.

The "renewal and replacement" account is used to report resources set aside to meet unexpected contingencies or fund asset renewals and replacements.

The "reserve for construction account" is used to report those proceeds of revenue bonds that are restricted for use in construction.

5. Capital Assets and Depreciation

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are determined by the government and its component units on an individual purchase basis. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized in proprietary funds as projects are constructed. Interest incurred during the construction phase of proprietary fund capital assets is not reflected in the capitalized value of the asset constructed, net of interest earned on the invested proceeds during the same period.

Capital assets of the primary government, as well as the component units, are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings	25 - 50
Structures and improvements	10 - 100
Transmission and distribution	40 - 60
Machinery and equipment	3 - 40

6. Compensated Absences

It is the government's policy to require employees to use all earned vacation time by the end of the fiscal year; therefore no liability is reported for vacation leave. No liability is reported for unpaid accumulated sick leave.

7. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

8. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balance and the Government-wide Statement of Activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances-total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that, "Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount that capital outlays exceeded depreciation for the current period." The details of the $2,421 difference are as follows:

Capital outlays	$ 57,000
Depreciation expense	(54,579)
Net adjustment to increase net change in fund balance-total governmental funds to arrive at changes in net assets of governmental activities	$ 2,421

Another element of that reconciliation states that, "The issuance of long-term debt (i.e. bonds, leases) provide current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas, these amounts are deferred and amortized in the statement of activities." The details of this $7,131 difference are as follows:

Debt issued or incurred:	
Capital lease financing	($ 75,850)
Principal repayments:	
Capital lease	82,981
Net adjustment to increase net changes in fund balances-total governmental funds to arrive at changes in net assets of governmental activities	$ 7,131

III. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund and the Coal Severance Tax Special Revenue Fund. All annual appropriations lapse at fiscal year end.

The Municipality of Kingwood, West Virginia prepares its budget on the cash basis of accounting. Therefore, a reconciliation has been performed on the Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual for the General Fund.

The governing body of the Municipality is required to hold a meeting or meetings between the seventh and twenty-eighth days of March to ascertain the financial condition of the Municipality and to prepare the levy estimate (budget) for the fiscal year commencing July 1. The budget is then forthwith submitted to the State Auditor for approval. The governing body then reconvenes on the third Tuesday in April to hear objections from the public and formally lay the levy.

The appropriated budget is prepared by fund, function and department. Transfers of appropriations between departments and revenue related revisions to the budget require approval from the governing council and then submission to the State Auditor for approval. Revisions become effective when approved by the State Auditor and budgeted amounts in the financial statements reflect only such approved amounts. The governing body made the following material supplementary budgetary appropriations throughout the year:

Amount	Description
$ 4,980	General Government Expenditure Increase
130,117	Public Safety Expenditure Increase
14,512	Streets and Transportation Expenditure Increase
71,766	Health and Sanitation Expenditure Increase
10,027	Culture and Recreation Expenditure Increase

Encumbrance accounting is not employed as an extension of the formal budgetary process. Encumbrances (e.g. purchase orders, contracts) should be reported as reservations of fund balance and do not constitute expenditures or liabilities because the commitments will be re-appropriated and honored during the subsequent year.

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

At year end, the government and its component units had investments with the Municipal Bond Commission. These investments are considered collateralized and secured.

Custodial Credit Risk

For deposits, the government could be exposed to risk in the event of a bank failure where the government's deposits may not be returned. The government's policy for custodial credit risk is to obtain collateralization on deposits in excess of amounts covered by FDIC. At year end, the primary government's bank balances were $257,235. The entire balance is collateralized.

For deposits, the government's component units could be exposed to risk in the event of a bank failure where deposits may not be returned. The policy for custodial credit risk is to obtain collateralization on deposits in excess of amounts covered by FDIC. At year end, the Water Board's bank balances were $433,523, the Sewer Board's bank balances were $268,752, and the Kingwood Public Library's bank balances were $315,543. Of the bank balances, the Sewer Board was entirely collateralized, the Water Board was exposed to credit risk for the amount of $326,538 because it was not fully collateralized, and the Kingwood Public Library was exposed to credit risk for the amount of $215,543 because it was not fully collateralized.

For investments, the government, and it's component units, could be exposed to risk in the event of the failure of the counterparty where the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The government's policy for custodial credit risk for investments is to limit investments to deposits with the Municipal Bond Commission. At year end, the Water Board's investment balances were $588,734 and the Sewer Board's investment balances were $41,895. The total balance of $1,007,629 is considered collateralized and secured.

A reconciliation of cash and investments as shown on the Statement of Net Assets of the primary government is as follows:

	Primary Government	Water Board	Sewer Board	Kingwood Public Library
Cash and cash equivalents	$ 257,235	$ 433,523	$ 268,752	$ 315,543
Investments - collateralized and secured	--	588,734	418,895	--
Total	$ 257,235	$ 1,022,257	$ 687,647	$ 315,543
Cash and cash equivalents	$ 257,235	$ 433,523	$ 233,448	$ 315,543
Cash and cash equivalents-restricted	--	--	35,304	--
Investments-restricted	--	588,734	418,895	--
Total	$ 257,235	$ 1,022,257	$ 687,647	$ 315,543

B. Receivables

Receivables at year end for the government's individual major funds are as follows:

	General	Parks and Recreation	Total
Receivables:			
Accounts	$ 63,498	$ 3,408	$ 66,906
Taxes	68,315	--	68,315
Total Receivables	$ 131,813	$ 3,408	$ 135,221

Governmental funds report deferred revenue in connection with receivables for revenue that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

	Unavailable
Delinquent property taxes receivable (general fund)	$ 46,467
Total deferred/unearned revenue for governmental funds	$ 46,467

Accounts receivables for the Water Board are $108,707.

Accounts receivables for the Sewer Board are $81,454.

C. Capital Assets

Capital asset activity for the fiscal year ended June 30, 2008 was as follows:

	Primary Government			
	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets being depreciated:				
Structures and improvements	$ 521,428	$ --	$ --	$ 521,428
Machinery and equipment	879,212	57,000	(44,159)	892,053
Total accumulated depreciation	(698,825)	(54,579)	44,159	(709,245)
Total capital assets being depreciated, net	701,815	2,421	--	704,236
Governmental activities capital assets, net	$ 701,815	$ 2,421	$ --	$ 704,236

The June 30, 2007 ending balance in accumulated depreciation was restated to accurately reflect the useful lives of the assets. The decreases in the construction in progress is equally reflected as an addition to the capital assets.

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets, not being depreciated:				
Land	$ 103,500	$ --	$ --	$ 103,500
Total capital assets, not being depreciated	103,500	--	--	103,500
Capital assets being depreciated:				
Buildings	1,250,000	--	--	1,250,000
Structures and improvements	464,201	--	--	464,201
Less: accumulated depreciation	(571,567)	(30,258)	--	(601,825)
Total capital assets being depreciated, net	1,142,634	(30,258)	--	1,112,376
Business-type activities capital assets, net	$ 1,246,134	$ (30,258)	$ --	$ 1,215,876

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
General government	$ 4,086
Public safety	5,895
Streets and transportation	15,543
Health and sanitation	28,055
Social services	1,000
Total depreciation expense-governmental activities	$ 54,579
Business-type activities:	
Parks and recreation	$ 30,258
Total depreciation expense-business-type activities	$ 30,258

Discretely Presented Component Units

Activity related to capital assets for the Water Board for the fiscal year ended June 30, 2008 was as follows:

	Beginning Balances	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	$ 9,569	$ 2,501	$ --	$ 12,070
Construction in progress	54,378	--	(54,378)	--
Total capital assets not being depreciated	$ 63,947	$ 2,501	$ (54,378)	$ 12,070
Capital assets, being depreciated:				
Structures and improvements	507,826	16,765	--	524,591
Transmission and distribution	6,655,718	529,074	--	7,184,792
Machinery and equipment	393,951	46,171	--	440,122
Less: accumulated depreciation	(3,335,396)	(175,089)	--	(3,510,485)
Total capital assets being depreciated	4,222,099	416,921	--	4,639,020
Total capital assets, net	$ 4,286,046	$ 419,422	$ (54,378)	$ 4,651,090

Activity related to capital assets for the Sewer Board for the fiscal year ended June 30, 2008 was as follows:

	Beginning Balances	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	$ 2,552	$ --	$ --	$ 2,552
Total capital assets not being depreciated	2,552	--	--	2,552
Capital assets, being depreciated:				
Structures and improvements	5,494,876	--	--	5,494,876
Transmission and distribution	4,563,889	--	--	4,563,889
Machinery and equipment	2,274,725	119,566	(6,000)	2,388,291
Less: accumulated depreciation	(4,530,370)	(291,568)	6,000	(4,815,938)
Total capital assets being depreciated	7,803,120	(172,002)	--	7,631,118
Total capital assets, net	$ 7,805,672	$ (172,002)	$ --	$ 7,633,670

Activity related to capital assets for the Kingwood Public Library for the fiscal year ended June 30, 2008 was as follows:

	Beginning Balances	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	$ 10,400	$ --	$ --	$ 10,400
Total capital assets not being depreciated	10,400	--	--	10,400
Capital assets, being depreciated:				
Buildings	235,132	--	--	235,132
Structures and improvements	171,255	--	--	171,255
Books and videos	74,688	13,977	--	88,665
Less: accumulated depreciation	(350,309)	(38,288)	--	(388,597)
Total capital assets being depreciated	130,766	(24,311)	--	106,455
Total capital assets, net	$ 141,166	$ (24,311)	$ --	$ 116,855

D. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2008, is as follows:

Interfund receivables/payables:

Receivable Fund	Payable Fund	Amount
General	Parks and recreation	$ 34,325
	Total	$ 34,325

Interfund transfers:

	Transfers In Parks and Recreation
Transfers out:	
General fund	$ 38,019
Total Transfers	$ 38,019

Interfund transfers provide appropriations to subsidize the funds to support the programs and activities of the government.

E. Leases

Capital Leases

The government has entered into lease agreements as lessee for financing the acquisition of recreation, office equipment and public safety equipment. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of the future minimum lease payments as of the inception date.

The Water and Sewer Boards have entered into lease agreements as lessee for financing the acquisition of machinery and equipment for its their respective funds. These lease agreements qualify as capital assets for accounting purposes, and, therefore have been recorded at the present value of future minimum lease payments as of the inception date in the respective enterprise funds.

The assets acquired through capital leases are as follows:

Asset	Governmental Activities
Machinery, equipment and vehicles	$ 57,000
Less: accumulated depreciation	(9,300)
Total	$ 47,700

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2008 were as follows:

Year Ending June 30	Governmental Activities
2009	$ 107,849
2010	98,337
2011	84,703
2012	47,441
2013	40,610
2014 - 2018	21,125
Total minimum lease payments	$ 400,065
Less: amount representing interest	(39,902)
Present value of minimum lease payments	$ 360,163

The Sewer Board, a discretely presented component unit, entered into a Lease-Purchase Agreement dated February 2008 with BB&T. The economic substance of the lease is that the Sewer Board is financing the acquisition of equipment/vehicles for its maintenance crews through the lease and, accordingly, it is recorded in the Board's assets and liabilities.

The assets acquired through capital lease are as follows:

	Sewer Board
Machinery, equipment and vehicles	$ 71,000
Less: accumulated depreciation	(10,143)
Total	$ 60,857

The lease agreement is secured by the leased assets. The lease agreement contains a purchase option under which the Board may purchase all of the equipment covered by the lease on any rent payment due date by paying BB&T all rent payments then due plus the termination value at such date.

The future minimum lease obligation and the net present value of these minimum lease payments as of June 30, 2008 were as follows:

Year Ending June 30	Sewer Board
2009	$ 15,438
2010	15,438
2011	15,439
2012	15,438
2013	10,293
Total minimum lease payments	72,046
Less: amount representing interest	(5,420)
Present value of minimum lease payments	$ 66,626

F. Long-term Debt

Notes Payable

The Water Board entered into a loan agreement to finance the purchase of water meters. The note payable for the Water Board had a balance of $11,383 with full principal balance due in two years.

Revenue Bonds

The Municipality issues bonds where the government pledges income derived from acquired or constructed assets to pay debt service.

Purpose	Maturity Dates	Interest Rates	Issued	Retired	June 30, 2008
Business-type activities:					
Component Units:					
Water Board	2027	8.38%	$ 2,810,612	$ 500,684	$ 2,309,928
Water Board	2027	0.00%	689,388	344,694	344,694
Water Board	2021	5.80%	1,119,214	236,977	882,237
Water Board	2048	0.00%	265,000	--	265,000
Sewer Board	2027	0.00%	850,860	447,821	403,039
Sewer Board	2025	5.69%	2,130,000	420,000	1,710,000
Sewer Board	2021	0.00%	876,739	153,699	723,040
Total component units			$ 8,741,813	$ 2,103,875	$ 6,637,938

Utility Pledged Revenues

The Municipality has pledged future water customer revenues, net of specified operating expenses, to repay $3,500,000 in water system revenue bonds issued in 1987. Proceeds from the bonds provided financing for the construction of the upgrades and expansions. The bonds are payable solely from water customer net revenues and are payable through 2027. Annual principal and interest payments on the bonds are expected to require less than 89 percent of net revenues. The total principal and interest remaining to be paid on the bonds is $4,918,779. Principal and interest paid for the current year and total customer net revenues were $263,849 and $296,845, respectively.

The Municipality has pledged future water customer revenues, net of specified operating expenses, to repay $1,139,214 in water system revenue bonds issued in 2001. Proceeds from the bonds provided financing for the construction of expansions and upgrades to the water system. The bonds are payable solely from water customer net revenues and are payable through 2021. Annual principal and interest payments on the bonds are expected to require less than 33 percent of net revenues. The total principal and interest remaining to be paid on the bonds is $1,255,354. Principal and interest paid for the current year and total customer net revenues were $97,452 and $296,845, respectively.

The Municipality has pledged future water customer revenues, net of specified operating expenses, to repay $265,000 in water system revenue bonds issued in 2007. Proceeds from the bonds provided financing for the construction of expansions and upgrades to the water system. The bonds are payable solely from water customer net revenues and are payable through 2048. Annual principal and interest payments on the bonds are expected to require less than 9 percent of net revenues. The total principal and interest remaining to be paid on the bonds is $265,000. Principal and interest paid for the current year and total customer net revenues were $0 and $296,845, respectively.

The Municipality has pledged future sewer customer revenues, net of specified operating expenses, to repay $850,000 in sewer system revenue bonds issued in 1986. Proceeds from the bonds provided financing for the construction of expansions and upgrades to the sewer system. The bonds are payable solely from sewer customer net revenues and are payable through 2027. Annual principal and interest payments on the bonds are expected to require less than 12 percent of net revenues. The total principal and interest remaining to be paid on the bonds is $403,039. Principal and interest paid for the current year and total customer net revenues were $22,391 and $200,619, respectively.

The Municipality has pledged future sewer customer revenues, net of specified operating expenses, to repay $1,160,000 in sewer system revenue bonds issued in 1997. Proceeds from the bonds provided financing for the construction of expansions and upgrades to the sewer system. The bonds are payable solely from sewer customer net revenues and are payable through 2025. Annual principal and interest payments on the bonds are expected to require less than 77 percent of net revenues. The total principal and interest remaining to be paid on the bonds is $2,721,559. Principal and interest paid for the current year and total customer net revenues were $155,513 and $200,619, respectively.

The Municipality has pledged future sewer customer revenues, net of specified operating expenses, to repay $878,181 in sewer system revenue bonds issued in 2001. Proceeds from the bonds provided financing for the construction of expansions and upgrades to the sewer system. The bonds are payable solely from sewer customer net revenues and are payable through 2021. Annual principal and interest payments on the bonds are expected to require less than 15 percent of net revenues. The total principal and interest remaining to be paid on the bonds is $723,040. Principal and interest paid for the current year and total customer net revenues were $29,276 and $200,619, respectively.

The discretely presented component units revenue bond debt service requirements to maturity are as follows:

Year	Water Board		Sewer Board	
Ended	Principal	Interest	Principal	Interest
2009	$ 145,669	$ 241,472	$ 109,114	$ 95,858
2010	153,165	233,972	112,469	92,503
2011	161,236	225,905	116,020	88,952
2012	169,927	217,214	119,779	85,193
2013	179,289	207,852	123,757	81,215
2014 - 2018	1,064,284	871,421	687,077	337,783
2019 - 2023	1,086,552	512,957	827,784	197,076
2024 - 2028	841,737	126,383	603,365	32,252
2029 - 2033	--	--	136,714	--
Totals	$ 3,801,859	$ 2,637,176	$ 2,836,079	$ 1,010,832

Changes in Long-term Liabilities

	Governmental Activities				
	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Capital leases	$ 367,294	$ 75,850	$ (82,981)	$ 360,163	$ 91,926
Governmental activities Long-term liabilities	$ 367,294	$ 75,850	$ (82,981)	$ 360,163	$ 91,926

	Discretely Presented Component Units				
	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Revenue bonds payable	$ 6,612,220	$ 244,686	$ (218,968)	$ 6,637,938	$ 218,878
Notes payable	16,685	--	(5,302)	11,383	5,305
Total bonds payable	6,628,905	244,686	(224,270)	6,649,321	224,183
Capital leases	--	71,000	(4,374)	66,626	13,417
Business-type activities Long-term liabilities	$ 6,628,905	$ 315,686	$ (228,644)	$ 6,715,947	$ 237,600

G. Restricted Assets

The balances of the restricted asset accounts for the primary government and component units are as follows:

	Water Board	Sewer Board
Revenue bond operations and maintenance account	$ 588,733	$ 418,895
Revenue bond construction account	1	--
Revenue bond renewal and replacement account	--	35,304
Total restricted assets	$ 588,734	$ 454,199

H. Prior Period Adjustment

The following net assets required restatement at the beginning of the year as follows:

	Governmental Activities	Business-type Activities
Net assets, as previously stated	$ 675,218	$ --
Deduct:		
Capital Assets	(31,970)	--
Beginning fund equity	--	1,202,854
Net assets, restated	$ 643,248	$ 1,202,854

The following net assets for business-type activities required restatement at the beginning of the year as follows:

	Parks and Recreation
Net assets, as previously stated	$ --
Add:	
Beginning fund equity	1,202,854
Net assets, restated	$ 1,202,854

The following net assets for the Parks and Recreation discretely presented component unit required restatement at the beginning of the year as follows:

	Parks and Recreation
Net assets, as previously stated	$ 1,202,854
Deduct:	
Beginning fund equity	(1,202,854)
Net assets, restated	$ --

V. OTHER INFORMATION

A. Risk Management

The government is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the government carries insurance with Travelers for umbrella (general liability) insurance for these various risks.

Workers' Compensation Fund (WCF): West Virginia utilizes a single private insurance company, Brick Street Insurance, to provide workers' compensation coverage to all employers in the state. Other private insurance companies may begin to offer coverage to private sector employers beginning July 1, 2008, and to government employers July 1, 2012. For the most part, all employers in the State, including governmental entities, must have coverage. The cost of all coverage, as determined by Brick Street, is paid by the employers. The WCF risk pool retains the risk related to the compensation of injured employees under the program.

Liabilities are reported when it is probable a loss has occurred and the amount of the loss can be reasonably estimated.

B. Contingent Liabilities

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds.

The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the government expects such amounts, if any, to be immaterial.

It is the opinion of the government's counsel that there are no pending lawsuits or unasserted claims against the Municipality of Kingwood, West Virginia.

VI. EMPLOYEE RETIREMENT SYSTEMS AND PLANS

VI.A.1 Plan Descriptions Contribution Information and Funding Policies

Public Employees Retirement System (PERS)

The Municipality of Kingwood, West Virginia participates in a state-wide, cost-sharing, multiple-employer defined benefit plan on behalf of general Municipality employees. The system is administered by agencies of the State of West Virginia and funded by contributions from participants, employers, and state appropriations, as necessary.

The following is a summary of eligibility factors, contribution methods, and benefit provisions:

	Public Employees Retirement System (PERS)
Eligibility to participate	All Municipality full-time employees
Authority establishing contribution obligations and benefit provisions	State Statute
Plan member's contribution rate	4.50%
Municipality's contribution rate	10.50%
Period required to vest	Five Years
Benefits and eligibility for distribution	A member who has attained age 60 and has earned 5 years or more of contributing service or age 55 if the sum of his/her age plus years of credited service is equal to or greater than 80. The final average salary (three highest consecutive years in the last 10) times the years of service times 2% equals the annual retirement benefit.
Deferred retirement portion	No
Provisions for:	
Cost of Living	No
Death Benefits	Yes

VI.A.2. Trend Information

Public Employees' Retirement System (PERS)

Fiscal Year	Annual Pension Cost	Percentage Contributed
2008	$ 107,378	100%
2007	89,588	100%
2006	81,373	100%

PERS issues a publicly available financial report that includes financial statements and required supplementary information. That information may be obtained by writing to the Public Employees Retirement System, 4101 MacCorkle Ave S.E., Charleston, WV 25304.

SUPPLEMENTARY INFORMATION

MUNICIPALITY OF KINGWOOD, WEST VIRGINIA
SCHEDULE OF RATE COVENANT COMPLIANCE
For the Fiscal Year Ended June 30, 2008

I. The component units of the Municipality of Kingwood, West Virginia are subject to rate covenant compliance associated with the issuance of various bonds. Specifically, the Boards must meet gross revenue targeted percentage and reserve debt requirements as shown in the bond documents as follows:

"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 [water] System (i) to provide for all Operating Expenses of the System and (ii) to leave a balance each year equal to at least 115% of the maximum amount required in any year for payment of principal and interest on the Series 2007 A, and all other obligations secured by a lien on or payable from such revenues on a parity with, or subordinate to, the Series 2007A Bonds."

"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 [sewer] System (i) to provide for all Operating Expenses of the System and (ii) to leave a balance each year equal to at least 115% of the maximum amount required in any year for payment of principal and interest, if any, on the Series 2001 Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2001 Bonds, including the Prior Bonds."

The following schedule summarizes the provisions for the fiscal year ended June, 30, 2008.

Rate Covenant

	Net Gross Revenues	Maximum Amount Annual Debt Service	Percentage	Percentage Required
Water Board	$ 331,532	$ 387,141	86%	115%
Sewer Board	227,560	204,972	111%	115%

As of June 30, 2008, the Municipality was not in compliance with the provisions of the Water or Sewer revenue bond covenants which require revenues to be 115% or above the amount of the highest principal payment plus interest due in any given year. The Municipality is in the process of completing rate increases for both the water and the sewer to correct these noncompliances.

The provisions of the revenue bond covenants require that assets be accumulated in restricted accounts for the payment of future debt service. The covenants require, at a minimum, that an amount equivalent to one-third of the current year's debt service payment be maintained in a revenue account. A reserve account must also be funded with one-tenth of one-twelfth of the highest debt service payment in any given year. The Municipality had $1,007,628 on deposit in the revenue and reserve accounts to comply with the bond provisions.

MUNICIPALITY OF KINGWOOD, WEST VIRGINIA
BALANCE SHEET/STATEMENT OF NET ASSETS - GOVERNMENTAL COMPONENT UNIT
June 30, 2008

	Library Board	Adjustments	Statement of Net Assets
ASSETS			
Current:			
Cash and cash equivalents	$ 315,543	$ --	$ 315,543
Nondepreciable:			
Land	--	10,400	10,400
Depreciable:			
Buildings	--	235,132	235,132
Structures and improvements	--	171,255	171,255
Books and videos	--	88,665	88,665
Less: accumulated depreciation	--	(388,597)	(388,597)
Total assets	$ 315,543	$ 116,855	$ 432,398
LIABILITIES AND FUND BALANCES			
Liabilities:			
Payroll payable	3,008	--	3,008
Total liabilities	3,008	--	3,008
Fund balances:			
Unreserved	312,535	(312,535)	--
Total fund balances	312,535	(312,535)	--
Total liabilities and fund balances	$ 315,543	$ (312,535)	$ --
Net assets:			
Invested in capital assets net of related debt		116,855	116,855
Restricted for:			
Culture and recreation		312,535	312,535
Total net assets		429,390	429,390
Total liabilities and net assets	$	$ 432,398	$ 432,398

See accompanying notes to the financial statements.

MUNICIPALITY OF KINGWOOD, WEST VIRGINIA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE/STATEMENT OF ACTIVITIES - GOVERNMENTAL COMPONENT UNIT
For the Fiscal Year Ended June 30, 2008

	Library Board	Adjustments	Statement of Net Assets
REVENUES			
Taxes:			
Ad valorem property taxes	$ 50,875	$ --	$ 50,875
Intergovernmental:			--
State	75,224	--	75,224
Interest and investment earnings	9,141	--	9,141
Miscellaneous	6,402	--	6,402
Total revenues	141,642	--	141,642
EXPENDITURES			
Current:			
Culture and recreation	132,318	(13,977)	118,341
Depreciation	--	38,288	38,288
Total expenditures	132,318	24,311	156,629
Excess (deficiency) of revenues over (under) expenditures	9,324	(9,324)	--
Change in net assets	--	(14,987)	(14,987)
Fund balances/Net assets - beginning	303,211	--	444,377
Fund balances/Net assets - ending	$ 312,535	$ --	$ 429,390

See accompanying notes to the financial statements.

MUNICIPALITY OF KINGWOOD, WEST VIRGINIA
STATEMENT OF NET ASSETS - PROPRIETARY COMPONENT UNITS
June 30, 2008

	Business-type Activities - Enterprise Funds	
	Water Board	Sewer Board
ASSETS		
Current:		
Cash and cash equivalents	$ 433,523	$ 233,448
Receivables:		
Accounts	108,707	81,454
Inventory, at cost	21,339	--
Total current assets	563,569	314,902
Restricted:		
Regular account	179,371	187,658
Reserve account	409,362	231,237
Renewal and replacement	--	35,304
Reserve for construction	1	--
Total restricted assets	588,734	454,199
Capital assets:		
Nondepreciable:		
Land	12,070	2,552
Depreciable:		
Structures and improvements	524,591	5,494,876
Transmission and distribution	7,184,792	4,563,889
Machinery and equipment	440,122	2,388,291
Less: accumulated depreciation	(3,510,485)	(4,815,938)
Total capital assets (net of accumulated depreciation)	4,651,090	7,633,670
Other debits:		
Unamortized bond discount	--	77,697
Total other debits	--	77,697
Total assets	$ 5,803,393	$ 8,480,468

See the accompanying notes to the financial statements.

MUNICIPALITY OF KINGWOOD, WEST VIRGINIA
STATEMENT OF NET ASSETS - PROPRIETARY COMPONENT UNITS
June 30, 2008

	Business-type Activities - Enterprise Funds	
	Water Board	Sewer Board
LIABILITIES		
Current liabilities payable from current assets:		
Accounts payable	$ 27,696	$ 16,586
Payroll payable	14,206	9,044
Accrued revenue bond/note interest payable	61,185	24,272
Customer deposits	6,978	--
Total current liabilities payable from current assets	110,065	49,902
Noncurrent liabilities payable due within one year:		
Revenue bonds payable	112,206	106,672
Notes payable	5,305	--
Leases payable	--	13,417
Total noncurrent liabilities payable due within one year	117,511	120,089
Noncurrent liabilities due within more than one year:		
Bonds payable	3,689,653	2,729,407
Notes payable	6,078	--
Leases payable	--	53,209
Total noncurrent liabilities due within more than one year	3,695,731	2,782,616
Total liabilities	3,923,307	2,952,607
NET ASSETS		
Invested in capital assets, net of related debt	837,848	4,730,965
Restricted for debt service	588,733	454,199
Unrestricted	453,505	342,697
Total net assets	1,880,086	5,527,861
Total liabilities and net assets	$ 5,803,393	$ 8,480,468

See the accompanying notes to the financial statements.

MUNICIPALITY OF KINGWOOD, WEST VIRGINIA
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS - PROPRIETARY COMPONENT UNITS
For the Fiscal Year Ended June 30, 2008

	Business-type Activities - Enterprise Funds	
	Water Board	Sewer Board
Operating revenues:		
Sales and services to customers	$ 1,084,862	$ 681,649
Miscellaneous	3,549	5,100
Total revenues	1,088,411	686,749
Operating Expenses:		
Personal services	299,037	259,408
Contractual services	2,855	9,210
Administrative and general	57,169	18,937
Rents	1,200	--
Liability insurance	15,916	15,131
Materials and supplies	76,353	35,617
Utilities	87,369	54,256
Depreciation	175,089	291,568
Maintenance	251,667	93,571
Amortization	--	5,758
Total operating expenses	966,655	783,456
Operating income (loss)	121,756	(96,707)
Nonoperating revenues (expenses):		
Interest revenue	34,687	26,941
Interest and fiscal charges	(247,662)	(102,189)
Sale of timber	189,334	--
Total nonoperating revenues (expenses)	(23,641)	(75,248)
Income (loss) before operating transfers and contributions	98,115	(171,955)
Capital contributions	202,211	--
Change in net assets	300,326	(171,955)
Net assets at beginning of year	1,579,760	5,699,816
Net assets at end of year	$ 1,880,086	$ 5,527,861

See the accompanying notes to the financial statements.

MUNICIPALITY OF KINGWOOD, WEST VIRGINIA
STATEMENT OF CASH FLOWS - PROPRIETARY COMPONENT UNITS
For the Fiscal Year Ended June 30, 2008

	Business-type Activities - Enterprise Funds	
	Water Board	Sewer Board
Cash flows from operating activities:		
Cash received from customers	$ 1,078,847	$ 671,407
Cash paid for goods and services	(485,345)	(217,153)
Cash paid to employees	(299,037)	(259,408)
Net cash provided (used) by operating activities	294,465	194,846
Cash flows from noncapital financing activities:		
Sale of timber	189,334	--
Net cash provided (used) by noncapital financing activities	189,334	--
Cash flows from capital and related financing activities:		
Proceeds from capital debt	244,686	71,000
Capital contributions	202,211	--
Purchases of capital assets	(540,133)	(119,566)
Principal paid on capital debt	(117,603)	(111,041)
Interest paid on capital debt	(249,346)	(103,398)
Net cash provided (used) by capital and related financing activities	(460,185)	(263,005)
Cash flows from investing activities:		
Interest received	34,687	26,941
Net cash provided (used) by investing activities	34,687	26,941
Net increase (decrease) in cash and cash equivalents	58,301	(41,218)
Cash and cash equivalents, July 1, 2007 (including $1,039,487 in restricted accounts)	963,956	728,865
Cash and cash equivalents, June 30, 2008 (including $1,042,933 in restricted accounts)	$ 1,022,257	$ 687,647

See accompanying notes to the financial statements.

MUNICIPALITY OF KINGWOOD, WEST VIRGINIA
STATEMENT OF CASH FLOWS - PROPRIETARY COMPONENT UNITS
For the Fiscal Year Ended June 30, 2008

	Business-type Activities - Enterprise Funds	
	Water Board	Sewer Board
Reconciliation of operating income to net cash provided (used) by operating activities:		
Operating income (loss)	$ 121,756	$ (96,707)
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation expense	175,089	291,568
Amortization	--	5,758
Decrease (increase) in accounts receivable	(9,034)	(15,342)
Decrease (increase) in inventory	(3,119)	
Decrease (increase) in prepaid expenses	2,589	--
Increase (decrease) in customer deposits	(427)	--
Increase (decrease) in accounts payable	4,616	4,411
Increase (decrease) in payroll payable	2,995	5,158
Net cash provided by operations	$ 294,465	$ 194,846

See accompanying notes to the financial statements.

ACCOMPANYING INFORMATION

Glen B. Gainer III
State Auditor and
Chief Inspector

Stuart T. Stickel, CPA
Deputy Chief Inspector

State of West Virginia

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Honorable Mayor and Council
Municipality of Kingwood
Kingwood, West Virginia 26537

We have audited the financial statements of the governmental activities, the business-type activities, each discretely presented component unit, and each major fund of the Municipality of Kingwood, West Virginia (the Municipality), as of and for the year ended June 30, 2008, which collectively comprise the Municipality's basic financial statements and have issued our report thereon, dated October 8, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Municipality's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Municipality's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Municipality's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combinations of control deficiencies, that adversely affects the Municipality's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Municipality's financial statements that is more than inconsequential will not prevented or detected by the Municipality's internal control. We consider the deficiencies described in the accompanying Schedule of Findings and Responses to be significant deficiencies in internal control over financial reporting as items 2008-03 and 2008-04.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Municipality's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. Of the significant deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Responses, we consider item 2008-03 to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Municipality's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards,* which are described in the accompanying Schedule of Findings and Responses as items 2008-01 and 2008-02.

The Municipality's response to findings identified in our audit is described in the accompanying Schedule of Findings and Responses. We did not audit the Municipality's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the audit committee, management, and City Council and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

Glen B. Gainer, III
West Virginia State Auditor

October 8, 2009

Water Revenue Bond Ordinance -Rate Covenant
2008-01

CONDITION:

It was determined during our examination that the Kingwood Water Board failed to assess sufficient rates or charges to comply with the Series 1987, 2001, and 2007A Rate Covenant Ordinances. The water system failed to meet this covenant by an amount of $113,680 during the fiscal year ended June 30, 2008.

CRITERIA:

The Kingwood Water Board's Revenue Bond Ordinance Rate Covenant states in part that:

> ... 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 [water] System (i) to provide for all Operating Expenses of the System and (ii) to leave a balance each year equal to at least 115% of the maximum amount required in any year for payment of principal and interest on the Series 2007 A, and all other obligations secured by a lien on or payable from such revenues on a parity with, or subordinate to, the Series 2007A Bonds.

CAUSE:

The Water Board failed to assess adequate rates and charges to pay all operating expenses of the system and meet the bond rate covenant requirements.

EFFECT:

The Board incurred unexpected expenses in the current fiscal year and therefore is in violation of the bond rate covenant. Further losses could inhibit the ability of the system from meeting financial obligations.

RECOMMENDATION:

The municipal officials are directed to review this ordinance and comply with the provisions set forth therein.

AUDITED AGENCY'S RESPONSE:

The Water Board is in the process of a project which will require the water to have rates to make all bond payments. The water had a 12% rate increase effective May 2009 and another 9% increase when part of the project is complete, which is expected to happen within fiscal year 2010.

Sewer Revenue Bond Ordinance -Rate Covenant
2008-02

CONDITION:

It was determined during our examination that the Kingwood Sewer Board failed to assess sufficient rates or charges to comply with the Series 1986, 1997, and 2001 Rate Covenant Ordinances. The Sewer Board failed to meet this covenant by an amount of $8,158 during the fiscal year ended June 30, 2008.

CRITERIA:

The Municipality of Kingwood's Sewer Refunding Revenue Bond Ordinance Rate Covenant states in part that:

> "...The sewer system rates and charges shall be sufficient to provide each year gross revenues to make required payments into funds and accounts created by the bond ordinance. Gross revenues shall be equal to but not less than 115 percent of the average annual debt service requirements, principal and interest, and sufficient to pay all reasonable operating expenses of the system."

CAUSE:

The municipal sewer system failed to assess adequate rates and charges to pay all operating expenses of the system and meet the bond rate covenant requirements.

EFFECT:

The Municipality incurred a net loss in the current fiscal year and therefore is in violation of the bond rate covenant. Further losses could inhibit the ability of the system from meeting financial obligations.

RECOMMENDATION:

The municipal officials are directed to review this ordinance and comply with the provisions set forth therein.

AUDITED AGENCY'S RESPONSE:

The Sewer is in the process of a project that requires the rates to be high enough for the bond payments. With this project there will be 3 different increases to meet the required rates for the loans. The Sewer had a 15% rate increase effective August, 2008.

Segregation of Duties
2008-03

CONDITION:

It was noted that the responsibilities for approving, executing, and recording transactions and custody of the resulting asset arising from the transactions were not assigned to different individuals.

CRITERIA:

Proper internal control dictates responsibility for approving, executing and recording transactions should rest with different individuals. Custody of resulting assets should also be assigned to individuals with no responsibilities in the above areas.

CAUSE:

The size of the entity does not permit adequate segregation of duties.

EFFECT:

Internal control structure elements do not reduce to a relatively low level the risk that errors and irregularities, in amounts that would be material in relation to the financial statements, may occur and not be detected in a timely manner.

RECOMMENDATION:

The Municipality should distribute among the accounting staff the duties of approving, executing and recording transactions to the extent feasible.

AUDITED AGENCY'S RESPONSE:

The Municipality stated that further segregation of duties is not economically feasible at this time.

Uncollateralized Deposits
2008-04

CONDITION:

It was determined during this examination that the Kingwood Water Board and the Kingwood Public Library failed to require the depositories to adequately collateralize all deposits which were in excess of the amount insured by the Federal Depository Insurance Corporation.

CRITERIA:

All deposits in excess of insured limits should be collateralized.

CAUSE:

The Board officials failed to establish a policy requiring all depositories to provide collateralization for all funds in excess of F.D.I.C. coverage limits.

EFFECT:

In the event of bank failure, the Boards could incur large cash losses.

RECOMMENDATION:

The officials of the Kingwood Water Board and the Kingwood Public Library should establish policies requiring all deposits be fully insured or collateralized at all times.

AUDITED AGENCY'S RESPONSE:

The Kingwood Water Board & the Kingwood Public Library have now established the required policies to provide collateralization for all funds in excess of FDIC limits.

Annual Reports Section

Received by E-Filing on: 10-16-09

AR Utility ID 240

Class B

SEWER UTILITIES
(Classes A and B)

☐ Includes Audit

☒ Includes Revision Dated 01-04-10

ANNUAL REPORT
For Year Ended 2009

OF

NAME OF UTILITY:	CITY OF KINGWOOD SANITARY SEWER WORKS
ADDRESS:	313 TUNNELTON STREET KINGWOOD, WV 26537
CONTACT PERSON:	MARTHA MOORE, CITY CLERK
TELEPHONE NO:	304-329-1225
E-MAIL ADDRESS:	

TO THE

PUBLIC SERVICE COMMISSION
OF
WEST VIRGINIA

FOR THE YEAR ENDED	6/30/2008
CLASS OF UTILITY	CLASS B

NOTICE

GENERAL INSTRUCTIONS

1. The original of this report form properly filled out and verified should be filed with the Public Service Commission of West Virginia on or before the last day of the third month following the close of the calendar or established fiscal year by each Class A or Class B public utility (as defined in the Uniform System of Accounts). One copy of the report should be retained by the respondent in its files.

2. The form of annual report is prepared in conformity with Uniform System of Accounts for Public Utilities prescribed by the Public Service Commission of West Virginia, and all accounting words and phrases are to be interpreted in accordance with the said classification.

3. Instructions should be carefully observed and each question should be answered fully and accurately whether it has been answered in a previous annual report or not. Where the word "none" truly and completely states the fact, it should be given to any particular inquiry. Where dates are called for, the month and day should be stated as well as the year. Customary abbreviations may be used in stating dates.

4. If any schedule does not apply to the respondent such fact should be shown on the schedule by the words "not applicable."

5. All entries should be made in permanent form. Entries of a contrary or opposite character (such as decreases reported in a column providing for both increases and decreases) should be enclosed in parentheses.

6. Commission authorization (abbreviated Comm. Auth.) used in the report means the authorization of this Commission or any other commission. Where a commission authorization is shown, the identity of the commission should also be given.

7. The annual report should in all particulars be complete in itself. Reference to reports of previous years or to other reports should not be made in lieu of required entries except as specifically authorized.

8. Wherever schedules call for comparison of figures of a previous year, the figures reported must be based upon those shown by the annual report of the previous year, or an appropriate explanation given why the different figures were used.

9. Additional statements inserted for the purpose of further explanation of accounts or schedules should be made on durable paper conforming to this form in size and width of margin. The inserts should be securely bound in the report. Inserts should bear the schedule numbers and titles of the schedules to which they pertain.

10. The word "respondent" wherever used in this report means the person, firm, association, corporation or municipal corporation in whose behalf the report is made.

11. If the respondent makes a report for a period other than a calendar year, the beginning and the end of the period covered must be clearly stated on the front cover, and throughout the report where the year or period is required to be stated.

12. Round off cents to the nearest whole dollar on all schedules except where cents are requested.

LIST OF SCHEDULES

Designate in column (c) by terms "none" or "not applicable" as appropriate, in instances where no information or amounts have been reported in certain schedules. Pages may be omitted where the responses are "none" or "not applicable to the schedules on such pages.

Title of Schedule (a)	Schedule Page No. (b)	Remarks (c)
Summary Financial Statements		
Income Statement	100	
Balance Sheet	101-103	
Statement of Cash Flows	104/104A	
Notes to Balance Sheet and Statement of Cash Flows and Operational Programs	105	
Retained Earnings - Appropriated and Unappropriated	106	
Balance Sheet Supporting Schedules		
Utility Plant		
Utility Plant and Accumulated Depreciation	200	
Utility Plant Adjustments	201	
Investment and Fund Accounts		
Non-utility Property and Accumulated Depreciation	201	
Investments in Associated Companies and Other Investments	202	
Sinking, Depreciation, and Other Special Funds	203	
Current and Accrued Assets		
Notes Receivable	204	
Accounts Receivable	204	
Accumulated Provision for Uncollectible Accounts	204	
Notes Receivable from Associated Companies	205	
Accounts Receivable from Associated Companies	205	
Materials and Supplies	206	
Prepayments	207	
Other Current and Accrued Assets	207	
Deferred Debits		
Deferred Debits	207	
Unamortized Debt Discount and Expense and Unamortized Premium on Debt	208	
Extraordinary Property Losses	209	
Preliminary Survey and Investigation Charges	209	
Capital Stock, Discount and Expense		
Capital Stock	210	
Stock Liability for Conversion	211	
Capital Stock Subscribed	211	
Installments Received on Capital Stock	211	
Other Paid-in Capital	212	
Discount on Capital Stock	212	
Capital Stock Expense	212	
Retained Earnings	105	
Long-Term Debt		
Long-Term Debt (Excluding Advances from Associated Companies)	213-213B	
Advances from Associated Companies	214	

LIST OF SCHEDULES

Designate in column (c) by terms "none" or "not applicable" as appropriate, in instances where no information or amounts have been reported in certain schedules. Pages may be omitted where the responses are "none" or "not applicable" to the schedules on such pages.

Title of Schedule (a)	Schedule Page No. (b)	Remarks (c)
Current and Accrued Liabilities		
Notes Payable	214	
Securities Issued or Assumed	215	
Accounts and Notes Payable to Associated Companies	216	
Taxes Accrued	217	
Other Current and Accrued Liabilities	218	
Deferred Credits		
Customer Advances for Construction	218	
Other Deferred Credits	218A	
Operating Reserves	219	
Contributions In Aid of Construction	220	
Income Statement Supporting Schedules		
Taxes Other Than Income Taxes	300	
Distribution of Income Taxes	301	
Income from Utility Plant Leased to Others	302	
Gain or Loss on Disposition of Property	302	
Income from Merchandising, Jobbing, and Contract Work	303	
Income from Non-utility Operations	303	
Non-operating Rental Income	304	
Interest and Dividend Income	304	
Miscellaneous Non-operating Revenues	305	
Miscellaneous Amortization	305	
Non-operating Revenue Deductions	305	
Interest Charges	306	
Management, Engineering, and Service Contracts	307	
Utility Plant		
Sewer Plant In Service, Leased to Others, and Held for Future Use	500-502	
Sewer Plant Retirement and Replacement	503	
Sewer Plant Leased to Others	504	
Sewer Plant Held for Future Use	504	
Sewer Plant Acquisition Adjustments	505	
Reserve for Depreciation of Sewer Plant	505	
Depreciation and Amortization of Sewer Plant - Basis for Charges	506	
Sewer Plant In Process of Reclassification	507	
Operating Revenues	600	
Sales of Sewage Treatment to General Customers by Months, Billing Acc	601	
Sales for Resale by Months	601A	

LIST OF SCHEDULES

Designate in column (c) by terms "none" or "not applicable" as appropriate, in instances where no information or amounts have been reported in certain schedules. Pages may be omitted where the responses are "none" or "not applicable" to the schedules on such pages.

Title of Schedule (a)	Schedule Page No. (b)	Remarks (c)
Operation and Maintenance Expenses	602-603	
Purchased Sewer Treatment	604	
Franchise Requirements	604	
Regulatory Expenses	605	
Detail of Certain General Expense Accounts	605	
Salaries of All Officials	606	
Distribution of Salaries and Wages	606	
Employee Health, Safety , And Training Hours	606B	
Construction Clearances	607	
Statistical Section		
Pumping Station Equipment	700A-700I	
Sewer Mains	701	
Pumping and Purchased Sewer Treatment Statistics	702	
Main Blockages, Treatment Rate, System Intergrity, Csutomer Satisfactio	702a	
Proposed Summary Budget	703	
General Corporate Information		
Identity of Respondent	800	
Officers and Directors	801	
Corporate Control Over Respondent	802	
Security Holders and Voting Powers	803	
Corporations Controlled by Respondent	804	
Important Changes During the Year	805	
Verification and Oath	806	
Evaluation	807	

CITY OF KINGWOOD SANITARY SEWER WORKS 6/30/2008

INCOME AND EARNED SURPLUS ACCOUNTS

1. Report below a statement of income and changes in capitalized Earned Surplus for the year according to prescribed accounts.
2. If the increases and decreases are not derived from previously reported figures explain in footnotes.

Line No.	Account (a)		Sch Page No. (b)	Current Year (c)	Last Year (d)	Increase or OR (Decrease) (e)
1		**OPERATING INCOME**				
2	501	Operating Revenues	600	741,215	681,952	59,263
3		Operating Revenue Deductions				
4	502	Operating Expenses	602-603	540,194	475,444	64,750
5	503	Depreciation	505	295,596	291,568	4,028
6	504	Amortization of Limited-Term Utility Investments				-
7	505	Amortization of Utility Plant Acquisition Adjustmer	505	-		-
8	506	Property Losses Chargeable to Operations				-
9	507	Taxes		21,628	16,922	4,706
10		Total Operating Revenue Deductions		857,418	783,934	73,484
11		Net Operating Revenues		(116,203)	(101,982)	(14,221)
12	508	Income From Utility Plant Leased to Others	302	-		-
13	509	Rent payable for Lease of Utility Plant				-
14		Utility Operating Income		(116,203)	(101,982)	(14,221)
15		**OTHER INCOME**				
16	520	Income from Mdse., Jobbing, and Contract Work	303	-		-
17	521	Income from Non-Utility Operations	303	-		-
18	522	Revenues from Lease of Other Physical Property	304	-		-
19	523	Dividend & Interest Income (523 & 524)	304	9,325	26,941	(17,616)
20						-
21	525	Revenues from Sinking and Other Funds				-
22	526	Miscellaneous Non-Operating Revenues	305	3,264	11,025	(7,761)
23	527	Non-Operating Revenue Deductions	305	-		-
24		Total Other Income		12,589	37,966	(25,377)
25		Gross Income		(103,614)	(64,016)	(39,598)
26		**INCOME DEDUCTIONS**				
27	530	Interest on Long-Term Debt	306	100,016	101,417	(1,401)
28	531	Amortization of Debt Discount and Expense		5,758	5,758	-
29	532	Amortization of Premium on Debt - Cr.				-
30	533	Taxes Assumed on Interest				-
31	534	Interest on Debt to Associated Companies	306	-		-
32	535	Other Interest Charges	306	2,021	772	1,249
33	536	Interest Charged to Construction - Cr.				-
34	537	Miscellaneous Amortization	305			-
35	538	Miscellaneous Income Deductions				-
36		Total Income Deductions		107,795	107,947	(152)
37		Net Income		(211,409)	(171,963)	(39,446)
38		**DISPOSITION OF NET INCOME**				
39	540	Miscellaneous Reservations of Net Income				-
40		Balance Transferred to Earned Surplus				-
41		**EARNED SURPLUS**				
42	271	Earned Surplus, Beginning of Year		273,604	445,567	(171,963)
43	400	Credit Balance Transferred from Income Account		-		-
44	401	Miscellaneous Credits to Surplus	106			-
45		Total Credits		-	-	-
46	410	Debit Balance Transferred from Income Account		(211,409)	(171,963)	(39,446)
47	411	Dividend Appropriations - Preferred Stock	106			-
48	412	Dividend Appropriations - Common Stock	106			-
49	413	Miscellaneous Reservations of Surplus	106			-
50	414	Miscellaneous Debits to Surplus	106	(11,411)	-	(11,411)
51		Total Debits		(222,820)	(171,963)	(50,857)
52	271	Earned Surplus, End of Year		50,784	273,604	(222,820)

COMPARATIVE BALANCE SHEET

Assets and Other Debits

Line No. (a)		Title of Account (b)	Sch Page No. (c)	Balance Beginning of Year (d)	Balance End of Year (e)	Increase or Decrease (f)
1		UTILITY PLANT				
2	100	Utility Plant	502	12,449,608	12,633,438	183,830
3		Less Reserves for Depreciation, Amortization, accts. 250, 251, 252	200	4,815,938	5,111,534	295,596
4		Utility Plant Less Reserves		7,633,670	7,521,904	(111,766)
5	107	Utility Plant Adjustments (less reserve included in Acct. 250 $)	201	-	-	-
6		INVESTMENT AND FUND ACCOUNTS				
7	110	Other Non- Utility Plant (less reserve for depreciation, Acct 253 $ -)	201	-	-	-
8	111	Invest in Assoc. Companies	202	-	-	-
9	112	Other Invest	202	-	-	-
10	113	Sinking Funds	203	418,895	435,464	16,569
11	114	Miscellaneous Special Funds	203	-	-	-
12		Net Investment in Fund Accounts		418,895	435,464	16,569
13		CURRENT AND ACCRUED ASSETS				
14	120	Cash		98,242	57,476	(40,766)
15	121	Special Deposits		35,304	27,644	(7,660)
16	122	Working Funds		-	-	-
17	123	Temporary Cash Investments		135,206	139,252	4,046
19	124	Notes Receivable	204	-	-	-
20	125	Accounts Receivable	204	81,454	66,898	(14,556)
21	126	Receivables from Associated Companies	205	-	-	-
22	127	Subscriptions to Capital Stock		-	-	-
23	128	Interest and Dividends Receivable		-	-	-
24	129	Rents Receivable		-	-	-
25	130	Accrued Utility Revenues		-	-	-
27	254	Less Reserve for Uncoll. Accts. - Cr.	204	-	-	-
29	131	Materials and Supplies	206	-	-	-
30	132	Prepayments	207	-	-	-
31	133	Other Current and Accrued Assets	207	-	-	-
32		Total Current and Accrued Assets		350,206	291,270	(58,936)
33		DEFERRED DEBITS				
34	140	Unamortized Debt Discount and Expense	208	77,698	71,940	(5,758)
35	141	Extraordinary Property Losses	209	-	-	-
36	142	Preliminary Survey and Investigation Charges	209	-	-	-
37	143	Clearing Accounts		-	-	-
38	144	Retirement Work in Progress		-	-	-
39	145	Other Work in Progress		-	-	-
40	146	Other Deferred Debits		-	-	-
41		Total Deferred Debits		77,698	71,940	(5,758)
42		CAPITAL STOCK DISCOUNT AND EXPENSE				
43	150	Discount on Capital Stock	212	-	-	-
44	151	Capital Stock Expense	212	-	-	-
45		**Total Capital Stock Discount and Expense**		-	-	-

COMPARATIVE BALANCE SHEET
Assets and Other Debits (Continued)

Line No. (a)		Title of Account (b)	Sch Page No. (c)	Balance Beginning of Year (d)	Balance End of Year (e)	Increase or Decrease (f)
46		REACQUIRED SECURITIES				
47	152	Reacquired Capital Stock	210	-	-	-
48	153	Reacquired Long-Term Debt		-	-	-
49		Total Reacquired Securities		-	-	-
50		Total Assets and Other Debits		8,480,469	8,320,578	(159,891)

COMPARATIVE BALANCE SHEET
Liabilities and Other Credits

Line No. (a)		Title of Account (b)	Sch Page No. (c)	Balance Beginning of Year (d)	Balance End of Year (e)	Increase or Decrease (f)
51		CAPITAL AND STOCK SURPLUS				
52	200	Common Capital Stock	210	-	-	-
53	201	Preferred Capital Stock	210	-	-	-
54	202	Stock Liability for Conversion	211	-	-	-
55	203	Premiums and Assessments on Capital Stock		-	-	-
56	204	Capital Stock Subscribed	211	-	-	-
57	205	Installments Received on Capital Stock	211	-	-	-
58		Total Capital Stock		-	-	-
59	270	Capital Surplus		-	-	-
60	271	Earned Surplus		273,604	50,784	(222,820)
61		Total Surplus		273,604	50,784	(222,820)
62		Total Capital Stock and Surplus		273,604	50,784	(222,820)
63		LONG TERM DEBT				
64	210	Bonds	213	2,836,079	2,902,316	66,237
65	211	Receiver's Certificates	213	-	-	-
66	212	Advances from Associated Companies	214	-	-	-
67	213	Miscellaneous Long-Term Debt	213	66,626	53,209	(13,417)
68		Total Long-Term Debt		2,902,705	2,955,525	52,820
69		CURRENT AND ACCRUED LIABILITIES				
70	220	Notes Payable	214	-	-	-
71	221	Notes Receivable Discounted		-	-	-
72	222	Accounts Payable		16,595	8,191	(8,404)
73	223	Payables to Associated Companies	216	-	-	-
74	224	Dividends Declared		-	-	-
75	225	Matured Long-Term Debt		-	-	-
76	226	Matured interest		-	-	-
77	227	Customer Deposits		-	-	-
78	228	Taxes Accrued	217	-	-	-
79	229	Interest Accrued		24,272	23,969	(303)
80	230	Other Current and Accrued Liabilities	218	9,043	27,859	18,816
81		Total Current and Accrued Liabilities		49,910	60,019	10,109
82		DEFERRED CREDITS				
83	240	Unamortized Premium on Debt	208	-	-	-
84	241	Customers' Advances for Construction	218	-	-	-
85	242	Other Deferred Credits	218A	-	-	-
86		Total Deferred Credits		-	-	-

COMPARATIVE BALANCE SHEET

Liabilities and Other Credits (Continued)

Line No. (a)	Title of Account (b)	Sch Page No. (c)	Balance Beginning of Year (d)	Balance End of Year (e)	Increase or Decrease (e)
91	RESERVES				
92	255 Insurance Reserve	219	-	-	-
93	256 Injuries and Damages Reserve	219	-	-	-
94	257 Employees' Provident Reserve	219	-	-	-
95	258 Other Reserves (except reserves dedicated contr	219	-	-	-
96	Total Reserves		-	-	-
97	CONTRIBUTIONS IN AID OF CONSTRUCTION				
98	265 Contributions in Aid of Construction	220	5,254,250	5,254,250	-
99	266 Municipal Equity				-
100	**Total Liabilities and Other Credits**		8,206,865	8,269,794	62,929
101	**Total Liabilities and Equity**		8,480,469	8,320,578	(159,891)
102					
103					
104					
105					
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134					
135					
136					

STATEMENT OF CASH FLOWS

The overall design of the form has been categorized in accordance with FASB #95-Statement of Cash Flows using the direct method.
For those completing the form without the assistance of an accountant, categorize receipts and disbursements using captions given and the blank lines as necessary to reconcile with cash accounts.
Cash Flows from Operating Activities include the cash effects of items normally appearing on an income statement. Other cash transactions should be reported as investing or financing activities, whichever appears to be the most appropriate for each circumstance.

Notes: please enter the inflow as positive numbers and out flow as negative numbers.

Line No.	Statement of Cash Flows	Amount for Year
1	Cash Flows from Operating Activities	
2	Cash from Customers Attributable to Operating Revenues	744,360
3	Less: Cash Paid for Operation & Maintenance Expenses	
4	Cash Paid for Taxes Other Than Income Taxes	(529,782)
5	Income Taxes Paid	(21,628)
6	Subtotal of Cash Flows from Operating Activities	192,950
7	Interest and Other income Received	12,589
8	(Interest Paid)	(102,340)
9	Other Cash Inflows(Outflows) from Operating Activities:	
10	Other Income Adjustments	
11	Net Cash Provided by (Used in) Operating Activities	103,199
	Cash Flows from Investing Activities:	
	Cash inflows:(enter the number as positive numbers. Example 12500)	
12	Proceeds from Sale of Utility Plant	
13	Contributions and Advances in Aid of Construction	
14	Contributions and Advances from Associated Companies	
15	Proceeds from Sale of Investment Securities	
16	Proceeds from Disposal of Other Noncurrent Assets	
	Cash Outflows: (enter the number as negative. Example: -12500)	
17	Expenditures on Additions to Utility Plant	(183,830)
18	Refunds of Customer Advances for Construction	
19	Investments in and Advances to Associated Companies	
20	Purchase of Investment Securities	
21	Acquisition of Other Noncurrent Assets	
22	Other Cash Inflows(Outflows) from Investing Activities:	
23		
24		
25	Net Cash Provided by (Used in) Investing Activities	(183,830)
	Cash Flows from Financing Activities:	
	Cash Inflows - Proceeds from Issuance of:(enter the number as positive numbers. Example 12500)	
26	Long-Term Debt	172,900
27	Preferred Stock	
28	Common Stock	
	Cash Outflows (enter the number as negative. Example: -12500)	
	Payments for Retirement of:	
29	Long-Term Debt	(120,080)
30	Preferred Stock	
31	Common Stock	
32	Dividends on Preferred Stock	
33	Dividends on Common Stock	
	Other Cash Inflows(Outflows) from Financing Activities:	
34	Net Increase or (Decrease) in Short-Term Debt	
35	Net Increase or (Decrease) in Customer Deposits	
36		
37		
38		
39		
40		
41	Net Cash Provided by (Used in) Financing Activities	52,820
42	Net Increase (Decrease) in Cash and Cash Equivalents	(27,811)
43	Cash and Cash Equivalents - Beginning of Year	687,647
44	Cash and Cash Equivalents - End of Year	659,836

STATEMENT OF CASH FLOWS

Line No.	Reconciliation of Net Income to Net Cash Provided by Operating Activities	Amount for Year
46	Net Income	(211,409)
	Adjustments to reconcile net income to net cash provided by operating activities:	
47	Depreciation and amortization	295,596
48	Net deferred taxes & investment tax credits	
49	(Allowance for funds used during construction)	
50	(Gain) Loss recognized on disposition of assets	
51	Amortization of debt discount (premium) on debt	5,758
52	Net (increase) decrease in receivables	14,556
53	(Increase) decrease in materials and supplies	
54	(Increase) decrease in prepayments	
55	Net (increase) decrease in other accrued revenues & assets	
56	Increase (decrease) in accounts payable	(8,404)
57	Increase (decrease) in interest accrued	(303)
58	Net increase (decrease) in taxes accrued & taxes payable	
59	Net increase (decrease) in other accrued expenses	18,816
60	Increase (decrease) in operating reserves	
61	Other adjustments	(11,411)
62		
63		
64		
65		
66	Net cash provided by operating activities	103,199
	SCHEDULE OF FINANCING OF PLANT ADDITIONS FOR YEAR	
	Total plant additions financed with external funds (loans, grants, etc.)	**172,900**
	Total plant additions financed with internal funds (cash reserves, revenues, etc.)	**10,930**
	BOND REQUIREMENTS (List each bond separately)	
	Bond Reserves	
	Repair and Replacement Fund	
		4,712
	Others	

NOTES TO BALANCE SHEET, STATEMENT OF CASH FLOWS AND OPERATIONAL PROGRAMS

Main Extensions

Main Extensions Performed per Rule 5.5	0
Alternate Main Line Extensions Agreements	0
Total # customers added	0
Total number of long service lines added during year	0

Inspections Reports - DEP

# DEP violations cited	0
Compliance achieved	
If no, expected date of compliance achievement	

Capacity Development Report

Capacity Development Report prepared?	NO
Compliance achieved with recommendations	
If no, expected date of compliance achievement	

Revenue Bonds

Has Audit Report by CPA been submitted this year?	NOT FINISHED
List Bond Issues that are in default and amounts	NONE

List measures taken to cure default and expected date of default cure

(Please use separate word document if space is not adequate)

CAPITAL SURPLUS (Account 270)

Line No.	Purpose of Appropriation (a)	Balance End of Year (c)
1		
2		
3		
4		
5		
6		
7		
8		
9		
10		
11		
12		
13		
14		
	Total Account 270	-

EARNED SURPLUS (Account 271)

Line No.	Particulars (a)	This Year (b)	Last Year (c)
21			
22	Earned Surplus (at beginning of period)	273,604	445,567
23	Debit Balance transferred from income account 410	(211,409)	(171,963)
24	Credit Balance transferred from income account 400		
25	Miscellaneous appropriations of surplus (413)		
26	Dividends declared - preferred stock (411)		
27	Dividends declared - common stock (412)		
28	Adjustments of surplus, Credits (401)		
29	Adjustments of surplus, Debits (414)	(11,411)	-
30			
31	Net increase (decrease) to Earned Surplus	(222,820)	(171,963)
32	Earned Surplus (at end of period)	50,784	273,604

NOTES TO STATEMENT OF RETAINED EARNINGS

ADJUSTMENT TO EARNED SURPLUS WAS DUE TO OVERCHARGES OF SEWER REVENUE IN

UTILITY PLANT AND ACCUMULATED DEPRECIATION

1. Report below the amount of utility plant at end of year.
2. If the accounts for utility departments are not kept as indicated in this schedule, report the book figures according to the major classifications shown by the books, classifying such amounts, so far as possible, according to the classifications shown by this schedule, and giving appropriate explanations in a footnote.

Line No.	Item (a)	Total (b)	Sewer (c)	others (e)	Common (f)
1	Utility plant in service (100-1)	12,460,538	12,460,538		
2	Utility plant purchased or sold (100-1)	-			
3	Utility plant leased to others (100-2)	-			
4	Construction work in progress (100-3)	172,900	172,900		
5	Property held for future use (100-4)	-			
6	Utility plant in process of reclassification (100-6)	-			
7					
8					
9					
10	Total above accounts	12,633,438	12,633,438	-	-
11	Accumulated provision for depreciation				
12	Utility plant in service (250-1)	5,111,534	5,111,534		
13	Utility plant leased to others (250-2)	-			
14	Property held for future use (250-3)	-			
15					
16					
17					
18	Accumulated provision for amortization				
19	Utility plant in service (251-1)	-			
20	Utility plant leased to others (251-2)	-			
21	Property held for future use (251-3)	-			
22					
23					
24					
25	Total accumulated prov. for deprc. and amort.	5,111,534	5,111,534	-	-
26					
27	Utility plant acquisition adjustments (100-5)	-			
28	Accum. prov. for amort. of acquisition adjs. (252)	-			
29	Total acquisition adjustments less amortization	-	-	-	-
30	Total accumulated provision for depreciation and amortization	5,111,534	5,111,534	-	-
31	Total utility plant less depreciation and amort.	7,521,904	7,521,904	-	-

UTILITY PLANT ADJUSTMENTS--DETAIL OF CHANGES (Accounts 107, 250)

Line No.	Particulars (a)	Plant Adjustments Account 107 (b)	Accumulated Depreciation Account 250 (c)
1	Balance beginning of year		
2	Changes during year (give complete details)		
3	Debits		
4			
5			
6			
7			
8			
10			
11	Credits		
12			
13			
14			
15			
17			
18			
19			
20			
21	Balance end of year	-	-

NON-UTILITY PROPERTY AND ACCUMULATED DEPRECIATION (Accounts 110, 253)

MINOR ITEMS MAY BE GROUPED BY CLASSES.

Line No.	Description and Location (a)	Balance Beginning of Year (b)	Balance End of Year (c)	Net Rents and Other Income During Year (d)
30				
31				
32				
33				
34				
35				
36				
37				
38				
39				
40				
41				
42				
49				
50				
51	Total non-utility property (110)	-	-	-
52	Less: Depreciation and Amortization. (253)			
53				
54	Net non-utility property	-	-	-

INVESTMENTS IN ASSOCIATED COMPANIES AND OTHER INVESTMENTS (Accounts 111-112)

1. Report with separate subheadings for each account, the securities owned by the utility.
2. Include date of issue and date of maturity in description of any debt securities owned.
3. Designate any securities pledged and explain purpose of pledge in footnote.
4. Minor investments in Account 112 may be grouped by classes.
5. If book cost is different from cost to respondent, give cost to respondent in a footnote and explain difference.

Line No.	Description of Investment (a)	Book Cost Beginning of Year (b)	Purchases or Additions During Year (c)	Sales or Other Dispositions During Year (d)	Book Cost End of Year (e)	Principal Amount or No. of Shares End of Year (f)	Revenues for Year (g)	Gain or Loss from Investments Disposed of (h)
1	**Associated Companies (111)**							
2					-			
3					-			
4					-			
5					-			
6					-			
7					-			
8					-			
9					-			
10					-			
11					-			
12	Total Associated Companies	-	-	-	-	-	-	-
13	**Other Investments (112)**							
14					-			
15					-			
16					-			
17					-			
18					-			
19					-			
20					-			
21					-			
22					-			
23					-			
24					-			
25	Total Other Investments	-	-	-	-	-	-	-
32	Total Account 111 & 112	-	-	-	-	XXX	-	-

A. SINKING AND MISCELLANEOUS SPECIAL FUNDS (Accounts 113-114)

Line No.	Name of Fund (a)	Balance Beginning of Year (b)	Additions Principal (c)	Additions Income (d)	(enter as negative) Deductions (e)	Balance End of Year (f)
113	Sinking Funds					
1	MUNICIPAL BOND COMMISSION	418,895	219,048	4,504	(206,983)	435,464
2						-
3						-
4						-
5						-
6						-
7						-
8						-
9						-
	Total Sinking Funds	418,895	219,048	4,504	(206,983)	435,464
114	Miscellaneous Special Funds					
1						-
2						-
3						-
4						-
5						-
6						-
7						-
8						-
9						-
10						-
	Total Miscellaneous Special Fur	-	-	-	-	-

B. ASSETS IN SINKING AND MISCELLANEOUS SPECIAL FUNDS

1. List the securities and other assets comprising the balance of each fund at end of year. Minor items may be grouped for each account.
2. Include date of issue and date of maturity in description of any debt securities owned.
3. For any securities pledged state name of pledges and purpose of pledge.

Line No.	Name of Fund and Description of Asset (a)	Interest or Dividend Rate (b)	Cost to Respondent (c)	Par Value (d)	Book Cost End of Year (e)
1					
2					
3					
4					
5					
6					
7					
8					
9					
10	Total	XXX	-	-	-

NOTES RECEIVABLE (Account 124)

Give particulars of any notes discounted or pledged. Minor items may be grouped showing showing number of such items. Designate notes from other funds (general or enterprise fund)

Line No.	Name of Maker and Purpose for Which Received (a)	Date of Issue (b)	Date of Maturity (c)	Amount End of Year (d)	Interest Rate(%) (e)	Interest Amount (f)
1						
2						
3						
4						
5						
6						
7	Interest on notes retired during year	XXX	XXX	XXX	XX	
8	Total	XXX	XXX	-	XX	-

ACCOUNTS RECEIVABLE (Account 125)

Line No.	Particulars (a)	Amount End of Year (b)
15	Customer accounts receivable (125.1):	
16	Utility service	66,898
17	Merchandising, jobbing and contract work	
18	Total (Account 125.1)	66,898
19	Other accounts receivable (125.2):	
20	Officers and employees	
21	Subscriptions to capital stock	
22	All other (list separately only the large or unusual items):	
23	Miscellaneous Invoices	
24		
25	Advances to Employees	
26		
27	Total (Account 125.2)	-

RESERVE FOR UNCOLLECTIBLE ACCOUNTS-CR. (Account 254)

1. Report below the information called for concerning this accumulated provision.
2. Explain any important adjustments of sub accounts.
3. Entries with respect to officers and employees shall not include items for utility services.

Line No.	Item (a)	Utility Customers (b)	Merchandise Jobbing and Contract Work (c)	Officers and Employees (d)	Other (e)	Total (f)
37						
38	Balance beginning of year					-
39	Prov. for uncollectibles for year					-
40	Accounts written off					-
41	Coll. of accounts written off					-
42	Adjustments (explain):					-
43						-
44	Balance end of year	-	-	-	-	-

NOTES RECEIVABLE FROM ASSOCIATED COMPANIES (Account 126-1)

1. Give particulars of any notes pledged or discounted.
2. Include date of issue and date of maturity in description of note.

Line No.	Name of Maker and Description (a)	Balance Beginning of Year (b)	Totals for Year		Balance End of Year (e)	Interest for Year	
			Debits (c)	Credits (d)		Rate(%) (f)	Amount (g)
1					-		
2					-		
3					-		
4					-		
5					-		
6					-		
7					-		
8					-		
9					-		
10	Total	-	-	-	-	XXX	-

ACCOUNTS RECEIVABLE FROM ASSOCIATED COMPANIES (Account 126-2)

Line No.	Name of Associated Company (a)	Balance Beginning of Year (b)	Totals for Year		Balance End of Year (e)
			Debits (c)	Credits (d)	
19					-
20					-
21					-
22					-
23					-
24					-
25					-
26					-
27					-
28					-
29	Total	-	-	-	-

MATERIALS AND SUPPLIES (Accounts 131)

1. Report below the amount of materials and supplies at end of year under titles which are indicative of the character of the material included.
2. In section B give an explanation of inventory adjustments during year showing general classes of material affected and the various classes of accounts (operating expense, clearing accounts, etc.) debited or credited. Debits or credits to stores expense-clearing shall be shown separately.

A. Summary of Materials and Supplies at End of Year

Line No.	Class of Material (a)	Departments Which Use Material (b)	Departments to Which Predominant Use of Material is Attributable (c)	Amount End of Year (d)
1				
2				
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				
14				
15				
16				
17				
18				
19				
20	Total	xxx	xxx	-

B. Explanation of Inventory Adjustments

24	
25	
26	
27	
28	
29	
30	
31	
32	
33	
34	
35	

PREPAYMENTS (Account 132)
OTHER CURRENT & ACCRUED ASSETS (Account 133)
DEFERRED DEBITS (Accounts 140-146)

1. Give below the particulars called for concerning each prepayment.
2. Minor items may be grouped by classes, showing number of such items.

Line No.	Nature of Prepayment (a)	Balance Beginning of Year (b)	Balance End of Year (c)
132	Prepayments		
1			
2			
3			
4			
5			
6			
7			
8			
9			
10			
11			
12			
	Total Prepayments	-	-
133	Other Current & Accrued Assets		
1			
2			
3			
4			
5			
6			
7			
8			
9			
10			
11			
12			
	Total Miscellaneous Assets	-	-
140-146	Deferred Debits		
1			
2			
3			
4			
5			
6			
7			
8			
9			
10			
11			
12			
	Total Deferred Debits	-	-

UNAMORTIZED DEBT DISCOUNT AND EXPENSE AND UNAMORTIZED PREMIUM ON DEBT (Accounts 140-240)

Report below the particulars called for with respect to the unamortized debt discount and expense or net premium applicable to each class and series of long-term debt. Show separately any amortized debt discount and expense or call premiums applicable to refunded issues, including separate subtotal therefor. Show in column (a) the method of amortization for each amount of debt discount and expense or premium. In column (b) show principal amount of debt on which the total discount and expense or premium, shown in column (c), was incurred.

Explain any charges or credits in column (e) and (f) other than amortization of Account 531 or 532.

Line No.	Debt to Which Related (a)	Principal Amount of Debt to Which Dis. and Exp. or Net Premiums Relate (b)	Total Discount and Expense or (Net Premiums) (c)	Balance Beginning of Year (d)	Debits During Year (e)	Credits During Year (f)	Balance End of Year (g)
140	Unamortized Debt Discount and Expense						
1	1997 BOND DISCOUNT		63,900	34,255		(2,780)	31,475
2	1997 BOND EXPENSE		56,033	30,037		(2,437)	27,600
3	2001 BOND EXPENSE		16,250	13,406		(541)	12,865
4							-
5							-
6							-
7							-
8							-
9							-
10							-
	Total Account 140	-	136,183	77,698	-	(5,758)	71,940
240	Unamortized Premium on Debt						
1							-
2							-
3							-
4							-
5							-
6							-
7							-
8							-
9							-
10							-
	Total Account 240	-	-	-	-	-	-

EXTRAORDINARY PROPERTY LOSSES (Account 141)

1. Report the information indicated concerning this account.
2. Include in the description the date the property was abandoned or other extraordinary loss incurred.
3. Show in column (c) the entire period over which the loss is to be written off.

Line No.	Description of Property Loss or Damage (a)	Comm. Authority (b)	Period of Amortization (c)	Balance Beginning of Year (d)	Debits (e)	Credits		Balance End of Year (h)
						Account Charged (f)	Amount (g)	
1								-
2								-
3								-
4								-
5								-
6								-
7								-
8								-
9								-
10	Totals	xxx	xxx	-	-	xxx	-	-

PRELIMINARY SURVEY AND INVESTIGATION CHARGES (Account 142)

1. Report below the particulars called for concerning this account.
2. Minor items may be grouped by classes, showing number of such items.

Line No.	Description and Purpose of Project (a)	Balance Beginning of Year (b)	Debits (c)	Credits		Balance End of Year (f)
				Account Charged (d)	Amount (e)	
21						-
22						-
23						-
24						-
25						-
26						-
27						-
28						-
29	Totals	-	-	xxx	-	-

CAPITAL STOCK (Accounts 200, 201, and 152)

1. Report below the particulars called for concerning common and preferred stock at end of year, distinguishing separate series of any general class. Show totals separately for common and preferred stock.
2. Entries in column (b) should represent the number of shares authorized by the articles of incorporation as amended to end of year.
3. Give particulars concerning shares of any class and series of stock authorized to be issued by a regulatory commission which have not yet been issued.
4. The designation of each class of preferred stock should show the dividend rate and whether the dividends are cumulative or non-cumulative.
5. State if any capital stock which has been nominally issued is nominally outstanding at end of year.
6. Give particulars of any nominally issued capital stock, reacquired stock, or stock in sinking and other funds which is pledged, stating name of pledgee and purpose of pledge.

Line No.	Class and Series of Stock (a)	Number of Shares Authorized by Charter (b)	Par or Stated Value Per Share (c)	Call Price at End of Year (d)	OUTSTANDING PER BALANCE SHEET		HELD BY RESPONDENT			
							AS REACQUIRED STOCK (Account 152)		IN SINKING AND OTHER FUNDS	
					Shares (e)	Amount (f)	Shares (g)	Cost (h)	Shares (i)	Amount (j)
1	Common Stock - Account 200									
2										
3										
4										
5										
6										
7										
8										
9										
10										
11	Total Common Stock	-	-	-	-	-	-	-	-	-
12	Preferred Stock - Account 201									
13										
14										
15										
16										
17										
18										
19										
20										
21										
22										
23	Total Preferred Stock	-	-	-	-	-	-	-	-	-

STOCK LIABILITY FOR CONVERSION (Account 202)
CAPITAL STOCK SUBSCRIBED (Account 204)
INSTALLMENTS RECEIVED ON CAPITAL STOCK (Account 205)

1. Show for each of the above accounts the amounts applying to each class and series of capital stock.
2. Describe the agreement and transaction under which a conversion liability existed under accounts 203 & 206, Stock Liability for Conversion, at end of year.
3. For Capital Stock Subscribed, Accounts 202 & 205, show the subscription price and the balance due on each class at end of year.

Line No.	Name of Account and Description of Item (a)	Number of Shares (b)	Amount (c)
	Stock Liability for Conversion (Account 202)		
1			
2			
3			
4			
5			
6			
7			
8			
9			
10			
	Total Account 202	-	-
	Capital Stock Subscribed (Account 204)		
1			
2			
3			
4			
5			
6			
7			
8			
9			
10			
	Total Account 204	-	-
	Installments Received on Capital Stock (Account 205)		
1			
2			
3			
4			
5			
6			
7			
8			
9			
10			
	Total Account 205	-	-

OTHER PAID - IN CAPITAL (Accounts 203-207)

Line No.	Particulars (a)	Balance First of Year (b)	Balance End of Year (c)	Increase or (Decrease) (d)
1	Premium on capital stock (203)			-
2	Gain on resale or cancellation of reacquired capital stock (203)			-
3	Miscellaneous paid-in capital (206)			-
4	Donations received from stockholders (207)			-
5				
6	Total	-	-	-
7	Explain changes during year:			
8				
9				
10				
11				
12				
13				
14				
15				
16				
17				

DISCOUNT ON CAPITAL STOCK (Account 150)
CAPITAL STOCK EXPENSE (Account 151)

1. Report below the particulars by account.
2. Explain each debit and credit in detail.

Line No.	Class and Series of Stock (a)	Balance Beginning of Year (b)	Debits (c)	Credits (d)	Balance End of Year (e)
150	Discount on Capital Stock				
2					-
3					-
4					-
5					-
6					-
7					-
8					-
	Total Account 150	-	-	-	-
151	Capital Stock Expense				
1					-
2					-
3					-
4					-
5					-
6					-
7					-
8					-
	Total Account 151	-	-	-	-

LONG-TERM DEBT (Account 210)

(Excluding Advances from Associated Companies)

1. Report below the particulars indicated of the long-term debt at end of year represented by unmatured obligations issued or assumed by the respondent, exclusive of advances from associated companies.
2. Group amounts according to accounts and show the total for each account.
3. If the respondent has pledged any of its long-term debt securities give particulars in a footnote, including name of the pledgee and purpose of the pledge.

Line No.	Class and Series of Obligation (a)	Nominal Date of Issue (b)	Date of Maturity (c)	Outstanding per Balance Sheet (d)	Rate (%) (e)	Interest for Year ($) (f)	Principal for Year ($) (g)	Reserve Requirements ($) (h)	Total Funding Required ($) (i)
210	BONDS								
1	SERIES 1986 B SEWER	1/1/1986	1/1/2025	380,648	0.00%	0	22,391	0	22,391
2	SERIES 1997 A SEWER REFUNDING	1/1/1997	1/1/2025	1,655,000	5.50%	97,084	55,000	0	152,084
3	SERIES 2001 B SEWER	1/1/2001	1/1/2033	693,768	0.00%	2,214	29,272	0	31,486
4	SERIES 2009 A SEWER	1/1/2009		172,900		718	-	0	718
5									-
6									-
7									-
8									-
9									-
10									-
11									-
12									-
13									-
14									-
15									-
16									-
17									-
18									-
19									-
20									-
21									-
22									-
23									-
24									-
25									-
26									-
27									-
28									-
29									-
30									-
	Total Account 210	XXX	XXX	2,902,316	XXX	100,016	106,663	0	206,679

LONG-TERM DEBT (Account 211)

(Excluding Advances from Associated Companies)

1. Report below the particulars indicated of the long-term debt at end of year represented by unmatured obligations issued or assumed by the respondent, exclusive of advances from associated companies.
2. Group amounts according to accounts and show the total for each account.
3. If the respondent has pledged any of its long-term debt securities give particulars in a footnote, including name of the pledgee and purpose of the pledge.

Line No.	Class and Series of Obligation (a)	Nominal Date of Issue (b)	Date of Maturity (c)	Outstanding per Balance Sheet (d)	Rate (%) (e)	Interest for Year ($) (f)	Principal for Year ($) (g)	Reserve Requirements ($) (h)	Total Funding Required ($) (i)
211	RECEIVERS' CERTIFICATES								
1									-
2									-
3									-
4									-
5									-
6									-
7									-
8									-
9									-
10									-
11									-
12									-
13									-
14									-
15									-
16									-
17									-
18									-
19									-
20									-
21									-
22									-
23									-
24									-
25									-
26									-
27									-
28									-
29									-
30									-
	Total Account 211	XXX	XXX	XXX	XXX	-	-	-	-

LONG-TERM DEBT (Account 213)

(Excluding Advances from Associated Companies)

1. Report below the particulars indicated of the long-term debt at end of year represented by unmatured obligations issued or assumed by the respondent, exclusive of advances from associated companies.
2. Group amounts according to accounts and show the total for each account.
3. If the respondent has pledged any of its long-term debt securities give particulars in a footnote, including name of the pledgee and purpose of the pledge.

Line No.	Class and Series of Obligation (a)	Nominal Date of Issue (b)	Date of Maturity (c)	Outstanding per Balance Sheet (d)	Rate (%) (e)	Interest for Year ($) (f)	Principal for Year ($) (g)	Reserve Requirements ($) (h)	Total Funding Required ($) (i)
213	MISCELLANEOUS LONG-TERM DEBT								
1	BACKHOE LOAN	1/8/2008	1/8/2013	53209	3.34%	2,021	13,417	0	15,438
2									-
3									-
4									-
5									-
6									-
7									-
8									-
9									-
10									-
11									-
12									-
13									-
14									-
15									-
16									-
17									-
18									-
19									-
20									-
21									-
22									-
23									-
24									-
25									-
26									-
27									-
28									-
29									-
30									-
	Total Account 213	XXX	XXX	XXX	XXX	2,021	13,417	-	15,438

ADVANCES FROM ASSOCIATED COMPANIES (Account 212)

LIST EACH NOTE SEPARATELY.

Line No.	Name of Associated Company (a)	Date of Note (b)	Date of Maturity (c)	Balance Beginning of Year (d)	Principal Advanced During Year (e)	Principal Repaid During Year (f)	Balance End of Year (g)	Interest Expense For Year		Comm. Auth. (j)
								Rate(%) (h)	Amount (i)	
1							-			
2							-			
3							-			
4							-			
5							-			
6							-			
7							-			
8							-			
9							-			
10	Total	XXX	XXX	-	-	-	-	XXX	-	XXX

NOTES PAYABLE (Account 220)

1. Give below the particulars indicated concerning notes payable at end of year.
2. Give particulars or collateral pledged, if any.
3. Any demand notes should be described as such in column (d).
4. Minor amounts may be grouped by classes, showing the number of such amounts.

Line No.	Payee (a)	Purpose for Which Issued (b)	Date of Note (c)	Date of Maturity (d)	Interest		Balance End of Year (g)
					Rate(%) (e)	Amount (f)	
21							
22							
23							
24							
25							
26							
27							
28							
29							
30							
31	Totals		XXX	XXX	XXX	-	-

SECURITIES ISSUED OR ASSUMED DURING YEAR

1. Report below the particulars called for concerning securities issued or assumed during year.
2. Group and show separate totals for each class of security.
3. Give particulars concerning the assumption of long-term debt of others.
4. Non-par stock should be reported in column (c) at stated or assigned values, or if there is not stated or assigned value, they should be reported at the cash value of the consideration received.
5. Give particulars concerning consideration other than cash received for securities issued during year.
6. Designate premiums in column (f) by appropriate symbol.
7. Show in column (g) expenses applicable to securities issued during year and also any delayed items of expense applicable to securities issued during preceding year. For such delayed items entries should be made only in columns (a), (b), and (g).

Line No.	Class of Security (a)	Comm. Auth. No. (b)	Principal Amount Issued During Year (Omit Cents) (c)	Number of Shares of Stock Issued (d)	Par value Per Share of Stock (e)	Discount or Premium (f)	Expenses (g)
1							
2							
3							
4							
5							
6							
7							
8							
9							
10							
11							
12							
13							
14							
15							
16							
17							
18							
19							
20							
21							

ACCOUNTS AND NOTES PAYABLE TO ASSOCIATED COMPANIES (Account 223)

1. If collateral has been pledged as security to the payment of any note, describe such collateral.
2. Include date of note and date of maturity in description of note.

Line No.	Payee and Description (a)	Balance Beginning of Year (b)	Totals for Year		Balance End of Year (e)	Interest for Year	
			Debits (c)	Credits (d)		Rate(%) (f)	Amount (g)
1					-		
2					-		
3					-		
4					-		
5					-		
6					-		
7					-		
8					-		
9					-		
10					-		
11					-		
12					-		
13					-		
14					-		
15					-		
16					-		
17					-		
18					-		
19					-		
20					-		
21					-		
22					-		
23					-		
24					-		
25					-		
26					-		
27					-		
28	Total	-	-	-	-	XXX	-

TAXES ACCRUED (Account 228)

1. The balance of accruals for income taxes should be classified by the years to which the tax is applicable
2. The balance of any accruals materially in excess of the liability admitted by the tax returns of the utility shall be transferred from this account and recorded in an appropriately designated reserve account.

Enter payments as negative numbers.

Line No.	Kind of Tax (a)	Balance First of Year (b)	Amounts Accrued (c)	Payments During Year (d)	Other Items Debit or (Credit) (e)	Balance End of Year (f)
1						-
2						-
3						-
4						-
5						-
6						-
7						-
8						-
9						-
10						-
11						-
12						-
13						-
14						-
15						-
16						-
17						-
18						-
19						-
20						-
21						-
22						-
23						-
24						-
25						-
26						-
27						-
28						-
29						-
30						-
31						-
32						-
33						-
34						-
35						-
36						-
37						-
38						-
39						-
40						-
41						-
42	Total	-	-	-	-	-

OTHER CURRENT AND ACCRUED LIABILITIES (Account 230)

1. Report the amount and description of other current and accrued liabilities at end of year.
2. Minor items may be grouped under appropriate title.

Line No.	Item (a)	Amount (b)
1	ACCRUED PAYROLL	9,081
2	ACCRUED BENEFITS - OPEB	18,778
3		
4		
5		
6		
7		
8		
9		
10		
11		
12		
13		
14		
15		
16		
17		
18	Total	27,859

CUSTOMERS' ADVANCES FOR CONSTRUCTION (Account 241)

Line No.	Class of Utility Service (a)	Balance Beginning of Year (b)	Debits		Credits (e)	Balance End of Year (f)
			Account Credited (c)	Amount (d)		
26						-
27						-
28						-
29						-
30						-
31						-
32						-
33						-
34						-
35						-
36						-
37						-
38						-
39						-
40						-
41						-
42						-
43						-
44						-
45	Total	-	XXX	-	-	-

OTHER DEFERRED CREDITS (Account 242)

Line No.	Item (a)	Amount (b)
1		
2		
3		
4		
5		
6		
7		
8		
9		
10		
11		
12		
13		
14		
15		
16		
17		
18		
19		
20		
21		
22		
23		
24		
25		
26		
27		
28		
29		
30		
31		
32		
33		
34		
35		
36		
37		
38		
39		
40		
41		
42		
43		
44	Total	-

PROPERTY INSURANCE AND INJURIES AND DAMAGES RESERVES (Accounts 255 - 256)

Line No.	Particulars (a)	Insurance Reserve (Account 255) (b)	Injuries & Damages Reserve (Account 256) (c)
1	Balance beginning of year		
2	Additions during year (specify department and account charged)		
3			
4			
5			
6			
7			
8	Total additions	-	-
9	Deductions during year (specify)		
10			
11			
12			
13			
14			
15	Total deductions	-	-
16			
17	Balance end of year	-	-

PENSIONS AND BENEFITS AND MISCELLANEOUS RESERVES (Accounts 257 - 258)

Line No.	Particulars (a)	Employees' Provident Reserve (Account 257) (b)	Other Reserves (Account 258) (c)
23	Balance beginning of year		
24	Additions during year (specify department and account charged)		
25			
26			
27			
28			
29			
30	Total additions	-	-
31	Deductions during year (specify)		
32			
33			
34			
35			
36			
37	Total deductions	-	-
38			
39	Balance end of year	-	-

40 Explain nature of risks for which above reserves have been established and give actual or estimated liability for claims at end
41 of year.
42
43
44
45
46
47

CONTRIBUTIONS IN AID OF CONSTRUCTION (Account 265)

REPORT AMOUNTS APPLICABLE TO EACH UTILITY DEPARTMENT

Line No.	Class of Utility Service (a)	Balance Beginning of Year (b)	Debits		Credits (e)	Balance End of Year (f)
			Account Credited (c)	Amount (d)		
1	SEWER	5,254,250				5,254,250
2						-
3						-
4						-
5						-
6						-
7						-
8						-
9						-
10						-
11						-
12						-
13						-
14						-
15						-
16						-
17						-
18						-
19						-
20						-
21						-
22						-
23						-
24						-
25						-
26						-
27						-
28						-
29	Total	5,254,250	XX	-	-	5,254,250

DISTRIBUTION OF TAXES OTHER THAN INCOME TAXES (Account 507.1)

Line No.	Particulars (a)	Account 507.2 - Utility Operating Income: Sewer (b)	Water (c)	Other Dept. ------ Amount (d)	Account 507.3 Other Income and Deductions (e)	Total Account 507 (f)	Charged to Plant Accounts (g)	Other (Explain) (h)	Total Distribution of Other Taxes (i)
1	State & Local (Detail)								
2	UNEMPLOYMENT	1,187				1,187			1,187
3	WORKERS COMPENSATION	4,151				4,151			4,151
4						-			-
5						-			-
6						-			-
7						-			-
8						-			-
9						-			-
10						-			-
11						-			-
12						-			-
13						-			-
14	Federal (Detail)								
15	FICA	16,290				16,290			16,290
16						-			-
17						-			-
18						-			-
19						-			-
20						-			-
21						-			-
22						-			-
23						-			-
24						-			-
25						-			-
26						-			-
27						-			-
28	Total other taxes	21,628	-	-	-	21,628	-	-	21,628

DISTRIBUTION OF INCOME TAXES - ACCOUNT 507.4

Line No.	Particulars (a)	Account 507.4 Income Taxes (b)	Deferred Income Taxes Account 507.5 DEBIT Provision (c)	Deferred Income Taxes Account 507.6 CREDIT Prior Years (d)	Investment Tax Credits Account 507.7 Debits Deferred to Future Periods (e)	Investment Tax Credits Account 507.7 Credits Restored to Income (f)
1	Utility Operating Income					
2	Water					
3	Sewer					
4	Other Department					
5						
6						
7	Total Charged Operations	-	-	-	-	-
8						
9	Other Income and Deductions					
10						
11	Extraordinary Items		XXX	XXX	XXX	XXX
12						
13	Total Account	-	-	-	-	-
14	Other Distributions (Specify)					
15	Adjustment to Retained Earnings					
16						
17						
18	Total Distribution of Tax	-	-	-	-	-
19						
20	Notes and Explanation Regarding Distribution of Taxes - Accounts 507.4-507.7					
21						
22						
23						
24						
25						
26						
27						
28						
29						
30						
31						
32						
33						
34						
35						
36						
37						
38						
39						
40						
41						
42						

INCOME FROM UTILITY PLANT LEASED TO OTHERS (Account 508)

1. Report below the revenues, expenses, and net income for the year from utility property constituting a distinct operating unit or system leased to others.
2. Designate associated companies by placing an "x" in column (b) opposite the name of the lessee.

Line No.	Name of Lessee, Description and Location of Leased Property (a)	Assoc. Co. (b)	Revenues (c)	DEDUCTIONS Operation (d)	Maintenance (e)	Depreciation (f)	Amortization (g)	Net Income Before Taxes (h)
1								-
2								-
3								-
4								-
5								-
6								-
7								-
8								-
9								-
10	Total	XXX	-	-	-	-	-	-

GAIN OR LOSS ON DISPOSITION OF PROPERTY (Accounts 526 and 527)

Give a brief description of property creating gain or loss. Include name of party acquiring the property (if another utility or associated company) and the date transaction was completed.

Line No.	Description of Property (a)	Commission Date Approved (When Required) (b)	Original Cost of Related Property (c)	Property Gains Account 526 (d)	Property Losses Account 527 (e)
18	Gains:				
19					
20					
21					
22					
23					
24					
25					
26	Losses:				
27					
28					
29					
30					
31					
32					
33	Total -	XXX	-	-	-

INCOME FROM MERCHANDISING, JOBBING, AND CONTRACT WORK (Account 520)

Report by utility departments the revenues, costs, expenses and net income from merchandising, jobbing and contract work during year.

Line No.	Particulars (a)	Sewer (b)	Other Department (c)	Total (d)
1	Revenues			
2	Gross Sales (detail)			
3				-
4				-
5				-
6	Deductions:			-
7	Discounts and Allowances			-
8				-
9				-
10				-
11	Net Sales	-	-	-
12				
13	Costs and Expenses (List the Expenses by Major Classes)			
14				-
15				-
16				-
17				-
18				-
19				-
20	Total Costs and Expenses	-	-	-
21	Income From Merchandising, Jobbing and Contract			
22	Work, Before Taxes	-	-	-

INCOME FROM NON-UTILITY OPERATIONS (Account 521)

Line No.	Description of Non-utility Operations (a)	Amount (b)
29	Revenues: (Minor Items May Be Grouped)	
30		
31		
32		
33		
34		
35		
36	Total Revenues	-
37	Expenses:	
38	Operation	
39	Maintenance	
40	Rents	
41	Depreciation	
42	Amortization	
43		
44	Total Expenses	-
45	Income From Non-utility Operations, Before Taxes	-

NON-OPERATING RENTAL INCOME (Account 418)

Line No.	Name of Lessee and Description of Property (a)	Amount (b)
1	Rent Revenue (list major items separately, others may be grouped)	
2		
3		
4		
5		
6		
7		
8		
9		
10		
11		
12		
13	Total Rent Revenues	-
14	Expenses:	
15	Operation	
16	Maintenance	
17	Rents	
18	Depreciation	
19	Amortization	
20		
21	Total Expenses	-
22	Non-operating Rental Income, Before Taxes	-

INTEREST AND DIVIDEND INCOME (Account 523 & 524)

Line No.	Security or Account on Which Received (a)	Interest or Dividend Rate (b)	Amount (c)
29	MUNICIPAL BOND COMMISSION	VARIOUS	5,042
30	MONEY MARKET REVENUE	VARIOUS	406
31	RENEWAL AND REPLACEMENT	VARIOUS	332
32	CERTIFICATES OF DEPOSIT	VARIOUS	4,046
33	CHECKING	VARIOUS	37
34			
35			
36			
37	Total Interest and Dividends	XXX	9,863
38	Expenses applicable to above (as listed hereunder):		
39	MUNICIPAL BOND COMMISSION		(538)
40			
41			
42			
43			
44			
45	Total Expenses	XXX	(538)
46	Interest and Dividend Income, before taxes	XXX	9,325

MISCELLANEOUS NON-OPERATING REVENUES (Account 526)

Line No.	Nature and Source of Miscellaneous Non-operating Income (a)	Amount For Year (b)
1	TAP FEES	1,500
2	SEWER CAMERA RENTAL	125
3	JET RODDER RENTAL	1,558
4	MISCELLANEOUS	81
5		
6		
7		
8		
9		
10		
11		
12		
13		
14	Total	3,264

MISCELLANEOUS AMORTIZATION (Account 537)

Line No.	Nature of Item (a)	Account Credited (b)	Amount For Year (c)
19			
20			
21			
22			
23			
24			
25			
26			
27			
28			
29			
30			
31	Total	XXX	-

NON-OPERATING REVENUE DEDUCTIONS (Account 527)

Line No.	Nature of Item (a)	Amount For Year (b)
36		
37		
38		
39		
40		
41		
42		
43		
44		
45		
46		
47		
48	Total	-

INTEREST CHARGES
INTEREST ON LONG-TERM DEBT (Account 530)
INTEREST ON DEBT TO ASSOCIATED COMPANIES (Account 534)
OTHER INTEREST EXPENSE (Account 535)

REPORT DETAILS OF ITEMS SEPARATELY BY ACCOUNTS

Line No.	Class of Debt on Which Payable (a)	INTEREST Rate(%) (b)	INTEREST Amount (c)
530	Interest on Long-Term Debt		
1	1997 SERIES A BONDS	5.5% - 6.0%	97,084
2	2001 SERIES A BONDS	ADMIN. FEE .5%	2,214
3	2009 SERIES A BONDS		718
4			
5			
6			
7			
8			
9			
10			
	Total Interest on Long-Term Debt	XXX	100,016
534	Interest on Debt to Associated Companies		
1			
2			
3			
4			
5			
6			
7			
8			
9			
10			
	Total Interest on Debt to Associated Companies	XXX	-
535	Other Interest Expense		
1	BACKHOE LOAN	3.34%	2,021
2			
3			
4			
5			
6			
7			
8			
9			
10			
	Total Other Interest Expense	XXX	2,021

MANAGEMENT, ENGINEERING AND SERVICE CONTRACTS

LIST LEASE AGREEMENTS

1. Furnish the following information concerning each contract (written) in effect at any time during the year with any corporation, partnership, individual, or organization of any form whatever, whereby the respondent received management, construction, engineering, supply, financial, legal, accounting, purchasing or other type of service of a continuing nature:
   (a) Name of company rendering service.
   (b) Character of service.
   (c) Basis of charges.
   (d) Date and term of contract.
   (e) Date of Commission authorization, if contract has received Commission approval.
   (f) Total charges for year, classified as to character of service.
   (g) Utility departments and account charged with amounts reported under (f).
2. Identify the information furnished concerning each contract with the items in the inquiry.
3. Identify associated companies.

1	NONE
2	
3	
4	
5	
6	
7	
8	
9	
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11	
12	
13	
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15	
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35	
36	

SEWER PLANT IN SERVICE, LEASED TO OTHERS, AND HELD FOR FUTURE USE (CLASS A AND CLASS B SEWER UTILITIES)

1. Report by prescribed accounts the original cost of sewer plant in service and the additions and retirements of such plant during year, also, the original cost and additions and retirements during year of sewer plant leased to others and sewer plant held for future use.
2. Do not include as adjustments, corrections of additions and retirements for the current or preceding year. Such items should be included in the appropriate column (d) and (e).

Line No.	Account (a)		Balance Beginning of Year (b)	(+) Additions (c)	(-) Retirements (d)	(+/-) Adjustments (e)	Balance End of Year (f)
1		Intangible Plant					
2	301	Organization					-
3	302	Franchises and Consents					-
4	303	Miscellaneous Intangible Plant					-
5		Total Intangible Plant	-	-	-	-	-
6		Tangible Plant					
7		LAND AND LAND RIGHTS					
8	311	Land and Land Rights					-
9	311.1	Collecting System Land					-
10	311.2	Pumping System Land					-
11	311.3	Treatment and Disposal System Land					-
12	311.4	Miscellaneous Land					-
13		Total Land and Land Rights	-	-	-	-	-
14		STRUCTURES AND IMPROVEMENTS					
15	312	Structures and Improvements					-
16	312.1	Collecting System					-
17	312.2	Pumping System					-
18	312.3	Treatment and Disposal System					-
19	312.4	General Plant	8,659				8,659
20		Total Structures and Improvements	8,659	-	-	-	8,659
21		COLLECTING SYSTEM					
22	320	Service Connections, Traps and Accessories					-
23	321	Collecting Mains and Accessories					-
24	322	Transmission Mains and Accessories	873,469				873,469
25	323	Other Collecting System Equipment	4,566,441				4,566,441
26		Total Collecting System	5,439,910	-	-	-	5,439,910
27		PUMPING SYSTEM					
28	330	Receiving Wells					-
29	331	Electric Pumping Equipment	130,870				130,870
30	332	Other Power Pumping Equipment					-
31	333	Force Mains					-
32	334	Miscellaneous Pumping System Equipment	1,031,452				1,031,452
33		Total Pumping System	1,162,322	-	-	-	1,162,322

SEWER PLANT IN SERVICE, LEASED TO OTHERS, AND HELD FOR FUTURE USE (Continued)

Line No.	Account (a)		Balance Beginning of Year (b)	(+) Additions (c)	(-) Retirements (d)	(+/-) Adjustments (e)	Balance End of Year (f)
35							
36		TREATMENT AND DISPOSAL SYSTEM					
37	341	Grit Removal Chambers					-
38	342	Grit Removal Equipment					-
39	343	Sedimentation Tanks					-
40	344	Sludge Removing Equipment					-
41	345	Sludge Concentration Chambers					-
42	346	Decanting Equipment					-
43	347	Sludge Pumping Equipment					-
44	348	Sludge Digesting Tanks and Accessories					-
45	349	Heating Equipment and Accessories					-
46	350	Waste Burning Equipment					-
47	351	Sludge Drying and Filtering Equipment					-
48	352	Other Sewage Removing Equipment					-
49	353	Chlorination Plant and Accessories					-
50	354	Chlorine Contact Tanks					-
51	355	Other Chemical Treatment Plant and Equipment					-
52	356	Outfall Pipes and Accessories					-
53	357	Other Disposal Equipment	5,486,217				5,486,217
54		Total Treatment and Disposal System	5,486,217	-	-	-	5,486,217
55							
56		GENERAL PLANT					
57	391	Office Furniture and Equipment	34,714				34,714
58	392	Transportation Equipment	90,263	10,930			101,193
59	393	Stores Equipment	11,022				11,022
60	394	Tools and Shop Equipment	66,142				66,142
61	395	Laboratory Equipment	533				533
62	397	Communication Equipment	7,333				7,333
63	398	Miscellaneous General Plant	142,493				142,493
64	399	Utility Plant Purchased or Sold					-
65							-
66		Total General Plant	352,500	10,930	-	-	363,430
67		Total Tangible Plant	12,449,608	10,930	-	-	12,460,538
68		Total Sewer Plant in Service	12,449,608	10,930	-	-	12,460,538

SEWER PLANT IN SERVICE, LEASED TO OTHERS, AND HELD FOR FUTURE USE (Continued)

Line No.	Account (a)		Balance Beginning of Year (b)	Balance End of Year (c)
71				
72		**SUMMARY OF SEWER PLANT**		
73				
74		Balance Sheet Sub accounts		
75	100.1	Sewer Plant in Service	12,449,608	12,460,538
76	100.2	Sewer Plant Leased to Others		
77	100.3	Construction Work in Progress	-	172,900
78	100.4	Sewer Plant Held for Future Use		
79	100.5	Sewer Plant Acquisition Adjustments		
80	100.6	Sewer Plant in Process of Reclassification		
81		Total Sewer Plant Per Balance Sheet	12,449,608	12,633,438

SEWER PLANT RETIREMENT AND REPLACEMENT

Report by prescribed accounts the average age and replacement cost

Line No.	Accounts (a)	Balance of Plant older than 15 years ($) (b)	Balance of Plant younger than 15 years ($) (c)	Replacement Cost ($) (d)	Amount To Be Replaced within 5 years ($) (e)
1	**Tangible Plant**				
2	312. Structures and Improvements				
3	312-1. Collecting System				
4	312-2. Pumping System				
5	312-3. Treatment and Disposal System				
6	312-4. General Plant	-	8,659	8,659	-
7	Total Tangible Plant	-	8,659	8,659	-
8	**Collecting System**				
9	320. Service Connections, Traps and Accessories				
10	321. Collecting Mains and Accessories				
11	322. Transmission Mains and Accessories	3,178	870,291	873,469	3,178
12	323. Other Collecting System Equipment	4,566,441	-	4,566,441	500,000
13	Total Collecting System	4,569,619	870,291	5,439,910	503,178
14	**Pumping System**				
15	330. Receiving Wells				
16	331. Electric Pumping Equipment	14,412	116,458	130,870	14,412
17	332. Other Power Pumping Equipment				
18	333. Force Mains				
19	334. Miscellaneous Pumping System Equipment	1,031,452	-	1,031,452	100,000
20	Total Pumping System	1,045,864	116,458	1,162,322	114,412
21	**Treatment and Disposal System**				
22	341. Grit Removal				
23	342. Grit Removing Equipment				
24	343. Sedimentation Tanks				
25	344. Sludge Removing Equipment				
26	345. Sludge Concentration Chambers				
27	346. Decanting Equipment				
28	347. Sludge Pumping Equipment				
29	348. Sludge Digesting Tanks and Accessories				
30	349. Heating Equipment and Accessories				
31	350. Waste Burning Equipment				
32	351. Sludge Drying and Filtering Equipment				
33	352. Other Sewage Removing Equipment				
34	353. Chlorination Plant and Accessories				
35	354. Chlorine Contact Tanks				
36	355. Other Chemical Treatment Plant and Equip.				
37	356. Outfall Pipes and Accessories				
38	357. Other Disposal Equipment	5,239,996	246,221	5,486,217	600,000
39	Total Treatment and Disposal System	5,239,996	246,221	5,486,217	600,000
40	**General Plant**				
41	391. Office Furniture and Equipment	8,852	25,862	34,714	8,852
42	392. Transportation Equipment	-	101,193	101,193	-
43	393. Stores Equipment	632	10,390	11,022	632
44	394. Tools and Shop Equipment	-	66,142	66,142	-
45	395. Laboratory Equipment	-	533	533	-
46	397. Communication Equipment	-	7,333	7,333	-
47	398. Miscellaneous General Plant	-	142,493	142,493	-
48	Total General Plant	9,484	353,946	363,430	9,484
49	Total Sewer Plant	10,864,963	1,595,575	12,460,538	1,227,074

SEWER PLANT LEASED TO OTHERS (Account 100-2)

1. Report below the information called for concerning sewer plant leased to others.
2. In column (d) give the date of Commission authorization of the lease of sewer plant to others.
3. Designate if lessee is an associated company by placing an "x" in column (b).

Line No.	Name of Lessee (a)	Assoc. Co. (b)	Description of Property Leased (c)	Comm. Auth. (d)	Expiration Date of Lease (e)	Balance End of Year (f)
1						
2						
3						
4						
5						
6						
7						
8						
9	Total	XXX	XXX	XXX	XXX	-

SEWER PLANT HELD FOR FUTURE USE (Account 100-4)

1. Report below the information called for concerning sewer plant held for future use. Report data as of end of year.
2. Explain important items entered in column (g).

Line No.	Description and Location of Property (a)	Date Originally Included In This Account (b)	Date Expected to be used in Utility Service (c)	Original Cost (d)	Interest Capitalized (e)	Taxes Capitalized (f)	Other Expenditures Capitalized (g)	Book Cost End of Year (h)
21								-
22								-
23								-
24								-
25								-
26								-
27								-
28								-
29								-
30	Total	XXX	XXX	-	-	-	-	-

SEWER PLANT ACQUISITION ADJUSTMENTS (Account 100.5)

1. Report below the changes in the above account during the year.
2. If debits or credits were made to this account during the year, arising from acquisitions of sewer plant, furnish a statement showing the following information for each acquisition:
   (a) Particulars as to the cost of property to respondent, showing the amount of cash, securities, or other consideration.
   (b) Original cost of property and how original cost was determined.
   (c) Depreciation and amortization reserves recorded and how reserve requirements were determined.
   (d) Amount of plant acquisition adjustment.
   (e) Classification of plant acquisition adjustments according to the character of the amounts comprising the total.
   (f) Date and other reference to Commission authorization of acquisition.
   (g) Plan for amortization of acquisition adjustments and date of Commission approval of plan.
   (h) Basis of computing amount of acquisition adjustment applicable to sewer plant where sewer plant and other plant were acquired in the same transaction
3. State in a footnote the amounts, if any, of plant acquisition adjustments applicable to sewer plant leased to others and sewer plant held for future use.

Line No.	Item (a)	Amount (b)
1	Balance beginning of year	
2	DEBITS	
3	From plant acquisitions during year (debit)	
4	Other debits (give nature of debit and account credited):	
5		
6	Total Debits	-
7	CREDITS	
8	From plant acquisitions during year (credit)	
9	Other credits (give nature of credit and account debited):	
10		
11	Total Credits	-
12	Balance end of year	-

RESERVE FOR DEPRECIATION OF SEWER PLANT (Account 250)

1. Report below the information called for concerning reserve for depreciation of sewer plant at end of year.
2. Explain any important adjustments during year.
3. Show separately amounts computed as interest credits under a sinking fund or similar method of depreciation reserve accounting.
4. If the respondent maintains a separate classification for common utility plant, a portion of the reserve for depreciation of such plant should be allocated to the reserve for depreciation of sewer plant. Explain the basis of such allocation and state if there was any change in the basis of allocation from that of the previous year.
5. If any portion of the depreciation reserve balance at the end of year applies to sewer plant leased to others or to sewer plant held for future use, state such amounts in a footnote.

Line No.	Item (a)	Amount (b)
24	Balance beginning of year	4,815,938
25	Depreciation accruals for year, charged to:	
26	Depreciation	295,596
27	Other accruals (specify):	
28		
29	Total depreciation accruals for year	295,596
30	Net charges for plant retired:	
31	Book cost of plant retired	
32	Cost of removal	
33	Salvage (credit)	
34	Net charges for plant retired	-
35	Other debit or credit items (describe):	
36		
37	Total debit or credit items (net debit)	-
38	Balance end of year	5,111,534
39	Allocation to sewer plant of reserve for depreciation of common utility plant	
40	Total reserve for depreciation of sewer plant including reserve for common utility plant	5,111,534

DEPRECIATION AND AMORTIZATION OF SEWER PLANT (ACCOUNT 503)

State below the rules by which the respondent determined the amounts of charges for the depreciation and amortization of sewer plant. Show the rates used in computing the depreciation and amortization charges for the year, and state if any change has been made in the rates used or methods of determining depreciation and amortization charges from those used for the preceding year.

THE STRAIGHT-LINE METHOD OF DEPRECIATION HAS BEEN CONSISTENTLY APPLIED.

SEWER PLANT IN PROCESS OF RECLASSIFICATION

Report below, according to accounts to which classified in the books of the respondent, the amount of sewer utility plant which has not been classified in accordance with the sewer plant accounts prescribed in the Uniform System of Accounts.

Line No.	Number and title of account (a)	Balance beginning of year (b)	(-) Retirements (c)	(-/+) Adjustments (d)	Balance end of year (e)
1					-
2					-
3					-
4					-
5					-
6					-
7					-
8					-
9					-
10					-
11					-
12					-
13					-
14					-
15					-
16					-
17					-
18					-
19					-
20					-
21					-
22					-
23					-
24					-
25					-
26					-
27					-
28					-
29					-
30					-
31					-
32					-
33					-
34					-
35					-
36					-
37					-
38					-
39					-
40					-
41					-
42					-
43					-
44					-

SEWER OPERATING REVENUES

1. Report below the amount of operating revenues for the year for each accou and the amount of increase or decrease over the preceding year.
2. If increases and decreases are not derived from previously reported figures explain any inconsistencies.
3. Number of customers should be reported on the basis of number of meters. The average number of customers means the average of 12 figures at the close of each month.
4. Unmetered sales should be included below. The details of such sales should be given in a footnote.

Line No.	Amount (a)		OPERATING REVENUES Amount for Year (d)	OPERATING REVENUES Increase or Decrease from Preceding Year (e)	Volume Of Water on Which Billings Are Based (f)	AVERAGE NUMBER OF CUSTOMERS Number for Year (g)	AVERAGE NUMBER OF CUSTOMERS Increase or Decrease from Preceding Year (h)
1		SALES OF SEWER SERVICE					
2	601.1	Domestic Service	510,027	39,517	44,523	1,213	19
3	601.2	Commercial Service	215,954	17,411	51,542	218	(4)
4	602	Industrial Waste Service					
5	606	Service to Public Authorities					
6	607	Service to Other Systems					
7	609	Other Sewerage Service					
8		Total Sales of Sewer Service	725,981	56,928	96,065	1,431	15
9		OTHER SEWER REVENUES					
10	610	Rents from Sewerage Property					
11	612	Customers' Forfeited Discounts and Penalties	15,234	2,335			
12	615	Miscellaneous Sewerage Revenues					
13	616	Merchandising, Jobbing and Contract Work					
14		Total Other Sewer Revenues	15,234	2,335			
15		Total Sewer Operating Revenues	741,215	59,263			

SALES OF SEWAGE TREATMENT TO GENERAL CUSTOMERS - BY MONTHS (Accounts 601-606)

Line No.	Month (or Other Billing Period) (a)	Unmetered Revenue (b)	Unmetered Estimated Gallons Billed (000 Omitted) (c)	Unmetered Number of Customers (d)	Metered Revenue (e)	Metered Gallons billed (000 Omitted) (f)	Metered Number of Customers (g)
1	JULY	-	-	-	53,178	7,345	1,436
2	AUGUST	-	-	-	54,229	8,964	1,440
3	SEPTEMBER	-	-	-	56,035	8,876	1,442
4	OCTOBER	-	-	-	63,391	8,764	1,431
5	NOVEMBER	-	-	-	64,497	9,890	1,440
6	DECEMBER	-	-	-	62,185	7,053	1,436
7	JANUARY	-	-	-	64,278	7,749	1,425
8	FEBRUARY	-	-	-	62,852	9,269	1,426
9	MARCH	-	-	-	58,266	6,577	1,416
10	APRIL	-	-	-	62,929	7,932	1,424
11	MAY	-	-	-	62,258	6,727	1,424
12	JUNE	-	-	-	61,883	6,919	1,424
13	Total	-	-	-	725,981	96,065	1,430
14							

	Billing Accuracy	
1	Average number of customer during the reporting period.	1,431
2	Billing cycle (monthly,quarterly, semiannually) during the reporting period.	12
	e.g monthly: enter 12,quarterly: enter 4, semiannually: enter2	
3	Total Number of Bills Generated during the reporting period.	17,172
4	Numbers of error - driven billing adjustments during reporting period(# of bill adjsuted)	120
43	Total	

SEWAGE TREATMENT FOR RESALE - BY MONTHS (Account 607)

1. Report below the information specified concerning sewage treated during the year for other sewer utilities or public authorities.
2. The quantities reported should be those shown by the bills rendered to the purchasers.
3. The sales should be reported by months or other billing period for each utility.
4. Attach continuation sheets as necessary.

Line No.	Name of Other Sewer Utility (a)	Billing Period (b)	Gallons Billed (000) Omitted (c)	Revenue (d)
1				
2				
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				
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27				
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29				
30				
31				
32				
33				
34				
35				
36				
37	Total		-	-

SEWER OPERATING EXPENSES

1. Enter in the spaces provided the sewer operating expenses for the year.

2. If the increases and decreases are not derived from previously reported figures explain in footnotes.

Line No.	Account (a)		Class A (b)	Class B (c)	Amount for Year (d)	Increase or Decrease from Preceding Year (e)
1		**COLLECTING EXPENSES**				
2		**Operation:**				
3	701	Operation Supervision and Engineering	A	B	164,397	28,093
4	702	Operation Labor	A	B		
5	703	Supplies and Expenses	A	B	12,052	3,893
6		Total Operation			176,449	31,986
7		**Maintenance:**				
8	704	Maintenance Supervision and Engineering	A	B		
9	705	Maintenance of Collecting System Plant		B		
10	705.1	Maintenance of Service Connections and Traps	A		2,390	(3,088)
11	705.2	Maintenance of Collecting and Transmission Mains	A		-	(101)
12	705.3	Maintenance of Structures and Improvements	A		27,256	(4,520)
13	705.4	Maintenance of Other Collecting System Equipment	A			
14		Total Maintenance			29,646	(7,709)
15		**Miscellaneous:**				
16	708	Rents	A	B		
17		Total Collecting Expenses			206,095	24,277
18		**PUMPING EXPENSES**				
19		**Operation:**				
20	721	Operation Supervision and Engineering	A	B	36,421	4,313
21	722	Operation Labor	A	B		
22	723	Power and Fuel	A	B	60,183	6,215
23	724	Supplies and Expenses	A	B	2,817	1,554
24		Total Operation			99,421	12,082
25		**Maintenance:**				
26	725	Maintenance Supervision and Engineering	A	B		
27	726	Maintenance of Structures and Improvements	A	B	3,208	483
28	727	Maintenance of Pumping Equipment		B	1,909	(7,431)
29	727.1	Maintenance of Power Pumping Equipment	A			
30	727.2	Maintenance of Other Pumping System Equipment	A			
31		Total Maintenance			5,117	(6,948)
32		**Miscellaneous:**				
33	728	Rents	A	B		
34		Total Pumping Expenses			104,538	5,134
35		**TREATMENT AND DISPOSAL EXPENSES**				
36		**Operation:**				
37	741	Operation Supervision and Engineering	A	B	-	(6,070)
38	742	Operation Labor	A	B	5,969	47
39	743	Purification Supplies and Expenses		B	7,377	(11,782)
40	743.1	Supplies and Expenses	A			
41	743.2	Chemical Treatment Expenses	A		3,775	2,286
42		Total Operation			17,121	(15,519)
43		**Maintenance:**				
44	744	Maintenance Supervision and Engineering	A	B		
45	745	Maintenance of Structures and Improvements	A	B	475	(6,375)
46	746	Maintenance of Treatment and Disposal System Equip	A	B	16,041	(6,165)
47		Total Maintenance			16,516	(12,540)
48		**Miscellaneous:**				
49	747	Rents	A	B		
50		Total Treatment and Disposal Expenses			33,637	(28,059)

SEWER OPERATING EXPENSES

Line No.	Account (a)		Class A (b)	Class B (c)	Amount for Year (d)	Increase or Decrease from Preceding Year (e)
1		**BILLING AND COLLECTING EXPENSES**				
2	780	Supervision	A	B		
3	781	Flat Rate Inspections	A	B		
4	782	Meter Reading	A	B		
5	783	Billing, Collecting and Accounting	A	B	4,200	-
6	784	Uncollectible Accounts	A	B	6,497	269
7	785	Rents	A	B		
8		Total Billing and Collecting Expenses			10,697	269
9		**ADMINISTRATIVE AND GENERAL EXPENSES**				
10	790	Administrative and General Salaries	A	B	12,000	(3,803)
11	791	Other General Office Salaries	A	B		
12	792	Expenses of General Officers and General Office Employees		B		
13	792.1	Expenses of General Officers	A			
14	792.2	Expenses of General Office Employees	A			
15	793	General Office Supplies and Expenses	A	B	26,365	6,454
16	794	Management and Supervision Fees & Expenses	A	B	1,000	-
17	795	Special Services	A	B	3,675	1,275
18	796	Special Legal Services	A	B		
19	797	Regulatory Commission Expenses	A	B	2,610	42
20	798	Insurance	A	B	15,305	174
21	799	Injuries and Damages	A	B		
22	800	Employees' Welfare Expenses and Pensions		B	116,078	65,889
23	800.1	Employees' Welfare Expenses	A			
24	800.2	Pensions	A			
25	801	Miscellaneous General Expenses	A	B		
26	802	Maintenance of General Property		B	8,194	(6,902)
27	802.1	Maintenance of Structures and Improvements	A			
28	802.2	Maintenance of Office Furniture and Equipment	A			
29	802.3	Maintenance of Communication Equipment	A			
30	802.4	Maintenance of Miscellaneous Property	A			
31	803	Rents	A	B		
32	804	Commissions Paid under Agency Sales Contracts	A	B		
33	805	Franchise Requirements	A	B		
34	807	Administrative & General Expenses Transferred - Credit	A	B		
35	808	Joint Expenses - Debit	A	B		
36	809	Joint Expenses - Credit	A	B		
37		Total Administrative and General Expenses			185,227	63,129
38		**SUMMARY OF OPERATING EXPENSES**				
39	Collecting Expenses				206,095	24,277
40	Pumping Expenses				104,538	5,134
41	Treatment and Disposal Expenses				33,637	(28,059)
42	Billing and Collecting Expenses				10,697	269
43	Administrative and General Expenses				185,227	63,129
44	Total Operating Expenses				540,194	64,750
45	Total Salaries and Wages of Sewer Department for Year,					
46	including amounts charged to Operating Expenses,					
47	Construction and Other Accounts				212,943	39,742
48	Total Number of Employees of Sewer Department at End of Year					
49	Including Administrative, Operating, Maintenance, Construction,					
50	and Other Employees.				9	-

PURCHASED SEWER TREATMENT (Account 743)

1. Report below the information concerning sewer treatment purchased during the year.
2. The quantities reported should be those shown by the bills rendered by the vendor.
3. The purchases should be reported by months or other billing period for each vendor.
4. Attach continuation sheets as necessary.

Line No.	Name of Vendor (a)	Billing Period (b)	Gallons Purchased (000 Omitted) (c)	Cost (d)
1				
2				
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				
14				
15				
16				
17				
18	Total	XXX	-	-

FRANCHISE REQUIREMENTS (Account 805)

Sewer

1. Report below the amount of payments to municipal or other governmental authorities and the cost of treatment, materials, supplies and other items furnished such authorities during the year without reimbursement in compliance with franchise, ordinance, or similar requirements.
2. Give the basis of amounts entered in column (c) for water supplied without charge.

Line No.	Name of Municipality or Other Governmental Authority (a)	Cash Outlays (b)	Sewer Treatment Supplied Without Charge (c)	Other Items Furnished Without Charge (d)	Total (e)
32					-
33					-
34					-
35					-
36					-
37					-
38					-
39					-
40					-
41					-
42	Total	-	-	-	-

REGULATORY EXPENSES (Account 797)

Line No.	Description of Case (a)	Deferred In Account 126 Beginning of Year (b)	EXPENSES INCURRED DURING YEAR CHARGED CURRENTLY TO Department (c)	Account No. (d)	Amount (e)	Deferred to Account 146 (f)	AMORTIZED DURING YEAR Contra Account (g)	Amount (h)	Deferred In Account 146 End of Year (i)
1	PSC ANNUAL ASSESSMENT			797	2,610				
2									
3									
4									
5									
6									
7									
8									
9									
10									
11	Total	-	XXX	XXX	2,610	-	XXX	-	-

DETAIL OF CERTAIN GENERAL EXPENSE ACCOUNTS (Accounts 795-801)

MINOR ITEMS MAY BE GROUPED BY NATURE OF SERVICE. PROVIDE TOTAL COST, NATURE OF SERVICE, AND PAYEE FOR ANY ITEM OVER $5,000.

Line No.	OUTSIDE SERVICES EMPLOYED - Accounts 795, 796 Particulars (a)	Amount (b)	MISCELLANEOUS GENERAL EXPENSES - Account 801 Particulars (c)	Amount (d)
20	PSC REPORT PREPARATION	1,500		
21	AUDIT	1,200		
22	RULE 42 PREPARATION	975		
23				
24				
25				
26				
27				
28				
29				
30				
31	Total	3,675	Total	-

SALARIES OF ALL OFFICIALS

1. Report below the amount of compensation paid during the year to each elected officer of the respondent. Report also the compensation of the general manager, if the general manager or person holding a position comparable to general manager is not an elected officer of respondent.
2. If compensation reported for any officer does not cover the full year, state the period covered.
3. Bonuses and other allowances should be included in the total compensation. Furnish particulars as to such other compensation.

Line No.	Name and Title (a)	Total Compensation for year (b)	DISTRIBUTION TO ACCOUNT CLASSIFICATIONS (state utility department and account number) (c)	(d)	(e)	(f)	(g)
1	JAMES LOBB CHAIR	0					
2	WILLIAM ROSIER VICE	0					
3	FRED KOCH S/T	0					
4							
5							
6							
7							
8							
9							
10							

DISTRIBUTION OF SALARIES AND WAGES

Amounts originally charged to clearing accounts should be distributed to final classifications in column (c). Estimates may be used in such distribution provided that a reasonable approximation of final classification is obtained.

	Particulars (a)	Direct Payroll Distributions (b)	Allocation of Amounts Charged Clearing Accounts (c)	Total (d)
20				
21	Sewer Operation & Maintenance Expense	212,943		212,943
22				
23	Water Operation & Maintenance Expense			-
24	Other Dept.			
25	Operation & Maintenance Expense			-
26	Total of all Utility Departments			
27	Operation & Maintenance Expense	212,943	-	212,943
28	Total Merchandise and Jobbing			-
29	Total Utility Plant Construction			-
30	Total Utility Plant Retirements			-
31	Total All Other Accounts			-
32	Clearing Accounts			-
33				
34	TOTAL SALARIES & WAGES	212,943	XXXX	212,943

			Employees		Contract Employees
35	Total number of full time and contract equivalent employees at end of year.				
	Note: One full time equivalent employee = 2080 hours of work per year				
36	Total number of Operation and maintenance employees		7.00		-
37	Total number of employees engaged in customer billing and collection		-		1.00
38	Total number of employees engaged in adminstrative function		1.00		-
39	Total		8.00		1.00

40 Describe hereunder the general basis used in allocating to utility departments the several classes of expenses and salaries:

41
42
43
44
45
46
47

EMPLOYEE HEALTH, SAFETY , AND TRAINING HOURS

Report Total hours worke d, total hours away from work due to work related injury and
Total hours of qualified formal training hours for all employees.

Line no.			
1	1	**Employee Health and Safety Severity Rate**	
2		**Description:**	
3		Quantifies the rate of employee days lost from work due to work related illness or injury.	
4			
5	a	Total hours away from work by all employees due to work related injury	-
6	b	Total hours worked by all employees during the reporting period	12,500.00
7			
8	2	**Training Hours Per Employee**	
9			
10		*Qualified training is training that has been approved by the WV BPH, is documented by the utility	
11		outline, attendance roster and a qualified instructor, professional licensing certification	
12		requirements, through a training professional or is from an accredited institution development	
13		courses where a certificate is obtained upon the successful completion of the course	
14		or is from an accredited institution	
15			
16	a	Total of qualified * formal training hours for all employees	42.00
17	b	Total hours worked by employees during the reporting period	12,500.00
18			
19			
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51			

CONSTRUCTION CLEARANCES

Line No.	Name of Overhead (a)	Undistributed Overheads Beginning of Year (b)	(+) Overheads for Year (c)	(-) Undistributed Overheads End of Year (d)	Overheads Cleared During Year		
					Total Clearances (b+c-d) (e)	To Construction (f)	To Other Accounts (g)
1	Direct Charges:						
2	Company Labor				-		
3							
4	Company Materials				-		
5							
6	Contractor Payments				-		
7							
8	Other (specify)						
9					-		
10					-		
11					-		
12					-		
13					-		
14	Total Direct Charges	-	-	-	-	-	-
15	Overheads:						
16	Engineering and Supervision				-		
17							
18	Administrative and General				-		
19							
20	Taxes				-		
21							
22	Allowance for Funds Used				-		
23							
24	Other (specify)						
25					-		
26					-		
27					-		
28					-		
29	Total Overheads	-	-	-	-	-	-
30	Total Construction Clearances	-	-	-	-	-	-

PUMPING STATION EQUIPMENT

Use separate columns for each pump associated power equipment. Use insert sheets if necessary. For pumps, use only those lines applicable to the unit.

	PARTICULARS (a)	(b)	(c)	(d)	(e)
1	**PUMPING EQUIPMENT**				
2	Identification number or description of pump station	GREEN ACRES	MT. VIEW	CROGAN	WELLSLEY
3	Identification number, description, etc. of each pump	60ROZ201	60ROZ201	20ROZ281	60ROZ201
4	Type (displacement, centrifugal, air lift, ejector, etc.)	CENTRIFUGAL	CENTRIFUGAL	CENTRIFUGAL	CENTRIFUGAL
5	Purpose of pump (collection, plant, etc.)	COLLECTION	COLLECTION	COLLECTION	COLLECTION
6	Manufacturer	S & L	S & L	S & L	S & L
7	Rated capacity - gallons per minute	90	90	90	90
8	Discharge head - in feet	2640'	3960'	780'	2640'
9	Revolutions or strokes per minute	1600	1600	950	1600
10	Type station (dry well, wet well, other)	DRY	DRY	WET	DRY
11	Wet well dimensions (depth and length x width or diameter)			12' DEEP	
12	Number of hours operated during year	250	250	250	250
13					
14	**POWER EQUIPMENT**				
15	Motive power for pump (steam, internal comb. engine,				
16	electric motor, or water turbine):				
17	Type				
18	Manufacturer				
19	Rated horsepower				
20					
21	Electric generators or Emergency pumping units:				
22	Identification number or description				
23	Manufacturer				
24	Motive power (steam, internal comb. engine, hydraulic)				
25	Rated capacity in Kilowatt or KVA				
26	Rated capacity in GPM				
27					
28	Air compressors:				
29	Identification number or description				
30	Manufacturer				
31	Bore and stroke or rated delivery (CFM)				
32	Submergence of air lift in feet, static				
33					
34	Miscellaneous:				
35	Odor control equipment (yes / no)				
36	Emergency pumping connection (yes / no)				
37	Wet well aeration (yes / no)				
38	Other (yes / no)				
39					
40					
41					
42					
43					
44					
45					
46					
47					
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51					

PUMPING STATION EQUIPMENT

Use separate columns for each pump associated power equipment. Use insert sheets if necessary. For pumps, use only those lines applicable to the unit.

	PARTICULARS (a)	(b)	(c)	(d)	(e)
1	**PUMPING EQUIPMENT**				
2	Identification number or description of pump station	SOUTH FORK			
3	Identification number, description, etc. of each pump	80ROZ201			
4	Type (displacement, centrifugal, air lift, ejector, etc.)	CENTRIFUGAL			
5	Purpose of pump (collection, plant, etc.)	COLLECTION			
6	Manufacturer	S & L			
7	Rated capacity - gallons per minute	141			
8	Discharge head - in feet	3960'			
9	Revolutions or strokes per minute	1800			
10	Type station (dry well, wet well, other)	DRY			
11	Wet well dimensions (depth and length x width or diameter)	250			
12	Number of hours operated during year				
13					
14	**POWER EQUIPMENT**				
15	Motive power for pump (steam, internal comb. engine,				
16	electric motor, or water turbine):				
17	Type				
18	Manufacturer				
19	Rated horsepower				
20					
21	Electric generators or Emergency pumping units:				
22	Identification number or description				
23	Manufacturer				
24	Motive power (steam, internal comb. engine, hydraulic)				
25	Rated capacity in Kilowatt or KVA				
26	Rated capacity in GPM				
27					
28	Air compressors:				
29	Identification number or description				
30	Manufacturer				
31	Bore and stroke or rated delivery (CFM)				
32	Submergence of air lift in feet, static				
33					
34	Miscellaneous:				
35	Odor control equipment (yes / no)				
36	Emergency pumping connection (yes / no)				
37	Wet well aeration (yes / no)				
38	Other (yes / no)				
39					
40					
41					
42					
43					
44					
45					
46					
47					
48					
49					
50					
51					

PUMPING STATION EQUIPMENT

Use separate columns for each pump associated power equipment. Use insert sheets if necessary. For pumps, use only those lines applicable to the unit.

	PARTICULARS (a)	(b)	(c)	(d)	(e)
1	**PUMPING EQUIPMENT**				
2	Identification number or description of pump station				
3	Identification number, description, etc. of each pump				
4	Type (displacement, centrifugal, air lift, ejector, etc.)				
5	Purpose of pump (collection, plant, etc.)				
6	Manufacturer				
7	Rated capacity - gallons per minute				
8	Discharge head - in feet				
9	Revolutions or strokes per minute				
10	Type station (dry well, wet well, other)				
11	Wet well dimensions (depth and length x width or diameter)				
12	Number of hours operated during year				
13					
14	**POWER EQUIPMENT**				
15	Motive power for pump (steam, internal comb. engine,				
16	electric motor, or water turbine):				
17	Type				
18	Manufacturer				
19	Rated horsepower				
20					
21	Electric generators or Emergency pumping units:				
22	Identification number or description				
23	Manufacturer				
24	Motive power (steam, internal comb. engine, hydraulic)				
25	Rated capacity in Kilowatt or KVA				
26	Rated capacity in GPM				
27					
28	Air compressors:				
29	Identification number or description				
30	Manufacturer				
31	Bore and stroke or rated delivery (CFM)				
32	Submergence of air lift in feet, static				
33					
34	Miscellaneous:				
35	Odor control equipment (yes / no)				
36	Emergency pumping connection (yes / no)				
37	Wet well aeration (yes / no)				
38	Other (yes / no)				
39					
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42					
43					
44					
45					
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47					
48					
49					
50					
51					

PUMPING STATION EQUIPMENT

Use separate columns for each pump associated power equipment. Use insert sheets if necessary. For pumps, use only those lines applicable to the unit.

	PARTICULARS (a)	(b)	(c)	(d)	(e)
1	**PUMPING EQUIPMENT**				
2	Identification number or description of pump station				
3	Identification number, description, etc. of each pump				
4	Type (displacement, centrifugal, air lift, ejector, etc.)				
5	Purpose of pump (collection, plant, etc.)				
6	Manufacturer				
7	Rated capacity - gallons per minute				
8	Discharge head - in feet				
9	Revolutions or strokes per minute				
10	Type station (dry well, wet well, other)				
11	Wet well dimensions (depth and length x width or diameter)				
12	Number of hours operated during year				
13					
14	**POWER EQUIPMENT**				
15	Motive power for pump (steam, internal comb. engine,				
16	electric motor, or water turbine):				
17	Type				
18	Manufacturer				
19	Rated horsepower				
20					
21	Electric generators or Emergency pumping units:				
22	Identification number or description				
23	Manufacturer				
24	Motive power (steam, internal comb. engine, hydraulic)				
25	Rated capacity in Kilowatt or KVA				
26	Rated capacity in GPM				
27					
28	Air compressors:				
29	Identification number or description				
30	Manufacturer				
31	Bore and stroke or rated delivery (CFM)				
32	Submergence of air lift in feet, static				
33					
34	Miscellaneous:				
35	Odor control equipment (yes / no)				
36	Emergency pumping connection (yes / no)				
37	Wet well aeration (yes / no)				
38	Other (yes / no)				
39					
40					
41					
42					
43					
44					
45					
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48					
49					
50					
51					

PUMPING STATION EQUIPMENT

Use separate columns for each pump associated power equipment. Use insert sheets if necessary. For pumps, use only those lines applicable to the unit.

	PARTICULARS (a)	(b)	(c)	(d)	(e)
1	**PUMPING EQUIPMENT**				
2	Identification number or description of pump station				
3	Identification number, description, etc. of each pump				
4	Type (displacement, centrifugal, air lift, ejector, etc.)				
5	Purpose of pump (collection, plant, etc.)				
6	Manufacturer				
7	Rated capacity - gallons per minute				
8	Discharge head - in feet				
9	Revolutions or strokes per minute				
10	Type station (dry well, wet well, other)				
11	Wet well dimensions (depth and length x width or diameter)				
12	Number of hours operated during year				
13					
14	**POWER EQUIPMENT**				
15	Motive power for pump (steam, internal comb. engine,				
16	electric motor, or water turbine):				
17	Type				
18	Manufacturer				
19	Rated horsepower				
20					
21	Electric generators or Emergency pumping units:				
22	Identification number or description				
23	Manufacturer				
24	Motive power (steam, internal comb. engine, hydraulic)				
25	Rated capacity in Kilowatt or KVA				
26	Rated capacity in GPM				
27					
28	Air compressors:				
29	Identification number or description				
30	Manufacturer				
31	Bore and stroke or rated delivery (CFM)				
32	Submergence of air lift in feet, static				
33					
34	Miscellaneous:				
35	Odor control equipment (yes / no)				
36	Emergency pumping connection (yes / no)				
37	Wet well aeration (yes / no)				
38	Other (yes / no)				
39					
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PUMPING STATION EQUIPMENT

Use separate columns for each pump associated power equipment. Use insert sheets if necessary. For pumps, use only those lines applicable to the unit.

	PARTICULARS (a)	(b)	(c)	(d)	(e)
1	**PUMPING EQUIPMENT**				
2	Identification number or description of pump station				
3	Identification number, description, etc. of each pump				
4	Type (displacement, centrifugal, air lift, ejector, etc.)				
5	Purpose of pump (collection, plant, etc.)				
6	Manufacturer				
7	Rated capacity - gallons per minute				
8	Discharge head - in feet				
9	Revolutions or strokes per minute				
10	Type station (dry well, wet well, other)				
11	Wet well dimensions (depth and length x width or diameter)				
12	Number of hours operated during year				
13					
14	**POWER EQUIPMENT**				
15	Motive power for pump (steam, internal comb. engine,				
16	electric motor, or water turbine):				
17	Type				
18	Manufacturer				
19	Rated horsepower				
20					
21	Electric generators or Emergency pumping units:				
22	Identification number or description				
23	Manufacturer				
24	Motive power (steam, internal comb. engine, hydraulic)				
25	Rated capacity in Kilowatt or KVA				
26	Rated capacity in GPM				
27					
28	Air compressors:				
29	Identification number or description				
30	Manufacturer				
31	Bore and stroke or rated delivery (CFM)				
32	Submergence of air lift in feet, static				
33					
34	Miscellaneous:				
35	Odor control equipment (yes / no)				
36	Emergency pumping connection (yes / no)				
37	Wet well aeration (yes / no)				
38	Other (yes / no)				
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PUMPING STATION EQUIPMENT

Use separate columns for each pump associated power equipment. Use insert sheets if necessary. For pumps, use only those lines applicable to the unit.

	PARTICULARS (a)	(b)	(c)	(d)	(e)
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8	Discharge head - in feet				
9	Revolutions or strokes per minute				
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12	Number of hours operated during year				
13					
14	**POWER EQUIPMENT**				
15	Motive power for pump (steam, internal comb. engine,				
16	electric motor, or water turbine):				
17	Type				
18	Manufacturer				
19	Rated horsepower				
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21	Electric generators or Emergency pumping units:				
22	Identification number or description				
23	Manufacturer				
24	Motive power (steam, internal comb. engine, hydraulic)				
25	Rated capacity in Kilowatt or KVA				
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27					
28	Air compressors:				
29	Identification number or description				
30	Manufacturer				
31	Bore and stroke or rated delivery (CFM)				
32	Submergence of air lift in feet, static				
33					
34	Miscellaneous:				
35	Odor control equipment (yes / no)				
36	Emergency pumping connection (yes / no)				
37	Wet well aeration (yes / no)				
38	Other (yes / no)				
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PUMPING STATION EQUIPMENT

Use separate columns for each pump associated power equipment. Use insert sheets if necessary. For pumps, use only those lines applicable to the unit.

	PARTICULARS (a)	(b)	(c)	(d)	(e)
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8	Discharge head - in feet				
9	Revolutions or strokes per minute				
10	Type station (dry well, wet well, other)				
11	Wet well dimensions (depth and length x width or diameter)				
12	Number of hours operated during year				
13					
14	**POWER EQUIPMENT**				
15	Motive power for pump (steam, internal comb. engine,				
16	electric motor, or water turbine):				
17	Type				
18	Manufacturer				
19	Rated horsepower				
20					
21	Electric generators or Emergency pumping units:				
22	Identification number or description				
23	Manufacturer				
24	Motive power (steam, internal comb. engine, hydraulic)				
25	Rated capacity in Kilowatt or KVA				
26	Rated capacity in GPM				
27					
28	Air compressors:				
29	Identification number or description				
30	Manufacturer				
31	Bore and stroke or rated delivery (CFM)				
32	Submergence of air lift in feet, static				
33					
34	Miscellaneous:				
35	Odor control equipment (yes / no)				
36	Emergency pumping connection (yes / no)				
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PUMPING STATION EQUIPMENT

Use separate columns for each pump associated power equipment. Use insert sheets if necessary. For pumps, use only those lines applicable to the unit.

	PARTICULARS (a)	(b)	(c)	(d)	(e)
1	**PUMPING EQUIPMENT**				
2	Identification number or description of pump station				
3	Identification number, description, etc. of each pump				
4	Type (displacement, centrifugal, air lift, ejector, etc.)				
5	Purpose of pump (collection, plant, etc.)				
6	Manufacturer				
7	Rated capacity - gallons per minute				
8	Discharge head - in feet				
9	Revolutions or strokes per minute				
10	Type station (dry well, wet well, other)				
11	Wet well dimensions (depth and length x width or diameter)				
12	Number of hours operated during year				
13					
14	**POWER EQUIPMENT**				
15	Motive power for pump (steam, internal comb. engine,				
16	electric motor, or water turbine):				
17	Type				
18	Manufacturer				
19	Rated horsepower				
20					
21	Electric generators or Emergency pumping units:				
22	Identification number or description				
23	Manufacturer				
24	Motive power (steam, internal comb. engine, hydraulic)				
25	Rated capacity in Kilowatt or KVA				
26	Rated capacity in GPM				
27					
28	Air compressors:				
29	Identification number or description				
30	Manufacturer				
31	Bore and stroke or rated delivery (CFM)				
32	Submergence of air lift in feet, static				
33					
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36	Emergency pumping connection (yes / no)				
37	Wet well aeration (yes / no)				
38	Other (yes / no)				
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SEWER MAINS

Report collection, transmission, and force mains under separate captions and report number of feet at end of year for each sewer system . Also indicate how many feet were inspected by video during the year.
(Attached additional pages if necessary)

	Size and Kind of Pipe (a)	Feet (b)
1	GRAVITY LINES	
2	8" (EST. 60% PVC & 40% TERRACOTTA)	74,039
3	10"	3,700
4	12"	6,386
5	15"	7,100
6		
7	FORCE MAINS	
8	< 3" (EST. 80% DUCTILE & 20% PVC)	3,000
9	3"	800
10	6"	8,300
11		
12	MANHOLES - 646	
13		
14		
15		
16		
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45		
46		103,325

PUMPING AND PURCHASED SEWER TREATMENT STATISTICS

Omit 000's in reporting gallons of sewage.

Particulars (a)	Gallons of Purchased Sewage Treatment (b)	Gallons of Sewage Treated Per Month Treatment Plant (c)	Total all Methods (e)	
JULY		14,430	14,430	1
AUGUST		8,589	8,589	2
SEPTEMBER		8,443	8,443	3
OCTOBER		8,791	8,791	4
NOVEMBER		10,688	10,688	5
DECEMBER		27,212	27,212	6
JANUARY		21,135	21,135	7
FEBRUARY		17,861	17,861	8
MARCH		12,556	12,556	9
APRIL		21,150	21,150	10
MAY		20,040	20,040	11
JUNE		19,529	19,529	12
Total for year	-	190,424	190,424	13
				14
Total Gallons Treated			190,424	15
Less Gallons Billed (From page 601)	96,065			16
Inflow and Infiltration			49.55205%	17
State what action has been taken to reduce Inflow & Infiltration		SEE BELOW		18
Maximum gallons treated at the plant in any one day	1585700.00	Date:	12/17/08	19
Minimum gallons treated at the plant in any one day	108800.00	Date:	8/24/08	20
Average gallons treated per day	522	(Line 22 / 365)		21
If sewage treatment sold to other sewer utilities, list names of such utilities below:				22
15 I & I INVESTIGATIVE ACTIVITIES				23
11 SEWER LINE OR MANHOLE REPAIRS				24
2 CUSTOMER REPAIR LINES				25
9 GRINDER PUMP WELL PUMPING REPAIR				26
				27
				28
				29
				30
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CITY OF KINGWOOD SANITARY SEWER WORKS 6/30/2008

MAIN BLOCKAGES, TREATMENT RATE, SYSTEM INTEGRITY, CUSTOMER SATISFACTION, OVERFLOW RATE, AND MAINTENANCE RATIO

1	**(Water) Main Blockages (Wastewater)**		1
			2
a	Sewer Main Blockages	21.000	3
b	Main Blockages Repaired	5.000	4
			5
2	For Privates Only!		6
	Rate of Return : Authorized (from last Rae Study)		7
			8
3	**Planned Maintenance Ratio: WasteWater (Hours)**		9
	Description:		10
	This indicator is a measure of the investment in planned maintenance.		11
			12
a	Planned maintenance hours	320.000	13
b	Corrective maintenance hours	180.000	14
			15
c	Planned budgeted maintenance cost	78,400.00	16
d	Corrective(experienced) maintenance cost	51,278.00	17
			18
4	**Sewer Overflow Rate**		19
a	Total number of dry weather sewer overflows	14.00	20
b	Total number of wet weather sewer overflows	59.00	21
c	Number of Sewer Overflow Points	3.00	22
			23
5	**Wastewater System Collection System Integrity Rate**		24
a	Total number of collection system failures	21.00	25
b	Total miles of sewer collection main	19.57	26
			27
6	**Wastewater Treatment Effectiveness Rate**		28
			29
a	Number of standard non compliance months	3.00	30
b	Number of months in reporting period	12.00	31
			32
			33
7	**Customer Service**		34
	Customer satisfaction (surveys/focus groups, etc.)		35
			36
	Please indicate all efforts at determining customer satisfaction during the reporting		37
	period including, but not limited to, surveys, focus groups, customer meetings,		38
	and the results of those efforts.		39
			40
			41
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			45
			46
			47
			48
	RESPOND & ADDRESSING OF REPORTS/COMPLAINTS		49

PROPOSED SUMMARY BUDGET

Line No.		Revenue Requirement ($)	Revenue Sources ($)
1			
2			
3			
4	Available cash:		
5	Operating income		782,400
6	Other Income / Interest		30,850
7	Total Income		813,250
8			
9	Cash Disbursements:		
10	Operating expenses	513,974	
11	Other taxes	27,715	
12	Debt service requirements:		
13	Principal & Interest Requirement	223,464	
14			
15			
16			
17			
18	Bond Reserve Requirement		
19			
20			
21			
22			
23	Repair and Replacement Reserve Requirement	19,235	
24			
25			
26			
27			
28	Contingencies	28,862	
29			
30			
31			
32			
33	Plant Additions		
34			
35	Remaining Surplus		-
36			
37			
38			
39			
40			
41			

IDENTITY OF RESPONDENT

1. Exact name of Respondent

CITY OF KINGWOOD SANITARY SEWER WORKS

2. If name of respondent was changed during the year, give particulars of change and date change became effective

N/A

3. Address of principal business office at end of year
313 TUNNELTON STREET
KINGWOOD, WV 26537

4. Names and titles of officer having custody of the general corporate books of account and address of where the general corporate books are kept.
MARTHA MOORE, CITY CLERK
313 TUNNELTON STREET
KINGWOOD, WV 26537

5. Name of State under the laws of which respondent is incorporated and date of incorporation.
WEST VIRGINIA
1914

6. If respondent is not incorporated, give the type of organization and date organized.
MUNICIPALITY OWNED

7. If at any time during the year the property of respondent was held b a receiver or trustee, give (a) name of receiver or trustee, (b) date such receiver or trustee took possession, (c), the authority by which the receivership or trusteeship was created, and (d) date when possession by receiver or trustee ceased.
N/A

9. State the classes of utility and other services furnished by the respondent during the year in each state in which the respondent operated
CLASS B SEWER UTILITY

OFFICERS

Report below officers at end of year. If there were any changes during year show title, name, and address of previous officer and the date of change.

Line No.	Official Title (a)	Name and Principal Business Address (b)
1		
2		
3		
4		
5		
6		
7		
8		
9		
10		
11		
12		
13		
14		
15		
16		
17		
18		
19		

DIRECTORS

1. Report below directors at end of year. If there were any changes during year, show name and address of previous director and date of change.
2. Designate by an asterisk names of members of the executive committee.

Line No.	Name of Director (a)	Principal Business Address (b)	Term Began (c)	Term Expires (d)
28	JAMES LOBB CHAIR	KINGWOOD, WV	7/1/2007	6/30/2010
29	WILLIAM ROSIER VICE-CHAIR	KINGWOOD, WV	9/1/2006	8/31/2009
30	FRED KOCH SEC/TREAS	KINGWOOD, WV	9/1/2008	8/31/2011
31				
32				
33				
34				
35				
36				
37				
38				
39				
40				
41				
42				

1. State number of meeting of Board of Directors held during year. 12
2. State number of directors required to constitute a quorum. 2
3. State total amount of directors' fees paid during year. -

CORPORATE CONTROL OVER RESPONDENT

1. Did any corporation, business trust, or similar organization, hold control over the respondent at the close of the year? **NO**

2. If control was so held, state:
   (a) The form of control, whether sole or joint.

   (b) The name of the controlling corporation or organization.

   (c) The manner in which control was held.

   (d) The extent of control.

   (e) Whether control was direct or indirect.

   (f) The name or names of the intermediary or intermediaries through which control, if indirect, was held (see note).

3. If any individual, association or corporation held control, as trustees, over the respondent, give the information called for below:

   (a) The name of the trustee.

   (b) The name of the beneficiary or beneficiaries for whom the trust was maintained.

   (c) The purpose of the trust.

4. Give particulars as to any change during the year in the corporate control over the respondent.

Note: In cases where control of the respondent was in a holding company organization, submit a statement showing the chain of ownership or control to the main parent company or organization.

SECURITY HOLDERS AND VOTING POWERS

1. (A) Give the names and addresses of the security holders of the respondent who, at the date of the latest closing of the stock book or compilation of list of stockholders of the respondent, prior to the end of the year, each held 5% or more of the voting powers in the respondent, and state the number of votes which each would have had a right to cast on that date if a meeting were then in order. If any such holder held in trust, give in a footnote the known particulars of the trust, if the stock book was not closed or a list of stockholders not compiled within one year prior to the end of the year, or if since the previous compilation of a list of stockholders, some other class of security has become vested with voting rights, then show such largest security holders as of the close of the year. Arrange the names of security holders in the order of voting power commencing with the highest. Show in column (a) the title of officers and directors included in such list of security holders.
   (B) Give also the voting powers resulting from ownership of securities of the respondent of each officer and director not included in the list of largest security holders.
2. Give the date of the latest closing of the stock book prior to the end of the year, and state the purpose of such closing:

Line No.	Security Holder (a)	Address of Security Holder (b)	Number of Votes as of			
			Total Number of Votes (c)	Common Stock (d)	Preferred Stock (e)	Other Securities With Voting Power (f)
1						
2						
3						
3						
4						
5						
6						
7						
8						
9						
10						
11	Total Votes Represented by above (insert total here).					

3. Show below the total number of security holders, and total number of votes entitled to be cast, for each series and class of security vested with voting rights as of the date for which the foregoing list of security holders is furnished.

4. If voting rights are attached to any securities other than stock, name in a supplemental statement each such security to which voting rights are attached and state the relation between holdings and corresponding voting rights, whether voting rights are actual or contingent, and if contingent, describe the contingency.

5. If any class or issue of securities has any special privileges in the election of directors, trustees, or managers, or in the determination of corporate action by any method, describe fully in a footnote each such class or issue and give a succinct statement showing clearly the character and extent of such privilege.

6. State the total number of votes cast on the latest general meeting prior to end of year for the election of directors of the respondent and number of such votes cast by proxy.

7. Give the date and place of such meeting.

CORPORATIONS CONTROLLED BY RESPONDENT

1. Show the names of all corporations, business trusts, and similar organizations, controlled directly or indirectly by respondent at any time during the year. If control ceased prior to end of year, give particulars in an attached memorandum.
2. Direct control is that which is exercised without interposition of an intermediary.
3. Indirect control is that which is exercised by the interposition of an intermediary which exercises direct control.

Line No.	Name of Company Controlled (a)	Kind of Business (b)	% Voting Stock Owned (c)	Character of Control			
				Form of Control (d)	Sole or Joint (e)	Direct or Indirect (f)	Other Parties to Joint Control (g)
1							
2							
3							
4							
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27							

IMPORTANT CHANGES DURING THE YEAR

Here under give particulars concerning the matters indicated below. Make the statements explicit and precise, and number them in accordance with the inquiries. Each inquiry must be answered. However, if the word "none" states the fact it may be used in answering any inquiry, or if information is given in the report which answers any inquiry, reference to such other schedules will be sufficient.

1. Changes in, and additions to franchise rights: describing (a) the actual consideration given therefor, and (b) from whom acquired. If acquired without the payment of any consideration, state that fact.
2. Acquisition of other companies, reorganization, merger or consolidation with other companies: give names of companies involved, particulars concerning the transactions, and reference to Commission authorization, if any.
3. Purchase or sale of operating units or systems such as generating plants, transmission lines, etc; specifying items, parties, dates and also reference to Commission authorization, if any.
4. Important leaseholds acquired, given, assigned or surrendered, giving effective dates, lengths of terms, names of parties, rents, Commission authorization, if any, and other conditions.
5. Important extensions of system, giving location, new territory covered by distribution system, and dates of beginning operations.
6. Estimated increase or decrease in annual revenues due to important rate changes, giving basis of estimate and stating for each revenue classification the amounts of increase or decrease and the number of customers affected for each such classification.
7. Obligation incurred or assumed by respondent as guarantor for the performance by another of any agreement or obligation, excluding ordinary commercial paper maturing on demand or not later than one year after date of issue, and giving Commission authorization, if any.
8. Changes in articles of incorporation or amendments to charter.
9. Additional matters of fact (not elsewhere provided for) which the respondent may desire to include in its report.

NONE

VERIFICATION

The foregoing report must be verified by the oath of the officer, or person duly designated having control of the books and records of account of the utility. The oath required may be taken before any person authorized to administer an oath by the laws of the State in which same is taken.

OATH

State of West Virginia)
) SS:
County of PRESTON)

JAMES LOBB makes oath and says that

he/she is CHAIRMAN
(insert here the official title of the affiant)

of CITY OF KINGWOOD SANITARY SEWER WORKS
(insert here the exact legal title or name of the utility)

that he/she has examined the foregoing report; that to the best of his knowledge, information, and belief, all statements of fact contained in said report are true and that said report is a correct statement of the business and affairs of the above named utility in respect to each and every matter set forth therein during the period from and including---

07/01/2008 to and including 06/30/2009

James L. Lobb
(Signature of Affiant)

Subscribed and sworn to before me, a Notary public in and for the State and County above named, this 30th day of Sept. 2009

My commission expires October 20, 2014

Martha E. Moore
(Signature of officer authorized to administer oaths)

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
MARTHA E. MOORE
CITY OF KINGWOOD
313 TUNNELTON ST.
KINGWOOD, WV 26537
My commission expires October 20, 2014

APPENDIX C

FORM OF BOND ORDINANCE

FORM OF BOND ORDINANCE

THE TOWN OF KINGWOOD
(WEST VIRGINIA)

SEWER REFUNDING REVENUE BONDS, SERIES 2010 A

BOND ORDINANCE

Table of Contents

RECITALS

ARTICLE I
DEFINITIONS; STATUTORY AUTHORITY; FINDINGS

Section 1.01 Definitions....3
Section 1.02 Authority for this Ordinance....10
Section 1.03 Findings....10
Section 1.04 Ordinance Constitutes Contract....14

ARTICLE II
AUTHORIZATION OF REFUNDING

Section 2.01 Authorization of Refunding....15

ARTICLE III
THE BONDS

Section 3.01 Form and Payment of Bonds....16
Section 3.02 Execution of Bonds....16
Section 3.03 Authentication and Registration....17
Section 3.04 Negotiability and Registration....17
Section 3.05 Bonds Mutilated, Destroyed, Stolen or Lost....18
Section 3.06 Term Bonds....18
Section 3.07 Notice of Redemption....19
Section 3.08 Persons Treated as Owners....20
Section 3.09 Temporary Bonds....20

Section 3.10 Authorization Bonds 21
Section 3.11 Book Entry System for Series 2010 A Bonds....21
Section 3.12 Delivery of Series 2010 A Bonds 23
Section 3.13 Form of Series 2010 A Bonds....23
Section 3.14 Disposition of Proceeds of Series 2010 A Bonds 24

ARTICLE IV
SYSTEM REVENUES; FUNDS AND ACCOUNTS

Section 4.01 Establishment of Funds and Accounts with Depository Bank....25
Section 4.02 Establishment of Funds and Accounts with Bond Commission....25
Section 4.03 System Revenues and Application Thereof....25

ARTICLE V
INVESTMENTS; NON-ARBITRAGE
REBATES AND CONTINUING DISCLOSURE CERTIFICATE

Section 5.01 Investments 30
Section 5.02 Arbitrage 31
Section 5.03 Tax Certificate, Rebates and Rebate Fund....31
Section 5.04 Continuing Disclosure Certificate....32

ARTICLE VI
ADDITIONAL COVENANTS OF THE ISSUER

Section 6.01 Covenants Binding and Irrevocable....33
Section 6.02 Bonds not to be Indebtedness of the Issuer....33
Section 6.03 Series 2010 A Bonds Secured by Parity Pledge of Net Revenues; Lien Position with Respect to Prior Bonds 33
Section 6.04 Rates....33
Section 6.05 Operation and Maintenance 34
Section 6.06 Sale of the System....34
Section 6.07 Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances....35
Section 6.08 Additional Parity Bonds....35
Section 6.09 Insurance and Bonds 37
Section 6.10 Mandatory Connections....38
Section 6.11 No Free Services....38
Section 6.12 Enforcement of Collections 38
Section 6.13 No Competing Franchise 39
Section 6.14 Books and Records 39
Section 6.15 Operating Budget....40
Section 6.16 Tax Covenants 40
Section 6.17 Statutory Mortgage Lien....41
Section 6.18 Designation of Series 2010 A Bonds as "Qualified Tax-Exempt Obligation".....41

ARTICLE VII
DEFAULTS AND REMEDIES

Section 7.01 Events of Default 42
Section 7.02 Enforcement 42
Section 7.03 Appointment of Receiver 43
Section 7.04 Restoration of Issuer and Registered Owners 44

ARTICLE VIII
REGISTRAR, PAYING AGENT AND DEPOSITORY BANK

Section 8.01 Appointment of Registrar, Paying Agent and Depository Bank 45
Section 8.02 Responsibilities of Fiduciaries 45
Section 8.03 Evidence on Which Fiduciaries May Act 45
Section 8.04 Compensation and Expenses 45
Section 8.05 Certain Permitted Acts 45
Section 8.06 Resignation of Registrar 46
Section 8.07 Removal 46
Section 8.08 Appointment of Successor 46
Section 8.09 Transfer of Rights and Property to Successor 46
Section 8.10 Merger or Consolidation 47
Section 8.11 Adoption of Authentication 47
Section 8.12 Paying Agent and Depository Bank 47

ARTICLE IX
DEFEASANCE; DISCHARGE OF PLEDGE OF ORDINANCE

Section 9.01 Defeasance; Discharge of Pledge of Ordinance 49

ARTICLE X
MISCELLANEOUS

Section 10.01 Amendment of Ordinance 50
Section 10.02 Evidence of Signatures of Registered Owners and Ownership of Series 2010 A Bonds 50
Section 10.03 Preservation and Inspection of Documents 51
Section 10.04 Cancellation of Series 2010 A Bonds 51
Section 10.05 Failure to Present Series 2010 A Bonds 51
Section 10.06 Notices, Demands and Requests 51
Section 10.07 No Personal Liability 52
Section 10.08 Law Applicable 52
Section 10.09 Parties Interested Herein 52
Section 10.10 Severability of Invalid Provisions 53
Section 10.11 Table of Contents and Headings 53
Section 10.12 Conflicting Provisions Repealed 53
Section 10.13 Covenant of Due Procedure, Etc. 53

Section 10.14 Procedure on Enactment of Ordinance; Public Hearing 53
Section 10.15 Effective Date 54

SIGNATURES S-1
CERTIFICATION S-2
EXHIBIT A - SERIES 2010 A BOND FORM A-1

THE TOWN OF KINGWOOD
(WEST VIRGINIA)

AN ORDINANCE AUTHORIZING THE REFUNDING OF THE ISSUER'S OUTSTANDING SEWER REFUNDING REVENUE BONDS, SERIES 1997 A AND THE FINANCING OF THE COST THEREOF, NOT OTHERWISE PROVIDED, AND PAYING COSTS OF ISSUANCE AND RELATED COSTS, THROUGH THE ISSUANCE OF SEWER REFUNDING REVENUE BONDS, SERIES 2010 A OF THE TOWN IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT MORE THAN $2,000,000; PROVIDING FOR THE RIGHTS AND REMEDIES OF, AND THE SECURITY FOR, THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING THE EXECUTION AND DELIVERY OF A TAX AND NON-ARBITRAGE CERTIFICATE, AN OFFICIAL STATEMENT, A BOND PURCHASE AGREEMENT, A CONTINUING DISCLOSURE AGREEMENT AND OTHER DOCUMENTS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

WHEREAS, The Town of Kingwood (the "Issuer" or the "Town") presently owns and operates, a sewerage system (the "System") and has heretofore financed the acquisition and construction of the System and certain additions, betterments and improvements thereto through the issuance of several series of bonds or refunding bonds, of which there are presently outstanding the Prior Bonds, as hereinafter defined;

WHEREAS, all of the Prior Bonds were issued pursuant to ordinances of the Issuer previously enacted (such ordinances, as so amended and supplemented, collectively herein called the "Prior Ordinances");

WHEREAS, under the provisions of Chapter 16, Article 13 of the Code of West Virginia, 1931, as amended (the "Act"), the Issuer is authorized to issue refunding revenue bonds for the purpose of refunding, paying or discharging all or any part of its outstanding revenue bonds, including interest thereon;

WHEREAS, the Issuer has determined and hereby determines that present value debt service savings would result from the Issuer's current refunding of its outstanding Sewer

Refunding Revenue Bonds, Series 1997 A, dated November 1, 1997, issued in the original aggregate principal amount of $2,130,000 (the "Series 1997 A Bonds");

WHEREAS, the Issuer has determined that it is in the best interests of the inhabitants of The Town of Kingwood and other users of the System to currently refund its outstanding Series 1997 A Bonds;

WHEREAS, the Issuer has determined that the aforementioned refunding of the Series 1997 A Bonds should be financed with the proceeds from the issuance of the Town's Sewer Refunding Revenue Bonds, Series 2010 A, in the original aggregate principal amount of not more than $2,000,000 (the "Series 2010 A Bonds"), such Series 2010 A Bonds to be secured by and payable from the Net Revenues (as hereinafter defined) of the System; and

WHEREAS, the Issuer has determined and hereby determines that it is in the best interests of the residents of the Town that its Series 2010 A Bonds be sold to the Original Purchaser (as hereinafter defined) thereof pursuant to the terms and provisions of a bond purchase agreement (the "Bond Purchase Agreement") between the Issuer and the Original Purchaser.

NOW, THEREFORE, THE COUNCIL OF THE TOWN OF KINGWOOD HEREBY ORDAINS:

ARTICLE I

DEFINITIONS; STATUTORY AUTHORITY; FINDINGS

Section 1.01. Definitions. All capitalized terms used in this Ordinance and not otherwise defined in the recitals hereto shall have the meanings specified below, unless the context expressly requires otherwise:

"Act" means Chapter 16, Article 13 of the Code of West Virginia, 1931, as amended and in effect on the date of delivery of the Series 2010 A Bonds.

"Authorized Newspaper" means a financial journal or newspaper of general circulation in the City of New York, New York, printed in the English language and customarily published on each business day of the Registrar, whether or not published on Saturdays, Sundays or legal holidays, and so long as so published, shall include The Bond Buyer.

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

"Board" means the Sanitary Board of the Issuer.

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

"Bond Counsel" shall mean any law firm having a national reputation in the field of municipal law whose opinions are generally accepted by purchasers of municipal bonds, appointed by the Issuer, and shall initially mean Steptoe & Johnson PLLC, Charleston, West Virginia.

"Bondholder," "Holder," "Holder of the Bonds," "Owner of the Bonds," "Registered Owner," or any similar term means any person who shall be the registered owner of any outstanding Bond.

"Bond Insurer" means any entity which shall insure all or any portion of the payment of principal of and interest on any of the Bonds.

"Bond Register" means the books of the Issuer maintained by the Registrar for the registration and transfer of Bonds.

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

"Bonds" means, collectively, the Series 2010 A Bonds, the Prior Bonds and any additional parity Bonds hereafter issued within the terms, restrictions and conditions contained herein.

"Business Day" means any day other than a Saturday, Sunday or a day on which national banking associations or West Virginia banking corporations are authorized by law to remain closed.

"Certificate of Authentication and Registration" means the Certificate of Authentication and Registration on the Series 2010 A Bonds, substantially in the form set forth in EXHIBIT A - FORM OF SERIES 2010 A BOND, attached hereto.

"Closing Date" means the date upon which there is an exchange of the Series 2010 A Bonds for the proceeds representing the original purchase price thereof.

"Code" shall mean the Internal Revenue Code of 1986, as amended and supplemented from time to time, and Regulations thereunder.

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

"Consulting Engineers" means any qualified engineer or engineers or firm or firms of engineers that shall at any time now or hereafter be retained by the Issuer as Consulting Engineers for the System, or portion thereof.

"Costs" or "Costs of the Project" or similar terms means all those costs now or hereafter permitted by the Act to be financed with bonds issued pursuant hereto, including, without limitation, those costs described in Section 1.03E.

"Council" means the Town Council of the Issuer or any other governing body of the Issuer that succeeds to the functions of the Council as presently constituted.

"Debt Service," with reference to a specified period, means the amount of principal, including any sinking fund payments, and interest payable with respect to the Bonds during such period.

"Depository Bank" means the bank or banks to be designated as such in the Supplemental Resolution, and any other bank or national banking association located in the State of West Virginia, eligible under the laws of the State of West Virginia to receive deposits of state and municipal funds and insured by the FDIC that may hereafter be appointed by the Issuer as Depository Bank.

"DTC" means The Depository Trust Company, New York, New York or its successor.

"DTC-eligible" means, with respect to the Series 2010 A Bonds, meeting the qualifications prescribed by DTC.

"Event of Default" means any occurrence or event specified in Section 7.01.

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

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

"Governing Body" means the Town Council of the Issuer or any other governing body of the Issuer that succeeds to the functions of the Town Council, as it may now or hereafter be constituted.

"Government Obligations" means certificates or interest-bearing notes or obligations of the United States, or those for which the full faith and credit of the United States are pledged for the payment of principal and interest.

"Gross Revenues" means the aggregate gross operating and non-operating revenues of the System, determined in accordance with generally accepted accounting principles, after deduction of prompt payment discounts, if any, and reasonable provision for uncollectible

accounts, and includes any proceeds from the sale or other disposition of capital assets, but does not include any increase in the value of capital assets (including Qualified Investments).

"Independent Accountants" means the West Virginia State Tax Department or any certified public accountant or firm of certified public accountants that shall at any time hereafter be retained by the Issuer to prepare an independent annual or special audit of the accounts of the System or for any purpose except keeping the accounts of said System in the normal operations of its business and affairs.

"Investment Property" means any security (as said term is defined in Section 165(g)(2)(A) or (B) of the Code), obligation, annuity contract, investment-type property or residential rental property for family units which is not located within the jurisdiction of the Issuer and which is not acquired to implement a court ordered or approved housing desegregation plan, excluding, however, obligations the interest on which is excluded from gross income, under Section 103 of the Code, for federal income tax purposes other than specified private activity bonds as defined in Section 57(a)(5)(C) of the Code.

"Maximum Annual Debt Service" means, at the time of computation, the greatest amount of Debt Service required to be paid on the Bonds for the then current or any succeeding Fiscal Year, assuming that the principal of any Term Bonds is deemed due on the earlier of their stated maturity date or the date on which they are required to be redeemed pursuant to mandatory sinking fund redemption.

"Mayor" means the Mayor of the Issuer.

"Net Proceeds" means the face amount of the Series 2010 A Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds deposited in the Series 2010 A Bonds Reserve Account. For purposes of the Private Business Use limitations set forth herein, the term Net Proceeds shall include any amounts resulting from investment of proceeds of the Series 2010 A Bonds, without regard to whether or not such investment is made in tax-exempt obligations.

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

"Nonpurpose Investment" means any Investment Property which is acquired with the gross proceeds of the Series 2010 A Bonds and is not acquired in order to carry out the governmental purpose of the Series 2010 A Bonds.

"Operating Expenses," unless qualified, means the current expenses, paid or accrued, of repair, operation and maintenance of the System, and includes, without limiting the generality of the foregoing, administrative, engineering, legal, auditing and insurance expenses (other than those capitalized as part of the costs of any project relating to the acquisition or construction of additions, betterments or improvements for the System), supplies, labor, wages, the cost of materials and supplies used for current operations, fees and expenses of fiscal agents and of the Depository Bank, Registrar and Paying Agent or Paying Agents, payments to pension

or retirement funds, taxes and such other reasonable operating costs and expenses as should normally and regularly be included under generally accepted accounting principles.

"Ordinance" regardless of whether preceded by the article "the" or "this," means this Ordinance, as it may hereafter from time to time be amended or supplemented, by ordinance or by resolution.

"Original Purchaser" means the investment banking firm or firms, bank or banks or such other entity or entities as shall purchase the Series 2010 A Bonds directly from the Issuer, as determined by a resolution supplemental hereto.

"Outstanding," when used with reference to Bonds and as of any particular date, describes all Bonds theretofore and thereupon being issued and delivered except (a) any Bond or Prior Bond canceled by the registrar for such Bond or Prior Bond at or prior to said date; (b) any Bond or Prior Bond for the payment of which moneys, equal to its principal amount, with interest to the date of maturity, shall be held in trust under this Ordinance and set aside for such payment (whether upon or prior to maturity); (c) any Bond deemed to have been paid as provided by Section 9.01; and (d) with respect to determining the number or percentage of Bondholders or Bonds respectively, for the purpose of consents, notices and the like, any Bond registered to the Issuer. Notwithstanding the foregoing, in the event that a Bond Insurer has paid principal of and/or interest on any Bond, such Bond shall be deemed to be Outstanding until such time as such Bond Insurer has been reimbursed in full.

"Paying Agent" means the Bond Commission and any other paying agent for the Bonds which may be appointed by a resolution supplemental hereto, all in accordance with Section 8.12 hereof.

"Prior Bonds" means, collectively, the Series 1986 B Bonds, the Series 2001 Bonds, and the Series 2009 A Bonds as more fully defined in Section 1.03H hereof.

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

"Private Business Use" means use directly or indirectly in a trade or business carried on by a natural person or in any activity carried on by a person other than a natural person, excluding, however, use by a state or local governmental unit and use as a member of the general public.

"Purchase Price," for the purpose of computation of the Yield of the Series 2010 A Bonds, has the same meaning as the term "issue price" in Sections 1273(b) and 1274 of the Code, and, in general, means the initial offering price of the Series 2010 A Bonds to the public (not including bond houses and brokers, or similar persons or organizations acting in the capacity of underwriters or wholesalers) at which price a substantial amount of the Bonds of each maturity is sold or, if the Series 2010 A Bonds are privately placed, the price paid by the first buyer of the Series 2010 A Bonds or the acquisition cost of the first buyer. "Purchase Price," for purposes of computing Yield of Nonpurpose Investments, means the fair market value of the

Nonpurpose Investments on the date of use of Gross Proceeds of the Series 2010 A Bonds for acquisition thereof, or if later, on the date that Investment Property constituting a Nonpurpose Investment becomes a Nonpurpose Investment of the Series 2010 A Bonds.

"Qualified Investments" means and includes the investments set forth in the Supplemental Resolution and designated as such.

"Rebate Fund" means the Rebate Fund described in Section 4.01 hereof.

"Record Date" means the day of the month which shall be so stated in the Series 2010 A Bonds, regardless of whether such day is a Saturday, Sunday or legal holiday.

"Recorder" means the Recorder of the Issuer.

"Redemption Date" means the date fixed for redemption of Bonds subject to redemption in any notice of redemption published or mailed in accordance herewith.

"Redemption Price" means the price at which the Bonds may be called for redemption and includes the principal amount of the Bonds to be redeemed, plus the premium, if any, required to be paid to effect such redemption.

"Registered Owner," "Bondholder," "Holder," "Owner" or any similar term means any person who shall be the registered owner of any outstanding Bond.

"Registrar" means the bank to be designated in the Supplemental Resolution as the registrar for the Series 2010 A Bonds, and any successor thereto appointed in accordance with Section 8.08 hereof.

"Regulations" means temporary and permanent regulations promulgated under the Code, and includes applicable regulations promulgated under the Internal Revenue Code of 1954.

"Renewal and Replacement Fund" means the Renewal and Replacement Fund created by the Prior Ordinances and continued by Section 4.02 hereof.

"Reserve Accounts" means, collectively, the respective reserve accounts created for the Series 2010 A Bonds and the Prior Bonds.

"Reserve Account Requirement" means, collectively, the respective amount required to be on deposit in the respective Reserve Accounts for the Series 2010 A Bonds and the Prior Bonds.

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

"Series 1986 B Bonds" means the Issuer's Sewer Revenue Bonds, Series 1986 B (West Virginia Water Development Authority), dated March 26, 1986, issued in the original aggregate principal amount of $850,860.

"Series 1997 A Bonds" means The City of Kingwood (West Virginia) Sewer Refunding Revenue Bonds, Series 1997, dated November 1, 1997, issued in the original aggregate principle amount of $2,130,000.

"Series 1997 A Ordinance" means the Bond Ordinances authorizing the Series 1997 A Bonds.

"Series 2001 A Bonds" means The City of Kingwood Sewer Revenue Bonds, Series 2001 A (West Virginia SRF Program), dated December 20, 2001, issued in the original aggregate principal amount of $878,181.

"Series 2009 A Bonds" means the Sewerage System Design Revenue Bonds, Series 2009 A (West Virginia Water Development Authority), dated January 30, 2009, issued in the original aggregate principal amount of $724,650.

"Series 2010 A Bonds" means the Sewer Refunding Revenue Bonds, Series 2010 A, of the Issuer, originally authorized to be issued pursuant to this Ordinance and the Supplemental Resolution.

"Series 2010 A Bonds Costs of Issuance Fund" means the Costs of Issuance Fund created by Section 4.01 hereof.

"Series 2010 A Bonds Redemption Account" means the Series 2010 A Bonds Redemption Account established in the Series 2010 A Bonds Sinking Fund pursuant to Section 4.02 hereof.

"Series 2010 A Bonds Reserve Account" means the Series 2010 A Bonds Reserve Account established in the Series 2010 A Bonds Sinking Fund pursuant to Section 4.02 hereof.

"Series 2010 A Bonds Reserve Account Requirement" means an amount equal to the lesser of (i) 10% of the original principal amount of the Series 2010 A Bonds, (ii) Maximum Annual Debt Service at the time of original issuance of the Series 2010 A Bonds, or (iii) 125% of average annual Debt Service at the time of original issuance of the Series 2010 A Bonds.

"Series 2010 A Bonds Sinking Fund" means the Series 2010 A Bonds Sinking Fund established by Section 4.02 hereof.

"Sinking Funds" means, collectively, the respective sinking funds created for the Series 2010 A Bonds and the Prior Bonds.

"State" means the State of West Virginia.

"Supplemental Resolution" means any ordinance or resolution amendatory hereof or supplemental hereto and, when preceded by the article "the," refers specifically to the Supplemental Resolution to be adopted by the Issuer following enactment of this Ordinance, setting forth the final amounts, maturities, interest rates and other terms of the Series 2010 A Bonds and authorizing the sale of the Series 2010 A Bonds to the Original Purchaser; provided, that any provision intended to be included in the Supplemental Resolution and not so included may be contained in any other Supplemental Resolution.

"Surplus Revenues" means the Gross Revenues not required by the 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 funds and accounts established for the Prior Bonds or the Series 2010 A Bonds.

"System" means the complete public sewerage system of the Issuer, presently existing in its entirety or any integral part thereof, and any further additions, extensions and improvements thereto hereafter constructed or acquired for the System from any sources whatsoever.

"Term Bonds" means Series 2010 A Bonds subject to mandatory sinking fund redemption, as described by Section 3.06 hereof.

"Town" or "Issuer" means The Town of Kingwood, a municipal corporation and political subdivision of the State of West Virginia, in Preston County thereof, and, unless the context clearly indicates otherwise, includes the Governing Body and any other commission, board or department established by the Issuer to operate and maintain the System.

Words importing singular number shall include the plural number in each case and vice versa; words importing persons shall include firms and corporations and vice versa; and words importing the masculine gender shall include the feminine and neuter genders and vice versa.

Additional terms and phrases are defined in this Ordinance as they are used. Accounting terms not specifically defined herein shall be given meaning in accordance with generally accepted accounting principles.

The terms "herein," "hereunder," "hereby," "hereto," "hereof" and any similar terms refer to this Ordinance; and the term "hereafter" means after the date of enactment of this Ordinance.

Articles, sections and subsections mentioned by number only are the respective articles, sections and subsections of this Ordinance so numbered.

Section 1.02. Authority for this Ordinance. This Ordinance is enacted pursuant to the provisions of the Act and other applicable provisions of law.

Section 1.03. Findings. The Council hereby finds and determines as follows:

A. The Issuer is a municipal corporation and political subdivision of the State of West Virginia, in Preston County of said State.

B. The Issuer now owns and operates a public sewerage System, the construction, extension and improvement of which it has financed or refinanced pursuant to the issuance of the Prior Bonds.

C. The Issuer has determined that present value debt service savings will result from the current refunding of its Outstanding Series 1997 A Refunding Revenue Bonds, and that it is in the best interest of the residents of the Issuer and other users of the System to currently refund such Series 1997 A Refunding Revenue Bonds.

D. It is deemed necessary for the Issuer to issue its Sewer Refunding Revenue Bonds, Series 2010 A, in the original aggregate principal amount of not more than $2,000,000, in order to repay in full the remaining principal balance of and all accrued interest on the Issuer 's Series 1997 A Refunding Revenue Bonds. The proceeds of the Series 2010 A Bonds may also be applied to funding the Series 2010 A Bonds Reserve Account and the payment of underwriter's discount; legal expenses; expenses for estimates of costs and revenues; administrative expense; commitment fees; premiums for municipal bond insurance, reserve account insurance or reserve account surety bonds; letter of credit fees; discount; initial fees for the services of registrar's, paying agents, depositories or trustees or other costs in connection with the sale of the Series 2010 A Bonds and such other expenses as may be necessary or incidental to the financing herein authorized; and the performance of the things herein required or permitted, in connection with any thereof, provided, that reimbursement to the Issuer for any amounts expended by it for allowable costs prior to the issuance of the Series 2010 A Bonds or the repayment of indebtedness incurred by the Issuer for such purposes shall also be permitted.

E. It is in the best interest of the Issuer that the Series 2010 A Bonds be sold to the Original Purchaser pursuant to the terms and provisions of a Bond Purchase Agreement to be entered into by and between the Issuer and the Original Purchaser, as shall be approved by the Supplemental Resolution of the Issuer.

F. There are outstanding obligations of the Issuer which will rank on a parity with the Series 2010 A Bonds as to liens, pledge, source of and security for payment, as follows: (1) Sewerage System Design Revenue Bonds, Series 2009 A (West Virginia Water Development Authority), dated January 30, 2009, issued in the original aggregate principal amount of $724,650 (the "Series 2009 A Bonds"); (2) Sewer Revenue Bonds, Series 2001 A (West Virginia SRF Program), dated December 20, 2001, issued in the original aggregate principal amount of $878,181 (the "Series 2001 A Bonds"); and (3) Sewer Revenue Bonds, Series 1986 B (West Virginia Water Development Authority), dated March 26, 1986, issued in the original aggregate principal amount of $850,860 (the "Series 1986 B Bonds") (collectively referred to herein as the "Prior Bonds").

The Series 2010 A Bonds shall be issued on a parity with one another and with the Prior Bonds, all of which shall have a first lien position with respect to pledge and source of and

security for payment and in all other respects. The Issuer has met the coverage requirements for issuance of parity bonds of the Prior Bonds and the Prior Ordinances and has substantially complied with all other parity requirements, except to the extent that noncompliance with any such other parity requirements is not of a material nature.

Prior to the issuance of the Series 2010 A Bonds, the Issuer will obtain (i) the certificate of an Independent Certified Public Accountant stating that the coverage and parity tests of the Prior Bonds are met; and (ii) the written consent of the Registered Owners of the Prior Bonds to the issuance of the Series 2010 A Bonds on a parity with such Prior Bonds if required by the Prior Ordinances.

Other than the Prior Bonds, there are no other outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System.

G. The Issuer derives revenues from the System which are pledged for payment of the Prior Bonds. Except for such pledge thereof to secure and pay the Prior Bonds, said revenues are not pledged or encumbered in any manner. The Issuer intends to issue the Series 2010 A Bonds and to pledge for payment thereof, the Net Revenues of the System. Upon issuance of the Series 2010 A Bonds, the Series 2010 A Bonds will be secured by a first lien on the Net Revenues of the System, on a parity with the Prior Bonds.

H. The estimated revenues to be derived in each year after the date hereof from the operation of the System will be sufficient, to provide for repair, maintenance and operation of the System, the payment of interest on the Series 2010 A Bonds and the Prior Bonds, and to create sinking funds, as hereinafter provided, to pay the principal on the Series 2010 A Bonds and the Prior Bonds as and when it becomes due and reasonable reserves therefore, to provide an adequate renewal and replacement fund, as hereinafter provided, and to make all other payments provided for in this Ordinance.

I. It is in the best interests of the Issuer, and the residents thereof, that the Issuer issue the Series 2010 A Bonds, and secure the Series 2010 A Bonds by a pledge and assignment of the Net Revenues derived from the operation of the System, the monies in the Series 2010 A Bonds Reserve Account, unexpended proceeds of the Series 2010 A Bonds and as further set forth herein.

J. The Series 2010 A Bonds and the Certificate of Authentication and Registration to be endorsed thereon are to be in substantially the forms set forth in EXHIBIT A - SERIES 2010 A BOND FORM, attached hereto and incorporated herein by reference, with necessary and appropriate variations, omissions and insertions as permitted or required by this Ordinance or a Supplemental Resolution or as deemed necessary by the Registrar or the Issuer.

K. All things necessary to make the Series 2010 A Bonds, when authenticated by the Registrar and issued as in this Ordinance provided, the valid, binding and legal special obligations of the Issuer according to the import thereof, and to validly pledge and assign those funds pledged hereby to the payment of the principal of and interest on the Series 2010 A Bonds will be timely done and duly performed.

L. The enactment of this Ordinance, and the execution and issuance of the Series 2010 A Bonds, subject to the terms thereof, will not result in any breach of, or constitute a default under, any instrument to which the Issuer is a party or by which it may be bound or affected.

M. 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 2010 A Bonds for the purposes set forth herein.

N. The Issuer has complied with all requirements of West Virginia law relating to the operation of the System, the issuance of the Series 2010 A Bonds and the refunding of the Series 1997 A Refunding Revenue Bonds, or will have so complied prior to issuance of any thereof, including, among other things, the obtaining of a certificate of convenience and necessity from the West Virginia Public Service Commission by final order, the time for rehearing and appeal of which will either have expired prior to the date of issuance of the Series 2010 A Bonds or such final order will not be subject to appeal or rehearing.

Section 1.04. Ordinance Constitutes Contract. In consideration of the acceptance of the Series 2010 A Bonds by those who shall own or hold the same from time to time, this Ordinance shall be deemed to be and shall constitute a contract between the Issuer and such Registered Owners and the covenants and agreements herein set forth to be performed by the Issuer shall be for the equal benefit, protection and security of the legal Registered Owners of any and all of such Series 2010 A Bonds, all of which shall be of equal rank and without preference, priority or distinction between any one Series 2010 A Bond and any other Series 2010 A Bond, by reason of priority of issuance or otherwise, except as expressly provided therein and herein.

ARTICLE II

AUTHORIZATION OF REFUNDING

Section 2.01. Authorization of Refunding. All Series 1997 A Refunding Revenue Bonds Outstanding as of the date of issuance of the Series 2010 A Bonds and all unpaid interest accrued thereon, if any, are hereby ordered to be refunded and paid in full and the pledge of Net Revenues in favor of the Registered Owners of the Series 1997 A Refunding Revenue Bonds imposed by the Prior Ordinance authorizing the issuance of the Series 1997 A Refunding Revenue Bonds, the monies in the funds and accounts created by the Prior Ordinances pledged to payment of the Series 1997 A Refunding Revenue Bonds, and any other funds pledged by the Prior Ordinances to payment of the Series 1997 A Refunding Revenue Bonds are hereby ordered terminated, discharged and released upon such payment to the Registered Owners of the Series 1997 A Refunding Revenue Bonds. Contemporaneously with the payment in full of the Series 1997 A Refunding Revenue Bonds, the amounts on deposit in the sinking fund, and all other funds and accounts created and maintained on behalf of the Series 1997 A Refunding Revenue Bonds, shall be released from the lien created by the Prior Ordinance authorizing the issuance of the Series 1997 A Refunding Revenue Bonds.

ARTICLE III

THE BONDS

Section 3.01. Form and Payment of Bonds. No Series 2010 A Bond shall be issued pursuant to this Ordinance except as provided in this Article III. Any Series 2010 A Bonds issued pursuant to this Ordinance may be issued only as fully registered Series 2010 A Bonds without coupons, in the denomination of $5,000 or any integral multiple thereof for any year of maturity (or such other denominations as may be set forth in a Supplemental Resolution). All Series 2010 A Bonds shall be dated as of the date provided in a Supplemental Resolution applicable to such series. All Series 2010 A Bonds shall bear interest from the interest payment date next preceding the date of authentication or, if authenticated after the Record Date but prior to the applicable interest payment date or on such interest payment date, from such interest payment date or, if no interest on such Series 2010 A Bonds has been paid, from the date thereof; provided however, that, if, as shown by the records of the Registrar, interest on such Series 2010 A Bonds shall be in default, Series 2010 A Bonds issued in exchange for Series 2010 A Bonds surrendered for transfer or exchange shall bear interest from the date to which interest has been paid in full on the initial Series 2010 A Bonds surrendered.

The principal of and the premium, if any, on the Series 2010 A Bonds shall be payable in any coin or currency which, on the respective date of such payment, is legal tender for the payment of public and private debts under the laws of the United States of America upon surrender at the principal office of the Paying Agent. Interest on the Series 2010 A Bonds shall be paid by check or draft made payable and mailed to the Registered Owner thereof at his address as it appears in the Bond Register at the close of business on the Record Date, or, if requested, in the case of a Registered Owner of $1,000,000 or more of the Series 2010 A Bonds, by wire transfer to a domestic bank account specified in writing at least 5 days prior to such interest payment date by such Registered Owner.

In the event any Series 2010 A Bond is redeemed in part, such bond shall be surrendered to and canceled by the Registrar, and the Issuer shall execute, and the Registrar shall authenticate and deliver to the Registered Owner thereof, another Series 2010 A Bond in the principal amount of said Series 2010 A Bond then Outstanding.

Section 3.02. Execution of Bonds. The Series 2010 A Bonds shall be executed in the name of the Issuer by the Mayor, by his or her manual or facsimile signatures, and the seal of the Issuer shall be affixed thereto or imprinted thereon and attested by the Recorder by his or her manual or facsimile signature; provided, that, all such signatures and the seal may be by facsimile. In case any one or more of the officers who shall have signed or sealed any of the Series 2010 A Bonds shall cease to be such officer of the Issuer before the Bonds so signed and sealed have been actually sold and delivered, such Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bonds had not ceased to hold such office. Any Series 2010 A Bonds 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 3.03. Authentication and Registration. No Series 2010 A Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under this Ordinance unless and until the Certificate of Authentication and Registration on such Bond, substantially in the form set forth in EXHIBIT A - FORM OF SERIES 2010 A BOND attached hereto and incorporated herein by reference with respect to such respective Series 2010 A Bond, shall have been duly manually executed by the Registrar. Any such manually executed Certificate of Authentication and Registration upon any such Bond shall be conclusive evidence that such Series 2010 A Bond has been authenticated, registered and delivered under this Ordinance. The Certificate of Authentication and Registration on any Series 2010 A Bond shall be deemed to have been executed by the Registrar if signed by an authorized officer of the Registrar, but it shall not be necessary that the same officer sign the Certificate of Authentication and Registration on all of the Series 2010 A Bonds issued hereunder.

Section 3.04. Negotiability and Registration. Subject to the requirements for transfer set forth below, the Series 2010 A Bonds shall be, and have all of the qualities and incidents of, negotiable instruments under the Uniform Commercial Code of the State, and each successive Registered Owner, in accepting any of said Series 2010 A Bonds, shall be conclusively deemed to have agreed that such Series 2010 A Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State, and each successive Holder shall further be conclusively deemed to have agreed that said Series 2010 A Bonds shall be incontestable in the hands of a bona fide holder for value.

So long as any of the Series 2010 A Bonds remain Outstanding, the Registrar shall keep and maintain books for the registration and transfer of the Series 2010 A Bonds. The Series 2010 A Bonds shall be transferable only by transfer of registration upon the Bond Register by the registered owner thereof in person or by his attorney or legal representative duly authorized in writing, upon surrender thereof, together with a written instrument of transfer satisfactory to the Registrar duly executed by the registered owner or such duly authorized attorney or legal representative. Upon transfer of a Series 2010 A Bond, there shall be issued at the option of the Holder or the transferee another Bond or Bonds of the aggregate principal amount equal to the unpaid amount of the transferred Bond and of the same series, interest rate and maturity of said transferred Bond.

Upon surrender thereof at the office of the Registrar with a written instrument of transfer satisfactory to the Registrar and duly executed by the registered owner or his attorney or legal representative duly authorized in writing, Series 2010 A Bonds may at the option of the Holder thereof be exchanged for an equal aggregate principal amount of Bonds of the same series, maturity and interest rate, in any authorized denominations.

In all cases in which the privilege of transferring or exchanging a Series 2010 A Bond is exercised, Series 2010 A Bonds shall be delivered in accordance with the provisions of this Ordinance. All Series 2010 A Bonds surrendered in any such transfer or exchange shall forthwith be canceled by the Registrar. Transfers of Series 2010 A Bonds, the initial exchange

of Series 2010 A Bonds and exchanges of such Bonds in the event of partial redemption of fully registered Bonds shall be made by the Registrar without charge to the Holder or the transferee thereof, except as provided below. For other exchanges of Series 2010 A Bonds, the Registrar may impose a service charge. For every such transfer or exchange of such Bonds, the Registrar may make a charge sufficient to reimburse its office for any tax or other governmental charge required to be paid with respect to such transfer or exchange, and such tax or governmental charge, and such service charge for exchange other than the initial exchange or in the event of partial redemption, shall be paid by the person requesting such transfer or exchange as a condition precedent to the exercise of the privilege of making such transfer or exchange. The Registrar shall not be obliged to make any such transfer or exchange of Series 2010 A Bonds that have been called for redemption.

Section 3.05. Bonds Mutilated, Destroyed, Stolen or Lost. In case any Series 2010 A Bond shall become mutilated or be destroyed, stolen or lost, the Issuer may execute, in its discretion, and the Registrar shall authenticate, register and deliver any new Bond of like series, maturity and principal amount as the Bond so mutilated, destroyed, stolen or lost, in exchange and upon surrender and cancellation of, such mutilated Bond, or in lieu of and substitution for the Bond so destroyed, stolen or lost, and upon the Registered Owner furnishing the Issuer and the Registrar proof of his ownership thereof and that said Bond has been destroyed, stolen or lost and satisfactory indemnity and complying with such other reasonable regulations and conditions as the Issuer or the Registrar may prescribe and paying such expenses as the Issuer or the Registrar may incur. The name of the Registered Owner listed in the Bond Register shall constitute proof of ownership. All Bonds so surrendered shall be submitted to and canceled by the Registrar, and evidence of such cancellation shall be given to the Issuer. If such Bond shall have matured or be about to mature, instead of issuing a substitute Bond the Issuer, by and through the Registrar, may pay the same, upon being indemnified as aforesaid, and, if such Bond be lost, stolen or destroyed, without surrender thereof.

Any such duplicate Bonds issued pursuant to this section shall constitute original, additional contractual obligations on the part of the Issuer, whether or not the lost, stolen or destroyed Bonds be at any time found by any one, and such duplicate Bonds shall be entitled to equal and proportionate benefits and rights as to lien and source of and security for payment from the revenues pledged herein with all other Bonds issued hereunder.

Section 3.06. Term Bonds. In the event Term Bonds are issued as part of the Series 2010 A Bonds issued pursuant to this Ordinance, the following provisions shall apply:

A. The amounts to be deposited, apportioned and set apart by the Issuer from the Revenue Fund and into the Series 2010 A Bonds Redemption Account in accordance with Subsection 4.03(A)(2) shall include (after credit as provided below) on the first of each month, beginning on the first day of that month which is 13 months prior to the first mandatory redemption date of said Term Bonds, a sum equal to 1/12th of the amount required to redeem the principal amount of such Term Bonds which are to be redeemed as of the next ensuing mandatory redemption date, which amounts and dates, if any, with respect to a series of Bonds shall be set forth in the Supplemental Resolution relating thereto.

B. At its option, to be exercised on or before the 60th day next preceding any such mandatory redemption date, the Issuer may (a) deliver to the Registrar for cancellation such Term Bonds in any aggregate principal amount desired or (b) receive a credit in respect of its mandatory redemption obligation for any such Term Bonds which prior to said date have been redeemed (otherwise than pursuant to this section) and canceled by the Registrar and not theretofore applied as a credit against any such mandatory redemption obligation. Each Term Bond so delivered or previously redeemed shall be credited by the Registrar at 100% of the principal amount thereof against the obligation of the Issuer on such mandatory redemption date, and Term Bonds delivered in excess of such mandatory redemption obligation shall be credited against future mandatory redemption obligations in the order directed by the Issuer, and the principal amount of such Term Bonds to be redeemed pursuant to mandatory sinking fund redemption shall be accordingly reduced.

C. The Issuer shall on or before the 60th day next preceding each mandatory redemption date furnish the Registrar and the Bond Commission with its certificate indicating whether and to what extent the provisions of (a) and (b) of the preceding paragraph are to be utilized with respect to such mandatory redemption payment and stating, in the case of the credit provided for in (b) of the preceding paragraph, that such credit has not theretofore been applied against any mandatory redemption obligation.

D. After said 60th day but prior to the date on which the Registrar selects the Term Bonds to be redeemed, the Bond Commission may use the moneys in the Series 2010 A Bonds Redemption Account to purchase Term Bonds at a price less than the par value thereof and accrued interest thereon. The Bond Commission shall advise the Issuer and the Registrar of any Term Bonds so purchased, and they shall be credited by the Registrar at 100% of the principal amount thereof against the obligation of the Issuer on such mandatory redemption date, and any excess shall be credited against future mandatory redemption obligations in the order directed by the Issuer, and the principal amount of such Term Bonds to be redeemed pursuant to mandatory sinking fund redemption shall be accordingly reduced.

E. The Registrar shall call for redemption, in the manner provided herein, an aggregate principal amount of such Term Bonds, at the principal amount thereof plus interest accrued to the redemption date (interest to be paid from the Sinking Fund), as will exhaust as nearly as practicable such Series 2010 A Bonds Redemption Account payment designated to be made in accordance with paragraph (A) of this section. Such redemption shall be by random selection made on the 45th day preceding the mandatory redemption date, in such manner as may be determined by the Registrar. For purposes of this section, "Term Bonds" shall include any portion of a fully registered Term Bond, in integrals of $5,000.

Section 3.07. Notice of Redemption. Unless waived by any Registered Owner of the Bonds to be redeemed, official notice of any redemption shall be given by the Registrar on behalf of the Issuer by mailing a copy of an official redemption notice by registered or certified mail at least 30 days and not more than 60 days prior to the date fixed for redemption to the applicable Bond Insurer, if any, the Original Purchaser, and the Registered Owner of the Series 2010 A Bond or Bonds, as applicable, to be redeemed at the address shown on the Bond

Register or at such other address as is furnished in writing by such registered owner to the Bond Registrar.

All official notices of redemption shall be dated and shall state:

(1) The Redemption Date,

(2) The Redemption Price,

(3) If less than all outstanding Series 2010 A Bonds are to be redeemed, the identification (and, in the case of partial redemption, the respective principal amounts) of the Bonds to be redeemed,

(4) That on the Redemption Date the Redemption Price and interest accrued will become due and payable upon each such Bond or portion thereof called for redemption, and that interest thereon shall cease to accrue from and after said date,

(5) The place where such Bonds are to be surrendered for payment of the Redemption Price, which place of payment shall be the principal office of the Registrar, and

(6) Such other information, if any, as shall be required for DTC-eligible Bonds.

Prior to any redemption date, the Issuer shall deposit with the Registrar an amount of money sufficient to pay the redemption price of all the Series 2010 A Bonds or portions of such Bonds which are to be redeemed on that date.

Official notice of redemption having been given as aforesaid, the Series 2010 A Bonds or portions of such Bonds so to be redeemed shall, on the Redemption Date, become due and payable at the Redemption Price therein specified, and from and after such date (unless the Issuer shall default in the payment of the redemption price) such Series 2010 A Bonds or portions of such Bonds shall cease to bear interest. Upon surrender of such Bonds for redemption in accordance with said notice, such Bonds shall be paid by the Registrar at the Redemption Price. Installments of interest due on or prior to the Redemption Date shall be payable as herein provided for payment of interest. Upon surrender for any partial redemption of any Bond, there shall be prepared for the registered owner a new Bond or Bonds of the same maturity in the amount of the unpaid principal. All Bonds which have been redeemed shall be canceled and destroyed by the Bond Registrar and shall not be reissued.

Failure to receive such notice or any defect therein or in the mailing thereof shall not affect the validity of proceedings for the redemption of Series 2010 A Bonds, and failure to mail such notice shall not affect the validity of proceedings for the redemption of any portion of Bonds for which there was no such failure.

Section 3.08. Persons Treated as Owners. The Issuer, the Registrar and any agent of the Issuer or the Registrar may treat the person in whose name any Bond is registered as the owner of such Bond for the purpose of receiving payment of the principal of, and interest on,

such Bond and (except as provided in Section 6.18) for all other purposes, whether or not such Bond is overdue.

Section 3.09. Temporary Bonds. Until Bonds of any series in definitive form are ready for delivery, the Issuer may execute and the Registrar shall authenticate, register, if applicable, and deliver, subject to the same provisions, limitations and conditions set forth in this Article III, one or more printed, lithographed or typewritten Bonds in temporary form, substantially in the form of the definitive Bonds of such series, with appropriate omissions, variations and insertions, and in authorized denominations. Until exchanged for Bonds in definitive form, such Bonds in temporary form shall be entitled to the lien and benefit created under this Ordinance. Upon the presentation and surrender of any Bond in temporary form, the Issuer shall, without unreasonable delay, prepare, execute and deliver to the Registrar, and the Registrar shall authenticate, register, if applicable, and deliver, in exchange therefore, a Bond or Bonds in definitive form. Such exchange shall be made by the Registrar without making any charge therefore to the Holder of such Bond in temporary form.

Section 3.10. Authorization of Bonds. For the purposes of paying in full the entire outstanding principal of and all accrued interest on the Series 1997 A Refunding Revenue Bonds, funding the Series 2010 A Bonds Reserve Account and paying costs of issuance of the Series 2010 A Bonds and related costs, there shall be issued the Series 2010 A Bonds of the Issuer, in an aggregate principal amount of not more than $2,000,000. The Series 2010 A Bonds shall be designated "The Town of Kingwood (West Virginia) Sewer Refunding Revenue Bonds, Series 2010 A" and shall be issued in fully registered form, in denominations of $5,000 or any integral multiple thereof for any year of maturity (or such other denominations as may be set forth in the Supplemental Resolution), not exceeding the aggregate principal amount of Series 2010 A Bonds maturing in the year of maturity for which the denomination is to be specified. The Series 2010 A Bonds shall be numbered from AR-1 consecutively upward. The Series 2010 A Bonds shall be dated; shall be in such aggregate principal amount; shall bear interest at such rate or rates, not exceeding the then legally permissible rate, payable semiannually on such dates; shall mature on such dates and in such amounts; shall be subject to such mandatory and optional redemption provisions; and shall have such other terms, all as the Issuer shall prescribe herein and in the Supplemental Resolution.

Section 3.11. Book Entry System for Series 2010 A Bonds. The Series 2010 A Bonds (if purchased by the Original Purchaser) shall initially be issued in the form of one fully-registered bond for the aggregate principal amount of the Series 2010 A Bonds of each maturity, and shall be registered in the name of Cede & Co., as nominee of DTC. Notwithstanding anything herein to the contrary contained, so long as the Series 2010 A Bonds are so issued and registered, DTC (or its nominee) shall be treated as the sole Registered Owner for all purposes hereunder. Each Bond shall bear a legend substantially to the following effect "Except as otherwise provided in the Ordinance, this global bond may be transferred, in whole but not in part, only to another nominee of DTC (as defined in the Ordinance) or to a successor of DTC or to a nominee of a successor of DTC. Unless this certificate is presented by an authorized representative of DTC, to the Issuer or its agent for registration of transfer, exchange, or payment, and any certificate issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede

& Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the Registered Owner hereof, Cede & Co., has an interest herein."

With respect to Series 2010 A Bonds registered in the records of the Registrar in the name of Cede & Co., as nominee of DTC, the Issuer and the Paying Agent shall have no responsibility or obligation to any other participant in DTC or to any Person on behalf of whom such a participant in DTC holds a beneficial interest in the Series 2010 A Bonds. Without limiting the immediately preceding sentence, the Issuer and the Paying Agent shall have no responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede & Co. or any other participant in DTC with respect to any beneficial ownership interest in any Bond, (ii) the delivery to any other participant in DTC or any other Person, other than a Registered Owner, as shown in the records of the Registrar, of any notice with respect to any Series 2010 A Bonds, including without limitation any notice of redemption, tender, purchase or any event which would or could give rise to a tender or purchase right or option with respect to any Bond, (iii) the payment to any other participant in DTC or any other Person, other than a Registered Owner, as shown in the records of the Registrar, of any amount with respect to principal of, premium, if any, or interest on, any Bond, or (iv) any consent given by DTC as Registered Owner. Notwithstanding any other provision of this Ordinance to the contrary, the Issuer and the Paying Agent shall be entitled to treat and consider the Person in whose name each Bond is registered in the records of the Registrar as the absolute owner of such Bond for the purpose of payment of principal, premium, if any, and interest with respect to such Bond, for the purpose of giving notices of redemption, sale, purchase or any event which would or could give rise to a sale or purchase right or option with respect to any Bond for the purpose of making payment of any purchase price of such Bond, for the purpose of registering transfers with respect to such Bond, and for all other purposes whatsoever. The Issuer and Paying Agent shall pay all principal of, premium, if any, and interest on the Series 2010 A Bonds and the purchase price of any Bond only to or upon the order of the respective Registered Owners, as shown in the records of the Registrar as provided in this Ordinance, or their respective attorneys or legal representatives duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the Issuer's obligations with respect to payment of principal of, premium, if any, and interest on the Series 2010 A Bonds to the extent of the sum or sums so paid. No Person other than a Registered Owner, as shown in the records of the Registrar, shall receive a Bond certificate evidencing the obligation of the Issuer to make payments of principal, premium, if any, and interest pursuant to this Ordinance.

The Registered Owners have no right to a depository for the Series 2010 A Bonds. The Issuer may remove DTC or any successor thereto for any reason at any time. In such event or in the event DTC shall notify the Issuer that DTC is discontinuing its book-entry system for the Series 2010 A Bonds, the Issuer shall (i) appoint a successor securities depository, qualified to act as such under Section 17(a) of the Securities Exchange Act, notify DTC of the appointment of such successor securities depository and transfer one or more separate Bond certificates to such successor securities depository or (ii) notify DTC of the availability through the DTC of Bond certificates and transfer one or more separate Bond certificates to other participants or beneficial owners as DTC may direct. In such event, the Series 2010 A Bonds

shall no longer be restricted to being registered in the records of the Registrar in the name of Cede & Co., as nominee, but may be registered in the name of the successor securities depository, or its nominee, or in whatever name or names other participants in DTC receiving Series 2010 A Bonds shall designate, in accordance with the provisions of this Ordinance. The provisions of this Section applicable to DTC shall apply, mutatis mutandis, to any successor depository performing the same functions hereunder as DTC.

The Issuer represents hereby that it has executed a Letter of Representations, the terms of which are applicable to the issuance of the Series 2010 A Bonds hereunder. Such Letter of Representations is for the purpose of effectuating the Book-Entry Only System only and shall not be deemed to amend, supersede or supplement the terms of this Ordinance which are intended to be complete without reference to the Letter of Representations. In the event of any conflict between the terms of the Letter of Representations and the terms of this Ordinance, the terms of this Ordinance shall control. DTC may exercise the rights of a Registered Owner hereunder only in accordance with the terms hereof applicable to the exercise of such rights.

Section 3.12. Delivery of Series 2010 A Bonds. The Issuer shall execute and deliver the Series 2010 A Bonds to the Registrar, and the Registrar shall authenticate, register and deliver the Series 2010 A Bonds to the Original Purchaser upon receipt of the documents set forth below:

(1) If not registered in the name of DTC or its nominee, a list of the names in which the Series 2010 A Bonds are to be registered upon original issuance, together with such taxpayer identification and other information as the Registrar may reasonably require;

(2) A request and authorization to the Registrar on behalf of the Issuer, signed by an Authorized Officer, to authenticate and deliver the Series 2010 A Bonds to DTC for the benefit of the Original Purchaser;

(3) Copies of this Ordinance and the Supplemental Resolution certified by the Recorder;

(4) The unqualified approving opinion of Bond Counsel regarding the Series 2010 A Bonds; and

(5) A copy of such other documents and certificates as the Original Purchaser may reasonably require.

Section 3.13. Form of Series 2010 A Bonds. The definitive Series 2010 A Bonds shall be in substantially the form set forth in EXHIBIT A - SERIES 2010 A BOND FORM attached hereto and incorporated herein by reference, with such necessary and appropriate omissions, insertions and variations as are approved by those officers executing such Series 2010 A Bonds on behalf of the Issuer and execution thereof by such officers shall constitute conclusive evidence of such approval, and the definitive Series 2010 A Bonds shall have the

form of the opinion of Steptoe & Johnson PLLC, as Bond Counsel, attached thereto or printed on the reverse thereof.

Section 3.14. Disposition of Proceeds of Series 2010 A Bonds. Upon the issuance and delivery of the Series 2010 A Bonds, the Issuer shall forthwith deposit the proceeds thereof as follows:

1. All interest accrued on Series 2010 A Bonds from the date thereof to the date of delivery thereof shall be deposited in the Series 2010 A Bonds Sinking Fund and applied to payment of interest on the Series 2010 A Bonds at the first interest payment date.

2. An amount of the proceeds of the Series 2010 A Bonds equal to the amount, if any, set forth in the Supplemental Resolution shall be remitted to the Bond Commission for deposit in the Series 2010 A Bonds Reserve Account.

3. An amount of the proceeds of the Series 2010 A Bonds equal to the entire outstanding principal of and all accrued interest on the Series 1997 A Refunding Revenue Bonds as set forth in the Supplemental Resolution shall be remitted to the Bond Commission to pay the Series 1997 A Refunding Revenue Bonds in full.

4. An amount of Series 2010 A Bond proceeds which, together with other monies or securities deposited therein, shall be equal to the Costs of Issuance of the Series 2010 A Bonds shall be deposited with the Depository Bank in the Costs of Issuance Fund and shall be drawn out, used and applied by the Issuer solely to pay costs of issuance of the Series 2010 A Bonds at the written direction of the Issuer. Monies not to be applied immediately to pay such costs of issuance may be invested in accordance with this Ordinance, subject however, to applicable yield restrictions as may be in effect under the Code. If for any reason such proceeds, or any part thereof, are not necessary for, or are not applied to such purpose within 120 days following the Closing Date for the Series 2010 A Bonds, such unapplied proceeds shall be transferred by the Issuer to the Series 2010 A Bonds Sinking Fund established in Section 4.02 hereof and applied to the next ensuing payment of interest on the Series 2010 A Bonds. All such proceeds shall constitute a trust fund for such purposes, and there hereby is created a lien upon such monies until so applied in favor of the Holders of the Series 2010 A Bonds from which such proceeds are derived.

ARTICLE IV

SYSTEM REVENUES; FUNDS AND ACCOUNTS

Section 4.01. Establishment of Funds and Accounts with Depository Bank. Pursuant to this Article IV, the following special funds are created with (or continued if previously established by the Prior Ordinances), and shall be held by, the Depository Bank, segregated from all other funds and accounts of the Depository Bank or the Issuer and from each other and used solely for the purposes provided herein:

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

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

(3) Series 2010 A Bonds Costs of Issuance Fund; and

(4) Rebate Fund.

Section 4.02. Establishment of Funds and Accounts with Bond Commission. Pursuant to this Article IV, the following special funds and accounts are hereby established (or continued if previously established by the Prior Ordinances) with and shall be held by the Bond Commission, separate and apart from all other funds or accounts of the Bond Commission or the Issuer and from each other and used solely for the purposes provided herein:

(1) Series 1986 B Bonds Sinking Fund (established by Prior Ordinance and continued hereby);

(2) Series 1986 B Bonds Reserve Account (established by Prior Ordinance and continued hereby);

(3) Series 2001 A Bonds Sinking Fund (established by Prior Ordinance and continued hereby);

(4) Series 2001 A Bonds Reserve Account (established by Prior Ordinance and continued hereby);

(5) Series 2009 A Bonds Sinking Fund (established by Prior Ordinance and continued hereby);

(6) Series 2009 A Bonds Reserve Account (established by Prior Ordinance and continued hereby);

(7) Series 2010 A Bonds Sinking Fund;

(a) Within the Series 2010 A Bonds Sinking Fund:

(i) Series 2010 A Bonds Reserve Account; and

(ii) Series 2010 A Bonds Redemption Account.

Section 4.03. System Revenues and Application Thereof. So long as any of the Series 2010 A Bonds shall be Outstanding and unpaid, the Issuer covenants as follows:

A. The entire Gross Revenues derived from the operation of the System and all parts thereof shall be deposited by the Issuer in the Revenue Fund. The Revenue Fund shall be kept separate and distinct from all other funds of the Issuer and the Depository Bank and used only for the purposes and in the manner herein provided. All Revenues at any time remaining on

deposit in the Revenue Fund shall be disposed of only in the following manner and order of priority:

(1) The Issuer shall first, 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 simultaneously remit to the Bond Commission (i) for deposit in the Sinking Funds of the Series 2001 A Bonds and Series 2009 A Bonds the amounts required by the Prior Ordinances to pay the interest on the Prior Bonds; and (ii) commencing 7 months prior to the first interest payment date of the Series 2010 A Bonds, for deposit in the Series 2010 A Bonds Sinking Fund, a sum equal to 1/6th of the amount of interest which will become due on the Series 2010 A Bonds on the next ensuing semiannual interest payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 2010 A Bonds Sinking Fund and the next ensuing semiannual interest payment date is more or less than 7 months, then such monthly payments shall be decreased or increased proportionately to provide, 1 month prior to the next ensuing semiannual interest payment date, the required amount of interest coming due on such date; provided further that, the initial amount required to be transferred from the Revenue Fund and deposited in the Series 2010 A Bonds Sinking Fund shall be reduced by the amount of accrued interest on the Series 2010 A Bonds deposited therein, and subsequent amounts required to be transferred from the Revenue Fund and deposited in the Series 2010 A Bonds Sinking Fund shall be reduced by the amount of any earnings credited to the Series 2010 A Bonds Sinking Fund.

(3) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the Bond Commission (i) for deposit in the Sinking Funds of the Prior Bonds the amounts required by the Prior Ordinances to pay the principal of the Prior Bonds; and (ii) commencing 13 months prior to the first principal payment date or mandatory Redemption Date of the Series 2010 A Bonds, for deposit in the Series 2010 A Bonds Sinking Fund and in the Series 2010 A Bonds Redemption Account therein in the case of the Term Bonds which are to be redeemed, a sum equal to 1/12th of the amount (or 1/6th of the amount if the Series 2010 A Bonds mature semiannually rather than annually) of principal which will mature or be redeemed and become due on the Series 2010 A Bonds on the next ensuing principal payment date or mandatory Redemption Date; provided that, in the event the period to elapse between the date of such

initial deposit in the Series 2010 A Bonds Sinking Fund and the next ensuing principal payment date or mandatory Redemption Date is more or less than 13 months (or 7 months if the Series 2010 A Bonds mature semiannually rather than annually), then such monthly payments shall be decreased or increased proportionately to provide, 1 month prior to the next ensuing principal payment date or mandatory Redemption Date, the required amount of principal coming due on such date, and provided further, that the amount of such deposits shall be reduced by the amount of any earnings credited to the Series 2010 A Bonds Sinking Fund and not previously credited pursuant to the preceding paragraph.

Moneys in the Series 2010 A Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest on the Series 2010 A Bonds, whether by maturity or redemption prior to maturity. Moneys on deposit in the Series 2010 A Bonds Reserve Account shall be used only for the purpose of paying principal of and interest on the Series 2010 A Bonds when the funds on deposit in the Series 2010 A Bonds Sinking Fund are insufficient therefore, and for no other purpose. Pending such use, such moneys shall be invested in accordance with Article V.

The Issuer shall not be required to make any further payments into the Series 2010 A Bonds Sinking Fund when the aggregate amount of funds therein, including the Series 2010 A Bonds Reserve Account therein, is at least equal to the aggregate principal amount of Series 2010 A Bonds then Outstanding, plus the amount of interest due or thereafter to become due on such Bonds then Outstanding.

As and when additional Bonds ranking on a parity with the Series 2010 A Bonds are issued, provision shall be made for additional deposits into the respective Sinking Funds sufficient to pay the interest on such additional parity Bonds and accomplish retirement thereof at maturity and to accumulate a balance in the respective reserve account in an amount equal to the requirement thereof.

The payments into the Series 2010 A Bonds Sinking Fund shall be made on the first day of each month, except that, when the first day of any month shall be a Saturday, 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 Bond Commission with appropriate instructions as to the custody, use and application thereof consistent with the provisions of this Ordinance.

(4) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the Bond Commission (i) for deposit in the Reserve Accounts of the Prior Bonds the amounts required by the Prior Ordinances; and (ii) commencing 13 months prior to the first date of payment of principal of the Series 2010 A Bonds, if not fully funded upon issuance of the Series 2010 A Bonds, for deposit in the Series

2010 A Bonds Reserve Account, an amount equal to 1/120th of the Series 2010 A Bonds Reserve Requirement; provided that, no further payments shall be made into the Series 2010 A Bonds Reserve Account when there shall have been deposited therein, and as long as there shall remain on deposit therein, an amount equal to the Series 2010 A Bonds Reserve Requirement, and thereafter the Issuer shall deposit in the Series 2010 A Bonds Reserve Account, an amount sufficient to remedy any decrease in value of the Series 2010 A Bonds Reserve Account below the Series 2010 A Bonds Reserve Requirement or any withdrawal from the Series 2010 A Bonds Reserve Account, beginning with the first full calendar month following the date on which (a) the valuation of investments in the Series 2010 A Bonds Reserve Account results in a determination that the amount of moneys and the value of the Qualified Investments deposited to the credit of the Series 2010 A Bonds Reserve Account is less than the Series 2010 A Bonds Reserve Requirement, or (b) any amount is withdrawn from the Series 2010 A Bonds Reserve Account for deposit into the Series 2010 A Bonds Sinking Fund. To the extent Gross Revenues and any other legally available funds are available therefore, the amount so deposited shall be used to restore the amount of moneys on deposit in the Series 2010 A Bonds Reserve Account to an amount equal to the Series 2010 A Bonds Reserve Requirement to the full extent that such Gross Revenues are available; provided however, that if the shortfall in the Series 2010 A Bonds Reserve Account is due to a decrease in value of investments therein, such shortfall shall be replenished by not less than 6 equal monthly payments, and if such shortfall is due to a withdrawal from the Series 2010 A Bonds Reserve Account, such shortfall shall be replenished by not less than 12 equal monthly payments, and provided further, that no payments shall be required to be made into the Series 2010 A Bonds Reserve Account whenever and as long as the amount on deposit therein shall be equal to the Series 2010 A Bonds Reserve Requirement.

Amounts in the Series 2010 A Bonds Reserve Account shall be used only for the purpose of making payments of principal of and interest on the Series 2010 A Bonds when due, when amounts in the Series 2010 A Bonds Sinking Fund are insufficient therefore and for no other purpose.

(5) The Issuer shall next, on the first day of each month, transfer from the monies remaining in the Revenue Fund and remit to the Depository Bank for deposit in the Renewal and Replacement Fund (as previously set forth in the Prior Ordinances and not in addition thereto), a sum equal to 2 1/2% of the Gross Revenues each month, exclusive of any payments for account of

any Reserve Account. All funds in the Renewal and Replacement Fund shall be kept apart from all other funds of the Issuer or of the Depository Bank and shall be invested and reinvested in accordance with Article VIII hereof. Subject to the restrictions contained in the Prior Ordinances, so long as the Prior Bonds are outstanding, withdrawals and disbursements may be made from the Renewal and Replacement Fund for replacements, emergency repairs, or improvements or extensions to the System; provided, that any deficiency in any Reserve Account, except to the extent such deficiency exists because the required payments into such account have not, as of the date of determination of a deficiency, funded such account to the maximum extent required hereof, shall be promptly eliminated with monies from the Renewal and Replacement Fund.

(6) If on any monthly payment date the revenues of the System are insufficient to make the required deposits in any of the funds and accounts as hereinabove provided, the deficiency shall be made up on the next ensuing payment dates by payments in addition to the payments which are otherwise required to be made into the funds on such ensuing payment dates.

(7) The Issuer may next, each month, after making the above required transfers of moneys from the Revenue Fund, apply any remaining revenues ("Surplus Revenues") to payment of debt service on any other subordinate bonds, notes, certificates or other obligations of the System. Any Surplus Revenues then remaining in the Revenue Fund may be used for any lawful purpose of the System.

B. The Bond Commission is hereby designated as the fiscal agent for the administration of the Sinking Funds created or continued hereunder, and all amounts required for said Sinking Funds shall be remitted to the Bond Commission from said Revenue Fund and from the proceeds of the sale of the Bonds, by the Issuer at the times and as otherwise provided herein. All remittances made by the Issuer to the Bond Commission shall clearly identify the fund or account into which each amount is to be deposited. Notwithstanding the foregoing, however, the Bond Commission shall deposit all remittances in the fund or account in the priority established by this Ordinance.

C. If on any monthly payment date the Net Revenues are insufficient to place the required amount in any of the funds and accounts as hereinabove provided, the deficiency shall be made up in the subsequent payments in addition to the payments which would otherwise be required to be made into the funds and accounts on the subsequent payment dates; provided, however, that the priority of curing deficiencies in the funds and accounts herein shall be in the same order as payments are to be made pursuant to this Section 4.03 and the Net Revenues shall be applied to such deficiencies before being applied to any other payments hereunder.

D. Principal and interest payments, and any payments made for the purpose of funding the Reserve Accounts, shall be made on a parity basis and pro-rata, with respect to the Prior Bonds, the Series 2010 A Bonds and any parity Bonds hereinafter issued, in accordance with the respective principal amounts of each such series of Bonds then Outstanding, if less than the full amount required hereby.

ARTICLE V

INVESTMENTS; NON-ARBITRAGE REBATES AND CONTINUING DISCLOSURE CERTIFICATE

Section 5.01. Investments. The Issuer shall invest and reinvest, and shall instruct the Bond Commission and the Depository Bank to invest and reinvest, any moneys held as a part of the funds and accounts created by this Ordinance in Qualified Investments to the fullest extent possible under applicable laws, this Ordinance, the need for such moneys for the purposes set forth herein and the specific restrictions and provisions set forth in this section.

Except as provided below, any investment shall be held in and at all times deemed a part of the fund or account in which such 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 Issuer shall sell and reduce to cash a sufficient amount of such investments whenever the cash balance in any fund or account is insufficient to make the payments required from such fund or account, regardless of the loss on such liquidation. The Issuer may make any and all investments permitted by this section through the bond department of the Depository Bank. The Depository Bank shall not be responsible for any losses from such investments, other than for its own negligence or willful misconduct.

The following specific provisions shall apply with respect to any investments made under this section:

(A) Qualified Investments acquired for the Renewal and Replacement Fund or any Reserve Account shall mature or be subject to retirement at the option of the holder within not more than 3 years from the date of such investment.

(B) The Issuer shall, or shall cause the Bond Commission to, semiannually transfer from each Reserve Account to the corresponding Sinking Fund any earnings on the moneys deposited therein and any other funds in excess of the applicable Reserve Account Requirement; provided, however, that there shall at all times remain on deposit in each Reserve Account an amount at least equal to the applicable Reserve Account Requirement.

(C) In computing the amount in any fund or account, Qualified Investments shall be valued at the lower of the cost or the market price, exclusive of accrued interest. Valuation of all funds and accounts shall occur annually, except in the event of a withdrawal from a Reserve Account, whereupon it shall be valued immediately after such withdrawal. If amounts on deposit

in a Reserve Account shall, at any time, be less than the applicable Reserve Requirement, the applicable Bond Insurer, if any, shall be notified immediately of such deficiency, and such deficiency shall be made up from the first available Net Revenues after required deposits to the applicable Sinking Fund and otherwise in accordance with Section 4.03(3).

(D) All amounts representing accrued interest shall be held by the Bond Commission, pledged solely to the payment of interest on the Bonds and invested only in Government Obligations maturing at such times and in such amounts as are necessary to match the interest payments to which they are pledged.

(E) Notwithstanding the foregoing, all moneys deposited in any Sinking Fund may be invested by the Bond Commission in the West Virginia "consolidated fund" managed by the West Virginia Board of Treasury Investments pursuant to Chapter 12, Article 6C of the Code of West Virginia, 1931, as amended.

Section 5.02. Arbitrage. The Issuer covenants that (i) it will restrict the use of the proceeds of the Series 2010 A Bonds in such manner and to such extent as may be necessary, so that such Series 2010 A Bonds will not constitute "arbitrage bonds" under Section 148 of the Code and Regulations prescribed thereunder, and (ii) it will take all actions that may be required of it (including, without implied limitation, the timely filing of a Federal information return with respect to such Bonds) so that the interest on the Series 2010 A Bonds will be and remain excluded from gross income for Federal income tax purposes, and will not take any actions which would adversely affect such exclusion.

Section 5.03. Tax Certificate, Rebates, and Rebate Fund. The Issuer shall deliver a certificate of arbitrage, a tax certificate or other similar certificate to be prepared by nationally recognized bond counsel or tax counsel relating to payment of arbitrage rebate and other tax matters as a condition to issuance of any series of Bonds. In addition, the Issuer covenants to comply with all Regulations from time to time in effect and applicable to the Series 2010 A Bonds as may be necessary in order to fully comply with Section 148(f) of the Code, and covenants to take such actions, and refrain from taking such actions, as may be necessary to fully comply with such Section 148(f) of the Code and such Regulations, regardless of whether such actions may be contrary to any of the provisions of this Ordinance.

The Issuer shall calculate, annually, the rebatable arbitrage, determined in accordance with Section 148(f) of the Code. Upon completion of each such annual calculation, the Issuer shall deposit, or cause to be deposited, in the Rebate Fund such sums as are necessary to cause the aggregate amount on deposit in the Rebate Fund to equal the sum determined to be subject to rebate to the United States, which, notwithstanding anything herein to the contrary, shall be paid from investment earnings on the underlying fund or account established hereunder and on which such rebatable arbitrage was earned or from other lawfully available sources. Notwithstanding anything herein to the contrary, the Rebate Fund shall be held free and clear of any lien or pledge hereunder and used only for payment of rebatable arbitrage to the United States. The Issuer shall pay, or cause to be paid, to the United States, from the Rebate Fund, the rebatable arbitrage in accordance with Section 148(f) of the Code and such Regulations. In the event that there are any amounts remaining in the Rebate Fund following all

such payments required by the preceding sentence, the Depository Bank shall pay said amounts to the Issuer to be used for any lawful purpose of the System. The Issuer shall remit payments to the United States in the time and at the address prescribed by the Regulations as the same may be in time to time in effect with such reports and statements as may be prescribed by such Regulations. In the event that, for any reason, amounts in the Rebate Fund are insufficient to make the payments to the United States which are required, the Issuer shall assure that such payments are made by the Issuer to the United States, on a timely basis, from any funds lawfully available therefore. The Issuer at its expense, may provide for the employment of independent attorneys, accountants or consultants compensated on such reasonable basis as the Issuer may deem appropriate in order to assure compliance with this Section 5.03. The Issuer shall keep and retain, or cause to be kept and retained, records of the determinations made pursuant to this Section 5.03 in accordance with the requirements of Section 148(f) of the Code and such Regulations. In the event the Issuer fails to make such rebates as required, the Issuer shall pay any and all penalties and other amounts, from lawfully available sources, and obtain a waiver from the Internal Revenue Service, if necessary, in order to maintain the exclusion of interest on the Bonds from gross income for federal income tax purposes.

Section 5.04. Continuing Disclosure Certificate. The Issuer shall deliver a continuing disclosure certificate in form acceptable to the Original Purchaser sufficient to ensure compliance with SEC Rule 15c2-12, as it may be amended from time to time.

ARTICLE VI

ADDITIONAL COVENANTS OF THE ISSUER

Section 6.01. Covenants Binding and Irrevocable. All the covenants, agreements and provisions of this Ordinance shall be and constitute valid and legally binding covenants of the Issuer and shall be enforceable in any court of competent jurisdiction by any Holder or Holders of the Series 2010 A Bonds, as prescribed by Article VII. In addition to the other covenants, agreements and provisions of this Ordinance, the Issuer hereby covenants and agrees with the Holders of the Series 2010 A Bonds as hereinafter provided in this Article VI. All such covenants, agreements and provisions shall be irrevocable, except as provided herein, as long as any of the Series 2010 A Bonds or the interest thereon, are Outstanding and unpaid.

Section 6.02. Bonds Not to be Indebtedness of the Issuer. The Series 2010 A Bonds shall not be or constitute an indebtedness of the Issuer within the meaning of any constitutional, statutory or charter limitation of indebtedness but shall be payable solely from the Net Revenues of the System, the moneys in the Series 2010 A Bonds Sinking Fund and the Series 2010 A Bonds Reserve Account therein and the unexpended proceeds of the Series 2010 A Bonds, all as herein provided. No Holder or Holders of the Series 2010 A Bonds issued hereunder shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Series 2010 A Bonds or the interest thereon.

Section 6.03. Series 2010 A Bonds Secured by Parity Pledge of Net Revenues; Lien Position with Respect to Prior Bonds. The payment of the debt service of all of the Series 2010 A Bonds issued hereunder shall be secured forthwith equally and ratably with each other by a first

lien on the Net Revenues derived from the operation of the System, on a parity with the lien on the Net Revenues in favor of the Holders of the Prior Bonds. The payment of the debt service on the Series 2010 A Bonds shall also be secured by the moneys in the Series 2010 A Bonds Sinking Fund, including the Series 2010 A Bonds Reserve Account therein. The Net Revenues derived from the System, in an amount sufficient to pay the principal of and interest on the Prior Bonds and the Series 2010 A Bonds herein authorized, and to make the payments into the Series 2010 A Bonds Sinking Fund, all moneys and securities in the Series 2010 A Bonds Sinking Fund, including the Series 2010 A Bonds Reserve Account therein, and all other payments provided for in this Ordinance, are hereby irrevocably pledged in the manner provided in this Ordinance to the payment of the principal of and interest on the Prior Bonds and the Series 2010 A Bonds herein authorized as the same become due and for the other purposes provided in this Ordinance.

Section 6.04. Rates. Prior to the issuance of the Series 2010 A Bonds, rates or charges for the use of the services and facilities of the System will be fixed and established, all in the manner and form required by law, and a copy of such rates and charges so fixed and established shall at all times be kept on file in the office of the Recorder of the Issuer, which copy will be open to inspection by all interested parties. The schedule or schedules of rates and charges shall at all times be adequate to produce 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, (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 Annual Debt Service on the Series 2010 A Bonds, and all obligations issued on a parity with the Series 2010 A Bonds, including the Prior Bonds. All such rates and charges, if not paid when due, shall constitute a lien upon the premises served by the System.

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

Section 6.05. Operation and Maintenance. The Issuer will maintain the System in good condition and will operate the same as a revenue-producing enterprise in an efficient and economical manner, making such expenditures for equipment and for renewal, repair and replacement as may be proper for the economical operation and maintenance thereof from the Revenues of said System in the manner provided in this Ordinance. The Issuer will obtain all permits required by state and federal laws for the acquisition and construction of the Project and all orders and approvals from the Public Service Commission of West Virginia necessary for the acquisition and construction of the Project and the operation of the System.

Section 6.06. Sale of the System. So long as the Prior Bonds are outstanding, the Issuer shall not sell, mortgage, lease or otherwise dispose of or encumber the System except as provided in the Prior Ordinances. Additionally, so long as the Series 2010 A Bonds are Outstanding, the System may be sold, mortgaged, leased or otherwise disposed of only as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to fully pay all the Bonds Outstanding, or to defease the pledge created by this Ordinance and the Prior Ordinances. The proceeds from such sale, mortgage, lease or other disposition of the System shall be immediately remitted to the Bond Commission for deposit in the respective Sinking Funds, and otherwise as prescribed by Section 9.01. Any balance remaining after such defeasance shall be remitted to the Issuer by the Bond Commission unless necessary for the payment of other obligations of the Issuer payable out of the revenues of the System.

The foregoing provision notwithstanding, the Issuer shall have and hereby reserves the right to sell, lease or otherwise dispose of any of the property comprising a part of the System hereinafter determined in the manner provided herein to be no longer necessary, useful or profitable in the operation thereof. Prior to any such sale, lease or other disposition of such property, if the amount to be received therefor is not in excess of $50,000, the Issuer shall, in writing, determine that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof, and the Issuer may then provide for the sale of such property. The proceeds of any such sale shall be deposited in the Revenue Fund. If the amount to be received from such sale, lease or other disposition of said property shall be in excess of $50,000 but not in excess of $200,000, the Issuer shall first, in writing, determine with the written approval of the Consulting Engineers that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof, and the Issuer may then, if it be so advised, by resolution duly adopted, approve and concur in such finding and authorize such sale, lease or other disposition of such property in accordance with the laws of the State. The proceeds derived from any such sale, lease or other disposition of such property, in excess of $50,000 and not in excess of $200,000, shall be deposited by the Issuer into the Renewal and Replacement Fund. Such payments of such proceeds into the Renewal and Replacement Fund shall not reduce the amounts required to be paid into said funds by other provisions of this Ordinance.

No sale, lease or other disposition of the properties of the System shall be made by the Issuer if the proceeds to be derived therefrom shall be in excess of $200,000 and insufficient to defease the pledge created by this Ordinance, as provided by Section 9.01, without the prior approval and consent in writing of the Holders, or their duly authorized representatives, of 60% in amount of Bonds then Outstanding. The Issuer shall prepare the form of such approval and consent for execution by the then Holders of the Bonds for the disposition of the proceeds of the sale, lease or other disposition of such properties of the System.

Section 6.07. Issuance of Other Obligations Payable out of Revenues and General Covenant Against Encumbrances. The Issuer shall not issue any other obligations whatsoever, except additional parity Bonds provided for in Section 6.08 hereof, payable from the Revenues of the System which rank prior to, or equally, as to lien on and source of and security for payment from the Net Revenues with the Series 2010 A Bonds; and all obligations hereafter

issued by the Issuer payable from the revenues of the System, except such additional 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 Bonds.

The Issuer shall not create, or cause or permit to be created, any debt, lien, pledge, assignment, encumbrance or any other charge having priority over or, except with respect to such additional parity Bonds, being on a parity with the lien of the Series 2010 A Bonds, and the interest thereon, upon any of the income and revenues of the System pledged for payment of the Series 2010 A Bonds and the interest thereon in this Ordinance or upon the System or any part thereof.

Section 6.08. Additional Parity Bonds. So long as the Prior Bonds are Outstanding, the limitations and requirements on the issuance of parity obligations set forth in the Prior Ordinances shall be applicable. In addition, no additional parity Bonds, as in this section defined, payable out of the revenues of the System shall be issued after the issuance of any Bonds pursuant to this Ordinance, except under the conditions and in the manner herein provided.

No such additional parity Bonds shall be issued except for the purpose of financing the costs of the design, acquisition or 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 refunding the Prior Bonds, to pay claims which may exist against the revenues or facilities of the System, or all of such purposes.

No such additional parity Bonds shall be issued at any time, however, unless and until there has been procured and filed with the Recorder of the Issuer a written statement by an Independent Accountant, reciting the conclusion that the Net Revenues actually derived from the System during any 12 consecutive months in 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 not be less than 115% of the Maximum Annual Debt Service on the following:

(1) The Prior Bonds then Outstanding;

(2) The Series 2010 A Bonds then Outstanding;

(3) Any additional parity Bonds theretofore issued pursuant to the provisions contained in this Ordinance then Outstanding; and

(4) The additional parity Bonds then proposed to be issued.

Notwithstanding the foregoing, the Issuer shall be permitted to issue bonds which refund any Outstanding Series 2010 A Bonds, any additional parity Bonds hereafter issued or any Prior Bonds if, prior to the issuance of such refunding bonds, the Issuer shall have filed with the Recorder: (i) a verification report of the Independent Accountants concluding that present

value debt service savings shall be realized by the Issuer as a result of such refunding, after taking into account all costs of issuance of such refunding bonds, and (ii) a certificate of the Independent Accountants reciting the conclusion that the estimated average increased annual Net Revenues to be received in each of the 3 succeeding years after the issuance of such refunding bonds shall not be less than 115% of the Maximum Annual Debt Service on the following:

(1) The Prior Bonds Outstanding after such refunding;

(2) The Series 2010 A Bonds Outstanding after such refunding;

(3) Any additional parity Bonds theretofore issued pursuant to the provisions contained in this Ordinance which shall be Outstanding following such refunding; and

(4) The additional parity refunding 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 any increase in rates enacted by the Issuer, the time for appeal of which shall have expired (without successful appeal) prior to the date of delivery of such additional parity Bonds, and shall not exceed the amount to be stated in the aforementioned certificate of Independent Accountants, which shall be filed in the office of the Recorder of the Issuer prior to the issuance of such additional parity Bonds.

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

The term "additional parity Bonds," as used in this section, shall be deemed to mean additional Bonds issued under the provisions and within the limitations of this section, payable from the Net Revenues of the System on a parity with the Series 2010 A Bonds, and all the covenants and other provisions of this Ordinance (except as to details of such additional parity Bonds inconsistent herewith) shall be for the equal benefit, protection and security of the Holders of the Series 2010 A Bonds, the Prior Bonds and the Holders of any additional parity Bonds theretofore or subsequently issued from time to time within the limitations of and in compliance with this section. All the Bonds, regardless of the time or times of their issuance, shall rank equally with respect to their lien on the Net Revenues of the System, and their source of and security for payment from said Net Revenues, without preference of any Bond over any other. The Issuer shall comply fully with all the increased payments into the various funds and accounts created in this Ordinance required for and on account of such additional parity Bonds, in addition to the payments required for Bonds theretofore issued pursuant to this Ordinance.

The term "additional parity Bonds," as used in this section, shall not be deemed to include bonds, notes, certificates or other obligations subsequently issued, the lien on the Revenues of the System of which is subject to the prior and superior lien of the Bonds on such Revenues. Any such subordinate bonds, notes, certificates or other obligations shall be payable from Surplus 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 equally, as to lien and source of and security for payment from such Revenues, with the Series 2010 A Bonds, except in the manner and under the conditions provided in this section.

No additional parity Bonds, as in this section defined, shall be issued at any time, however, unless all of the payments into the respective funds and accounts provided for in this Ordinance on account of the Bonds then Outstanding, if any (excluding the Renewal and Replacement Fund), and any other payments provided for in this Ordinance shall have been made in full as required to the date of delivery of the additional parity Bonds.

Section 6.09. Insurance and Bonds. The Issuer hereby covenants and agrees, that so long as the Series 2010 A Bonds remain Outstanding, the Issuer will, as an Operating Expense, procure, carry and maintain insurance and bonds and worker's compensation coverage with a reputable insurance carrier or carriers or bonding company or companies covering the following risks and in the following amounts:

A. FIRE, LIGHTNING, VANDALISM, MALICIOUS MISCHIEF AND EXTENDED COVERAGE INSURANCE, on all above-ground insurable portions of the System in an amount equal to the greater of the fair appraised value or the original cost thereof. In the time of war the Issuer will also carry and maintain insurance to the extent available against 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 and destroyed properties or for the other purposes provided herein for the Renewal and Replacement Fund.

B. 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.

C. WORKER'S COMPENSATION COVERAGE FOR ALL EMPLOYEES OF OR FOR THE SYSTEM ELIGIBLE THEREFOR; AND PERFORMANCE AND PAYMENT OR COMPLETION BONDS, such bonds to be in the amounts of not less than 100% of the amount of any construction contract and to be required of each contractor dealing directly with the Issuer and such payment bonds will be filed with the Clerk of the County Commission of the County in which such work is to be performed prior to commencement of construction of any additions, extensions or improvements for the System in compliance with West Virginia Code, Section 38-2-39.

D. FLOOD INSURANCE, to extent available at reasonable cost to the Issuer.

E. BUSINESS INTERRUPTION INSURANCE, to the extent available at reasonable cost to the Issuer.

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

Section 6.10. 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 waterborne 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, 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 and every such owner, tenant or occupant shall, after a 30 day notice of the availability of sewerage services of the System, pay the rates and charges established therefore.

Any such house, dwelling or building from which emanates sewage or waterborne 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 residents of the Issuer and a public nuisance which shall be abated to the extent permitted by law and as promptly as possible by proceedings in a court of competent jurisdiction.

Section 6.11. No Free Services. The Issuer will not render or cause to be rendered any free services of any nature by the System; and, in the event the Issuer or any department, agency, instrumentality, officer or employee thereof shall avail himself of the facilities or services provided by the System or any part thereof, the same rates, fees or charges applicable to other customers receiving like services under similar circumstances shall be charged the Issuer and any such department, agency, instrumentality, officer or employee. Such charges shall be paid as they accrue, and the Issuer shall transfer from its general funds sufficient sums to pay such charges for service to any of its departments or properties. The revenues so received shall be deemed to be revenues derived from the operation of the System and shall be deposited and accounted for in the same manner as other revenues derived from such operation of the System.

Section 6.12. 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 20 days after the same shall become due and

payable, the user of the services and facilities shall be delinquent until such time as all such rates and charges are fully paid and to the extent authorized by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, all delinquent rates, rentals and other charges, if not paid, shall become a lien on the premises served by the System. The Issuer further covenants and agree that it will, to the full extent permitted by law and the rules and regulations promulgated by the Public Service Commission of West Virginia, discontinue and shut off the services and facilities of the System to all delinquent users of services and facilities of the System and will not restore such services of the System until all billing for charges for the services and facilities of the System, including penalties and reconnect fees, have been fully paid, or a payment agreement in compliance with the West Virginia Public Service Commission regulations has been entered.

Section 6.13. 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 or body, or agency or instrumentality whatsoever for the providing of any services which would compete with services provided by the System.

Section 6.14. 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 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, to the extent allowable under and in accordance with the rules and regulations of the Public Service Commission of West Virginia and the Act. Separate control accounting records shall be maintained by the Issuer. Subsidiary records as may be required shall be kept in the manner, on the forms, in the books and along with other bookkeeping records as prescribed by the 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 it shall direct.

The Issuer shall file with the Original Purchaser and any Bond Insurer, and shall mail to any Holder of Bonds requesting the same, an annual report within 120 days following the end of each Fiscal Year containing a balance sheet, statement of revenues, expenses, and changes in retained earnings, and statement of cash flows, as prescribed by generally accepted accounting principles.

The Issuer shall also file with the Original Purchaser and any Bond Insurer, and mail to any Holder of Bonds requesting the same, a monthly unaudited report within 30 days following the end of each month containing the following:

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

(B) A statement of account balances in the Sinking Fund accounts provided for in this Ordinance and status of said funds.

The Issuer shall also, at least once a year, cause the books, records and accounts of the System to be completely audited by Independent Accountants, shall mail upon request, and make available generally, the report of said Independent Accountants, or a summary thereof, to any Holder or Holders of Bonds issued pursuant to this Ordinance and shall file said report with the Original Purchaser.

Section 6.15. Operating Budget. The Issuer shall annually, at least 30 days preceding the beginning of each Fiscal Year, or at such earlier date required by its charter, prepare and adopt by resolution a detailed budget of the estimated revenues and expenditures for operation and maintenance of the System during the succeeding Fiscal Year. The Issuer shall mail copies of such annual budget and all resolutions authorizing increased expenditures for operation and maintenance to the Original Purchaser and shall make available such budgets and all resolutions authorizing increased expenditures for operation and maintenance of the System at all reasonable times to the Original Purchaser and to any Holder of Bonds or anyone acting for and in behalf of such Holder who requests the same.

Section 6.16. Tax Covenants. The Issuer hereby further covenants and agrees as follows:

A. PRIVATE BUSINESS USE LIMITATION. The Issuer shall assure that (i) not in excess of 10% of the Net Proceeds of the Series 2010 A Bonds are used for Private Business Use if, in addition, the payment of more than 10% of the principal or 10% of the interest due on such Series 2010 A Bonds during the term thereof is, under the terms of such Bonds or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for a Private Business Use or in payments in respect of property used or to be used for a Private Business Use or is to be derived from payments, whether or not to the Issuer, in respect of property or borrowed money used or to be used for a Private Business Use; and (ii) in the event that both (A) in excess of 5% of the Net Proceeds of the Series 2010 A Bonds are used for a Private Business Use, and (B) an amount in excess of 5% of the principal or 5% of the interest due on the Series 2010 A Bonds during the terms thereof is, under the terms of such Series 2010 A Bonds or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for said Private Business Use or in payments in respect of property used or to be used for said Private Business Use or is to be derived from payments, whether or not to the Issuer, in respect of property or borrowed money used or to be used for said Private Business Use, then said excess over said 5% of Net Proceeds of the Series 2010 A Bonds used for a Private Business Use shall be used for a Private Business Use related to the governmental use of the System, or if the Series 2010 A Bonds are for the purpose of financing more than one project, a portion of the System, and shall not exceed the proceeds used for the governmental use of that portion of the System to which such Private Business Use is related.

B. PRIVATE LOAN LIMITATION. The Issuer shall assure that not in excess of the lesser of 5% of the Net Proceeds of the Series 2010 A Bonds or $5,000,000 are used, directly or indirectly, to make or finance a loan to persons other than state or local government units.

C. FEDERAL GUARANTEE PROHIBITION. The Issuer shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause the Series 2010 A Bonds to be directly or indirectly "federally guaranteed" within the meaning of Section 149(b) of the Code and Regulations promulgated thereunder.

D. INFORMATION RETURN. The Issuer will file all statements, instruments and returns necessary to assure the tax-exempt status of the Series 2010 A Bonds and the interest thereon, including without limitation, the information return required under Section 149(e) of the Code.

E. FURTHER ACTIONS. The Issuer will take all actions that may be required of it so that the interest on the Series 2010 A Bonds will be and remain excludable from gross income for federal income tax purposes, and will not take any actions which would adversely affect such exclusion.

Section 6.17. Statutory Mortgage Lien. For the further protection of the Holders of the Series 2010 A Bonds, a statutory mortgage lien upon the System is granted and created by the Act, which statutory mortgage lien is hereby recognized and declared to be valid and binding, shall take effect immediately upon the issuance of the Series 2010 A Bonds and shall be on a parity with one another and with the statutory mortgage lien in favor of the Holders of the Prior Bonds.

Section 6.18. Designation of Series 2010 A Bonds as "Qualified Tax-Exempt Obligations". The Issuer hereby designates the Series 2010 A Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b)(3)(B) of the Code and covenants that the Series 2010 A Bonds do not constitute private activity bonds as defined in Section 141 of the Code, and that not more than $30,000,000 aggregate principal amount of obligations the interest on which is excludable (under Section 103(a) of the Code) from gross income for federal income tax purposes (excluding, however, obligations issued to currently refund any obligation of the Issuer to the extent the amount of the refunding obligation does not exceed the amount of the refunded obligation and private activity bonds, as defined in Section 141 of the Code, other than qualified 501(c)(3) bonds as defined in Section 145 of the Code), including the Series 2010 A Bonds, have been or shall be issued by the Issuer, including all subordinate entities of the Issuer, during the calendar year 2010, all as determined in accordance with the Code.

ARTICLE VII

DEFAULTS AND REMEDIES

Section 7.01. Events of Default. Each of the following events shall constitute an "Event of Default" with respect to the Series 2010 A Bonds:

(A) If default by the Issuer occurs in the due and punctual payment of the principal of or interest on any Bond;

(B) If default occurs in the Issuer's observance of any of the covenants, agreements or conditions on its part in this Ordinance or any Supplemental Resolution or in the Bonds contained, and such default shall have continued for a period of 30 days after written notice specifying such default and requiring the same to be remedied shall have been given to the Issuer by any Registered Owner of any Bond;

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

(D) If the Issuer defaults on the Prior Bonds or the Prior Ordinances.

Section 7.02. Enforcement. Upon the happening and continuance of any Event of Default, any Registered Owner of any Bond may exercise any available remedy and bring any appropriate action, suit or proceeding to enforce his rights and, in particular:

(A) Bring suit for any unpaid principal or interest then due;

(B) By mandamus or other appropriate proceeding enforce all rights of the Registered Owners, including the right to require the Issuer to perform its duties under the Act and this Ordinance;

(C) Bring suit upon the Bonds;

(D) By action at law or bill in equity require the Issuer to account as if it were the trustee of an express trust for the Registered Owners of the Bonds; and

(E) By action or bill in equity enjoin any acts in violation of this Ordinance or the rights of the Registered Owners of the Bonds; provided that, all rights and remedies of the Registered Owners of the Series 2010 A Bonds shall be on a parity with those of the Registered Owners of the Prior Bonds.

No remedy by the terms of this Ordinance conferred upon or reserved to the Registered Owners is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to any other remedy given to the Registered Owners hereunder or now or hereafter existing at law or by statute.

No delay or omission to exercise any right or power accruing upon any default or Event of Default shall impair any such right or power or shall be construed to be a waiver of any such default or Event of Default or acquiescence therein, and every such right and power may be exercised from time to time and as often as may be deemed expedient.

No waiver of any default or Event of Default hereunder by the Registered Owners shall extend to or shall affect any subsequent default or Event of Default or shall impair any rights or remedies consequent thereto.

Section 7.03. Appointment of Receiver. If there be any Event of Default existing and continuing, any Registered Owner shall, in addition to all other remedies or rights, have the right by appropriate legal proceedings to obtain the appointment of a receiver to administer the System on behalf of the Issuer, with power to charge rates, rentals, fees and other charges sufficient to provide for the payment of the principal of and interest on the Bonds, the deposits into the funds and accounts hereby established as herein provided and the payment of Operating Expenses of the System and to apply such rates, rentals, fees, charges or other Revenues in conformity with the provisions of this Ordinance and the Act.

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

Whenever all that is due upon the Series 2010 A Bonds issued pursuant to this Ordinance and interest thereon and under any covenants of this Ordinance for reserve, sinking or other funds and accounts and upon any other obligations and interest thereon having a charge, lien or encumbrance upon the Revenues of the System shall have been paid and made good, and all defaults under the provisions of this Ordinance shall have been cured and made good, 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 shall have the same right to secure the further appointment of a receiver upon any such subsequent default.

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

Any receiver appointed as provided herein shall hold and operate the System in the name of the Issuer and for the joint protection and benefit of the Issuer and the Registered Owners of the Bonds issued pursuant to this Ordinance. Such receiver shall have no power to sell, assign, mortgage or otherwise dispose of any assets of any kind or character belonging or pertaining to the System, but the authority of such receiver shall be limited to the possession,

operation and maintenance of the System, for the sole purpose of the protection of both the Issuer and the Registered Owners of the Bonds, and the curing and making good of any default under the provisions of this Ordinance, and the title to and ownership of said System shall remain in the Issuer, and no court shall have any jurisdiction to enter any order or decree permitting or requiring such receiver to sell, mortgage or otherwise dispose of any assets of the System.

Section 7.04. Restoration of Issuer and Registered Owners. In case any Registered Owner shall have proceeded to enforce any right under this Ordinance by the appointment of a receiver, by entry or otherwise, and such proceedings shall have been discontinued or abandoned for any reason, or shall have been determined adversely, then and in every such case the Issuer and such Registered Owners shall be restored to their former positions and rights hereunder, and all rights and remedies of such Registered Owners shall continue as if no such proceedings had been taken.

ARTICLE VIII

REGISTRAR, PAYING AGENT AND DEPOSITORY BANK

Section 8.01. Appointment of Registrar, Paying Agent and Depository Bank. The Registrar, Paying Agent and Depository Bank (collectively, the "Fiduciaries") for the Series 2010 A Bonds shall be appointed pursuant to the Supplemental Resolution. The Issuer is hereby authorized and directed to enter into an agreement with the Fiduciaries, the substantial form of which agreement is to be approved by Supplemental Resolution.

Section 8.02. Responsibilities of Fiduciaries. The recitals of fact in the Series 2010 A Bonds shall be taken as statements of the Issuer, and the Fiduciaries shall not be responsible for their accuracy. The Fiduciaries shall not be deemed to make any representation as to, and shall not incur any liability on account of, the validity of the execution of any Series 2010 A Bonds by the Issuer. Notwithstanding the foregoing, the Registrar shall be responsible for any representation in its Certificate of Authentication on the Series 2010 A Bonds. The Fiduciaries and any successor thereto shall agree to perform all the duties and responsibilities spelled out in this Ordinance and any other duties and responsibilities incident thereto, all as provided by said agreement described in Section 8.01.

Section 8.03. Evidence on Which Fiduciaries May Act. Except as otherwise provided by Section 10.02, the Fiduciaries shall be protected in acting upon any notice, resolution, request, consent, order, certificate, opinion or other document believed by them to be genuine and to have been signed or presented by the proper party or parties. Whenever any Fiduciary shall deem it necessary or desirable that a fact or matter be proved or established prior to taking or suffering any action, such fact or matter, unless other evidence is specifically prescribed, may be deemed to be conclusively proved and established by a certificate of an Authorized Officer of the Issuer, but in its discretion such Fiduciary may instead accept other evidence of such fact or matter.

Section 8.04. Compensation and Expenses. The Issuer shall pay to the Fiduciaries from time to time reasonable compensation for all services, including the transfer of registration of Series 2010 A Bonds, the first exchange of Series 2010 A Bonds and the exchange of Series 2010 A Bonds in the event of partial redemption, incurred in the performance of their duties hereunder.

Section 8.05. Certain Permitted Acts. The Registrar may become the owner of or may deal in Series 2010 A Bonds as fully and with the same rights it would have if it were not Registrar. To the extent permitted by law, the Registrar may act as depository for, and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Registered Owners or effect or aid in any reorganization growing out of the enforcement of the Series 2010 A Bonds or this Ordinance, whether or not any such committee shall represent the Registered Owners of a majority in principal amount of the Series 2010 A Bonds Outstanding.

Section 8.06. Resignation of Registrar. The Registrar may at any time resign and be discharged of its duties and obligations under this Ordinance by giving not less than 60 days' written notice to the Issuer and publishing in an Authorized Newspaper notice (or mailing such notice to each Registered Owner in the event all Series 2010 A Bonds are fully registered), specifying the date when such resignation shall take effect, within 20 days after the giving of such written notice. A copy of such notice shall also be mailed to each owner of a fully registered Bond or a coupon Bond registered as to principal (other than to bearer). Such resignation shall take effect upon the day specified in such notice unless a successor shall have been previously appointed by the Issuer or bondholders, in which event such resignation shall take effect immediately.

Section 8.07. Removal. The Registrar may be removed at any time by the Issuer or by the Registered Owners of a majority in principal amount of the Series 2010 A Bonds then Outstanding by an instrument or concurrent instruments in writing signed and duly acknowledged by the Issuer or by such Registered Owners or their attorneys duly authorized in writing and delivered to the Issuer, as the case may be. Copies of each such instrument shall be delivered by the Issuer to the Registrar.

Section 8.08. Appointment of Successor. In case at any time the Registrar shall resign or shall be removed or shall become incapable of acting, or shall be adjudged bankrupt or insolvent, or if a receiver, liquidator or conservator of the Registrar or of its property shall be appointed, or if any public officer or court shall take charge or control of the Registrar or of its property or affairs, a successor may be appointed by the Registered Owners of a majority in principal amount of the Series 2010 A Bonds then Outstanding by an instrument or concurrent instruments in writing signed by such Registered Owners or their attorneys duly authorized in writing and delivered to the Issuer and such successor Registrar, notification thereof being given to the predecessor Registrar. Pending such appointment, the Issuer shall forthwith appoint a Registrar to fill such vacancy until a successor Registrar shall be appointed by such Registered Owners. The Issuer shall publish in an Authorized Newspaper (or mail to each Registered Owner in the event all Series 2010 A Bonds are fully registered) notice of any such appointment within 20 days after the effective date of such appointment. A copy of such notice shall also be

mailed to each owner of a fully registered Bond or a coupon Bond registered as to principal (other than to bearer). Any successor Registrar appointed by the Issuer shall, immediately and without further act, be superseded by a Registrar appointed by such Registered Owners. If in a proper case no appointment of a successor Registrar shall be made within 45 days after the Registrar shall have given to the Issuer written notice of resignation or after the occurrence of any other event requiring such appointment, the Registrar or any Registered Owner may apply to any court of competent jurisdiction to appoint a successor. Any Registrar appointed under the provisions of this section shall be a bank, trust company or national banking association authorized to perform the duties imposed upon it by this Ordinance.

Section 8.09. Transfer of Rights and Property to Successor. Any predecessor Registrar or Paying Agent shall pay over, assign and deliver any moneys, books and records held by it and relating to the Series 2010 A Bonds to its successor.

Section 8.10. Merger or Consolidation. Any company into which the Registrar may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party, or any company to which the Registrar or any public officer or court may sell or transfer all or substantially all of its corporate trust business, shall be the successor to such Registrar without the execution or filing of any paper or the performance of any further act; provided, however, that such company shall be a bank, trust company or national banking association meeting the requirements set forth in Section 8.08.

Section 8.11. Adoption of Authentication. In case any of the Series 2010 A Bonds shall have been authenticated but not delivered, any successor Registrar may adopt a Certificate of Authentication and Registration executed by any predecessor Registrar and deliver such Series 2010 A Bonds so authenticated, and, in case any Series 2010 A Bonds shall have been prepared but not authenticated, any successor Registrar may authenticate such Series 2010 A Bonds in the name of the predecessor Registrar or in its own name.

Section 8.12. Paying Agent and Depository Bank. The Registrar shall also serve as the Paying Agent and Depository Bank. The Registrar's acceptance of the duties and responsibilities of the Registrar expressed in Section 8.02 shall also include the trusts and the duties of Paying Agent and Depository Bank. Any alternate Paying Agent must be a bank, trust company or national banking association authorized to perform the duties imposed upon it by this Ordinance. Such alternate Paying Agent shall signify its acceptance of the duties and obligations imposed upon it pursuant hereto by executing and delivering to the Issuer a written acceptance thereof. Any successor Paying Agent shall take such actions as may be necessary to ensure that the Series 2010 A Bonds shall be and remain DTC-eligible.

Each Paying Agent shall be entitled to payment and reimbursement for reasonable fees for its services rendered hereunder and all advances, counsel fees and other expenses reasonably and necessarily made or incurred by such Paying Agent in connection with such services solely from moneys available therefore.

Any bank, trust company or national banking association with or into which any Paying Agent may be merged or consolidated, or to which the assets and business of such Paying Agent may be sold, shall be deemed the successor of such Paying Agent for the purposes of this Ordinance. If the position of Paying Agent shall become vacant for any reason, the Issuer shall, within 30 days thereafter, appoint a bank, trust company or national banking association located in the same city as such Paying Agent to fill such vacancy; provided, however, that, if the Issuer shall fail to appoint such Paying Agent within said period, the Bond Commission, a court of competent jurisdiction or a majority of the Registered Owners may make such appointment.

The Paying Agents shall enjoy the same protective provisions in the performance of their duties hereunder as are specified in this Article VIII with respect to the Registrar, insofar as such provisions may be applicable.

Notice of the appointment of successor or additional Paying Agents or fiscal agents shall be given in the same manner as provided by Section 8.08 hereof with respect to the appointment of a successor Registrar.

All moneys received by the Paying Agents shall, until used or applied as provided in this Ordinance, be held in trust for the purposes for which they were received.

ARTICLE IX

DEFEASANCE; DISCHARGE OF PLEDGE OF ORDINANCE

Section 9.01. Defeasance; Discharge of Pledge of Ordinance. If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the respective Registered Owners of all Series 2010 A Bonds the principal of and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Ordinance, then this Ordinance and the pledges of the Net Revenues and other moneys and securities pledged hereunder, and all covenants, agreements and other obligations of the Issuer on behalf of the Registered Owners of the Series 2010 A Bonds made hereunder, shall thereupon cease, terminate and become void and be discharged and satisfied.

Bonds for the payment of which either moneys in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide moneys which, together with the moneys, if any, deposited with the Paying Agent at the same or earlier time, shall be sufficient, to pay as and when due the respective principal of and interest on such Bonds shall be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section. All Series 2010 A Bonds shall, prior to the maturity thereof, be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section if there shall have been deposited with the Bond Commission or an escrow trustee either 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 Bond Commission or said escrow trustee at the same or earlier time shall be sufficient, to pay when due the principal of, any redemption premium on and interest due and to become due on said Series 2010 A Bonds on and prior to the maturity date thereof, or if the

Issuer irrevocably determines to redeem any of said Series 2010 A Bonds prior to the maturity thereof, on and prior to said redemption date. Neither securities nor moneys deposited with the Bond Commission or an escrow trustee pursuant to this section nor principal or interest payments on any such securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal of and interest on said Series 2010 A Bonds; provided, that any cash received from such principal, redemption premium, if any, and interest payments on such securities deposited with the Bond Commission or said escrow trustee, if not then needed for such purpose, shall, to the extent practicable, be reinvested in securities maturing at times and in amounts sufficient to pay when due the principal of and redemption premium, if any, and interest to become due on said Bonds on and prior to such maturity or redemption dates thereof, and interest earned from such reinvestments shall be paid over to the Issuer as received by the Bond Commission or said escrow trustee, free and clear of any trust, lien or pledge. For the purpose of this section, securities shall mean and include only Government Obligations.

ARTICLE X

MISCELLANEOUS

Section 10.01. Amendment of Ordinance. This Ordinance and any Supplemental Resolution may be amended or modified without the consent of any Registered Owner or other person, solely for the purpose of maintaining the tax-exempt status of the Series 2010 A Bonds, provided that, in the event any of the Series 2010 A Bonds are insured, no such amendment or modification which adversely affects the security for such Series 2010 A Bonds or the rights of the applicable Bond Insurer for such Series 2010 A Bonds may be effected without the written consent of such Bond Insurer. Otherwise, no materially adverse amendment or modification to this Ordinance, or of any Supplemental Resolution, may be made without the written consent of the Registered Owners of 60% in aggregate principal amount of the Series 2010 A Bonds then Outstanding and affected thereby and the Bond Insurer, which must be filed with the Recorder of the Issuer before any such modification or amendment may be made. No such modification or amendment shall extend the maturity of or reduce the interest rate on, or otherwise alter the terms of payment of the principal of or interest on, any Series 2010 A Bond without the express written consent of the Registered Owner of such Bond, nor reduce the percentage of Series 2010 A Bonds required for consent to any such modification or amendment.

Section 10.02. Evidence of Signatures of Registered Owners and Ownership of Series 2010 A Bonds. Any request, consent, revocation of consent or other instrument which this Ordinance may require or permit to be signed and executed by Registered Owners may be in one or more instruments of similar tenor, and shall be signed or executed by such Registered Owners in person or by their attorneys duly authorized in writing. Proof of the execution of any such instrument, or of an instrument appointing or authorizing any such attorney, shall be sufficient for any purpose of this Ordinance if made in the following manner, or in any other manner satisfactory to the Issuer or the Registrar, as the case may be, which may nevertheless in its discretion require further or other proof in cases where it deems the same desirable:

A. The fact and date of the execution by any Registered Owner or his attorney of any such instrument may be proved (i) by the certificate of a notary public or other officer authorized to take acknowledgments of deeds to be recorded in the jurisdiction in which he purports to act that the person signing such instrument acknowledged to him the execution thereof, or by the affidavit of a witness of such execution, duly sworn to before such a notary public or other officer or (ii) by the certificate, which need not be acknowledged or verified, of an officer of a bank, a trust company or a financial firm or corporation satisfactory to the Issuer or the Registrar, as the case may be, that the person signing such instrument acknowledged to such bank, trust company, firm or corporation the execution thereof.

B. The authority of a person or persons to execute any such instrument on behalf of a corporate Holder may be established without further proof if such instrument is signed by a person purporting to be the president or treasurer or a vice-president or an assistant treasurer of such corporation with a corporate seal affixed, and is attested by a person purporting to be its secretary or assistant secretary.

C. The amount of fully registered Series 2010 A Bonds held by a person executing any instrument as a Registered Owner, the date of his holding such Series 2010 A Bonds and the numbers and other identification thereof, shall be confirmed by the Bond Register.

Any request, consent or other instrument executed by the Registered Owner of any Bond shall bind all future Registered Owners of such Bond in respect of anything done or suffered to be done hereunder by the Issuer or the Registrar in accordance therewith.

Section 10.03. Preservation and Inspection of Documents. To the extent allowable under law, all reports, certificates, statements and other documents received by the Registrar under the provisions of this Ordinance shall be retained in its possession and shall be available at all reasonable times for the inspection of the Issuer or any Registered Owner, and their agents and their representatives, but any such reports, certificates, statements or other documents may, at the election of the Registrar, be destroyed or otherwise disposed of at any time after such date as the pledge created by this Ordinance shall be discharged as provided in Section 9.01.

Section 10.04. Cancellation of Series 2010 A Bonds. All Series 2010 A Bonds purchased or paid shall, if surrendered to the Issuer, be canceled and delivered to the Registrar, or, if surrendered to the Registrar, be canceled by it. No such Series 2010 A Bonds shall be deemed Outstanding under this Ordinance and no Series 2010 A Bonds shall be issued in lieu thereof. All such Series 2010 A Bonds shall be canceled and upon order of the Issuer shall be destroyed, and a certificate evidencing such destruction shall be delivered to the Issuer.

Section 10.05. Failure to Present Series 2010 A Bonds. Anything in this Ordinance to the contrary notwithstanding, any moneys held by the Bond Commission or a Paying Agent in trust for the payment and discharge of any of the Series 2010 A Bonds which remain unclaimed for 1 year after the date on which such Series 2010 A Bonds have become due and payable, whether by maturity or upon call for redemption, shall at the written request of the Issuer be paid by the Bond Commission or said Paying Agent to the Issuer as its absolute property and free

from trust, and the Bond Commission or said Paying Agent shall thereupon be released and discharged with respect thereto, and the Registered Owners of such Series 2010 A Bonds shall look only to the Issuer for the payment of such Series 2010 A Bonds; provided, however, that, before making any such payment to the Issuer, the Registrar, if so advised by the Bond Commission, or said Paying Agent shall send to the Registered Owner, at the address listed on the Bond Register, by certified mail, a notice that such moneys remain unclaimed and that, after a date named in said notice, which date shall be not less than 30 days after the date of such notice is mailed, the balance of such moneys then unclaimed will be returned to the Issuer. If any of said Series 2010 A Bonds is a coupon Bond the Registrar or said Paying Agent shall also publish such notice, not less than 30 days prior to the date such moneys will be returned to the Issuer, in an Authorized Newspaper.

Section 10.06. Notices, Demands and Requests. Unless otherwise expressly provided, all notices, demands and requests to be given or made hereunder to or by the Issuer, the Registrar, the Depository Bank, or the Original Purchaser shall be in writing and shall be properly made if sent by United States mail, postage prepaid, and addressed as follows or if hand-delivered to the individual to whom such notice, demand or request is required to be directed as indicated below:

TOWN:

The Town of Kingwood
313 Tunnelton Street
Kingwood, West Virginia 26537
Attention: Mayor

REGISTRAR AND PAYING AGENT:

[Name and address
to be set forth in the
Supplemental Resolution]

DEPOSITORY BANK:

[Name and address
to be set forth in the
Supplemental Resolution]

ORIGINAL PURCHASERS:

Crews & Associates, Inc.
300 Summers Street
Suite 930
Charleston, West Virginia 25301

Any party listed above may change such address listed for it at any time upon written notice of change sent by United States mail, postage prepaid, to the other parties.

Section 10.07. No Personal Liability. No member of the Council or officer or employee of the Issuer shall be individually or personally liable for the payment of the principal of or the interest on any Series 2010 A Bond, but nothing herein contained shall relieve any such member, official or employee from the performance of any official duty provided by law or this Ordinance.

Section 10.08. Law Applicable. The laws of the State shall govern the construction of this Ordinance and of all Series 2010 A Bonds issued hereunder.

Section 10.09. Parties Interested Herein. Nothing in this Ordinance expressed or implied is intended or shall be construed to confer upon, or give to, any person or corporation, other than the Issuer, the Registrar, the Paying Agent, the Registered Owners of the Series 2010 A Bonds and the Original Purchaser, any right, remedy or claim under or by reason of this Ordinance. All the covenants, stipulations, promises and agreements contained in this Ordinance by and on behalf of the Issuer shall be for the sole and exclusive benefit of the Issuer, the Registrar, the Paying Agent, the Registered Owners of the Series 2010 A Bonds and the Original Purchaser.

Section 10.10. Severability of Invalid Provisions. If any section, paragraph, clause or provision of this Ordinance shall be held invalid, such invalidity shall not affect any of the remaining provisions of this Ordinance.

Section 10.11. Table of Contents and Headings. The Table of Contents and headings of the articles, sections and subsections hereof are for convenience only and shall neither control nor affect in any way the meaning or construction of any of the provisions hereof.

Section 10.12. Conflicting Provisions Repealed. All ordinances, orders, resolutions or parts thereof in conflict with the provisions of this Ordinance are, to the extent of such conflict, hereby repealed, provided however, that the Prior Ordinances shall remain in full force and effect so long as any of the Prior Bonds are Outstanding.

Section 10.13. Covenant of Due Procedure, Etc. The Issuer covenants that all acts, conditions, things and procedures required to exist, to happen, to be performed or to be taken precedent to and in the adoption of this Ordinance do exist, have happened, have been performed and have been taken in regular and due time, form and manner as required by and in full compliance with the laws and Constitution of the State of West Virginia applicable thereto; and that the Mayor, Recorder and members of the Council were at all times when any actions in connection with this Ordinance occurred and are duly in office and duly qualified for such office.

Section 10.14. Procedure on Enactment of Ordinance; Public Hearing. Upon adoption of this Ordinance, the Recorder is hereby authorized and directed to have an abstract of this Ordinance, which abstract has been determined by the Council to contain sufficient information to give notice of the contents of such Ordinance, published once each week for 2

successive weeks, with not less than six full days between each publication, the first such publication to be not less than 10 days before the date stated below for the public hearing, in the *Preston County Journal*, a newspaper published and having a general circulation in The Town of Kingwood, together with a notice to all persons concerned, stating that this Ordinance has been adopted and that the Issuer contemplates the issuance of the Bonds described in this Ordinance and that any person interested may appear before the Council of the Issuer at the public hearing to be had at a public meeting of the Council on _____, 2010, at _____:00 p.m., and present protests, and that a certified copy of this Ordinance is on file with the Recorder for review by interested parties during the office hours of the Recorder. At such hearing all protests and suggestions shall be heard by the Council and it shall then take such action as it shall deem proper in the premises.

First Reading: _____, 2010

Second Reading: _____, 2010

Passed on Final Reading
Following Public
Hearing: _____, 2010

Section 10.15. Effective Date. This Ordinance shall take effect immediately upon enactment.

Enacted this _____ day of _____, 2010.

[SEAL]

_____
Mayor

ATTEST:

_____
Recorder

CERTIFICATION

Certified a true, correct and complete copy of an Ordinance duly enacted by the Council of THE TOWN OF KINGWOOD at a regular meeting of the Council held at _____ p.m., on _____, 2010, pursuant to proper notice, at which meeting a quorum was present and acting throughout, and which Ordinance was enacted following a public hearing thereon, notice of which public hearing was published once a week for two successive weeks in a newspaper published and having a general circulation in The Town of Kingwood, the first publication having been not less than 10 days prior to such public hearing.

Dated this _____ day of _____, 2010.

[SEAL]

_____
Recorder

EXHIBIT A - SERIES 2010 A BOND FORM

Except as otherwise provided in the Ordinance, this global bond may be transferred, in whole but not in part, only to another nominee of DTC (as defined in the Ordinance) or to a successor of DTC or to a nominee of a successor of DTC. Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to Issuer or its agent for registration of transfer, exchange, or payment, and any Bond issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

No. AR-_____ $_____

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE TOWN OF KINGWOOD (WEST VIRGINIA)
SEWER REFUNDING REVENUE BOND, SERIES 2010 A

INTEREST RATE	MATURITY DATE	BOND DATE	CUSIP NO.

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: _____

KNOW ALL MEN BY THESE PRESENTS: That THE TOWN OF KINGWOOD, a municipal corporation organized and existing under the laws of the State of West Virginia (the "Town"), for value received, hereby promises to pay, solely from the special funds provided therefore, as hereinafter set forth, to the Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, the Principal Amount specified above and solely from such special funds also to pay interest on said Principal Amount from the Interest Payment Date (as hereinafter defined) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, or, if and to the extent that the Town shall default in the payment of interest on any Interest Payment Date, then this Bond shall bear interest from the most recent Interest Payment Date to which interest has been paid or duly provided for, and in which case any Bond surrendered for transfer or exchange shall be dated as of the Interest Payment Date to which interest has been paid in full, at the Interest Rate per annum specified above, semiannually, on _____ 1 and _____ 1, in each year, beginning _____ 1, 20____ (each an "Interest Payment Date"), until maturity

or until the date fixed for redemption if this Bond is called for prior redemption and payment on such date is provided for. Capitalized terms used and not defined herein shall have the meanings ascribed thereto in the hereinafter described Ordinance.

Interest accruing on this Bond on and prior to the Maturity Date hereof shall be payable by check or draft mailed by _____, _____, West Virginia, as paying agent (in such capacity, the "Paying Agent"), to the Registered Owner hereof as of the applicable Record Date (each _____ 15 and _____ 15) or, in the event of a default in the payment of Bonds, that special record date to be fixed by the hereinafter named Registrar by notice given to the Registered Owners not less than 10 days prior to said special record date at the address of such Registered Owner as it appears on the registration books of the Town maintained by _____, _____, West Virginia, as registrar (in such capacity, the "Registrar"), or, at the option of any Registered Owner of at least $1,000,000 in aggregate principal amount of Bonds, by wire transfer in immediately available funds to a domestic bank account specified in writing by the Registered Owner to the Paying Agent at least 5 days prior to such Record Date. Principal and premium, if any, shall be paid when due upon presentation and surrender of this Bond for payment at the principal office of the Paying Agent, in _____, West Virginia.

This Bond is one of an issue of a series of bonds, in the aggregate principal amount of $_____ designated "The Town of Kingwood (West Virginia) Sewer Refunding Revenue Bonds, Series 2010 A" (the "Bonds"), of like tenor and effect, except as to number, denomination, date of maturity and interest rate, dated _____, 2010, the proceeds of which are to be used (i) to finance the costs of currently refunding the Issuer's Series 1997 A Refunding Revenue Bonds, (ii) to fund the Series 2010 A Bonds Reserve Account, and (iii) to pay certain costs of issuance of the Series 2010 A Bonds and related costs. The Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13 of the Code of West Virginia, 1931, as amended (the "Act"), and an ordinance duly enacted by the Council of the Issuer on _____, 2010, and supplemented by supplemental resolutions adopted by said Council on _____, 2010, and _____, 2010 (hereinafter collectively referred to as the "Ordinance"), and is subject to all the terms and conditions of said Ordinance. The Ordinance provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Ordinance. Reference is hereby made to the Ordinance, as the same may be amended and supplemented from time to time, for a description of the rights, limitations of rights, obligations, duties and immunities of the Issuer, the Registrar, the Paying Agent, the Registered Owners of the Bonds and the Registered Owners of any subsequently issued additional bonds. Executed counterparts or certified copies of the Ordinance are on file at the office of the Recorder in The Town of Kingwood, West Virginia.

The Bonds of this issue are subject to redemption prior to their stated maturity dates, as provided in the Ordinance and as set forth in the following lettered paragraphs:

(A) Optional Redemption. The Bonds maturing on or after _____, _____ are subject to redemption prior to maturity at the option of the Issuer on and after _____, _____, in whole or in part at any time, in such order of maturity as shall be designated to the Registrar by the Issuer and by lot within a maturity, at the following

redemption prices (expressed as percentages of the principal amount of Bonds to be redeemed), plus interest accrued thereon to the date fixed for redemption:

Period During Which Redeemed (Dates Inclusive)	Redemption Price
_____ to _____	$_____
_____ to _____	$_____
_____ to _____	$_____

(B) Mandatory Sinking Fund Redemption. The Bonds maturing on _____, are subject to annual mandatory redemption prior to maturity by random selection on _____ of the years and in the principal amounts set forth below, at the redemption price of 100% of the principal amount of each Bond so called for redemption plus interest accrued to the date fixed for redemption:

Bonds Maturing

Year ( )	Principal Amount

Bonds Maturing

Year ( )	Principal Amount

_____
* Final Maturity

If less than all the Bonds are to be redeemed, the Bonds to be redeemed shall be identified by reference to the Series designation, date of issue, CUSIP numbers and Maturity Dates.

Notice of any redemption of this Bond, unless waived, shall be given by the Registrar on behalf of the Issuer by mailing an official redemption notice by registered or certified mail at least 30 days and not more than 60 days prior to the date fixed for redemption to the Registered Owner of the Bond or Bonds to be redeemed at the address shown on the Bond Register or at such other address as is furnished in writing by such Registered Owner to the Registrar. Notice of redemption having been given as aforesaid, the Bonds or portions of Bonds so to be redeemed shall, on the Redemption Date, become due and payable at the redemption price therein specified, and from and after such date (unless the Issuer shall default in the payment of the redemption price) such Bonds or portions of Bonds shall cease to bear interest.

Failure to receive such notice or any defect therein or in the mailing thereof shall not affect the validity of proceedings for the redemption of this Bond.

There are outstanding obligations of the Issuer which will rank on a parity with the Series 2010 A Bonds as to liens, pledge, source of and security for payment, as follows: (1) Sewerage System Design Revenue Bonds, Series 2009 A (West Virginia Water Development Authority), dated January 30, 2009, issued in the original aggregate principal amount of $724,650 (the "Series 2009 A Bonds"); (2) Sewer Revenue Bonds, Series 2001 A (West Virginia SRF Program), dated December 20, 2001, issued in the original aggregate principal amount of $878,181 (the "Series 2001 A Bonds"); and (3) Sewer Revenue Bonds, Series 1986 B (West Virginia Water Development Authority), dated March 26, 1986, issued in the original aggregate principal amount of $850,860 (the "Series 1986 B Bonds") (collectively, the "Prior Bonds").

The Bonds and the interest thereon are payable only from and are secured by the Net Revenues (as defined in the Ordinance) to be derived from the operation of the System, on a parity with the pledge of Net Revenues in favor of the holders of the Prior Bonds and from moneys in the Series 2010 A Bonds Sinking Fund and the Series 2010 A Bonds Reserve Account established under the Ordinance, and the 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 shall be set aside as a special fund hereby pledged for such purpose and to make the other payments required by the Ordinance. This Bond does not constitute an indebtedness of the Issuer within any constitutional or statutory provision or limitation, nor shall the Issuer be obligated to pay the same or the interest hereon except from said special fund provided from the Net Revenues, the moneys in the Series 2010 A Bonds Sinking Fund and the Series 2010 A Bonds Reserve Account and unexpended proceeds of the Bonds. Under the Ordinance, the Issuer has covenanted and agreed to fix, establish and collect just and equitable rates or charges for the use of the services and facilities of the System and to revise the same from time to time as will always be sufficient to pay all operating expenses of the System and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest on the Bonds and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with the Bonds, including the Prior Bonds. 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 Ordinance. Remedies provided the Registered Owners of the Bonds are exclusively as provided in the Ordinance, to which reference is here made for a detailed description thereof.

All moneys received from the sale of the Bonds except for accrued interest thereon shall be applied solely to finance the current refunding of the Issuer's outstanding Series 1997 A Refunding Revenue Bonds, fund a reserve account for the Bonds and pay costs of issuance of the Bonds, 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.

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 said Issuer, does not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia, and that a sufficient amount of the Net Revenues of the System has been pledged to and will be set aside into said special fund by said Issuer for the prompt payment of the principal of and interest on the Bonds of which this Bond is one.

This Bond, under the provisions of the Act is and has all the qualities and incidents of, a negotiable instrument under the Uniform Commercial Code of the State of West Virginia, but may be transferred only upon the surrender hereof at the office of the Registrar and otherwise as provided by the Ordinance.

This Bond is, under the Act, exempt from all taxation by the State of West Virginia or any county, municipality, political subdivision or agency thereof.

This Bond shall not be entitled to any benefit under the Ordinance, or become valid or obligatory for any purpose, until the certificate of authentication and registration hereon shall have been signed by the Registrar.

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

[Remainder of Page Intentionally Blank]

IN WITNESS WHEREOF, THE TOWN OF KINGWOOD has caused this Bond to be signed by its Mayor and, and its corporate seal to be imprinted hereon and attested by its Recorder, and has caused this Bond to be dated as of the Bond Date specified above.

[SEAL]

(Manual or Facsimile Signature)
Mayor

ATTEST:

(Manual or Facsimile Signature)
Recorder

CERTIFICATE OF AUTHENTICATION
AND REGISTRATION

This Bond is one of the fully registered Bonds described in the within-mentioned Ordinance and has been duly registered in the name of the Registered Owner on the date set forth below. Attached hereto is the complete text of the opinion of Steptoe & Johnson PLLC, bond counsel, signed originals of which are on file with the Registrar, delivered and dated on the date of the original delivery of and payment for the Bonds.

Dated: _____, _____.

_____,
as Registrar

By _____
Its Authorized Officer

ASSIGNMENT

(Exhibit A – Bond Form)

Social Security or Other Identifying Number of Assignee _____
_____

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

Dated: _____, 20_____.

_____

SIGNATURE GUARANTEED:

_____
(Bank, Trust Company or Firm)

_____
(Authorized Officer)

NOTICE: The Assignor's signature to this Assignment must correspond with the name as it appears upon the face of the within Bond in every particular, without alteration or any change whatever.

APPENDIX D

FORM OF OPINION OF BOND COUNSEL

August 27, 2010

The Town of Kingwood
Sewer Refunding Revenue Bonds, Series 2010 A
(Tax-Exempt)

The Town of Kingwood
Kingwood, West Virginia

Crews & Associates, Inc.
Charleston, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

Ladies and Gentlemen:

We have examined a record of proceedings relating to the issuance by The Town of Kingwood, West Virginia (the "Issuer") of its $1,605,000 aggregate principal amount of Sewer Refunding Revenue Bonds, Series 2010 A (Tax-Exempt) (the "Series 2010 A Bonds").

The Series 2010 A Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 16, Article 13 and Chapter 13, Article 2E of the West Virginia Code of 1931, as amended (collectively, the "Act"), and a Bond Ordinance duly enacted by the Issuer on July 27, 2010, as supplemented by a Supplemental Parameters Resolution duly adopted by the Issuer on July 27, 2010 (collectively, the "Ordinance"), and are subject to all the terms and conditions of the Ordinance. All capitalized terms used herein and not otherwise defined shall have the meanings set forth in the Ordinance when used herein.

The Series 2010 A Bonds are issued in fully registered form, are dated August 27, 2010, upon original issuance, mature on October 1 in the years and amounts and bear interest payable each April 1 and October 1, commencing April 1, 2011, as set forth in the Ordinance.

The Series 2010 A Bonds shall be subject to optional redemption on or after October 1, 2015, at par plus accrued interest thereon to the date set for redemption.

The Ordinance provides that the Series 2010 A Bonds are issued for the purpose of currently refunding the Issuer's Sewer Refunding Revenue Bonds, Series 1997 A (the "Series

1997 A Bonds"), funding a debt service reserve account for the Series 2010 A Bonds and paying costs of issuance of the Series 2010 A Bonds and related costs.

The Series 2010 A Bonds have been sold to Crews & Associates, Inc. (the "Original Purchaser"), pursuant to a Bond Purchase Agreement dated August 12, 2010, and accepted by the Issuer (the "Bond Purchase Agreement").

As to questions of fact material to our opinion, we have relied upon representations of the Issuer, the Original Purchaser and other entities contained in the Ordinance, the Bond Purchase Agreement, the Continuing Disclosure Agreement, the Tax Certificate and in the certified proceedings and other certifications of certain officials furnished to us without undertaking to verify the same by independent investigation.

Based upon the foregoing, and assuming compliance with the covenants and representations of the Issuer and others set forth in the Ordinance, the Bond Purchase Agreement, the Continuing Disclosure Agreement, the Tax Certificate and such certifications, we are of the opinion, under existing law, that:

1. The Issuer is a duly organized and validly existing municipal corporation under and pursuant to the laws of the State of West Virginia, with full power and authority to adopt and enact the Ordinance, enter into the Prepayment Agreement, the Bond Purchase Agreement, the Continuing Disclosure Agreement and Tax Certificate, perform its obligations under the terms and provisions thereof and to issue and sell the Series 2010 A Bonds, all under the provisions of the Act and other applicable provisions of law.

2. The Issuer, through its governing body, has legally and effectively adopted and enacted the Ordinance, has authorized, executed and delivered the Prepayment Agreement, the Bond Purchase Agreement, the Continuing Disclosure Agreement and the Tax Certificate, has authorized the distribution of the Official Statement in connection with the marketing and sale of the Series 2010 A Bonds, and has issued and delivered the Series 2010 A Bonds to the Original Purchaser pursuant to the Bond Purchase Agreement. The Ordinance is in full force and effect as of the date hereof.

3. Assuming due authorization, execution and delivery by the other parties thereto, the Prepayment Agreement, the Bond Purchase Agreement, the Continuing Disclosure Agreement and the Tax Certificate constitute valid, legal, binding and enforceable instruments of the Issuer in accordance with their respective terms.

4. The Series 2010 A Bonds have been duly authorized, executed and delivered by the Issuer and, assuming proper authentication, constitute valid and legally enforceable limited obligations of the Issuer, payable from, and secured by a lien on, the Net Revenues of the System, on a parity with the Issuer's outstanding: (1) Sewerage System Design Revenue Bonds, Series 2009 A (West Virginia Water Development Authority), dated January 30, 2009, issued in the original aggregate principal amount of $724,650 (the "Series 2009 A Bonds"); (2) Sewer Revenue Bonds, Series 2001 A (West Virginia SRF Program), dated December 20, 2001, issued

in the original aggregate principal amount of $878,181 (the "Series 2001 A Bonds"); and (3) Sewer Revenue Bonds, Series 1986 B (West Virginia Water Development Authority), dated March 26, 1986, issued in the original aggregate principal amount of $850,860 (the "Series 1986 B Bonds") (collectively referred to herein as the "Prior Bonds"). The Series 2010 A Bonds are enforceable in accordance with their terms and the terms of the Ordinance, and are entitled to the benefits of the Ordinance and the Act.

5. The Series 1997 A Bonds have been paid within the meaning and with the effect expressed in the Ordinance, as supplemented, pursuant to which they were issued, and the covenants, agreements and other obligations of the Issuer to the holders and owners of the Series 1997 A Bonds have been satisfied and discharged.

6. Under existing laws, regulations, published rulings and judicial decisions of the United States of America, as presently written and applied, the interest on the Series 2010 A Bonds (including any original issue discount properly allocable to owners of the Bonds) is excludable from gross income of the holders thereof for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed upon individuals and corporations. It should be noted, however, that for the purpose of computing the alternative minimum tax on corporations (as defined for federal income tax purposes), such interest is taken into account in determining adjusted current earnings. Ownership of tax-exempt obligations, including the Series 2010 A Bonds, may result in collateral federal income tax consequences to certain taxpayers, including without limitation, financial institutions, property and casualty insurance companies, individual recipients of Social Security or Railroad Retirement benefits, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry such obligations. We offer no opinion as to such collateral tax consequences or any other federal tax consequences arising with respect to the Series 2010 A Bonds. Prospective purchasers of the Series 2010 A Bonds should consult their own tax advisors as to such consequences. The opinions set forth above are subject to the condition that the Issuer comply, on a continuing basis, with all requirements of the Internal Revenue Code of 1986, as amended, and regulations thereunder (collectively, the "Code") that must be satisfied subsequent to issuance of the Series 2010 A Bonds for interest thereon to be or continue to be excludable from gross income for federal income tax purposes and with all certifications, covenants and representations which may affect the excludability from gross income of the interest on the Series 2010 A Bonds set forth in the Ordinance, the Prepayment Agreement, the Tax Certificate and the certifications of the Issuer and others. Failure to comply with such Code provisions or such certifications, covenants and representations could cause the interest on the Series 2010 A Bonds to be includable in gross income retroactive to the date of issuance of the Series 2010 A Bonds.

7. Under the Act, the Series 2010 A Bonds and the interest thereon are exempt from all taxation by the State of West Virginia or any county, municipality, political subdivision or agency thereof.

8. The Issuer has designated the Series 2010 A Bonds as "Qualified Tax-Exempt Obligations" for purposes of paragraph (3) of Section 265(b) of the Code and covenanted that not

more than $30,000,000 aggregate principal amount of obligations the interest on which is excludable (under Section 103(a) of the Code) from gross income for federal income taxes (excluding, however, obligations described in Section 265(b)(3)(C)(ii) of the Code), including the Bonds, have been or shall be issued by the Issuer or any entities subordinate to it, during the calendar year 2010, all as determined in accordance with the Code. For purposes of this paragraph and for the purposes of applying such Section 265(b)(3) of the Code, the Issuer and all entities which issue obligations on behalf of the Issuer shall be treated as one issuer; all obligations issued by a subordinate entity shall, for purposes of applying this paragraph and Section 265(b)(3) of the Code to each other entity to which such entity is subordinate, be treated as issued by such other entity; and an entity formed (or, to the extent provided by the Secretary, as set forth in the Code, availed of) to avoid the purposes of Section 265(b)(3)(C) or (D) of the Code and all entities benefitting thereby shall be treated as one issuer. Therefore, the Series 2010 A Bonds are "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code.

9. The Series 2010 A Bonds are exempted securities within the meaning of Section 3(a)(2) of the Securities Act of 1933, as amended, and the West Virginia Uniform Securities Act, as amended, and it is not necessary, in connection with the public offering and sale of the Series 2010 A Bonds, to register any securities under said Securities Acts.

It is to be understood that the rights of the holders of the Series 2010 A Bonds and the enforceability of the Series 2010 A Bonds, the Ordinance, the Prepayment Agreement, the Bond Purchase Agreement, the Continuing Disclosure Agreement, the Tax Certificate, and the liens, pledges, rights or remedies with respect thereto, are subject to and may be limited by any applicable bankruptcy, reorganization, insolvency, moratorium or other similar laws heretofore or hereafter enacted affecting creditors' rights or remedies generally and that their enforcement may also be subject to the application of public policy, general principles of equity and the exercise of judicial discretion in appropriate cases.

We do not express any opinion as to the sufficiency or accuracy of the material, information or financial statements which are set forth in the official statement prepared and used in connection with the offering and sale of the Series 2010 A Bonds.

We have examined the executed and authenticated Series 2010 A Bonds of said issue, and in our opinion, said Series 2010 A Bonds are in proper form and have been duly executed and authenticated.

Very truly yours,

STEPTOE & JOHNSON PLLC

APPENDIX E

FORM OF CONTINUING DISCLOSURE AGREEMENT

$1,605,000
THE TOWN OF KINGWOOD (WEST VIRGINIA)
SEWER REFUNDING REVENUE BONDS, SERIES 2010 A

This Continuing Disclosure Agreement (this "Agreement"), is delivered this 27th day of August, 2010, by **THE TOWN OF KINGWOOD** (the "Town"), to **WESBANCO BANK, INC.**, a state banking corporation, at its office located in Wheeling, West Virginia (the "Bank"), in connection with the Town's issuance of its $1,605,000 Sewer Refunding Revenue Bonds, Series 2010 A (the "Series 2010 A Bonds"). The Series 2010 A Bonds are being issued pursuant to a Bond Ordinance enacted by the Town on July 27, 2010 (the "Ordinance"). The Town covenants and agrees as follows:

SECTION 1. Purpose of Agreement. This Agreement is being executed and delivered by the Town for the benefit of the holders and beneficial owners of the Series 2010 A Bonds and in order to assist the Underwriter in complying with SEC Rule 15c2-12(b)(5).

SECTION 2. Definitions. In addition to the definitions set forth in the Ordinance and the Bond Purchase Agreement, which apply to any capitalized term used in this Agreement unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Financial Information" means the financial information (which shall be based on financial statements prepared in accordance with generally accepted accounting principles ("GAAP")), provided at least annually, of the type included in those sections of the final official statement with respect to the Series 2010 A Bonds attached thereto as Appendix B, which Annual Financial Information shall include Audited Financial Statements if available on the due date set forth herein, and, if not then available, unaudited financial statements.

"Audited Financial Statements" means the System's annual financial statements, prepared in accordance with GAAP, which financial statements shall have been audited by a firm of independent certified public accountants.

"Beneficial Owner" shall mean any person who has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any the Series 2010 A Bonds (including persons holding the Series 2010 A Bonds through nominees, depositories or other intermediaries).

"Dissemination Agent" shall initially mean the Bank and any later appointed Dissemination Agent or any successor Dissemination Agent designated in writing by the Town and which has filed with the Town a written acceptance of such designation.

"EMMA" means the Electronic Municipal Market Access system described in 1934 Act Release No. 59062 and maintained by the Municipal Securities Rulemaking Board for purposes of the Rule.

"Listed Events" shall mean any of the events listed in Section 5(a) of this Agreement.

"National Repository" shall mean the Municipal Securities Rulemaking Board, Washington, D.C., the sole Nationally Recognized Municipal Securities Information Repository for purposes of the Rule, effective as of July 1, 2010.

"Purchase Contract" shall mean the Bond Purchase Agreement dated August 12, 2010, between the Underwriter and the Town, by which the Underwriter offered to purchase the Series 2010 A Bonds from the Town upon the terms set forth therein.

"Repository" shall mean each National Repository and the State Repository.

"Rule" shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"Series 2010 A Bonds" shall mean the $1,605,000 Sewer Refunding Revenue Bonds, Series 2010 A.

"State" shall mean the State of West Virginia.

"State Repository" shall mean any public or private repository or entity designated by the State as the state repository for the purpose of the Rule and recognized as such by the Securities and Exchange Commission. As of the date of this Agreement, there is no State Repository.

"System" shall mean the Kingwood Sanitary Sewer Works or an successor thereto.

"Underwriter" shall mean Crews & Associates, Inc., the original underwriter of the Series 2010 A Bonds, who is required to comply with the Rule in connection with offering of the Series 2010 A Bonds.

SECTION 3. Provision of Annual Reports.

(a) The Town shall, or shall cause the Dissemination Agent to, not later than 150 days after the end of the System's fiscal year (presently June 30), commencing with the report for the Fiscal Year ended June 30, 2010, provide to EMMA, the Annual Financial Information and Audited Financial Statements, which are consistent with the requirements of Section 4 of this Agreement. The Annual Financial Information and Audited Financial Statements may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Agreement. The Town shall provide the Dissemination Agent with a copy of each report filed under the Agreement. If the System's fiscal year changes, the Town shall give notice of such change in the same manner as for a Listed Event under Section 5(a). The Dissemination Agent shall written notice to the Town thirty (30) days prior to the Due Date of

the Annual Financial Information and Audited Financial Statements that such information is due by the Due Date.

(b) Not later than fifteen (15) Business Days prior to said date, the Town shall provide the Annual Financial Information and Audited Financial Statements to the Dissemination Agent, or provide unaudited financial statements, with the Annual Financial Information and Audited Financial Statements to be provided as soon as possible. If by the Due Date the Dissemination Agent has not received a copy of the Annual Report, the Dissemination Agent shall contact the Town to determine if the Town is in compliance with the first sentence of this subsection (b). If the Dissemination Agent is unable to provide to EMMA the System's Annual Financial Information and Audited Financial Statements by the date required in subsection (a), the Dissemination Agent shall send a notice to EMMA in substantially the form attached as Exhibit A.

(c) The Dissemination Agent shall:

(i) determine each year prior to the date for providing the Annual Financial Information and Audited Financial Statements the name and address of each Repository; and

(ii) file a report with the Town certifying that the Annual Financial Information and Audited Financial Statements have been provided pursuant to this Agreement, stating the date it was provided to EMMA.

SECTION 4. Content of Annual Financial Information and Audited Financial Statements. The System's Annual Financial Information and Audited Financial Statements shall contain or include by reference the following:

(a) Within ninety (90) days after receipt by the Dissemination Agent of the System's fiscal year ended June 30, 2010 fiscal year and each subsequent fiscal year, for delivery to EMMA in the format required by the Rule, unaudited general purpose financial statements of the Town, and

(b) Within one hundred fifty (150) days of the System's fiscal year ended June 30, 2010, and each subsequent fiscal year, for delivery to EMMA in the format required by the Rule, such information and data of the System for the prior fiscal year, including (i) the audited financial statements, prepared in accordance with generally accepted accounting principles in effect from time to time, and (ii) actual data of the type found in the Official Statement under the caption "THE SYSTEM - Historical and Proforma Revenues, Expenses and Coverages."

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the Town or related public entities, which have been submitted to EMMA or the Securities and Exchange Commission. If the document included by reference is a final official statement it must be available from the Municipal Securities Rulemaking Board. The Town shall clearly identify each such other document so included by reference.

SECTION 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5, the Town shall give, or cause to be given, notice of the occurrence of any of the following events, if applicable, with respect to the Series 2010 A Bonds, if material:

1. principal and interest payment delinquencies;

2. non-payment related defaults;

3. unscheduled draws on debt service reserves reflecting financial difficulties;

4. unscheduled draws on credit enhancements reflecting financial difficulties;

5. substitution of credit or liquidity providers, or their failure to perform;

6. adverse tax opinions or events affecting the tax-exempt status of the security;

7. modifications to rights of security holders;

8. bond calls;

9. defeasances;

10. release, substitution, or sale of property securing repayment of the securities, except as provided by the Ordinance;

11. rating changes.

(b) The Dissemination Agent shall, within one (1) Business Day of obtaining actual knowledge of the occurrence of any of the Listed Events, contact the Disclosure Representative, inform such person of the event and request that the Town promptly notify the Dissemination Agent in writing whether the or not to report the event pursuant to subparagraph (f).

(c) Whenever the Town obtains knowledge of the occurrence of any of a Listed Event, because of a notice from the Dissemination Agent pursuant to subsection (b) or otherwise, the Town shall determine as soon as possible if such event would be material under applicable federal securities laws.

(d) If the Town determines that knowledge of the occurrence of any of the Listed Events would be material under applicable federal securities laws, the Town shall promptly file with the Dissemination Agent a notice of such occurrence to be provided to EMMA. Notwithstanding the foregoing, notice of Listed Events described in subsections (a) (4) and (5) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to holders of affected Series 2010 A Bonds pursuant to the Ordinance.

(e) If in response to a request under subsection (b), the Town determines that the Listed Event would not be material under applicable federal securities laws, the Town shall so notify the

Dissemination Agent in writing and instruct the Dissemination Agent not to report the occurrence pursuant to subsection (f).

(f) If the Dissemination Agent has been instructed to report by the Town to report the occurrence of a Listed Event, the Dissemination Agent shall file a notice of such occurrence with EMMA with a copy to the Town. Notwithstanding the foregoing, the notice of the occurrence of a Listed Event described in subsections (a)(8) and (9) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to the Holders of the affected Series 2010 A Bonds pursuant to the Ordinance.

SECTION 6. Termination of Reporting Obligation. The Town's obligations under this Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Series 2010 A Bonds. If such termination occurs prior to the final maturity of the Series 2010 A Bonds, the Town shall give notice of such termination in the same manner as for any of the Listed Events under Section 5(a).

SECTION 7. Dissemination Agent. WesBanco Bank, Inc. Wheeling, West Virginia, is hereby appointed as Dissemination Agent. The Town may, from time to time, appoint or engage an alternate or successor Dissemination Agent to assist it in carrying out its obligations under this Agreement, and may discharge and such Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Town pursuant to this Agreement.

SECTION 8. Amendment, Waiver. Notwithstanding any other provision of this Agreement, the Town may amend this Agreement, and any provision of this Agreement may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 4 or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Series 2010 A Bonds, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Series 2010 A Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances, and

(c) The amendment or waiver either (i) is approved by the Holders of the Series 2010 A Bonds in the same manner as provided in the Ordinance for amendments to the Ordinance with the consent of holders of the Series 2010 A Bonds, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the holders or beneficial owners of the Series 2010 A Bonds.

In the event of any amendment or waiver of a provision of this Agreement, the Town shall describe such amendment in the next Annual Financial Information and Audited Financial Statements, and shall include, as applicable, a narrative explanation of the reason for the amendment

or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for any of the Listed Events under Section 5(a), and (ii) the Annual Financial Information and Audited Financial Statements for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

SECTION 9. Additional Information. Nothing in this Agreement shall be deemed to prevent the Town from disseminating any other information, using the means of dissemination set forth in this Agreement or any other means of communication, or including any other information in any Annual Financial Information and Audited Financial Statements or notice of occurrence of any of the Listed Events, in addition to that which is required by this Agreement. If the Town chooses to include any information in any Annual Financial Information and Audited Financial Statements or notice of occurrence of any of the Listed Events in addition to that which is specifically required by this Agreement, the Town shall have no obligation under this Agreement to update such information or include it is any future Annual Financial Information and Audited Financial Statements or notice of occurrence of any of the Listed Events.

SECTION 10. Default. In the event of a failure of the Town or Dissemination Agent to comply with any provision of this Agreement (and, at the request of the Original Purchaser), any Holder or Beneficial Owner of the Series 2010 A Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Town or Dissemination Agent to comply with its obligations under this Agreement. A default under this Agreement shall not be deemed an Event of Default under the Ordinance, and the sole remedy under this Agreement in the event of any failure of the Town or Dissemination Agent to comply with this Agreement shall be an action to compel performance.

SECTION 11. Duties, Immunities and Liabilities of Dissemination. The Dissemination Agent shall have only such duties as are specifically set forth in this Agreement, and the Town agrees to the extent allowed by State law to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's gross negligence or willful misconduct. The obligations of the Town under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Series 2010 A Bonds.

SECTION 12. Notices. Any notices or communications to or among any of the parties to this Agreement may be given as follows:

To the Issuer: The Town of Kingwood, West Virginia
313 Tunnelton Street
Kingwood, West Virginia 26537

To the Dissemination Agent: WesBanco Bank, Inc.
Bank Plaza
Wheeling, West Virginia 26003

Any person may, by written notice to the other persons listed above, designate a different address or telephone number(s) to which subsequent notices or communications should be sent.

SECTION 13. Beneficiaries. This Agreement shall inure solely to the benefit of the Town, the Dissemination Agent, the Underwriter and Holders and beneficial owners from time to time of the Series 2010 A Bonds, and shall create no rights in any other person or entity.

SECTION 14. Counterparts. This Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

SECTION 15. Fees. The Town agrees to pay all fees and expenses of the Dissemination Agent including, without limitation, all reasonable expenses, charges, costs, attorney's fees and other disbursements in the administration and performance of the Dissemination Agent's duties.

SECTION 16. Right to Resign. The Dissemination Agent may resign at any time by providing thirty (30) days' written notice to the Town.

SECTION 17. Right to Counsel. The Dissemination Agent shall have the right to consult with counsel in carrying out its duties under this Agreement and to rely upon an opinion of counsel.

Date: August 27, 2010

THE TOWN OF KINGWOOD

By: _____
Mayor

WESBANCO BANK, INC.

By: _____
Vice President

EXHIBIT A

NOTICE TO REPOSITORIES OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: The Town of Kingwood

Name of Issue: $1,605,000 The Town of Kingwood
Sewer Refunding Revenue Bonds, Series 2010 A

Date of Issuance: August 27, 2010

Notice is hereby given that the Town has not provided an Annual Report with respect to the above-named bonds as required by its covenant made in connection with the above-referenced bond issue. The Town anticipates that the Annual Report will be filed by _____.

Dated this ___ day of _____, 20__.

THE TOWN OF KINGWOOD

By: _____
Mayor

$1,605,000
The Town Of Kingwood (West Virginia)
Sewer Refunding Revenue Bonds, Series 2010 A

BOND PURCHASE AGREEMENT

August 12, 2010

The Town of Kingwood
313 Tunnelton Street
Kingwood, WV 26537

Ladies and Gentlemen:

Crews & Associates, Inc. (the "Underwriter") hereby offers to enter into this Bond Purchase Agreement with The Town of Kingwood (the "Issuer") for the sale by the Issuer and the purchase by the Underwriter of the Issuer's Sewer Refunding Revenue Bonds, Series 2010 A in the aggregate principal amount of $1,605,000 (the "Bonds") described herein and in the Official Statement (defined herein), which are being issued by the Issuer. Upon your acceptance of this offer and your execution and delivery of this Bond Purchase Agreement (hereinafter referred to as the "Bond Purchase Agreement"), this Bond Purchase Agreement will be binding upon you and the Underwriter. This offer is made subject to your acceptance, evidenced by your execution and delivery of this Bond Purchase Agreement to the Underwriter, at or prior to 11:30 p.m., New York, New York time, on the date hereof, and will expire if not so accepted at or prior to such time (or such later time as the Underwriter may agree to in writing).

1. Definitions. The capitalized terms used in this Bond Purchase Agreement shall have the meanings assigned to them herein or, if not defined herein, shall have the meanings set forth in the Bond Ordinance enacted by the Issuer on July 27, 2010 (the "Ordinance"). This Bond Purchase Agreement, the Official Statement, the Preliminary Official Statement, the Tax Regulatory Agreement and the Continuing Disclosure Certificate are sometimes herein referred to as the "Bond Documents."

2. Closing. Delivery and acceptance of the Bonds and payment therefor (the "Closing") will take place in Charleston, West Virginia, at the offices of Steptoe & Johnson PLLC, Chase Bank Center, 7th Floor, on August 27, 2010 (the "Closing Date") by 1:00 p.m. or at such other place or time as may be mutually agreed upon by you and the Underwriter. The Bonds will be available in definitive form at the offices of The Depository Trust Company (or the Registrar, if "DTC-Fast" delivery is used) not less than twenty-four hours prior to the Closing Date.

3. Purchase and Sale.

3.1 Subject to the terms and conditions set forth in this Bond Purchase Agreement, and upon the basis of the representations hereinafter set forth, the Underwriter hereby agrees to purchase from the Issuer, and the Issuer hereby agrees to sell to the Underwriter when, as and if issued, all

(but not less than all) of the Bonds identified in Exhibit A attached hereto for a total purchase price equal to the Net Purchase Price set forth in Exhibit A, in immediately available funds.

3.2 The Bonds will (i) be issued pursuant to the Ordinance and (ii) have the payment related terms (that is, dated dates, principal or issuance amounts, maturity dates, interest rates and yield to maturity) set forth in Exhibit A attached hereto, and will otherwise correspond to the description thereof contained in the Official Statement referred to in Section 3.3.

3.3 Within seven business days of its acceptance hereof, the Issuer shall deliver to the Underwriter a reasonable number of copies of a final Official Statement of the Issuer of even date herewith, executed by the Issuer (the "Official Statement"). The Official Statement shall be in substantially the same form as that of the Preliminary Official Statement of the Issuer dated August 9, 2010 (the "Preliminary Official Statement"), previously distributed with respect to the Bonds.

4. Concurrent Matters.

4.1 Your acceptance, execution and delivery of this Bond Purchase Agreement will constitute your acknowledgment that the Underwriter (a) proposes to make a public offering of the Bonds at the initial offering prices or yields set forth in the Official Statement (which such initial offering prices or yields may be changed by the Underwriter, in its sole discretion), (b) may effect transactions that stabilize or maintain the market price of the Bonds at a level above that which might otherwise prevail in the open market and may discontinue such stabilizing, if commenced, at any time and (c) may change the offering prices of the Bonds from time to time and may offer the Bonds to certain dealers and others at prices lower than the public offering prices shown on the front cover (or inside front cover) of the Official Statement.

4.2 Your acceptance, execution and delivery of this Bond Purchase Agreement will constitute (i) your consent and authorization to the use by the Underwriter, in connection with the public offering and sale of the Bonds, of copies of the Official Statement and the information, contained therein, and (ii) your ratification of the use by the Underwriter, in connection with such offering and sale, of the Preliminary Official Statement and the information contained therein.

5. Representations and Warranties.

5.1 The Issuer hereby makes the following representations and warranties to the Underwriter:

(a) The Issuer is a political subdivision of the State of West Virginia, chartered by the Virginia Assembly on March 22, 1853, and authorized to issue the Bonds pursuant to Chapter 16, Article 13 of the West Virginia Code of 1931, as amended (the "Act").

(b) On July 27, 2010, the Issuer enacted the Ordinance, and since that time the Ordinance has not been rescinded, amended or modified.

(c) When delivered to the Underwriter against payment therefor in accordance with the provisions of this Bond Purchase Agreement, the Bonds will have been duly authorized, executed, authenticated, issued and delivered.

(d) The execution and delivery by the Issuer of the Bond Documents and the consummation by the Issuer of the transactions contemplated thereby are not prohibited by, do not violate any provision of, and will not result in the breach of or default under the Act, or, to its knowledge, any applicable law, rule, regulation, judgment, decree, order or other requirement, or any material contract, indenture, agreement or commitment to which the Issuer is a party or by which it is bound.

(e) The Issuer is not in breach of or in default under any existing law, court or administrative regulation, judgment, decree, order, agreement, mortgage, lease, loan agreement or other instrument to which it is a party or by which it is bound. No event has occurred or is continuing which, with the passage of time or the giving of notice, or both, would constitute a default or an event of default under the Bond Documents or any other agreement or instrument to which the Issuer is a party, or by which it may be bound or to which any of its property is or may be subject.

(f) The Issuer has duly authorized all necessary action to be taken by it for (i) the issuance and sale of the Bonds by the Issuer upon the terms and conditions set forth herein, in the Official Statement and in the Ordinance and the approval of the Official Statement, the Ordinance and the Bonds, and (ii) the execution, delivery and receipt of the Bond Documents and any and all such other agreements and documents as may be required to be executed, delivered and received by the Issuer in order to carry out, effectuate and consummate the transactions contemplated in the Bond Documents.

(g) The information contained in the Preliminary Official Statement and the Official Statement relating to the Issuer and its properties, operations and financial and other affairs, including Appendices A and B, and the project being refinanced with proceeds of the Bonds, is true and correct in all respects and does not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading.

(h) Except as may be described in the Preliminary Official Statement and the Official Statement, there is no legal action, or other proceeding, or any investigation or inquiry (before or by any court, agency, arbitrator or other entity or person) pending or, to the knowledge of the Issuer, threatened against or affecting the Issuer or any of its officials, in their respective capacities as such, which would restrain or enjoin the issuance or delivery of any of the Bonds or the collection of Revenues pledged under the Ordinance or in any way would contest or affect the organization or existence of the Issuer or the entitlement of any officials of the Issuer to their respective offices or which may reasonably be expected to have a material and adverse effect upon (A) the due performance by the Issuer of the transactions contemplated by the Bond Documents, (B) the validity or enforceability of the Bonds, the Ordinance, the Bond Documents, or any other agreement or instrument to which the Issuer is a party and that is used or contemplated for use in consummation of the transactions contemplated hereby and thereby or (C) the exclusion of the interest on the

Bonds from gross income for federal income tax purposes and the exemption from State income taxation of the Bonds and interest thereon as set forth in the Official Statement. The Issuer is not is subject to any judgment, decree or order entered in any lawsuit or proceeding brought against it that may reasonably be expected to have such an effect.

(i) The Issuer has not been notified of any listing or proposed listing by the Internal Revenue Service to the effect that the Issuer is an issuer whose arbitrage certifications may not be relied upon.

(j) The Bond Documents, when executed and delivered by the Issuer, will be, and this Bond Purchase Agreement constitutes, the legal, valid and binding obligations of the Issuer, enforceable in accordance with their terms, except as enforceability thereof may be limited by bankruptcy, insolvency or other laws affecting creditors' rights generally and as to the availability of equitable remedies.

(k) When the Bonds are issued, sold and delivered to the Underwriter, the representations and certifications of the Issuer herein and in the other Bond Documents will be true, accurate and complete.

(l) The audited financial statements and other financial information of the Kingwood Sanitary Sewer Works for the year ended June 30, 2009, contained in the Preliminary Official Statement and the Official Statement as Appendix B, present fairly the financial position of the Issuer at the date indicated and the results of operations for the period specified, and such financial statement; have been prepared in conformity with generally accepted accounting principles consistently applied in all material respects to the periods involved, except as otherwise stated in the notes thereto.

(m) Since June 30, 2009, there has been no material adverse change in the financial position or results of operations of the Issuer, nor has the Issuer incurred any material liabilities except as set forth in the Preliminary Official Statement and the Official Statement or disclosed to the Underwriter in writing.

(n) The Issuer deems the Preliminary Official Statement to be final as of its date in accordance with subsection (b)(1) of Rule 15c2-12 under the Securities Exchange Act of 1934, as amended (the "Exchange Act"). The Issuer deems the Official Statement to be final and complete as of its date for purposes of subsection (b)(3) of such Rule.

(o) Except as described in the Official Statement and Preliminary Official Statement, the Issuer is in compliance with all continuing disclosure agreements or certificates heretofore delivered by the Issuer in connection with the issuance of any Prior Bonds.

6. Covenants.

6.1 The Issuer hereby makes the following covenants with the Underwriter:

(a) The Issuer will not supplement or amend the Official Statement or cause the Official Statement to be supplemented or amended without the prior written consent of the Underwriter.

(b) Prior to the Closing Date, the Issuer will not amend, terminate or rescind, and will not agree to any amendment, termination or rescission of, the Ordinance or the Bond Documents without the prior written consent of the Underwriter.

(c) Prior to the Closing Date, the Issuer will not create, assume or guarantee any indebtedness payable from, or pledge or otherwise encumber, the revenues, assets, properties, funds or interest which will be pledged pursuant to the Ordinance or the Bond Documents.

(d) The Issuer will promptly advise the Underwriter of any matter arising or occurring or discovered before Closing or within 90 days after the end of the underwriting period for the Bonds (within the meaning of Rule 15c2-12 under the Exchange Act) that if existing or known at the date hereof would render any of the representations or warranties set forth herein to be untrue or misleading or might adversely affect the correctness or completeness of any statement of a material fact contained in the Official Statement.

(e) If as the result of any matters described in paragraph (d) of this Section it becomes necessary, in the opinion of the Underwriter, to amend or supplement the Official Statement to make the statements contained therein, in light of the circumstances under which they were made, not misleading, the Issuer will, upon notice thereof, promptly prepare and furnish to the Underwriter (at the expense of the Issuer) a reasonable number of copies of an amendment of, or a supplement to, the Official Statement (in form and substance satisfactory to the Underwriter) so that, as amended or supplemented, it will not contain any untrue statement of a material fact or omit to state a material fact that is necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading.

(f) Except as disclosed in the Official Statement, prior to the Closing Date, the Issuer will obtain or cause to be obtained all governmental consents, approvals, orders or authorizations (other than state securities law clearances) of any governmental authority or agency that would constitute a condition precedent to the performance by Issuer of its obligations under the Ordinance, the Bond Documents or the Bonds.

(g) The Issuer will not voluntarily undertake any course of action inconsistent with the satisfaction of the requirements applicable to it as set forth in the Bond Documents.

(h) The Issuer will cooperate with the Underwriter in the qualification of the Bonds for offering and sale and the determination of their eligibility for investment under the laws of such jurisdictions as the Underwriter might designate, the cost of which will be borne by the Underwriter, as provided in Section 10.2(iii) below.

(i) The Issuer will not, except as required by law, take or omit to take any action which, under existing law, adversely affects the exemption from federal income taxation of the interest on the Bonds, or adversely affects the West Virginia State tax exemptions with respect to the Bonds and the interest thereon, as set forth in the Official Statement.

(j) The Issuer agrees to comply with all provisions of the Continuing Disclosure Certificate.

7. Conditions of Closing.

7.1 The obligations of the Underwriter to consummate the transactions contemplated hereby are subject to receipt by the Underwriter of the items described in Section 7.2 hereof and to the satisfaction (unless waived by the Underwriter in its sole discretion) of the following conditions:

(a) The representations and warranties made by the Issuer in this Bond Purchase Agreement shall be true and correct as of the Closing Date as if made on such date.

(b) The Issuer shall have performed and complied with all agreements and conditions required by this Bond Purchase Agreement to be performed or complied with prior to closing.

(c) The Bond Documents each shall have been executed and delivered by each of the parties thereto, shall be in full force and effect on and as of the Closing Date and shall not have been amended, modified or supplemented prior to the Closing Date except as may have been agreed to in writing by the Underwriter.

(d) The proceeds of the sale of the Bonds shall be applied as described in the Official Statement.

7.2 In addition to the conditions set forth in Section 7.1, the obligations of the Underwriter to consummate the transactions on the Closing Date contemplated hereby are subject to receipt by the Underwriter of the following items:

(a) An approving opinion of Steptoe & Johnson PLLC, Bond Counsel, in form and substance satisfactory to the Underwriter, dated the Closing Date with respect to the validity and tax-exempt nature of the Bonds, and a supplementary opinion of Bond Counsel, dated the date of Closing, addressed to the Underwriter, to the effect that: (i) this Bond Purchase Agreement has been duly authorized, executed and delivered by the Issuer, (ii) the Official Statement has been duly approved, signed and delivered by the Issuer, (iii) assuming due authorization, execution and delivery by the other parties thereto, the Bond Documents have been duly authorized, executed, acknowledged and delivered by the Issuer, and are legal, valid and binding agreements of the Issuer enforceable in accordance with their respective terms (except as enforcement of remedies may be limited by bankruptcy, insolvency or other laws and equitable principles affecting the right of creditors), (iv) the statements contained in the Official Statement under the captions "Introduction," "The Series 2010 A Bonds," "Security for the Series 2010 A Bonds," "Bond Ordinance," "Tax Matters," and "Appendix D - Form of Opinion of Bond Counsel" do not contain any untrue statement of a material fact or omit to state a material fact necessary to make such statements, in light of the circumstances under which they were made, not misleading in any material respect, and (v) the Bonds are exempt from registration pursuant to the Securities Act of 1933, as amended, and the Ordinance is exempt from qualification as an indenture pursuant to the Trust Indenture Act of 1939, as amended.

(b) An opinion Steptoe & Johnson PLLC, Special Counsel to the Issuer, addressed to, among others, Bond Counsel and the Underwriter, in form and substance satisfactory to Bond Counsel and the Underwriter, dated the Closing Date, to the effect that: (i) no litigation is pending or, to his knowledge, threatened (a) to restrain or enjoin the issuance or delivery of any of the Bonds or the collection of Revenues pledged under the Ordinance, (b) in any way contesting the power or the authority of the Issuer for the issuance of the Bonds or the validity of the Bonds, or the Bond Documents, (c) in any way contesting the existence or powers of the Issuer relating to the issuance of the Bonds, (ii) to the best of his knowledge, no event affecting the Issuer has occurred since the date of the Official Statement that should be disclosed in the Official Statement for the purpose for which it is to be used or that is necessary to disclose therein in order to make the statements and information therein with respect to the Issuer not misleading in any material respect, (iii) the Issuer is a body corporate and politic (constituting a governmental agency of the State and existing under the provisions of the Act, pursuant to which the Issuer has full legal right, power and authority to enter into the Bond Documents and each constitutes the legal, valid and binding agreement of the Issuer enforceable in accordance with its respective terms (subject to bankruptcy, insolvency and other laws affecting the rights of creditors generally and to general principles of equity), and compliance with the provisions of each thereof will not conflict with or constitute a violation or breach of or default under any existing law or administrative rule or regulation, or any court order or decree or any agreement, contract or other instrument, to which the Issuer is party or otherwise subject or bound, (v) the Official Statement has been duly approved, executed and delivered by the Issuer, and (vi) the statements contained in the Official Statement under the captions "Financing Plan," "Absence of Material Litigation," "Management's Discussion," and "Continuing Disclosure" (as such information pertains to the Issuer) (do not contain any untrue statement of a material fact or omit to state a material fact necessary to make such statements, in light of the circumstances under which they were made, not misleading in any material respect.

(c) An opinion of Goodwin & Goodwin, LLP, Counsel to the Underwriter, in form and substance satisfactory to the Underwriter.

(d) A certificate of the Issuer, dated the Closing Date, signed by the Mayor of the Issuer to the effect that (i) the representations and warranties made by the Issuer in this Bond Purchase Agreement are true and correct as of the Closing Date with the same effect as if made on the Closing Date; (ii) the Issuer has performed and complied with all agreements and conditions required by this Bond Purchase Agreement to be performed or complied with by it at or prior to the Closing Date; (iii) since the respective dates as of which information is given in the Official Statement, and except as set forth therein, there has not been any material or adverse change in the Issuer's condition, financial or otherwise; (iv) the Official Statement, insofar as it relates to the Issuer, does not include any untrue statement of a material fact or omit to state any material fact required to be stated therein, or necessary to make the statements therein, in light of the circumstances in which they were made, not misleading, (v) that subsequent to June 30, 2009, the date of the Kingwood Sanitary Sewer Works' most recent audited financial statements included as Appendix B of the Official Statement, there has been no material adverse change in the financial position or results of operations of the Issuer, (vi) that no litigation is pending or, to the knowledge of the Issuer, threatened against the Issuer or its officials (A) to restrain or enjoin issuance or delivery of any of the Bonds or the collection of Revenues pledged under the Ordinance, (B) in any

way contesting or affecting any authority for the issuance of the Bonds, or the validity of the Bonds, or the Bond Documents, (C) in any way contesting or affecting the existence or powers of the Issuer or its ability to perform its obligations under the Bond Documents, or (D) that may materially adversely affect the financial condition or operations of the Issuer, (vii) that the Issuer has satisfied all conditions pertaining to the issuance of the Bonds pursuant to the Ordinance and all other applicable provisions, and (viii) that no event affecting the Issuer or the transactions contemplated by the Official Statement or the Bond Documents has occurred since the date of the Official Statement which should be disclosed in the Official Statement 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 therein, in the light of the circumstances under which they were made, not misleading.

(e) A Certificate dated as of the Closing Date signed by the authorized officials of the Issuer, sufficient in form and substance to show to the satisfaction of Bond Counsel and the Underwriter that the Bonds will not be arbitrage bonds under Section 148 of the Code and the regulations thereunder, which certificate shall conform to the requirements of said regulations.

(f) A certified copy of the Ordinance authorizing the execution and delivery by the Issuer of the Bond Documents, certified by its Secretary.

(g) One executed original of each of the Bond Documents.

(h) The executed IRS Form 8038-G to be filed with the Internal Revenue Service.

(i) Such additional legal opinions, certificates and other documents as the Underwriter or Bond Counsel reasonably may deem necessary to evidence the truth and accuracy as of the Closing Date of the representations and warranties of the Issuer herein contained and of the Official Statement, and to evidence compliance by the Issuer with this Bond Purchase Agreement and all applicable legal requirements, and the due performance and satisfaction by the Issuer at or prior to such time of all agreements then to be performed and all conditions then to be satisfied by either of them.

7.3 If any of the conditions set forth in Section 7.1 or 7.2 has not been met on the Closing Date, the Underwriter may, in its sole discretion, terminate this Bond Purchase Agreement or proceed to Closing upon waiving any rights under this Bond Purchase Agreement with respect to any such condition. If this Bond Purchase Agreement is terminated pursuant to this Section, neither party will have any rights or obligations to the other, except as provided in Sections 10 and 11 herein.

8. Actions and Events at the Closing. The following events will take place at closing:

(a) The Issuer will direct the Registrar to authenticate and deliver the Bonds to the Underwriter, at the place established pursuant to Section 2 herein. Each of the Bonds so delivered will be in definitive form or, with the consent of the Underwriter, in temporary form, duly executed on behalf of the Issuer, in denominations or maturity amounts of five thousand dollars ($5,000) or any integral multiple thereof, and will be fully registered in such names and amounts as the Underwriter will request at least four (4) business days prior to the Closing Date. In the event the

Bonds are delivered in temporary form, the Issuer shall deliver the Bonds in definitive form on such date as the Underwriter may reasonably require.

(b) The Issuer will deliver or cause to be delivered at Closing to the Underwriter the documents described in Section 7.2 hereof.

(c) The Underwriter will deliver to the Depository Bank, for the account of the Issuer, immediately available funds in an amount equal to the purchase price of the Bonds set forth as the Net Purchase Price in Exhibit A hereto.

9. Termination of Bond Purchase Agreement. The Underwriter may terminate this Bond Purchase Agreement without liability therefor (except as provided under Section 10) by noticing the Issuer at any time at or prior to the Closing if:

(a) Any legislation is introduced in, or enacted by, the United States Congress, or shall have been reported out of committee, or any decision is rendered by any court of competent jurisdiction or any ruling or regulation, temporary regulation, release or announcement shall have been issued or proposed by the Treasury Department of the United States, the Internal Revenue Service, or any other agency of the government of the United States that, in the reasonable opinion of the Underwriter, has the purpose or effect of subjecting interest on the Bonds to inclusion in gross income for federal income tax purposes or has a material and adverse effect upon the ability of the Underwriter to sell the Bonds at the contemplated offering prices;

(b) Any legislation, ordinance, rule or regulation is introduced in, or enacted by, any governmental body, department or agency of the State of West Virginia, or shall have been reported out of committee, or a decision by any court of competent jurisdiction within the State of West Virginia is rendered, that, in the reasonable opinion of the Underwriter, has the purpose or effect of subjecting the Bonds or the interest thereon to West Virginia State income taxation or otherwise has a material and adverse effect upon the ability of the Underwriter to sell the Bonds at the contemplated offering prices;

(c) Any other action or event shall exist or have transpired which has the purpose or effect, directly or indirectly, of materially adversely affecting the federal or West Virginia income tax consequences of the transactions contemplated by the Official Statement, and in the reasonable opinion of the Underwriter, materially adversely affects the market for the Bonds or the sale at the contemplated offering prices by the Underwriter of the Bonds;

(d) Any fact exists or any event occurs that, in the reasonable opinion of the Underwriter, makes untrue or incorrect in any material respect any statement or information in the Official Statement or causes the Official Statement to contain an untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading for the purposes for which the Official Statement is to be used;

(e) Any amendment of or supplement to the Official Statement is distributed (whether or not such amendment or supplement was approved by the Underwriter prior to its distribution)

which, in the reasonable opinion of the Underwriter, has a material and adverse effect upon the ability of the Underwriter to sell the Bonds at the contemplated offering prices;

(f) There shall have occurred any outbreak, continuation or resumption of hostilities, whether declared or undeclared, or other national or international calamity or crisis, which, in the reasonable opinion of the Underwriter, has a material and adverse effect upon the ability of the Underwriter to sell the Bonds at the contemplated offering prices;

(g) Any legislation is introduced in, or enacted by the United States Congress, or any action is taken by, or on behalf of, the Securities and Exchange Commission, that in the opinion of the Underwriter has the effect of requiring (i) the registration of a security under the Securities Act of 1933, as amended, or the qualification of an indenture under the Trust Indenture Act of 1939, as amended, in connection with the offering and sale of the Bonds or (ii) any governmental consents, approvals, orders or authorizations for the consummation of the transactions contemplated by this Bond Purchase Agreement, the Official Statement, or the other Bond Documents, which cannot, without undue expense, be obtained prior to the Closing Date;

(h) There shall have occurred a general suspension of trading on the New York Stock Exchange, or a general banking moratorium is declared by the United States or by the State of West Virginia authorities, that, in the reasonable opinion of the Underwriter, has a material and adverse effect upon the ability of the Underwriter to sell the Bonds at the contemplated offering prices; or

(i) Any fact exists or any event occurs that is not disclosed in the Preliminary Official Statement, which after disclosure in the Official Statement affects the ability of the Underwriter to sell the Bonds at the contemplated offering prices.

10. Expenses.

10.1 The Issuer will pay or cause to be paid from proceeds of the Bonds or otherwise (i) fees and expenses of bond counsel, counsel to the Issuer, and Underwriter's counsel; (ii) initial fees of the Registrar and Paying Agent; (iii) fee for obtaining "CUSIP Numbers" for the Bonds; (iv) costs of preparing, printing, mailing and delivering the Preliminary Official Statement and the Official Statement and any amendments or supplements thereto; and (v) any other costs and expenses of the issue not set forth in Section 10.2 below.

10.2 The Underwriter will pay (i) sales commissions associated with marketing the Bonds; (ii) costs of qualification of the Bonds for sale under the securities or "Blue Sky" laws of various jurisdictions; (iii) initial fees relating to The Depository Trust Company; and (iv) costs and expenses incurred by the Underwriter in connection with the preparation, offering and distribution of the Bonds, including but not limited to advertising, local and long distance telephone, and travel expenses, as well as management fees in connection with such offering.

10.3 In the event that the Issuer or the Underwriter shall have temporarily paid obligations of the other as set forth in this Section, appropriate adjustments will promptly be made.

10.4 Nothing herein will limit the rights of the Issuer to take action against the Underwriter for default of its responsibilities hereunder or for its actions or inactions regarding the matters contemplated herein.

11. Indemnification.

11.1 To the extent permitted by the laws of the State, the Issuer agrees to indemnify and hold harmless the Underwriter, each director, officer, attorney, agent or employee of the Underwriter, and each person, if any, who controls the Underwriter within the meaning of the Securities Act of 1933, as amended, or within the meaning as determined by the Office of the Comptroller of the Currency (each hereafter, an "Indemnified Party"), from and against all losses, claims, damages, liabilities, settlements and expenses, joint or several, to which each Indemnified Party may become subject, under federal laws or regulations or otherwise, insofar as such losses, claims, damages, liabilities, settlements and expenses, or actions in respect thereof (i) arise out of or are based upon any untrue statement or alleged untrue statement of any material fact pertaining to the Issuer as set forth in the Official Statement, or any amendment or supplement thereto, or the Preliminary Official Statement, or arise out of or are based upon the omission or alleged omission to state therein a material fact pertaining to the Issuer required to be stated therein or necessary to make the statements therein not misleading, or (ii) arise out of or are based upon any claim that the issuance of the Bonds violated any requirements contained in pre-existing bond documents, and the Issuer will assume the defense of any action against any Indemnified Party based upon allegations of any such loss, claim, damage, liability or action, including the retaining of counsel approved by the Indemnified Party (which approval shall not be unreasonably withheld) and the payment of counsel fees and all other expenses relating to such defense, provided, however, that each Indemnified Party may retain separate counsel in any such action and may participate in the defense thereof (at its expenses, unless the retention of such counsel has been specifically authorized by the Issuer); and provided further, that the Issuer will not be liable to the Underwriter or any Indemnified Party related to it, in any such case to the extent that any such loss, claim, damage, liability and expense arises out of or is based upon any untrue statement or alleged untrue statement or omission or alleged omission made in any such documents under the caption "Underwriting."

11.2 Promptly after receipt by an Indemnified Party under this Bond Purchase Agreement of notice of the commencement of any action, such Indemnified Party will, if a claim in respect thereof is to be made against the Issuer under this Bond Purchase Agreement, notify the Issuer of the commencement thereof, but failure to give such notice shall not relieve the Issuer of its indemnification obligations under this Bond Purchase Agreement unless and to the extent that such failure causes actual harm or prejudice to the Issuer. In case any such action is brought against any Indemnified Party, and it notifies the Issuer of the commencement thereof, the Issuer (i) will assume the defense thereof if and as required under this Bond Purchase Agreement, with counsel satisfactory to the Indemnified Party or (ii) if not required to assume the defense, will be entitled to participate in, and, to the extent that it may wish, jointly with any other Indemnifying Party similarly notified, to assume the defense thereof, with counsel satisfactory to such Indemnified Party. After notice from the Issuer to such Indemnified Party of its assumption of the defense, the Issuer will not be liable to such Indemnified Party in connection with the defense thereof other than for reasonable expenses incurred by the Indemnified Party and its counsel, reimbursement of out-of-pocket expenses and other reasonable costs of investigation or participation in the defense of the claim.

12. Miscellaneous.

12.1 All notices, demands and formal actions hereunder will be written and mailed, telegrammed or delivered to the following address or such other address as either of the parties shall specify:

IF TO THE ISSUER:

The Town of Kingwood
313 Tunnelton Street
Kingwood, WV 26537
Attn.: Mayor

IF TO BOND COUNSEL:

Steptoe & Johnson PLLC
Chase Tower - 7th Floor (707 Virginia Street East)
PO Box 1588
Charleston, WV 25326-1588
Attn: John Stump

IF TO THE UNDERWRITER:

Crews & Associates, Inc.
300 Summers Street, Suite 930
Charleston, WV 25301

12.2 This Bond Purchase Agreement will inure to the benefit of and be binding upon the parties hereto and their successors and will not confer any rights upon any other person. The term "successor" will not include any purchaser of any of the Bonds from the Underwriter merely because of such purchase. All representations, warranties and agreements in this Bond Purchase Agreement shall remain operative and in full force and effect, regardless of (a) delivery of and payment for the Bonds hereunder, and (b) any termination of this Bond Purchase Agreement including, but not limited to, the indemnity agreements contained in Section 11 and the continuing disclosure agreement contained in Section 6.1.

12.3 This Bond Purchase Agreement may not be assigned by any of the parties hereto.

12.4 If any provision of this Bond Purchase Agreement is held or deemed to be or is, in fact, inoperative, invalid or unenforceable as applied in any particular case in any jurisdiction or jurisdictions, or in all jurisdictions because it conflicts with any provision of any constitution, statute, rule of public policy, or any other reason, such circumstances will not have the effect of rendering the provision in question inoperable or unenforceable in any other case or circumstance or of rendering any other provision or provisions of this Bond Purchase Agreement invalid, inoperative or unenforceable to any extent whatever.

12.5 The payment for, acceptance of, and delivery and execution of any receipt for the Bonds and any other instruments upon or in connection with the closing by the Underwriter will be valid and sufficient for all purposes and binding upon the Underwriter. No such action by the Underwriter will impose any obligation or liability upon the Underwriter, other than as may arise as expressly set forth in this Bond Purchase Agreement.

12.6 Whenever any action contemplated by this Bond Purchase Agreement requires the consent or approval of the Underwriter, it is acknowledged that the Underwriter may not unreasonably withhold such approval.

12.7 This Bond Purchase Agreement shall be governed by and construed in accordance with the laws of the State of West Virginia applicable to agreements to be performed wholly therein. The parties hereto intend to be legally bound hereby.

12.8 This Bond Purchase Agreement may be executed in several counterparts, each of which will be regarded as an original and all of which will constitute one and the same document.

12.9 No personal recourse shall be had for any claim based on this Bond Purchase Agreement or the Bonds against any official, agent or employee, past, present or future, of the Issuer or any successor body or entity as such, either directly or through the Issuer or any such successor body or entity, under any constitutional provision, statute, or rule of law or by the enforcement of an assessment or penalty or otherwise.

CREWS & ASSOCIATES, INC.

By: _____
Senior Managing Director

Accepted as of the date first above written:

THE TOWN OF KINGWOOD

By: _____
Mayor

EXHIBIT A

$1,605,000
The Town Of Kingwood (West Virginia)
Sewer Refunding Revenue Bonds, Series 2010 A

Dated Date: August 27, 2010

Closing Date: August 27, 2010

Pricing Summary

Maturity	Type of Bond	Coupon	Yield	Maturity Value	Price	Dollar Price
10/01/2013	Term 1 Coupon	3.000%	3.000%	250,000.00	100.000%	250,000.00
10/01/2016	Term 2 Coupon	3.500%	3.500%	285,000.00	100.000%	285,000.00
10/01/2020	Term 3 Coupon	4.000%	4.000%	430,000.00	100.000%	430,000.00
10/01/2022	Term 4 Coupon	4.000%	4.200%	240,000.00	98.115%	235,476.00
10/01/2025	Term 5 Coupon	4.250%	4.400%	400,000.00	98.354%	393,416.00
Total				**$1,605,000.00**		**$1,593,892.00**

Redemption Provisions

The Bonds are subject to redemption prior to their stated maturities.

Optional Redemption

The Series 2010 A Bonds are subject to redemption at the option of the Issuer, prior to maturity, on or after October 1, 2015, in whole or in part at any time from amounts deposited with the Bond Commission by the Issuer or from other funds available therefore at a redemption price equal to the principal amount thereof, plus accrued interest to the date fixed for redemption.

Net Purchase Price:

Par Amount	$1,605,000.00
Less: Underwriter's Discount	(40,125.00)
Less: Original Issue Discount	(11,108.00)
Net Purchase Price	$1,553,767.00

$1,605,000
THE TOWN OF KINGWOOD (WEST VIRGINIA)
SEWER REFUNDING REVENUE BONDS, SERIES 2010 A

CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (this "Agreement"), is delivered this 27th day of August, 2010, by **THE TOWN OF KINGWOOD** (the "Town"), to **WESBANCO BANK, INC.**, a state banking corporation, at its office located in Wheeling, West Virginia (the "Bank"), in connection with the Town's issuance of its $1,605,000 Sewer Refunding Revenue Bonds, Series 2010 A (the "Series 2010 A Bonds"). The Series 2010 A Bonds are being issued pursuant to a Bond Ordinance enacted by the Town on July 27, 2010 (the "Ordinance"). The Town covenants and agrees as follows:

SECTION 1. Purpose of Agreement. This Agreement is being executed and delivered by the Town for the benefit of the holders and beneficial owners of the Series 2010 A Bonds and in order to assist the Underwriter in complying with SEC Rule 15c2-12(b)(5).

SECTION 2. Definitions. In addition to the definitions set forth in the Ordinance and the Bond Purchase Agreement, which apply to any capitalized term used in this Agreement unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Financial Information" means the financial information (which shall be based on financial statements prepared in accordance with generally accepted accounting principles ("GAAP")), provided at least annually, of the type included in those sections of the final official statement with respect to the Series 2010 A Bonds attached thereto as Appendix B, which Annual Financial Information shall include Audited Financial Statements if available on the due date set forth herein, and, if not then available, unaudited financial statements.

"Audited Financial Statements" means the System's annual financial statements, prepared in accordance with GAAP, which financial statements shall have been audited by a firm of independent certified public accountants.

"Beneficial Owner" shall mean any person who has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any the Series 2010 A Bonds (including persons holding the Series 2010 A Bonds through nominees, depositories or other intermediaries).

"Dissemination Agent" shall initially mean the Bank and any later appointed Dissemination Agent or any successor Dissemination Agent designated in writing by the Town and which has filed with the Town a written acceptance of such designation.

"EMMA" means the Electronic Municipal Market Access system described in 1934 Act Release No. 59062 and maintained by the Municipal Securities Rulemaking Board for purposes of the Rule.

"Listed Events" shall mean any of the events listed in Section 5(a) of this Agreement.

"National Repository" shall mean the Municipal Securities Rulemaking Board, Washington, D.C., the sole Nationally Recognized Municipal Securities Information Repository for purposes of the Rule, effective as of July 1, 2010.

"Purchase Contract" shall mean the Bond Purchase Agreement dated August 12, 2010, between the Underwriter and the Town, by which the Underwriter offered to purchase the Series 2010 A Bonds from the Town upon the terms set forth therein.

"Repository" shall mean each National Repository and the State Repository.

"Rule" shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"Series 2010 A Bonds" shall mean the $1,605,000 Sewer Refunding Revenue Bonds, Series 2010 A.

"State" shall mean the State of West Virginia.

"State Repository" shall mean any public or private repository or entity designated by the State as the state repository for the purpose of the Rule and recognized as such by the Securities and Exchange Commission. As of the date of this Agreement, there is no State Repository.

"System" shall mean the Kingwood Sanitary Sewer Works or an successor thereto.

"Underwriter" shall mean Crews & Associates, Inc., the original underwriter of the Series 2010 A Bonds, who is required to comply with the Rule in connection with offering of the Series 2010 A Bonds.

SECTION 3. Provision of Annual Reports.

(a) The Town shall, or shall cause the Dissemination Agent to, not later than 150 days after the end of the System's fiscal year (presently June 30), commencing with the report for the Fiscal Year ended June 30, 2010, provide to EMMA, the Annual Financial Information and Audited Financial Statements, which are consistent with the requirements of Section 4 of this Agreement. The Annual Financial Information and Audited Financial Statements may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Agreement. The Town shall provide the Dissemination Agent with a copy of each report filed under the Agreement. If the System's fiscal year changes, the Town shall give notice of such change in the same manner as for a Listed Event under Section 5(a). The Dissemination Agent shall written notice to the Town thirty (30) days prior to the Due Date of the Annual Financial Information and Audited Financial Statements that such information is due by the Due Date.

(b) Not later than fifteen (15) Business Days prior to said date, the Town shall provide the Annual Financial Information and Audited Financial Statements to the Dissemination Agent, or provide unaudited financial statements, with the Annual Financial Information and Audited Financial Statements to be provided as soon as possible. If by the Due Date the Dissemination Agent has not received a copy of the Annual Report, the Dissemination Agent shall contact the Town to determine if the Town is in compliance with the first sentence of this subsection (b). If the Dissemination Agent is unable to provide to EMMA the System's Annual Financial Information and Audited Financial Statements by the date required in subsection (a), the Dissemination Agent shall send a notice to EMMA in substantially the form attached as Exhibit A.

(c) The Dissemination Agent shall:

(i) determine each year prior to the date for providing the Annual Financial Information and Audited Financial Statements the name and address of each Repository; and

(ii) file a report with the Town certifying that the Annual Financial Information and

Audited Financial Statements have been provided pursuant to this Agreement, stating the date it was provided to EMMA.

SECTION 4. Content of Annual Financial Information and Audited Financial Statements. The System's Annual Financial Information and Audited Financial Statements shall contain or include by reference the following:

(a) Within ninety (90) days after receipt by the Dissemination Agent of the System's fiscal year ended June 30, 2010 fiscal year and each subsequent fiscal year, for delivery to EMMA in the format required by the Rule, unaudited general purpose financial statements of the Town, and

(b) Within one hundred fifty (150) days of the System's fiscal year ended June 30, 2010, and each subsequent fiscal year, for delivery to EMMA in the format required by the Rule, such information and data of the System for the prior fiscal year, including (i) the audited financial statements, prepared in accordance with generally accepted accounting principles in effect from time to time, and (ii) actual data of the type found in the Official Statement under the caption "THE SYSTEM - Historical and Proforma Revenues, Expenses and Coverages."

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the Town or related public entities, which have been submitted to EMMA or the Securities and Exchange Commission. If the document included by reference is a final official statement it must be available from the Municipal Securities Rulemaking Board. The Town shall clearly identify each such other document so included by reference.

SECTION 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5, the Town shall give, or cause to be given, notice of the occurrence of any of the following events, if applicable, with respect to the Series 2010 A Bonds, if material:

1. principal and interest payment delinquencies;

2. non-payment related defaults;

3. unscheduled draws on debt service reserves reflecting financial difficulties;

4. unscheduled draws on credit enhancements reflecting financial difficulties;

5. substitution of credit or liquidity providers, or their failure to perform;

6. adverse tax opinions or events affecting the tax-exempt status of the security;

7. modifications to rights of security holders;

8. bond calls;

9. defeasances;

10. release, substitution, or sale of property securing repayment of the securities, except as provided by the Ordinance;

11. rating changes.

(b) The Dissemination Agent shall, within one (1) Business Day of obtaining actual knowledge of the occurrence of any of the Listed Events, contact the Disclosure Representative, inform such person of the event and request that the Town promptly notify the Dissemination Agent in writing whether the or not to report the event pursuant to subparagraph (f).

(c) Whenever the Town obtains knowledge of the occurrence of any of a Listed Event, because of a notice from the Dissemination Agent pursuant to subsection (b) or otherwise, the Town shall determine as soon as possible if such event would be material under applicable federal securities laws.

(d) If the Town determines that knowledge of the occurrence of any of the Listed Events would be material under applicable federal securities laws, the Town shall promptly file with the Dissemination Agent a notice of such occurrence to be provided to EMMA. Notwithstanding the foregoing, notice of Listed Events described in subsections (a) (4) and (5) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to holders of affected Series 2010 A Bonds pursuant to the Ordinance.

(e) If in response to a request under subsection (b), the Town determines that the Listed Event would not be material under applicable federal securities laws, the Town shall so notify the Dissemination Agent in writing and instruct the Dissemination Agent not to report the occurrence pursuant to subsection (f).

(f) If the Dissemination Agent has been instructed to report by the Town to report the occurrence of a Listed Event, the Dissemination Agent shall file a notice of such occurrence with EMMA with a copy to the Town. Notwithstanding the foregoing, the notice of the occurrence of a Listed Event described in subsections (a)(8) and (9) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to the Holders of the affected Series 2010 A Bonds pursuant to the Ordinance.

SECTION 6. Termination of Reporting Obligation. The Town's obligations under this Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Series 2010 A Bonds. If such termination occurs prior to the final maturity of the Series 2010 A Bonds, the Town shall give notice of such termination in the same manner as for any of the Listed Events under Section 5(a).

SECTION 7. Dissemination Agent. WesBanco Bank, Inc. Wheeling, West Virginia, is hereby appointed as Dissemination Agent. The Town may, from time to time, appoint or engage an alternate or successor Dissemination Agent to assist it in carrying out its obligations under this Agreement, and may discharge and such Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Town pursuant to this Agreement.

SECTION 8. Amendment, Waiver. Notwithstanding any other provision of this Agreement, the Town may amend this Agreement, and any provision of this Agreement may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 4 or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Series 2010 A Bonds, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Series 2010 A Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances, and

(c) The amendment or waiver either (i) is approved by the Holders of the Series 2010 A Bonds in the same manner as provided in the Ordinance for amendments to the Ordinance with the consent of holders of the Series 2010 A Bonds, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the holders or beneficial owners of the Series 2010 A Bonds.

In the event of any amendment or waiver of a provision of this Agreement, the Town shall describe such amendment in the next Annual Financial Information and Audited Financial Statements, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for any of the Listed Events under Section 5(a), and (ii) the Annual Financial Information and Audited Financial Statements for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

SECTION 9. Additional Information. Nothing in this Agreement shall be deemed to prevent the Town from disseminating any other information, using the means of dissemination set forth in this Agreement or any other means of communication, or including any other information in any Annual Financial Information and Audited Financial Statements or notice of occurrence of any of the Listed Events, in addition to that which is required by this Agreement. If the Town chooses to include any information in any Annual Financial Information and Audited Financial Statements or notice of occurrence of any of the Listed Events in addition to that which is specifically required by this Agreement, the Town shall have no obligation under this Agreement to update such information or include it is any future Annual Financial Information and Audited Financial Statements or notice of occurrence of any of the Listed Events.

SECTION 10. Default. In the event of a failure of the Town or Dissemination Agent to comply with any provision of this Agreement (and, at the request of the Original Purchaser), any Holder or Beneficial Owner of the Series 2010 A Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Town or Dissemination Agent to comply with its obligations under this Agreement. A default under this Agreement shall not be deemed an Event of Default under the Ordinance, and the sole remedy under this Agreement in the event of any failure of the Town or Dissemination Agent to comply with this Agreement shall be an action to compel performance.

SECTION 11. Duties, Immunities and Liabilities of Dissemination. The Dissemination Agent shall have only such duties as are specifically set forth in this Agreement, and the Town agrees to the extent allowed by State law to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's gross negligence or willful misconduct. The obligations of the Town under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Series 2010 A Bonds.

SECTION 12. Notices. Any notices or communications to or among any of the parties to this Agreement may be given as follows:

To the Issuer:	The Town of Kingwood, West Virginia 313 Tunnelton Street Kingwood, West Virginia 26537
To the Dissemination Agent:	WesBanco Bank, Inc. Bank Plaza Wheeling, West Virginia 26003

Any person may, by written notice to the other persons listed above, designate a different address or telephone number(s) to which subsequent notices or communications should be sent.

SECTION 13. Beneficiaries. This Agreement shall inure solely to the benefit of the Town, the Dissemination Agent, the Underwriter and Holders and beneficial owners from time to time of the Series 2010 A Bonds, and shall create no rights in any other person or entity.

SECTION 14. Counterparts. This Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

SECTION 15. Fees. The Town agrees to pay all fees and expenses of the Dissemination Agent including, without limitation, all reasonable expenses, charges, costs, attorney's fees and other disbursements in the administration and performance of the Dissemination Agent's duties.

SECTION 16. Right to Resign. The Dissemination Agent may resign at any time by providing thirty (30) days' written notice to the Town.

SECTION 17. Right to Counsel. The Dissemination Agent shall have the right to consult with counsel in carrying out its duties under this Agreement and to rely upon an opinion of counsel.

[Remainder of Page Intentionally Blank]

Date: August 27, 2010

THE TOWN OF KINGWOOD

By: _____
Mayor

WESBANCO BANK, INC.

By: _____
Vice President

Exhibit A

NOTICE TO REPOSITORIES OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: The Town of Kingwood

Name of Issue: $1,605,000 The Town of Kingwood
Sewer Refunding Revenue Bonds, Series 2010 A

Date of Issuance: August 27, 2010

Notice is hereby given that the Town has not provided an Annual Report with respect to the above-named bonds as required by its covenant made in connection with the above-referenced bond issue. The Town anticipates that the Annual Report will be filed by _____.

Dated this ___ day of _____, 20__.

THE TOWN OF KINGWOOD

By: _____
Mayor

$1,605,000
TOWN OF KINGWOOD
SEWER REFUNDING REVENUE BONDS
SERIES 2010 A

RULE 15c2-12 CERTIFICATE

The undersigned hereby certifies and represents to Crews & Associates, Inc. (the "Underwriter") that he is the duly elected and acting Mayor of the Town of Kingwood (the "Town"), authorized to execute and deliver this Certificate and further certifies on behalf of the Town to the Underwriter as follows:

(1) This Certificate is delivered to enable the Underwriter to comply with Rule 15c2-12 under the Securities Exchange Act of 1934 (the "Rule") in connection with the offering and sale of the Town's Sewer Refunding Revenue Bonds, Series 2010 A (the "Bonds").

(2) In connection with the offering and sale of the Bonds, there has been prepared a Preliminary Official Statement, dated August 9, 2010, setting forth information concerning the Bonds and the issuer of the Bonds (the "Preliminary Official Statement").

(3) As used herein, "Permitted Omissions" shall mean the offering price(s), interest rate(s), selling compensation, aggregate principal amount, principal amount per maturity, delivery dates, ratings, the identity of the Underwriter and other terms of the Bonds and any underlying obligations depending on such matters, all with respect to the Bonds and any underlying obligations.

(4) The Preliminary Official Statement is, except for the Permitted Omissions, final as of its date, and the information therein is accurate and complete except for the Permitted Omissions.

(5) If, at any time prior to the execution of the final bond purchase agreement, any event occurs as a result of which the Preliminary Official Statement might include an 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, the Town shall promptly notify the Underwriter thereof.

IN WITNESS WHEREOF, I have hereunto set my hand as of the 27th day of August, 2010.

TOWN OF KINGWOOD

By _____
Mayor

CITY OF KINGWOOD

HOME OF THE BUCKWHEAT FESTIVAL

313 TUNNELTON STREET
KINGWOOD, WEST VIRGINIA 26537
(304) 329-1225
FAX (304) 329-1229

August 26, 2010

The Town of Kingwood, West Virginia
Sewer Refunding Revenue Bonds, Series 1997 A

Ms. Jan Shelburne
WesBanco Bank, Inc., as Registrar
1 Bank Plaza
Wheeling, West Virginia 26003

Dear Ms. Shelburne:

You are directed to give notice as Registrar, that pursuant to the provisions of the Bond Ordinance enacted on October 28, 1997, as supplemented and amended, The Town of Kingwood intends to exercise its right to make an Optional Redemption in Full of all outstanding The City of Kingwood Sewer Refunding Revenue Bonds, Series 1997 A, as follows:

Maturity Date	Interest Rate	Par Amount	CUSIP
10/1/2017	5.500%	$1,160,000.00	496870AB2
10/1/2025	6.000%	$970,000.00	496870AC0
		$2,130,000.00	

In accordance with the applicable Ordinance, please also give notice to Electronic Municipal Market Access ("EMMA") and Standard and Poor's Called Bond Record.

The full redemption price at par (without premium) of $2,130,000, plus accrued interest shall be deposited as wired funds no later than September 26, 2010. **In the event that sufficient funds necessary to effect the redemption have not been deposited by said date, such redemption shall not proceed.** The Registrar will bear no responsibility for any costs, expenses or liability for any failure to deposit the necessary funds and is held harmless for any loss in such event.

THE TOWN OF KINGWOOD, WEST VIRGINIA

By: _____
Its Mayor

NOTICE OF FULL REDEMPTION
ON SEPTEMBER 27, 2010 OF
THE CITY OF KINGWOOD SEWER
REFUNDING REVENUE BONDS
SERIES 1997A DATED 11/1/1997

Notice is hereby given to the holders of the City of Kingwood Sewer Refunding Revenue Bonds, Series 1997, dated 11/1/1997, that the herein described Bonds are called for redemption in full prior to their maturity and will be redeemed at par on September 27, 2010 (the "Redemption Date"). Redemption will be made by payment of the principal amount of each such Bond, together with interest accrued to the Redemption Date. From and after September 27, 2010, interest on the Bonds shall cease to accrue and any lien on or interest in or to any pledge of security or collateral for the Bonds hereby called shall also cease and become null on the Redemption Date. From and after September 27, 2010, the Bonds shall only be payable from funds on deposit in an escrow account that has been established with the West Virginia Municipal Bond Commission.

CUSIP	Maturity	Rate	Current Outstanding	Price	Original Amount
496870AB2	10/1/2017	5.500%	$625,000.00	100%	$1,160,000
496870AC0	10/1/2025	6.000%	$970,000.00	100%	$ 970,000

Payment of the Bonds called for Redemption will be made upon presentation and surrender of said Bonds to the office of the Paying Agent shown below:

By U.S. Mail or by Overnight or Courier Delivery:
WesBanco Bank, Inc., Paying Agent
1 Bank Plaza
Wheeling, WV 26003
Attn: Corporate Trust
Telephone: (304) 234-9436 or (304) 234-9444

NOTICE GIVEN BY:
THE CITY OF KINGWOOD, WEST VIRGINIA

Mailed By: WesBanco Bank, Inc., as Paying Agent & Registrar

Dated: AUGUST 27, 2010

NOTICE

Withholding of 31% of gross redemption proceeds of any payment made within the United States may be required by the Interest and Dividend Tax Compliance Act of 1983 unless the Paying Agent has the correct taxpayer identification number (social security or employer identification number) or exemption certificate of the payee. Please furnish a properly completed Form W-9 or exemption or equivalent when presenting your securities.

Neither the Issuer nor the Registrar shall be responsible for the use of the CUSIP numbers indicated, nor is any representation made as to their correctness herein or as printed on any bond. They are included solely for the convenience of the holder.

The Town of Kingwood
Sewer Refunding Revenue Bonds, Series 2010 A

RECEIPT OF TRANSFER

The undersigned authorized representative of the West Virginia Municipal Bond Commission (the "Escrow Agent") hereby certifies this 27th day of August, 2010 as follows:

On the 27th day of August, 2010, the Escrow Agent received the sum of $1,370,546.39 from the proceeds of the Sewer Refunding Revenue Bonds, Series 2010 A issued by The Town of Kingwood (the "Town") and such amount, together with funds then on deposit with the Escrow Agent in the Series 1997 A Bonds Sinking Fund, in the amount of $111,287.50 and Series 1997 A Bonds Reserve Account, in the amount of $158,425 (total of $1,640,258.89) will be transferred to WesBanco Bank, Inc., as Paying Agent to pay the entire outstanding principal of and all accrued interest on The City of Kingwood Sewer Refunding Revenue Bonds, Series 1997 A, dated November 1, 1997, issued in the original aggregate principal amount of $2,130,000 (the "Series 1997 A Bonds"), on September 27, 2010, the redemption date for the Series 1997 A Bonds (the "Redemption Date").

At least one Business Day prior to the Redemption Date, the Escrow Agent shall transfer the sum of $1,640,258.89 to the Paying Agent in order to facilitate the payment by the Paying Agent of the Redemption Price (the "Redemption Price") on the Redemption Date to the registered owners of the Series 1997 A Bonds upon the presentation and surrender of such Series 1997 A Bonds for payment and cancellation.

[Remainder of Page Intentionally Blank]

WITNESS my signature the day and year first written above.

WEST VIRGINIA MUNICIPAL
BOND COMMISSION

By: _____
Its Authorized Representative

Receipt and Release

The Town of Kingwood
Sewer Refunding Revenue Bonds, Series 2010 A

RECEIPT AND RELEASE OF SERIES 1997 A BONDS

The undersigned authorized representative of WesBanco Bank, Inc. (the "Paying Agent") hereby certifies as follows:

On September 27, 2010, the Paying Agent received the sum of $1,640,258.89 (the "Redemption Price") from the West Virginia Municipal Bond Commission, as Prepayment Agent, and such amount is sufficient to: (i) pay the entire outstanding principal of and all accrued interest on The City of Kingwood Sewer Refunding Revenue Bonds, Series 1997 A, dated November 1, 1997, issued in the original aggregate principal amount of $2,130,000 (the "Series 1997 A Bonds"), on September 27, 2010, the Redemption Date for the Series 1997 A Bonds, and (ii) discharge the liens, pledges and encumbrances securing such Series 1997 A Bonds.

WITNESS my signature this 27th day of September, 2010.

WESBANCO BANK, INC.

By: _____
Its Authorized Representative

5410452

The Depository Trust Company

A subsidiary of the Depository Trust & Clearing Corporation

BLANKET ISSUER LETTER OF REPRESENTATIONS

(To be completed by Issuer and Co-Issuer(s), if applicable)

THE TOWN OF KINGWOOD
(Name of Issuer and Co-Issuer(s), if applicable)

July 30, 2010
(Date)

Attention: Underwriting Department
The Depository Trust Company
55 Water Street, 1SL
New York, NY 10041-0099

Ladies and Gentlemen:

This letter sets forth our understanding with respect to all issues (the "Securities") that Issuer shall request to be made eligible for deposit by The Depository Trust Company ("DTC").

Issuer is: **(Note: Issuer shall represent one and cross out the other.)**

~~[incorporated in]~~ [formed under the laws of] STATE OF WEST VIRGINIA.

To induce DTC to accept the Securities as eligible for deposit at DTC, and to act in accordance with DTC's Rules with respect to the Securities, Issuer represents to DTC that issuer will comply with the requirements stated in DTC's Operational Arrangements, as they may be amended from time to time.

Very truly yours,

Note:
Schedule A contains statements that DTC believes accurately describe DTC, the method of effecting book-entry transfers of securities distributed through DTC, and certain related matters.

THE TOWN OF KINGWOOD
(Issuer)

By: James G. Lobb
(Authorized Officer's Signature)

James G. Lobb, Mayor
(Print Name)

313 Tunnelton Street
(Street Address)

Kingwood, West Virginia 26537
(City) (State) (Country) (Zip Code)

(304) 329-1225
(Phone Number)

(E-mail Address)

Received and Accepted
THE DEPOSITORY TRUST COMPANY

By: _____

DTCC.

The Depository Trust & Clearing Corporation

State of West Virginia

Certificate

I, Natalie E. Tennant, Secretary of State of the State of West Virginia, hereby certify that

THIS IS A TRUE COPY OF CHAPTER 13, ARTICLE 2E OF THE WEST VIRGINIA CODE, AS INDICATED BY THE RECORDS OF THIS OFFICE.

Given under my hand and the Great Seal of the State of West Virginia on
August 18, 2010

Natalie E. Tennant

Secretary of State

ARTICLE 2E

REVENUE BOND REFUNDING ACT

Section

13–2E–1. How article cited.
13–2E–2. Definitions.
13–2E–3. Authority to refund.
13–2E–4. Terms, form and execution of refunding bonds.
13–2E–5. Issuance of refunding bonds; application of proceeds.
13–2E–6. Determination of governing body to be conclusive.
13–2E–7. Authorization for issuance.
13–2E–8. Authority for escrow agreement.
13–2E–9. Call of revenue bonds for redemption.
13–2E–10. Security provisions.
13–2E–11. Bonds payable solely from revenues of enterprise.
13–2E–12. Tax exemption; exceptions.
13–2E–13. Validity of bonds.
13–2E–14. Article complete authority for refunding bonds; effect on other laws; liberal construction.
13–2E–15. Severability.

§ 13–2E–1. How article cited

This article may be cited as "Revenue Bond Refunding Act."

Acts 1969, c. 12.

§ 13–2E–2. Definitions

The following terms or words, wherever used or referred to in this article, shall have the following meaning, unless a different meaning plainly appears from the context:

The term "public body" means any city, town, village, county, public service district, sanitary district, political subdivision or any other similar public entity now or hereafter created, and the state of West Virginia acting through any of its agencies, boards, commissions or departments, having power to issue revenue bonds.

The term "governing body" means a board, council or other body having power to borrow money on behalf of a public body.

The term "law" means any act or statutes, general, special or local, of this state, including, without being limited to, the charter of any public body.

The term "enterprise" means any work, undertaking, or project which the public body is or may hereafter be authorized to acquire or construct and from which the public body has heretofore derived or may hereafter derive revenues, for the refinancing of which enterprise refunding bonds are issued under this article, and such enterprise shall include all improvements, betterments, extensions and replacements thereto, and all appurtenances, facilities, lands, rights in land, water rights, franchises, and structures in connection therewith or incidental thereto; and for the purposes of this article "enterprise" includes the

waterworks system or the sewerage system, or both said systems, resulting from the severance of a combined waterworks and sewerage system pursuant to section one-b, article twenty, chapter eight of this code, all as the governing body shall authorize in the ordinance authorizing said severance.

The term "revenues" means all fees, tolls, rates, rentals and charges to be levied and collected in connection with and all other income and receipts of whatever kind or character derived by the public body from the operation of any enterprise or arising from any enterprise, and including earnings derived from investments and bank deposits.

The term "revenue bonds" means notes, bonds, certificates or other obligations of a public body heretofore or hereafter issued and outstanding under any law and which by their terms are payable from the revenues derived by such public body from the operation of an enterprise.

The term "refunding bonds" means notes, bonds, certificates or other obligations of a public body issued pursuant to this article.

The term "holder of bonds" or "bondholder" or any similar term means any person who shall be the bearer of any outstanding refunding bond or refunding bonds registered to bearer or not registered, or the registered owner of any such outstanding refunding bond or refunding bonds which shall at the time be registered other than to bearer.

The words "net interest cost" when referring to an outstanding issue of revenue bonds to be refunded, means the total amount of interest which would accrue on such revenue bonds from the date of the refunding bonds to the respective maturity dates of the outstanding revenue bonds to be refunded, without regard to any retained options of redemption.

The words "net interest cost" when referring to a proposed issue of refunding bonds, means the total amount of interest to accrue on the refunding bonds from their date to their respective maturities, without regard to any retained options of redemption, plus the amount of any discount below par or less the amount of any premium above par at which the bonds may be sold.

The words "net effective interest rate" when referring to a proposed issue of refunding bonds, means the net interest cost of said refunding bonds divided by the product obtained by multiplying the aggregate principal amount of such refunding bonds maturing on each maturity date by the number of years from the date of the refunding bonds to their respective maturities, without regard to any retained options of redemption.

The term "certified public accountant" means an independent certified public accountant or firm of certified public accountants licensed to practice in this state.

Words importing the singular number shall include the plural number in each case and vice versa, and words importing persons shall include firms and corporations.

Acts 1969, c. 12; Acts 1986, c. 118.

§ 13-2E-3. Authority to refund

Any public body may issue refunding bonds for the purpose of refunding all or any part of its revenue bonds now or hereafter outstanding, whether or not such revenue bonds are at the time of the refunding due or optional for redemption, under the circumstances and restrictions set forth in this article. Refunding bonds shall be payable from revenues derived from the same enterprise as the revenue bonds to be refunded except where the public body has outstanding revenue bonds payable from the revenues of an enterprise and is authorized under any other law to combine and consolidate such enterprise with another enterprise and issue revenue bonds payable from the revenues of the combined and consolidated enterprises. An issue of refunding bonds may refund part or all of one or more issues of outstanding revenue bonds: Provided, That part or all of two or more issues of outstanding revenue bonds may not be refunded under this article unless either (a) all of the issues of outstanding revenue bonds to be refunded are payable from revenues derived from the same enterprise, or (b) the public body is authorized under any other law to combine or consolidate the enterprises in question and issue revenue bonds payable from the revenues of the combined or consolidated enterprises.

Refunding bonds may be issued hereunder whenever the governing body of the public body deems it expedient and, notwithstanding any provision in this article to the contrary, may be issued as part of a series of revenue bonds issued for the purpose, in addition to such refunding, of financing the acquisition or construction of improvements, betterments, extensions or replacements to the particular enterprise, as provided by other articles of this Code.

Acts 1969, c. 12; Acts 1981, 1st Ex. Sess., c. 2.

Library References

Key Numbers

Counties ⚷175.
Municipal Corporations ⚷913.
Westlaw Key Number Searches: 104k175; 268k913.

Encyclopedias

C.J.S. Counties § 218.
C.J.S. Municipal Corporations §§ 1651, 1653.

§ 13-2E-4. Terms, form and execution of refunding bonds

Refunding bonds authorized under this article may be issued in one or more series; may bear such date or dates; may mature at such time or times, not exceeding the period of usefulness of the enterprise, as determined by the governing body in its discretion, not exceeding forty years from their respective dates; may bear interest at such rate or rates; may be in such denomination or denominations; may be in such form either coupon or registered; may carry such registration and conversion privileges; may be executed in such manner; may be payable in such medium of payment, at such place or places; may be subject to such terms of redemption, with or without a premium; may be declared or become due before the maturity date; may provide for the replacement of mutilated, destroyed, stolen or lost bonds; may be authenticated in such manner and upon compliance with such conditions; and may contain such other terms and covenants, as may be determined by the governing body

in the proceedings authorizing the refunding bonds. Notwithstanding the form or tenor thereof, and in the absence of an express recital on the face thereof that the bond is nonnegotiable, all refunding bonds shall at all times be, and shall be treated as, negotiable instruments for all purposes.

Acts 1969, c. 12; Acts 1981, 1st Ex. Sess., c. 2.

Library References

Key Numbers
Counties ⟹175.
Municipal Corporations ⟹913.
Westlaw Key Number Searches: 104k175; 268k913.

Encyclopedias
C.J.S. Counties § 218.
C.J.S. Municipal Corporations §§ 1651, 1653.

§ 13-2E-5. Issuance of refunding bonds; application of proceeds

Refunding bonds issued under this article may be exchanged for not less than a like principal amount of the revenue bonds to be refunded, or may be sold at public or private sale, or may be exchanged in part and sold in part, in such manner and upon such terms as may be determined by the governing body to be for the best interests of the public body: Provided, That such refunding bonds shall not be sold or exchanged at a price lower than a price which will show a net saving to the issuer after deducting all expenses of the refunding: Provided, however, That if the governing body determines that one of the purposes of issuing such refunding bonds is to effect the release, termination or modification of liens, restrictions, conditions or limitations imposed in connection with the bonds which are to be refunded, then such refunding bonds may be issued without the necessity of showing a net saving to the issuer, in which event such refunding bonds shall bear interest at such rate or rates as the governing body may determine, but such rate or rates shall not exceed the maximum stated rate of interest which the revenue bonds to be refunded thereby could bear if they were being issued as of the date of issuance of such refunding bonds, and such refunding bonds may not be sold or exchanged at a price which would result in a net interest cost in excess of the maximum net interest cost which the revenue bonds to be refunded could be sold or exchanged for if they were being issued as of the date of issuance of such refunding bonds.

If any such refunding bonds are to be sold, they may be issued in such principal amount as may be determined advisable by the governing body including, without limitation, the aggregate principal amount of the revenue bonds to be refunded, interest accrued and to accrue to the date or dates on which the revenue bonds being refunded are scheduled to mature or to be redeemed prior to maturity, any redemption premiums which must be paid in order to refund such outstanding revenue bonds and any costs and expenses of issuing the refunding bonds and providing for retirement of revenue bonds to be refunded. If sold, the net proceeds shall either be immediately applied to the payment or redemption and retirement of the revenue bonds to be refunded, or the net proceeds of the refunding bonds may be invested at the discretion and under the supervision of the escrow agent in whole, or in part, (a) in direct

obligations issued by the United States of America or one of its agencies, (b) in obligations unconditionally guaranteed by the United States of America as to principal and interest, or (c) in certificates of deposit of a banking corporation or association which is a member of the federal deposit insurance corporation, or successor; but any such certificates of deposit must be fully secured as to both principal and interest by pledged collateral consisting of direct obligations of or obligations guaranteed by the United States of America having a market value, excluding accrued interest, at all times at least equal to the amount of the principal of an accrued interest on such certificates of deposit. Any such investments must mature, or be payable in advance of maturity at the option of the holder, and must bear interest in such manner as to provide funds which, together with uninvested money placed in the hereinafter mentioned escrow, will be sufficient to pay when due or called for redemption the revenue bonds refunded, together with interest accrued and to accrue thereon and redemption premiums, if any, and such refunding bond proceeds or obligations so purchased therewith shall, and with other funds legally available to the public body for such purpose may, be deposited in escrow with the West Virginia municipal bond commission or a corporate trustee, which may be a trust company or bank having powers of a trust company within or without the state of West Virginia, to be selected by the issuer to be held in trust for the payment and redemption of the revenue bonds refunded, and such money and obligations and any reinvestment thereof shall be held in trust by such escrow agent for the payment of interest on the refunded bonds when due, and principal thereof and applicable redemption premiums, if any, when due, or upon the date or dates for which they shall have been called for redemption, or upon an earlier voluntary surrender at the option of the escrow agent; provided if interest earned by any investment in such escrow is shown to be in excess of the amounts required from time to time for the payment of interest on and principal of the refunded revenue bonds, including applicable redemption premium, then such excess may be withdrawn from escrow and disbursed by the public body as are other revenues of the enterprise. Any moneys in the sinking or reserve funds or other funds maintained for the outstanding revenue bonds to be refunded may be applied in the same manner and for the same purpose as are the net proceeds of refunding bonds or may be deposited in the special fund or any reserve funds established for account of the refunding bonds. The term "net proceeds" as used above shall mean the gross proceeds of the refunding bonds after the deduction therefrom of all accrued interest, costs and expenses incurred in connection with the authorization and issuance of the refunding bonds and the retirement of the outstanding revenue bonds, and including all costs and expenses resulting from price variations to par or otherwise incurred in the purchase of obligations for escrow and in the disposition of the refunding bonds.

Acts 1969, c. 12; Acts 1973, c. 115; Acts 1986, c. 118.

Library References

Municipal Corporations ⟹928.

Key Numbers

Counties ⟹183.

Westlaw Key Number Searches: 104k183; 268k928.

C.J.S. Municipal Corporations § 1699.

Encyclopedias

C.J.S. Counties § 222.

§ 13-2E-6. Determination of governing body to be conclusive

The determination by the governing body of any public body issuing refunding bonds under this article that the limitations herein imposed upon the issuance of refunding bonds have been met, shall be conclusive: Provided, however, That such public body shall have obtained from an independent certified public accountant a certification that the amount of saving stated to be achieved by the refunding shall in fact be served, based upon his review, comparison and analysis of the net interest cost in dollars of the refunding bonds and the net interest cost in dollars of the bonds to be refunded.

Acts 1969, c. 12.

§ 13-2E-7. Authorization for issuance

Refunding bonds and all acts required to be authorized hereunder shall be authorized in the manner in which the bonds to be refunded were authorized and issued: Provided, That refunding bonds of a system resulting from the severance of a combined municipal waterworks and sewerage system shall to the extent applicable be authorized and issued under the terms and provisions of law, including, but not limited to, interest rates and net interest costs, under which revenue bonds of such resulting system would be authorized and issued.

Acts 1969, c. 12; Acts 1986, c. 118.

Library References

Key Numbers

Counties ⚷175.
Municipal Corporations ⚷913.
Westlaw Key Number Searches: 104k175; 268k913.

Encyclopedias

C.J.S. Counties § 218.
C.J.S. Municipal Corporations §§ 1651, 1653.

§ 13-2E-8. Authority for escrow agreement

The governing body of any public body shall have power to enter into such escrow agreements and to insert therein such protective and other covenants and provisions as it may consider necessary to permit the carrying out of the provisions of this article and to insure the prompt payment of principal of and interest and redemption premiums on the revenue bonds refunded.

Acts 1969, c. 12.

§ 13-2E-9. Call of revenue bonds for redemption

Where any revenue bonds to be refunded are not to be surrendered for exchange or payment and are not to be paid at maturity with escrowed obligations, but are to be paid from such source prior to maturity pursuant to call for redemption exercised under a right of redemption reserved in such revenue bonds, the governing body of the public body shall, prior to the

issuance of the refunding bonds, determine which redemption date or dates shall be used, call such revenue bonds for redemption and provide for the giving of the notice of redemption required by the proceedings authorizing such revenue bonds. Where such notice is to be given at a time subsequent to the issuance of the refunding bonds, the necessary notices may be deposited with the state sinking fund commission or the bank acting as escrow agent of the refunding bond proceeds and the escrow agent appropriately instructed and authorized to give the required notices at the prescribed time or times. If any officer of the public body signing any such notice shall no longer be in office at the time of the utilization of the notice, the notice shall nevertheless be valid and effective for its intended purpose.

Acts 1969, c. 12.

Library References

Key Numbers

Counties ⚷187.
Municipal Corporations ⚷951.
Westlaw Key Number Searches: 104k187; 268k951.

Encyclopedias

C.J.S. Counties § 226.
C.J.S. Municipal Corporations §§ 1704 to 1705.

§ 13-2E-10. Security provisions

Refunding bonds shall be special obligations of the public body and shall be payable solely from and secured by a lien upon the gross revenues or net revenues of the enterprise, as shall be more fully described in the ordinance or resolution authorizing the issuance of refunding bonds, and the ordinance or resolution authorizing such refunding bonds shall provide for a special fund into which there shall be pledged a fixed amount or a fixed proportion of such revenues which shall be sufficient to pay the principal of and interest on the refunding bonds as the same become due.

In order to assure payment of the principal and interest on any refunding bonds it shall be the duty of the governing body of the public body to establish, levy, maintain and collect such fees, tolls, rentals, rates and other charges for the services of such enterprise as shall be necessary to produce revenues sufficient, after making due and reasonable allowance for contingencies and for a margin of error in estimates, to pay at all times principal of and interest on the refunding bonds as the same become due, to pay current expenses of operation and maintenance, to provide for depreciation, to provide for reserves for any of the foregoing, to comply in all respects with any contract or agreement with bondholders set forth in the ordinance or resolution authorizing such refunding bonds, and to meet any other obligations of the public body which by their terms are charges, liens, or encumbrances upon the revenues of such enterprise.

The ordinance or resolution authorizing any refunding bonds may contain such covenants with the holders of the refunding bonds as to the efficient management and operation of the enterprise; the collection, keeping and disposition of the revenues of the enterprise; the issuance of additional refunding bonds or revenue bonds; the carrying of insurance on such enterprise and

the disposition of insurance proceeds; the keeping of books and records and the auditing thereof; the inspection by bondholders at reasonable times of the enterprise and the records, accounts and data of the public body relating thereto; limitations upon the sale or other disposition of integral parts of the enterprise; the discontinuance of the services and facilities of the enterprise upon failure to pay for such services and facilities; the appointment and duties of a trustee; the rights, liabilities, powers and duties arising upon the breach by the public body of any covenants, conditions or obligations contained in the ordinance or resolution authorizing the issuance of such refunding bonds; remedies of bondholders upon default in the payment of the principal of or interest on any refunding bonds, including the appointment by a court of competent jurisdiction of a receiver for the operation and management of the enterprise and the collection and disbursement of the revenues thereof, but such receiver or any court having jurisdiction in the matter shall not be permitted to sell, mortgage or otherwise dispose of any assets of the enterprise and useful in its operation or cause any of such assets to be sold, mortgaged or otherwise disposed of; and any other conditions, acts or pertinent matters as may be deemed necessary or proper by the governing body of the public body to assure efficient operation of the enterprise, payment of the refunding bonds and marketability of the refunding bonds upon favorable terms. Any agreement or covenant contained in the ordinance or resolution authorizing such refunding bonds shall constitute a contract with the holders of such refunding bonds.

All refunding bonds of the same issue shall be equally and ratably secured, without priority by reason of number, date or time of sale, execution or delivery, by a lien upon the revenues of the enterprise in accordance with the provisions of this section and the ordinance or resolution authorizing the issuance of such refunding bonds.

Nothing in this section or in any other section of this article shall be deemed in any way to alter the terms of any agreements made with the holders of any outstanding revenue bonds of the public body, or to authorize the public body to alter the terms of any such agreements, or to impair, or authorize the public body to impair, the rights and remedies of any creditors of the public body.

Nothing in this section or in any other section of this article shall be deemed in any way to authorize any public body to do anything in any manner or for any purpose which would result in the creation or incurring of a debt or indebtedness or the issuance of any instrument which would constitute a bond or debt within the meaning of any provision, limitation, or restriction of the Constitution relating to the creation or incurring of a debt or indebtedness or the issuance of an instrument constituting a bond or a debt.

Acts 1969, c. 12.

Library References

Key Numbers
Counties ⚷181.
Municipal Corporations ⚷919.

Westlaw Key Number Searches: 104k181; 268k919.

Encyclopedias
C.J.S. Counties § 221.
C.J.S. Municipal Corporations § 1661.

§ 13-2E-11. Bonds payable solely from revenues of enterprise

No recourse shall be had for the payment of the refunding bonds, or interest thereon, or any part thereof, against the general fund of any public body, nor shall the credit or taxing power of any public body be deemed to be pledged thereto.

The refunding bonds, and interest thereon, shall not be a debt of the public body, nor a charge, lien or encumbrance, legal or equitable, upon any property of the public body, nor upon any income, receipts, or revenues of the public body other than such of the revenues of the enterprise as shall have been pledged to the payment thereof, and every refunding bond shall recite in substance that said bond, including interest thereon, is payable solely from the revenues pledged to the payment thereof and that the public body is under no obligation to pay the same, except from said revenues.

Acts 1969, c. 12.

Library References

Key Numbers
Counties ⚷187.
Municipal Corporations ⚷950(15).
Westlaw Key Number Searches: 104k187; 268k950(15).

Encyclopedias
C.J.S. Counties § 226.
C.J.S. Municipal Corporations §§ 1708 to 1709.

§ 13-2E-12. Tax exemption; exceptions

The refunding bonds and the income therefrom shall be exempt from taxation, except inheritance, estate and transfer taxes.

Acts 1969, c. 12.

Library References

Key Numbers
Taxation ⚷218.
Westlaw Key Number Search: 371k218.

Encyclopedias
C.J.S. Taxation § 260.

§ 13-2E-13. Validity of bonds

Refunding bonds bearing the signatures of officers of the public body in office on the date of the signing thereof shall be valid and binding obligations of the public body for all purposes, notwithstanding that before the delivery thereof any or all the persons whose signatures appear thereon shall have ceased to be officers of the public body, the same as if such persons had continued to be officers of the public body until after the delivery thereof. The ordinance or resolution authorizing any refunding bonds may provide that such refunding bond may contain a recital that such refunding bond is issued pursuant to this article, and any refunding bond containing such recital under authority of any such ordinance or resolution shall be conclusively deemed to be valid and to have been issued in conformity with the provisions of this article.

Where any refunding bonds have been heretofore authorized by any public body which would have been valid under and in compliance with the provisions of this article had this article been in existence at the time of the authorization of such refunding bonds, such refunding bonds if heretofore issued, and if not yet issued then such refunding bonds when they shall have been issued, and the proceedings authorizing their issuance, are hereby validated, ratified and confirmed and declared to be binding and enforceable obligations in accordance with their terms.

Acts 1969, c. 12.

Library References

Key Numbers

Counties ⟹183(2).
Municipal Corporations ⟹931.
Westlaw Key Number Searches: 104k183(2); 268k931.

Encyclopedias

C.J.S. Counties § 222.
C.J.S. Municipal Corporations § 1694.

§ 13-2E-14. Article complete authority for refunding bonds; effect on other laws; liberal construction

This article constitutes full and complete authority for the issuance of refunding bonds. No procedure or proceedings, publications, notices, consents, approvals, orders, acts or things by any governing body of any public body, or any board, officer, commission, department, agency, or instrumentality of the State or any public body shall be required to issue any refunding bonds or to do any act or perform anything under this article, except as may be prescribed in this article. The powers conferred by this article shall be in addition and supplemental to, and not in substitution for, and the limitations imposed by this article shall not affect, the powers conferred by any other law. This article is remedial in nature and shall be liberally construed.

Acts 1969, c. 12.

§ 13-2E-15. Severability

If any one or more provisions of this article or the applicability thereof to any persons or circumstances are ever held by a final decision of a court of competent jurisdiction to be invalid, such invalidity shall not affect any other provision or provisions, application or applications of this article, and to this end, the provisions of this article are declared to be severable.

Acts 1969, c. 12.

State of West Virginia

Certificate

I, Natalie E. Tennant, Secretary of State of the State of West Virginia, hereby certify that

THIS IS A TRUE COPY OF CHAPTER 8, ARTICLE 20 OF THE WEST VIRGINIA CODE, AND CHAPTER 8, ARTICLE 20 OF THE 2010 SUPPLEMENT TO THE WEST VIRGINIA CODE, AS INDICATED BY THE RECORDS OF THIS OFFICE.

Given under my hand and the Great Seal of the State of West Virginia on
August 18, 2010

Natalie E. Tennant

Secretary of State

ARTICLE 20

COMBINED WATERWORKS AND SEWERAGE SYSTEMS

Part I—Combined Waterworks and Sewerage Systems Authorized; Definitions.

Section

8–20–1. Acquisition and operation of combined waterworks and sewerage systems; extension beyond corporate limits; definitions.

8–20–1a. Acquisition and operation of combined systems; extension beyond corporate limits; definitions.

8–20–1b. Cooperation with other governmental units.

8–20–1c. Severance of combined system.

Part II—Right of Eminent Domain.

8–20–2. Right of eminent domain; limitations.

Part III—Revenue Bond Financing.

8–20–3. Ordinance describing project; contents.

8–20–4. Publication of abstract of ordinance and notice; hearing.

8–20–5. Amount, negotiability and execution of bonds; refund of outstanding obligations or securities by sale or exchange of bonds.

8–20–6. Bonds payable solely from revenues; not to constitute municipal indebtedness.

8–20–7. Lien of bondholders.

8–20–8. Covenants with bondholders.

8–20–9. Operating contract.

8–20–10. Power and authority of municipality to enact ordinances and make rules and regulations and fix rates, fees or charges; change in rates, fees or charges; failure to cure delinquency; delinquent rates, fees or charges as liens; civil action for recovery thereof; deferral of filing fees and costs in magistrate court action; limitations with respect to foreclosure.

8–20–11. Discontinuance of water service for nonpayment of rates or charges.

8–20–11a. Governmental entities subject to established rates.

8–20–12. Use of revenues; sinking fund.

8–20–13. System of accounts; audit.

8–20–14. Repair and maintenance of municipal sewerage system outside corporate limits.

8–20–15. Protection and enforcement of rights of bondholders, etc.; receivership.

Part IV—Grants, Loans and Advances; Cumulative Authority.

8–20–16. Grants, loans and advances.

8–20–17. Additional and alternative method for constructing, etc., and financing combined system; cumulative authority.

Part V—Operation by Board; Construction.

8–20–18. Alternative procedure for acquisition, construction, etc., of combined system.

8–20–19. Article to be liberally construed.

PART I—COMBINED WATERWORKS AND SEWERAGE SYSTEMS AUTHORIZED; DEFINITIONS

§ 8-20-1. Acquisition and operation of combined waterworks and sewerage systems; extension beyond corporate limits; definitions

Any municipality may acquire, construct, establish and equip and thereafter repair, maintain and operate a combined waterworks and sewerage system either wholly within or partly within and partly without the corporate limits thereof, under the provisions of this article, and any municipality owning and operating either a waterworks or a sewerage system, but not both, may acquire, construct, establish and equip the waterworks or sewerage system which it does not then own and operate, and in either of such cases such municipality may provide by ordinance that when such waterworks or sewerage system, or both, shall have been acquired, constructed, established and equipped, the same shall thereafter be owned, repaired, maintained and operated as a combined undertaking under the provisions of this article, and any municipality already owning and operating an existing waterworks system and an existing sewerage system may by ordinance combine the same into a single undertaking under the provisions of this article.

Any municipality which has combined its waterworks and sewerage system under the provisions of this article, or pursuant to provisions of any other law, may hereafter construct extensions, additions, betterments and improvements to either the waterworks system or the sewerage system of said combined waterworks and sewerage system, or both, and may finance the acquisition, construction, establishment and equipment of any such waterworks or sewerage system, or both, or the construction of extensions, additions, betterments and improvements to either the waterworks system or the sewerage system of such combined waterworks and sewerage system, or both, by the issuance of revenue bonds under the provisions of this article.

Notwithstanding the provisions of any other law or charter to the contrary, any such municipality may serve and supply the area included within twenty miles outside its corporate limits with the water or sewer services and facilities, or both, of its combined waterworks and sewerage system: Provided, That such water or sewer services and facilities shall not be served or supplied within the corporate limits of any other municipality without the consent of the governing body of such other municipality.

When used in this article, the term "waterworks system" shall be construed to mean and include a waterworks system in its entirety or any integral part thereof, including mains, hydrants, meters, valves, standpipes, storage tanks, pump tanks, pumping stations, intakes, wells, impounding reservoirs, pumps, machinery, purification plants, softening apparatus, and all other facilities necessary, appropriate, useful, convenient or incidental in connection with or to a water supply system; the term "sewerage system" shall be construed to mean and include any or all of the following: A sewage treatment plant or plants, collecting, intercepting and outlet sewers, lateral sewers, drains, force mains, conduits, pumping stations, ejector stations and all other appurtenances, extensions, additions and improvements necessary, appropriate, useful, conve-

nient or incidental for the collection, treatment and disposal in a sanitary manner of sewage and industrial wastes; and the term "combined waterworks and sewerage system" shall be construed to mean and include a waterworks and sewerage system, which a municipality determines by ordinance to operate in combination.

Acts 1939, c. 98, §§ 1, 2; Acts 1947, c. 112; Acts 1955, c. 131; Acts 1969, c. 86.

Cross References

Creation by charter provision of certain independent city boards, home rule powers for cities, see § 8–12–3.

General powers of every municipality and its governing body, see § 8–12–5.

Library References

Key Numbers

Municipal Corporations ⟹708.

Waters and Water Courses ⟹183.

Westlaw Key Number Searches: 268k708; 405k183.

Encyclopedias

C.J.S. Municipal Corporations §§ 1535 to 1536.

C.J.S. Waters §§ 228, 235.

Notes of Decisions

New and annexed tracts 1

1. New and annexed tracts

City, rather than sewer and water districts, was entitled to provide sewer and water services to newly developed tract that was within districts' boundaries, but was annexed to city, where such services were not previously furnished to tract. Code, 16–13A–8. Berkeley County Public Service Sewer Dist. v. West Virginia Public Service Com'n, 1998, 512 S.E.2d 201, 204 W.Va. 279. Municipal Corporations ⟹712(1)

If a tract of real estate located within a public service district has been annexed into a municipality, then, as between the municipality and the public service district, the municipality has the superior right to extend water and/or sewer service which were not being previously furnished to the tract by the public service district, and under those circumstances, a public service district would need the consent of the municipality and the Public Service Commission (PSC) in order to provide such service. Code, 16–13A–8. Berkeley County Public Service Sewer Dist. v. West Virginia Public Service Com'n, 1998, 512 S.E.2d 201, 204 W.Va. 279. Municipal Corporations ⟹712(1)

Awarding sewer and water service rights in newly developed tract to city, rather than to sewer and water districts, could reasonably be expected to provide appropriate protection to the relevant public interests, both existing and foreseeable. Berkeley County Public Service Sewer Dist. v. West Virginia Public Service Com'n, 1998, 512 S.E.2d 201, 204 W.Va. 279. Municipal Corporations ⟹712(1)

§ 8–20–1a. Acquisition and operation of combined systems; extension beyond corporate limits; definitions

(a) Any municipality may acquire, construct, establish and equip and thereafter repair, maintain and operate a combined waterworks, sewerage and stormwater system either wholly within or partly within and partly without the corporate limits thereof under the provisions of this article, and any municipality owning and operating a waterworks and sewerage system, but not a stormwater system, may acquire, construct, establish and equip the stormwater system which it does not then own and operate, and such municipality may provide by ordinance that when such stormwater system shall have been acquired, constructed, established and equipped, the same shall thereafter be owned, repaired, maintained and operated as a combined undertaking under the provisions of this article, and any municipality already owning and operat-

ing an existing waterworks system, sewerage system, and stormwater system, may by ordinance combine the same into a single undertaking under the provisions of this article. However, no municipality may acquire, construct, establish and equip or thereafter repair, maintain and operate a combined waterworks, sewerage and stormwater system which includes highways, road and drainage easements, and/or stormwater facilities constructed, owned and/or operated by the West Virginia Division of Highways without the express agreement of the commissioner of highways.

(b) Any municipality which has combined its waterworks, sewerage system and stormwater systems under the provisions of this article, or pursuant to the provisions of any other law, may hereafter construct extensions, additions, betterments and improvements to any of the systems, any combination thereof, or all of the waterworks, sewerage and stormwater systems of said combined waterworks, sewerage and stormwater system, and may finance the acquisition, construction, establishment and equipment thereof, or the construction or extensions, additions, betterments and improvements thereof by the issuance of revenue bonds under the provisions of this article.

(c) Notwithstanding the provisions of any other law or charter to the contrary, any such municipality may serve and supply the area included within twenty miles outside its corporate limits with either the water, sewer or stormwater services, any combination of such services or all such services, of its combined waterworks, sewerage and stormwater system; provided that such water, sewer or stormwater services and facilities shall not be served or supplied within the corporate limits of any municipality without the consent of the governing body of such municipality: Provided, That for stormwater systems, within the twenty miles beyond the municipality's corporate limits the only areas the municipality may serve and supply shall be those areas from which stormwater affects or drains into the municipality.

(d) As used in this article, the following terms shall have the following meanings unless the text clearly indicates otherwise.

(1) "Stormwater system" means a stormwater system in its entirety or any integral part thereof used to collect and dispose of stormwater and an associated stormwater management program. It includes all facilities, structures and natural water courses used for collecting and conducting stormwater to, through and from drainage areas to the points of final outlet, including, but not limited to, any and all of the following: Inlets, conduits, outlets, channels, ponds, drainage ways, easements, water quality facilities, catch basins, ditches, streams, gulches, flumes, culverts, siphons, retention or detention basins, dams, floodwalls, pipes, flood control systems, levies and pumping stations. The term "stormwater system" shall not include highways, road and drainage easements, and/or stormwater facilities constructed, owned and/or operated by the West Virginia Division of Highways.

(2) "Combined waterworks, sewerage and stormwater system" means a waterworks, sewerage and stormwater system which a municipality determines by ordinance to operate in combination.

(3) "Combined system" means either a combined waterworks, sewerage and stormwater system, or a combined waterworks and sewerage system.

(4) "Stormwater management program" means those activities associated with the management, operation and maintenance and control of stormwater and stormwater systems, and shall include and not be limited to public education, stormwater and surface runoff water quality improvement, mapping, planning, flood control, inspection, enforcement and any other activities required by state and federal law. The term "stormwater management program" shall not include those activities associated with the management, operation, maintenance and control of highways, road and drainage easements, and/or stormwater facilities constructed, owned and/or operated by the West Virginia Division of Highways without the express agreement of the commissioner of highways.

Acts 1976, c. 83; Acts 2001, c. 212, eff. 90 days after April 14, 2001.

Library References

Key Numbers

Municipal Corporations ⚷708.
Waters and Water Courses ⚷183.
Westlaw Key Number Searches: 268k708; 405k183.

Encyclopedias

C.J.S. Municipal Corporations §§ 1535 to 1536.
C.J.S. Waters §§ 228, 235.

§ 8–20–1b. Cooperation with other governmental units

In carrying out any lawful purpose prescribed by this article, any municipality may, in the exercise of its powers, duties and responsibilities, cooperate or join with the state of West Virginia or any political subdivision, agency, board, commission, office or department thereof, however designated, or with the United States of America or any agency or department thereof.

Acts 1986, c. 118; Acts 2001, c. 212, eff. 90 days after April 14, 2001.

§ 8–20–1c. Severance of combined system

Any municipality which has combined its waterworks and sewerage systems or waterworks, sewerage and stormwater systems, under the provisions of this article, or pursuant to provisions of any other law, may hereafter sever said combined system if the following conditions are met:

(a) An ordinance is enacted by the governing body of the municipality severing the combined system into separate systems.

(b) If revenue bonds or notes or other obligations with a lien on or pledge of the revenues of said combined system, or any part thereof, are outstanding, then the municipality must provide in said ordinance that the severance of the combined system is not effective until all such outstanding revenue bonds or notes or other obligations with a lien on or pledge of the revenues of the system, or any part thereof, are paid and the method for paying said outstanding revenue bonds or notes or other obligations. For the purposes of this section, said municipality may provide for payment of said outstanding revenue bonds or notes or other obligations by:

(1) Depositing moneys and funds with the West Virginia municipal bond commission or in escrow with a corporate trustee, which may be a trust company or bank having powers of a trust company within or without the state of West Virginia selected by the issuer to pay interest when due and to pay principal when due, whether at maturity or earlier redemption;

(2) Depositing securities with the municipal bond commission or said escrow trustee, the principal of and earnings on which will provide moneys sufficient to pay interest when due and to pay principal when due, whether at maturity or earlier redemption; or

(3) Depositing with the municipal bond commission or said escrow trustee any combination of the foregoing sufficient to pay interest when due and to pay principal when due, whether at maturity or earlier redemption.

(c) If the combined system is under the supervision and control of a separate committee, board or commission, then the governing body of the municipality must provide for the dissolution of the committee, board or commission, and the creation of other committees, boards or commissions as may be required by law.

Acts 2001, c. 212, eff. 90 days after April 14, 2001.

Library References

Key Numbers

Municipal Corporations ⟹708.
Waters and Water Courses ⟹183.
Westlaw Key Number Searches: 268k708; 405k183.

Encyclopedias

C.J.S. Municipal Corporations §§ 1535 to 1536.
C.J.S. Waters §§ 228, 235.

PART II—RIGHT OF EMINENT DOMAIN

§ 8-20-2. Right of eminent domain; limitations

For the purpose of acquiring, constructing, establishing or extending any system within a combined system, or a combined system, or for the purpose of constructing any additions, betterments or improvements to any system within a combined system, or a combined system, or for the purpose of acquiring any property necessary, appropriate, useful, convenient or incidental for or to any system within a combined system, or combined system, under the provisions of this article, the municipality shall have the right of eminent domain as provided in chapter fifty-four of this code: Provided, That such right of eminent domain for the acquisition of a complete privately owned waterworks system may not be exercised without prior approval of the public service commission, and in no event shall any municipality construct, establish or extend beyond the corporate limits of the municipality a municipal waterworks system or a combined system under the provisions of this article to supply service in competition with an existing privately or municipally owned waterworks system or combined system in the municipality or within the proposed extension of the system, unless, except in the case of a stormwater system, a certificate of public convenience and necessity therefor shall have been issued by the public service commission:

Provided, however, that the power of eminent domain provided in this section shall not extend to highways, road and drainage easements, and/or stormwater facilities constructed, owned and/or operated by the West Virginia Division of Highways without the express agreement of the commissioner of highways.

Acts 1947, c. 112; Acts 1969, c. 86; Acts 2001, c. 212, eff. 90 days after April 14, 2001.

Library References

Key Numbers

Eminent Domain ⚷28, 32.

Westlaw Key Number Searches: 148k28; 148k32.

Encyclopedias

C.J.S. Eminent Domain §§ 38 to 39, 44 to 45.

PART III—REVENUE BOND FINANCING

§ 8-20-3. Ordinance describing project; contents

The governing body of any municipality availing itself of the provisions of this article shall adopt an ordinance describing in a general way the contemplated project. If it is intended to include in the combined system any existing waterworks system or any existing sewerage system, or both, or if applicable, any existing stormwater system, or any of them, or all of them, the ordinance shall provide that it or they be so included in the combined system and shall describe in a general way such existing waterworks or sewerage system or both, or, if applicable, any existing stormwater system, or any of them, or all of them, to be included in the combined system. The ordinance shall state the means provided for refunding any obligations unpaid and outstanding payable solely from the revenues of any such waterworks or sewerage system, or both, or if applicable, any existing stormwater system, or any of them, or all of them. The ordinance shall determine the period of usefulness of the contemplated project.

If it is intended to acquire, construct, establish and equip a combined system or any part thereof, or to construct extensions, additions, betterments and improvements to either the waterworks system or the sewerage system of the combined system, or both, or if applicable, any existing stormwater system, or any of them, or all of them, the ordinance shall describe in a general way the works or property or system to be acquired, constructed, established or equipped or the extensions, additions, betterments and improvements to be constructed.

The ordinance shall fix the amount of revenue bonds proposed to be issued, the interest rate or rates, and any other details in connection with the bonds considered advisable. The ordinance may state that the bonds, or such ones thereof as may be specified, shall, to the extent and in the manner prescribed, be subordinated and be junior in standing, with respect to principal and interest and the security thereof, to such other bonds as are designated in the ordinance.

Acts 1939, c. 98, § 4; Acts 1947, c. 112; Acts 1949, c. 91; Acts 1969, c. 86; Acts 2001, c. 212, eff. 90 days after April 14, 2001.

Library References

Key Numbers
Municipal Corporations ⚷300.
Westlaw Key Number Search: 268k300.

Encyclopedias
C.J.S. Municipal Corporations § 991.

§ 8-20-4. Publication of abstract of ordinance and notice; hearing

After the ordinance for any project under the provisions of this article has been adopted, an abstract of the ordinance, determined by the governing body to contain sufficient information as to give notice of the contents of such ordinance, together with the following described notice, shall be published as a Class II legal advertisement in compliance with the provisions of article three, chapter fifty-nine of this code, and the publication area for such publication shall be such municipality. The notice to be published with said abstract of the ordinance shall state that said ordinance has been adopted, that the municipality contemplates the issuance of the bonds described in the ordinance, that any person interested may appear before the governing body upon a certain date, which shall not be less than ten days subsequent to the date of the first publication of such abstract and notice and which shall not be prior to the date of the last publication of such abstract and notice, and present protests and that a certified copy of the ordinance is on file with the governing body for review by interested parties during the office hours of the governing body. At such hearing all protests and suggestions shall be heard and the governing body shall take such action as it shall deem proper in the premises: Provided, That if at such hearing written protest is filed by thirty percent or more of the freeholders of the municipality, then the governing body of said municipality shall not take further action unless four fifths of the qualified members of said governing body assent thereto.

Acts 1939, c. 98, § 5; Acts 1947, c. 112; Acts 1967, c. 105; Acts 1969, c. 86; Acts 1971, c. 103; Acts 1981, 1st Ex. Sess., c. 2.

Library References

Key Numbers
Municipal Corporations ⚷294(7).
Westlaw Key Number Search: 268k294(7).

Encyclopedias
C.J.S. Municipal Corporations § 981.

§ 8-20-5. Amount, negotiability and execution of bonds; refund of outstanding obligations or securities by sale or exchange of bonds

For the purpose of defraying the cost of acquisition, construction, establishment or equipment of any system within a combined system, or a combined system, and for the purpose of paying the cost of constructing any extensions, additions, betterments or improvements to any of the systems of said combined system, or all of them, any such municipality may issue revenue bonds under the provisions of this article.

All such bonds may be authorized, issued and sold pursuant to ordinance in installments at different times or an entire issue or series may be sold at one time. Such bonds shall bear interest at a rate not to exceed twelve percent per annum, payable at such times, and shall mature within the period of usefulness

of the project involved, to be determined by the governing body and in any event within a period of not more than forty years. The bonds may be in denomination or denominations, may be in such form, either coupon or registered, may carry registration and conversion privileges, may be executed in such manner, may be payable in such medium of payment, at such place or places, may be subject to terms of redemption, with or without a premium, may be declared to become due before the maturity date thereof, may provide for the replacement of mutilated, destroyed, stolen or lost bonds, may be authenticated in such manner and upon compliance with such conditions, and may contain other terms and covenants, as may be provided by ordinance of the governing body of the municipality. Notwithstanding the form or tenor thereof, and in the absence of an express recital on the face thereof that the bond is nonnegotiable, all bonds shall at all times be, and shall be treated as, negotiable instruments for all purposes.

The bonds and the interest thereon, together with all properties and facilities of the municipality owned or used in connection with the combined system, and all the moneys, revenues and other income of such municipality derived from the combined system shall be exempt from all taxation by this state or any county, municipality, political subdivision or agency thereof. Bonds may be sold in such manner as the governing body shall determine. If any bonds shall be issued to bear interest at a rate of twelve percent per annum, the price at which they may be sold shall be such that the interest cost to the municipality of the proceeds of the bonds may not exceed thirteen percent per annum computed to maturity according to the standard table of bond values.

If the governing body of the municipality determines to sell any revenue bonds of such combined system for refunding purposes, the proceeds of the bonds shall be deposited at the place of payment of the bonds, obligations or securities being refunded thereby.

In case any officer whose signature appears on the bonds or coupons attached thereto shall cease to be such officer before the delivery of the bonds to the purchaser, such signature shall nevertheless be valid and sufficient for all purposes, with the same effect as if he or she had remained in office until the delivery of the bonds. All signatures on the bonds or coupons and the corporate seal may be mechanically reproduced if authorized in the ordinance authorizing the issuance of the bonds. The bonds shall have all the qualities of negotiable instruments under the laws of this state.

Whenever a waterworks and sewerage system or stormwater system, if applicable, is included in a combined system under the provisions of this article and there are unpaid and outstanding revenue bonds or any other obligations or securities previously issued which are payable solely from the revenues of the waterworks or the sewerage system or stormwater system, if applicable, or any part thereof, such outstanding bonds, obligations or securities may be refunded by the issuance and sale or exchange therefor of revenue bonds to be issued under the provisions of this article.

Whenever any outstanding bonds, obligations or securities previously issued which are payable solely from the revenues of any waterworks or sewerage system, or stormwater system, if applicable, included in a combined system under the provisions of this article are refunded and the refunding is to be accomplished by exchange, such outstanding bonds, obligations or securities shall be surrendered and exchanged for revenue bonds of such combined system of a total principal amount which shall not be more and may be less than the principal amount of the bonds, obligations or securities surrendered and exchanged plus the interest to accrue thereon to the date of surrender and exchange, and if the refunding is to be accomplished through the sale of revenue bonds of such combined system the total principal amount of such revenue bonds which may be sold for refunding purposes shall not exceed the principal amount of the bonds, obligations or securities being refunded plus the interest to accrue thereon to the retirement date or the next succeeding interest payment date, whichever date may be earlier.

Provision may be made that each bond to be exchanged for refunding bonds shall be kept intact and shall not be canceled or destroyed until the refunding bonds, and interest thereon, have been finally paid and discharged, but each bond shall be stamped with a legend to the effect that the same has been refunded pursuant to the provisions of this article.

Acts 1939, c. 98, § 3; Acts 1947, c. 112; Acts 1957, c. 123; Acts 1969, c. 86; Acts 1970, c. 7; Acts 1980, c. 33; Acts 1981, 1st Ex. Sess., c. 2; Acts 2001, c. 212, eff. 90 days after April 14, 2001.

Library References

Key Numbers

Municipal Corporations ⟹911, 922.
Taxation ⟹218.
Westlaw Key Number Searches: 268k911; 268k922; 371k218.

Encyclopedias

C.J.S. Municipal Corporations § 1649.
C.J.S. Taxation § 260.

§ 8-20-6. Bonds payable solely from revenues; not to constitute municipal indebtedness

Bonds issued under the provisions of this article shall be payable solely from the revenues derived from the combined system, and the bonds may not in any event constitute an indebtedness of such municipality within the meaning of any constitutional or statutory provision or limitation and it shall be plainly stated on the face of each bond that the same has been issued under the provisions of this article, and that it does not constitute an indebtedness of the municipality within any constitutional or statutory provision or limitation. The ordinance authorizing the issuance of the bonds may contain such covenants and restrictions upon the issuance of additional revenue bonds thereafter as may be considered necessary or advisable for the assurance of payment of the bonds thereby authorized and as may thereafter be issued.

Acts 1939, c. 98, § 6; Acts 1969, c. 86; Acts 2001, c. 212, eff. 90 days after April 14, 2001.

Library References

Key Numbers
Municipal Corporations ⚷950(15).
Westlaw Key Number Search: 268k950(15).

Encyclopedias
C.J.S. Municipal Corporations §§ 1708 to 1709.

§ 8–20–7. Lien of bondholders

There shall be and there is hereby created and granted a statutory mortgage lien upon such combined system which shall exist in favor of the holder of bonds hereby authorized to be issued, and each of them, and to and in favor of the holder of the coupons attached to said bonds, and such combined system shall remain subject to such statutory mortgage lien until payment in full of the principal of and interest upon said bonds. However, no lien may attach to any portion of any highways, road or drainage easements or stormwater facilities constructed, owned or operated by the West Virginia Division of Highways.

Any municipality in acquiring an existing waterworks system may provide that payment therefor shall be made by issuing revenue bonds and delivering the same at such prices as may be agreed upon within the limitations prescribed in section five hereof. Any revenue bonds so issued in payment for an existing waterworks system shall for all purposes be regarded as partaking of the nature of and as being secured by a purchase money mortgage upon the property so acquired; and the holders thereof shall have, in addition to any other remedies and rights prescribed by this article, remedies and rights as may now or hereafter exist in law in the case of purchase money mortgages.

Acts 1939, c. 98, § 8; Acts 1947, c. 112; Acts 1969, c. 86; Acts 2001, c. 212, eff. 90 days after April 14, 2001.

Library References

Key Numbers
Municipal Corporations ⚷950(15).
Westlaw Key Number Search: 268k950(15).

Encyclopedias
C.J.S. Municipal Corporations §§ 1708 to 1709.

§ 8–20–8. Covenants with bondholders

Any ordinance authorizing the issuance of bonds hereunder, or any trust indenture with any banking institution or trust company, within or without the state, for the security of said bonds, which any municipality is hereby empowered and authorized to enter into and execute, may contain covenants with the holders of the bonds as to:

(a) The purpose or purposes to which the proceeds of sale of bonds or the revenues derived from said combined system may be applied and the securing, use and disposition thereof, including, if considered desirable, the appointment of a trustee or depository for any of the funds;

(b) The pledging of all or any part of the revenues derived from the ownership, control or operation of such combined system, including any part thereof heretofore or hereafter acquired, constructed, established, extended, equipped, added to, bettered or improved or derived from any other sources, to the payment of the principal of or interest thereon of bonds issued hereunder and for reserve or other funds as may be considered necessary or desirable;

(c) The fixing, establishing and collecting of rates, fees or charges for the use of the services and facilities of the combined system, including the parts thereof heretofore or hereafter acquired, constructed, established, extended, equipped, added to, bettered or improved and the revision of same from time to time, as will always provide revenues at least sufficient to provide for all expenses of repair, maintenance and operation of such combined system, the payment of the principal of and interest upon all bonds or other obligations payable from the revenues of such combined system, and all reserve and other funds required by the terms of the ordinance authorizing the issuance of bonds;

(d) The transfer from the general funds of the municipality to the account or accounts of the combined system of an amount equal to the cost of furnishing the municipality or any of its departments, boards or agencies with the services and facilities of such combined system;

(e) Limitations or restrictions upon the issuance of additional bonds or other obligations payable from the revenues of such combined system, and the rank or priority, as to lien and source and security for payment from the revenues of such combined system, between bonds payable from the revenues;

(f) The manner and terms upon which all bonds and other obligations issued hereunder may be declared immediately due and payable upon the happening of a default in the payment of the principal of or interest thereon, or in the performance of any covenant or agreement with bondholders, and the manner and terms upon which defaults may be declared cured and the acceleration of the maturity of the bonds rescinded and repealed;

(g) Budgets for the annual repair, maintenance and operation of such combined system and restrictions and limitations upon expenditures for the purposes, and the manner of adoption, modification, repeal or amendment thereof, including the approval of the budgets by consulting engineers designated by holders of bonds issued hereunder;

(h) The amounts of insurance to be maintained upon the combined system, or any part thereof, and the use and disposition of the proceeds of any insurance; and

(i) The keeping of books of account, relating to such undertaking and the audit and inspection thereof, and the furnishing to the holders of bonds issued hereunder or their representatives, reports prepared, certified or approved by accountants designated or approved by the holders of bonds issued hereunder.

Any ordinance or trust indenture may also contain other additional covenants as shall be considered necessary or desirable for the security of the holders of bonds issued under the provisions of this article, notwithstanding that other covenants are not expressly enumerated above, it being the intention hereof to grant to municipalities plenary power and authority to make any and all covenants or agreements necessary in order to secure greater marketability for bonds issued hereunder as fully and to the same extent as covenants or agreements could be made by a private corporation rendering similar services and facilities and to grant to municipalities full and complete power and

authority to enter into any contracts, covenants or agreements with holders of bonds issued hereunder not inconsistent with the constitution of this state.

Acts 1955, c. 131; Acts 1969, c. 86; Acts 2001, c. 212, eff. 90 days after April 14, 2001.

Library References

Key Numbers
Municipal Corporations ⟹950(15).
Westlaw Key Number Search: 268k950(15).

Encyclopedias
C.J.S. Municipal Corporations §§ 1708 to 1709.

§ 8-20-9. Operating contract

Any municipality may enter into contracts or agreements with any persons for: (1) The repair, maintenance and operation and management of the facilities and properties of the combined system, or any part thereof; or (2) the collection and disbursement of the income and revenues thereof, or for both (1) and (2), for the period of time and under terms and conditions as shall be agreed upon between the municipality and such persons. Any municipality shall have plenary power and authority to provide in the ordinance authorizing the issuance of bonds hereunder, or in any trust indenture securing the bonds, that the contracts or agreements shall be valid and binding upon the municipality as long as any of the bonds, or interest thereon, is outstanding and unpaid.

Acts 1955, c. 131; Acts 1969, c. 86; Acts 2001, c. 212, eff. 90 days after April 14, 2001.

Library References

Key Numbers
Municipal Corporations ⟹708.
Waters and Water Courses ⟹183.
Westlaw Key Number Searches: 268k708; 405k183.

Encyclopedias
C.J.S. Municipal Corporations §§ 1535 to 1536.
C.J.S. Waters §§ 228, 235.

§ 8-20-10. Power and authority of municipality to enact ordinances and make rules and regulations and fix rates, fees or charges; change in rates, fees or charges; failure to cure delinquency; delinquent rates, fees or charges as liens; civil action for recovery thereof; deferral of filing fees and costs in magistrate court action; limitations with respect to foreclosure

(a) The governing body of any municipality availing itself of the provisions of this article shall have plenary power and authority to make, enact and enforce all needful rules and regulations for the repair, maintenance and operation and management of the combined system of such municipality and for the use thereof, and shall also have plenary power and authority to make, enact and enforce all needful rules and regulations and ordinances for the care and protection of any such system, which may be conducive to the preservation of the public health, comfort and convenience and to rendering the water supply of such municipality pure, the sewerage harmless insofar as it is reasonably possible so to do, and if applicable properly collecting and controlling the stormwater as is reasonably possible so to do: Provided, That no municipality may make, enact or enforce any rule, regulation or ordinance regulating any highways, road or drainage easements or stormwater facilities constructed,

owned or operated by the West Virginia Division of Highways except in accordance with chapter twenty-nine-a of this code.

Any municipality shall have plenary power and authority to charge the users for the use and service of combined system and to establish rates, fees or charges for such purpose. Separate rates, fees or charges may be fixed for the water and sewer services respectively, and, if applicable, the stormwater services, or combined rates, fees or charges for the combined water and sewer services, and, if applicable, the stormwater services. Such rates, fees or charges, whether separate or combined, shall be sufficient at all times to pay the cost of repair, maintenance and operation of the combined system, provide an adequate reserve fund and adequate depreciation fund and pay the principal of and interest upon all revenue bonds issued under this article. Rates, fees or charges shall be established, revised and maintained by ordinance and become payable as the governing body may determine by ordinance, and such rates, fees or charges shall be changed from time to time as needful, consistent with the provisions of this article.

(b) Whenever any rates, fees or charges for services or facilities furnished remain unpaid for a period of thirty days after the same become due and payable, the user of the services and facilities provided shall be delinquent and the user shall be held liable at law until such time as all rates, fees and charges are fully paid.

(c) All rates, fees or charges for water service, sewer service, and, if applicable, stormwater service, whenever delinquent, as provided by ordinance of the municipality, shall be liens of equal dignity, rank and priority with the lien on such premises of state, county, school and municipal taxes for the amount thereof upon the real property served, and the municipality shall have plenary power and authority from time to time to enforce such lien in a civil action to recover the money due for services rendered plus court fees and costs and a reasonable attorney's fee: Provided, That an owner of real property may not be held liable for the delinquent rates, fees or charges for services or facilities of a tenant, nor shall any lien attach to real property for the reason of delinquent rates, fees or charges for services or facilities of a tenant of the real property, unless the owner has contracted directly with the municipality to purchase such services or facilities.

(d) Municipalities are hereby granted a deferral of filing fees or other fees and costs incidental to the bringing and maintenance of an action in magistrate court for the collection of the delinquent rates and charges. If the municipality collects the delinquent account, plus fees and costs, from its customer or other responsible party, the municipality shall pay to the magistrate court the filing fees or other fees and costs which were previously deferred.

(e) No municipality may foreclose upon the premises served by it for delinquent rates, fees or charges for which a lien is authorized by this section except through the bringing and maintenance of a civil action for the purpose brought in the circuit court of the county wherein the municipality lies. In every such action, the court shall be required to make a finding based upon the

evidence and facts presented that the municipality had exhausted all other remedies for the collection of debts with respect to such delinquencies prior to the bringing of the action. In no event shall foreclosure procedures be instituted by any municipality or on its behalf unless the delinquency had been in existence or continued for a period of two years from the date of the first delinquency for which foreclosure is being sought.

Acts 1939, c. 98, § 7; Acts 1947, c. 112; Acts 1969, c. 86; Acts 1989, c. 133; Acts 1990, c. 140; Acts 2001, c. 212, eff. 90 days after April 14, 2001.

Library References

Key Numbers

Municipal Corporations ⚷708.
Waters and Water Courses ⚷183.
Westlaw Key Number Searches: 268k708; 405k183.

Encyclopedias

C.J.S. Municipal Corporations §§ 1535 to 1536.
C.J.S. Waters §§ 228, 235.

Notes of Decisions

Tort liability 1

1. Tort liability

A municipal ordinance that is enacted pursuant to the statutory power granted to municipalities to construct, operate, maintain, care for, and protect a sewer system, and that purports to limit, modify, or eliminate tort liabilities and immunities related to that sewer system in a fashion that conflicts with the general law of the state, is unenforceable and void, to the extent of such conflict. Code, 8-20-10, 29-12A-5(a)(16). Calabrese v. City of Charleston, 1999, 515 S.E.2d 814, 204 W.Va. 650. Municipal Corporations ⚷ 70

§ 8-20-11. Discontinuance of water service for nonpayment of rates or charges

Any municipality shall also have plenary power and authority, and may covenant with the holders of any bonds issued hereunder, to shut off and discontinue the supplying of the water service of the combined system for the nonpayment of the rates, fees or charges for said water service or sewer service, or both, or, if applicable, stormwater service, or any combination thereof, or all of them.

Acts 1955, c. 133; Acts 1969, c. 86; Acts 2001, c. 212, eff. 90 days after April 14, 2001.

Library References

Key Numbers

Waters and Water Courses ⚷203(13).
Westlaw Key Number Search: 405k203(13).

Encyclopedias

C.J.S. Waters § 305.

§ 8-20-11a. Governmental entities subject to established rates

The municipality and any county government, state government and federal government served by the services of the combined system shall be subject to the same rates, fees or charges established in this article or to rates, fees or charges established in harmony therewith, for service rendered to the governmental entity, and shall pay such rates, fees or charges when due from corporate funds and the same shall be considered to be part of the revenue of the combined system as defined in this article, and be applied as provided in this article, for the application of such revenues. However, no rates, fees or

charges for combined services or stormwater services may be assessed against highways, road and drainage easements, and/or stormwater facilities constructed, owned and/or operated by the West Virginia Division of Highways.

Acts 2001, c. 212, eff. 90 days after April 14, 2001.

§ 8–20–12. Use of revenues; sinking fund

All revenues derived from the operation of any combined system under the provisions of this article shall be set aside as collected and used only for the purpose of paying the cost of repairing, maintaining and operating such system, providing an adequate reserve fund, an adequate depreciation fund, and paying the principal of and interest upon the revenue bonds issued by the municipality under the provisions of this article. The ordinance pursuant to which any bonds are issued shall pledge the revenues derived from the combined system to the purposes aforesaid and shall definitely fix and determine the amount of revenues which shall be necessary and set apart in a special fund for the bond requirements. The amounts so set apart into said special fund for the bond requirements shall be remitted to the West Virginia municipal bond commission to be retained and paid out by said commission consistent with the provisions of this article and the ordinance pursuant to which the bonds have been issued: Provided, That payments of principal of and interest on any bonds owned by the United States of America or any agency or department thereof may be made by the municipality directly to the United States of America or said agency or department thereof.

Acts 1939, c. 98, § 9; Acts 1969, c. 86; Acts 1986, c. 118; Acts 2001, c. 212, eff. 90 days after April 14, 2001.

Library References

Key Numbers
Municipal Corporations ⟹951.
Westlaw Key Number Search: 268k951.

Encyclopedias
C.J.S. Municipal Corporations §§ 1704 to 1705.

§ 8–20–13. System of accounts; audit

Any municipality operating a combined system under the provisions of this article shall set up and maintain a proper system of accounts in accordance with the requirements of the public service commission, showing the amount of revenues received from the combined system and the application of the same. At least once each year the municipality shall cause the accounts to be properly audited, and a report of the audit shall be open to the public for inspection at all reasonable times.

Acts 1939, c. 98, § 10; Acts 1969, c. 86; Acts 2001, c. 212, eff. 90 days after April 14, 2001.

Library References

Key Numbers
Municipal Corporations ⟹885.
Westlaw Key Number Search: 268k885.

Encyclopedias
C.J.S. Municipal Corporations § 1629.

§ 8–20–14. Repair and maintenance of municipal sewerage system outside corporate limits

Whenever a municipality collects rates or charges from users of any part of a sewerage system located outside the corporate limits of such municipality for sewerage service rendered to such users, pursuant to the provisions of this article or other act or law, such municipality shall be responsible for the repair and maintenance of such sewerage system and the county court of the county or counties in which such sewerage system is located shall not be liable or responsible for the repair and maintenance of such sewerage system.

Acts 1957, c. 127; Acts 1969, c. 86.

W.Va. Const., art. IX, § 9, redesignated the office of the county court as county commission.

Library References

Key Numbers
Municipal Corporations ⟹708.
Westlaw Key Number Search: 268k708.

Encyclopedias
C.J.S. Municipal Corporations §§ 1535 to 1536.

§ 8–20–15. Protection and enforcement of rights of bondholders, etc.; receivership

Any holder of any bonds issued under the provisions of this article or of any coupons representing interest accrued thereon may by civil action, mandamus or other proper proceeding enforce the statutory mortgage lien created and granted in section seven of this article, protect and enforce any and all rights granted hereunder or under any such ordinance or trust indenture, and may enforce and compel performance of all duties required by the provisions of this article or by any ordinance or trust indenture to be performed by the municipality or by the governing body or any officer, including the making and collecting of reasonable and sufficient rates, fees or charges for services rendered by the combined system.

If there be default in the payment of the principal of or interest upon any of bonds, or of both principal and interest, any court having jurisdiction shall appoint a receiver to administer said combined system on behalf of the municipality, and the bondholders or trustee, or both, with power to charge and collect rates, fees or charges sufficient to provide for the retirement of the bonds and pay the interest thereon, and for the payment of the repair, maintenance and operation expenses, and the receiver shall apply the revenues in conformity with the provisions of this article and the ordinance pursuant to which the bonds have been issued or trust indenture, or both.

Acts 1939, c. 98, § 8; Acts 1947, c. 112; Acts 1969, c. 86; Acts 2001, c. 212, eff. 90 days after April 14, 2001.

Library References

Key Numbers
Municipal Corporations ⟹955(1).
Westlaw Key Number Search: 268k955(1).

PART IV—GRANTS, LOANS AND ADVANCES; CUMULATIVE AUTHORITY

§ 8-20-16. Grants, loans and advances

Any municipality is hereby empowered and authorized to accept loans or grants and procure loans or temporary advances evidenced by notes or other negotiable instruments issued in the manner, and subject to the privileges and limitations, set forth with respect to bonds authorized to be issued under the provisions of this article, for the purpose of paying part or all of the cost of acquisition, construction, establishment, extension or equipment of combined systems and the construction of additions, betterments and improvements thereto, and for the other purposes herein authorized, from any authorized agency of the state or from the United States of America or any federal or public agency or department of the United States or any private agency, corporation or individual, which loans or temporary advances, including the interest thereon, may be repaid out of the proceeds of bonds authorized to be issued under the provisions of this article, the revenues of the said combined system or grants to the municipality from any agency of the state or from the United States of America or any federal or public agency or department of the United States or any private agency, corporation or individual or from any combination of such sources of payment, and to enter into the necessary contracts and agreements to carry out the purposes hereof with any agency of the state, the United States of America or any federal or public agency or department of the United States, or with any private agency, corporation or individual. Any other provisions of this article notwithstanding, interest on any loans or temporary advances may be paid from the proceeds thereof until the maturity of the notes or other negotiable instrument.

In no event shall any loan or temporary advance be a general obligation of the municipality and the loans or temporary advances, including the interest thereon, shall be paid solely from the sources specified in this section.

Acts 1961, c. 106; Acts 1969, c. 86; Acts 1981, 1st Ex. Sess., c. 2; Acts 1986, c. 118; Acts 2001, c. 212, eff. 90 days after April 14, 2001.

Library References

Key Numbers
United States ⚷82(2).
Westlaw Key Number Search: 393k82(2).

Encyclopedias
C.J.S. United States § 155.

§ 8-20-17. Additional and alternative method for constructing, etc., and financing combined system; cumulative authority

This article is, without reference to any other statute or charter provision, full authority for the acquisition, construction, establishment, extension, equipment, additions, betterment, improvement, repair, maintenance and operation of or to the combined system herein provided for and for the issuance and sale of the bonds by this article authorized, and is an additional and alternative method therefor and for the financing thereof, and no petition, referendum or election or other or further proceeding with respect to any undertaking or to the

issuance or sale of bonds under this article and no publication of any resolution, ordinance, notice or proceeding relating to any undertaking or to the issuance or sale of such bonds is required, except as prescribed by this article, any provisions of other statutes of the state to the contrary notwithstanding: Provided, That all functions, powers and duties of the bureau of public health and the division of environmental protection remain unaffected by this article: Provided, however, that no municipality may acquire, construct, establish, extend, repair or equip or thereafter repair, maintain and operate a combined waterworks, sewerage or stormwater system which includes highways, road and drainage easements, and/or stormwater facilities constructed, owned and/or operated by the West Virginia Division of Highways without the express agreement of the commissioner of highways.

This article is cumulative authority for any undertaking herein authorized, and does not repeal any existing laws with respect thereto.

Acts 1933, Ex. Sess., c. 26, § 13; Acts 1969, c. 86; Acts 1994, c. 61; Acts 2001, c. 212, eff. 90 days after April 14, 2001.

PART V—OPERATION BY BOARD; CONSTRUCTION

§ 8–20–18. Alternative procedure for acquisition, construction, etc., of combined system

(a) As an alternative to the procedure provided in this article, any municipality is hereby empowered and authorized to acquire, construct, establish, extend, equip, repair, maintain and operate a combined system or to construct, maintain and operate additions, betterments and improvements thereto, whether acquired, constructed, established, extended or equipped under the provisions of this article or not, and to collect the revenues therefrom for the services rendered thereby, through the supervision and control of a committee, by whatever name called, composed of all or of a portion of the governing body, or of a board or commission appointed by the governing body, as may be provided by the governing body, and if such alternative is followed, said committee, board or commission shall have and be limited to all the powers, authority and duties granted to and imposed upon a board as provided in article sixteen of this chapter.

However, no municipality may acquire, construct, establish, extend, repair or equip or thereafter repair, maintain and operate a combined waterworks, sewerage or stormwater system, which includes highways, road and drainage easements, and/or stormwater facilities constructed, owned and/or operated by the West Virginia Division of Highways without the express agreement of the commissioner of highways.

(b) In the event that the waterworks or sewerage system or both, or if applicable, stormwater services, are in existence prior to the creation of the combined system, and the waterworks or sewerage system or both, and if applicable, stormwater services, are supervised and controlled by a committee, board or commission, and the alternative provided for in subsection (a) of this

section is to be followed with respect to the supervision and control of the combined system, the governing body may by ordinance, after the creation of the combined system, provide:

(1) The manner of and procedure for transferring supervision and control from each separate committee, board or commission to the committee, board or commission which is supervising and controlling the combined system; or

(2) The manner of and procedure for combining each separate committee, board or commission into one committee, board or commission and transferring thereto supervision and control as aforesaid.

Acts 1961, c. 104; Acts 1969, c. 86; Acts 2001, c. 212, eff. 90 days after April 14, 2001.

Library References

Key Numbers

Municipal Corporations ⟹708.
Waters and Water Courses ⟹183.
Westlaw Key Number Searches: 268k708; 405k183.

Encyclopedias

C.J.S. Municipal Corporations §§ 1535 to 1536.
C.J.S. Waters §§ 228, 235.

§ 8–20–19. Article to be liberally construed

This article is necessary for the public health, safety and welfare and shall be liberally construed to effectuate its purposes.

Acts 1933, Ex. Sess., c. 26, § 14; Acts 1969, c. 86.

West's

Annotated Code of West Virginia

Using the Classification and Numbering System of the 1931 Code of West Virginia, as Amended

Chapters 8 to 10

2010
Cumulative Annual Pocket Part

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(2) Place a black tarp over the fire hydrant or device if the device is temporarily inoperable or temporarily unavailable for use in a fire emergency, for a period not to exceed fourteen days.

(c) For the purposes of this section, the word "inoperable" means a fire hydrant that does not produce water flow when activated.

Acts 2009, c. 163, eff. July 9, 2009.

ARTICLE 20

COMBINED SYSTEMS

Part III—Revenue Bond Financing.

Section
8-20-10. Power and authority of municipality to enact ordinances and make rules and fix rates, fees or charges; deposit required for new customers; change in rates, fees or charges; failure to cure delinquency; delinquent rates, discontinuance of service; reconnecting deposit; return of deposit; fees or charges as liens; civil action for recovery thereof; deferral of filing fees and costs in magistrate court action; limitations with respect to foreclosure.

PART III—REVENUE BOND FINANCING

§ 8-20-10. Power and authority of municipality to enact ordinances and make rules and fix rates, fees or charges; deposit required for new customers; change in rates, fees or charges; failure to cure delinquency; delinquent rates, discontinuance of service; reconnecting deposit; return of deposit; fees or charges as liens; civil action for recovery thereof; deferral of filing fees and costs in magistrate court action; limitations with respect to foreclosure

(a)(1) The governing body of a municipality availing itself of the provisions of this article shall have plenary power and authority to make, enact and enforce all necessary rules for the repair, maintenance, operation and management of the combined system of the municipality and for the use thereof. The governing body of a municipality also has the plenary power and authority to make, enact and enforce all necessary rules and ordinances for the care and protection of any such system for the health, comfort and convenience of the public, to provide a clean water supply, to provide properly treated sewage insofar as it is reasonably possible to do and, if applicable, to properly collecting and controlling the stormwater as is reasonably possible to do: *Provided*, That no municipality may make, enact or enforce any rule, regulation or ordinance regulating any highways, road or drainage easements or storm water facilities constructed, owned or operated by the West Virginia Division of Highways.

(2) A municipality has the plenary power and authority to charge the users for the use and service of a combined system and to establish required deposits, rates, fees or charges for such purpose. Separate deposits, rates, fees or charges may be fixed for the water and sewer services respectively and, if applicable, the stormwater services, or combined rates, fees or for the combined water and sewer services, and, if applicable, the storm water services. Such deposits, rates, fees or charges, whether separate or combined, shall be sufficient at all times to pay the cost of repair, maintenance and operation of the combined system, provide an adequate reserve fund, an adequate depreciation fund and pay the principal and interest upon all revenue bonds issued under this article. Deposits, rates, fees or charges shall be established, revised and maintained by ordinance and become payable as the governing body may determine by ordinance. The rates, fees or charges shall be changed, from time to time, as necessary, consistent with the provisions of this article.

(3) All new applicants for service shall indicate to the municipality or governing body whether they are an owner or tenant with respect to the service location. An entity providing stormwater service shall provide a tenant a report of the stormwater fee charged for the entire property and, if appropriate, that portion of the fee to be assessed to the tenant.

(4) The municipality or governing body, but only one of them, may collect from all new applicants for service a deposit of $100 or two twelfths of the average annual usage of the applicant's specific customer class, whichever is greater, to secure the payment of water and sewage service rates, fees and charges in the event they become delinquent as provided in this section. In any case where a deposit is forfeited to pay service rates, fees and charges which were delinquent and the user's service is disconnected or terminated, service may not be reconnected or reinstated by the municipality or governing body until another deposit equal to $100 or a sum equal to two twelfths of the average usage for the applicant's specific customer class, whichever is greater, is remitted to the municipality or governing body. After twelve months of prompt payment history, the municipality or governing body shall return the deposit to the customer or credit the customer's account with interest at a rate to be set by the Public Service Commission: *Provided*, That where the customer is a tenant, the municipality or governing body is not required to return the deposit until the time the tenant discontinues service with the municipality governing body. Whenever any rates, fees, rentals or charges for services or facilities furnished remain unpaid for a period of twenty days after they become due, the user of the services and facilities provided is delinquent and the user is liable at law until all rates, fees and charges are fully paid. The municipality or governing body may terminate water services to a delinquent user of either water or sewage facilities, or both, ten days after the water or sewage services become delinquent regardless of whether the governing body utilizes the security deposit to satisfy any delinquent payments: *Provided further*, That any termination of water service must comply with all rules and orders of the Public Service Commission: *Provided however*, That nothing contained within the rules of the Public Service Commission shall be deemed to require any agents or employees of the municipality or governing body to accept payment at the customer's premises in lieu of discontinuing service for a delinquent bill.

(b) Whenever any rates, fees or charges for services or facilities furnished remain unpaid for a period of twenty days after they become due, the user of the services and facilities provided shall be delinquent and the municipality or governing body may apply any deposit against any delinquent fee. The user is liable until such time as all rates, fees and charges are fully paid.

(c) All rates, fees or charges for water service, sewer service and, if applicable, stormwater service, whenever delinquent, as provided by ordinance of the municipality, shall be liens of equal dignity, rank and priority with the lien on such premises of state, county, school and municipal taxes for the amount thereof upon the real property served. The municipality has the plenary power and authority to enforce such lien in a civil action to recover the money due for services rendered plus court fees and costs and reasonable attorney's fees: *Provided*, That an owner of real property may not be held liable for the delinquent rates, fees or charges for services or facilities of a tenant, nor shall any lien attach to real property for the reason of delinquent rates, fees or charges for services or facilities of a tenant of the real property, unless the owner has contracted directly with the municipality to purchase such services or facilities.

(d) Municipalities are hereby granted a deferral of filing fees or other fees and costs incidental to filing an action in magistrate court for collection of the delinquent rates and charges. If the municipality collects the delinquent account, plus fees and costs, from its customer or other responsible party, the municipality shall pay to the magistrate court the filing fees or other fees and costs which were previously deferred.

(e) No municipality may foreclose upon the premises served by it for delinquent rates, fees or charges for which a lien is authorized by this section except through a civil action in the circuit court of the county wherein the municipality lies. In every such action, the court shall be required to make a finding based upon the evidence and facts presented that the municipality has exhausted all other remedies for collection of debts with respect to such delinquencies prior to bringing the action. In no event shall foreclosure procedures be instituted by any municipality or on its behalf unless the delinquency has been in existence or continued for a period of two years from the date of the first delinquency for which foreclosure is being sought.

(f) Notwithstanding any other provision contained in this article, a municipality which has been designated by the Environmental Protection Agency as an entity to serve a West

Virginia Separate Storm Sewer System community, as defined in 40 C.F.R. § 122.26, has the authority to enact ordinances or regulations which allow for the issuance of orders, the right to enter properties and the right to impose reasonable fines and penalties regarding correction of violations of municipal stormwater ordinances or regulations within the municipal watershed served by the municipal stormwater system, as long as such rules, regulations, fines or acts are not contrary to any rules or orders of the Public Service Commission.

(g) Notice of a violation of a municipal stormwater ordinance or regulation shall be served in person to the alleged violator or by certified mail, return receipt requested. The notice shall state the nature of the violation, the potential penalty, the action required to correct the violation and the time limit for making the correction. Should a person, after receipt of proper notice, fail to correct violation of the municipal stormwater ordinance or regulation, the municipality may correct or have the corrections of the violation made and bring the party into compliance with the applicable stormwater ordinance or regulation. The municipality may collect the costs of correcting the violation from the person by instituting a civil action, as long as such actions are not contrary to any rules or orders of the Public Service Commission.

(h) A municipality which has been designated by the Environmental Protection Agency as an entity to serve a West Virginia Separate Storm Sewer System community shall prepare an annual report detailing the collection and expenditure of rates, fees or charges and make it available for public review at the place of business of the governing body and the stormwater utility main office.

Acts 1939, c. 98, § 7; Acts 1947, c. 112; Acts 1969, c. 86; Acts 1989, c. 133; Acts 1990, c. 140; Acts 2001, c. 212, eff. 90 days after April 14, 2001; Acts 2004, c. 185, eff. 90 days after March 12, 2004; Acts 2008, c. 202, eff. March 8, 2008; Acts 2010, c. 201, eff. June 11, 2010.

ARTICLE 21

BOARD OF PARK AND RECREATION COMMISSIONERS

Part I—Establishment; Organization.

Section

8-21-3. Members; quorum; qualifications; election or appointment; terms; disqualification.

PART I—ESTABLISHMENT; ORGANIZATION

§ 8-21-2. Board a public corporate body; perpetual existence; seal; name; powers

Notes of Decisions

2. Powers and duties of boards, generally

It is unnecessary for a public corporate body to obtain a corporate charter from the office of the Secretary of State; a private corporation cannot exercise the powers of a public corporate body. 55 W.Va. Op.Atty.Gen. 214 (February 13, 1974) 1974 WL 174275.

§ 8-21-3. Members; quorum; qualifications; election or appointment; terms; disqualification

The board shall consist of not less than three nor more than seven members as may be provided by charter provision or ordinance, a majority of whom shall constitute a quorum for the transaction of business, except as hereinafter in this article provided. Each member of the board must be a resident and freeholder of the city. It may be provided either by charter provision or by ordinance for the appointment of the members thereof by the governing body, but unless and until such provision is made, the members of the board shall be elected by the qualified voters of the city at appropriate regular municipal elections. Membership on the governing body may not disqualify any member for election to the board. If provision is made for the appointment of members as aforesaid and the board consists of three or four

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August 30, 2010

The Town of Kingwood
Sewer Refunding Revenue Bonds, Series 2010 A

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

Internal Revenue Service
Internal Revenue Service Center
Ogden, Utah 84201

Ladies and Gentlemen:

Enclosed herewith is a completed and executed Internal Revenue Service Form 8038-G and a file copy thereof with regard to the above-captioned issue. Please file the original form in the appropriate Internal Revenue Service records and return the copy marked in red as the "File Copy" to me (after acknowledging receipt of the same) in the enclosed self-addressed envelope.

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 service, please do not hesitate to call.

My best regards.

Very truly yours,

John C. Stump

JCS/bsl
Enclosure

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Form **8038-G** (Rev. May 2010) Department of the Treasury Internal Revenue Service

Information Return for Tax-Exempt Governmental Obligations

FILE COPY

▶ Under Internal Revenue Code section 149(e)

▶ See separate instructions.

Caution: *If the issue price is under $100,000, use Form 8038-GC.*

OMB No. 1545-0720

Part I Reporting Authority

If Amended Return, check here ▶ ☐

1 Issuer's name: The Town of Kingwood	2 Issuer's employer identification number (EIN): 55 6000196
3 Number and street (or P.O. box if mail is not delivered to street address): 313 Tunnelton Street — Room/suite:	4 Report number *(For IRS Use Only)*: 3
5 City, town, or post office, state, and ZIP code: Kingwood, West Virginia 26537	6 Date of issue: 08/27/2010
7 Name of issue: Sewer Refunding Revenue Bonds, Series 2010 A	8 CUSIP number: 496870 AH9
9 Name and title of officer of the issuer or other person whom the IRS may call for more information: James G. Lobb, Mayor	10 Telephone number of officer or other person: (304) 329.1225

Part II Type of Issue (enter the issue price) See instructions and attach schedule

11	Education	11	
12	Health and hospital	12	
13	Transportation	13	
14	Public safety	14	
15	Environment (including sewage bonds)	15	1,593,892
16	Housing	16	
17	Utilities	17	
18	Other. Describe ▶	18	
19	If obligations are TANs or RANs, check only box 19a ▶ ☐		
	If obligations are BANs, check only box 19b ▶ ☐		
20	If obligations are in the form of a lease or installment sale, check box ▶ ☐		

Part III Description of Obligations. Complete for the entire issue for which this form is being filed.

	(a) Final maturity date	(b) Issue price	(c) Stated redemption price at maturity	(d) Weighted average maturity	(e) Yield
21	10/01/2025	$ 1,593,892	$ 1,605,000	8.794 years	4.0887522 %

Part IV Uses of Proceeds of Bond Issue (including underwriters' discount)

22	Proceeds used for accrued interest			22	
23	Issue price of entire issue (enter amount from line 21, column (b))			23	1,593,892
24	Proceeds used for bond issuance costs (including underwriters' discount)	24	76,046		
25	Proceeds used for credit enhancement	25			
26	Proceeds allocated to reasonably required reserve or replacement fund	26	147,300		
27	Proceeds used to currently refund prior issues	27	1,370,546		
28	Proceeds used to advance refund prior issues	28			
29	Total (add lines 24 through 28)			29	1,593,892
30	Nonrefunding proceeds of the issue (subtract line 29 from line 23 and enter amount here)			30	0

Part V Description of Refunded Bonds (Complete this part only for refunding bonds.)

31	Enter the remaining weighted average maturity of the bonds to be currently refunded ▶	8.756 years
32	Enter the remaining weighted average maturity of the bonds to be advance refunded ▶	N/A years
33	Enter the last date on which the refunded bonds will be called (MM/DD/YYYY) ▶	09/27/2010
34	Enter the date(s) the refunded bonds were issued ▶ (MM/DD/YYYY)	11/01/1997

For Privacy Act and Paperwork Reduction Act Notice, see separate instructions.

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OGDEN, UT

Part VI Miscellaneous

35	Enter the amount of the state volume cap allocated to the issue under section 141(b)(5)	35	
36a	Enter the amount of gross proceeds invested or to be invested in a guaranteed investment contract (GIC) (see instructions)	36a	
b	Enter the final maturity date of the GIC ▶ _____		
37	Pooled financings: a Proceeds of this issue that are to be used to make loans to other governmental units	37a	

b If this issue is a loan made from the proceeds of another tax-exempt issue, check box ▶ ☐ and enter the name of the issuer ▶ _____ and the date of the issue ▶ _____

38 If the issuer has designated the issue under section 265(b)(3)(B)(i)(III) (small issuer exception), check box ▶ ☐

39 If the issuer has elected to pay a penalty in lieu of arbitrage rebate, check box ▶ ☐

40 If the issuer has identified a hedge, check box ▶ ☐

Signature and Consent

Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. I further declare that I consent to the IRS's disclosure of the issuer's return information, as necessary to process this return, to the person that I have authorized above.

▶ James G. Lobb 8/27/2010 ▶ James G. Lobb, Mayor

Signature of issuer's authorized representative — Date — Type or print name and title

Paid Preparer's Use Only

Preparer's signature ▶	Date 8-27-2010	Check if self-employed ☐	Preparer's SSN or PTIN 233-94-0156
Firm's name (or yours if self-employed), address, and ZIP code ▶	Steptoe & Johnson PLLC PO Box 1588, Charleston, WV 25326	EIN 55 0286140 Phone no. (304) 353.8000	

WV MUNICIPAL BOND COMMISSION
1207 Quarrier Street
Suite 401
Charleston, WV 25301
(304) 558-3971

NEW ISSUE REPORT FORM

Date of Report: 8/27/2010

ISSUE: The Town of Kingwood
Sewer Refunding Revenue Bonds, Series 2010 A (Tax-Exempt)

ADDRESS: 313 Tunnelton Street, Kingwood, West Virginia 26537 COUNTY: Preston

PURPOSE OF ISSUE:
New Money: ____
Refunding: X

REFUNDS ISSUE(S) DATED: 11/1/1997

ISSUE DATE: 8/27/2010
CLOSING DATE: 8/27/2010
ISSUE AMOUNT: $1,605,000
RATE: 3% to 4.25%
1ST DEBT SERVICE DUE: 4/1/2011
1ST PRINCIPAL DUE 10/1/2011
1ST DEBT SERVICE AMOUNT $36,424.58
PAYING AGENT: Municipal Bond Commission

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

UNDERWRITERS COUNSEL
Firm: Goodwin & Goodwin
Contact: William Bragg, Esquire
Phone: 304.346.7000

CLOSING BANK:
Bank: WesBanco Bank, Inc.
Contact: Jan Shelburne
Phone: 304.234.9436

ESCROW TRUSTEE:
Firm:
Contact:
Phone:

KNOWLEDGEABLE ISSUER CONTACT
Contact: James G. Lobb
Position: Mayor
Phone: 304.329.1225

OTHER:
Underwriter- Crews & Associates, Inc.
Contact: Greg Isaacs
Position: Vice- President
Phone: 304.344.1733

DEPOSITS TO MBC AT CLOSE

By:				
X	Wire		Accrued Interest:	$
	Check		Capitalized Interest:	$
		X	Reserve Account:	$ 147,300.00
		X	Other:	$ $1,370,546.39
			(Series 1997 A Bonds Sinking Fund)	

REFUNDS & TRANSFERS BY MBC AT CLOSE

By:				
	Wire		To Escrow Trustee	$
	Check		To Issuer	$
	IGT		To Cons. Invest. Fun	$
			To Other:	$

NOTES: The Series 2010 A Bonds Reserve Fund will be fully funded at closing.
The Series 1997 Bonds will be paid in full with proceeds of the 2010 A Bonds in the amount of $1,370,546.39,
$111,287.50 from the Series 1997 Bonds Sinking Fund & $158,425 from the Series 1997 Bonds Reserve Accou
Total payoff is $1,640,258.89

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

CITY OF KINGWOOD

SEWER REVENUE BONDS, SERIES 1986 A AND SERIES 1986 B
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	3
Section 1.04	Definitions	4
ARTICLE II - AUTHORIZATION OF CONSTRUCTION AND ACQUISITION OF THE PROJECT		
Section 2.01	Authorization of Construction and Acquisition of the Project	13
ARTICLE III - AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND SALE OF BONDS; AUTHORIZATION AND EXECUTION OF LOAN AGREEMENT		
Section 3.01	Authorization of Bonds	14
Section 3.02	Terms of Bonds	14
Section 3.03	Execution of Bonds	15
Section 3.04	Authentication and Registration	15
Section 3.05	Negotiability, Transfer and Registration	15
Section 3.06	Bonds Mutilated, Destroyed, Stolen or Lost	16
Section 3.07	Bonds not to be Indebtedness of the Issuer	17
Section 3.08	Bonds Secured by Pledge of Net Revenues; Series 1986 B Bonds to be Junior and Subordinate to Series 1986 A Bonds	17
Section 3.09	Form of Original Bonds	17
FORM OF SERIES 1986 A BOND		18
FORM OF SERIES 1986 B BOND		25
Section 3.10	Sale of Original Bonds; Execution of Loan Agreement with Authority	32

ARTICLE IV - INTERIM CONSTRUCTION FINANCING

Section 4.01	Authorization and General Terms	33
Section 4.02	Terms of and Security for Notes; Trust Indenture	33
Section 4.03	Notes are Special Obligations	33
Section 4.04	Letters of Credit	33

ARTICLE V - SYSTEM REVENUES AND APPLICATION THEREOF

Section 5.01	Establishment of Funds and Accounts with Depository Bank	35
Section 5.02	Establishment of Funds and Accounts with Commission	35
Section 5.03	System Revenues; Flow of Funds	35

ARTICLE VI - BOND PROCEEDS; FUNDS AND ACCOUNTS

Section 6.01	Application of Bond Proceeds; Pledge of Unexpended Bond Proceeds	41
Section 6.02	Disbursements From the Bond Construction Trust Fund	41

ARTICLE VII - ADDITIONAL COVENANTS OF THE ISSUER

Section 7.01	General Covenants of the Issuer	43
Section 7.02	Bonds and Notes not to be Indebtedness of the Issuer	43
Section 7.03	Bonds Secured by Pledge of Net Revenues	43
Section 7.04	Initial Schedule of Rates and Charges; Rules	44
Section 7.05	Sale of the System	44
Section 7.06	Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances	45
Section 7.07	Parity Bonds	46
Section 7.08	Books and Records	48
Section 7.09	Rates	49
Section 7.10	Operating Budget and Audit	50
Section 7.11	No Competing Franchise	51
Section 7.12	Enforcement of Collections	51
Section 7.13	No Free Services	51
Section 7.14	Insurance and Construction Bonds	52
Section 7.15	Mandatory Connections	53
Section 7.16	Completion of Project	53

ARTICLE VIII - INVESTMENT OF FUNDS; NON ARBITRAGE

Section 8.01	Investments	54
Section 8.02	Restrictions as to Arbitrage Bonds	54

ARTICLE IX - DEFAULT AND REMEDIES

Section 9.01	Events of Default	55
Section 9.02	Remedies	56
Section 9.03	Appointment of Receiver	56

ARTICLE X - DEFEASANCE

Section 10.01	Defeasance of Series 1986 A Bonds	58
Section 10.02	Defeasance of Series 1986 B Bonds	59
Section 10.03	Defeasance of Notes	60

ARTICLE XI - MISCELLANEOUS

Section 11.01	Amendment or Modification of Bond Legislation	61
Section 11.02	Bond Legislation Constitutes Contract	61
Section 11.03	Severability of Invalid Provisions	61
Section 11.04	Headings, Etc.	61
Section 11.05	Amendments to Maintain Tax Exemption	61
Section 11.06	Conflicting Provisions Repealed	62
Section 11.07	Covenant of Due Procedure, Etc.	62
Section 11.08	Effective Time	62
Section 11.09	Statutory Notice and Public Hearing	62
Section 11.10	Additional Special Covenants of Issuer	62

SIGNATURES	63
CERTIFICATION	64
EXHIBIT A	65
EXHIBIT B	66

03/11/86
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CITY OF KINGWOOD

ORDINANCE

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF PUBLIC SEWERAGE FACILITIES OF THE CITY OF KINGWOOD AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE CITY OF NOT MORE THAN $2,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 1986 A, NOT MORE THAN $1,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 1986 B, AND NOT MORE THAN $5,000,000 INTERIM CONSTRUCTION FINANCING, CONSISTING OF GRANT ANTICIPATION NOTES OR A LINE OF CREDIT EVIDENCED BY NOTES, OR BOTH; 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; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND NOTES AND ADOPTING OTHER PROVISIONS RELATING THERETO.

BE IT ORDAINED BY THE COMMON COUNCIL OF THE CITY OF KINGWOOD:

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, 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 Kingwood (the "Issuer") is a municipal corporation of the State of West Virginia in Preston County of said State.

B. The Issuer presently owns and operates a public sewage treatment and collection system. It is deemed necessary and desirable for the health and welfare of the inhabitants of the Issuer that there be constructed certain additional sewage treatment and collection facilities of the Issuer (the "Project") which constitute properties for the treatment and collection of liquid or solid wastes, sewage or industrial wastes (the existing facilities, the Project, and any additions thereto or extensions thereof is herein called the "System") at an estimated cost of $10,395,833, in accordance with the plans and specifications prepared by the Consulting Engineers, which plans and specifications have heretofore been filed with the Secretary of the Sanitary Board of the Issuer.

C. The estimated revenues to be derived in each year after the enactment hereof from the operation of the System will be sufficient to pay all the costs of the operation and maintenance of said System, the principal of and interest on the Bonds (as hereinafter defined) and all Sinking Fund, Reserve Account and other payments provided for herein.

D. The Sanitary Board of the Issuer has presented a petition to the Issuer for enactment of this Bond and Notes Ordinance.

E. It is deemed necessary for the Issuer to issue its Sewer Revenue Bonds in the total aggregate principal amount of not more than $3,000,000 in two series, being the Series 1986 A Bonds in the aggregate principal amount of not more than $2,000,000 and the Series 1986 B Bonds in the aggregate principal amount of not more than $1,000,000 (collectively, the "Bonds"), and contemporaneously therewith, or as soon as practicable thereafter, to issue its sewerage system grant anticipation notes, or a note or notes evidencing a line of credit, or both (collectively, the "Notes") in the aggregate principal amount of not more than $5,000,000 to temporarily finance costs of construction and acquisition 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 and the Bonds prior to and during construction or acquisition and for six months after completion of construction of the Project; engineering, and legal expenses; expenses for estimates of cost 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, 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 Notes and such other expenses as may be necessary or incident to the financing herein authorized, the construction or acquisition of the Project and the placing of same in operation, and

the performance of the things herein required or permitted, in connection with any thereof, including, with respect to the Notes, any commitment fees to the Credit Bank, 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 Notes or the repayment of indebtedness incurred by the Issuer for such purposes, shall be deemed Costs of the Project, as hereinafter defined.

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

G. It is in the best interests of the Issuer that its Original Bonds (as hereinafter defined) be sold to the Authority (as hereinafter defined) pursuant to the terms and provisions of a loan agreement and a supplemental loan agreement (collectively, the "Loan Agreement") entered into between the Issuer and the Authority, in form satisfactory to the Issuer and the Authority.

H. There are not outstanding any obligations of the Issuer which will rank prior to or on a parity with the Bonds and the Notes as to lien and source of and security for payment. The Series 1986 B Bonds shall be junior and subordinate to the Series 1986 A Bonds, as set forth herein.

I. The Issuer has complied with all requirements of West Virginia law relating to authorization of the construction, acquisition and operation of the Project and issuance of the Bonds and the Notes, or will have so complied prior to issuance of any thereof, including, among other things, the obtaining of a Certificate of Convenience and Necessity from the Public Service Commission of West Virginia by final order, the time for rehearing and appeal of which have expired.

Section 1.03. Bond Legislation Constitutes Contract. In consideration of the acceptance of the 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 Bonds and Notes, respectively, all which shall be of equal rank and without preference, priority or distinction between any one Bond of a series and any other Bonds of the same series and between any one Note and any other Note, 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 adoption 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 City of Kingwood 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 to be designated as such in the Supplemental Resolution and its successors and assigns.

"Bonds" means the Original Bonds, and any bonds on a parity therewith authorized to be issued hereunder.

"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 Terra/Tech/Tice, Kingwood, 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 1.02(E) hereof to be a part of the cost of construction and acquisition of the Project.

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

"Eligible Costs" means Costs of the Project which are reimbursable in full on a dollar-for dollar basis from EPA Grant Receipts, the total of which are equal in amount to the EPA Grant.

"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" means the common council of the Issuer, consisting of 5 councilmembers, the Mayor and the Recorder.

"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 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 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 the 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, and for the furnishing by the Issuer of miscellaneous service.

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

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

"Indenture" or "Trust Indenture" means the Trust Indenture between the Issuer and the Trustee relating to the Notes and all supplements or amendments thereto.

"Issuer" means the City of Kingwood, in Preston County, West Virginia, and, unless the context clearly indicates otherwise, includes the Governing Body of the Issuer, the Sanitary Board and any other commission, board or department established by the Issuer to operate and maintain the System.

"Loan Agreement" shall mean, collectively, the Loan Agreement and the Supplemental Loan Agreement 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 by, this Ordinance or a resolution adopted by the Issuer prior to the enactment of this Ordinance.

"Mayor" means the Mayor of the Issuer.

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

"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" or "GAN" means collectively, the not more than $5,000,000 in aggregate principal amount of Sewerage System Grant Anticipation Notes, originally authorized hereby, or the not more than $2,500,000 in aggregate principal amount of a note or notes

evidencing a line of credit originally authorized hereby, and unless the context clearly indicates otherwise, the terms "Notes" or "GAN" includes any refunding Notes or GAN of the Issuer.

"Notes Construction Trust Fund" means the Notes Construction Trust Fund which may be established by Section 4.02 of the Indenture.

"Notes Debt Service Fund" means the Notes Debt Service Fund which may be established by Section 4.01 of 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 Registrar, Paying Agent and the Trustee (all as hereinafter defined), other than those capitalized as part of the Costs, payments to pension or retirement funds, taxes and such other reasonable operating costs and expenses as should normally and regularly be included under generally accepted accounting principles; provided, that "Operating Expenses" does not include payments on account of the principal of or redemption premium, if any, or interest on the Bonds or 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.

"Operation and Maintenance Fund" means the Operation and Maintenance Fund established by Section 5.01 hereof.

"Original Bonds" or "Bonds originally authorized hereby" or similar phrases mean, collectively, the not more than $2,000,000 in aggregate principal amount of Series 1986 A Bonds and not more than $1,000,000 in aggregate principal amount of Series 1986 B Bonds, issued for the purpose of paying a portion of the Costs of the Project and for such other purposes permitted hereby and authorized by a resolution supplemental hereto, which Bonds shall be issued in accordance with a resolution or resolutions supplemental hereto and which are originally authorized hereby.

"Original Notes Purchaser" means, in the event grant anticipation notes are issued, G. L. Cottrill & Company, Inc., of Charleston, West Virginia, or such other purchaser as shall be appointed by a 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 WDA Grant, together with any other 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 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, with interest to the date of maturity, 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 Article VIII of 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 designated as such for the Bonds and/or the Notes in the Indenture or in the Supplemental Resolution or such other entity or authority as may be designated by the Issuer.

"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 a secondary sewage treatment plant, rehabilitation of existing collection lines and acquisition and construction of certain new sewage collection and transportation facilities consisting of sewer mains, manholes, pump stations and all necessary appurtenances.

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

(a) Government Obligations;

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

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

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

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

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

(g) Repurchase agreements, fully secured by investments of the types described in paragraphs (a) through (e) above, with banks or

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

(h) The Investment Agreement which may be entered into by and between the Trustee and the bank designated as "Investment Bank" in the Supplemental Resolution; and

(i) The West Virginia "consolidated fund" managed by the West Virginia State Board of Investments pursuant to Chapter 12, Article 6 of the West Virginia Code of 1931, as amended, provided that investments by such fund on behalf of the Issuer shall be restricted to Qualified Investments other than that described in this paragraph (i).

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

"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, either the Bond Registrar or the Notes Registrar or both.

"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 heretofore established by ordinance duly enacted by the Issuer and successors to the function thereof.

"Series 1986 A Bonds" means the not more than $2,000,000 in aggregate principal amount of Sewer Revenue Bonds, Series 1986 A, of the Issuer.

"Series 1986 A Bonds Reserve Account" means the Series 1986 A Bonds Reserve Account established in the Series 1986 A Bonds Sinking Fund pursuant to Section 5.02 hereof.

"Series 1986 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 1986 A Bonds in the then current or any succeeding Fiscal Year.

"Series 1986 A Bonds Sinking Fund" means the Series 1986 A Sinking Fund established by Section 5.02 hereof.

"Series 1986 B Bonds" means the not more than $1,000,000 in aggregate principal amount of Sewer Revenue Bonds, Series 1986 B, of the Issuer.

"Series 1986 B Bonds Reserve Account" means the Series 1986 B Bonds Reserve Account established in the Series 1986 B Bonds Sinking Fund pursuant to Section 5.02 hereof.

"Series 1986 B Bonds Reserve Requirement" means, as of the date of calculation, the maximum amount of principal which will become due on the Series 1986 B Bonds in the then current or any succeeding Fiscal Year.

"Series 1986 B Bonds Sinking Fund" means the Series 1986 B 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 the Notes or the Original Bonds; provided, that any matter intended by this Ordinance to be included in the Supplemental Resolution with respect to the 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 the Renewal and Replacement Fund and the Reserve Account, 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, transportion and treatment of liquid or solid wastes, sewage or industrial wastes, in its entirety or any integral part thereof, and shall include the existing facilities, the Project and any further additions, betterments and improvements thereto hereafter constructed or acquired for said system 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, its successors and assigns.

"WDA Grant" means the grant from the West Virginia Water Development Authority pursuant to the commitment therefor.

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

ARTICLE II

AUTHORIZATION OF CONSTRUCTION AND ACQUISITION OF THE PROJECT

Section 2.01. Authorization of Construction and Acquisition of the Project. There is hereby authorized the construction and acquisition of the Project, at an estimated cost of $10,395,833, 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 Article IV of the Indenture (if Notes are issued) 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 purpose of paying Costs of the Project not otherwise provided for and paying certain costs of issuance and related costs, and for such other purposes as may be set forth in the Supplemental Resolution, there shall be issued negotiable Original Bonds of the Issuer, in an aggregate principal amount of not more than $3,000,000. Said Bonds shall be issued in two series, to be designated respectively, "Sewer Revenue Bonds, Series 1986 A," in the aggregate principal amount of not more than $2,000,000, and "Sewer Revenue Bonds, Series 1986 B," in the aggregate principal amount of $1,000,000, and shall have such terms as set forth hereinafter and in the Supplemental Resolution. Such Original Bonds shall be issued contemporaneously with or prior to issuance of the Notes. The proceeds of the Bonds (excluding accrued interest) remaining after capitalization of interest, if any, and payment of the costs of issuance thereof and related costs shall be deposited in 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 12% per annum, or such other rate as shall then be the 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 Commission, through a Paying Agent or Paying Agents selected by the original purchaser or purchasers thereof, 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, or by wire transfer or such other method as shall be satisfactory to the Issuer, the Paying Agent and the Bondholder. Interest on the Bonds, shall be paid by check or draft mailed to the registered owner thereof at the address as it appears on the books of the Bond Registrar.

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 payment record 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 may be issued in fully registered form, in the denomination of $5,000 or any integral multiple thereof, all as determined by a Supplemental Resolution. The registered 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 Recorder. In case any one or more of the officers who shall have signed or sealed any of the Bonds shall cease to be such officer of the Issuer before the Bonds so signed and sealed have been actually sold and delivered, such Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bonds had not ceased to hold such office. Any Bonds may be signed and sealed on behalf of the Issuer by such person as at the actual time of the execution of such Bonds shall hold the proper office in the Issuer, although at the date of such Bonds such person may not have held such office or may not have been so authorized.

Section 3.04. Authentication and Registration. No Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under this Bond Legislation unless and until the Certificate of Authentication 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 upon any such Bond shall be conclusive evidence that such Bond has been authenticated, registered, if applicable, and delivered under this Bond Legislation. The Certificate of Authentication 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 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 in the manner provided hereinafter in the form of said Bonds.

So long as any of the Bonds remain outstanding, the Issuer, through the Bond Registrar, shall keep and maintain books for the registration and transfer of the Bonds.

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

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

Section 3.06. Bonds Mutilated, Destroyed, Stolen or Lost. In any case any Bond shall become mutilated or be destroyed, stolen or lost, the Issuer may, in its discretion, issue, and the 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. 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; Series 1986 B Bonds to be Junior and Subordinate to Series 1986 A Bonds. The payment of the debt service of all the Series 1986 A Bonds shall be secured forthwith equally and ratably with each other by a first lien on the Net Revenues derived from the System. The payment of the debt service of all the Series 1986 B Bonds shall also be secured forthwith equally and ratably with each other by a lien on the Net Revenues derived from the System, but junior and subordinate to the lien on such Net Revenues in favor of the Holders of the Series 1986 A Bonds. Such Net Revenues in an amount sufficient to pay the principal of and interest on and other payments for the Bonds and to make the payments into the Sinking Fund and the Reserve Account therein hereinafter established, are hereby irrevocably pledged to the payment of the principal of and interest on the Bonds as the same become due.

Section 3.09. Form of Original Bonds. The text of the Series 1986 A Bonds and the Series 1986 B Bonds, respectively, shall be in substantially the following forms, with such omissions, insertions and variations as may be necessary and desirable and authorized or permitted hereby, or by any Supplemental Resolution adopted prior to the issuance thereof:

[Form of Series 1986 A Bond]

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
CITY OF KINGWOOD
SEWER REVENUE BOND, SERIES 1986 A

No. R-____ $_____

KNOW ALL MEN BY THESE PRESENTS: That the CITY OF KINGWOOD, a municipal corporation of the State of West Virginia in Preston 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 West Virginia Water Development Authority or registered assigns (the "Payee") the sum of _____ ($_____), in installments on October 1 of each year as set forth on the "Schedule of Annual Debt Service" attached as Exhibit A hereto and incorporated herein by reference with interest on each installment at the rate per annum set forth on said Exhibit A.

The interest rate on each installment shall run from the original date of delivery of this Bond to the Payee and payment therefor, and until payment of such installment, and such interest shall be payable on April 1 and October 1 in each year beginning October 1, 1986. 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, or by wire transfer or such other method as shall be satisfactory to the Issuer, the Registrar and the Payee, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia, through Kanawha Valley Bank, N.A., Charleston, West Virginia, as registrar and paying agent (the "Registrar"). The interest on this Bond is payable by check or draft mailed to the registered owner hereof at the address as it appears on the books of the Registrar on the 15th day of the month preceding an interest payment date.

This Bond may be redeemed prior to its stated date of maturity in whole or in part at any time, but only with the express written consent of, and upon the terms and conditions prescribed by, West Virginia Water Development Authority.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain new sewage treatment and collection facilities of the Issuer (the "Project") and (ii) to pay certain costs of issuance hereof and related costs. This Bond is

issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13 of the West Virginia Code of 1931, as amended (the "Act"), an Ordinance duly enacted by the Issuer on the 25th day of March, 1986, and a Supplemental Resolution adopted by the Issuer on the 25th day of March, 1986 (collectively called the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

This Bond is issued contemporaneously with the Sewer Revenue Bonds, Series 1986 B, of the Issuer (the "Series 1986 B Bonds") issued in the aggregate principal amount of $850,860, which Series 1986 B Bonds are junior and subordinate with respect to liens and sources of and security for payment to the Bonds of this series.

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 of this Series (the "Series 1986 A Bonds Reserve Account"), and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest thereon except from said special fund provided from the Net Revenues, the moneys in the Series 1986 A Bonds Reserve Account and unexpended Bond proceeds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the amount required to pay the maximum amount due in any ensuing fiscal year of principal of and interest on all obligations payable from such revenues, provided however, that so long as there exists in the Series 1986 A Bonds Reserve Account and the reserve account or accounts established for the Series 1986 B Bonds or any other obligations outstanding prior to or on a parity with the Series 1986 A or Series 1986 B Bonds, sufficient moneys to pay the maximum amount of principal and interest which will become due on all obligations payable from such net revenues in any succeeding fiscal year, 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.

This Bond is transferable, as provided in the Bond Legislation, only upon the books of the Registrar by the Payee, or by its attorney duly authorized in writing, upon the surrender of this Bond together with a written instrument of transfer satisfactory to the Bond Registrar duly executed by the Payee or its attorney duly authorized in writing.

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 or to the appurtenant sinking fund, and there shall be and hereby is created and granted a lien upon such moneys, until so applied, in favor of the Payee.

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 KINGWOOD has caused this Bond to be signed by its Mayor and its corporate seal to be hereunto affixed or imprinted hereon and attested by its Recorder, and has caused this Bond to be dated _____, 1986.

Date: _____

[SEAL]

_____
Mayor

ATTEST:

_____
Recorder

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 1986 A Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above.

Date: _____

KANAWHA VALLEY BANK, N.A.,
as Bond 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 1986 B Bond]

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
CITY OF KINGWOOD
SEWER REVENUE BOND, SERIES 1986 B

No. R-____ $_____

KNOW ALL MEN BY THESE PRESENTS: That the CITY OF KINGWOOD, a municipal corporation of the State of West Virginia in Preston 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 West Virginia Water Development Authority or registered assigns (the "Payee") the sum of _____ ($_____), in _____ equal annual installments of $_____ each, on October 1 of each year as set forth on the "Schedule of Annual Debt Service" attached as Exhibit A hereto and incorporated herein by reference, 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, or by wire transfer or such other method as shall be satisfactory to the Issuer, the Registrar and the Payee, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia, through Kanawha Valley Bank, N.A., Charleston, West Virginia, as registrar and paying agent (the "Registrar").

This Bond may be redeemed prior to its stated date of maturity in whole or in part of any time, but only with the express written consent of, and upon the terms and conditions prescribed by, West Virginia Water Development Authority.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain new sewerage treatment and collection facilities of the Issuer (the "Project") and (ii) to pay certain costs of issuance hereof and related costs. This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13 of the West Virginia Code of 1931, as amended (the "Act"), an Ordinance duly enacted by the Issuer on the 25th day of March, 1986, and a Supplemental Resolution adopted by the Issuer on the 25th day of March, 1986 (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 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 the Series 1986 A Bonds herein described, moneys in the Reserve Account created under the Bond Legislation for the Bonds of this Series (the "Series 1986 B 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 1986 B 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 to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the amount required to pay the maximum amount due in any ensuing fiscal year of principal of and interest on all obligations payable from such revenues, provided however, that so long as there exists in the Series 1986 B Bonds Reserve Account and the reserve account or accounts established for the Series A Bonds or any other obligations prior to or on a parity with the Series 1986 A or Series 1986 B Bonds, sufficient moneys to pay the maximum amount of principal and interest which will become due on all obligations payable from such net revenues in any succeeding fiscal year, 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.

This Bond is transferable, as provided in the Bond Legislation, only upon the books of the Registrar by the Payee, or by its attorney duly authorized in writing, upon the surrender of this Bond together with a written instrument of transfer

satisfactory to the Bond Registrar duly executed by the Payee or its attorney duly authorized in writing.

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 or to the appurtenant sinking fund, and there shall be and hereby is created and granted a lien upon such moneys, until so applied, in favor of the holder of the Bonds, which lien is subordinate to the lien thereon in favor of the holders of the Series 1986 A Bonds.

THIS BOND IS JUNIOR AND SUBORDINATE WITH RESPECT TO LIENS, PLEDGES AND SOURCES OF AND SECURITY FOR PAYMENT TO THE OUTSTANDING SEWER REVENUE BONDS, SERIES 1986 A, OF THE ISSUER, ISSUED CONCURRENTLY HEREWITH AND DESCRIBED IN THE BOND LEGISLATION (THE "SERIES 1986 A BONDS").

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this 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 KINGWOOD has caused this Bond to be signed by its Mayor and its corporate seal to be hereunto affixed or imprinted hereon and attested by its Recorder, and has caused this Bond to be dated _____, 1986.

[SEAL]

_____
Mayor

ATTEST:

_____
Recorder

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 1986 B Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above.

Date: _____

KANAWHA VALLEY BANK, N.A.,
as Bond 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; 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 resolution, the Mayor is specifically authorized and directed to execute the Loan Agreement in the form attached hereto as "Exhibit B" and made a part hereof, and the Recorder is directed to affix the seal of the Issuer, attest the same and deliver the Loan Agreement to the Authority.

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, the Issuer may issue and sell its Notes in the aggregate principal amount of not to exceed $5,000,000. The Notes may be in the form of grant anticipation notes or as evidence of a line of credit from a commercial bank, at the discretion of the Issuer, and as shall be set forth in a resolution 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 or supplemental resolution.

Section 4.02. Terms of and Security for Notes; Trust Indenture. The Notes shall be issued in fully registered form, in the denomination of $5,000 or any integral multiple thereof, with such terms and secured in the manner set forth in the Indenture (which Indenture in substantially the form to be executed and delivered by the Issuer is attached hereto as "Exhibit A" and made a part hereof).

Section 4.03. Notes are Special Obligations. The Notes shall be special obligations of the Issuer payable as to principal and interest solely from the respective sources described in the Granting Clauses and Article III of the Indenture. 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 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.

Section 4.04. Letters of Credit. As additional security for the 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 $5,000,000 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 of

credit shall be authorized and shall have such terms as shall be set forth in a resolution supplemental hereto.

ARTICLE V

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:

(1) Revenue Fund;

(2) Operation and Maintenance Fund;

(3) Renewal and Replacement Fund; and

(4) Bond Construction Trust Fund.

Section 5.02. Establishment of Funds and Accounts with Commission. The following special funds or accounts are hereby established with the Commission:

(1) Series 1986 A Bonds Sinking Fund;

(a) Within the Series 1986 A Bonds Sinking Fund, the Series 1986 A Bonds Reserve Account.

(2) Series 1986 B Bonds Sinking Fund;

(a) Within the Series 1986 B Bonds Sinking Fund the Series 1986 B Bonds Reserve Account.

Section 5.03. System Revenues; Flow of Funds. A. The entire Gross Revenues derived from the operation of the System shall be deposited upon receipt in the Revenue Fund. The Revenue Fund shall constitute a trust fund for the purposes provided in this Bond Legislation and shall be kept separate and distinct from all other funds of the Issuer and the Depository Bank and used only for the purposes and in the manner herein provided.

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

(2) Thereafter, from the moneys remaining in the Revenue Fund, the Issuer shall next, on the first day of each month, commencing 7 months prior to the first date of payment of interest on the Series 1986 A 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 1986 A Bonds Sinking Fund, a sum equal to 1/6th of the amount of interest which will become due on said Series 1986 A Bonds on the next ensuing semiannual interest payment date, less any moneys transferred from the Series 1986 A Bonds Reserve Account for the purpose of making interest payments and investment earnings on sums previously deposited in the Series 1986 A Bonds Sinking Fund for the purpose of making interest payments on the Series 1986 A Bonds; provided, that, in the event the period to elapse between the date of such initial deposit in the Series 1986 A 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.

(3) The Issuer shall also, on the first day of each month, commencing 13 months prior to the first date of payment of principal on the Series 1986 A Bonds, apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in the Series 1986 A Bonds Sinking Fund, a sum equal to 1/12th of the amount of principal which will mature and become due on said Series 1986 A Bonds on the next ensuing principal payment date, less any moneys transferred from the Series 1986 A Bonds Reserve Account for the purpose of making principal payments and investment earnings on sums previously deposited in the Series 1986 A Bonds Sinking Fund for the purpose of making principal payments on the Series 1986 A Bonds; provided that, in the event the period to elapse between the date of such initial deposit in the Series 1986 A 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.

(4) The Issuer shall also, on the first day of each month, commencing 13 months prior to the first date of payment of principal of the Bonds, apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in the Series 1986 A Bonds Reserve Account, an amount equal to 1/120 of the Series 1986 A Bonds Reserve Requirement; provided, that no further payments shall be made into the Series 1986 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 1986 A Bonds Reserve Requirement.

(5) From the moneys remaining in the Revenue Fund, the Issuer shall next, on the first day of each month, commencing with the month succeeding the first full calendar month after commencement of operation of the System, transfer to the Renewal and Replacement Fund a sum equal to 2 1/2% of the Gross Revenues each month, exclusive of any payments for account of the Series A 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 deficiency in the Series A Reserve Account [except to the extent such deficiency exists because the required payments into such account have not, as of the date of determination of a deficiency, funded such account to the maximum extent required by Subsection 5.03(A)(4)] shall be promptly eliminated with moneys from the Renewal and Replacement Fund.

(6) 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 1986 B Bonds, apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in the Series 1986 B Bonds Sinking Fund, a sum equal to 1/12th of the amount of principal which will mature and become due on said Series 1986 B Bonds on the next ensuing principal payment date, less any moneys transferred from the Series 1986 B Bonds Reserve Account for the purpose of making principal payments and investment earnings on sums previously deposited in the Series 1986 B Bonds Sinking Fund for the purpose of making principal payments on the Series 1986 B Bonds; provided, that, in the event the period to elapse between the date of such initial deposit in the Series 1986 B 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.

(7) 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 Bonds, apportion and set apart

out of the Revenue Fund and remit to the Commission for deposit in the Series 1986 B Bonds Reserve Account, an amount equal to 1/120 of the Series 1986 B Bonds Reserve Requirement; provided, that no further payments shall be made into the Series 1986 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 1986 B Bonds Reserve Requirement.

Moneys in the Series 1986 A Bonds Sinking Fund and the Series 1986 B Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest on the respective series of Bonds as the same shall become due. Moneys in the Series 1986 A Bonds Reserve Account and the Series 1986 B Bonds Reserve Account shall be used only for the purpose of paying principal of and interest 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 Series 1986 A Bonds Reserve Account and the Series 1986 B Bonds Reserve Account shall be transferred, not less than once each year, to the respective Sinking Fund and applied in full to the next ensuing principal payment due on the respective Series of Bonds.

Any withdrawals from the Series 1986 A Bonds Reserve Account which result in a reduction in the balance of the Series 1986 A Bonds Reserve Account to below the Series 1986 A Bonds Reserve Requirement shall be subsequently restored from the first Net Revenues available after all required payments to the Series 1986 A Bonds Sinking Fund have been made in full.

Any withdrawals from the Series 1986 B Bonds Reserve Account which result in a reduction in the balance of the Series 1986 B Bonds Reserve Account to below the Series 1986 B Bonds Reserve Requirement shall be subsequently restored from the first Net Revenues available after all required payments to the Series 1986 A and Series 1986 B Bonds Sinking Funds and the Renewal and Replacement Fund for payment of debt service on the Bonds have been made in full.

As and when additional Bonds ranking on a parity with the Series 1986 B Bonds are issued, provision shall be made for additional payments into the Series B 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 Series B Reserve Account in an amount equal to the maximum provided and required to be paid into the Series B Sinking Fund in any Fiscal Year for account of all the Series 1986 B Bonds, including such additional Series 1986 B 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 1986 A Bonds Sinking Fund or the Series 1986 B Bonds Sinking Fund or into the Reserve Accounts therein when the aggregate amount of funds in both said Sinking Funds and said Reserve Accounts are at least equal to the aggregate principal amount of the respective Bonds issued pursuant to this Bond Legislation then Outstanding.

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 as surplus revenues (the "Surplus Revenues"). Surplus Revenues may be used for any lawful purpose of the Issuer, including, but not limited to, payment to the Trustee for deposit in the Notes Debt Service Fund, as defined in the Indenture.

C. The Issuer shall remit from the Revenue Fund to the Commission or the Depository Bank, on such dates as the Commission 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 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.

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.

ARTICLE VI

BOND PROCEEDS; FUNDS AND ACCOUNTS

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. Any accrued interest received from the sale shall be deposited in the appropriate Sinking Fund and applied to the first interest payment due on the applicable Series of Bonds.

B. The amount of the proceeds which together with the proceeds deposited pursuant to Subsection (A) of this section and together with the earnings thereon, shall be at least sufficient to pay interest, if any, on the applicable Series of Bonds for the period specified in the Supplemental Resolution shall be deposited in the appropriate Sinking Fund; provided, that such period may not extend beyond the date which is 6 months after the estimated date of completion of construction of the Project.

C. The remaining moneys derived from the sale of the Bonds shall be deposited with the Depository Bank (which shall also be the Trustee) 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.

D. 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 Indenture. Moneys in the Bond Construction Trust Fund shall be used solely to pay Costs of the Project and until so expended, are hereby pledged as additional security for the 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.

Disbursements from the Bond Construction Trust Fund, except for the costs of issuance thereof 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 direction of the Issuer.

Whenever the Depository Bank shall have received notice that any Grant has been suspended, terminated or annulled, or a stop-work order has been issued, the Depository Bank shall not make further disbursements from the Bond Construction Trust Fund until it shall have received notice of the lifting of such suspension or stop-work order. Notwithstanding the foregoing provisions of this paragraph, if the Grant which has been suspended, terminated or annulled is a Grant other than the EPA Grant or the WDA Grant, and the Issuer files with the Depository Bank a certificate of the Consulting Engineers reciting the conclusion and demonstrating that the Project can be completed without such other Grant, the Depository Bank shall continue to make disbursements from the Bond Construction Trust Fund.

After completion of the Project, as certified by the Consulting Engineers, the Depository Bank shall transfer any moneys remaining in the Bond Construction Trust Fund to the Reserve Fund.

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, 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 7.04 and Section 7.09 shall not be applied to the 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. The payment of the debt service of the Series 1986 A 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 and payment of the debt service of the Series 1986 B Bonds issued hereunder shall be secured forthwith equally and ratably by a lien on said Net Revenues, but such lien shall be junior and subordinate to the lien on said Net Revenues in favor of the Holders of the Series 1986 A Bonds, to the extent necessary to make the payments required under Section 5.03 of this Ordinance. 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 Fund, including the Reserve Account therein, and all other payments

provided for in the Bond Legislation are hereby irrevocably pledged, in the manner provided in therein, 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; Rules. The initial schedule of rates and charges for the services and facilities of the System shall be as set forth in the ordinance of the Issuer enacted November 19, 1985.

Section 7.05. Sale of the System. 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 Notes, if any, Outstanding, or to effectively defease this Ordinance in accordance with Section 10.01 hereof and, if 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 Fund, and, 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 about to mature. 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 in full the Notes shall be remitted to the Trustee for deposit in the Notes Debt Service Fund, to apply to the payment of the Notes, prior to maturity if allowable under the Supplemental Resolution.

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 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. 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 the 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. 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 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 1986 B 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 both the Series 1986 A Bonds and the Series 1986 B 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.

No Parity Bonds shall be issued which shall be payable out of the revenues of the System prior to or on a parity with the Series 1986 A Bonds. All Parity Bonds issued hereunder shall be on a parity in all respects with the Series 1986 B Bonds.

No such Parity Bonds shall be issued except for the purpose of financing the costs of the construction or acquisition of extensions, improvements or betterments to the System or refunding one or more series of Bonds issued pursuant hereto, or both such purposes.

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

(A) The Bonds then Outstanding;

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

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

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

The Net Revenues actually derived from the System during the 12-consecutive-month period hereinabove referred to may be adjusted by adding to such Net Revenues such additional Net Revenues which would have been received, in the opinion of the Consulting Engineers and the said Independent Certified Public Accountants, as stated in a certificate jointly made and signed by the Consulting Engineers and said Independent Certified Public Accountants, on account of increased rates, rentals, fees and charges for the System enacted 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. All the Bonds, 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 one series of Bonds over any other. The Issuer shall comply fully with all the increased payments into the various funds and accounts created in this Bond Legislation required for and on account of such Parity Bonds, in addition to the payments required for Bonds theretofore issued pursuant to this Bond Legislation.

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 both the Series 1986 A Bonds and the Series 1986 B 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 either the Series 1986 A Bonds or the Series 1986 B Bonds.

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

B. Notwithstanding the foregoing or any provision of Section 7.06 to the contrary, Bonds on a parity with the Series 1986 A Bonds may be issued solely for the purpose of completing the Project as described in the application to the Authority on 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.

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 file said report with the Trustee and the Authority, or any other original purchaser of the Bonds.

Section 7.09. Rates. Prior to the issuance of the Bonds, equitable rates or charges for the use of and service rendered by the System will be established all in the manner and form required by law, and copies of such rates and charges so established will be continuously on file with the Recorder, which copies will be open to inspection by all interested parties. The schedule of rates and charges shall at all times be adequate to produce Gross Revenues from 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. The Issuer shall take the necessary actions with respect to the imposition of rates at such times and with such provisions with respect to interest rate and maturity of the Bonds to finance the issuance of the Bonds as the purchasers thereof shall require. 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 (i) to provide for all reasonable expenses of operation, repair and maintenance of the System and (ii) to leave a balance each Fiscal

Year equal to at least 115% of the maximum amount required in any succeeding Fiscal Year for payment of principal of and interest on the Bonds and all other obligations secured by or payable from such revenues; provided that, in the event that amounts equal to or in excess of the Reserve Requirements are on deposit in the Reserve Accounts or reserve accounts for bonds prior to or on a parity with the Bonds are funded at least at the requirement therefor, such balance each Fiscal Year need only equal at least 110% of the maximum amount required in any succeeding Fiscal Year for payment of principal of and interest on the Bonds and all other obligations secured by or payable from such revenues.

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 expenditures for operation and maintenance of the System during the succeeding Fiscal Year. No expenditures for the operation and maintenance of the System shall be made in any Fiscal Year in excess of the amounts provided therefor in such budget without a written finding and recommendation by the Consulting Engineers, which funding 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 of the Issuer, the rules and regulations of the Public Service Commission of West Virginia and other laws of the State of West Virginia.

Whenever any fees, rates, rentals or other charges for the services and facilities of the System shall remain unpaid for a period of 30 days after the same shall become due and payable, the property and the owner thereof, as well as the user of the services and facilities, shall be delinquent until such time as all such rates and charges are fully paid and to the extent authorized by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, all delinquent rates, rentals and other 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 and facilities of the water system, if then owned by the Issuer, to all delinquent users of services and facilities of the System and will not restore such services of the water system until all billing for charges for the services and facilities of the System, plus reasonable interest penalty charges for the restoration of service, has been fully paid.

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:

(A) FIRE, LIGHTNING, VANDALISM, MALICIOUS MISCHIEF AND EXTENDED COVERAGE INSURANCE,, on all above-ground insurable portions of the System in an amount equal to the actual cost thereof. In time of war the Issuer will also carry and maintain insurance to the extent available against the risks and hazards of war. The proceeds of all such insurance policies shall be placed in the Renewal and Replacement Fund and used only for the repairs and restoration of the damaged or destroyed properties or for the other purposes provided herein for said Renewal and Replacement Fund. The Issuer will itself, or will require each contractor and subcontractor to, obtain and maintain builder's risk insurance (fire and extended coverage) to protect the interests of the Issuer during construction of the Project in the full insurable value thereof.

(B) PUBLIC LIABILITY INSURANCE, with limits of not less than $1,000,000 per occurrence to protect the Issuer from claims for bodily injury and/or death and not less than $100,000 per occurrence from claims for damage to property of others which may arise from the operation of the System, and insurance with the same limits to protect the Issuer from claims arising out of operation or ownership of motor vehicles of or for the System.

(C) 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.

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.

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.

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, or such other bank or national banking association holding such fund or account, as the case may be, at the direction of the Issuer in any Qualified Investments to the fullest extent possible under applicable laws, this Bond Legislation, and the Indenture, the need for such moneys for the purposes set forth herein and in the Indenture and the specific restrictions and provisions set forth in this Section 8.01 and in the Indenture.

Except as provided in the Indenture, 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. The Commission, the Trustee, 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 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.

Section 8.02. Restrictions as to Arbitrage Bonds. The Issuer hereby covenants, and hereby so instructs the Bond Commission and the Trustee that they 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 to acquire any securities or obligations the acquisition of which would cause any Bond to be an "arbitrage bond" as defined in Section 103(c)(2) of the Internal Revenue Code, or any successor provision, and an Authorized Officer shall deliver his certificate, based upon this covenant, with regard thereto to the purchaser of the Original Bonds.

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:

(A) If default occurs in the due and punctual payment of the principal of or interest on any Notes; or

(B) 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

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

B. Each of the following events shall constitute an "Event of Default" with respect to the Bonds:

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

(B) 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, the Indenture 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 Trustee, any other bank or banking association holding any fund or account hereunder or a Holder of a Bonds; or

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

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 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 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 Bonds, or the rights of such Registered Owners, provided however, that no remedy herein stated may be exercised by Noteholders in a manner which adversely affects any remedy available to Bondholders, and provided further, that all rights and remedies of Holders of the Series 1986 B Bonds shall be subject and subordinate to those of the Holders of the Series 1986 A 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, 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 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 1986 A Bonds. If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the respective Holders of all Series 1986 A Bonds, the principal of and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Bond Legislation, then with respect to the Series A Bonds only, the pledge of Net Revenues and other moneys and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Registered Owners of the Series 1986 A Bonds shall thereupon cease, terminate and become void and be discharged and satisfied.

Series 1986 A Bonds for the payment of which either moneys in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide moneys which, together with the moneys, if any, deposited with the Paying Agents at the same or earlier time, shall be sufficient, to pay as and when due the principal installments of and interest on such Series 1986 A Bonds shall be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section. All Series 1986 A Bonds shall, prior to the maturity thereof, be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section if there shall have been deposited with the Commission or its agent, either moneys in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide moneys which, together with other moneys, if any, deposited with the Commission at the same time, shall be sufficient to pay when due the principal installments of and interest due and to become due on said Series 1986 A Bonds on and prior to 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 1986 A Bonds; provided, that any cash received from such principal or interest payments on such securities deposited with the Commission or its agent, if not then needed for such purpose, shall, to the extent practicable, be reinvested in securities maturing at times and in amounts sufficient to pay when due the principal installments of and interest to become due on said Bonds on and prior to the 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 1986 B Bonds. If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the respective Holders of all Series 1986 B Bonds, the principal of and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Bond Legislation, then with respect to the Series B 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 1986 B Bonds shall thereupon cease, terminate and become void and be discharged and satisfied.

Series 1986 B 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 the principal installments of and interest on such Series 1986 B 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 1986 B 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 1986 B Bonds on and prior to 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 1986 B 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 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 all 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 the Notes only, this Bond Legislation, the Indenture 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.

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 or resolution amendatory or supplemental hereto, that would materially and adversely affect the respective rights of Registered Owners of the Notes or 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 or 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.

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 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, Indenture, the Bonds or the Notes.

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. Amendments to Maintain Tax Exemption. The Issuer hereby covenants to make any amendment or supplements to this Ordinance and to the Indenture authorized hereby to enable the Notes or Bonds to be issued in such form as to render the interest thereon exempt from federal income taxation, without further consent of the Holders of the Bonds or the Notes.

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

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

Section 11.08. Effective Time. This Ordinance shall take effect following public hearing hereon in accordance with the Act.

Section 11.09. Statutory Notice and Public Hearing. Upon adoption hereof, an abstract of this Ordinance, determined by the Issuer to contain sufficient information as to give notice of the contents hereof, shall be published once a week for two successive weeks within a period of fourteen consecutive days, with at least six full days intervening between each publication, in The Preston County Journal, a newspaper published and of general circulation in the City of Kingwood, together with a notice stating that this Ordinance has been adopted and that the Issuer contemplates the issuance of the Notes and Bonds, and that any person interested may appear before the Common Council upon a date certain, not less than ten days subsequent to the date of the first publication of the said abstract and notice, and present protests, and that a certified copy of the Ordinance is on file in the office of the Issuer for review by interested parties during the office hours of the Issuer.

Section 11.10. Additional Special Covenants of Issuer. At the date of issuance of the Bonds there is pending an act of the United States House of Representatives entitled the "Tax Reform Act of 1985" and designated "HR 3838" (the "Tax Act"). In the event the Tax Act (or a similar act in substitution thereof) becomes law, certain provisions thereof relating to Section 103 of the Internal Revenue Code of 1931, as amended, are, by the terms of the Tax Act, to be effective as of January 1, 1986. In order to attempt to comply with the Tax Act and therefore to maintain the exemption of interest on the Bonds from Federal income taxation to the extent possible, the Issuer hereby further covenants as follows:

(i) The facilities constituting the System will at all times be available to serve all members of the general public within the service area on an equal basis and will not be used in any manner which would cause the Bonds to constitute "nonessential function bonds;"

(ii) At least 5% of the net proceeds of the Bonds will be expended prior to the date which is 30 days after the date of issuance of the Bonds, and all of the gross proceeds of the Bonds shall be expended within 30 months following the date of issuance of the Bonds;

(iii) An informational report will be filed by the Issuer to the Internal Revenue Service within the time limitations prescribed in the Tax Act;

(iv) Any rebate required to be made by the Issuer to the United States will be made in a timely fashion; and

(v) All other requirements, if any, of the Tax Act will be met by the Issuer in order to maintain the tax-exempt status of the Bonds and the interest thereon.

At such hearing, all objections and suggestions shall be heard and the City Council shall take such action as it shall deem proper in the premises.

Passed on First Reading	March 4, 1986
Passed on Second Reading	March 11, 1986
Effective following public hearing held on	March 25, 1986

[SEAL]

Mayor

ATTEST:

By

Recorder

CERTIFICATION

Certified a true copy of an Ordinance duly enacted by the Council of the City of Kingwood following a public hearing thereon on this 25th day of March, 1986.

[SEAL]

Recorder

03/24/86
KGSEW2-A

EXHIBIT A

EXHIBIT B

CITY OF KINGWOOD

Sewer Revenue Bonds,
Series 1986 A and Series 1986 B

SUPPLEMENTAL BOND RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING AS TO DATES, MATURITIES, INTEREST RATES, PRINCIPAL PAYMENT SCHEDULES, SALE PRICES AND OTHER TERMS OF THE SEWER REVENUE BONDS, SERIES 1986 A AND SERIES 1986 B, OF THE CITY OF KINGWOOD; AUTHORIZING AND APPROVING A LOAN AGREEMENT AND SUPPLEMENTAL LOAN AGREEMENT RELATING TO SUCH BONDS AND THE SALE AND DELIVERY OF SUCH BONDS TO 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 KINGWOOD (the "Issuer"), upon petition of the Sanitary Board of the Issuer, has duly and officially enacted an ordinance, effective March 25, 1986 (the "Bond and Notes Ordinance"), entitled:

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF PUBLIC SEWERAGE FACILITIES OF THE CITY OF KINGWOOD AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE CITY OF NOT MORE THAN $2,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 1986 A, NOT MORE THAN $1,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 1986 B, AND NOT MORE THAN $5,000,000 INTERIM CONSTRUCTION FINANCING, CONSISTING OF GRANT ANTICIPATION NOTES OR A LINE OF CREDIT EVIDENCED BY NOTES, OR BOTH; 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; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND NOTES AND ADOPTING OTHER PROVISIONS RELATING THERETO.

WHEREAS, the Bond and Notes Ordinance provides for the issuance of Sewer Revenue Bonds of the Issuer (the "Bonds"), in an aggregate principal amount of not to exceed $3,000,000, to be issued in two series, the Series 1986 A Bonds to be in an aggregate principal amount of not more than $2,000,000 (the "Series 1986 A Bonds") and the Series 1986 B Bonds to be in an aggregate principal amount of not more than $1,000,000 (the "Series 1986 B Bonds"), and has authorized the execution and delivery of a Loan Agreement relating to the Series A Bonds and a Supplemental Loan Agreement relating to the Series B Bonds (sometimes collectively referred to herein as the "Loan Agreement"), both dated as of February 25, 1986, by and between the Issuer and West Virginia Water Development Authority (the "Authority"), all in accordance with West Virginia Code, Chapter 16, Article 13 (the "Act"); and in the Bond and Notes Ordinance, it is provided that the 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 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 bond resolution (the "Supplemental Bond Resolution") be adopted and that the Loan Agreement be effectuated, that 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 KINGWOOD:

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

(A) The Sewer Revenue Bonds, Series 1986 A, of the Issuer, originally represented by a single Bond, numbered R-1, in the principal amount of $1,709,140. The Series 1986 A Bonds shall be dated the date of delivery thereof, shall mature October 1, 2025, shall bear interest at the rate of 9.75% per annum, payable semiannually on April 1 and October 1 of each year, first interest payable

October 1, 1986, shall be subject to redemption upon the written consent of the Authority, and upon payment of the interest and redemption premium, if any, provided in the Loan Agreement, as long as the Authority shall be the registered owner of the 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 incorporated therein by reference.

(B) The Sewer Revenue Bonds, Series 1986 B, of the Issuer, originally represented by a single Bond, numbered R-1, in the principal amount of $850,860. The Series 1986 B Bonds shall be dated the date of delivery thereof, shall mature October 1, 2025, shall be interest free, shall be subject to redemption upon the written consent of the Authority, and upon payment of the redemption premium, if any, provided in the Loan Agreement, as long as the Authority shall be the registered owner of the 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 incorporated therein by reference.

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

Section 3. The Issuer does hereby ratify, approve and accept the Loan Agreement and the Supplemental Loan Agreement, copies of which are incorporated herein by reference, and the execution and delivery by the Mayor of the Loan Agreement and the Supplemental Loan Agreement, and the performance of the obligations contained therein, on behalf of the Issuer are hereby authorized, approved and directed. The price of the Bonds shall be 100% of par value, plus interest accrued from the date of the Bonds to the date of delivery thereof.

Section 4. The Issuer does hereby appoint and designate Kanawha Valley Bank, N.A., Charleston, West Virginia, as Registrar and Paying Agent for the Bonds and does approve and accept the Registrar's Agreement dated as of March 26, 1986, by and between the Issuer and Kanawha Valley Bank, N.A., in substantially the form attached hereto, and the execution and delivery by the Chairman 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. Capitalized interest on the Series 1986 A Bonds shall be payable from proceeds of the Series A Bonds in the

amount of $333,282, which amount shall be sufficient to pay interest on the Series 1986 A Bonds to, and including April 1, 1988.

Section 6. The Issuer does hereby appoint Albright National Bank of Kingwood, Kingwood, West Virginia, as Depository Bank under the Bond Resolution.

Section 7. The Mayor and Recorder are hereby authorized and directed to execute and deliver such other documents and certificates required or desirable in connection with the Bonds hereby and by the Bond and Notes Ordinance approved and provided for, to the end that the Bonds may be delivered on or about March 26, 1986, to the Authority pursuant to the Loan Agreement.

Section 8. 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 9. This Supplemental Bond Resolution shall be effective immediately following adoption hereof.

Adopted this 25th day of March, 1986.

CITY OF KINGWOOD

Mayor

03/24/86
KGSEW1-I

RESOLUTION

WHEREAS, the Municipality of Kingwood, West Virginia, has requested the issuance of Bonds from the Water Development Authority of West Virginia, for the construction of public sewerage facilities for the City of Kingwood, and said Authority has approved said issuance to occur on March 26, 1986;

NOW, THEREFORE, BE IT RESOLVED BY THIS COUNCIL: that the City of Kingwood, West Virginia, will expend all of said funds derived from said issuance of Bonds by said Authority and local funds in the amount of $342,860.00 upon the expenses involved in the construction of the public sewerage facilities of the City of Kingwood, West Virginia, and al necessary costs associated therewith for said sewage facilities.

That further the City Council resolves that said Bond funds shall be expended for the sole purpose of the public sewage facilities.

This Resolution was adopted this 25th day of March, 1986, by the Common Council of the City of Kingwood, West Virginia.

Patrick Crogan, Mayor

ATTEST:

Recorder

THE CITY OF KINGWOOD

SEWER REVENUE BONDS, SERIES 2001
(WEST VIRGINIA SRF PROGRAM)

BOND 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	4

ARTICLE II
AUTHORIZATION OF ACQUISITION AND CONSTRUCTION OF THE PROJECT

Section 2.01	Authorization of Acquisition and Construction of the Project	13

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

Section 3.01	Authorization of Bonds	14
Section 3.02	Terms of Bonds	14
Section 3.03	Execution of Bonds	15
Section 3.04	Authentication and Registration	15
Section 3.05	Negotiability, Transfer and Registration	15
Section 3.06	Bonds Mutilated, Destroyed, Stolen or Lost	16
Section 3.07	Bonds not to be Indebtedness of the Issuer	16

Section 3.08	Bonds Secured by Pledge of Net Revenues; Lien Position with respect to Prior Bonds	17
Section 3.09	Delivery of Bonds	17
Section 3.10	Form of Bonds	17
	FORM OF BOND	18
Section 3.11	Sale of Bonds; Approval and Ratification of Execution of Loan Agreement	26
Section 3.12	"Amended Schedule A" Filing	26

ARTICLE IV
[RESERVED] 27

ARTICLE V
FUNDS AND ACCOUNTS; SYSTEM REVENUES AND APPLICATION THEREOF

Section 5.01	Establishment of Funds and Accounts with Depository Bank	28
Section 5.02	Establishment of Funds and Accounts with Commission	28
Section 5.03	System Revenues; Flow of Funds	29

ARTICLE VI
BOND PROCEEDS; CONSTRUCTION DISBURSEMENTS

Section 6.01	Application of Bond Proceeds; Pledge of Unexpended Bond Proceeds	33
Section 6.02	Disbursements From the Bond Construction Trust Fund	33

ARTICLE VII
ADDITIONAL COVENANTS OF THE ISSUER

Section 7.01	General Covenants of the Issuer	35
Section 7.02	Bonds not to be Indebtedness of the Issuer	35
Section 7.03	Bonds Secured by Pledge of Net Revenues; Lien Position with respect to Prior Bonds	35
Section 7.04	Rates and Charges	35
Section 7.05	Sale of the System	36
Section 7.06	Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances	37
Section 7.07	Additional Parity Bonds	38
Section 7.08	Books; Records and Audit	40
Section 7.09	Rates	42
Section 7.10	Operating Budget and Monthly Financial Report	42

Section 7.11	Engineering Services and Operating Personnel	43
Section 7.12	No Competing Franchise	44
Section 7.13	Enforcement of Collections	44
Section 7.14	No Free Services	45
Section 7.15	Insurance and Construction Bonds	45
Section 7.16	Mandatory Connections	47
Section 7.17	Completion of Project; Permits and Orders	47
Section 7.18	Compliance with Loan Agreement and Law	47
Section 7.19	Tax Covenants	48
Section 7.20	Securities Law Compliance	49
Section 7.21	Contracts; Public Releases	49

ARTICLE VIII
INVESTMENT OF FUNDS

Section 8.01	Investments	50
Section 8.02	Certificate as to Use of Proceeds; Covenants as to Use of Proceeds	50

ARTICLE IX
DEFAULT AND REMEDIES

Section 9.01	Events of Default	52
Section 9.02	Remedies	52
Section 9.03	Appointment of Receiver	52

ARTICLE X
PAYMENT OF BONDS

Section 10.01	Payment of Bonds	55

ARTICLE XI
MISCELLANEOUS

Section 11.01	Amendment or Modification of Bond Legislation	56
Section 11.02	Bond Legislation Constitutes Contract	56
Section 11.03	Severability of Invalid Provisions	56
Section 11.04	Headings, Etc.	56
Section 11.05	Conflicting Provisions Repealed; Prior Ordinances	56
Section 11.06	Covenant of Due Procedure, Etc.	57

Section 11.07	Effective Date	57
Section 11.08	Statutory Notice and Public Hearing	57
	SIGNATURES	57
	CERTIFICATION	58
	EXHIBIT A	59

THE CITY OF KINGWOOD

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE EXISTING PUBLIC SEWERAGE SYSTEM OF THE CITY OF KINGWOOD AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE CITY OF NOT MORE THAN $1,500,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2001 (WEST VIRGINIA SRF PROGRAM); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING A LOAN AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

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

ARTICLE I

STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

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

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

A. The City of Kingwood (the "Issuer") is a municipal corporation and political subdivision of the State of West Virginia in Preston 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 public sewerage system of the Issuer, including improvements to reduce the inflow and infiltration of storm water into the system, the installation of a new UV disinfection system, the replacement of the existing manual bar screen with a new mechanical bar screen, and the installation of sewer line video equipment and 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 public sewerage system of the Issuer, the Project and any further additions, betterments and improvements thereto are herein called the "System"), in accordance with the plans and specifications prepared by the Consulting Engineers, which plans and specifications have heretofore been filed with the Issuer.

C. The Issuer intends to permanently finance the costs of acquisition and construction of the Project through the issuance of its revenue bonds to the West Virginia Water Development Authority (the "Authority"), in connection with the West Virginia Water Pollution Control Revolving Fund program (the "SRF Program"), pursuant to the Act, in order to take advantage of the favorable terms available to the Issuer under the SRF Program.

D. It is deemed necessary for the Issuer to issue its Sewer Revenue Bonds, Series 2001 (West Virginia SRF Program), in the total aggregate principal amount of not more than $1,500,000 (the "Series 2001 Bonds"), initially to be represented by a single bond, to permanently finance 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 SRF Program; interest upon the Series 2001 Bonds prior to and during acquisition or construction and for a period not exceeding 6 months after completion of acquisition and construction of the Project; amounts which may be deposited in the Series 2001 Bonds Reserve Account (as hereinafter defined); engineering and legal expenses; expenses for estimates of costs and revenues, expenses for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the enterprise, administrative expense, commitment fees, fees and expenses of the Authority, including the SRF Administrative Fee (as hereinafter defined), discount, initial fees for the services of registrars, paying agents, depositories or trustees or other costs in connection with the sale of the Series 2001 Bonds and such other expenses as may be necessary or incidental to the financing herein authorized, the acquisition or construction of the Project and the placing of same in operation, and the performance of the things herein required or permitted, in connection with any thereof, provided, that reimbursement to the Issuer for any amounts expended by it for allowable costs prior to the issuance of the Series 2001 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 25 years.

F. It is in the best interests of the Issuer that its Series 2001 Bonds be sold to the Authority pursuant to the terms and provisions of a bond purchase agreement (the "Loan Agreement") by and among the Issuer, the Authority and the West Virginia Department of Environmental Protection (the "DEP"), in form satisfactory to the Issuer, the Authority and the DEP, to be approved hereby if not previously approved by resolution of the Issuer.

G. There are outstanding obligations of the Issuer which will rank on a parity with the Series 2001 Bonds as to liens, pledge, source of and security for payment, being the Issuer's Sewer Revenue Bonds, Series 1986 B, dated March 26, 1986, issued in the original aggregate principal amount of $850,860, and Sewer Refunding Revenue Bonds, Series 1997 A, dated November 1, 1997, issued in the original aggregate principal amount of $2,130,000 (collectively, the "Prior Bonds", or individually, the "Series 1986 B Bonds" and the "Series 1997 A Bonds").

The Series 2001 Bonds shall be issued on a parity with the Prior 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 2001 Bonds, the Issuer will obtain (i) a certificate of an Independent Accountant stating that the coverage and parity tests of the Prior Bonds are met, and (ii) where required, the written consent of the holders of the Prior Bonds to the issuance of the Series 2001 Bonds on a parity with the Prior Bonds. Other than the Prior Bonds, there are no outstanding bonds or obligations of the Issuer which are secured by revenue or assets of the System. The Issuer is in compliance with the covenants of the Prior Bonds and the Prior Ordinances.

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 Prior Bonds and the Series 2001 Bonds and to make payments into all funds and accounts and other payments provided for herein.

I. The Issuer has complied with all requirements of West Virginia law and the Loan Agreement relating to authorization of the acquisition, construction and operation of the Project and the System and issuance of the Series 2001 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 obtaining of a Certificate of Public Convenience and Necessity from the Public Service Commission of West Virginia by final order, the time for rehearing and appeal of which will either have expired prior to the issuance of the Series 2001 Bonds or such final order will not be subject to appeal.

J. Pursuant to the Act, the Issuer has heretofore established a Sanitary Board, and the Sanitary Board has petitioned the Council to issue the Series 2001 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 2001 Bonds by the Registered Owners of the same from time to time, this Bond Legislation shall be deemed to be and shall constitute a contract between the Issuer and such Bondholders, and the covenants and agreements herein set forth to be performed by the Issuer shall be for the equal benefit, protection and security of the Bondholders of any and all of such Series 2001 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 and Chapter 22C, Article 2 of the West Virginia Code of 1931, as amended and in effect on the date of enactment hereof.

"Authority" means the West Virginia Water Development Authority, which is expected to be the original purchaser and Registered Owner of the Series 2001 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.

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

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

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

"Bonds" means, collectively, the Series 2001 Bonds, the Prior Bonds, and, where appropriate, any bonds on a parity therewith subsequently authorized to be issued hereunder or by another ordinance of the Issuer.

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

"Closing Date" means the date upon which there is an exchange of the Series 2001 Bonds for all or a portion of the proceeds of the Series 2001 Bonds from the Authority and the DEP.

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

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

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

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

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

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

"DEP" means the West Virginia 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 in the Supplemental Resolution, and its successors and assigns.

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

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

"Governing Body" means the Council of the Issuer.

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

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

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

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

"Investment Property" means:

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

(B) any obligation,

(C) any annuity contract,

(D) any investment-type property, or

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

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

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

"Loan Agreement" means the bond purchase agreement heretofore entered, or to be entered, into among the Authority, the DEP and the Issuer, providing for the purchase of the Series 2001 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.

"Maximum Annual Debt Service" means, at the time of computation, the greatest amount of Debt Service required to be paid on the Bonds for the then current or any succeeding Bond Year.

"Mayor" means the Mayor of the Issuer.

"Net Proceeds" means the face amount of the Series 2001 Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds, if any, deposited in the Series 2001 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 2001 Bonds, without regard to whether or not such investment is made in tax-exempt obligations.

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

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

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

principal of or redemption premium, if any, or interest on the Bonds, charges for depreciation, losses from the sale or other disposition of, or from any decrease in the value of, capital assets, amortization of debt discount or such miscellaneous deductions as are applicable to prior accounting periods.

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

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

"Paying Agent" means the Commission or such other entity or authority as may be designated as a Paying Agent by the Issuer in the Supplemental Resolution with the written consent of the Authority and the DEP.

"Prior Bonds" means, collectively, the Issuer's Series 1986 B Bonds and Series 1997 A Bonds.

"Prior Ordinances" means, collectively, the ordinance of the Issuer enacted on March 25, 1986, as supplemented by the supplemental resolution of the Issuer adopted March 25, 1986, authorizing the Series 1986 B Bonds, and the ordinance of the Issuer enacted on October 28, 1997, as supplemented by the supplemental resolution of the Issuer adopted November 17, 1997, authorizing the Series 1997 A Bonds.

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

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

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

(a) Government Obligations;

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

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

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

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

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

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

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

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

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

"Recorder" means the Recorder of the Issuer.

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

"Registrar" means the Bond Registrar.

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

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

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

"Reserve Requirement" means, collectively, the respective amounts required to be on deposit in any reserve account for the Bonds.

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

"Series 1986 B Bonds" means the Issuer's Sewer Revenue Bonds, Series 1986 B, dated March 26, 1986, issued in the original aggregate principal amount of $850,860.

"Series 1997 A Bonds" means the Issuer's Sewer Refunding Revenue Bonds, Series 1997 A, dated November 1, 1997, issued in the original aggregate principal amount of $2,130,000.

"Series 2001 Bonds" means the Sewer Revenue Bonds, Series 2001 (West Virginia SRF Program), of the Issuer, authorized by this Bond Legislation.

"Series 2001 Bonds Construction Trust Fund" means the Series 2001 Bonds Construction Trust Fund established by Section 5.01 hereof.

"Series 2001 Bonds Reserve Account" means the Series 2001 Bonds Reserve Account established in the Series 2001 Bonds Sinking Fund pursuant to Section 5.02 hereof.

"Series 2001 Bonds Reserve Account Requirement" means, as of any date of calculation, the maximum amount of principal and interest which will become due on the Series 2001 Bonds in the then current or any succeeding year.

"Series 2001 Bonds Sinking Fund" means the Series 2001 Bonds Sinking Fund established by Section 5.02 hereof.

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

"SRF Administrative Fee" means any administrative fee required to be paid pursuant to the Loan Agreement.

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

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

"State" means the State of West Virginia.

"Supplemental Resolution" means any resolution, ordinance or order of the Issuer supplementing or amending this Ordinance and, when preceded by the article "the," refers specifically to the supplemental resolution authorizing the sale of the Series 2001 Bonds; provided, that any matter intended by this Ordinance to be included in the Supplemental Resolution with respect to the Series 2001 Bonds, and not so included may be included in another Supplemental Resolution.

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

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

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

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 $1,500,000, 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 2001 Bonds hereby authorized shall be applied as provided in Article VI hereof. The Issuer has received bids and will enter into contracts for the acquisition and construction of the Project, compatible with the financing plan submitted to the SRF Program. The cost of the Project is estimated not to exceed $1,500,000, all of which will be obtained from proceeds of the Series 2001 Bonds.

ARTICLE III

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

Section 3.01. Authorization of Bonds. For the purposes of capitalizing interest on the Series 2001 Bonds, funding a reserve account for the Series 2001 Bonds, paying Costs of the Project not otherwise provided for and paying certain costs of issuance of the Series 2001 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 2001 Bonds of the Issuer. The Series 2001 Bonds shall be issued as a single bond, designated "Sewer Revenue Bonds, Series 2001 (West Virginia SRF Program)", in the principal amount of not more than $1,500,000, and shall have such terms as set forth hereinafter and in the Supplemental Resolution. The proceeds of the Series 2001 Bonds remaining after funding of the Series 2001 Bonds Reserve Account (if funded from Bond proceeds) and capitalization of interest, if any, shall be deposited in or credited to the Series 2001 Bonds Construction Trust Fund established by Section 5.01 hereof.

Section 3.02. Terms of Bonds. The Series 2001 Bonds shall be issued in such principal amounts; shall bear interest, if any, at such rate or rates, not exceeding the then legal maximum, payable quarterly on such dates; shall mature on such dates and in such amounts; and shall be redeemable, in whole or in part, all as the Issuer shall prescribe in a Supplemental Resolution or as specifically provided in the Loan Agreement. The Series 2001 Bonds shall be payable as to principal at the office of the Paying Agent, in any coin or currency which, on the dates of payment of principal is legal tender for the payment of public or private debts under the laws of the United States of America. Interest on the Series 2001 Bonds, if any, shall be paid by check or draft of the Paying Agent or its agent, mailed to the Registered Owner thereof at the address as it appears on the books of the Bond Registrar, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner thereof.

Unless otherwise provided by the Supplemental Resolution, the Series 2001 Bonds shall initially be issued in the form of a single bond, fully registered to the Authority, with a record of advances and a debt service schedule attached, representing the aggregate principal amount of the Series 2001 Bonds, and shall mature in principal installments, all as provided in the Supplemental Resolution. The Series 2001 Bonds shall be exchangeable at the option and expense of the Registered Owner for another fully registered Bond or Bonds of the same series in aggregate principal amount equal to the amount of said Bonds then Outstanding and being exchanged, with principal installments or maturities, as applicable, corresponding to the dates of payment of principal installments of said Bonds; provided, that the Authority shall not be obligated to pay any expenses of such exchange.

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

Section 3.03. Execution of Bonds. The Series 2001 Bonds shall be executed in the name of the Issuer by the Mayor, and the seal of the Issuer shall be affixed thereto or imprinted thereon and attested by the Recorder. In case any one or more of the officers who shall have signed or sealed the Series 2001 Bonds shall cease to be such officer of the Issuer before the Series 2001 Bonds so signed and sealed have been actually sold and delivered, such Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bonds had not ceased to hold such office. Any Series 2001 Bonds may be signed and sealed on behalf of the Issuer by such person as at the actual time of the execution of such Bonds shall hold the proper office in the Issuer, although at the date of such Bonds such person may not have held such office or may not have been so authorized.

Section 3.04. Authentication and Registration. No Series 2001 Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under this Bond Legislation unless and until the Certificate of Authentication and Registration on such Bond, substantially in the form set forth in Section 3.10 hereof shall have been manually executed by the Bond Registrar. Any such executed Certificate of Authentication and Registration upon any such Bond shall be conclusive evidence that such Bond has been authenticated, registered and delivered under this Bond Legislation. The Certificate of Authentication and Registration on any Series 2001 Bond shall be deemed to have been executed by the Bond Registrar if manually signed by an authorized officer of the Bond Registrar, but it shall not be necessary that the same officer sign the Certificate of Authentication and Registration on all of the Bonds issued hereunder.

Section 3.05. Negotiability, Transfer and Registration. Subject to the provisions for transfer of registration set forth below, the Series 2001 Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder, in accepting the Series 2001 Bonds shall be conclusively deemed to have agreed that such Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder shall further be conclusively deemed to have agreed that said Bonds shall be incontestable in the hands of a bona fide holder for value.

So long as the Series 2001 Bonds remain outstanding, the Issuer, through the Bond Registrar or its agent, shall keep and maintain books for the registration and transfer of such Bonds.

The registered Series 2001 Bonds shall be transferable only upon the books of the Bond Registrar, by the registered owner thereof in person or by his attorney duly authorized in writing, upon surrender thereto together with a written instrument of transfer satisfactory to the Bond Registrar duly executed by the registered owner or his duly authorized attorney.

In all cases in which the privilege of exchanging Series 2001 Bonds or transferring the registered Series 2001 Bonds are exercised, all Series 2001 Bonds shall be delivered in accordance with the provisions of this Bond Legislation. All Series 2001 Bonds surrendered in any such exchanges or transfers shall forthwith be cancelled by the Bond Registrar. For every such exchange or transfer of Series 2001 Bonds, the Bond Registrar may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer and the cost of preparing each new Bond upon each exchange or transfer, and any other expenses of the Bond Registrar incurred in connection therewith, which sum or sums shall be paid by the Issuer. The Bond Registrar shall not be obliged to make any such exchange or transfer of Series 2001 Bonds during the period commencing on the 15th day of the month next preceding an interest payment date on the Series 2001 Bonds or, in the case of any proposed redemption of Series 2001 Bonds, next preceding the date of the selection of Bonds to be redeemed, and ending on such interest payment date or redemption date.

Section 3.06. Bonds Mutilated, Destroyed, Stolen or Lost. In case any Series 2001 Bond shall become mutilated or be destroyed, stolen or lost, the Issuer may, in its discretion, issue, and the Bond Registrar shall, if so advised by the Issuer, authenticate and deliver, a new Bond of the same series and of like tenor as the Bonds so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond, upon surrender and cancellation of such mutilated Bond, or in lieu of and substitution for the Bond destroyed, stolen or lost, and upon the Holder's furnishing satisfactory indemnity and complying with such other reasonable regulations and conditions as the Issuer may prescribe and paying such expenses as the Issuer and the Bond Registrar may incur. All Bonds so surrendered shall be cancelled by the Bond Registrar and held for the account of the Issuer. If any such Bond shall have matured or be about to mature, instead of issuing a substitute Bond, the Issuer may pay the same, upon being indemnified as aforesaid, and if such Bond be lost, stolen or destroyed, without surrender thereof.

Section 3.07. Bonds not to be Indebtedness of the Issuer. The Series 2001 Bonds shall not, in any event, be or constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provision or limitation, but shall be payable solely from the Net Revenues derived from the operation of the System as herein provided. No holder or holders of the Series 2001 Bonds shall ever have the right to compel the

exercise of the taxing power of the Issuer to pay the Series 2001 Bonds or the interest, if any, thereon.

Section 3.08. Bonds Secured by Pledge of Net Revenues; Lien Position with respect to Prior Bonds. The payment of the debt service on the Series 2001 Bonds shall be secured by a first lien on the Net Revenues derived from the System, on a parity with the lien on the Net Revenues in favor of the Holders of the Prior Bonds. The Net Revenues in an amount sufficient to pay the principal of and interest, if any, on and other payments for the Series 2001 Bonds and the Prior 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 2001 Bonds to the Bond Registrar, and the Bond Registrar shall authenticate, register and deliver the Series 2001 Bonds to the original purchasers upon receipt of the documents set forth below:

A. If other than the Authority, a list of the names in which the Series 2001 Bonds are to be registered upon original issuance, together with such taxpayer identification and other information as the Bond Registrar may reasonably require;

B. A request and authorization to the Bond Registrar on behalf of the Issuer, signed by an Authorized Officer, to authenticate and deliver the Series 2001 Bonds to the original purchasers;

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

D. An executed copy of the Loan Agreement; and

E. The unqualified approving opinion of bond counsel on the Series 2001 Bonds.

Section 3.10. Form of Bonds. The text of the Series 2001 Bonds shall be in substantially the following form, with such omissions, insertions and variations as may be necessary and desirable and authorized or permitted hereby, or by any Supplemental Resolution adopted prior to the issuance thereof:

(FORM OF BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE CITY OF KINGWOOD
SEWER REVENUE BOND,
SERIES 2001
(WEST VIRGINIA SRF PROGRAM)

No. R-____ $_____

KNOW ALL MEN BY THESE PRESENTS: That THE CITY OF KINGWOOD, a municipal corporation and political subdivision of the State of West Virginia in Preston 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, _____, 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, _____, 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 Loan Agreement by and among the Issuer, the Authority and the DEP, dated _____, 2001.

This Bond is issued (i) to pay the costs of acquisition and construction of certain additions, betterments and improvements to the existing public sewerage system of the Issuer (the "Project"); (ii) to fund a reserve account for the Bonds of this Series (the "Bonds"); and (iii) to pay certain costs of issuance of the Bonds and related costs. The existing public

sewerage system of the Issuer, the Project, and any further additions, betterments or improvements thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13 and Chapter 22C, Article 2 of the West Virginia Code of 1931, as amended (collectively, the "Act"), a Bond Ordinance duly enacted by the Issuer on _____, 2001, and a Supplemental Resolution duly adopted by the Issuer on _____, 2001 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S SEWER REVENUE BONDS, SERIES 1986 B, DATED MARCH 26, 1986, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $850,860 (THE "SERIES 1986 B BONDS"), AND SEWER REFUNDING REVENUE BONDS, SERIES 1997 A , DATED NOVEMBER 1, 1997, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,130,000 (THE "SERIES 1997 A BONDS"). THE SERIES 1986 B BONDS AND THE SERIES 1997 A BONDS ARE HEREINAFTER COLLECTIVELY REFERRED TO AS THE "PRIOR BONDS".

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Net Revenues in favor of the Holders of the Prior Bonds, and from moneys in the Reserve Account created under the Bond Legislation for the Bonds (the "Series 2001 Bonds Reserve Account"), and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest, if any, hereon, except from said special fund provided from the Net Revenues, the moneys in the Series 2001 Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest on the Bonds, and all other obligations secured by a lien on or payable from such revenues on a parity with the Bonds, including the Prior Bonds; provided however, that so long as there exists in the Series 2001

Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest, if any, which will become due on the Bonds in the then current or succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with the Bonds, including 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 (as defined in the Bond Legislation) by the registered owner, or by its attorney duly authorized in writing, upon the surrender of this Bond, together with a written instrument of transfer satisfactory to the Registrar, duly executed by the registered owner or its attorney duly authorized in writing.

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

All money received from the sale of this Bond, after reimbursement and repayment of all amounts advanced for preliminary expenses as provided by law and the Bond Legislation, shall be applied solely to payment of the costs of the Project and costs of issuance described in the Bond Legislation, and there shall be and hereby is created and granted a lien upon such 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 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 KINGWOOD has caused this Bond to be signed by its Mayor and its corporate seal to be hereunto affixed and attested by its Recorder, and has caused this Bond to be dated _____, 2001.

[SEAL]

_____
Mayor

ATTEST:

_____
Recorder

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2001 Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: _____, 2001.

BRANCH BANKING AND TRUST COMPANY
as Registrar

_____
Authorized Officer

(Form of)

EXHIBIT A

RECORD OF ADVANCES

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

TOTAL $_____

EXHIBIT B

DEBT SERVICE SCHEDULE

(Form of)

ASSIGNMENT

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

_____

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

Dated: _____, _____.

_____

In the presence of:

_____

Section 3.11. Sale of Bonds; Approval and Ratification of Execution of Loan Agreement. The Series 2001 Bonds shall be sold to the Authority, pursuant to the terms and conditions of the Loan Agreement. The Loan Agreement, including all schedules and exhibits attached hereto, is hereby approved. If not so authorized by previous ordinance or resolution, the Mayor is specifically authorized and directed to execute the Loan Agreement in the form attached hereto as "Exhibit A" and made a part hereof, and the Recorder is directed to affix the seal of the Issuer, attest the same and deliver the Loan Agreement to the Authority, and any such prior execution and delivery is hereby authorized, approved, ratified and confirmed.

Section 3.12. "Amended Schedule A" Filing. Within 60 days following the Completion Date, the Issuer will file with the Authority and the DEP a schedule the form of the which will be provided by the DEP, setting forth the actual costs of the Project and sources of funds therefor.

ARTICLE IV

[RESERVED]

ARTICLE V

FUNDS AND ACCOUNTS; SYSTEM REVENUES AND APPLICATION THEREOF

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

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

(2) Operation and Maintenance Fund (established by the Prior Ordinances);

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

(4) Series 2001 Bonds Construction Trust Fund.

Section 5.02. Establishment of Funds and Accounts with Commission. The following special funds or accounts are hereby created with (or continued if previously established by the Prior Ordinances) and shall be held by the Commission, separate and apart from all other funds or accounts of the Commission or the Issuer and from each other:

(1) Series 1986 B Bonds Sinking Fund (established by the Prior Ordinances);

(2) Within the Series 1986 B Bonds Sinking Fund, the Series 1986 B Bonds Reserve Account (established by the Prior Ordinances);

(3) Series 1997 A Bonds Sinking Fund (established by the Prior Ordinances);

(4) Within the Series 1997 A Bonds Sinking Fund, the Series 1997 A Bonds Reserve Account (established by the Prior Ordinances);

(5) Within the Series 1997 A Bonds Sinking Fund, the Series 1997 A Bonds Redemption Account (established by the Prior Ordinances);

(6) Series 2001 Bond Sinking Fund; and

(7) Within the Series 2001 Bonds Sinking Fund, the Series 2001 Bonds Reserve Account.

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

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

(2) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and remit to the Commission for deposit in the Series 1997 A Bonds Sinking Fund, the amount required by the Prior Ordinances to pay the interest on the Series 1997 A Bonds.

(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 1986 B Bonds Sinking Fund, the amount required by the Prior Ordinances to pay the principal of the Series 1986 B Bonds; (ii) for deposit in the Series 1997 A Bonds Sinking Fund, the amount required by the Prior Ordinances to pay the principal of the Series 1997 A Bonds; and (iii) commencing 3 months prior to the first date of payment of principal of the Series 2001 Bonds, for deposit in the Series 2001 Bonds Sinking Fund, an amount equal to 1/3rd of the amount of principal which will mature and become due on the Series 2001 Bonds on the next ensuing quarterly principal payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 2001 Bonds Sinking Fund and the next quarterly principal payment date is less than 3 months, then such monthly payments shall be increased proportionately to provide, 1 month prior to the next quarterly principal payment date, the required amount of principal coming due on such date.

(4) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the Commission (i) for deposit in the Series 1986 B Bonds Reserve Account, the amount required by the Prior Ordinances; (ii) for deposit in the Series 1997 A Bonds Reserve Account, the

amount required by the Prior Ordinances; and (iii) commencing 3 months prior to the first date of payment of principal of the Series 2001 Bonds, if not fully funded upon issuance of the Series 2001 Bonds, for deposit in the Series 2001 Bonds Reserve Account, an amount equal to 1/120th of the Series 2001 Bonds Reserve Account Requirement; provided that, no further payments shall be made into the Series 2001 Bonds Reserve Account when there shall have been deposited therein, and as long as there shall remain on deposit therein, an amount equal to the Series 2001 Bonds Reserve Account Requirement.

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

Moneys in the Series 2001 Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest, if any, on the Series 2001 Bonds as the same shall become due. Moneys in the Series 2001 Bonds Reserve Account shall be used only for the purposes of paying principal of and interest, if any, on the Series 2001 Bonds as the same shall come due, when other moneys in the Series 2001 Bonds Sinking Fund are insufficient therefor, and for no other purpose.

All investment earnings on moneys in the Series 2001 Bonds Sinking Fund and the Series 2001 Bonds Reserve Account shall be returned, not less than once each year, by the Commission to the Issuer, and such amounts shall, during construction of the Project, be deposited in the Series 2001 Bonds Construction Trust Fund, and following completion of construction of the Project, shall be deposited in the Revenue Fund and applied in full, first to the next ensuing interest payment due on the Series 2001 Bonds and then to the next ensuing principal payment due thereon.

Any withdrawals from the Series 2001 Bonds Reserve Account which result in a reduction in the balance of the Series 2001 Bonds Reserve Account to below the

Series 2001 Bonds Reserve Requirement shall be subsequently restored from the first Net Revenues available after all required payments have been made in full in the priority as set forth above.

As and when additional Bonds ranking on a parity with the Series 2001 Bonds are issued, provision shall be made for additional payments into the respective sinking fund sufficient to pay the interest on such additional parity Bonds and accomplish retirement thereof at maturity and to accumulate a balance in the respective reserve account in an amount equal to the requirement therefor.

The Issuer shall not be required to make any further payments into the Series 2001 Bonds Sinking Fund or the Series 2001 Bonds Reserve Account when the aggregate amount of funds therein are at least equal to the aggregate principal amount of the Series 2001 Bonds issued pursuant to this Bond Legislation then Outstanding and all interest to accrue until the maturity thereof.

Principal, interest or reserve payments, whether made for a deficiency or otherwise, shall be made on a parity and pro rata, with respect to the Prior Bonds and Series 2001 Bonds, in accordance with the respective principal amounts then Outstanding.

The Commission is hereby designated as the fiscal agent for the administration of the Series 2001 Bonds Sinking Fund and the Series 2001 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.

Moneys in the Series 2001 Bonds Sinking Fund and the Series 2001 Bonds Reserve Account shall be invested and reinvested by the Commission in accordance with Section 8.01 hereof.

The Series 2001 Bonds Sinking Fund and the Series 2001 Bonds Reserve Account shall be used solely and only for, and are hereby pledged for, the purpose of servicing the Series 2001 Bonds under the conditions and restrictions set forth herein.

B. The Issuer shall on the first day of each month (if the first day is not a business day, then the first business day of each month) deposit with the Commission the required principal, interest and reserve payments with respect to the Series 2001 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 Loan Agreement.

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

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

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

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

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

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

ARTICLE VI

BOND PROCEEDS; CONSTRUCTION DISBURSEMENTS

Section 6.01. Application of Bond Proceeds; Pledge of Unexpended Bond Proceeds. From the moneys received from the sale of any or all of the Series 2001 Bonds, the following amounts shall be first deducted and deposited in the order set forth below:

A. From the proceeds of the Series 2001 Bonds, there shall first be deposited with the Commission in the Series 2001 Bonds Sinking Fund, the amount, if any, set forth in the Supplemental Resolution as capitalized interest; provided, that such amount may not exceed the amount necessary to pay interest on the Series 2001 Bonds for the period commencing on the date of issuance of the Series 2001 Bonds and ending 6 months after the estimated date of completion of construction of the Project.

B. Next, from the proceeds of the Series 2001 Bonds, there shall be deposited with the Commission in the Series 2001 Bonds Reserve Account, the amount, if any, set forth in the Supplemental Resolution for funding of the Series 2001 Bonds Reserve Account.

C. As the Issuer receives advances of the remaining moneys derived from the sale of the Series 2001 Bonds, such moneys shall be deposited with the Depository Bank in the Series 2001 Bonds Construction Trust Fund and applied solely to payment of the costs of the Project in the manner set forth in Section 6.02 hereof and, until so expended, are hereby pledged as additional security for the Series 2001 Bonds.

D. After completion of construction of the Project, as certified by the Consulting Engineers, and all costs have been paid, any remaining proceeds of the Series 2001 Bonds shall be expended as approved by the DEP.

Section 6.02. Disbursements From the Bond Construction Trust Fund. 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 2001 Bonds will be expended and the disbursement procedures for such proceeds, including an estimated monthly draw schedule. Payments for Costs of the Project shall be made monthly.

Except as provided in Section 6.01 hereof, disbursements from the Series 2001 Bonds Construction Trust Fund shall be made only after submission to, and approval from, the Authority and the DEP of the following:

(1) a completed and signed "Payment Requisition Form," a form of which is attached to the Loan Agreement as Exhibit C, in compliance with the construction schedule and

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

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

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

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

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

Pending such application, moneys in the Series 2001 Bonds Construction Trust Fund, including any accounts therein, shall be invested and reinvested in Qualified Investments at the written direction of the Issuer.

ARTICLE VII

ADDITIONAL COVENANTS OF THE ISSUER

Section 7.01. General Covenants of the Issuer. All the covenants, agreements and provisions of this Bond Legislation shall be and constitute valid and legally binding covenants of the Issuer and shall be enforceable in any court of competent jurisdiction by any Holder or Holders of the Series 2001 Bonds. In addition to the other covenants, agreements and provisions of this Bond Legislation, the Issuer hereby covenants and agrees with the Holders of the Series 2001 Bonds as hereinafter provided in this Article VII. All such covenants, agreements and provisions shall be irrevocable, except as provided herein, as long as any of the Series 2001 Bonds or the interest, if any, thereon is Outstanding and unpaid.

Section 7.02. Bonds not to be Indebtedness of the Issuer. The Series 2001 Bonds shall not be nor constitute a corporate indebtedness of the Issuer within the meaning of any constitutional, statutory or charter limitation of indebtedness, but shall be payable solely from the funds pledged for such payment by this Bond Legislation. No Holder or Holders of the Series 2001 Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Series 2001 Bonds or the interest, if any, thereon.

Section 7.03. Bonds Secured by Pledge of Net Revenues; Lien Position with respect to Prior Bonds. The payment of the debt service on the Series 2001 Bonds shall be secured by a first lien on the Net Revenues derived from the System, on a parity with the lien on the Net Revenues in favor of the Holders of the Prior Bonds. The Net Revenues in an amount sufficient to pay the principal of and interest, if any, on the Series 2001 Bonds and the Prior Bonds and to make the payments into all funds and accounts and all other payments provided for in the Bond Legislation are hereby irrevocably pledged, in the manner provided herein, to such payments as they become due, and for the other purposes provided in the Bond Legislation.

Section 7.04. Initial Schedule of Rates and Charges. The Issuer has obtained any and all approvals of rates and charges required by State law and has taken any other action required to establish and impose such rates and charges , with all requisite appeal periods having expired without successful appeal. Such rates and charges shall be sufficient to comply with the requirements of the Loan Agreement. The initial schedule of rates and charges for the services of the facilities of the System shall be as set forth in the sewer rate ordinance of the Issuer enacted March 21, 2000, which rates are incorporated herein by reference as a part hereof.

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

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

So long as the Series 2001 Bonds are outstanding and except as otherwise required by law or with the written consent of the Authority and the DEP, the System may not be sold, mortgaged, leased or otherwise disposed of except as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to fully pay all the Bonds Outstanding, in accordance with Article X hereof. The proceeds from any such sale, mortgage, lease or other disposition of the System shall, with respect to the Series 2001 Bonds, immediately be remitted to the Commission for deposit in the Series 2001 Bonds Sinking Fund, and, with the written permission of the Authority, or in the event the Authority is no longer a Bondholder, the Issuer shall direct the Commission to apply such proceeds to the payment of principal of and interest, if any, on the Series 2001 Bonds. Any balance remaining after the payment of the Series 2001 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 is not in excess of $10,000, the Issuer shall, by resolution duly adopted, determine that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof, and may then provide for the sale of such property. The proceeds of any such sale shall be deposited in the Renewal and Replacement Fund. If the amount to be received from such sale, lease or other disposition of said property shall be in excess of $10,000 but not in excess of $50,000, the Issuer shall first, in writing, determine upon consultation with the Consulting Engineers that such property comprising a part of the System is no longer

necessary, useful or profitable in the operation thereof, and may then, if it be so advised, by resolution duly adopted, authorize such sale, lease or other disposition of such property in accordance with the laws of the State. The proceeds derived from any such sale, lease or other disposition of such property, in excess of $10,000 and not in excess of $50,000, shall be remitted by the Issuer to the Commission for deposit in the Sinking Funds 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. Such payments of such proceeds into the Renewal and Replacement Fund or the Sinking Funds shall not reduce the amounts required to be paid into said funds by other provisions of the Prior Ordinances and this Bond Legislation.

No sale, lease or other disposition of the properties of the System shall be made by the Issuer if the proceeds to be derived therefrom shall be in excess of $50,000 and insufficient to pay all Bonds then Outstanding without the prior approval and consent in writing of the Holders of the Series 2001 Bonds then Outstanding. The Issuer shall prepare the form of such approval and consent for execution by the then Holders of the Series 2001 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 2001 Bonds. All obligations issued by the Issuer after the issuance of the Series 2001 Bonds and payable from the revenues of the System, except such additional parity Bonds, shall contain an express statement that such obligations are junior and subordinate, as to lien on and source of and security for payment from such revenues and in all other respects, to the Series 2001 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 2001 Bonds, and the interest, if any, thereon, upon any of the income and revenues of the System pledged for payment of the Series 2001 Bonds and the interest, if any, thereon in this Bond Legislation, or upon the System or any part thereof.

The Issuer shall give the Authority and the DEP prior written notice of its issuance of any other obligations to be used for the System, payable from the revenues of the

System or from any grants for the Project, or any other obligations related to the Project or the System.

Section 7.07. Additional Parity Bonds. So long as the Prior Bonds are outstanding, the limitations on the issuance of parity obligations set forth in the Prior Ordinances shall be applicable. In addition, no additional parity Bonds, as in this section defined, payable out of the revenues of the System, shall be issued after the issuance of the Series 2001 Bonds pursuant to this Ordinance, without the prior written consent of the Authority and the DEP and without complying with the conditions and requirements herein provided (unless less restrictive than the provisions of the Prior Ordinances).

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

No such additional parity Bonds shall be issued at any time, however, unless and until there has been procured and filed with the Recorder a written statement by Independent Accountants, reciting the conclusion that the Net Revenues actually derived, subject to the adjustments herein provided for, from the System during any 12 consecutive months in 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, shall be not less than 115% of the largest aggregate amount that will mature and become due in any succeeding Fiscal Year for principal and interest on the following:

(1) The Prior Bonds and the Series 2001 Bonds then Outstanding;

(2) Any additional parity Bonds theretofore issued pursuant to the provisions contained in the Prior Ordinances 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 (a) the improvements to be financed by such additional parity Bonds and (b) any increase in rates enacted by the Issuer, the time for appeal of which shall have expired (without successful appeal) prior to the date of issuance of such additional parity Bonds and shall not exceed the

amount to be stated in a certificate of the Independent Accountants, which shall be filed in the office of the Recorder of the Issuer prior to the issuance of such additional parity Bonds.

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

Not later than simultaneously with the delivery of such Parity Bonds, the Issuer shall have entered into written contracts for the immediate acquisition and construction of such additions, extensions, betterments or improvements to the System which are to be financed by such parity Bonds.

The term "additional parity Bonds," as used in this section, shall be deemed to mean additional Bonds issued under the provisions and within the limitations of this section, and the Prior Ordinances, payable from the Net Revenues of the System on a parity with the Prior Bonds and the Series 2001 Bonds, and all the covenants and other provisions of the Prior Ordinances and this Bond Legislation (except as to details of such additional parity Bonds inconsistent herewith) shall be for the equal benefit, protection and security of the Holders of the Prior Bonds and the Series 2001 Bonds and the Holders of any additional parity Bonds theretofore or subsequently issued from time to time within the limitations of and in compliance with this section. All the Bonds, regardless of the time or times of their issuance, shall rank equally with respect to their lien on the Net Revenues of the System, and their source of and security for payment from said Net Revenues, without preference of any Bond over any other. The Issuer shall comply fully with all the increased payments into the various funds and accounts created in the Prior Ordinances and this Bond Legislation required for and on account of such additional parity Bonds, in addition to the payments required for Bonds theretofore issued pursuant to the Prior Ordinances and this Bond Legislation.

The term "additional parity Bonds," as used in this section, shall not be deemed to include bonds, notes, certificates or other obligations subsequently issued, the lien on the revenues of the System of which is subject to the prior and superior lien of the Bonds on such revenues. Any such subordinate bonds, notes, certificates or other obligations shall be payable from the Net Revenues remaining after all payments required to be made in accordance with the Prior Ordinances and this Bond Legislation have first been paid. The Issuer shall not issue any obligations whatsoever payable from the revenues of the System, or any part thereof, which rank prior to or equally, as to lien and source of and security for payment from such revenues, with the Prior Bonds and the Series 2001 Bonds except in the manner and under the conditions provided in this section.

No additional parity Bonds, as in this section defined, shall be issued at any time, however, unless all of the payments into the respective funds and accounts provided for in the Prior Ordinances and this Bond Legislation on account of the Prior Bonds and the Series 2001 Bonds then Outstanding, and any other payments provided for in the Prior Ordinances and this Bond Legislation, shall have been made in full as required to the date of issuance of the additional parity Bonds and the Issuer is then in full compliance with all the covenants, agreements and terms of this Bond Legislation and the Prior Ordinances and every ordinance supplemental thereto, or shall have fully corrected any delinquency or deficiency in such payments.

Section 7.08. Books; Records and Audit. The Issuer shall keep complete and accurate records of the cost of acquiring the Project site and the costs of acquiring, constructing and installing the Project. The Issuer shall permit the Authority and the 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 and the DEP such documents and information as they may reasonably require in connection with the acquisition, construction and installation of the Project, the operation and maintenance of the System and the administration of the loan or any grants or other sources of financing for the Project.

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

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

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

The Issuer shall file with the Authority and the DEP, or any other original purchaser of the Series 2001 Bonds, and shall mail in each year to any Holder or Holders of the Series 2001 Bonds, requesting the same, an annual report containing the following:

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

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

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

The Issuer shall also, at least once a year, cause the books, records and accounts of the System to be audited by Independent Accountants 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 Accountants, or a summary thereof, to any Holder or Holders of the Series 2001 Bonds and shall submit the report to the Authority and the DEP, or any other original purchaser of the Series 2001 Bonds. Such audit report submitted to the Authority and the DEP shall include a statement that the Issuer is in compliance with the terms and provisions of the Act, the Loan Agreement and this Bond Legislation and that the revenues of the System are adequate to meet the Issuer's Operating Expenses and debt service and reserve requirements.

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

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

The Issuer shall permit the Authority or the DEP, or their agents and representatives, to enter and inspect the Project site and Project facilities at all reasonable times. Prior to, during and after completion of construction and commencement of operation of the Project, the Issuer shall also provide the Authority and the DEP, or their agents and

representatives, with access to the System site and System facilities as may be reasonably necessary to accomplish all of the powers and rights of the Authority and the DEP with respect to the System pursuant to the Act.

Section 7.09. Rates. Prior to the issuance of the Series 2001 Bonds, rates or charges for the use of the services and facilities of the System will be fixed and established, all in the manner and form required by law, and a copy of such rates and charges so fixed and established shall at all times be kept on file in the office of the Recorder of the Issuer, which copy will be open to inspection by all interested parties. The schedule or schedules of rates and charges shall at all times be adequate to produce Gross Revenues from the System sufficient to pay Operating Expenses and to make the prescribed payments into the funds and accounts created hereunder. Such schedule or schedules of rates and charges shall be revised from time to time, whenever necessary, so that the aggregate of the rates and charges will be sufficient for such purposes. In order to assure full and continuous performance of this covenant with a margin for contingencies and temporary unanticipated reduction in income and revenues, the Issuer hereby covenants and agrees that the schedule or schedules of rates or charges from time to time in effect shall be sufficient, together with other revenues of the System, (i) to provide for all Operating Expenses of the System and (ii) to leave a balance each year equal to at least 115% of the maximum amount required in any year for payment of principal of and interest, if any, on the Series 2001 Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2001 Bonds, including the Prior Bonds; provided that, in the event that amounts equal to or in excess of the reserve requirement are on deposit respectively in the Series 2001 Bonds Reserve Account and reserve accounts for obligations on a parity with the Series 2001 Bonds, including the Prior Bonds, are funded at least at the requirement therefor, such balance each year need only equal at least 110% of the maximum amount required in any year for payment of principal of and interest, if any, on the Series 2001 Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2001 Bonds, including the Prior Bonds. In any event, the Issuer shall not reduce the rates or charges for services set forth in the rate ordinance currently in effect.

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

Section 7.10. Operating Budget and Monthly Financial Report. The Issuer shall annually, at least 45 days preceding the beginning of each Fiscal Year, prepare and adopt by resolution a detailed, balanced budget of the estimated revenues and expenditures for operation and maintenance of the System during the succeeding Fiscal Year

and shall submit a copy of such budget to the Authority and the 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 DEP and to any Holder of any Bonds who shall file his or her address with the Issuer and request in writing that copies of all such budgets and resolutions be furnished him or her and shall make available such budgets and all resolutions authorizing increased expenditures for operation and maintenance of the System at all reasonable times to any Holder of any Bonds or anyone acting for and in behalf of such Holder of any Bonds.

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 as Exhibit B, and forward a copy of such report to the Authority and the DEP by the 10th day of each month.

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

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

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

The Issuer shall require the Consulting Engineers to submit the final Operation and Maintenance Manual, as defined in the SRF Regulations, to the DEP when the Project is 90% completed.

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

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

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

Whenever any fees, rates, rentals or other charges for the services and facilities of the System shall remain unpaid for a period of 30 days after the same shall become due and payable, the property and the owner thereof, as well as the user of the services and facilities, shall be delinquent until such time as all such rates and charges are fully paid. To the extent authorized by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, rates, rentals and other charges, if not paid, when due, shall become a lien on the premises served by the System. The Issuer further covenants and agrees that, it will, to the full extent permitted by law and the rules and regulations promulgated by the Public Service Commission of West Virginia, discontinue and shut off the services of the System, 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 7.14. 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 2001 Bonds remain Outstanding, the Issuer will, as an Operating Expense, procure, carry and maintain insurance with a reputable insurance carrier or carriers as is customarily covered with respect to works and properties similar to the System. Such insurance shall initially cover the following risks and be in the following amounts:

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

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

(3) WORKER'S COMPENSATION COVERAGE FOR ALL EMPLOYEES OF OR FOR THE SYSTEM ELIGIBLE THEREFOR; AND PERFORMANCE AND PAYMENT OR COMPLETION BONDS, such bonds to be in the amounts of not less than 100% of the amount of any construction contract and to be required of each contractor dealing directly with the Issuer and such payment bonds will be filed with the Clerk of the County Commission of the County in which such work is to be performed prior to commencement of construction of any additions, extensions or improvements for the System in compliance with West Virginia Code, Section 38-2-39.

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

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

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

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

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

requires, such insurance shall be made payable to the order of the Authority, the Issuer, the prime contractor and all subcontractors, as their interests may appear.

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

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

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

The Issuer has obtained all permits required by state and federal laws for the acquisition and construction of the Project, all orders and approvals from the Public Service Commission of West Virginia and the West Virginia Infrastructure and Jobs Development Council necessary for the acquisition and construction of the Project and the operation of the System and all approvals for the issuance of the Series 2001 Bonds required by State law, with all appeal periods having expired without successful appeal.

Section 7.18. Compliance with Loan Agreement and Law. The Issuer shall perform, satisfy and comply with all the terms and conditions of the Loan Agreement and the Act. Notwithstanding anything herein to the contrary, the Issuer will provide the 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 or other state, federal or local bodies in regard to the acquisition and construction of the Project and the operation, maintenance and use of the System.

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

A. PRIVATE BUSINESS USE LIMITATION. The Issuer shall assure that (i) not in excess of 10% of the Net Proceeds of the Series 2001 Bonds are used for Private Business Use if, in addition, the payment of more than 10% of the principal or 10% of the interest due on the Series 2001 Bonds during the term thereof is, under the terms of the Series 2001 Bonds or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for a Private Business Use or in payments in respect of property used or to be used for a Private Business Use or is to be derived from payments, whether or not to the Issuer, in respect of property or borrowed money used or to be used for a Private Business Use; and (ii) and that, in the event that both (A) in excess of 5% of the Net Proceeds of the Series 2001 Bonds are used for a Private Business Use, and (B) an amount in excess of 5% of the principal or 5% of the interest due on the Series 2001 Bonds during the term thereof is, under the terms of the Series 2001 Bonds or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for said Private Business Use or in payments in respect of property used or to be used for said Private Business Use or is to be derived from payments, whether or not to the Issuer, in respect of property or borrowed money used or to be used for said Private Business Use, then said excess over said 5% of Net Proceeds of the Series 2001 Bonds used for a Private Business Use shall be used for a Private Business Use related to the governmental use of the Project, or if the Series 2001 Bonds are for the purpose of financing more than one project, a portion of the Project, and shall not exceed the proceeds used for the governmental use of that portion of the Project to which such Private Business Use is related, all of the foregoing to be determined in accordance with the Code.

B. PRIVATE LOAN LIMITATION. The Issuer shall assure that not in excess of the lesser of 5% or $5,000,000 of the Net Proceeds of the Series 2001 Bonds are used, directly or indirectly, to make or finance a loan (other than loans constituting Nonpurpose Investments) to persons other than state or local government units.

C. FEDERAL GUARANTEE PROHIBITION. The Issuer shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause the Series 2001 Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Code.

D. INFORMATION RETURN. The Issuer will file all statements, instruments and returns necessary to assure the tax-exempt status of the Series 2001 Bonds

and the interest thereon, including, without limitation, the information return required under Section 149(e) of the Code.

E. FURTHER ACTIONS. The Issuer will take any and all actions that may be required of it (including, without limitation, those deemed necessary by the Authority) so that the interest on the Series 2001 Bonds will be and remain excludable from gross income for federal income tax purposes, and will not take any actions, or fail to take any actions (including, without limitation, those deemed necessary by the Authority), the result of which would adversely affect such exclusion.

Section 7.20. Securities 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 2001 Bonds or immediately thereafter, enter into written contracts for the immediate acquisition or construction of the Project.

B. The Issuer shall submit all proposed change orders to the DEP for written approval. The Issuer shall obtain the written approval of the DEP before expending any proceeds of the Series 2001 Bonds held in "contingency" as set forth in the schedule attached to the certificate of the Consulting Engineer. The Issuer shall also obtain the written approval of the DEP before expending any proceeds of the Series 2001 Bonds made available due to bid or construction or project underruns.

C. The Issuer shall list the funding as being provided by 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.

ARTICLE VIII

INVESTMENT OF FUNDS

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

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

The Depository Bank shall keep complete and accurate records of all funds, accounts and investments, and shall distribute to the Issuer, at least once each year, or more often as reasonably requested by the Issuer, a summary of such funds, accounts and investment earnings. The Issuer shall retain all such records and any additional records with respect to such funds, accounts and investment earnings so long as any of the Series 2001 Bonds are Outstanding and as long thereafter as necessary to assure the exclusion of interest, if any, on the Series 2001 Bonds from gross income for federal income tax purposes.

Section 8.02. 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 2001 Bonds as a condition to issuance of the Series 2001 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 2001 Bonds as may be necessary in order to maintain the status of the Series 2001 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 2001 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 West Virginia Infrastructure and Jobs Development Council or the DEP, as the case may be, from which the proceeds of the Series 2001 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 West Virginia Infrastructure and Jobs Development Council or the DEP, to ensure compliance with the covenants and agreements set forth in this Section, regardless of whether such actions may be contrary to any of the provisions of this Bond Legislation.

The Issuer shall annually furnish to the Authority information with respect to the Issuer's use of the proceeds of the Series 2001 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 2001 Bonds:

(1) If default occurs in the due and punctual payment of the principal of or interest, if any, on any Series 2001 Bonds; or

(2) If default occurs in the Issuer's observance of any of the covenants, agreements or conditions on its part relating to the Series 2001 Bonds set forth in this Bond Legislation, any supplemental resolution or in the Series 2001 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 Ordinances.

Section 9.02. Remedies. Upon the happening and continuance of any Event of Default, any Registered Owner of a Bond may exercise any available remedy and bring any appropriate action, suit or proceeding to enforce his or her rights and, in particular, (i) bring suit for any unpaid principal or interest then due, (ii) by mandamus or other appropriate proceeding enforce all rights of such Registered Owners including the right to require the Issuer to perform its duties under the Act and the Bond Legislation relating thereto, including but not limited to the making and collection of sufficient rates or charges for services rendered by the System, (iii) bring suit upon the Bonds; (iv) by action at law or bill in equity require the Issuer to account as if it were the trustee of an express trust for the Registered Owners of the Bonds, and (v) by action or bill in equity enjoin any acts in violation of the Bond Legislation with respect to the Bonds, or the rights of such Registered Owners; provided that, all rights and remedies of the Holders of the Series 2001 Bonds shall be on a parity with the Prior Bonds.

Section 9.03. Appointment of Receiver. Any Registered Owner of a Bond may, by proper legal action, compel the performance of the duties of the Issuer under the

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

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

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

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

Any receiver appointed as provided herein shall hold and operate the System in the name of the Issuer and for the joint protection and benefit of the Issuer and Registered Owners of the Bonds. Such receiver shall have no power to sell, assign, mortgage or otherwise dispose of any assets of any kind or character belonging or pertaining to the System, but the authority of such receiver shall be limited to the completion of the Project and the possession, operation and maintenance of the System for the sole purpose of the

protection of both the Issuer and Registered Owners of such Bonds and the curing and making good of any Event of Default with respect thereto under the provisions of this Bond Legislation, and the title to and ownership of said System shall remain in the Issuer, and no court shall have any jurisdiction to enter any order or decree permitting or requiring such receiver to sell, assign, mortgage or otherwise dispose of any assets of the System.

ARTICLE X

PAYMENT OF BONDS

Section 10.01. Payment of Bonds. If the Issuer shall pay or there shall otherwise be paid, to the Holders of the Series 2001 Bonds, the principal of and interest due or to become due thereon, if any, at the times and in the manner stipulated therein and in this Bond Legislation, then the pledge of 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 2001 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 2001 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 2001 Bonds, this Ordinance may be amended or supplemented in any way by the Supplemental Resolution. Following issuance of the Series 2001 Bonds, no material modification or amendment of this Ordinance, or of any ordinance, resolution or order amendatory or supplemental hereto, that would materially and adversely affect the rights of Registered Owners of the Series 2001 Bonds shall be made without the consent in writing of the Registered Owners of the Series 2001 Bonds so affected and then Outstanding; provided, that no change shall be made in the maturity of the Series 2001 Bonds or the rate of interest thereon, or in the principal amount thereof, or affecting the unconditional promise of the Issuer to pay such principal and interest out of the funds herein pledged therefor without the consent of the Registered Owner thereof. No amendment or modification shall be made that would reduce the percentage of the principal amount of the Series 2001 Bonds required for consent to the above-permitted amendments or modifications. Notwithstanding the foregoing, this Bond Legislation may be amended without the consent of any Bondholder as may be necessary to assure compliance with Section 148(f) of the Code relating to rebate requirements or otherwise as may be necessary to assure the excludability of interest on the Series 2001 Bonds from gross income of the holders thereof.

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

Section 11.03. Severability of Invalid Provisions. If any section, paragraph, clause or provision of this Ordinance should be held invalid by any court of competent jurisdiction, the invalidity of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Ordinance, the Supplemental Resolution or the Series 2001 Bonds.

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

Section 11.05. Conflicting Provisions Repealed; Prior Ordinances. All ordinances, orders or resolutions and or parts thereof in conflict with the provisions of this Ordinance are, to the extent of such conflict, hereby repealed, provided that, in the event of any conflict between this Ordinance and the Prior Ordinances, the Prior Ordinances shall

control (unless less restrictive), so long as the Prior Bonds or any portion thereof are Outstanding.

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

Section 11.07. Effective Date. This Ordinance shall take effect immediately following 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 Preston County Journal and the Preston County News, two newspapers published and of general circulation in The City of Kingwood, together with a notice stating that this Ordinance has been adopted and that the Issuer contemplates the issuance of the Bonds, and that any person interested may appear before the Governing Body upon a date certain, not less than ten days subsequent to the date of the first publication of such abstract of this Ordinance and notice, and present protests, and that a certified copy of this Ordinance is on file with the Governing Body for review by interested persons during office hours of the Governing Body. At such hearing, all objections and suggestions shall be heard and the Governing Body shall take such action as it shall deem proper in the premises.

Passed on First Reading:	August 28, 2001
Passed on Second Reading:	September 11, 2001
Passed on Final Reading Following Public Hearing:	September 25, 2001

Mayor

CERTIFICATION

Certified a true copy of an Ordinance duly enacted by the Council of THE CITY OF KINGWOOD on the 25th day of September, 2001.

Dated: December 20, 2001.

[SEAL]

Franklin P. Ryan
Recorder

11/28/01
485090.00002

EXHIBIT A

Loan Agreement included in bond transcript as Document No. 3

THE CITY OF KINGWOOD

Sewer Revenue Bonds, Series 2001
(West Virginia SRF Program)

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNT, DATE, MATURITY DATE, REDEMPTION PROVISION, INTEREST RATE, INTEREST AND PRINCIPAL PAYMENT DATES, SALE PRICE AND OTHER TERMS OF THE SEWER REVENUE BONDS, SERIES 2001 (WEST VIRGINIA SRF PROGRAM), OF THE CITY OF KINGWOOD; APPROVING AND RATIFYING THE LOAN AGREEMENT RELATING TO SUCH BONDS AND THE SALE AND DELIVERY OF SUCH BONDS TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

WHEREAS, the council (the "Governing Body") of The City of Kingwood (the "Issuer") has duly and officially adopted and enacted a bond ordinance, effective September 25, 2001 (the "Bond Ordinance"), entitled:

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE EXISTING PUBLIC SEWERAGE SYSTEM OF THE CITY OF KINGWOOD AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE CITY OF NOT MORE THAN $1,500,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2001 (WEST VIRGINIA SRF PROGRAM); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS;

APPROVING, RATIFYING AND CONFIRMING A LOAN AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

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

WHEREAS, the Bond Ordinance provides for the issuance of Sewer Revenue Bonds, Series 2001 (West Virginia SRF Program), of the Issuer (the "Bonds" or the "Series 2001 Bonds"), in an aggregate principal amount not to exceed $1,500,000, and has authorized the execution and delivery of the bond purchase agreement relating to the Series 2001 Bonds, including all schedules and exhibits attached thereto, by and among the Issuer, the West Virginia Water Development Authority (the "Authority") and the West Virginia Department of Environmental Protection (the "DEP") (the "Loan Agreement"), all in accordance with Chapter 16, Article 13 and Chapter 22C, Article 2 of the West Virginia Code of 1931, as amended (collectively, the "Act"), and in the Bond Ordinance it is provided that the form of the Loan Agreement and the exact principal amount, date, maturity date, redemption provision, interest rate, interest and principal payment dates, sale price and other terms of the Bonds should be established by a supplemental resolution pertaining to the Bonds; and that other matters relating to the Bonds be herein provided for;

WHEREAS, the Loan Agreement has been presented to the Issuer;

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

WHEREAS, the Governing Body deems it essential and desirable that this supplemental resolution (the "Supplemental Resolution") be adopted, that the Loan Agreement be approved and ratified by the Issuer, that the exact principal amount, the date, the maturity date, the redemption provision, the interest rate, the interest and principal payment dates and the sale price of the Bonds be fixed hereby in the manner stated herein, and that other matters relating to the Bonds be herein provided for;

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

Section 1. Pursuant to the Bond Ordinance and the Act, this Supplemental Resolution is adopted and there are hereby authorized and ordered to be issued the Sewer Revenue Bonds, Series 2001 (West Virginia SRF Program), of the Issuer, originally represented by a single Bond, numbered R-1, in the principal amount of $878,181. The Series 2001 Bonds shall be dated the date of delivery thereof, shall finally mature March 1, 2033 and shall bear no interest. The principal of the Series 2001 Bonds shall be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing June 1, 2003, and maturing March 1, 2033, and in the amounts as set forth in the "Schedule Y" attached to the Loan Agreement and incorporated in and made a part of the Series 2001 Bonds. The Series 2001 Bonds shall be subject to redemption upon the written consent of the Authority and the DEP, and upon payment of the redemption premium, if any, and otherwise in compliance with the Loan Agreement, so long as the Authority shall be the registered owner of the Series 2001 Bonds. The Issuer does hereby approve and shall pay the SRF Administrative Fee equal to 0.5% of the principal amount of the Series 2001 Bonds set forth in the "Schedule Y" attached to the Loan Agreement.

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

Section 3. The Issuer does hereby authorize, approve, ratify and accept the Loan Agreement, a copy of which is incorporated herein by reference, and the execution and delivery of the Loan Agreement by the Mayor, and the performance of the obligations contained therein, on behalf of the Issuer, are hereby authorized, directed, ratified and approved. The Issuer hereby affirms all covenants and representations made in the Loan Agreement and in the applications to the DEP and the Authority. The price of the Bonds shall be 100% of par value, there being no interest accrued thereon, provided that the proceeds of the Bonds shall be advanced from time to time as requisitioned by the Issuer.

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

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

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

Section 7. Series 2001 Bonds proceeds in the amount of $-0- shall be deposited in the Series 2001 Bonds Sinking Fund, as capitalized interest.

Section 8. Series 2001 Bonds proceeds in the amount of $29,276 shall be deposited in the Series 2001 Bonds Reserve Account.

Section 9. The balance of the proceeds of the Series 2001 Bonds shall be deposited in or credited to the Series 2001 Bonds Construction Trust Fund as received from the DEP from time to time for payment of the costs of the Project, including, without limitation, costs of issuance of the Bonds and related costs.

Section 10. The Mayor and the Recorder are hereby authorized and directed to execute and deliver such other documents and certificates required or desirable in connection with the Bonds hereby and by the Bond Ordinance approved and provided for, to the end that the Bonds may be delivered on or about December 20, 2001, to the Authority pursuant to the Loan Agreement.

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

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

Section 13. The Issuer hereby determines to invest all moneys in the funds and accounts established by the Bond Ordinance held by the Depository Bank until expended, in repurchase agreements or time accounts, secured by a pledge of Government Obligations, and therefore, the Issuer hereby directs the Depository Bank to take such actions as may be necessary to cause such moneys to be invested in such repurchase agreements or time accounts until further directed in writing by the Issuer. Moneys in the Series 2001 Bonds Sinking Fund, including the Reserve Account therein, shall be invested by the West Virginia Municipal Bond Commission in the West Virginia Consolidated Fund.

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

Adopted this 11th day of December, 2001.

By: _____
Its: Mayor

CERTIFICATION

Certified a true copy of a Supplemental Resolution duly adopted by the Council of The City of Kingwood on the 11th day of December, 2001.

Dated: December 20, 2001.

[SEAL]

Franklin P. Ryan
Recorder

11/26/01
485090/00002

SPECIMEN

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE CITY OF KINGWOOD
SEWER REVENUE BOND, SERIES 2001
(WEST VIRGINIA SRF PROGRAM)

No. R-1 $878,181

KNOW ALL MEN BY THESE PRESENTS: That THE CITY OF KINGWOOD, a municipal corporation and political subdivision of the State of West Virginia in Preston County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the West Virginia Water Development Authority (the "Authority") or registered assigns the sum of EIGHT HUNDRED SEVENTY EIGHT THOUSAND ONE HUNDRED EIGHTY ONE DOLLARS ($878,181), 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, 2003, 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, 2003, 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 Loan Agreement by and among the Issuer, the Authority and the DEP, dated November 26, 2001.

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

under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13 and Chapter 22C, Article 2 of the West Virginia Code of 1931, as amended (collectively, the "Act"), a Bond Ordinance duly enacted by the Issuer on September 25, 2001, and a Supplemental Resolution duly adopted by the Issuer on December 11, 2001 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S SEWER REVENUE BONDS, SERIES 1986 B, DATED MARCH 26, 1986, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $850,860 (THE "SERIES 1986 B BONDS"), AND SEWER REFUNDING REVENUE BONDS, SERIES 1997 A , DATED NOVEMBER 1, 1997, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,130,000 (THE "SERIES 1997 A BONDS"). THE SERIES 1986 B BONDS AND THE SERIES 1997 A BONDS ARE HEREINAFTER COLLECTIVELY REFERRED TO AS THE "PRIOR BONDS".

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Net Revenues in favor of the Holders of the Prior Bonds, and from moneys in the Reserve Account created under the Bond Legislation for the Bonds (the "Series 2001 Bonds Reserve Account"), and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest, if any, hereon, except from said special fund provided from the Net Revenues, the moneys in the Series 2001 Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest on the Bonds, and all other obligations secured by a lien on or payable from such revenues on a parity with the Bonds, including the Prior Bonds; provided however, that so long as there exists in the Series 2001 Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest, if any, which will become due on the Bonds in the then current or succeeding year,

and in the respective reserve accounts established for any other obligations outstanding on a parity with the Bonds, including 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 (as defined in the Bond Legislation) by the registered owner, or by its attorney duly authorized in writing, upon the surrender of this Bond, together with a written instrument of transfer satisfactory to the Registrar, duly executed by the registered owner or its attorney duly authorized in writing.

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

All money received from the sale of this Bond, after reimbursement and repayment of all amounts advanced for preliminary expenses as provided by law and the Bond Legislation, shall be applied solely to payment of the costs of the Project and costs of issuance described in the Bond Legislation, and there shall be and hereby is created and granted a lien upon such 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 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 KINGWOOD has caused this Bond to be signed by its Mayor and its corporate seal to be hereunto affixed and attested by its Recorder, and has caused this Bond to be dated December 20, 2001.

[SEAL]

Mayor

ATTEST:

Recorder

SPECIMEN

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2001 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: December 20, 2001.

BRANCH BANKING AND TRUST COMPANY,
as Registrar

SPECIMEN

Authorized Officer

EXHIBIT A

RECORD OF ADVANCES

	AMOUNT	DATE		AMOUNT	DATE
(1)	$135,238.00	December 20, 2001	(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 $_____

City of Kingwood (West Virginia)

Loan of $878,181

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

Closing: December 20, 2001

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
3/01/2002	-	-	-
6/01/2002	-	-	-
9/01/2002	-	-	-
12/01/2002	-	-	-
3/01/2003	-	-	-
6/01/2003	7,319.00	-	7,319.00
9/01/2003	7,319.00	-	7,319.00
12/01/2003	7,319.00	-	7,319.00
3/01/2004	7,319.00	-	7,319.00
6/01/2004	7,319.00	-	7,319.00
9/01/2004	7,319.00	-	7,319.00
12/01/2004	7,319.00	-	7,319.00
3/01/2005	7,319.00	-	7,319.00
6/01/2005	7,319.00	-	7,319.00
9/01/2005	7,319.00	-	7,319.00
12/01/2005	7,319.00	-	7,319.00
3/01/2006	7,319.00	-	7,319.00
6/01/2006	7,319.00	-	7,319.00
9/01/2006	7,319.00	-	7,319.00
12/01/2006	7,319.00	-	7,319.00
3/01/2007	7,319.00	-	7,319.00
6/01/2007	7,319.00	-	7,319.00
9/01/2007	7,319.00	-	7,319.00
12/01/2007	7,319.00	-	7,319.00
3/01/2008	7,319.00	-	7,319.00
6/01/2008	7,319.00	-	7,319.00
9/01/2008	7,318.00	-	7,318.00
12/01/2008	7,318.00	-	7,318.00
3/01/2009	7,318.00	-	7,318.00
6/01/2009	7,318.00	-	7,318.00
9/01/2009	7,318.00	-	7,318.00
12/01/2009	7,318.00	-	7,318.00
3/01/2010	7,318.00	-	7,318.00
6/01/2010	7,318.00	-	7,318.00
9/01/2010	7,318.00	-	7,318.00
12/01/2010	7,318.00	-	7,318.00
3/01/2011	7,318.00	-	7,318.00
6/01/2011	7,318.00	-	7,318.00
9/01/2011	7,318.00	-	7,318.00
12/01/2011	7,318.00	-	7,318.00
3/01/2012	7,318.00	-	7,318.00
6/01/2012	7,318.00	-	7,318.00
9/01/2012	7,318.00	-	7,318.00
12/01/2012	7,318.00	-	7,318.00
3/01/2013	7,318.00	-	7,318.00
6/01/2013	7,318.00	-	7,318.00
9/01/2013	7,318.00	-	7,318.00
12/01/2013	7,318.00	-	7,318.00
3/01/2014	7,318.00	-	7,318.00
6/01/2014	7,318.00	-	7,318.00

City of Kingwood (West Virginia)

Loan of $878,181

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

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
9/01/2014	7,318.00	-	7,318.00
12/01/2014	7,318.00	-	7,318.00
3/01/2015	7,318.00	-	7,318.00
6/01/2015	7,318.00	-	7,318.00
9/01/2015	7,318.00	-	7,318.00
12/01/2015	7,318.00	-	7,318.00
3/01/2016	7,318.00	-	7,318.00
6/01/2016	7,318.00	-	7,318.00
9/01/2016	7,318.00	-	7,318.00
12/01/2016	7,318.00	-	7,318.00
3/01/2017	7,318.00	-	7,318.00
6/01/2017	7,318.00	-	7,318.00
9/01/2017	7,318.00	-	7,318.00
12/01/2017	7,318.00	-	7,318.00
3/01/2018	7,318.00	-	7,318.00
6/01/2018	7,318.00	-	7,318.00
9/01/2018	7,318.00	-	7,318.00
12/01/2018	7,318.00	-	7,318.00
3/01/2019	7,318.00	-	7,318.00
6/01/2019	7,318.00	-	7,318.00
9/01/2019	7,318.00	-	7,318.00
12/01/2019	7,318.00	-	7,318.00
3/01/2020	7,318.00	-	7,318.00
6/01/2020	7,318.00	-	7,318.00
9/01/2020	7,318.00	-	7,318.00
12/01/2020	7,318.00	-	7,318.00
3/01/2021	7,318.00	-	7,318.00
6/01/2021	7,318.00	-	7,318.00
9/01/2021	7,318.00	-	7,318.00
12/01/2021	7,318.00	-	7,318.00
3/01/2022	7,318.00	-	7,318.00
6/01/2022	7,318.00	-	7,318.00
9/01/2022	7,318.00	-	7,318.00
12/01/2022	7,318.00	-	7,318.00
3/01/2023	7,318.00	-	7,318.00
6/01/2023	7,318.00	-	7,318.00
9/01/2023	7,318.00	-	7,318.00
12/01/2023	7,318.00	-	7,318.00
3/01/2024	7,318.00	-	7,318.00
6/01/2024	7,318.00	-	7,318.00
9/01/2024	7,318.00	-	7,318.00
12/01/2024	7,318.00	-	7,318.00
3/01/2025	7,318.00	-	7,318.00
6/01/2025	7,318.00	-	7,318.00
9/01/2025	7,318.00	-	7,318.00
12/01/2025	7,318.00	-	7,318.00
3/01/2026	7,318.00	-	7,318.00
6/01/2026	7,318.00	-	7,318.00
9/01/2026	7,318.00	-	7,318.00
12/01/2026	7,318.00	-	7,318.00

City of Kingwood (West Virginia)

Loan of $878,181

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

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
3/01/2027	7,318.00	-	7,318.00
6/01/2027	7,318.00	-	7,318.00
9/01/2027	7,318.00	-	7,318.00
12/01/2027	7,318.00	-	7,318.00
3/01/2028	7,318.00	-	7,318.00
6/01/2028	7,318.00	-	7,318.00
9/01/2028	7,318.00	-	7,318.00
12/01/2028	7,318.00	-	7,318.00
3/01/2029	7,318.00	-	7,318.00
6/01/2029	7,318.00	-	7,318.00
9/01/2029	7,318.00	-	7,318.00
12/01/2029	7,318.00	-	7,318.00
3/01/2030	7,318.00	-	7,318.00
6/01/2030	7,318.00	-	7,318.00
9/01/2030	7,318.00	-	7,318.00
12/01/2030	7,318.00	-	7,318.00
3/01/2031	7,318.00	-	7,318.00
6/01/2031	7,318.00	-	7,318.00
9/01/2031	7,318.00	-	7,318.00
12/01/2031	7,318.00	-	7,318.00
3/01/2032	7,318.00	-	7,318.00
6/01/2032	7,318.00	-	7,318.00
9/01/2032	7,318.00	-	7,318.00
12/01/2032	7,318.00	-	7,318.00
3/01/2033	7,318.00	-	7,318.00
Total	**878,181.00**	**-**	**878,181.00** *

YIELD STATISTICS

Bond Year Dollars	$14,350.68
Average Life	16.341 Years
Average Coupon	-
Net Interest Cost (NIC)	-
True Interest Cost (TIC)	3.21E-12
Bond Yield for Arbitrage Purposes	3.21E-12
All Inclusive Cost (AIC)	0.4613347%

IRS FORM 8038

Net Interest Cost	-
Weighted Average Maturity	16.341 Years

*Plus $553.43 one-half percent administrative fee paid quarterly. Total fee paid over the life of the loan is $66,411.60.

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:

_____

11/29/01
485090/00002

2009 A

THE TOWN OF KINGWOOD

SEWERAGE SYSTEM DESIGN REVENUE BONDS, SERIES 2008 A (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY)

BOND ORDINANCE

Table of Contents

ARTICLE I
STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

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

ARTICLE II
AUTHORIZATION OF THE PROJECT

Section 2.01 Authorization of the Project

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

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 2008 A BONDS
Section 3.11 Sale of Bonds; Approval and Ratification of Execution Loan 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 Loan Agreement and Law
Section 7.19	Reserved
Section 7.20	Securities Law Compliance
Section 7.21	Contracts; Public Releases

ARTICLE VIII
INVESTMENT OF FUNDS; NON ARBITRAGE

Section 8.01 Investments
Section 8.02 Certificate and Covenants 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 AND DEFEASANCE

Section 10.01 Payment of Series 2008 A Bonds
Section 10.02 Defeasance of Series 2008 A 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 TOWN OF KINGWOOD

BOND ORDINANCE

ORDINANCE AUTHORIZING THE DESIGN OF CERTAIN EXTENSIONS, ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE EXISTING PUBLIC SEWERAGE FACILITIES OF THE THE TOWN OF KINGWOOD AND THE FINANCING OF THE COST THEREOF, NOT OTHERWISE PROVIDED, THROUGH THE ISSUANCE BY THE TOWN OF KINGWOOD OF NOT MORE THAN $724,650 IN ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF SEWERAGE SYSTEM DESIGN REVENUE BONDS, SERIES 2008 A (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING A LOAN AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

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

ARTICLE I

STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

Section 1.01 Authority for this Ordinance. This Ordinance (together with any ordinance, order or resolution supplemental hereto or amendatory hereof, the "Bond Legislation") is enacted pursuant to the provisions of Chapter 16, Article 13, and Chapter 22C, Article 1 of the West Virginia Code of 1931, as amended (collectively, the "Act"), and other applicable provisions of law.

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

A. The Town of Kingwood (the "Issuer") is a municipal corporation and political subdivision of the State of West Virginia in Preston 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 to the existing public sewerage facilities of the Issuer (the design of such herein known as the "Project") and at the costs estimated in Section 2.01 hereof.

C. In order to complete the Project, the Issuer has entered into a Contract with the Consulting Engineer for the engineering services. The Issuer intends to temporarily finance a portion of the costs of the Project through the issuance of its revenue bonds to the West Virginia Water Development Authority (the "Authority") pursuant to the Act.

D. It is deemed necessary for the Issuer to issue its Sewerage System Design Revenue Bonds in one single series, being the Sewerage System Design Revenue Bonds, Series 2008 A (West Virginia Water Development Authority), in the aggregate principal amount of not more than $724,650 (the "Series 2008 A Bonds"); to temporarily finance a portion of the costs of the Project. Such costs shall be deemed to include the cost of all property rights, easements and franchises deemed necessary or convenient therefor; interest, if any, upon the Series 2008 A Bonds prior to and during a period not exceeding 6 months after completion of the Project; amounts which may be deposited in the Reserve Account (as hereinafter defined) for the Series 2008 A 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 2008 A Bonds and such other expenses as may be necessary or incidental to the financing herein authorized; the Project 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 2008 A Bonds or the repayment of indebtedness incurred by the Issuer for such purposes shall be deemed Costs of the Project.

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 2008 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, 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 2008 A Bonds as to liens, pledge and source of and security for payment being the Issuers: (i) Sewer Revenue Bonds, Series 1986 B (West Virginia Water Development Authority) dated March 26, 1986, issued in the original aggregate principal amount of $850,860 (the "Series 1986 B Bonds"); (ii) Sewer Refunding Revenue Bonds, Series 1997A, dated November 1, 1997 issued in the original aggregate principal amount of $2,130,000 (the "Series 1997 A Bonds"); and (iii)) Sewer Revenue Bonds, Series 2001 (West Virginia SRF Program) dated December 20, 2001, issued in the original aggregate principal amount of $878,181 (the "Series 2001 Bonds") (collectively, the "Prior Bonds").

The Series 2008 A Bonds shall be issued on a parity with the Prior Bonds. Prior to the issuance of the Series 2008 A Bonds, the Issuer will obtain (i) the certificate of an Independent Certified Public Accountant stating that the coverage and parity tests of the Prior Bonds are met; and (ii) the written consent of the Holders of the Series 1986 B Bonds

and the Series 2001 Bonds to the issuance of the Series 2008 A Bonds on a parity with the Prior Bonds. The Series 1997 A Bonds do not require consent. Other than the Prior Bonds, there are no other outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System.

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 Series 2008 A Bonds and the Prior 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 (hereinafter defined) relating to authorization of the Project and the System and issuance of the Series 2008 A Bonds, or will have so complied prior to issuance of any thereof, including, among other things, the approval of the Project and the financing thereof by the Authority.

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 2008 A 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 2008 A Bonds by the Registered Owners of the same from time to time, this Bond Legislation shall be deemed to be and shall constitute a contract between the Issuer and such Bondholders, and the covenants and agreements herein set forth to be performed by the Issuer shall be for the equal benefit, protection and security of the Bondholders of any and all of such Series 2008 A Bonds, all which shall be of equal rank and without preference, priority or distinction between any one Bond and any other Bonds and by reason of priority of issuance or otherwise, except as expressly provided therein and herein.

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

"Act" means, collectively, Chapter 16, Article 13 and Chapter 22C, Article 1 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 2008 A Bonds, or any other agency, board or department of the State that succeeds to the functions of the Authority.

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

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

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

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

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

"Bonds" means, collectively, the Series 2008 A Bonds and the Prior Bonds and, where appropriate, any bonds on a parity therewith subsequently authorized to be issued hereunder or by another ordinance of the Issuer.

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

"Closing Date" means the date upon which there is an exchange of the Series 2008 A Bonds for all or a portion of the proceeds of the Series 2008 A Bonds from the Authority.

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

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

"Consulting Engineers" means Thrasher Engineering, Inc., Clarksburg, 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.

"Contract" means the Contract for preconstruction engineering services for the Project by and between the Issuer and the Consulting Engineer.

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

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

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

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

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

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

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

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

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

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

"Loan Agreement" means the Loan Agreement heretofore entered, or to be entered into, by and between the Issuer and the Authority providing for the purchase of the Series 2008 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 2008 A Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds, if any, deposited in the Series 2008 A Bonds Reserve Account.

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

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

"Operation and Maintenance Fund" means the Operation and Maintenance Fund established by Prior Ordinance.

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

"Prior Bonds" means collectively the Series 1986 B Bonds; the Series 1997 A Bonds and the Series 2001 Bonds.

"Prior Ordinances" means the ordinances of the Issuer, as supplemented, authorizing 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 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 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.

"Recorder" means the Recorder of the Issuer.

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

"Registrar" means the Bond Registrar.

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

"Renewal and Replacement Fund" means the Renewal and Replacement Fund established by the Prior Ordinances.

"Reserve Accounts" means, collectively, the respective reserve accounts established for the Series 2008 A Bonds and the Prior Bonds.

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

"Revenue Fund" means the Revenue Fund established by the Prior Ordinances.

"Series 1986 B Bonds" means the Sewer Revenue Bonds, Series 1986 B (West Virginia Water Development Authority), dated March 26, 1986, issued in the original aggregate principal amount of $850,860.

"Series 1997 A Bonds" means the Sewer Refunding Revenue Bonds, Series 1997 A, dated November 1, 1997 issued in the original aggregate principal amount of $2,130,000.

"Series 2001 Bonds" means the Sewer Revenue Bonds, Series 2001 (West Virginia SRF Program), dated December 20, 2001, issued in the original aggregate principal amount of $878,181.

"Series 2008 A Bonds" means the Sewerage System Design Revenue Bonds, Series 2008 A (West Virginia Water Development Authority), of the Issuer, authorized by this Ordinance.

"Series 2008 A Bonds Project Trust Fund" means the Series 2008 A Bonds Project Trust Fund established by Section 5.01 hereof.

"Series 2008 A Bonds Reserve Account" means the Series 2008 A Bonds Reserve Account established by Section 5.02 hereof.

"Series 2008 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 2008 A Bonds in the then current or any succeeding year.

"Series 2008 A Bonds Sinking Fund" means the Series 2008 A Bonds Sinking Fund established by Section 5.02 hereof.

"Sinking Funds" means, collectively, the sinking funds established for the Prior Bonds and the Series 2008 A Bonds.

"State" means the State of West Virginia.

"Supplemental Resolution" means any resolution, ordinance or order of the Issuer supplementing or amending this Ordinance and, when preceded by the article "the," refers specifically to the supplemental resolution authorizing the sale of the Series 2008 A Bonds; provided, that any matter intended by this Ordinance to be included in the Supplemental Resolution with respect to the Series 2008 A Bonds, and not so included may be included in another Supplemental Resolution.

"Surplus Revenues" means the Net Revenues not required by the Bond Legislation to be set aside and held for the payment of or security for the Bonds or any other obligations of the Issuer, including, without limitation, the 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.

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 THE PROJECT

Section 2.01. Authorization of the Project. There is hereby authorized and ordered the Project at an estimated cost of not to exceed $724,650, which will be obtained from the proceeds of the Series 2008 A Bonds. The proceeds of the Series 2008 A Bonds hereby authorized shall be applied as provided in Article VI hereof.

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 2008 A Bonds, funding the reserve account for the Series 2008 A Bonds, paying Costs of the Project not otherwise provided for and paying certain costs of issuance of the Series 2008 A Bonds and related costs, or any or all of such purposes, as determined by the Supplemental Resolution, there shall be and hereby are authorized to be issued the negotiable Series 2008 A Bonds of the Issuer. The Series 2008 A Bonds shall be issued in one series, as a single bond, designated as "Sewerage System Design Revenue Bonds, Series 2008 A (West Virginia Water Development Authority)", in the principal amount of not more than $724,650, which shall have such terms as set forth hereinafter and in the Supplemental Resolution. The proceeds of the Series 2008 A Bonds remaining after funding of the Series 2008 A Bonds Reserve Account (if funded from Bond proceeds) and capitalization of interest, if any, shall be deposited in or credited to the Series 2008 A Bonds Project Trust Fund established by Section 5.01 hereof.

Section 3.02. Terms of Bonds. The Series 2008 A Bonds shall be issued in such principal amounts; shall bear interest, if any, at such rate or rates, not exceeding the then legal maximum, payable on such dates; shall mature on such dates and in such amounts; and shall be redeemable, in whole or in part, all as the Issuer shall prescribe in a Supplemental Resolution or as specifically provided in the Loan Agreement. The Series 2008 A Bonds shall be payable as to principal at the office of the Paying Agent, in any coin or currency which, on the dates of payment of principal is legal tender for the payment of public or private debts under the laws of the United States of America. Interest, if any, on the Series 2008 A Bonds shall be paid by check or draft of the Paying Agent or its agent, mailed to the Registered Owner thereof at the address as it appears on the books of the Bond Registrar, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner thereof.

Unless otherwise provided by the Supplemental Resolution, the Series 2008 A Bonds shall initially be issued in the form of a single bond, fully registered to the Authority, with a debt service schedule attached, and shall mature in principal installments, all as provided in the Supplemental Resolution. The Series 2008 A Bonds shall be exchangeable at the option and expense of the Registered Owner for another fully registered Bond or Bonds of the same series in aggregate principal amount equal to the amount of said Bonds then Outstanding and being exchanged, with principal installments or maturities, as applicable, corresponding to the dates of payment of principal installments of said Bonds; provided, that the Authority shall not be obligated to pay any expenses of such exchange.

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

Section 3.03. Execution of Bonds. The Series 2008 A Bonds shall be executed in the name of the Issuer by the Mayor, and the seal of the Issuer shall be affixed thereto or imprinted thereon and attested by the Recorder. In case any one or more of the officers who shall have signed or sealed the Series 2008 A Bonds shall cease to be such officer of the Issuer before the Series 2008 A Bonds so signed and sealed have been actually sold and delivered, such Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bonds had not ceased to hold such office. The Series 2008 A Bonds may be signed and sealed on behalf of the Issuer by such person as at the actual time of the execution of such Bonds shall hold the proper office in the Issuer, although at the date of such Bonds such person may not have held such office or may not have been so authorized.

Section 3.04. Authentication and Registration. No Series 2008 A Bonds shall be valid or obligatory for any purpose or entitled to any security or benefit under this Bond Legislation unless and until the Certificate of Authentication and Registration on such Bond, substantially in the form set forth in Section 3.10 hereof shall have been manually executed by the Bond Registrar. Any such executed Certificate of Authentication and Registration upon any such Bond shall be conclusive evidence that such Bond has been authenticated, registered and delivered under this Bond Legislation. The Certificate of Authentication and Registration on the Series 2008 A Bonds shall be deemed to have been executed by the Bond Registrar if manually signed by an authorized officer of the Bond Registrar, but it shall not be necessary that the same officer sign the Certificate of Authentication and Registration on all of the Bonds issued hereunder.

Section 3.05. Negotiability, Transfer and Registration. Subject to the provisions for transfer of registration set forth below, the Series 2008 A Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder, in accepting the Series 2008 A Bonds shall be conclusively deemed to have agreed that such Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder shall further be conclusively deemed to have agreed that said Bonds shall be incontestable in the hands of a bona fide holder for value.

So long as the Series 2008 A Bonds remain outstanding, the Issuer, through the Bond Registrar or its agent, shall keep and maintain books for the registration and transfer of such Bonds.

The registered Series 2008 A Bonds shall be transferable only upon the books of the Bond Registrar, by the registered owner thereof in person or by his attorney duly authorized in writing, upon surrender thereto together with a written instrument of transfer satisfactory to the Bond Registrar duly executed by the registered owner or his duly authorized attorney.

In all cases in which the privilege of exchanging or transferring the registered Series 2008 A Bonds are exercised, Series 2008 A Bonds shall be delivered in accordance with the provisions of this Bond Legislation. All Series 2008 A Bonds surrendered in any such exchanges or transfers shall forthwith be cancelled by the Bond Registrar. For every such exchange or transfer of Series 2008 A Bonds, the Bond Registrar

may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer and the cost of preparing each new Bond upon each exchange or transfer, and any other expenses of the Bond Registrar incurred in connection therewith, which sum or sums shall be paid by the Issuer. The Bond Registrar shall not be obliged to make any such exchange or transfer of any Series 2008 A Bonds during the period commencing on the 15th day of the month next preceding an interest payment date on the Series 2008 A 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 the Series 2008 A Bonds shall become mutilated or be destroyed, stolen or lost, the Issuer may, in its discretion, issue, and the Bond Registrar shall, if so advised by the Issuer, authenticate and deliver, a new Bond of the same series and of like tenor as the Bonds so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond, upon surrender and cancellation of such mutilated Bond, or in lieu of and substitution for the Bond destroyed, stolen or lost, and upon the Holder's furnishing satisfactory indemnity and complying with such other reasonable regulations and conditions as the Issuer may prescribe and paying such expenses as the Issuer and the Bond Registrar may incur. All Bonds so surrendered shall be 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 2008 A Bonds shall not, in any event, be or constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provision or limitation, but shall be payable solely from the Net Revenues derived from the operation of the System as herein provided. No holder or holders of the Series 2008 A Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Series 2008 A Bonds or the interest thereon.

Section 3.08. Bonds Secured by Pledge of Net Revenues; Lien Position with respect to Prior Bonds. The payment of the debt service on the Series 2008 A Bonds shall be secured by a first lien on the Net Revenues derived from the System on a parity with the Prior 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 3.09. Delivery of Bonds. The Issuer shall execute and deliver the Series 2008 A Bonds to the Bond Registrar, and the Bond Registrar shall authenticate, register and deliver the Series 2008 A Bonds to the original purchasers upon receipt of the documents set forth below:

A. If other than the Authority, a list of the names in which the Series 2008 A Bonds are to be registered upon original issuance, together with such taxpayer identification and other information as the Bond Registrar may reasonably require;

B. A request and authorization to the Bond Registrar on behalf of the Issuer, signed by an Authorized Officer, to authenticate and deliver the Series 2008 A Bonds to the original purchasers;

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

D. An executed copy of the Loan Agreement; and

E. The unqualified approving opinion of bond counsel on the Series 2008 A Bonds.

Section 3.10. Form of Bonds. The text of the Series 2008 A Bonds shall be in substantially the following forms, with such omissions, insertions and variations as may be necessary and desirable and authorized or permitted hereby, or by any Supplemental Resolution adopted prior to the issuance thereof:

(FORM OF SERIES 2008 A BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE TOWN OF KINGWOOD
SEWERAGE SYSTEM DESIGN REVENUE BONDS, SERIES 2008 A
(WEST VIRGINIA WATER DEVELOPMENT AUTHORITY)

No. AR-1 $_____

KNOW ALL MEN BY THESE PRESENTS: That on this the ____ day of _____, 2008, THE TOWN OF KINGWOOD, a municipal corporation and political subdivision of the State of West Virginia in Preston 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. Interest only shall commence on the date hereof on the amounts advanced and outstanding, payable in quarterly installments on January 1, April 1, July 1 and October 1 of each year in arrears at the rate of 3% per annum, with the first payment due on _____ 1, 20___. Interest accrues at 5% per annum and interest and principal payments are payable in quarterly installments on January 1, April 1, July 1 and October 1 of each year commencing on _____ 1, 20__ to and including _____ 1, 20____, as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference.

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

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority, and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement by and between the Issuer and the Authority dated _____, 2008.

This Bond is issued (i) to pay the costs of design related to the acquisition and construction of certain extensions, additions, betterments and improvements to the 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 22C, Article 1 of the West Virginia Code of 1931, as amended (collectively, the "Act"), and a Bond Ordinance duly enacted by the Issuer on _____, 2008, and a Supplemental Resolution duly adopted by the Issuer on _____, 2008 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS WITH THE ISSUER'S:

(1) SEWER REVENUE BONDS, SERIES 1986 B (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED MARCH 26, 1986, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $850,860 (THE "SERIES 1986 B BONDS");

(2) SEWER REFUNDING REVENUE BONDS, SERIES 1997 A, DATED NOVEMBER 1, 1997, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,130,000 (THE "SERIES 1997 A BONDS"); AND

(3) SEWER REVENUE BONDS, SERIES 2001 (WEST VIRGINIA SRF PROGRAM), DATED DECEMBER 20, 2001, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $878,181 (THE "SERIES 2001 BONDS") (COLLECTIVELY, 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, and from monies in the reserve account created under the Bond Legislation for the Bonds (the "Series 2008 A Bonds Reserve Account"), and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest hereon, except from said special fund provided from the Net Revenues, the monies in the Series 2008 A Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest on the Bonds, and all other obligations secured by a lien on or payable from such revenues on a parity with the Bonds; provided however, that, so long as there exists in the Series 2008 A Bonds Reserve

Account an amount at least equal to the maximum amount of principal and interest which will become due on the Bonds in the then current or any succeeding year, 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 and interest on this Bond.

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

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

[SEAL]

_____

Mayor

ATTEST:

_____

Recorder

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2008 A Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: _____, 2008.

THE HUNTINGTON NATIONAL BANK,
as Registrar

By: _____
Its: Authorized Officer

EXHIBIT A

RECORD OF ADVANCES

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

TOTAL $_____

EXHIBIT B

DEBT SERVICE SCHEDULE

(Form of)

ASSIGNMENT

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

Dated: _____, _____.

_____

In the presence of:

_____

Section 3.11. Sale of Bonds; Approval and Ratification of Execution of Loan Agreement. The Series 2008 A Bonds shall be sold to the Authority, pursuant to the terms and conditions of the Loan Agreement. If not so authorized by previous ordinance or resolution, the Mayor is specifically authorized and directed to execute the Loan Agreement in the form attached hereto as "EXHIBIT A" and made a part hereof, and the Recorder is directed to affix the seal of the Issuer, attest the same and deliver it to the Authority, and any such prior execution and delivery is hereby authorized, approved, ratified and confirmed. The Loan Agreement, including all schedules and exhibits attached thereto, is hereby approved and incorporated in this Bond Legislation.

Section 3.12. Filing of Amended Schedule. Upon completion of the Project, the Issuer will file with the Authority a schedule of the Series 2008 A Bonds, the form of which will be provided by the Authority, setting forth the actual costs of the Project and sources of funds therefor.

ARTICLE IV

[RESERVED]

ARTICLE V

FUNDS AND ACCOUNTS; SYSTEM REVENUES AND APPLICATION THEREOF

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

(2) Operation and Maintenance Fund (established by Prior Ordinance)

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

(4) Series 2008 A Bonds Project Trust Fund.

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

(1) Series 1986 B Bonds Sinking Fund (established by Prior Ordinance);

(2) Series 1986 B Bonds Reserve Account (established by Prior Ordinance);

(3) Series 1997 A Bonds Sinking Fund (established by Prior Ordinance);

(4) Series 1997 A Bonds Reserve Account (established by Prior Ordinance);

(5) Series 2001 Bonds Sinking Fund (established by Prior Ordinance);

(6) Series 2001 Bonds Reserve Account (established by Prior Ordinance);

(7) Series 2008 A Bonds Sinking Fund; and

(8) Series 2008 A Bonds Reserve Account.

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

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

(2) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously (i) remit to the Commission the amount required by Prior Ordinance to pay interest on the Series 1997 Bonds, and (ii) remit to the Commission commencing 3 months prior to the first date of payment of interest on the Series 2008 A Bonds for which interest has not been capitalized or as required in the Loan Agreement, for deposit in the Series 2008 A Bonds Sinking Fund, an amount equal to 1/3rd of the amount of interest which will become due on the Series 2008 A Bonds on the next ensuing quarterly interest payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 2008 A Bonds Sinking Fund and the next quarterly interest payment date is less than 3 months, then such monthly payments shall be increased proportionately to provide, 1 month prior to the next quarterly interest payment date, the required amount of interest coming due on such date.

(3) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously (i) remit to the Commission the amount required by Prior Ordinance to pay principal on the Prior Bonds; and (ii) remit to the Commission commencing 3 months prior to the first date of payment of principal of the Series 2008 A Bonds, for deposit in the Series 2008 A Bonds Sinking Fund, an amount equal to 1/3rd of the amount of principal which will mature and become due on the Series 2008 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 2008 A Bonds Sinking Fund and the next quarterly principal payment date is less than 3 months, then such monthly payments shall be increased proportionately to provide, 1 month prior to the next quarterly principal payment date, the required amount of principal coming due on such date.

(4) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously (i) remit to the Commission the amounts as required by Prior Ordinance to be deposited in the Prior Bonds Reserve Account; and (ii) remit to the Commission, commencing 3 months prior to the first date of payment of principal of the Series 2008 A Bonds, if not fully funded upon issuance of the Series 2008 A Bonds, for deposit in the Series 2008 A Bonds Reserve Account, an amount equal to 1/120th of the Series 2008 A Bonds Reserve Requirement; provided that, no

further payments shall be made into the Series 2008 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 2008 A Bonds Reserve Requirement. Monies in the Series 2008 A Bonds Reserve Account shall be used only for the purpose of paying principal of and interest on the Series 2008 A Bonds as the same shall come due, when other monies in the Sinking Fund are insufficient therefor, and for no other purpose.

(5) The Issuer shall next, on the first day of each month, from the monies remaining in the Revenue Fund 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, repairs, improvements or extensions to the System; provided, that any deficiencies in any Reserve Account (except to the extent such deficiency exists because the required payments into such account have not, as of the date of determination of a deficiency, funded such account to the maximum extent required hereof) shall be promptly eliminated with monies from the Renewal and Replacement Fund.

Monies in the Series 2008 A Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest on the Series 2008 A Bonds as the same shall become due. Monies in the Series 2008 A Bonds Reserve Account shall be used only for the purpose of paying principal of and interest on the Series 2008 A Bonds as the same shall come due, when other monies in the Sinking Fund are insufficient therefor, and for no other purpose.

All investment earnings on monies in the Series 2008 A Bonds Sinking Fund shall be returned, not less than once each year, by the Commission to the Issuer, and such amounts shall, during the Project, as applicable, be deposited in the Series 2008 A Bonds Project Trust Fund, 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 2008 A Bonds.

Any withdrawals from the Series 2008 A Bonds Reserve Account, which result in a reduction in the balance of such account to below the Reserve Requirement 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.

As and when additional Bonds ranking on a parity with the Series 2008 A Bonds are issued, provision shall be made for additional payments into the respective sinking funds sufficient to pay the interest on such additional parity Bonds and accomplish retirement thereof at maturity and to accumulate a balance in the respective Reserve Accounts in an amount equal to the requirement thereof.

The Issuer shall not be required to make any further payments into the Series 2008 A Bonds Sinking Fund, or the Series 2008 A Bonds Reserve Account when the aggregate amount of funds therein are at least equal to the aggregate principal amount of the Series 2008 A Bonds issued pursuant to this Bond Legislation then Outstanding and all interest to accrue until the maturity thereof.

Principal, interest or reserve payments, whether made for a deficiency or otherwise, shall be made on a parity and pro rata, with respect to the Prior Bonds and the Series 2008 A Bonds, in accordance with the respective principal amounts then Outstanding.

The Commission is hereby designated as the fiscal agent for the administration of the Series 2008 A Bonds Sinking Fund, and the Series 2008 A Bonds Reserve Account created hereunder, and all amounts required for said accounts shall be remitted to the Commission from the Revenue Fund by the Issuer at the times provided herein. All remittances made by the Issuer to the Commission shall clearly identify the fund or account into which each amount is to be deposited. If required by the Authority at anytime, the Issuer shall make the necessary arrangements whereby required payments into said accounts shall be automatically debited from the Revenue Fund and electronically transferred to the Commission on the dates required hereunder.

Monies in the Series 2008 A Bonds Sinking Fund and the Series 2008 A Bonds Reserve Account shall be invested and reinvested by the Commission in accordance with Section 8.01 hereof.

The Series 2008 A Bonds Sinking Fund and the Series 2008 A Bonds Reserve Account shall be used solely and only for, and are hereby pledged for, the purpose of servicing the Series 2008 A Bonds, under the conditions and restrictions set forth herein.

B. Whenever all of the required and provided transfers and payments from the Revenue Fund into the several special funds, as 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 2008 A Bonds and all such payments shall be remitted to the Commission with appropriate instructions as to the custody, use and application thereof consistent with the provisions of this Bond Legislation.

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

E. The Issuer shall remit from the Revenue Fund to the Commission, the Registrar, the Paying Agent or the Depository Bank, on such dates as the Commission, the Registrar, the Paying Agent or the Depository Bank, as the case may be, shall require,

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

F. The 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 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 2008 A Bonds, the following amounts shall be first deducted and deposited in the order set forth below:

A. From the proceeds of the Series 2008 A Bonds, there shall first be deposited with the Commission in the Series 2008 A Bonds Sinking Fund, the amount, if any, set forth in the Supplemental Resolution as capitalized interest; provided, that such amount may not exceed the amount necessary to pay interest on the Series 2008 A Bonds for the period commencing on the date of issuance of the Series 2008 A Bonds and ending 6 months after the estimated date of completion of the Project.

B. Next, from the proceeds of the Series 2008 A Bonds, there shall be deposited with the Commission in the Series 2008 A Bonds Reserve Account, the amount, if any, set forth in the Supplemental Resolution for funding of the Series 2008 A Bonds Reserve Account.

C. As the Issuer receives advances of the remaining monies derived from the sale of the Series 2008 A Bonds, such monies shall be deposited with the Depository Bank in the Series 2008 A Bonds Project 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 2008 A Bonds.

D. After completion of the Project, as certified by the Consulting Engineers, and all costs have been paid, any remaining proceeds of the Series 2008 A Bonds shall be expended as approved by the Authority.

Section 6.02. Disbursements of Bond Proceeds.

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

Except as provided in Section 6.01 hereof, disbursements of the proceeds of the Series 2008 A Bonds from the Series 2008 A Bonds Project Trust Fund shall be made only after submission to, and approval from, the Authority of a certificate, signed by an Authorized Officer stating that:

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

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

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

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

Pending such application, monies in the Series 2008 A Bonds Project 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 2008 A Bonds. In addition to the other covenants, agreements and provisions of this Bond Legislation, the Issuer hereby covenants and agrees with the Holders of the Series 2008 A Bonds as hereinafter provided in this Article VII. All such covenants, agreements and provisions shall be irrevocable, except as provided herein, as long as any of the Series 2008 A Bonds or the interest thereon is Outstanding and unpaid.

Section 7.02. Bonds not to be Indebtedness of the Issuer. The Series 2008 A Bonds shall not be nor constitute a corporate indebtedness of the Issuer within the meaning of any constitutional, statutory or charter limitation of indebtedness, but shall be payable solely from the funds pledged for such payment by this Bond Legislation. No Holder or Holders of the Series 2008 A Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Series 2008 A Bonds or the interest thereon.

Section 7.03. Bonds Secured by Pledge of Net Revenues; Lien Position with respect to Prior Bonds. The payment of the debt service on the Series 2008 A 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 Net Revenues in favor of the Holders of the Prior Bonds. The Net Revenues in an amount sufficient to pay the principal of and interest on 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 and the Issuer shall supply an opinion of counsel to such effect. Such rates and charges shall be sufficient to comply with the requirements of the Loan Agreement and the Issuer shall supply a certificate of certified public accountant to such effect. The initial schedule of rates and charges for the services and facilities of the System shall be as set forth in the sewer rate ordinance of the Issuer enacted August 12, 2008 which rates are incorporated herein by reference as a part hereof.

So long as the Series 2008 A Bonds are outstanding, the Issuer covenants and agrees to fix and collect rates, fees and other charges for the use of the System and to take all such actions necessary to provide funds sufficient to produce the required sums set forth in the Bond Legislation and in compliance with the Loan Agreement. In the event the schedule of rate and charges initially established for the System in connection with the Series 2008 A Bonds shall prove to be insufficient to produce the amounts required by this Bond Legislation and the Loan Agreement, the Issuer hereby covenants and agrees that it will, to the extent or in the manner authorized by law, immediately adjust and increase such

schedule of rates and charges and take all such actions necessary to provide funds sufficient to produce the amounts required by this Bond Legislation and the Loan Agreement.

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

So long as the Series 2008 A Bonds are outstanding and except as otherwise required by law or with the written consent of the Authority, the System may not be sold, mortgaged, leased or otherwise disposed of except as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to 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 2008 A Bonds Sinking Fund, and, with the written permission of the Authority, or in the event the Authority is no longer a Bondholder, the Issuer shall direct the Commission to apply such proceeds to the payment of principal of and interest on the Series 2008 A Bonds in accordance with Article X hereof. Any balance remaining after the payment of the Series 2008 A Bonds and interest thereon shall be remitted to the Issuer by the Commission unless necessary for the payment of other obligations of the Issuer payable out of the revenues of the System.

The foregoing provision notwithstanding, the Issuer shall have and hereby reserves the right to sell, lease or otherwise dispose of any of the property comprising a part of the System hereinafter determined in the manner provided herein to be no longer necessary, useful or profitable in the operation thereof. Prior to any such sale, lease or other disposition of such property, if the amount to be received therefor is not in excess of $50,000, the Issuer shall, in writing, determine that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof, and the Issuer may then provide for the sale of such property. The proceeds of any such sale shall be deposited in the Revenue Fund. If the amount to be received from such sale, lease or other disposition of said property shall be in excess of $50,000 but not in excess of $200,000, the Issuer shall first, in writing, determine with the written approval of the Consulting Engineers that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof, and the Governing Body may then, if it be so advised, by resolution duly adopted, approve and concur in such finding and authorize such sale, lease or other disposition of such property in accordance with the laws of the State. The proceeds derived from any such sale, lease or other disposition of such property, in excess of $50,000 and not in excess of $200,000, shall be deposited by the Issuer into the Renewal and Replacement Fund. Such payments of such proceeds into the Renewal and Replacement Fund shall not reduce the amounts required to be paid into said fund by other provisions of this Bond Legislation.

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

approval and consent for execution by the then Holders of the Bonds for the disposition of the proceeds of the sale, lease or other disposition of such properties of the System.

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 2008 A Bonds. All obligations issued by the Issuer after the issuance of the Series 2008 A Bonds and payable from the revenues of the System, except such additional parity Bonds, shall contain an express statement that such obligations are junior and subordinate, as to lien on and source of and security for payment from such revenues and in all other respects, to the Series 2008 A Bonds; provided, that no such subordinate obligations shall be issued unless all payments required to be made into all funds and accounts set forth herein have been made and are current at the time of the issuance of such subordinate obligations.

Except as provided above, the Issuer shall not create, or cause or permit to be created, any debt, lien, pledge, assignment, encumbrance or any other charge having priority over or being on a parity with the lien of the Series 2008 A Bonds, and the interest thereon, upon any of the income and revenues of the System pledged for payment of the Series 2008 A Bonds and the interest thereon in this Bond Legislation, or upon the System or any part thereof.

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

Section 7.07. Parity Bonds. So long as the Prior Bonds are outstanding, the limitations of parity obligations set forth in the Prior Ordinances 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 2008 A Bonds pursuant to this Ordinance, without the prior written consent of the Authority and without complying with the conditions and requirements herein provided.

No such additional Parity Bonds shall be issued except for the purposes of financing the costs of, additions, betterments or improvements to the System, refunding all or a portion of one or more series of Bonds issued pursuant hereto, 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 Recorder 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 not be less than 115%, of the largest aggregate amount that will mature and become due in any succeeding Fiscal Year for principal of and interest on the following:

(1) The Bonds then Outstanding;

(2) Any additional Parity Bonds theretofore issued pursuant to the provisions contained in 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 Recorder 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 account 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 at any time, however, unless all the payments into the respective funds and accounts provided for in this Ordinance with respect to the Bonds then Outstanding, and any other payments provided for in this 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.

Section 7.08. Books; Records and Audit. The Issuer shall keep complete and accurate records of the cost of acquiring the Project site and the costs of acquiring, constructing and installing the Project. The Issuer shall permit the Authority, 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 such documents and information as they may reasonably require in connection with the Project; the operation and maintenance of the System and the administration of the loan or any grants or other sources of financing for the Project.

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

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, or any other original purchaser of the Series 2008 A Bonds and shall mail in each year to any Holder or Holders of the Series 2008 A Bonds, requesting the same, an annual report containing the following:

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

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

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

The Issuer shall also, at least once a year, cause the books, records and accounts of the System to be audited by Independent Certified Public Accountants (and to the extent legally required, in compliance with the applicable OMB Circular, or any successor thereof, and the Single Audit Act, or any successor thereof), and shall mail upon request, and make available generally, the report of the Independent Certified Public Accountants, or a summary thereof, to any Holder or Holders of the Series 2008 A Bonds and shall submit the report to the Authority, or any other original purchaser of the Series 2008 A Bonds. Such audit report submitted to the Authority shall include a statement that notes whether the results of test disclosed instances of noncompliance that are required to be reported under government auditing standards and, if they are, describes the instances of noncompliance and the audited financial statements shall include a statement that notes whether the revenues of the System are adequate to meet the Issuer's Operating Expenses and debt service and reserve requirements.

Prior to, during and after completion of the Project, the Issuer shall also provide the Authority, or its agents and representatives, with access to the System site and System facilities as may be reasonably necessary to accomplish all of the powers and rights of the Authority with respect to the System pursuant to the Act.

Section 7.09. Rates. Prior to the issuance of the Series 2008 A Bonds, rates or charges for the use of the services and facilities of the System will be fixed and established, all in the manner and form required by law, and a copy of such rates and charges so fixed and established shall at all times be kept on file in the office of the Recorder of the Issuer, which copy will be open to inspection by all interested parties. The schedule or schedules of rates and charges shall at all times be adequate to produce Gross Revenues from the System sufficient to pay Operating Expenses and to make the prescribed payments into the funds and accounts created hereunder. Such schedule or schedules of rates and charges shall be revised from time to time, whenever necessary, so that the aggregate of the rates and charges will be sufficient for such purposes. In order to assure full and continuous performance of this covenant with a margin for contingencies and temporary unanticipated reduction in income and revenues, the Issuer hereby covenants and agrees that the schedule or schedules of rates or charges from time to time in effect shall be sufficient, together with other revenues of the System, (i) to provide for all Operating Expenses of the System; (ii) so long as the Prior Bonds are Outstanding, always provide revenues on each fiscal year sufficient to produce Net Revenues equal to not less than 110% of the annual debt service on the Bonds and to make the payments required into Reserve Account; and (iii) to leave a balance each year equal to at least 115% of the maximum amount required in any year for payment of principal of and interest on the Series 2008 A Bonds, and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2008 A 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 2008 A Bonds, if applicable, 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 on the Series 2008 A Bonds, and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2008 A Bonds. In any event, the Issuer shall not reduce the rates or charges for services set forth in the rate ordinance described in Section 7.04.

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 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, 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 any Holder of any Bonds or anyone acting for and in behalf of such Holder of any Bonds.

Commencing on the date contracts are executed for the Project and for 2 years following the completion of the Project, the Issuer shall each month complete a "Monthly Financial Report," a form of which is attached to the Loan Agreement, and forward a copy of such report to the Authority by the 10th day of each month.

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

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

Section 7.13. Enforcement of Collections. The 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 20 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 the System or the water system until all delinquent charges for the services of the System, plus reasonable interest and penalty charges for the restoration of service, have been fully paid and shall take all further actions to enforce collections to the maximum extent permitted by law. If the water system is not owned by the Issuer, the Issuer will, to the extent allowed by law, use diligent efforts to enter into a similar termination agreement with the provider of such water, subject to any required approval of such agreement by the Public Service Commission of West Virginia and all rules, regulations and orders thereof.

Section 7.14. No Free Services. The Issuer will not render or cause to be rendered any free services of any nature by the System, nor will any preferential rates be established for users of the same class; and in the event the Issuer, or any department, agency, instrumentality, officer or employee of 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. The Issuer hereby covenants and agrees that so long as the Series 2008 A Bonds remain Outstanding, the Issuer will, as an Operating Expense, procure, carry and maintain insurance with a reputable insurance carrier or carriers as is customarily covered with respect to works and properties similar to the System. Such insurance shall initially cover the following risks and be in the following amounts:

(1) FIRE, LIGHTNING, VANDALISM, MALICIOUS MISCHIEF AND EXTENDED COVERAGE INSURANCE, on all above-ground insurable portions of the System in an amount equal to the actual cost thereof. In time of war the Issuer will also carry and maintain insurance to the extent available against the risks and hazards of war. The proceeds of all such insurance policies shall be placed in the Renewal and Replacement Fund and used only for the repairs and restoration of the damaged or destroyed

properties or for the other purposes provided herein for the Renewal and Replacement Fund.

(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, such bonds to be in the amounts of not less than 100% of the amount of any construction contract and to be required of each contractor dealing directly with the Issuer and such payment bonds will be filed with the Clerk of the County Commission of the County in which such work is to be performed prior to commencement of construction of any additions, extensions or improvements for the System in compliance with West Virginia Code, Section 38-2-39.

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

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

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

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

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

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

The Issuer will obtain all permits required by state and federal laws for the Project, all orders and approvals from the West Virginia Infrastructure and Jobs Development Council necessary for the Project and the operation of the System and all approvals of issuance of the Series 2008 A Bonds required by State law, with all requisite appeal periods having expired without successful appeal.

Section 7.18. Compliance with Loan Agreement and Law. The Issuer shall perform, satisfy and comply with all the terms and conditions of the Loan Agreement and the Act. The Issuer also agrees to comply with all applicable laws, rules and regulations issued by the Authority, or other state, federal or local bodies in regard to 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 has entered into a contract with the Consulting Engineer for the Project.

B. The Issuer shall list the funding provided by 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 dedication of the Project.

ARTICLE VIII

INVESTMENT OF FUNDS; NON ARBITRAGE

Section 8.01. Investments. Any monies held as a part of the funds and accounts created by this Resolution, 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 Resolution, the need for such monies for the purposes set forth herein and the specific restrictions and provisions set forth in this Section 8.01.

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

The Depository Bank shall keep complete and accurate records of all funds, accounts and investments, and shall distribute to the Issuer, at least once each year, or more often as reasonably requested by the Issuer, a summary of such funds, accounts and investment earnings. The Issuer shall retain all such records and any additional records with respect to such funds, accounts and investment earnings so long as any of the Series 2008 A 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 2008 A Bonds from gross income for federal income tax purposes.

Section 8.02. Certificate and Covenants as to Use of Proceeds. The Issuer shall deliver a certificate as to use of proceeds or other similar certificate to be prepared by nationally recognized bond counsel relating to restrictions on the use of proceeds of the Series 2008 A Bonds as a condition to issuance of the Series 2008 A Bonds. In addition, the Issuer covenants (i) to comply with the Code and all Regulations from time to time in effect and applicable to the Series 2008 A Bonds as may be necessary in order to maintain the status of the Series 2008 A Bonds as governmental bonds; (ii) that it shall not take, or permit or suffer to be taken, any action with respect to the Issuer's use of the proceeds of the Series 2008 A Bonds which would cause any bonds, the interest, if any, on which is exempt from federal income taxation under Section 103(a) of the Code, issued by the Authority from which the proceeds of the Series 2008 A Bonds are derived, to lose their status as tax-

exempt bonds; and (iii) to take such action, or refrain from taking such action, as shall be deemed necessary by the Issuer, or requested by the Authority, 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 2008 A Bonds and any additional information requested by the Authority.

ARTICLE IX

DEFAULT AND REMEDIES

Section 9.01. Events of Default. Each of the following events shall constitute an "Event of Default" with respect to the Series 2008 A Bonds:

(1) If default occurs in the due and punctual payment of the principal of or interest on any Series 2008 A Bonds; or

(2) If default occurs in the Issuer's observance of any of the covenants, agreements or conditions on their respective parts relating to the Series 2008 A Bonds set forth in this Bond Legislation, any supplemental resolution or in the Series 2008 A Bonds, and such default shall have continued for a period of 30 days after the Issuer, as appropriate, shall have been given written notice of such default by the Commission, the Depository Bank, the Registrar, the Paying Agent or any other Paying Agent or a Holder of a Bond; or

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

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

Section 9.02. Remedies. Upon the happening and continuance of any Event of Default, any Registered Owner or Bondholder 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 Holders of the Series 2008 A Bonds shall be on a parity with those of the Holders of the Prior Bonds.

Section 9.03. Appointment of Receiver. Any Registered Owner of a Bond may, by proper legal action, compel the performance of the duties of the Issuer under the Bond Legislation and the Act, including, the completion of the Project and after commencement of operation of the System, the making and collection of sufficient rates and charges for services rendered by the System and segregation of the revenues therefrom and the application thereof. If there be any Event of Default with respect to such Bonds, any Registered Owner of a Bond shall, in addition to all other remedies or rights, have the right by appropriate legal proceedings to obtain the appointment of a receiver to administer the

System or to 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 AND DEFEASANCE

Section 10.01. Payment of Series 2008 A Bonds. If the Issuer shall pay or there shall otherwise be paid, to the Holders of the Series 2008 A Bonds, the principal of and interest due or to become due thereon at the times and in the manner stipulated therein and in this Bond Legislation, then the pledge of Net Revenues and other monies and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Registered Owners of the Series 2008 A Bonds shall thereupon cease, terminate and become void and be discharged and satisfied, except as may otherwise be necessary to assure the exclusion of interest on the Series 2008 A Bonds from gross income for federal income tax purposes.

Section 10.02. Defeasance of Series 2008 A Bonds. If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the Holders of all of the Series 2008 A Bonds the principal of and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Bond Legislation, then the pledge of Net Revenues and other monies and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Registered Owners of the Series 2008 A Bonds shall thereupon cease, terminate and become void and be discharged and satisfied, except as may otherwise be necessary to assure the exclusion of interest on the Series 2008 A Bonds from gross income for federal income tax purposes.

Series 2008 A Bonds for the payment of which either monies in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide monies which, together with the monies, if any, deposited with the Paying Agent at the same or earlier time, shall be sufficient, to pay as and when due either at maturity or at the next redemption date, the principal installments of and interest on such Series 2008 A Bonds shall be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section. All Series 2008 A Bonds shall, prior to the maturity thereof, be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section if there shall have been deposited with the Commission or its agent, either monies in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide monies which, together with other monies, 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 2008 A Bonds on and prior to the next redemption date or the maturity dates thereof. Neither securities nor monies 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 2008 A Bonds; provided, that any cash received from such principal or interest payments on such securities deposited with the Commission or its agent, if not then needed for such purpose, shall, to the extent practicable, be reinvested in securities maturing at times and in amounts sufficient to pay when due the principal installments of and interest to become due on said Bonds on and prior to the next redemption date or the maturity dates thereof, and interest earned from such reinvestments shall be paid over to the Issuer as received by the Commission or its agent, free and clear of

any trust, lien or pledge. For the purpose of this section, securities shall mean and include only Government Obligations.

ARTICLE XI

MISCELLANEOUS

Section 11.01. Amendment or Modification of Bond Legislation. Prior to issuance of the Series 2008 A Bonds, this Ordinance may be amended or supplemented in any way by the Supplemental Resolution. Following issuance of the Series 2008 A Bonds, no material modification or amendment of this Ordinance, or of any ordinance, resolution or order amendatory or supplemental hereto, that would materially and adversely affect the rights of Registered Owners of the Series 2008 A Bonds shall be made without the consent in writing of the Registered Owners of the Series 2008 A Bonds so affected and then Outstanding; provided, that no change shall be made in the maturity of the Series 2008 A 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 2008 A Bonds required for consent to the above-permitted amendments or modifications. Notwithstanding the foregoing, this Bond Legislation may be amended with the consent of any Bondholder as may be necessary to assure compliance with Section 148(f) of the Code relating to rebate requirements or otherwise as may be necessary to assure the excludability of interest on the Series 2008 A Bonds from gross income of the holders thereof.

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

Section 11.03. Severability of Invalid Provisions. If any section, paragraph, clause or provision of this Ordinance should be held invalid by any court of competent jurisdiction, the invalidity of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Ordinance, the Supplemental Resolution or the Series 2008 A Bonds.

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

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

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

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

Section 11.07. Effective Date. This Ordinance shall take effect immediately following 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 *Preston County Journal* a qualified newspaper published and of general circulation in The Town of Kingwood, together with a notice stating that this Ordinance has been adopted and that the Issuer contemplates the issuance of the Series 2008 A Bonds, and that any person interested may appear before the Governing Body upon a date certain, not less than ten days subsequent to the date of the first publication of such abstract of this Ordinance and notice, and present protests, and that a certified copy of this Ordinance is on file with the Governing Body for review by interested persons during office hours of the Governing Body. At such hearing, all objections and suggestions shall be heard and the Governing Body shall take such action as it shall deem proper in the premises.

Passed on First Reading:	September 9, 2008
Passed on Second Reading:	September 23, 2008
Passed on Final Reading Following Public Hearing:	October 14, 2008

James G. Dobb

Mayor

CERTIFICATION

Certified a true copy of an Ordinance duly enacted by the Governing Body of The Town of Kingwood on the 14th day of October, 2008.

Dated: January 30, 2009.

[SEAL]

Recorder

EXHIBIT A

Loan Agreement included in bond transcript as Document 3.

THE TOWN OF KINGWOOD

Sewerage System Design Revenue Bonds, Series 2009 A
(West Virginia Water Development Authority)

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNT, DATE, MATURITY DATE, REDEMPTION PROVISION, INTEREST RATE, INTEREST AND PRINCIPAL PAYMENT DATES, SALE PRICE AND OTHER TERMS OF THE SEWERAGE SYSTEM DESIGN REVENUE BONDS, SERIES 2008 A (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), OF THE TOWN OF KINGWOOD; APPROVING AND RATIFYING THE LOAN AGREEMENT RELATING TO SUCH BONDS AND THE SALE AND DELIVERY OF SUCH BONDS TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

WHEREAS, the council (the "Governing Body") of The Town of Kingwood (the "Issuer") has duly and officially adopted and enacted a bond ordinance, effective October 14, 2008 (the "Bond Ordinance"), entitled:

ORDINANCE AUTHORIZING THE STUDY RELATED TO THE ACQUISITION AND CONSTRUCTION OF CERTAIN EXTENSIONS, ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE EXISTING PUBLIC SEWERAGE FACILITIES OF THE TOWN OF KINGWOOD AND THE FINANCING OF THE COST THEREOF, NOT OTHERWISE PROVIDED, THROUGH THE ISSUANCE BY THE TOWN OF NOT MORE THAN $724,650 IN ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF SEWERAGE SYSTEM DESIGN REVENUE BONDS, SERIES 2008 A (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND

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

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

WHEREAS, the Bond Ordinance provides for the issuance of Sewerage System Design Revenue Bonds, Series 2008 A (West Virginia Water Development Authority), of the Issuer (the "Bonds"), in an aggregate principal amount not to exceed $724,650, and has authorized the execution and delivery of the loan agreement relating to the Bonds, including all schedules and exhibits attached thereto, by and between the Issuer and the West Virginia Water Development Authority (the "Authority") (the "Loan Agreement"), all in accordance with Chapter 16, Article 13 and Chapter 22C, Article 1 of the West Virginia Code of 1931, as amended (collectively, the "Act"), and in the Bond Ordinance it is provided that the form of the Loan Agreement and the exact principal amount, date, maturity date, redemption provision, interest rate, interest and principal payment dates, sale price and other terms of the Bonds should be established by a supplemental resolution pertaining to the Bonds; and that other matters relating to the Bonds be herein provided for;

WHEREAS, the Sewerage System Design Revenue Bonds, Series 2008 A were not issued in 2008, but will be issued in 2009;

WHEREAS, the Governing Body desires to redesignate the Sewerage System Design Revenue Bonds, Series 2008 A as Sewerage System Design Revenue Bonds, Series 2009 A;

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

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

WHEREAS, the Governing Body deems it essential and desirable that this supplemental resolution (the "Supplemental Resolution") be adopted, that the Bonds be redesignated, that the Loan Agreement be approved and ratified by the Issuer, that the exact principal amount, the date, the maturity date, the redemption provision, the interest rate, the interest and principal payment dates and the sale price of the Bonds be fixed hereby in the manner stated herein, and that other matters relating to the Bonds be herein provided for;

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

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 Sewerage System Design Revenue Bonds, Series 2009 A (West Virginia Water Development Authority), of the Issuer, originally represented by a single Bond, numbered AR-1, in the principal amount of $724,650. The Series 2009 A Bonds shall be dated the date of delivery thereof, shall finally mature January 1, 2049. Interest shall commence on the date of closing on the amounts advanced and outstanding, and interest only payable quarterly on January 1, April 1, July 1, and October 1 of each year in arrears at the rate of 3% per annum, with the first payment due on April 1, 2009. Commencing January 1, 2011, interest accrues at the rate of 5% per annum, and interest and principal payments are payable quarterly January 1, April 1, July 1, and October 1 of each year commencing April 1, 2011 to and including January 1, 2049 and in the amounts as set forth in the "Schedule Y" attached to the Loan Agreement and incorporated in and made a part of the Series 2009 A Bonds. The Series 2009 A Bonds shall be subject to redemption upon the written consent of the Authority, and upon payment of the redemption premium, if any, and otherwise in compliance with the Loan Agreement, so long as the Authority shall be the registered owner of the Series 2009 A Bonds.

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

Section 3. The Issuer does hereby authorize, approve, ratify and accept the Loan Agreement, a copy of which is incorporated herein by reference, and the execution and delivery of the Loan Agreement by the Mayor, and the performance of the obligations contained therein, on behalf of the Issuer, are hereby authorized, directed, ratified and approved. The Issuer hereby affirms all covenants and representations made in the Loan Agreement and in the applications to the Authority. The price of the Bonds shall be 100% of par value, there being no interest accrued thereon, provided that the proceeds of the Bonds shall be advanced from time to time as requisitioned by the Issuer.

Section 4. The Issuer does hereby appoint and designate The Huntington National Bank, Charleston, West Virginia, to serve as Registrar (the "Registrar") for the Bonds under the Bond Ordinance and does approve and accept the Registrar's Agreement to be dated the date of delivery of the Bonds, by and between the Issuer and the Registrar, and

the execution and delivery of the Registrar's Agreement by the Mayor, and the performance of the obligations contained therein, on behalf of the Issuer, are hereby authorized, approved and directed.

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

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

Section 7. Series 2009 A Bonds proceeds in the amount of $-0-shall be deposited in the Series 2009 A Bonds Sinking Fund, as capitalized interest.

Section 8. Series 2009 A Bonds proceeds in the amount of $-0-shall be deposited in the Series 2009 A Bonds Reserve Account.

Section 9. The balance of the proceeds of the Series 2009 A Bonds shall be deposited in or credited to the Series 2009 A Bonds Project Fund as received from the Authority from time to time for payment of the costs of the Project, including, without limitation, costs of issuance of the Bonds and related costs.

Section 10. The Mayor and the Recorder are hereby authorized and directed to execute and deliver such other documents and certificates required or desirable in connection with the Bonds hereby and by the Bond Ordinance approved and provided for, to the end that the Bonds may be delivered on or about January 30, 2009, to the Authority pursuant to the Loan Agreement.

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

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

Section 13. The Issuer hereby determines to invest all monies in the funds and accounts established by the Bond Ordinance held by the Depository Bank until expended, in repurchase agreements or time accounts, secured by a pledge of Government Obligations, and therefore, the Issuer hereby directs the Depository Bank to take such actions as may be necessary to cause such monies to be invested in such repurchase agreements or time accounts until further directed in writing by the Issuer. Monies in the Series 2009 A Bonds Sinking Fund and the Series 2009 A Bonds Reserve Account shall be invested by the West Virginia Municipal Bond Commission in the West Virginia Board of Treasury Investments.

Section 14. The Issuer shall not permit at any time or times any of the proceeds of the Bonds or any other funds of the Issuer to be used directly or indirectly in a manner which would result in the exclusion of the Bonds from the treatment afforded by Section 103(a) of the Internal Revenue Code of 1986, as amended, and any regulations promulgated thereunder or under any predecessor thereto (the "Code"), by reason of the classification of the Bonds as "private activity bonds" within the meaning of the Code. The Issuer will take all actions necessary to comply with the Code and Treasury Regulations promulgated or to be promulgated thereunder.

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

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Adopted this 27th day of January, 2009.

James G. Lobb

Mayor

CERTIFICATION

Certified a true copy of a Supplemental Resolution duly adopted by the Council of The Town of Kingwood on the 27th day of January, 2009.

Dated: January 30, 2009.

[SEAL]

Recorder

SPECIMEN

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE TOWN OF KINGWOOD
SEWERAGE SYSTEM DESIGN REVENUE BONDS, SERIES 2009 A
(WEST VIRGINIA WATER DEVELOPMENT AUTHORITY)

$724,650

No. AR-1

KNOW ALL MEN BY THESE PRESENTS: That on this the 30th day of January, 2009, THE TOWN OF KINGWOOD, a municipal corporation and political subdivision of the State of West Virginia in Preston County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY (the "Authority") or registered assigns the sum of SEVEN HUNDRED TWENTY-FOUR THOUSAND SIX HUNDRED FIFTY DOLLARS ($724,650), 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. Interest only shall commence on the date hereof on the amounts advanced and outstanding, payable in quarterly installments on January 1, April 1, July 1 and October 1 of each year in arrears at the rate of 3% per annum, with the first payment due on April 1, 2009. Commencing January 1, 2011, interest accrues at 5% per annum and interest and principal payments are payable in quarterly installments on January 1, April 1, July 1 and October 1 of each year commencing on April 1, 2011 to and including January 1, 2049, as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference.

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

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority, and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement by and between the Issuer and the Authority dated January 30, 2009.

This Bond is issued (i) to pay the costs of design related to the acquisition and construction of certain extensions, additions, betterments and improvements to the 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 22C, Article 1 of the West Virginia Code of 1931, as amended (collectively, the "Act"), and a Bond Ordinance duly enacted by the Issuer on October 14, 2008, and a Supplemental Resolution duly adopted by the Issuer on January 27, 2009 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS WITH THE ISSUER'S:

(1) SEWER REVENUE BONDS, SERIES 1986 B (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED MARCH 26, 1986, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $850,860 (THE "SERIES 1986 B BONDS");

(2) SEWER REFUNDING REVENUE BONDS, SERIES 1997 A, DATED NOVEMBER 1, 1997, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,130,000 (THE "SERIES 1997 A BONDS"); AND

(3) SEWER REVENUE BONDS, SERIES 2001 (WEST VIRGINIA SRF PROGRAM), DATED DECEMBER 20, 2001, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $878,181 (THE "SERIES 2001 BONDS") (COLLECTIVELY, 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, and from monies in the reserve account created under the Bond Legislation for the Bonds (the "Series 2009 A Bonds Reserve Account"), and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest hereon, except from said special fund provided from the Net Revenues, the monies in the Series 2009 A Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest on the Bonds, and all other obligations secured by a lien on or payable from such revenues on a parity with the Bonds; provided, however, that, so long as there exists in the Series 2009 A Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest which will become due on the Bonds in the then current or any succeeding year, 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 and interest on this Bond.

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

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

[SEAL]

Mayor

SPECIMEN

ATTEST:

Recorder

SPECIMEN

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2009 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: January 30, 2009.

THE HUNTINGTON NATIONAL BANK,
as Registrar

SPECIMEN

By: _____
Its: Authorized Officer

EXHIBIT A

RECORD OF ADVANCES

AMOUNT	DATE	AMOUNT	DATE
(1) $141,275	January 30, 2009	(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

DETAILED BOND DEBT SERVICE

Town of Kingwood

Closing Date: January 30, 2009

Period Ending	Principal	Interest	Debt Service
4/1/2009			
7/1/2009			
10/1/2009			
1/1/2010			
4/1/2010			
7/1/2010			
10/1/2010			
1/1/2011			
4/1/2011	1,615.	9,058.13	10,673.13
7/1/2011	1,636.	9,037.94	10,673.94
10/1/2011	1,656.	9,017.49	10,673.49
1/1/2012	1,677.	8,996.79	10,673.79
4/1/2012	1,698.	8,975.83	10,673.83
7/1/2012	1,719.	8,954.60	10,673.60
10/1/2012	1,740.	8,933.11	10,673.11
1/1/2013	1,762.	8,911.36	10,673.36
4/1/2013	1,784.	8,889.34	10,673.34
7/1/2013	1,806.	8,867.04	10,673.04
10/1/2013	1,829.	8,844.46	10,673.46
1/1/2014	1,852.	8,821.60	10,673.60
4/1/2014	1,875.	8,798.45	10,673.45
7/1/2014	1,899.	8,775.01	10,674.01
10/1/2014	1,922.	8,751.28	10,673.28
1/1/2015	1,946.	8,727.25	10,673.25
4/1/2015	1,971.	8,702.93	10,673.93
7/1/2015	1,995.	8,678.29	10,673.29
10/1/2015	2,020.	8,653.35	10,673.35
1/1/2016	2,045.	8,628.10	10,673.10
4/1/2016	2,071.	8,602.54	10,673.54
7/1/2016	2,097.	8,576.65	10,673.65
10/1/2016	2,123.	8,550.44	10,673.44
1/1/2017	2,150.	8,523.90	10,673.90
4/1/2017	2,176.	8,497.03	10,673.03
7/1/2017	2,204.	8,469.83	10,673.83
10/1/2017	2,231.	8,442.28	10,673.28
1/1/2018	2,259.	8,414.39	10,673.39
4/1/2018	2,287.	8,386.15	10,673.15
7/1/2018	2,316.	8,357.56	10,673.56
10/1/2018	2,345.	8,328.61	10,673.61
1/1/2019	2,374.	8,299.30	10,673.30
4/1/2019	2,404.	8,269.63	10,673.63
7/1/2019	2,434.	8,239.58	10,673.58
10/1/2019	2,464.	8,209.15	10,673.15
1/1/2020	2,495.	8,178.35	10,673.35
4/1/2020	2,526.	8,147.16	10,673.16
7/1/2020	2,558.	8,115.59	10,673.59
10/1/2020	2,590.	8,083.61	10,673.61
1/1/2021	2,622.	8,051.24	10,673.24
4/1/2021	2,655.	8,018.46	10,673.46

DETAILED BOND DEBT SERVICE

Town of Kingwood

Closing Date: January 30, 2009

Period Ending	Principal	Interest	Debt Service
7/1/2021	2,688.	7,985.28	10,673.28
10/1/2021	2,722.	7,951.68	10,673.68
1/1/2022	2,756.	7,917.65	10,673.65
4/1/2022	2,790.	7,883.20	10,673.20
7/1/2022	2,825.	7,848.33	10,673.33
10/1/2022	2,860.	7,813.01	10,673.01
1/1/2023	2,896.	7,777.26	10,673.26
4/1/2023	2,932.	7,741.06	10,673.06
7/1/2023	2,969.	7,704.41	10,673.41
10/1/2023	3,006.	7,667.30	10,673.30
1/1/2024	3,044.	7,629.73	10,673.73
4/1/2024	3,082.	7,591.68	10,673.68
7/1/2024	3,120.	7,553.15	10,673.15
10/1/2024	3,159.	7,514.15	10,673.15
1/1/2025	3,199.	7,474.66	10,673.66
4/1/2025	3,239.	7,434.68	10,673.68
7/1/2025	3,279.	7,394.19	10,673.19
10/1/2025	3,320.	7,353.20	10,673.20
1/1/2026	3,362.	7,311.70	10,673.70
4/1/2026	3,404.	7,269.68	10,673.68
7/1/2026	3,446.	7,227.13	10,673.13
10/1/2026	3,489.	7,184.05	10,673.05
1/1/2027	3,533.	7,140.44	10,673.44
4/1/2027	3,577.	7,096.28	10,673.28
7/1/2027	3,622.	7,051.56	10,673.56
10/1/2027	3,667.	7,006.29	10,673.29
1/1/2028	3,713.	6,960.45	10,673.45
4/1/2028	3,759.	6,914.04	10,673.04
7/1/2028	3,806.	6,867.05	10,673.05
10/1/2028	3,854.	6,819.48	10,673.48
1/1/2029	3,902.	6,771.30	10,673.30
4/1/2029	3,951.	6,722.53	10,673.53
7/1/2029	4,000.	6,673.14	10,673.14
10/1/2029	4,050.	6,623.14	10,673.14
1/1/2030	4,101.	6,572.51	10,673.51
4/1/2030	4,152.	6,521.25	10,673.25
7/1/2030	4,204.	6,469.35	10,673.35
10/1/2030	4,257.	6,416.80	10,673.80
1/1/2031	4,310.	6,363.59	10,673.59
4/1/2031	4,364.	6,309.71	10,673.71
7/1/2031	4,418.	6,255.16	10,673.16
10/1/2031	4,474.	6,199.94	10,673.94
1/1/2032	4,530.	6,144.01	10,674.01
4/1/2032	4,586.	6,087.39	10,673.39
7/1/2032	4,643.	6,030.06	10,673.06
10/1/2032	4,701.	5,972.03	10,673.03
1/1/2033	4,760.	5,913.26	10,673.26
4/1/2033	4,820.	5,853.76	10,673.76
7/1/2033	4,880.	5,793.51	10,673.51
10/1/2033	4,941.	5,732.51	10,673.51

DETAILED BOND DEBT SERVICE

Town of Kingwood

Closing Date: January 30, 2009

Period Ending	Principal	Interest	Debt Service
1/1/2034	5,003.	5,670.75	10,673.75
4/1/2034	5,065.	5,608.21	10,673.21
7/1/2034	5,129.	5,544.90	10,673.90
10/1/2034	5,193.	5,480.79	10,673.79
1/1/2035	5,258.	5,415.88	10,673.88
4/1/2035	5,323.	5,350.15	10,673.15
7/1/2035	5,390.	5,283.61	10,673.61
10/1/2035	5,457.	5,216.24	10,673.24
1/1/2036	5,525.	5,148.03	10,673.03
4/1/2036	5,595.	5,078.96	10,673.96
7/1/2036	5,664.	5,009.03	10,673.03
10/1/2036	5,735.	4,938.23	10,673.23
1/1/2037	5,807.	4,866.54	10,673.54
4/1/2037	5,880.	4,793.95	10,673.95
7/1/2037	5,953.	4,720.45	10,673.45
10/1/2037	6,027.	4,646.04	10,673.04
1/1/2038	6,103.	4,570.70	10,673.70
4/1/2038	6,179.	4,494.41	10,673.41
7/1/2038	6,256.	4,417.18	10,673.18
10/1/2038	6,335.	4,338.98	10,673.98
1/1/2039	6,414.	4,259.79	10,673.79
4/1/2039	6,494.	4,179.61	10,673.61
7/1/2039	6,575.	4,098.44	10,673.44
10/1/2039	6,657.	4,016.25	10,673.25
1/1/2040	6,740.	3,933.04	10,673.04
4/1/2040	6,825.	3,848.79	10,673.79
7/1/2040	6,910.	3,763.48	10,673.48
10/1/2040	6,996.	3,677.10	10,673.10
1/1/2041	7,084.	3,589.65	10,673.65
4/1/2041	7,172.	3,501.10	10,673.10
7/1/2041	7,262.	3,411.45	10,673.45
10/1/2041	7,353.	3,320.68	10,673.68
1/1/2042	7,445.	3,228.76	10,673.76
4/1/2042	7,538.	3,135.70	10,673.70
7/1/2042	7,632.	3,041.48	10,673.48
10/1/2042	7,727.	2,946.08	10,673.08
1/1/2043	7,824.	2,849.49	10,673.49
4/1/2043	7,922.	2,751.69	10,673.69
7/1/2043	8,021.	2,652.66	10,673.66
10/1/2043	8,121.	2,552.40	10,673.40
1/1/2044	8,223.	2,450.89	10,673.89
4/1/2044	8,325.	2,348.10	10,673.10
7/1/2044	8,429.	2,244.04	10,673.04
10/1/2044	8,535.	2,138.68	10,673.68
1/1/2045	8,642.	2,031.99	10,673.99
4/1/2045	8,750.	1,923.96	10,673.96
7/1/2045	8,859.	1,814.59	10,673.59
10/1/2045	8,970.	1,703.85	10,673.85
1/1/2046	9,082.	1,591.73	10,673.73
4/1/2046	9,195.	1,478.20	10,673.20

DETAILED BOND DEBT SERVICE

Town of Kingwood

Closing Date: January 30, 2009

Period Ending	Principal	Interest	Debt Service
7/1/2046	9,310.	1,363.26	10,673.26
10/1/2046	9,427.	1,246.89	10,673.89
1/1/2047	9,544.	1,129.05	10,673.05
4/1/2047	9,664.	1,009.75	10,673.75
7/1/2047	9,785.	888.95	10,673.95
10/1/2047	9,907.	766.64	10,673.64
1/1/2048	10,031.	642.80	10,673.80
4/1/2048	10,156.	517.41	10,673.41
7/1/2048	10,283.	390.46	10,673.46
10/1/2048	10,412.	261.93	10,673.93
1/1/2049	10,542.	131.78	10,673.78
	724,650.	897,717.14	1,622,367.14

Bond Variable Rate Table

Begin Date	End Date	Interest Rate
1/30/2009	1/1/2011	3.000%
1/1/2011	1/1/2049	5.000%

(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:

_____

WEST VIRGINIA
Water Development Authority
Celebrating 34 Years of Service 1974 - 2008

August 27, 2010

The Town of Kingwood
Sewer Refunding Revenue Bonds, Series 2010 A
(Tax-Exempt)

TO WHOM IT MAY CONCERN:

In reliance upon the certificate of Hardesty & Associates, a firm of independent certified public accountants and an opinion of Steptoe & Johnson PLLC, as bound counsel, stating that the coverage and parity requirements have been met, the undersigned duly authorized representative for the West Virginia Water Development Authority, the registered owner of the Prior Bonds, hereinafter defined and described, hereby consents to the issuance of the Sewer Refunding Revenue Bonds, Series 2010 A (Tax-Exempt), in the original aggregate principal amount of $1,605,000 (the "Bonds") by The Town of Kingwood (the "Issuer"), under the terms of the bond ordinance authorizing the Bonds, on a parity with respect to liens, pledge and source of and security for payment, with the Issuer's outstanding (1) Sewerage System Design Revenue Bonds, Series 2009 A (West Virginia Water Development Authority), dated January 30, 2009, issued in the original aggregate principal amount of $724,650 (the "Series 2009 A Bonds"); (2) Sewer Revenue Bonds, Series 2001 A (West Virginia SRF Program), dated December 20, 2001, issued in the original aggregate principal amount of $878,181 (the "Series 2001 A Bonds"); and (3) Sewer Revenue Bonds, Series 1986 B (West Virginia Water Development Authority), dated March 26, 1986, issued in the original aggregate principal amount of $850,860 (the "Series 1986 B Bonds") (collectively referred to herein as the "Prior Bonds").

Authorized Representative

08.12.10
485090.00005

5410483

180 Association Drive, Charleston, WV 25311-1217
phone (304) 558-3612 / fax (304) 558-0299
www.wwda.org

Town of Kingwood, WV
Sewer Refunding Revenue Bonds, Series 2010A
(Refunding of Series 1997-A)

DTC FAST CLOSING
Friday, August 27, 2010

SOURCES:		
Par Amount - Series 2010A		1,605,000.00
Prior Issue Debt Service Reserve Fund		158,425.00
Prior Issue Debt Service Funds		111,287.50
Original Issue Discount		(11,108.00)
TOTAL SOURCES OF FUNDS		1,863,604.50
USES:		
Deposit to Current Refunding Fund		1,640,258.89
Deposit to Debt Service Reserve Fund		147,300.00
Underwriters Discount		40,125.00
Costs of Issuance and Rounding:		
Bond Counsel - Steptoe & Johnson	20,000.00	
Underwriter's Counsel - Goodwin & Goodwin	12,600.00	
WV Municipal Bond Commission	2,000.00	
Registrar - Annual DTC, Continuing Disclosure	850.00	
Registrar - Acceptance fee	250.00	
Registrar - Escrow duties	200.00	
	35,900.00	
Total COI and Rounding		35,920.61
TOTAL USES OF FUNDS		1,863,604.50

0.00 Balance Test

CONTACTS:

WesBanco Bank (#2271)
ShelburneJ@WesBanco.com
304-234-9436 Tel

Town of Kingwood
Martha Moore
304-329-1225

DTC
212-855-3752 Tel
212-855-3753 Tel
212-855-3754 Tel

Crews BD# 5158

WIRE INSTRUCTIONS: August 27, 2010

From: Crews & Associates, Inc. (JP Morgan Chase/NY) → To: West Virginia Municipal Bond Commission

Escrow Fund (_____)	1,370,546.39	Bank:	Branch Banking & Trust
Deposit to Series 2010 Debt Service Reserve	147,300.00	City:	Charleston, WV
WV MBC fee	2,000.00	ABA#:	051 5033 94
		GLA #:	State of West Virginia
		Acct #:	5270517317
Total Transfer:	1,519,846.39	Acct Name:	Town of Kingwood - Series 1997-A
		Attn:	Sara Boardman

From: Crews & Associates, Inc. (JP Morgan Chase/NY) → To: WesBanco Trust & Investment Services

COI Fund (_____)	35,920.61	Bank:	WesBanco Bank
Less WV MBC fee	(2,000.00)	City:	Wheeling, WV 26003
		ABA#:	043-4000-36
		Attn:	J. Shelburne
		Credit GL:	A/C #20520700
		Further Credit:	#1085005559
Total Transfer:	33,920.61	i/n/o:	Kingwood WV Sewer Ref Rev Bonds 2010A

WIRE INSTRUCTIONS: September 27, 2010

From: WV Municipal Bond Commission → To: WesBanco Trust & Investment Services

1997A Debt Service Fund	111,287.50	Bank:	WesBanco Bank
1997A Debt Service Reserve Fund	158,425.00	City:	Wheeling, WV 26003
2010A Bond Proceeds	1,370,546.39	ABA#:	043-4000-36
		Attn:	J. Shelburne
		Credit GL:	A/C #20520700
		Further Credit:	#1085005559
Total Transfer:	1,640,258.89	i/n/o:	Kingwood WV Sewer Ref Rev Bonds 2010A

OTHER INSTRUCTIONS:

WesBanco Bank, Wheeling →
1 - Send Redemption Notice on August 27, 2010
2 - Series 1997A Bonds Redeemed on Sept. 27, 2010

Crews & Associates, Inc. →
1 - Copy Redemption Notice to EMMA
2 - Copy Redemption Notice to DTC

Final

$1,605,000

City of Kingwood, West Virginia

Sewer Refunding Revenue Bonds

Refunding Series 1997A (Non Rated / Bank Qualified)

Sources & Uses

Dated 08/27/2010 | Delivered 08/27/2010

SOURCES OF FUNDS	
Par Amount of Bonds	$1,605,000.00
Transfers from Prior Issue DSR Funds	158,425.00
Transfers from Prior Issue Debt Service Funds	111,287.50
Original Issue Discount (OID)	(11,108.00)
TOTAL SOURCES	**$1,863,604.50**

USES OF FUNDS	
Deposit to Current Refunding Fund	1,640,258.89
Deposit to Debt Service Reserve Fund (DSRF)	147,300.00
Total Underwriter's Discount (2.500%)	40,125.00
Costs of Issuance	35,000.00
Rounding Amount	920.61
TOTAL USES	**$1,863,604.50**

$1,605,000

City of Kingwood, West Virginia
Sewer Refunding Revenue Bonds
Refunding Series 1997A (Non Rated / Bank Qualified)

Debt Service Comparison

Date	Total P+I	DSR	Net New D/S	Old Net D/S	Savings
10/01/2010	-	-	(920.61)	-	920.61
10/01/2011	142,062.08	-	142,062.08	154,000.00	11,937.92
10/01/2012	144,025.00	-	144,025.00	155,425.00	11,400.00
10/01/2013	146,475.00	-	146,475.00	156,575.00	10,100.00
10/01/2014	143,775.00	-	143,775.00	157,450.00	13,675.00
10/01/2015	145,625.00	-	145,625.00	158,050.00	12,425.00
10/01/2016	147,300.00	-	147,300.00	158,375.00	11,075.00
10/01/2017	143,800.00	-	143,800.00	158,425.00	14,625.00
10/01/2018	144,800.00	-	144,800.00	158,200.00	13,400.00
10/01/2019	145,600.00	-	145,600.00	157,200.00	11,600.00
10/01/2020	146,200.00	-	146,200.00	155,900.00	9,700.00
10/01/2021	141,600.00	-	141,600.00	154,300.00	12,700.00
10/01/2022	147,000.00	-	147,000.00	157,400.00	10,400.00
10/01/2023	142,000.00	-	142,000.00	154,900.00	12,900.00
10/01/2024	146,687.50	-	146,687.50	157,100.00	10,412.50
10/01/2025	145,950.00	(147,300.00)	(1,350.00)	(4,725.00)	(3,375.00)
Total	**$2,172,899.58**	**(147,300.00)**	**$2,024,678.97**	**$2,188,575.00**	**$163,896.03**

PV Analysis Summary (Net to Net)

Gross PV Debt Service Savings	241,226.98
Effects of changes in DSR investments	(6,039.04)
Net PV Cashflow Savings @ 4.089%(Bond Yield)	235,187.94
Transfers from Prior Issue Debt Service Fund	(111,287.50)
Contingency or Rounding Amount	920.61
Net Present Value Benefit	$124,821.05
Net PV Benefit / $1,595,000 Refunded Principal	7.826%
Net PV Benefit / $1,605,000 Refunding Principal	7.777%

Refunding Bond Information

Refunding Dated Date	8/27/2010
Refunding Delivery Date	8/27/2010

$1,605,000

City of Kingwood, West Virginia
Sewer Refunding Revenue Bonds
Refunding Series 1997A (Non Rated / Bank Qualified)

Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I	Fiscal Total
08/27/2010	-	-	-	-	-
04/01/2011	-	-	36,424.58	36,424.58	-
10/01/2011	75,000.00	3.000%	30,637.50	105,637.50	142,062.08
04/01/2012	-	-	29,512.50	29,512.50	-
10/01/2012	85,000.00	3.000%	29,512.50	114,512.50	144,025.00
04/01/2013	-	-	28,237.50	28,237.50	-
10/01/2013	90,000.00	3.000%	28,237.50	118,237.50	146,475.00
04/01/2014	-	-	26,887.50	26,887.50	-
10/01/2014	90,000.00	3.500%	26,887.50	116,887.50	143,775.00
04/01/2015	-	-	25,312.50	25,312.50	-
10/01/2015	95,000.00	3.500%	25,312.50	120,312.50	145,625.00
04/01/2016	-	-	23,650.00	23,650.00	-
10/01/2016	100,000.00	3.500%	23,650.00	123,650.00	147,300.00
04/01/2017	-	-	21,900.00	21,900.00	-
10/01/2017	100,000.00	4.000%	21,900.00	121,900.00	143,800.00
04/01/2018	-	-	19,900.00	19,900.00	-
10/01/2018	105,000.00	4.000%	19,900.00	124,900.00	144,800.00
04/01/2019	-	-	17,800.00	17,800.00	-
10/01/2019	110,000.00	4.000%	17,800.00	127,800.00	145,600.00
04/01/2020	-	-	15,600.00	15,600.00	-
10/01/2020	115,000.00	4.000%	15,600.00	130,600.00	146,200.00
04/01/2021	-	-	13,300.00	13,300.00	-
10/01/2021	115,000.00	4.000%	13,300.00	128,300.00	141,600.00
04/01/2022	-	-	11,000.00	11,000.00	-
10/01/2022	125,000.00	4.000%	11,000.00	136,000.00	147,000.00
04/01/2023	-	-	8,500.00	8,500.00	-
10/01/2023	125,000.00	4.250%	8,500.00	133,500.00	142,000.00
04/01/2024	-	-	5,843.75	5,843.75	-
10/01/2024	135,000.00	4.250%	5,843.75	140,843.75	146,687.50
04/01/2025	-	-	2,975.00	2,975.00	-
10/01/2025	140,000.00	4.250%	2,975.00	142,975.00	145,950.00
Total	**$1,605,000.00**	-	**$567,899.58**	**$2,172,899.58**	-

Yield Statistics

Bond Year Dollars	$14,161.58
Average Life	8.823 Years
Average Coupon	4.0101419%
Net Interest Cost (NIC)	4.3719164%
True Interest Cost (TIC)	4.4482442%
Bond Yield for Arbitrage Purposes	4.0887522%
All Inclusive Cost (AIC)	4.7727993%

IRS Form 8038

Net Interest Cost	4.1310499%
Weighted Average Maturity	8.794 Years

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Final

$1,605,000

City of Kingwood, West Virginia

Sewer Refunding Revenue Bonds

Refunding Series 1997A (Non Rated / Bank Qualified)

Pricing Summary

Maturity	Type of Bond	Coupon	Yield	Maturity Value	Price	Dollar Price
10/01/2013	Term 1 Coupon	3.000%	3.000%	250,000.00	100.000%	250,000.00
10/01/2016	Term 2 Coupon	3.500%	3.500%	285,000.00	100.000%	285,000.00
10/01/2020	Term 3 Coupon	4.000%	4.000%	430,000.00	100.000%	430,000.00
10/01/2022	Term 4 Coupon	4.000%	4.200%	240,000.00	98.115%	235,476.00
10/01/2025	Term 5 Coupon	4.250%	4.400%	400,000.00	98.354%	393,416.00
Total	-	-	-	**$1,605,000.00**	-	**$1,593,892.00**

Bid Information

Par Amount of Bonds	$1,605,000.00
Reoffering Premium or (Discount)	(11,108.00)
Gross Production	$1,593,892.00
Total Underwriter's Discount (2.500%)	$(40,125.00)
Bid (96.808%)	1,553,767.00
Total Purchase Price	$1,553,767.00
Bond Year Dollars	$14,161.58
Average Life	8.823 Years
Average Coupon	4.0101419%
Net Interest Cost (NIC)	4.3719164%
True Interest Cost (TIC)	4.4482442%

$1,605,000

City of Kingwood, West Virginia
Sewer Refunding Revenue Bonds
Refunding Series 1997A (Non Rated / Bank Qualified)

Proof Of Bond Yield @ 4.0887522%

Date	Cashflow	PV Factor	Present Value	Cumulative PV
08/27/2010	-	1.0000000x	-	-
04/01/2011	36,424.58	0.9762269x	35,558.65	35,558.65
10/01/2011	105,637.50	0.9566690x	101,060.12	136,618.77
04/01/2012	29,512.50	0.9375029x	27,668.05	164,286.83
10/01/2012	114,512.50	0.9187208x	105,205.01	269,491.84
04/01/2013	28,237.50	0.9003150x	25,422.64	294,914.49
10/01/2013	118,237.50	0.8822779x	104,318.33	399,232.82
04/01/2014	26,887.50	0.8646022x	23,246.99	422,479.81
10/01/2014	116,887.50	0.8472806x	99,036.51	521,516.32
04/01/2015	25,312.50	0.8303060x	21,017.12	542,533.44
10/01/2015	120,312.50	0.8136715x	97,894.85	640,428.29
04/01/2016	23,650.00	0.7973702x	18,857.81	659,286.09
10/01/2016	123,650.00	0.7813956x	96,619.56	755,905.65
04/01/2017	21,900.00	0.7657409x	16,769.73	772,675.38
10/01/2017	121,900.00	0.7503999x	91,473.75	864,149.13
04/01/2018	19,900.00	0.7353663x	14,633.79	878,782.92
10/01/2018	124,900.00	0.7206338x	90,007.17	968,790.09
04/01/2019	17,800.00	0.7061965x	12,570.30	981,360.39
10/01/2019	127,800.00	0.6920484x	88,443.79	1,069,804.18
04/01/2020	15,600.00	0.6781838x	10,579.67	1,080,383.85
10/01/2020	130,600.00	0.6645970x	86,796.36	1,167,180.21
04/01/2021	13,300.00	0.6512823x	8,662.05	1,175,842.26
10/01/2021	128,300.00	0.6382344x	81,885.47	1,257,727.74
04/01/2022	11,000.00	0.6254479x	6,879.93	1,264,607.66
10/01/2022	136,000.00	0.6129175x	83,356.79	1,347,964.45
04/01/2023	8,500.00	0.6006382x	5,105.43	1,353,069.87
10/01/2023	133,500.00	0.5886049x	78,578.76	1,431,648.63
04/01/2024	5,843.75	0.5768127x	3,370.75	1,435,019.38
10/01/2024	140,843.75	0.5652567x	79,612.88	1,514,632.26
04/01/2025	2,975.00	0.5539323x	1,647.95	1,516,280.21
10/01/2025	142,975.00	0.5428347x	77,611.79	1,593,892.00
Total	**$2,172,899.58**	-	**$1,593,892.00**	-

Derivation Of Target Amount

Par Amount of Bonds	$1,605,000.00
Reoffering Premium or (Discount)	(11,108.00)
Original Issue Proceeds	$1,593,892.00

$1,605,000

City of Kingwood, West Virginia
Sewer Refunding Revenue Bonds
Refunding Series 1997A (Non Rated / Bank Qualified)

Derivation Of Form 8038 Yield Statistics

Maturity	Issuance Value	Price	Issuance PRICE	Exponent	Bond Years
08/27/2010	-	-	-	-	-
10/01/2011	75,000.00	100.000%	75,000.00	1.0944444x	82,083.33
10/01/2012	85,000.00	100.000%	85,000.00	2.0944444x	178,027.78
10/01/2013	90,000.00	100.000%	90,000.00	3.0944444x	278,500.00
10/01/2014	90,000.00	100.000%	90,000.00	4.0944444x	368,500.00
10/01/2015	95,000.00	100.000%	95,000.00	5.0944444x	483,972.22
10/01/2016	100,000.00	100.000%	100,000.00	6.0944444x	609,444.44
10/01/2017	100,000.00	100.000%	100,000.00	7.0944444x	709,444.44
10/01/2018	105,000.00	100.000%	105,000.00	8.0944444x	849,916.67
10/01/2019	110,000.00	100.000%	110,000.00	9.0944444x	1,000,388.89
10/01/2020	115,000.00	100.000%	115,000.00	10.0944444x	1,160,861.11
10/01/2021	115,000.00	98.115%	112,832.25	11.0944444x	1,251,811.13
10/01/2022	125,000.00	98.115%	122,643.75	12.0944444x	1,483,308.02
10/01/2023	125,000.00	98.354%	122,942.50	13.0944444x	1,609,863.74
10/01/2024	135,000.00	98.354%	132,777.90	14.0944444x	1,871,430.74
10/01/2025	140,000.00	98.354%	137,695.60	15.0944444x	2,078,438.58
Total	**$1,605,000.00**	-	**$1,593,892.00**	-	**$14,015,991.09**

IRS Form 8038

Weighted Average Maturity = Bond Years/Issue Price	8.794 Years
Total Interest from Debt Service	567,899.58
Reoffering (Premium) or Discount	11,108.00
Total Interest	579,007.58
NIC = Interest / (Issue Price * Average Maturity)	4.1310499%
Bond Yield for Arbitrage Purposes	4.0887522%

$1,605,000

City of Kingwood, West Virginia
Sewer Refunding Revenue Bonds
Refunding Series 1997A (Non Rated / Bank Qualified)

Current Refunding Escrow

Date	Principal	Rate	Receipts	Disbursements	Cash Balance
08/27/2010	-	-	-	-	-
09/27/2010	1,640,258.89	-	1,640,258.89	1,640,258.89	-
Total	**$1,640,258.89**	-	**$1,640,258.89**	**$1,640,258.89**	-

Investment Parameters

Investment Model [PV, GIC, or Securities]	PV Discount
Default investment yield target	Unrestricted
Cost of Investments Purchased with Bond Proceeds	1,640,258.89
Total Cost of Investments	$1,640,258.89
Target Cost of Investments at bond yield	$1,634,735.73
Yield to Receipt	-3.62E-12
Yield for Arbitrage Purposes	4.0887522%

Final

$1,710,000

City of Kingwood, West Virginia
Sewer Refunding Revenue Bonds
Series 1997A

Debt Service To Maturity And To Call

Date	Refunded Bonds	Interest to Call	D/S To Call	Principal	Coupon	Interest	Refunded D/S
08/27/2010	-	-	-	-	-	-	-
09/27/2010	1,595,000.00	45,258.89	1,640,258.89	-	-	-	-
10/01/2010	-	-	-	65,000.00	5.500%	46,287.50	111,287.50
04/01/2011	-	-	-	-	-	44,500.00	44,500.00
10/01/2011	-	-	-	65,000.00	5.500%	44,500.00	109,500.00
04/01/2012	-	-	-	-	-	42,712.50	42,712.50
10/01/2012	-	-	-	70,000.00	5.500%	42,712.50	112,712.50
04/01/2013	-	-	-	-	-	40,787.50	40,787.50
10/01/2013	-	-	-	75,000.00	5.500%	40,787.50	115,787.50
04/01/2014	-	-	-	-	-	38,725.00	38,725.00
10/01/2014	-	-	-	80,000.00	5.500%	38,725.00	118,725.00
04/01/2015	-	-	-	-	-	36,525.00	36,525.00
10/01/2015	-	-	-	85,000.00	5.500%	36,525.00	121,525.00
04/01/2016	-	-	-	-	-	34,187.50	34,187.50
10/01/2016	-	-	-	90,000.00	5.500%	34,187.50	124,187.50
04/01/2017	-	-	-	-	-	31,712.50	31,712.50
10/01/2017	-	-	-	95,000.00	5.500%	31,712.50	126,712.50
04/01/2018	-	-	-	-	-	29,100.00	29,100.00
10/01/2018	-	-	-	100,000.00	6.000%	29,100.00	129,100.00
04/01/2019	-	-	-	-	-	26,100.00	26,100.00
10/01/2019	-	-	-	105,000.00	6.000%	26,100.00	131,100.00
04/01/2020	-	-	-	-	-	22,950.00	22,950.00
10/01/2020	-	-	-	110,000.00	6.000%	22,950.00	132,950.00
04/01/2021	-	-	-	-	-	19,650.00	19,650.00
10/01/2021	-	-	-	115,000.00	6.000%	19,650.00	134,650.00
04/01/2022	-	-	-	-	-	16,200.00	16,200.00
10/01/2022	-	-	-	125,000.00	6.000%	16,200.00	141,200.00
04/01/2023	-	-	-	-	-	12,450.00	12,450.00
10/01/2023	-	-	-	130,000.00	6.000%	12,450.00	142,450.00
04/01/2024	-	-	-	-	-	8,550.00	8,550.00
10/01/2024	-	-	-	140,000.00	6.000%	8,550.00	148,550.00
04/01/2025	-	-	-	-	-	4,350.00	4,350.00
10/01/2025	-	-	-	145,000.00	6.000%	4,350.00	149,350.00
Total	**$1,595,000.00**	**$45,258.89**	**$1,640,258.89**	**$1,595,000.00**	-	**$863,287.50**	**$2,458,287.50**

Yield Statistics

Average Life	8.756 Years
Weighted Average Maturity (Par Basis)	8.756 Years
Average Coupon	5.9126775%

Refunding Bond Information

Refunding Dated Date	8/27/2010
Refunding Delivery Date	8/27/2010

$1,605,000

City of Kingwood, West Virginia
Sewer Refunding Revenue Bonds
Refunding Series 1997A (Non Rated / Bank Qualified)

Summary Of Bonds Refunded

Issue	Maturity	Type	of Bond	Coupon	Maturity Value	Call Date	Call Price
Dated 10/01/2007 | Delivered 10/01/2007							
Series 1997A	10/01/2010	Term 1	Coupon	5.500%	65,000	09/27/2010	100.000%
Series 1997A	10/01/2011	Term 1	Coupon	5.500%	65,000	09/27/2010	100.000%
Series 1997A	10/01/2012	Term 1	Coupon	5.500%	70,000	09/27/2010	100.000%
Series 1997A	10/01/2013	Term 1	Coupon	5.500%	75,000	09/27/2010	100.000%
Series 1997A	10/01/2014	Term 1	Coupon	5.500%	80,000	09/27/2010	100.000%
Series 1997A	10/01/2015	Term 1	Coupon	5.500%	85,000	09/27/2010	100.000%
Series 1997A	10/01/2016	Term 1	Coupon	5.500%	90,000	09/27/2010	100.000%
Series 1997A	10/01/2017	Term 1	Coupon	5.500%	95,000	09/27/2010	100.000%
Series 1997A	10/01/2018	Term 2	Coupon	6.000%	100,000	09/27/2010	100.000%
Series 1997A	10/01/2019	Term 2	Coupon	6.000%	105,000	09/27/2010	100.000%
Series 1997A	10/01/2020	Term 2	Coupon	6.000%	110,000	09/27/2010	100.000%
Series 1997A	10/01/2021	Term 2	Coupon	6.000%	115,000	09/27/2010	100.000%
Series 1997A	10/01/2022	Term 2	Coupon	6.000%	125,000	09/27/2010	100.000%
Series 1997A	10/01/2023	Term 2	Coupon	6.000%	130,000	09/27/2010	100.000%
Series 1997A	10/01/2024	Term 2	Coupon	6.000%	140,000	09/27/2010	100.000%
Series 1997A	10/01/2025	Term 2	Coupon	6.000%	145,000	09/27/2010	100.000%
Subtotal	-			-	**$1,595,000**	-	-
Total	-			-	**$1,595,000**	-	-