

CITY OF KINGWOOD

Sewer Revenue Bonds,
Series 1986 A and Series 1986 B

Date of Closing: March 26, 1986

BOND TRANSCRIPT

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CITY OF KINGWOOD

SEWER REVENUE BONDS, SERIES 1986 A AND SERIES 1986 B
and
SEWERAGE SYSTEM
INTERIM CONSTRUCTION FINANCING

BOND AND NOTES ORDINANCE

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03/11/86
KGSEW2-B

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, transportation 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 finding and recommendation shall state in detail the purpose of and necessity for such increased expenditures for the operation and maintenance of the System, and no such increased expenditures shall be made until the Issuer shall have approved such finding and recommendation by a resolution duly adopted. No increased expenditures in excess of 10% of the amount of such budget shall be made except upon the further certificate of the Consulting Engineers that such increased expenditures are necessary for the continued operation of the System. The Issuer shall mail copies of such annual budget and all resolutions authorizing increased expenditures for operation and maintenance to the Trustee and the Authority and to any Holder of any Bonds or Notes, as the case may be, who shall file his or her address with the Issuer and request in writing that copies of all such budgets and resolutions be furnished him or her and shall make available such budgets and all resolutions authorizing increased expenditures for operation and maintenance of the System at all reasonable times to the Trustee and to any Holder of any Bonds or Notes, as the case may be, or anyone acting for and in behalf of such Holder of any Bonds or Notes, as the case may be.

In addition, the Issuer shall annually cause the records of the System to be audited by an independent certified public accountant, the report of which audit shall be submitted to the Authority and which audit report shall include a statement that the Issuer is in compliance with the terms and provisions of this Bond Legislation and the Loan Agreement.

Section 7.11. No Competing Franchise. To the extent legally allowable, the Issuer will not grant or cause, consent to or allow the granting of, any franchise or permit to any person, firm, corporation, body, agency or instrumentality whatsoever for the providing of any services which would compete with services provided by the System.

Section 7.12. Enforcement of Collections. The Issuer will diligently enforce and collect all fees, rentals or other charges for the services and facilities of the System, and take all steps, actions and proceedings for the enforcement and collection of such fees, rentals or other charges which shall become delinquent to the full extent permitted or authorized by the Act, the rules 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 one 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

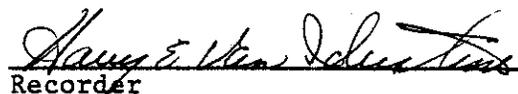
Effective following public hearing held on March 25, 1986

[SEAL]



Mayor

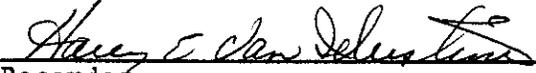
ATTEST:

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.

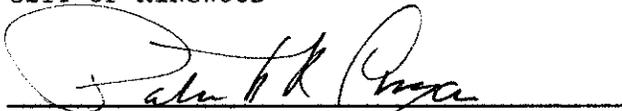
Section 7. The Mayor and Recorder are hereby authorized and directed to execute and deliver such other documents and certificates required or desirable in connection with the Bonds hereby and by the Bond and Notes Ordinance approved and provided for, to the end that the Bonds may be delivered on or about 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

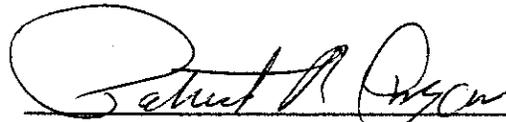
RESOLUTION

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 \$342,960.00} upon the expenses involved in the construction of the public sewerage facilities of the City of Kingwood, West Virginia, and all 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

LOAN AGREEMENT

THIS LOAN AGREEMENT, Made and entered into in several counterparts, by and between the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY, a governmental instrumentality and body corporate of the State of West Virginia (the "Authority"), and the governmental agency designated below (the "Governmental Agency").

W I T N E S S E T H:

WHEREAS, pursuant to the provisions of Chapter 20, Article 5C, of the Code of West Virginia, 1931, as amended (the "Act"), the Authority is empowered to make loans to governmental agencies for the acquisition or construction of water development projects by such governmental agencies and to issue water development revenue bonds of the State of West Virginia (the "State") to finance, in whole or in part, by loans to governmental agencies, one or more water development projects, all subject to such provisions and limitations as are contained in the Act;

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

WHEREAS, the Governmental Agency is authorized and empowered by the statutes of the State to construct, operate and improve a water development project, as defined by the Act, and to finance the cost of constructing or acquiring the same by borrowing money to be evidenced by revenue bonds issued by the Governmental Agency;

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

WHEREAS, the Governmental Agency has completed and filed with the Authority an Application for a Construction Loan with attachments and exhibits and an Amended Application for a Construction Loan also with attachments and exhibits (together, as further revised and supplemented, the "Application"), which Application is incorporated herein by this reference;

WHEREAS, having reviewed the Application and made all findings required by Section 5 of the Act and having available sufficient funds therefor, the Authority is willing to lend the Governmental Agency the amount set forth on Schedule X attached hereto and incorporated herein by reference, through the purchase of revenue bonds of the Governmental Agency with proceeds of certain water development revenue bonds of the State issued by the Authority pursuant to and in accordance with the provisions of the Act and a general resolution adopted by the Authority on May 22, 1985 (the "General Resolution"), as supplemented, subject to the Governmental Agency's satisfaction of certain legal and other requirements of the Authority's water development loan program (the "Program") as hereinafter set forth.

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

ARTICLE I

Definitions

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

1.2 "Consulting Engineers" means the consulting engineer designated in the Application and any successor thereto.

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

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

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

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

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

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

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

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

ARTICLE II

The Project and the System

2.1 The Project shall generally consist of the construction and acquisition of the facilities described in the Application, to be constructed in accordance with plans, specifications and designs prepared for the Governmental Agency by the Consulting Engineers, the Authority having found, to the extent applicable, that the Project is consistent with the applicable comprehensive plan of water management approved by the Director of the West Virginia Department of Natural Resources (or in the process of preparation by such Director), has been approved by the West Virginia Department of Health and is consistent with the standards set by the West Virginia Water Resources Board for the waters of the State affected thereby.

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

2.3 All real estate and interests in real estate and all personal property constituting the Project and the Project site heretofore or hereafter acquired shall at all times be and remain the property of the Governmental Agency, subject to any mortgage lien or other security interest as is provided for in the Local Statute.

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

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

2.6 The Governmental Agency agrees that it will permit the Authority and its agents to have access to the records of the Governmental Agency pertaining to the operation and maintenance of the System at any reasonable time following completion of construction of the Project and commencement of operation thereof.

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

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

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

2.10 The Governmental Agency agrees that it will at all times provide operation and maintenance of the System to comply with all State and federal standards. The Governmental Agency agrees that qualified operating personnel properly certified by the State will be retained to operate the System during the entire term of this Loan Agreement.

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

ARTICLE III

Conditions to Loan; Issuance of Local Bonds

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

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

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

(c) The Governmental Agency shall have received bids for the construction of the Project which are in an amount

and otherwise compatible with the plan of financing described in the Application, and the Authority shall have received a certificate of the Consulting Engineers to such effect;

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

(e) The Governmental Agency shall have obtained all requisite orders of and approvals from the Public Service Commission of West Virginia (the "PSC") necessary for the issuance of the Local Bonds, construction of the Project and imposition of rates and charges and shall have taken any other action required for the imposition of such rates and charges (imposition of such rates and charges is not, however, required to be effective until completion of construction of the Project), and the Authority shall have received an opinion of counsel to the Governmental Agency, which may be local counsel to the Governmental Agency, bond counsel or special PSC counsel, to such effect;

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

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

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

the Loan by purchasing the Local Bonds in the principal amount and at the price set forth in Schedule X hereto. The Local Bonds shall have such further terms and provisions as described in Article IV hereof.

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

3.4 The Local Bonds shall be delivered to the Authority, at the offices of the Authority, on a date designated by the Governmental Agency by written notice to the Authority, which written notice shall be given not less than five (5) business days prior to the date designated; provided, however, that if the Authority is unable to accept delivery on the date designated, the Local Bonds shall be delivered to the Authority on a date as close as possible to the designated date and mutually agreeable to the Authority and the Governmental Agency. The date of delivery so designated or agreed upon is hereinafter referred to as the "Date of Loan Closing." Notwithstanding the foregoing, the Date of Loan Closing shall in no event occur more than ninety (90) days after the date of execution of this Loan Agreement by the Authority.

3.5 The Governmental Agency understands and acknowledges that it is one of several governmental agencies which have applied to the Authority for loans to finance water development projects and that the obligation of the Authority to make any such loan is subject to the Governmental Agency's fulfilling all of the terms and conditions of this Loan Agreement on or prior to the Date of Loan Closing and to the right of the Authority to make such loans to other governmental agencies as in the aggregate will permit the fullest and most timely utilization of such proceeds to enable the Authority to pay debt service on the water development revenue bonds issued by it. The Governmental Agency specifically recognizes that the Authority will not execute this Loan Agreement unless and until it has available funds sufficient to purchase all the Local Bonds and that, prior to such execution, the Authority may commit to and purchase the revenue bonds of other governmental agencies for which it has sufficient funds available.

ARTICLE IV

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

4.1 The Governmental Agency shall, as one of the conditions of the Authority to make the Loan, authorize the issuance of and issue the Local Bonds pursuant to an official

action of the Governmental Agency in accordance with the Local Statute, which shall, as enacted, contain provisions and covenants in substantially the form as follows:

(a) That the revenues generated from the operation of the System will be used monthly, in the order of priority listed, as set forth on Schedule Y attached hereto and incorporated herein by reference. The gross revenues of the System shall always be used for purposes of the System.

(b) Covenants substantially as follows:

(i) That the Local Bonds shall be secured by the revenues from the System, as more fully set forth in Schedules X and Y attached hereto;

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

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

(iv) That the System may not be sold, mortgaged, leased or otherwise disposed of except as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to pay fully all the Local Bonds outstanding, with further restrictions on the disposition of portions of the System as are normally contained in such covenants;

(v) That the Governmental Agency shall not issue any other obligations payable from the

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

(vi) That the Governmental Agency will carry such insurance as is customarily carried with respect to works and properties similar to the System;

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

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

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

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

(xi) That the Governmental Agency shall annually cause the records of the System to be audited by an independent certified public accountant and shall submit the report of said audit to the Authority, which shall include a statement that the Governmental Agency is in compliance with the terms and provisions of the Local Act and this Loan Agreement;

(xii) That the Governmental Agency shall annually adopt a detailed budget of the estimated expenditures for operation and maintenance of the System during the succeeding fiscal year;

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

(xiv) That the proceeds of the Local Bonds, except for accrued interest and capitalized interest, if any, must be deposited in a construction fund on which the owner of the Local Bonds shall have a lien until such proceeds are applied to the construction of the Project (including the repayment of any incidental interim financing for non-construction costs); and

(xv) That, as long as the Authority is the owner of any of the Local Bonds, the Governmental Agency shall not authorize redemption of any Local Bonds by it without the written consent of the Authority and otherwise in compliance with this Loan Agreement.

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

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

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

4.4 The Loan shall bear interest from the date of the delivery to the Authority of the Local Bonds until the date of payment thereof, at the rate or rates per annum set forth on

Schedule X hereto. In no event shall the interest rate on or the net interest cost of the Local Bonds exceed any statutory limitation with regard thereto.

4.5 The Local Bonds shall be delivered to the Authority in fully registered form, transferable and exchangeable as provided in the Local Act at the expense of the Governmental Agency.

4.6 The Governmental Agency agrees to pay from time to time, as required by the Authority, the Governmental Agency's allocable share of the reasonable administrative expenses of the Authority relating to the Program. Such administrative expenses shall be as determined by the Authority and shall include without limitation Program expenses and fees paid to the trustee and paying agents for the water development revenue bonds. The Governmental Agency hereby specifically authorizes the Authority to exercise the powers granted it by Section 9.06 of the General Resolution.

4.7 As long as the Authority is the owner of any of the Local Bonds outstanding, the Governmental Agency shall not redeem any of such Local Bonds outstanding without the written consent of the Authority, and any such redemption of Local Bonds authorized by the Authority shall provide for the payment of interest to the first allowable redemption date for the applicable water development revenue bonds, the redemption premium payable on the applicable water development revenue bonds redeemable as a consequence of such redemption of Local Bonds and the costs and expenses of the Authority in effecting any such redemption, all as further prescribed by Section 9.11 of the General Resolution. Nothing in this Loan Agreement shall be construed to prohibit the Authority from refunding applicable water development revenue bonds, and such refunding need not be based upon or result in any benefit to the Governmental Agency.

ARTICLE V

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

5.1 The Governmental Agency hereby irrevocably covenants and agrees to comply with all of the terms, conditions and requirements of this Loan Agreement and the Local Act. The Governmental Agency hereby further irrevocably covenants and agrees that, as one of the conditions of the Authority to make the Loan, it has fixed and collected, or will fix and collect, the rates, fees and other charges for the use of the System, as

set forth in the Local Act and in compliance with the provisions of Subsection 4.1(b)(ii) hereof.

5.2 In the event, for any reason, the schedule of rates, fees and charges initially established for the System in connection with the Local Bonds shall prove to be insufficient to produce the minimum sums set forth in the Local Act, the Governmental Agency hereby covenants and agrees that it will, to the extent or in the manner authorized by law, immediately adjust and increase such schedule of rates, fees and charges so as to provide funds sufficient to produce the minimum sums set forth in the Local Act and as required by this Loan Agreement.

5.3 In the event the Governmental Agency defaults in the payment of any fees due to the Authority pursuant to Section 4.6 hereof, the amount of such default shall bear interest at the interest rate of the installment of the Loan next due, from the date of the default until the date of the payment thereof.

5.4 The Governmental Agency hereby irrevocably covenants and agrees with the Authority that, in the event of any default hereunder by the Governmental Agency, the Authority may exercise any or all of the rights and powers granted under Section 6a of the Act, including without limitation the right to impose, enforce and collect directly charges upon users of the System.

ARTICLE VI

Other Agreements of the Governmental Agency

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

6.2 At the option of the Authority, the Governmental Agency shall issue and sell to the Authority additional, subordinate bonds to evidence the Governmental Agency's obligation to repay to the Authority any grant received by the Governmental Agency from the Authority in excess of the amount

to which the Governmental Agency is entitled pursuant to applicable policies or rules and regulations of the Authority. Also at the option of the Authority, the Governmental Agency may issue and sell to the Authority additional, subordinate bonds for such purposes as may be acceptable to the Authority.

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

ARTICLE VII

Miscellaneous

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

7.2 Schedules X, Y and Z shall be attached to this Loan Agreement at the time of execution hereof by the Authority and shall be approved by an official action of the Governmental Agency supplementing the Local Act, a certified copy of which official action shall be submitted to the Authority.

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

7.4 This Loan Agreement may be executed in one or more counterparts, any of which shall be regarded for all

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

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

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

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

7.8 This Loan Agreement shall terminate upon the earlier of:

(i) the end of ninety (90) days after the date of execution hereof by the Authority if the Governmental Agency has failed to deliver the Local Bonds to the Authority;

(ii) termination by the Authority pursuant to Section 6.3 hereof; or

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

IN WITNESS WHEREOF, the parties hereto have caused this Loan Agreement to be executed by their respective duly authorized officers as of the date executed below by the Governmental Agency, but this Loan Agreement shall not be binding on the Authority until executed by it.

[Proper Name of Governmental Agency]

(SEAL)

By _____
Its _____

Attest:

Date: 2/25/86

Harriet Van Jones
Its Recorder

WEST VIRGINIA WATER DEVELOPMENT
AUTHORITY

(SEAL)

By *Edmund N. Henry*
Director

Attest:

Date: 3/3/86

Daniel B. Yarbrough
Secretary-Treasurer

EXHIBIT A

[Opinion of Bond Counsel for Governmental Agency]

[To Be Dated as of Date of Loan Closing]

West Virginia Water Development Authority
1201 Dunbar Avenue
Dunbar, West Virginia 25064

Gentlemen:

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

We have examined a certified copy of proceedings and other papers relating to (i) the authorization of a loan agreement, dated _____, 19__ (the "Loan Agreement"), between the Governmental Agency and the West Virginia Water Development Authority (the "Authority") and (ii) the issue of a series of revenue bonds of the Governmental Agency, dated _____, 19__ (the "Local Bonds"), to be purchased by the Authority in accordance with the provisions of the Loan Agreement. The Local Bonds are in the principal amount of \$_____, issued in the form of one bond registered as to principal and interest to the Authority, with interest payable April 1 and October 1 of each year, beginning _____ 1, 19__, at the respective rate or rates and with principal payable in installments on October 1 in each of the years, all as follows:

| <u>Year</u> | <u>Installment</u> | <u>Interest Rate</u> |
|-------------|--------------------|----------------------|
|-------------|--------------------|----------------------|

The Local Bonds are issued for the purpose of _____ and paying certain issuance and other costs in connection therewith.

We have also examined the applicable provisions of _____ of the Code of West Virginia, 1931, as amended (the "Local Statute"), under which

the Local Bonds are issued, and the Loan Agreement that has been undertaken, including all schedules and exhibits to the Loan Agreement. The Local Bonds have been authorized by a bond _____ (the "Local Act") duly enacted by the Governmental Agency, which contains provisions and covenants substantially in the form of those set forth in Section 4.1 of the Loan Agreement. The Local Bonds are subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Local Act and the Loan Agreement.

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

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

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

3. The Governmental Agency is a duly organized and presently existing _____, with full power and authority to construct and acquire the Project and to operate and maintain the System referred to in the Loan Agreement and to issue and sell the Local Bonds, all under the Local Statute and other applicable provisions of law.

4. The Governmental Agency has legally and effectively enacted the Local Act and all other necessary _____ in connection with the issuance and sale of the Local Bonds.

5. The Local Bonds are valid and legally enforceable special obligations of the Governmental Agency, payable from the [net] revenues of the System referred to in the Local Act and secured by a [first] lien on and pledge of the [net] revenues of said System, all in accordance with the terms of the Local Bonds and the Local Act, and have been duly issued and delivered to the Authority.

[6. The Governmental Agency has reserved the right to issue additional bonds ranking on a parity with the Local Bonds, as provided in the Local Act.]

7. The Local Bonds are, by statute, exempt _____, and under existing statutes and court decisions of the United

States of America, as presently written and applied, the interest on the Local Bonds is exempt from federal income taxation.

No opinion is given herein as to the enforceability of remedies with respect to the Local Bonds under any applicable bankruptcy, insolvency, moratorium or other laws affecting creditors' rights.

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

Very truly yours,

WDA-5X
(August 1985)

SCHEDULE X
DESCRIPTION OF LOCAL BONDS

Principal Amount of Local Bonds \$ _____
Purchase Price of Local Bonds \$ _____

Interest on the Local Bonds is payable on April 1 and October 1 in each year, beginning with the first semi-annual interest payment date after delivery of the Local Bonds to the Authority, until the Local Bonds are paid in full, at the rate of ___% per annum. Principal of the Local Bonds is payable on October 1 in each year as set forth on Exhibit 1 attached hereto and incorporated herein by reference.

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

As of the date of the Loan Agreement, the Local Bonds are subordinate as to source of and security for payment to the following obligations:

EXHIBIT 1

DEBT SERVICE SCHEDULE

SCHEDULE Y
REVENUES

In accordance with Subsection 4.1(a) of the Loan Agreement, the revenues generated from the operation of the System will be used monthly, in the order of priority listed, as follows:

- (i) to pay Operating Expenses of the System;
- (ii) to the extent not otherwise limited by an outstanding local resolution, indenture or other act or document, as reflected on Schedule X to the Loan Agreement, and beginning seven (7) months prior to the first date of payment of interest on the Local Bonds from revenues and thirteen (13) months prior to the first date of payment of principal of the Local Bonds, respectively, to provide debt service on the Local Bonds by depositing in a sinking fund one-sixth (1/6) of the interest payment next coming due on the Local Bonds and one-twelfth (1/12) of the principal payment next coming due on the Local Bonds and, if the Reserve Account was not funded from proceeds of the Local Bonds or otherwise concurrently with the issuance thereof in an amount equal to the Reserve Requirement, by depositing in the Reserve Account an amount equal to one-twelfth (1/12) of one-tenth (1/10) of the amount necessary to fund the Reserve Account at the Reserve Requirement or, if the Reserve Account has been so funded (whether by Local Bond proceeds, monthly deposits or otherwise), any amount necessary to maintain the Reserve Account at the Reserve Requirement;
- (iii) to create a renewal and replacement, or similar, fund in an amount equal to two and one-half percent (2-1/2%) of the gross revenues from the System, exclusive of any payments into the Reserve Account, for the purpose of improving or making emergency repairs or replacements to the System or eliminating any deficiencies in the Reserve Account;
- (iv) to provide debt service on and requisite reserves for any subordinate indebtedness of the Governmental Agency held or owned by the Authority; and
- (v) for other legal purposes of the System, including payment of debt service on other obligations junior, subordinate and inferior to the Local Bonds.

SCHEDULE Z

Additional and Supplemental Definitions

1. "EPA" means the United States Environmental Protection Agency and any successors to the functions thereof.
2. "Local Statute" means Chapter 16, Article 13, of the Code of West Virginia, 1931, as amended.
3. "System" means the works for the collection and/or treatment, purification and disposal of sewage, in its entirety or any integral part thereof, owned by the Governmental Agency and under the supervision and control of a sanitary board, and any extensions, improvements or betterments thereto hereafter constructed or acquired from any sources whatsoever and includes the Project.

Additional Conditions and Covenants

1. The Governmental Agency agrees that it will at all times provide operation and maintenance of the System to comply with, among other State and federal standards, the water quality standards established by the West Virginia Department of Natural Resources and EPA.
2. The Governmental Agency agrees that it will permit the EPA to have access to the records of the Governmental Agency pertaining to the operation and maintenance of the System at any reasonable time following completion of construction of the Project and commencement of operation thereof.
3. As a condition precedent to the Authority's making the Loan, the Governmental Agency shall have obtained, among other permits required, permits from the EPA and the West Virginia Department of Natural Resources and approval of the "Part B" supplement to its EPA grant agreement.
4. The Local Act shall contain a covenant substantially as follows:

That the Governmental Agency will, to the full extent permitted by applicable law and the rules and regulations of the PSC, discontinue and shut off the services and facilities of the System and, in the event the Governmental Agency owns a water facility (the "Water System"), the Water System to all users of services of the System

delinquent in payment of charges for the services of the System and will not restore the services of either system until all delinquent charges for the services of the System have been fully paid.

5. To the extent required by law, the Governmental Agency hereby covenants and agrees to secure approval of the Authority and all other State agencies having jurisdiction before applying for federal financial assistance for pollution abatement in order to maximize the amounts of such federal financial assistance received or to be received for all water development projects in the State.

6. Subject to any prior or parity obligations described in Schedules X and Y attached to the Loan Agreement, the net revenues derived from the operation of the System are pledged to the payment of the principal of and interest on the Local Bonds.

SUPPLEMENTAL LOAN AGREEMENT

THIS SUPPLEMENTAL LOAN AGREEMENT, Made and entered into in several counterparts, by and between the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY, a governmental instrumentality and body corporate of the State of West Virginia (the "Authority"), and the governmental agency designated below (the "Governmental Agency").

W I T N E S S E T H:

WHEREAS, pursuant to the provisions of Chapter 20, Article 5C, of the Code of West Virginia, 1931, as amended (the "Act"), the Authority is empowered to make loans to governmental agencies for the acquisition or construction of water development projects by such governmental agencies and to issue water development revenue bonds of the State of West Virginia (the "State") to finance, in whole or in part, by loans to governmental agencies, one or more water development projects, all subject to such provisions and limitations as are contained in the Act;

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

WHEREAS, the Governmental Agency is authorized and empowered by the statutes of the State to construct, operate and improve a water development project, as defined by the Act, and to finance the cost of constructing or acquiring the same by borrowing money to be evidenced by revenue bonds, including supplemental, subordinate revenue bonds, issued by the Governmental Agency;

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

WHEREAS, the Governmental Agency has completed and filed with the Authority an Application for a Construction Loan with attachments and exhibits and an Amended Application for a Construction Loan also with attachments and exhibits (together, as further revised and supplemented, the "Application"), which Application is incorporated herein by this reference;

WHEREAS, on or prior to the date hereof, the Governmental Agency and the Authority entered a loan agreement with respect to the purchase by the Authority of certain Local Bonds of the Governmental Agency, all as more specifically described in Exhibit A attached hereto and incorporated herein by reference (the "Loan Agreement").

WHEREAS, having reviewed the Application and made all findings required by Section 5 of the Act, and having available sufficient funds therefore, the Authority is willing to lend the Governmental Agency the amount set forth on Schedule X attached hereto and incorporated herein by reference, through the purchase of supplemental, subordinate revenue bonds of the Governmental Agency with certain available funds of the Authority (other than the proceeds of certain water development revenue bonds of the State issued by the Authority pursuant to and in accordance with the provisions of the Act and a general resolution adopted by the Authority on May 22, 1985, as supplemented), subject to the Governmental Agency's satisfaction of certain legal and other requirements of the Authority's supplemental water development loan program (the "Supplemental Program") as hereinafter set forth.

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

ARTICLE I

Definitions; Loan Agreement

1.1 Capitalized terms used and not otherwise defined herein shall have the meanings respectively given them by the Loan Agreement.

1.2 Except where the context clearly indicates otherwise, the terms "Authority," "water development revenue bond," "cost," "governmental agency," "water development project," "wastewater facility" and "water facility" have the definitions and meanings ascribed to them in the Act.

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

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

1.5 "Supplemental Bonds" means the revenue bonds to be issued by the Governmental Agency pursuant to the provisions of the Local Statute, to evidence the Supplemental Loan and to be purchased by the Authority with certain available funds (other than the proceeds of its water development revenue bonds), the lien of which on the revenues of the System is junior, subordinate and inferior to that of the Local Bonds, all in accordance with the provisions of this Supplemental Loan Agreement.

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

1.7 This Supplemental Loan Agreement is supplemental to the Loan Agreement, the terms of which are incorporated herein by reference.

ARTICLE II

The Project and the System

2.1 The Project shall generally consist of the construction and acquisition of the facilities described in the Application, to be constructed in accordance with plans, specifications and designs prepared for the Governmental Agency by the Consulting Engineers, the Authority having found, to the extent applicable, that the Project is consistent with the applicable comprehensive plan of water management approved by the Director of the West Virginia Department of Natural Resources (or in the process of preparation by such Director), has been approved by the West Virginia Department of Health and is consistent with the standards set by the West Virginia Water Resources Board for the waters of the State affected thereby.

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

2.3 All real estate and interests in real estate and all personal property constituting the Project and the Project site heretofore or hereafter acquired shall at all times be and remain the property of the Governmental Agency, subject to any mortgage lien or other security interest as is provided for in the Local Statute.

2.4 The Governmental Agency agrees that the Authority and its duly authorized agents shall have the right at all

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

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

2.6 The Governmental Agency agrees that it will permit the Authority and its agents to have access to the records of the Governmental Agency pertaining to the operation and maintenance of the System at any reasonable time following completion of construction of the Project and commencement of operation thereof.

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

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

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

2.10 The Governmental Agency agrees that it will at all times provide operation and maintenance of the System to comply with all State and federal standards. The Governmental Agency agrees that qualified operating personnel properly certified by the State will be retained to operate the System during the entire term of this Supplemental Loan Agreement.

2.11 The Governmental Agency hereby covenants and 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 construction of the Project and operation, maintenance and use of the System.

ARTICLE III

Conditions to Supplemental Loan; Issuance of Supplemental Bonds

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

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

(b) The Governmental Agency shall have authorized the issuance of and delivered to the Authority for purchase the Supplemental Bonds described in this Article III and in Article IV hereof and shall have delivered to the Authority for purchase the Local Bonds in accordance with the Loan Agreement;

(c) The Governmental Agency shall have received bids for the construction of the Project which are in an amount and otherwise compatible with the plan of financing described in the Application, and the Authority shall have received a certificate of the Consulting Engineers to such effect;

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

(e) The Governmental Agency shall have obtained all requisite orders of and approvals from the Public Service Commission of West Virginia (the "PSC") necessary for the issuance of the Supplemental Bonds, construction of the Project and imposition of rates and charges and shall have taken any other action required for the imposition of such rates and charges (imposition of such rates and charges is not, however, required to be effective until completion of construction of the Project), and the Authority shall have received an opinion of counsel to the Governmental Agency, which may be local counsel to the Governmental Agency, bond counsel or special PSC counsel, to such effect;

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

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

3.2 Subject to the terms and provisions of this Supplemental Loan Agreement, the rules and regulations promulgated by the Authority or any other appropriate State agency and any applicable rules, regulations and procedures promulgated from time to time by the federal government, it is hereby agreed that the Authority shall make the Supplemental

Loan to the Governmental Agency and the Governmental Agency shall accept the Supplemental Loan from the Authority, and in furtherance thereof it is agreed that the Governmental Agency shall sell to the Authority and the Authority shall make the Supplemental Loan by purchasing the Supplemental Bonds in the principal amount and at the price set forth in Schedule X hereto. The Supplemental Bonds shall have such further terms and provisions as described in Article IV hereof.

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

3.4 The Supplemental Loan will be made only in conjunction with the Loan. The Supplemental Bond shall be delivered to the Authority, at the offices of the Authority, simultaneously with the delivery of the Local Bond to the Authority.

3.5 The Governmental Agency understands and acknowledges that it is one of several governmental agencies which have applied to the Authority for loans to finance water development projects and that the obligation of the Authority to make any such loan is subject to the Governmental Agency's fulfilling all of the terms and conditions of this Supplemental Loan Agreement and the Loan Agreement on or prior to the Date of Loan Closing and to the right of the Authority to make such loans to other governmental agencies under the conditions and in the manner described in the Loan Agreement. The Governmental Agency further understands and acknowledges that the Authority's obligation to make the Supplemental Loan is subject to the availability on the Date of Loan Closing of funds legally available therefor.

ARTICLE IV

Supplemental Bonds; Security for Supplemental Loan;
Repayment of Supplemental Loan; No Interest on
Supplemental Loan; Fees and Charges

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

(a) That the revenues generated from the operation of the System will be used monthly, in the order of priority listed, as set forth on Schedule Y attached hereto and

incorporated herein by reference. The gross revenues of the System shall always be used for purposes of the System.

(b) Covenants substantially as follows:

(i) That the Supplemental Bonds shall be secured by the revenues from the System, as more fully set forth in Schedules X and Y attached hereto, subject to the prior and senior security therefrom granted to the Local Bonds;

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

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

(iv) That the System may not be sold, mortgaged, leased or otherwise disposed of except as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to pay fully all the Local Bonds and Supplemental Bonds outstanding, with further restrictions on the disposition of portions of the System as are normally contained in such covenants;

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

(vi) That the Governmental Agency will carry such insurance as is customarily carried with respect to works and properties similar to the System;

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

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

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

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

(xi) That the Governmental Agency shall annually cause the records of the System to be audited by an independent certified public accountant and shall submit the report of said audit to the Authority, which shall include a statement that the Governmental Agency is in compliance with the terms and provisions of the Local Act and this Supplemental Loan Agreement;

(xii) That the Governmental Agency shall annually adopt a detailed budget of the estimated expenditures for operation and maintenance of the System during the succeeding fiscal year;

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

(xiv) That the proceeds of the Supplemental Bonds, except for accrued interest and capitalized interest, if any, must be deposited in a construction fund on which the owner of the Supplemental Bonds shall have a lien until such proceeds are applied to the construction of the Project (including the repayment of any incidental interim financing for non-construction costs), provided that said construction fund may be the one established for the Local Bonds, which shall have a prior and senior lien thereon; and

(xv) That, as long as the Authority is the owner of any of the Supplemental Bonds, the Governmental Agency shall not authorize redemption of any Supplemental Bonds by it without the written consent of the Authority.

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

4.2 The Supplemental Loan shall be secured by the pledge and assignment by the Governmental Agency, as effected by the Local Act, of the fees, charges and other revenues of the Governmental Agency from the System as further set forth by and subject only to the prior and senior security therefrom for the Local Bonds and to such reservations and exceptions as are

described in Schedules X and Y hereto or are otherwise expressly permitted in writing by the Authority.

4.3 The principal of the Supplemental Loan shall be repaid by the Governmental Agency annually on the day and in the years provided in Schedule X hereto.

4.4 The Supplemental Loan shall not bear interest.

4.5 The Supplemental Bonds shall be delivered to the Authority in fully registered form, transferable and exchangeable as provided in the Local Act at the expense of the Governmental Agency.

4.6 The Governmental Agency agrees to pay from time to time, as required by the Authority, the Governmental Agency's allocable share of the reasonable administrative expenses of the Authority relating to the Supplemental Program, which administrative expenses shall be as determined by the Authority.

ARTICLE V

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

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

5.2 In the event, for any reason, the schedule of rates, fees and charges initially established for the System in connection with the Local Bonds and the Supplemental Bonds shall prove to be insufficient to produce the minimum sums set forth in the Local Act, the Governmental Agency hereby covenants and agrees that it will, to the extent or in the manner authorized by law, immediately adjust and increase such schedule of rates, fees and charges so as to provide funds sufficient to produce the minimum sums set forth in the Local Act and as required by this Supplemental Loan Agreement.

5.3 In the event the Governmental Agency defaults in the payment of any fees due to the Authority pursuant to Section

4.6 hereof, the amount of such default shall bear interest at the rate of five percent (5%) per annum, from the date of the default until the date of the payment thereof.

5.4 The Governmental Agency hereby irrevocably covenants and agrees with the Authority that, in the event of any default hereunder by the Governmental Agency, the Authority may exercise any or all of the rights and powers granted under Section 6a of the Act, including without limitation the right to impose, enforce and collect directly charges upon users of the System.

ARTICLE VI

Other Agreements of the Governmental Agency

6.1 The Governmental Agency hereby acknowledges to the Authority its understanding of the provisions of the Act, vesting in the Authority certain powers, rights and privileges with respect to water development projects in the event of default by governmental agencies in the terms and covenants of loan agreements, and the Governmental Agency hereby covenants and agrees that, if the Authority should hereafter have recourse to said rights and powers, the Governmental Agency shall take no action of any nature whatsoever calculated to inhibit, nullify, void, delay or render negatory such actions of the Authority in the due and prompt implementation of this Supplemental Loan Agreement.

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

ARTICLE VII

Miscellaneous

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

7.2 Schedules X, Y and Z shall be attached to this Supplemental Loan Agreement at the time of execution hereof by the Authority and shall be approved by an official action of the Governmental Agency supplementing the Local Act, a certified copy of which official action shall be submitted to the Authority.

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

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

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

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

7.7 By execution and delivery of this Supplemental Loan Agreement, the Governmental Agency specifically recognizes that it is hereby agreeing to sell its Supplemental Bonds to the Authority and that such obligation may be specifically

enforced or subject to a similar equitable remedy by the Authority.

7.8 This Supplemental Loan Agreement shall terminate upon the earlier of:

(i) termination by the Authority of the Loan Agreement pursuant to Subsections 7.8(i) or (ii) thereof;

(ii) termination by the Authority pursuant to Section 6.2 hereof; or

(iii) payment in full of the principal of the Supplemental Loan and of any fees and charges owed by the Governmental Agency to the Authority.

IN WITNESS WHEREOF, the parties hereto have caused this Supplemental Loan Agreement to be executed by their respective duly authorized officers as of the date executed below by the Governmental Agency, but this Supplemental Loan Agreement shall not be binding on the Authority until executed by it.

The City of Kingwood
[Proper Name of Governmental Agency]

(SEAL)

By 
Its Mayor

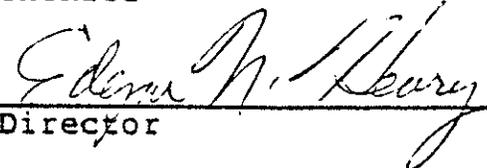
Attest:

Date: 2/25/86


Its Recorder

WEST VIRGINIA WATER DEVELOPMENT
AUTHORITY

(SEAL)

By 
Director

Attest:

Date: 3/3/86


Secretary-Treasurer

EXHIBIT A

LOAN AGREEMENT

Date:

Principal Amount of Local Bonds:

EXHIBIT B

[Opinion of Bond Counsel for Governmental Agency]

[To Be Dated as of Date of Loan Closing]

West Virginia Water Development Authority
1201 Dunbar Avenue
Dunbar, West Virginia 25064

Gentlemen:

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

We have examined a certified copy of proceedings and other papers relating to (i) the authorization of a loan agreement, dated _____, 19__ (the "Supplemental Loan Agreement"), between the Governmental Agency and the West Virginia Water Development Authority (the "Authority"), and (ii) the issue of a series of supplemental, subordinate revenue bonds of the Governmental Agency, dated _____, 19__ (the "Supplemental Bonds"), to be purchased by the Authority in accordance with the provisions of the Supplemental Loan Agreement. The Supplemental Bonds are in the principal amount of \$_____, issued in the form of one bond registered as to principal to the Authority, without interest thereon, with principal payable in installments on October 1 in each of the years, as follows:

| <u>Year</u> | <u>Installment</u> |
|-------------|--------------------|
|-------------|--------------------|

The Supplemental Loan Agreement is supplemental to a loan agreement dated _____, _____, also between the Governmental Agency and the Authority (the "Loan Agreement"). The Supplemental Bonds are junior, subordinate and inferior as to lien and source of and security for payment to the bonds issued pursuant to the Loan Agreement (the "Local Bonds"), which Local Bonds are issued simultaneously herewith.

The Supplemental Bonds are issued, together with the Local Bonds, for the purpose of _____ and paying certain issuance and other costs in connection therewith.

We have also examined the applicable provisions of _____ of the Code of West Virginia, 1931, as amended (the "Local Statute"), under which the Supplemental Bonds are issued, and the Supplemental Loan Agreement that has been undertaken, including all schedules and exhibits to the Supplemental Loan Agreement. The Supplemental Bonds have been authorized by a bond _____ (the "Local Act") duly enacted by the Governmental Agency, which contains provisions and covenants substantially in the form of those set forth in Section 4.1 of the Supplemental Loan Agreement. The Supplemental Bonds are subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Local Act and the Supplemental Loan Agreement.

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

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

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

3. The Governmental Agency is a duly organized and presently existing _____, with full power and authority to construct and acquire the Project and to operate and maintain the System referred to in the Supplemental Loan Agreement and to issue and sell the Supplemental Bonds, all under the Local Statute and other applicable provisions of law.

4. The Governmental Agency has legally and effectively enacted the Local Act and all other necessary _____ in connection with the issuance and sale of the Supplemental Bonds.

5. The Supplemental Bonds are valid and legally enforceable special obligations of the Governmental Agency, payable from the [net] revenues of the System referred to in the Local Act and secured by a lien on and pledge of the [net] revenues of said System, all in accordance with the terms of the Supplemental Bonds and the Local Act, and have been duly issued and delivered to the Authority. Said lien and pledge are junior, subordinate and inferior to that created for the Local Bonds [and _____].

6. The Governmental Agency has reserved the right to issue additional bonds ranking on a parity with the Supplemental Bonds, as provided in the Local Act.

7. The Supplemental Bonds are, by statute, exempt

No opinion is given herein as to the enforceability of remedies with respect to the Supplemental Bonds under any applicable bankruptcy, insolvency, moratorium or other laws affecting creditors' rights.

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

Very truly yours,

WDA-Supp. 5X
(November 1985)

SCHEDULE X
DESCRIPTION OF SUPPLEMENTAL BONDS

| | |
|--|----------|
| Principal Amount of Supplemental Bonds | \$ _____ |
| Purchase Price of Supplemental Bonds | \$ _____ |

Principal of the Supplemental Bonds is payable on October 1 in each year as set forth on Exhibit 1 attached hereto and incorporated herein by reference.

As of the date of the Supplemental Loan Agreement, the Supplemental Bonds are subordinate as to source of and security for payment to the following obligations, other than the Local Bonds:

EXHIBIT 1
DEBT SERVICE SCHEDULE

SCHEDULE Y
REVENUES

In accordance with Subsection 4.1(a) of the Supplemental Loan Agreement, the revenues generated from the operation of the System will be used monthly, in the order of priority listed, as follows:

(i) as prescribed by the Loan Agreement, to pay Operating Expenses of the System;

(ii) as prescribed by the Loan Agreement, to the extent not otherwise limited by an outstanding local resolution, indenture or other act or document, as reflected on Schedule X to the Loan Agreement, and beginning seven (7) months prior to the first date of payment of interest on the Local Bonds from revenues and thirteen (13) months prior to the first date of payment of principal of the Local Bonds, respectively, to provide debt service on the Local Bonds by depositing in a sinking fund one-sixth (1/6) of the interest payment next coming due on the Local Bonds and one-twelfth (1/12) of the principal payment next coming due on the Local Bonds and, if the Reserve Account was not funded from proceeds of the Local Bonds or otherwise concurrently with the issuance thereof, in an amount equal to the Reserve Requirement, by depositing in the Reserve Account an amount equal to one-twelfth (1/12) of one-tenth (1/10) of the amount necessary to fund the Reserve Account at the Reserve Requirement or, if the Reserve Account has been so funded (whether by Local Bond proceeds, monthly deposits or otherwise), any amount necessary to maintain the Reserve Account at the Reserve Requirement;

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

(iv) beginning thirteen (13) months prior to the first date of payment of principal of the Supplemental Bonds, to provide debt service on the Supplemental Bonds by depositing in a sinking fund one-twelfth (1/12) of the principal payment next coming due on the Supplemental Bonds and, if the Supplemental Reserve Account was not funded

concurrently with the issuance thereof in an amount equal to the Supplemental Reserve Requirement, by depositing in the Supplemental Reserve Account an amount equal to one-twelfth (1/12) of one-tenth (1/10) of the amount necessary to fund the Supplemental Reserve Account at the Supplemental Reserve Requirement or, if the Supplemental Reserve Account has been so funded (whether by monthly deposits or otherwise), any amount necessary to maintain the Supplemental Reserve Account at the Supplemental Reserve Requirement;

(v) to provide debt service on and requisite reserves for any other subordinate indebtedness of the Governmental Agency held or owned by the Authority; and

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

SCHEDULE Z

Additional and Supplemental Definitions

1. "EPA" means the United States Environmental Protection Agency and any successors to the functions thereof.
2. "Local Statute" means Chapter 16, Article 13, of the Code of West Virginia, 1931, as amended.
3. "System" means the works for the collection and/or treatment, purification and disposal of sewage, in its entirety or any integral part thereof, owned by the Governmental Agency and under the supervision and control of a sanitary board, and any extensions, improvements or betterments thereto hereafter constructed or acquired from any sources whatsoever and includes the Project.

Additional Conditions and Covenants

1. The Governmental Agency agrees that it will at all times provide operation and maintenance of the System to comply with, among other State and federal standards, the water quality standards established by the West Virginia Department of Natural Resources and EPA.
2. The Governmental Agency agrees that it will permit the EPA to have access to the records of the Governmental Agency pertaining to the operation and maintenance of the System at any reasonable time following completion of construction of the Project and commencement of operation thereof.
3. As a condition precedent to the Authority's making the Supplemental Loan, the Governmental Agency shall have obtained, among other permits required, permits from the EPA and the West Virginia Department of Natural Resources and approval of the "Part B" supplement to its EPA grant agreement.
4. The Local Act shall contain a covenant substantially as follows:

That the Governmental Agency will, to the full extent permitted by applicable law and the rules and regulations of the PSC, discontinue and shut off the services and facilities of the System and, in the event the Governmental

Agency owns a water facility (the "Water System"), the Water System to all users of services of the System delinquent in payment of charges for the services of the System and will not restore the services of either system until all delinquent charges for the services of the System have been fully paid.

5. To the extent required by law, the Governmental Agency hereby covenants and agrees to secure approval of the Authority and all other State agencies having jurisdiction before applying for federal financial assistance for pollution abatement in order to maximize the amounts of such federal financial assistance received or to be received for all water development projects in the State.

6. Subject to any prior or parity obligations described in Schedules X and Y attached to the Supplemental Loan Agreement, and to the prior lien of the Local Bonds, the net revenues derived from the operation of the System are pledged to the payment of the principal of the Supplemental Bonds.

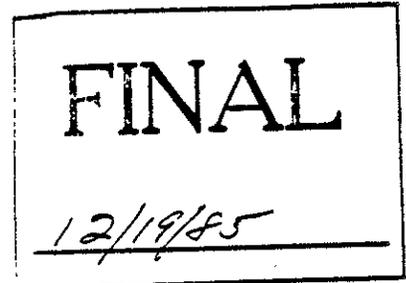
PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

Entered: November 29, 1985

CASE NO. 85-408-S-CN

CITY OF KINGWOOD, a municipal corporation, Preston County.

Application for a certificate of convenience and necessity to construct, install and operate an extraordinary extension and modernization of its sewage collection and treatment system, and approve its interim and long term financing at Kingwood, Preston County.



HEARING EXAMINER'S RECOMMENDED DECISION

PROCEDURE

On July 26, 1985, the City of Kingwood (Kingwood) filed an application for a certificate of convenience and necessity to construct, install and operate an extraordinary extension and modernization of its sewage collection and treatment system, and petition for approval of its interim and long term financing at Kingwood, Preston County.

By order entered on July 26, 1985, the Commission ordered Kingwood to give notice of the filing of said application by publishing a copy of the Commission's order once in a newspaper, duly qualified by the Secretary of State, published and of general circulation in the City of Kingwood, Preston County, making due return to the Commission of proper certification of publication immediately after publication. The Commission's order further provided that anyone desiring to make objection to said application must do so in writing, within thirty (30) days after the publication of this notice.

On August 13, 1985, the Commission received Kingwood's Certificate of Publication verifying that publication was made in The Preston County Journal once during the week of August 1, 1985.

Following the receipt of Kingwood's Certificate of Publication, numerous letters of protest, the Commission Staff's initial memoranda requesting further information and a letter from Kingwood's attorney requesting waiver of a hearing or an early hearing date, the Commission set the matters herein for formal hearing by order entered September 3, 1985. The hearing was scheduled for hearing to be held in the Council Chambers, City Hall, 125 East High Street, Kingwood, West Virginia, on Tuesday, October 1, 1985, at 10:00 a.m., EDST, at which time and place the City of Kingwood was ordered to appear and prosecute its application. Leave was granted to any interested person to file objection to said application at any time on or before the hearing date or at the hearing. Finally, Kingwood was ordered to give notice of the time and place of hearing by publishing a copy of the Commission's order in a newspaper, duly qualified by the Secretary of State, published and of general circulation in the City of Kingwood, Preston County, once a week for two (2) successive weeks, between the date of the order and October 1, 1985, making due return thereof to the Commission on or before the date of hearing.

The hearing was held as scheduled on Tuesday, October 1, 1985, and continued on Wednesday, October 2, 1985, and Thursday, October 3, 1985. The Applicant, Kingwood, was represented by Brooks E. Smith, Esquire, at hearing. The Commission Staff appeared by Ann Spaner, Esquire, of the Legal Division. No persons appeared at the hearing to intervene in this proceeding. However, statements were taken from two (2) proposed

customers of the Kingwood sewer system. At the hearing, the Applicant presented a Certificate of Publication verifying that the Commission's Notice of Hearing was published in The Preston County Journal for one week beginning with its issue of September 19, 1985 and expiring with its issue of September 26, 1985.

The Commission Staff and the City of Kingwood engaged in active discovery both prior to and following the hearing. The Commission Staff sought further information by informal request and by formal Data Request. The parties submitted a "Joint Stipulation and Agreement for Settlement" of all the contested issues to the Commission on November 27, 1985. (Attachment A).

DISCUSSION OF EVIDENCE

At the commencement of the hearing, Mr. Harold Welch, a proposed customer of the system, made a brief statement. He indicated that although he is not opposed to providing sewage (Tr., Vol. I, p. 7), he questioned the desirability of a grinder pump system as opposed to a gravity flow system. (Tr., Vol. I, p. 8). He was particularly concerned with the right-of-way agreement necessary for Kingwood to place a grinder pump on his property. (Id.)

Next, Mr. Jack Holleran, a proposed customer, made a brief statement. He indicated that he had an alternate plan for the "Holleran Addition" to collect sewage by a gravity system rather than a grinder pump pressure system. (Tr., Vol. I, p. 14). He reserved further statement until Kingwood and Staff had presented their evidence. After Kingwood and the Commission Staff had presented their cases, Mr. Holleran offered a further statement. He protested the system as designed to serve the Halloran

Addition in that it limited the growth potential in the area. (Tr., Vol. III, p. 210). He offered a blue notebook containing documentation for his testimony. The notebook was lodged in the record. (Vol. III, Tr., p. 212).

The City of Kingwood presented the following witnesses:

Patrick Crogan, Mayor of Kingwood
William Rice, Chester Engineers
John Cane, Chester Engineers
Gary Cottrell, G.L. Cottrell and Company, Investment Bankers

The Commission's Staff presented the following witnesses:

Frederick Hypes, Department of Natural Resources, Water Resources
Division, Municipal Section
Mike Johnson, Department of Natural Resources, Division of Water
and Construction Grants Branch
David Hippchen, Commission's Staff Engineer
Danny Ellis, Commission's Staff Financial Analyst

Indeed, while there were several issues in contention at hearing, the parties agreed at hearing that the City of Kingwood had demonstrated adequate need to construct, install and operate an extension of its system and to modernize its sewage collection system and treatment system. This need was demonstrated in the Report on 201 Facilities Planning Study Addendum, February 19, 1983, revised March 1983. (Staff's Exhibit No. 1).

The City of Kingwood currently serves about 994 residential and commercial customers. The proposed application will permit the City to attach an additional 244 new customers resulting in service to 1,238 customers. Most of the 244 new customers are located inside the municipal boundaries of Kingwood. Those residing outside the municipal boundaries will be required to sign a Users Agreement. (City Exhibit No. 2, Attachment A).

The hearing in this proceeding served several purposes. First, it afforded the proposed customers of the system the opportunity to protest

the application or to show support for the project as proposed by Kingwood. Second, the hearing served as a vehicle for further discovery for the parties. Finally, during the course of the hearing, the positions of the parties, and in particular, the Commission's Staff, were enunciated, thereby identifying the issues of contention.

Based on the information available at the time of hearing, the Commission's Staff testified that their recommendation concerning the certificate application would be to deny it. (Tr., Vol. III, p. 61).

Mr. Hippchen cited several unresolved issues which could be resolved subsequent to hearing without jeopardizing the project. (Id.). Mr. Hippchen listed his concerns and conditions for approval. First, he questioned the proposed method of supplying electrical power to the grinder pumps in the Halloran Addition and elsewhere. (Tr., Vol. III, p. 62). Second, he expressed concern about the ability of customers to connect at the undeveloped property in the Halloran Addition. (Id.). Third, he expressed his belief that the mains should be extended, if requested, to approximately 45 houses in the Halloran Addition, which could reasonably be served. (Tr., Vol. III, p. 62). Fourth, he requested a new hydraulic analysis on the grinder pump system taking into consideration any changes in alignment or any savings or operational benefits to the duplexing of the grinder pump units. (Tr., Vol. III, p. 63). Fifth, Mr. Hippchen recommended that the interceptor lines of the treatment plant be revised in accord with the recommendations of the Department of Natural Resources. (Id.). Sixth, he recommended that the chlorine facilities be revised inasmuch as the one ton units would be advantageous to the City of Kingwood. (Tr., Vol. III, p. 64). Finally, Mr. Hippchen recommended that

the bid specifications and contract documents include an alternate for lift station wet wells.

The City of Kingwood contested each of these Commission's Staff recommendations at hearing, except for the second recommendation concerning four or five houses within the Halloran Addition. Mr. Hippchen read into the record at hearing a list of further data requests which the Commission's Staff was making of the Applicant, Kingwood. (Tr., Vol. III, pp. 66-67).

Financial Analyst, Danny L. Ellis testified that the Commission was unable to offer final recommendations concerning this application at hearing. (Vol. III, Tr., pp. 113-118). Mr. Ellis read into the record certain additional data requests of the Applicant. (Tr., Vol. III, Tr., pp. 120-129). Mr. Ellis made five recommendations at hearing. First, he recommended that Kingwood adopt a rate ordinance sufficient to allow it to meet its operating and maintenance expenses and debt service. (Tr., Vol. III, p. 118). Second, he recommended that an independent interest-bearing Reserve Account be maintained for grinder pump renewal and replacement. (Tr., Vol. III, p. 119). Third, Mr. Ellis recommended that Kingwood cluster the grinder pump electrical connections on Kingwood meters, thereby eliminating the need for an energy credit (Id.). Fourth, Mr. Ellis recommended that Kingwood charge a \$125 tap fee prior to the completion of construction and a \$250 tap fee following the completion of construction adjacent to a customer's property. (Id.). Finally, Mr. Ellis recommended that Kingwood be required to file a bimonthly report with the Commission on the status of its interim financing for the entire 30 month project. (Tr., Vol. III, p. 120).

Following the completion of the three-day hearing, the Commission's Staff and the City of Kingwood and its professionals met several times to discuss the issues contested at hearing. Additionally, Kingwood supplied the Commission's Staff with certain additional information which the Commission's Staff needed to make its final recommendations. As a result of this posthearing activity, the parties jointly submitted a Stipulation and Agreement for Settlement. Exhibit DLE-1 (Revised), attached to the joint stipulation and agreement for settlement, contains the proforma summary of project costs and funding. The project costs are as follows:

| | |
|--------------------------|--------------------|
| Construction | \$6,026,150 |
| Construction Contingency | \$ 337,030 |
| Engineering | \$1,034,333 |
| Miscellaneous Technical | \$ 40,000 |
| Administrative | \$ 62,871 |
| Local Council | \$ 68,700 |
| Bond Council | \$ 10,000 |
| Land Acquisition | \$ 30,000 |
| Capitalized Interest | \$ 268,800 |
| Project Costs Less | |
| Interim Financing Costs | \$8,177,884 |
| Interim Financing Costs | |
| GAN Discount | \$ 68,683 |
| GAN Issuance Costs | \$ 40,000 |
| GAN Coupon Expense | \$ 686,875 |
| TOTAL PROJECT COSTS | <u>\$8,973,447</u> |

The total sources of committed funds anticipated to finance this project are as follows:

| | |
|---------------------------------------|--------------------|
| Environmental Protection Agency Grant | \$4,991,840 |
| Water Development Authority Loan | \$2,560,000 |
| Kingwood Sewer Revenue Fund | \$ 365,373 |
| Water Development Authority Grant | \$ 202,171 |
| Tap Fees | \$ 58,500 |
| Project Funding Less Interest | |
| Earnings | <u>\$8,177,884</u> |
| Interest Earnings from Project | |
| Cash Flow and Interim Financing | \$ 795,563 |
| TOTAL PROJECT FUNDING | <u>\$8,973,447</u> |

The parties agreed that a rate of \$4.85 per 1,000 gallons for the first 10,000 gallons of water per month and \$1.55 per 1,000 gallons over

10,000 gallons of water per month will produce revenues sufficient, but not more than sufficient to cover the expected operating and maintenance expenses of \$149,458, a debt service of \$213,201 and still permit adequate reserves of \$25,820 and surplus of \$3,257. The proforma cash flow analysis reflects a coverage of 125%.

The Stipulation, which is hereby incorporated by reference, resolved all outstanding contested issues and allowed the Staff to recommend approval of the project. The Stipulation addresses the potential for future growth and development in the Halloran Addition and elsewhere; the engineering issues of concrete vs. steel pump stations, grinder pump electrical configuration including duplexing, the main interceptor line into the treatment plant and the method of disinfection; and the financial issues of stipulated rates, operating and maintenance expenses, a renewal and replacement fund for grinder pumps and use of a potential EPA-generated surplus.

FINDINGS OF FACT

1. On July 26, 1985, the City of Kingwood filed an application for certificate of convenience and necessity in which it proposes to construct, install and operate an extraordinary extension and to modernize its sewage collection and treatment system.
2. The estimated project cost including interim financing costs is \$8,973,447.
3. The U.S. Environmental Protection Agency has agreed to grant Kingwood \$4,991,840. The award, dated September 29, 1983, is reflected in the City's Exhibit No. 2, Attachment D1.

4. The Water Development Authority has committed a construction loan in the amount of \$2,560,000 at an interest rate of 7% and a hardship grant of \$202,171. City Exhibit No. 4.

5. Kingwood will have accrued sufficient revenues in its sewer fund to contribute \$365,373 toward the project construction costs. Stipulation Exhibit DLE-1 (Revised).

6. The tap fees charged by Kingwood will allow an additional \$58,500 contribution towards construction costs.

7. Kingwood anticipates as interim financing the issuance of Notes in the amount of \$5,455,000, bearing a 9% interest rate in maturities not to exceed 30 months.

8. Kingwood has effectuated public notice of a municipal rate ordinance containing the monthly sewer rate of \$4.85 per 1,000 gallons for the first 10,000 gallons of water consumed and \$1.55 per 1,000 gallons for all consumption over 10,000 gallons. The ordinance contains a minimum sewer charge of \$17.96 per month. The rate ordinance also provides for a \$250 tap fee. Certificate of Publication attached to Stipulation.

9. Kingwood currently serves approximately 194 residential and commercial customers. After completion of the proposed construction, Kingwood anticipates serving approximately 1,238 residential and commercial customers.

10. The Department of Natural resources has approved the proposed construction by letter dated June 6, 1985. City's Exhibit No. 2, Attachment A2. The Department of Natural Resources issued its Water Pollution Control Permit on June 17, 1985. City's Exhibit No. 2, Attachment A3.

11. Kingwood and the Commission's Staff submitted a "Joint Stipulation and Agreement for Settlement," which purports to settle all issues contested between the parties.

12. The Report on 201 Facilities Planning Study Addendum, February 1983, revised March 1983, concludes that the unsewered areas of Kingwood are subject to widespread system failures due to the predominance of soils not suited to subsurface disposal practices.

13. On August 19, 1985, the Commission received Kingwood's Certificate of Publication attesting that public notice was given of the filing of the application for a certificate of convenience and necessity by one publication in The Preston County Journal during the week of August 1, 1985.

14. Kingwood submitted a Certificate of Publication verifying public notice of the hearing scheduled by the Commission to address the matters herein. Although the Commission ordered publication once a week for two (2) successive weeks, Kingwood published once during the week of September 19, 1985 in the The Preston County Journal.

CONCLUSIONS OF LAW

1. The public convenience and necessity require that the Commission grant the City of Kingwood's application for a certificate of convenience and necessity to construct, install and operate an extraordinary extension of its collector system and to modernize its sewage collection and treatment system located in and near Kingwood, Preston County, West Virginia.

2. The project, as stipulated to by the parties, will provide adequate service to the community.

3. The committed permanent financing, as reflected in the Joint Stipulation and Agreement for Settlement will provide adequate financing for the anticipated construction and related capital expenditures.

4. The application for a certificate of convenience and necessity should be approved as an economically feasible project.

5. The rates and charges published by Kingwood are just and reasonable, are not unduly discriminatory, and will provide revenues which are adequate but not more than adequate and serve to make the project economically feasible.

6. Although Kingwood did not comply with the Commission's Order to publish once a week for two (2) successive weeks, the notice of hearing issued by the Commission, Kingwood substantially complied with that Order and a Class II Legal Ad is not statutorily required.

ORDER

IT IS, THEREFORE, ORDERED that the Joint Stipulation and Agreement for settlement (Attachment A), entered into by the City of Kingwood and the Commission's Staff shall be incorporated by reference herein.

IT IS FURTHER ORDERED that the application of the City of Kingwood for a certificate of convenience and necessity to construct, install and operate an extraordinary extension and to modernize its sewage collection and treatment system, as stipulated to by the Applicant and the Commission's Staff, shall be granted.

IT IS FURTHER ORDERED that the stipulated permanent financing for this project of an EPA Grant, a WDA Loan, a WDA Grant, Kingwood Sewer Revenues Fund and a customers contribution through tap fees, be, and it hereby is, approved.

IT IS FURTHER ORDERED that the interim financing, as proposed by the Applicant, for the issuance of \$5,455,000 of Notes be, and it hereby is, approved.

IT IS FURTHER ORDERED that the City of Kingwood shall file its adopted rates as a proper tariff with the Commission, setting forth such rates, charges and other tariff provisions as adopted by the City within thirty (30) days of the date of this order.

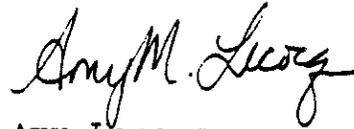
The Executive Secretary is hereby ordered to serve a copy of this order upon the Commission by hand delivery, and upon all parties of record by United States Certified Mail, return receipt requested.

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

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

Any party may request waiver of the right to file exceptions to a Hearing Examiner's Order by filing an appropriate petition in writing with the Secretary. No such waiver will be effective until approved by order of the Commission, nor shall any such waiver operate to make any Hearing

Examiner's Order or Decision the order of the Commission sooner than five (5) days after approval of such waiver by the Commission.



Amy Lecocq
Hearing Examiner

AL:jas

STATE OF WEST VIRGINIA
PUBLIC SERVICE COMMISSION
CHARLESTON

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PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
STATE OFFICE

CASE NO. 85-408-S-CN

CITY OF KINGWOOD
Application for Certificate
of Convenience and Necessity
to construct and operate a
sewage treatment system.

PUBLIC SERVICE COMMISSION
OF W. VA.

NOV 29 1985

Div of Hearing Examiners

JOINT STIPULATION AND
AGREEMENT FOR SETTLEMENT

RECEIVED

Pursuant to West Virginia Code §24-1-9(f) and Rule 13(d) of the Rules of Practice and Procedure of the Public Service Commission of West Virginia ("Commission"), the City of Kingwood ("Applicant") and Staff of the Commission ("Staff"), parties to the above-proceeding join in this joint stipulation and agreement for settlement and in support thereof state the following:

1. On October 1, 2 and 3, 1985, a public hearing was held in the City of Kingwood on the subject of this application for Certificate of Convenience and Necessity to construct and operate a sewer utility. At the close of the hearing a number of data requests were made and a number of issues regarding the engineering aspects of the project and the financial arrangements were unresolved. Staff has met with the applicant on three occasions subsequent to the hearings.

The first meeting was held in Charleston on October 23, 1985; the second meeting was held, also in Charleston, on November 1, 1985; and the third meeting was held in Charleston on November 12, 1985.

2. Throughout the course of the post-hearing meetings, Staff and the Applicant have exchanged data and have been able to reach agreement or compromise on all of the issues in contention. What follows is a recitation of those particular agreements of basic data which have been reached.

3. It is agreed that the City will extend the service area of the pressure system in the Holleran Addition to include three homes on Kimberly Lane (House Nos. 303, 305, and 307). It is also understood that the City will make every effort to serve the other two houses along Kimberly Lane immediately after the current sewer project is constructed and in operation, subject to the provisions of Sewer Rules 4.01A and 5.03.

4. The City has already taken steps to permit bidders on the project to bid in the alternative a concrete pump station or a steel pump station, rather than exclusively a steel pump station. This change has been accomplished through an addendum dated November 5, 1985, to the specifications approved by the Department of Natural Resources.

5. The City represents and assures that all future sewer customers along the proposed pressure sewer system will be permitted to connect to the pressure sewer main.

6. The City agrees to establish and set aside operating revenues of \$9,030.00, annually, as a restricted separate independent interest-bearing reserved bank account for the renewal, repair, renovation, or replacement of grinder pumps. This agreement is conditioned on four things: (1) That such "restricted use" reserve is permissible under the City's borrowing instruments; (2) That such "restricted use" of the bank account contains a mutually acceptable maximum dollar amount with no further restriction on the City's use of interest accruals or principle over the maximum required to be maintained in the account; (3) The size of the accrual up to the said maximum is not treated as an excessive surplus in the ratemaking process; and (4) That the City reserves the right to request prior written approval from the Commission to utilize funds in the account for bona fide emergency purposes not related to grinder pumps. The "maximum dollar amount" shall be \$90,300.00.

7. In recognition of current estimated cost of \$3,500.00 associated with connecting a new grinder pump customer to the City's sewer system, the City understands and agrees that an allowance of \$7,000.00 in annual operating revenues has been

included to permit the connection of two grinder pump customers per year.

8. The City has agreed to submit to the Commission's Division of Finance and Special Studies bimonthly reports on the activity of the interim financing fund until the grant anticipation notes (GANs) are paid.

9. The City agrees to direct its engineering firm to redesign the electrical services for the grinder pump system. The electrical service will be provided to "clusters" or "pods" of grinder pumps where possible. Where clustering is not possible, individual electrical service drops will be provided. This change from the original design shall be accomplished by change order after the certificate has been granted.

10. The City agrees to negotiate with individual home owners on the location of the grinder pump unit. If the home owner does not express a preference to the location, the City will locate the pump at or near the property line where physically possible.

11. The City and its engineers agree to locate some grinder pumps to serve two adjacent homes where possible ("duplexing"), taking into consideration the topography and the preferences of the home owners to be served by such duplexing.

12. The City agrees to direct its engineers to change the interceptor line leading into the plant from a 15-inch main with standard manholes to a 12-inch main with sealed cleanouts. This change allows for a reduction of 30 manholes and requires an addition of 5 cleanouts. This revision will be accomplished by change order after the certificate has been issued. The Engineering firm also agrees to raise the overflow chamber by approximately 9-inches in an effort to alleviate any overflow problem at the plant. This change is to be accomplished by a field order issued post-certificate.

13. The City agrees to direct its engineers to change the method disinfection from chlorine treatment to ultraviolet radiation. This revision will be accomplished by a change order and may be done after the certificate has been issued. This change will reduce overall operation and maintenance expenses with reduced chemical costs, offsetting increased power costs. Although it will increase construction costs by an estimated \$19,000.00, such will be partially offset by reductions in construction costs for the revisions described in paragraph 12, above. (See pages E-8, C-5 Revised, attached and C-5).

14. The division of Finance and Special Studies is submitting a post-hearing memorandum herewith, which will include three exhibits of a financial nature. These exhibits

will reflect an estimated overall operation and maintenance expense to the City of \$149,458.00 annually. The estimated total O & M expenses include the impact of an increase in Monongahela Power Company's rates recently authorized by the Commission in Case No. 84-768-E-42T. The parties agree with the aggregate of estimated O & M costs of \$149,458.00 annually, without prejudice to their position which may contest any particular line item of cost which make up that total. The exhibit contains an agreed overall estimate of revenue requirement for the City of \$391,736.00, on the assumption that the City will serve, initially, ten less customers living outside the City limits than estimated. A coverage factor of 125 percent was utilized to arrive at an estimated annual surplus of \$3,257. Staff agrees to accept the City's tap fee of \$250 per new customer.

15. The City has published notice of public hearing on a sewer rate ordinance in the Preston County Journal with dates of publication on November 7 and 14, 1985, with proposed rates set forth in the notice, for comments and adjustments to be made at and after the hearing to be held November 18, 1985, before final vote on the rate ordinance on November 19, 1985; and whereas, based upon an estimated annual overall operation and maintenance expense to the City of \$149,458.00, the schedule of monthly sewer rates and charges adopted on the third and final reading of the rate ordinance is as follows:

Per 1,000
Gallons

First 10,000 gallons of water per month.....\$ 4.85

All over 10,000 gallons of water per month... 1.55

The minimum sewer use charge per customer shall be \$17.96 per month.

Each unmetered customer who has only a sanitary sewer connection with the Municipality of Kingwood, a sewer use flat rate of \$19.70 per month. Any customer requiring the system to treat "abnormal industrial wastes" will be subject to surcharge under an EPA-approved rate formula set forth in the rate ordinance applied to excessive pollutants, if any, to be treated in the plant.

An affidavit of newspaper publication of notice of the public hearing on the rate ordinance is attached hereto.

16. The City and Staff have agreed that a surplus of EPA grant funds may develop at the end of this project if the WDA loan is closed at \$2,560,000 and the EPA grant is amended upwards from its presently approved amount. We have also agreed that any EPA grant surplus is to be utilized by the City in a manner that reduces the costs to operate the City's sewer system that resultingly reduces tariff rates for its sewer customers.

sewer system that resultingly reduces tariff rates for its sewer customers.

The City has agreed to Staff's proposal of placing the surplus EPA funds in investments yielding the maximum allowed by law or applicable regulations so that the interest earnings from these investments can be utilized in offsetting the WDA debt service. The City has also agreed to reduce their tariff rates appropriately as a reflection of this decrease in costs.

Specifically, the amount of surplus to be invested will be equal to the final approved and received EPA grant funds less the presently approved amount of \$4,991,840. This amount is to be determined and invested immediately following DNR's administrative closeout of the grant and is to remain invested until the WDA loan is retired.

There are four exceptions to this investment requirement. First, should the City experience difficulties in meeting its interim financing coupon payments or note retirement the City may utilize these surplus funds to the extent necessary to meet those obligations.

Secondly, if upon completion of an EPA audit it is determined that the grant must be decreased and funds returned to EPA, then the City may reimburse EPA from these surplus funds.

The third exception would be if the increase in EPA funding causes the reduction or elimination of the WDA grant.

If the WDA grant is reduced or eliminated then the City may utilize these surplus funds to reimburse the WDA.

Fourth, the City may use additional EPA funds to cover increases in project costs which result from change orders within the scope of the original construction outlined in this certificate case.

In any instance the balance of surplus funds is to remain invested for the sole purpose of reducing rates while the WDA loan is outstanding.

17. Data submitted post-hearing, as to which the City and Commission Staff agree, may be used for necessary findings of fact in the final order of approval, are as follows:

(a) A slightly modified description is attached as page A-2 (Revised) of City's Exhibit No. 1, to reflect the (i) replacement of chlorine disinfection with ultraviolet; (ii) the replacement of 15-inch gravity sewer lines to the plant with 12-inch closed gravity main; and (iii) the "clustering" of grinder pump electrical services. The overall number of manholes will be reduced by 30, with an addition of 5 clean-outs on the closed gravity main to the plant.

(b) The total project cost estimate as set forth originally in City's Exhibit No. 1, page C-1, is slightly modified upward, due to upward Step 2 design costs which were carried over to Step 3 and partly offset by reduction (i) in "capitalized interest" changed from WDA 9-3/4% loan of \$1,930,000, to an estimate of "interest paid during construction" on a WDA 7% loan of \$2,560,000; and (ii) by lower estimated Step 3 engineering costs. (See page C-1, Revised attached).

(c) The estimated construction costs of \$6,326,150 for contracts 84-1 through 84-6, are subject to various increases and decreases to reflect the revisions agreed to herein, but such are estimated to have no effect on the aggregate cost. (See page C-5, Revised, attached). All revisions to the sewer project agreed to herein have been made with the knowledge of and cooperation with representatives of the Department of Natural Resources who participated in the hearing and at the conference stage.

(d) The parties hereto agree the City may not be successful in eventually serving 10 of the 244 new sewer customers who reside outside the City limits.

(e) The revised estimated project cost of \$8,177,884 is to be financed from the following sources:

| <u>Government Grants</u> | <u>Amount</u> | <u>Reference</u> |
|---|---------------|---------------------------------|
| EPA Construction Grant | \$ 4,991,840 | Page D-3 |
| WDA Hardship Grant | 202,171 | City Exh. No. 4 |
| City's sewer money market bank account as of September 30, 1985 | 267,787 | Page D-18 Attached |
| Connection fees (234 customers) | 58,500 | Paragraph 16(d) above |
| WDA 7% Revenue Bond | 2,560,000 | City Exh. No. 4 |
| Anticipated net revenues hand from interim operations and future money market account interest accrued | 97,586 | Pages D-18 and D-19 attached |
| | <hr/> | |
| | \$ 8,177,884 | |

(f) City Exhibit No. 1, page A-3, is revised to reflect that bids were advertised October 16, 1985, with opening for bids to be on or about December 3, 1985, for construction to begin about April 1, 1986, with commencement of operation about September 1, 1987.

WHEREFORE, the City of Kingwood and the Staff of the West Virginia Public Service Commission on the basis of all the foregoing respectfully request that the Honorable Amy M. Lecocq, presiding Hearing Examiner, make appropriate findings of fact and conclusions of law adopting and approving the settlement embodied in this Joint Stipulation and grant the applicant a certificate of convenience and necessity to operate and maintain the proposed sewer treatment facilities.

Dated this 13th day of November, 1985.

CITY OF KINGWOOD

By Brooks E. Smith
Its Counsel

PUBLIC SERVICE COMMISSION OF
WEST VIRGINIA - STAFF

BY Ann A. Spaner
Staff Counsel

CITY OF KINGWOOD
SANITARY SEWER PROJECT

DESCRIPTION OF CONSTRUCTION; PERMITS

The following is a more detailed description of the project arranged in relation to six numbered construction contracts:

| <u>Contract No.</u> | <u>Detailed Description</u> |
|--|--|
| 84-1 & 84-2 (Exhibits A and A-1) | A 0.633 mgd secondary sewage treatment plant with discharge to Morgan Run, a tributary of the Cheat River. The treatment process includes the following: aerated grit chamber, comminution, flow metering, primary clarification, RBC secondary, final clarification, ultraviolet disinfection, aerobic sludge digesters with sand drying beds. |
| 84-3 (Exhibits B and B-1) | Five sewage lift stations as follows; four steel ² package, below grade stations complete with separate wet well facilities and emergency power generators, and one submersible grinder pump station complete with emergency power generator. |
| 84-4 (Exhibits C and C-1) | Gravity sanitary sewers and appurtenances consisting of about 6,050 LF of 12-inch, 3,700 LF of 10-inch, 29,200 LF of 8-inch, gravity interceptor and collector sewers; and 4,000 LF of 8-inch, 4,100 LF of 6-inch and 825 LF of 3-inch force main; and 7500 LF of 12-inch gravity force main. There will be 115 new customers added to the gravity sewers. Attachment A1 presents a complete listing of all new customers referenced to the construction drawing sheet numbers; i.e. Sheet Nos. 6 - 60 (Exhibit C-1). |
| 84-5 (Exhibits C and C-1) | Pressure sanitary sewers and appurtenances consisting of about 33,250 LF of 1-1/2-inch through 6-inch pressure sewers and 129 grinder pump installations, together with 550 LF of 8" gravity sewer for new customers. (Attachment A1 presents new customer listing. All grinder pump users are served by City Water and have indoor plumbing.) The grinder pump system has been designed to allow for final pump location to be determined by the individual property owner. Electrical service will be provided by the City of Kingwood. |
| 84-6 (Exhibits C and C-1) | Sewer system replacement consisting of the replacement of some 12,550 LF of 8, 10 and 12-inch sanitary sewers in accordance with the WV-DNR approved Sewer System Evaluation Survey Final Report (Exhibit E). |

CITY OF KINGWOOD
 SANITARY SEWER PROJECT

The following table summarizes the estimated project cost breakdown.
 The detailed project cost breakdown is presented on Attachment C1.
 Construction cost estimates by Contract are presented as Attachment C2.

PROJECT COST ESTIMATE

| <u>Item</u> | <u>Estimated Cost</u> | <u>Revised Es- timated Cos:</u> |
|---------------------------------|-----------------------|-------------------------------------|
| Construction | | |
| Contracts 84-1 through 84-6 | \$6,326,150 | \$ 6,326,150 |
| Construction Contingency (@ 5%) | 337,030 | 337,030 |
| Engineering | | |
| Step 2 Design | 287,660 | 465,150 |
| Step 3 | 609,200 | 569,333 |
| Miscellaneous Technical | 40,000 | 40,000 |
| Administration | 62,871 | 62,871 |
| Local Counsel | 68,700 | 68,700 |
| Bond Counsel | 10,000 | 10,000 |
| Capitalized Interest | 376,350 | 268,800 |
| Land Acquisition | 30,000 | 30,000 |
| TOTAL PROJECT COST | <u>\$8,147,961</u> | <u>\$8,177,884</u> |

for copying

PUBLIC NOTICE

PUBLIC NOTICE

NOTICE OF PUBLIC HEARING

ON ORDINANCE TO AMEND ORDINANCES 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 SUCH AMENDMENT TO THE ORDINANCE TO BECOME EFFECTIVE JUNE 1, 1987, ANTICIPATED AS THE DATE A NEW UPGRADED AND EXTENDED SEWERAGE DISPOSAL AND TREATMENT SYSTEM WILL GO INTO OPERATION.

The City of Kingwood, a municipal utility which operates a sewer system, proposes to extend and upgrade its sewage collection and treatment system, and in order to finance such construction by government grants and loan must change its sewer tariffs, rates, and charges to be effective in the future when the new sewage system goes into operation.

As a result of an agreement reached November 1, 1985, between the City of Kingwood and the staff of the Public Service Commission, in Case No. 85-408-S-C-N, covering total estimated, per forma annual revenue requirements and operation and maintenance costs, it is appropriate to supersede the alternative sewer rate ordinances adopted and approved by City Council on October 29, 1985 by a single rate ordinance.

Therefore, pursuant to West Virginia Code Chapter 8, Article 11, Section 4, and Chapter 16, Article 13, Section 16, notice is given hereby of a Public Hearing to be held on Monday, November 18, 1985 at 7:00 p.m., at City Hall, 125 E. High Street, Kingwood, West Virginia, to receive comments by present and proposed sewer users and owners of property on the rate ordinance proposed by the City of Kingwood, with the proposed final vote on adoption of the rate ordinance to be made on Tuesday, November 19, 1985.

The schedule of such monthly rates and charges contained in such ordinance is:

| Per thousand gallons | Per thousand gallons |
|--|----------------------|
| Up to 10,000 gallons of water per month | \$4.90 |
| All over 10,000 gallons of water per month | \$1.56 |

The minimum sewer use charge per customer shall be \$17.76 per month. Each metered customer who has only a sanitary sewer connection with the Municipality of Kingwood, a sewer use flat rate of \$19.49 per month.

Any entity requiring the system to treat more than 10,000 gallons per month of abnormal industrial wastes will be subject to surcharge under an EPA-approved rate formula applied to excessive pollutants, if any, to be treated in the plant.

Copies of the proposed rate ordinance are available in the office of the City Clerk during regular office hours for inspection by the public.

Interested parties must appear at the meetings and be heard with respect to the proposed rate ordinance.

Elizabeth Williams, City Clerk

I, Delbert L. Benson

the undersigned publisher of The Preston County Journal, a weekly newspaper of general circulation, published at Kingwood, Preston County, West Virginia, do hereby certify that the notice

Notice of Public Hearing

a copy of which notice is hereto annexed, was published in said paper for 60

successive weeks, beginning with its issue of

November 7, 1985

and expiring with its issue of

November 14, 1985

And, I do further certify that on

November 7, 1985

I posted and left posted, a copy of said notice at the front door of the Court House of said county.

Delbert L. Benson

PUBLISHED

Subscribed and sworn to before me this the

19th day of November 1985

David R. Johnston
NOTARY PUBLIC

My commission expires 3/7/93

Kingwood, W. Va., _____

Received of _____

Amount for publishing notice hereto \$ _____

PUBLISHED

CITY OF KINGWOOD
WASTEWATER PLANT DISINFECTION

Following is a cost analysis of proposed disinfection for effluent from the Kingwood Wastewater Plant by ultraviolet disinfection versus chlorination as designed and specified. Capital costs are based on our best estimates at this time and may vary depending on low bids received.

CAPITAL COSTS

| <u>Item</u> | <u>Ultraviolet</u> | <u>Chlorination</u> |
|---------------------------|--------------------|---------------------|
| Equipment | 43,000 | 10,000 |
| Installation | 2,000 | 2,000 |
| Piping | 0 | 1,000 |
| Contact Tank ¹ | 0 | 11,000 |
| Baffles | <u>0</u> | <u>2,000</u> |
| Totals | 45,000 | 26,000 |

¹Cost estimate is for additional concrete required for chlorine.

O & M COSTS

| <u>Item</u> | <u>Ultraviolet</u> | <u>Chlorination</u> |
|--------------------------------|--------------------|---------------------|
| Chlorine ² | 0 | 5,000 |
| Power ³ | 2,000 | 65 |
| Maintenance Labor ⁴ | 160 | 1,040 |
| Bulb Replacement ⁵ | <u>1,440</u> | <u>0</u> |
| Total Annual | 3,600 | 6,105 |
| Present Worth @ 7%, 40-yr. | 47,994 | 81,390 |
| Estimated Construction | <u>45,000</u> | <u>26,000</u> |
| Total Present Worth | \$92,994 | \$107,390 |

²Approx. 35 lb./day @ .40/lb.

³Based on \$.05/kw-hr.

⁴UV based on 2 mandays per yr. bulb replacement & cleaning.
 Chlorination based on 2 hr./week cylinder changeover.

⁵Based on 2-year life & \$60.00/bulb cost.

CITY OF KINGWOOD
SEWER SYSTEM IMPROVEMENTS
CONSTRUCTION COST ESTIMATES
CONTRACT NO. 84-4
GRAVITY SANITARY SEWERS

| <u>ITEM</u> | <u>QUANTITY</u> | <u>UNIT PRICE</u> | <u>TOTAL PRICE</u> |
|--|-----------------|----------------------------|---------------------------|
| Eligible | | | |
| 12" Sanitary Sewer | 6,049 lf | \$ 27.73/lf | \$ 167,763 |
| 10" Sanitary Sewer | 3,683 lf | 24.87/lf | 91,582 |
| 8" Sanitary Sewer | 29,200 lf | 18.36/lf | 536,116 |
| 12" Force Main | 7,104 lf | 25.00/lf | 177,600 |
| 8" Force Main | 3,996 lf | 18.89/lf | 75,480 |
| 6" Force Main | 4,119/lf | 14.84/lf | 61,106 |
| Manholes | 255 | 911.46 ea | 232,422 |
| Cleanouts | 5 | 1,000.00 ea | 5,000 |
| Miscellaneous Appurtenances | Lump Sum | | 147,952 |
| State Highway Asphalt Pavement Replacement | 8,559 lf | 21.00/lf | 179,739 |
| City Road and Other Pavement Replacement | 4,360 lf | 11.64/lf | <u>50,740</u> |
| | | Subtotal | \$1,725,500 |
| Ineligible | | | |
| 6" Sewer Service | 3,630 lf | 15.18/lf | 55,120 |
| State Highway Pavement Restoration for 6" Service | 250 lf | 21.00/lf | 5,250 |
| City Pavement Restoration for 6" Service | 265 lf | 10.00/lf | 2,650 |
| Miscellaneous | Lump Sum | | <u>17,480</u> |
| | | Subtotal | 80,500 |
| | | TOTAL CONTRACT 84-4 | <u><u>\$1,806,000</u></u> |

A. Albright

KINGWOOD, WEST VIRGINIA 26537-46

CITY OF KINGWOOD
SEWER SERVICE ACCOUNT
125 EAST HIGH STREET
KINGWOOD W V 26537

ACCOUNT NO.

70567-6

STATEMENT DATE

9/30/85

PAGE 1

PLEASE EXAMINE AT ONCE
IF ERROR IS FOUND, REPORT TO BANK IMMEDIATELY

| BALANCE LAST STATEMENT | NO. DEBITS | CHECKS &/OR DEBIT ITEMS | NO. CREDITS | DEPOSITS | SERVICE CHARGE | BALANCE THIS STATEMENT |
|------------------------|------------|-------------------------|-------------|----------|----------------|------------------------|
| 266,048.03 | | .00 | | .00 | .00 | 267,786.57 |

| CHECKS | DEPOSITS | DATE | BALANCE |
|---------------------------------------|-------------|---------|------------|
| BALANCE BROUGHT FORWARD | | 8/30/85 | 266,048.03 |
| | 1,738.54 IN | 9/30/85 | 267,786.57 |
| EFFECTIVE INTEREST RATES THIS PERIOD: | | | |
| 8/31/85 THRU 9/10/85 | .0775000 | 11 DAYS | |
| 9/11/85 THRU 9/30/85 | .0750000 | 20 DAYS | |

D-18

LS LIST OF CHECKS CC CERTIFIED CHECKS OD OVERDRAWN DM DEBIT MEMO
 NT RETURNED CHECKS SC SERVICE CHARGE EC ERROR CORRECTION CM CREDIT MEMO
 IN INTEREST TR TRANSFER UT UNLIMITED TRANSFER AT AUTOMATIC TELLER
 MAY BE THIS CASE ACCOUNT AT OUR MASON TOWN OFFICE!!

ACCOUNT NO.

30090-5

CITY OF KINGWOOD
SEWER SERVICE ACCOUNT
125 EAST HIGH ST
KINGWOOD W V 26537

STATEMENT DATE

9/30/85

PAGE 1

PLEASE EXAMINE AT ONCE
IF ERROR IS FOUND, REPORT TO BANK IMMEDIATELY

| BALANCE LAST STATEMENT | NO. DEBITS | CHECKS &/OR DEBIT ITEMS | NO. CREDITS | DEPOSITS | SERVICE CHARGE | BALANCE THIS STATEMENT |
|------------------------|------------|-------------------------|-------------|-----------|----------------|------------------------|
| 5,088.89 | 10 | 1,324.63 | 2 | 27,517.11 | .00 | 34,281.37 |

| CHECKS | DEPOSITS | DATE | BALANCE |
|------------------------|-----------|---------|-----------|
| ALANCE BROUGHT FORWARD | | 8/30/85 | 5,088.89 |
| 197.31 | | 9/04/85 | 7,891.58 |
| 10.57 | | 9/11/85 | 7,881.01 |
| 212.25 | | 9/12/85 | 7,668.76 |
| 41.91 | 12,923.67 | 9/13/85 | 20,550.52 |
| 100.00 | | 9/17/85 | 20,450.52 |
| 100.00 | | 9/20/85 | 20,350.52 |
| 555.00 | | 9/23/85 | 19,795.52 |
| 44.37 | | 9/24/85 | 19,751.15 |
| 42.01 | | 9/25/85 | 19,709.14 |
| 21.21 | 14,543.44 | 9/30/85 | 34,281.37 |

LS LIST OF CHECKS CC CERTIFIED CHECKS OO OVERDRAWN DM DEBIT MEMO
 RT RETURNED CHECKS SC SERVICE CHARGE EC ERROR CORRECTION CM CREDIT MEMO
 IN INTEREST TR TRANSFER UT UNLIMITED TRANSFER AT AUTOMATIC TELLER
 YOU MAY USE THIS SAME ACCOUNT AT OUR MASON TOWN OFFICE!!

CITY OF KINGWOOD
CASE NO. 85-408-S-CN
PROFORMA SUMMARY OF PROJECT COSTS AND FUNDING

Project Cost Estimates

| | |
|--|--------------------|
| Construction | \$6,326,150 |
| Construction Contingency | 337,030 |
| Engineering | 1,034,333 |
| Miscellaneous Technical | 40,000 |
| Administration | 62,871 |
| Local Counsel | 68,700 |
| Bond Counsel | 10,000 |
| Land Acquisition | 30,000 |
| Capitalized Interest | <u>268,800</u> |
| Project Costs Less Interim Financing Costs | \$8,177,884 |
| Interim Financing Costs | |
| GAN Discount | 68,688 |
| GAN Issuance Costs | 40,000 |
| GAN Coupon Expense | <u>686,875</u> |
| Total Project Costs | <u>\$8,973,447</u> |

Sources of Funds

| | |
|--|--------------------|
| Environmental Protection Agency Grant | \$4,991,840 |
| Water Development Authority Loan | 2,560,000 |
| Kingwood Sewer Revenue Fund | 365,373 |
| Water Development Authority Grant | 202,171 |
| Tap Fees | <u>58,500</u> |
| Project Funding Less Interest Earnings | \$8,177,884 |
| Interest Earnings from Project Cash Flow and Interim Financing | <u>795,563</u> |
| Total Project Funding | <u>\$8,973,447</u> |

CITY OF KINGWOOD
CASE NO. 85-408-S-CN
OPERATION AND MAINTENANCE EXPENSES AT PROFORMA

Collection

| | |
|--------------------------|-----------------|
| Wages | \$ 3,900 |
| Payroll Tax and Benefits | 1,365 |
| Materials and Supplies | 1,000 |
| Maintenance and Repair | 3,079 |
| Subtotal | <u>\$ 9,344</u> |

Pumping

| | |
|--------------------------|------------------|
| Wages | \$ 9,800 |
| Payroll Tax and Benefits | 3,430 |
| Materials and Supplies | 1,500 |
| Maintenance and Repair | 3,000 |
| Power | 12,025 |
| Telemetry | 3,000 |
| Subtotal | <u>\$ 32,755</u> |

Treatment and Disposal

| | |
|--------------------------|------------------|
| Wages | \$ 26,300 |
| Payroll Tax and Benefits | 9,205 |
| Materials and Supplies | 2,500 |
| Maintenance and Repair | 5,000 |
| Power | 14,640 |
| Chemicals | 1,000 |
| Subtotal | <u>\$ 58,645</u> |

Administrative and General

| | |
|--------------------------|------------------|
| Wages | \$ 8,000 |
| Payroll Tax and Benefits | 6,304 |
| Materials and Supplies | 1,000 |
| Insurance | 10,000 |
| Professional Services | 5,000 |
| Billing and Collecting | 12,510 |
| Uncollectibles | 2,000 |
| Vehicle Maintenance | 1,500 |
| Fuel | 2,400 |
| Subtotal | <u>\$ 48,714</u> |

Total Operation and Maintenance Expenses \$149,458

CITY OF KINGWOOD
CASE NO. 85-408-S-CN
PROFORMA CASH FLOW ANALYSIS

| | | |
|--|---------------|-----------------|
| Cash Available: | | |
| Operating Revenues | | \$391,736 |
| Cash Requirements Excluding Debt Service and Reserves: | | |
| Operation and Maintenance Expenses | | <u>149,458</u> |
| Cash Available for Debt Service and Reserves (A) | | \$242,278 |
| Debt Service | | |
| Principal and Interest (B) | \$193,819 | |
| Reserve Requirement (1) | <u>19,382</u> | |
| Total Debt Service | | <u>213,201</u> |
| Cash Available for Reserves | | \$ 29,077 |
| Reserves: | | |
| Reserve for Renewal and Replacement (2) | \$9,790 | |
| Reserve for Grinder Pump Renewal and Replacement | 9,030 | |
| Reserve for New Grinder Pump Connections | <u>7,000</u> | |
| Total Reserve Requirements | | <u>25,820</u> |
| Surplus | | <u>\$ 3,257</u> |
| Coverage (A ÷ B) | | <u>125%</u> |

- (1) 10% of Annual Principal and Interest Payment
(2) 2.5% of Gross Annual Revenues

CITY OF KINGWOOD

Sewer Revenue Bonds,
Series 1986 A and Series 1986 B

CROSS-RECEIPT FOR BONDS AND BOND PROCEEDS

The undersigned, EDGAR N. HENRY, Director of West Virginia Water Development Authority, for and on behalf of West Virginia Water Development Authority (the "Authority") and PATRICK R. CROGAN, Mayor of the City of Kingwood (the "Governmental Agency"), hereby certify as follows:

1. On the 26th day of March, 1986, the Authority received the entire original issue of \$2,560,000 in aggregate principal amount of Sewer Revenue Bonds, Series 1986 A and Series 1986 B (collectively, the Governmental Agency Bonds"), issued as a single Bond of each Series, both numbered R-1, and both dated March 26, 1986, the Series A Bond being in the principal amount of \$1,709,140 and the Series B Bond being in the principal amount of \$850,860.

2. At the time of such receipt of the Governmental Agency Bonds upon original issuance, all of the Governmental Agency Bonds had been executed by Patrick R. Crogan, as Mayor of the Governmental Agency, by his manual signature, and by Harry E. VanInderstine, as Recorder of the Governmental Agency, by his manual signature, and the official seal of the Governmental Agency had been imprinted upon the Governmental Agency Bonds.

3. The Governmental Agency has received and hereby acknowledges receipt from the Authority, as the original purchaser of the Governmental Agency Bonds, of the proceeds of the Series A Bonds in the amount of \$1,709,140 (100% of par), no interest having been accrued thereon. Proceeds of the Series B Bonds in the amount of \$850,860 (100% of par) are expected to be received within 30 days of the date hereof.

IN WITNESS WHEREOF, EDGAR N. HENRY duly signed and delivered this receipt on behalf of WEST VIRGINIA WATER DEVELOPMENT AUTHORITY and the CITY OF KINGWOOD has caused this receipt to be executed by its Mayor, as of this 26th day of March, 1986.

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

By

Edgar N. Henry
Its Director

CITY OF KINGWOOD

By

Salvatore R. Ryan
Mayor

03/24/86

KGSEW1-J

CITY OF KINGWOOD

Sewer Revenue Bonds,
Series 1986 A and Series 1986 B

DIRECTION TO AUTHENTICATE AND DELIVER BONDS

Kanawha Valley Bank, N.A.
Charleston,
West Virginia

Gentlemen:

There are delivered to you herewith:

(1) Bond No. R-1, constituting the entire original issue of the City of Kingwood Sewer Revenue Bonds, Series 1986 A, dated March 26, 1986, in the principal amount of \$1,709,140, and Bond No. R-1, constituting the entire original issue of the City of Kingwood Sewer Revenue Bonds, Series 1986 B, dated March 26, 1986, in the principal amount of \$850,860 (collectively, the "Governmental Agency Bonds") executed by the Mayor and Recorder of the City of Kingwood (the "Governmental Agency") and bearing the official seal of the Governmental Agency, authorized to be issued under and pursuant to a Bond and Notes Ordinance and Supplemental Bond Resolution duly adopted by the City Council of the Governmental Agency (collectively, the "Local Act");

(2) A copy of the Local Act authorizing the above Governmental Agency Bond issue, duly certified by the Secretary of the Governmental Agency;

(3) An executed counterpart of the Loan Agreement dated February 25, 1986, and the Supplemental Loan Agreement dated February 25, 1986, by and between the West Virginia Water Development Authority (the "Authority") and the Governmental Agency (collectively, the "Loan Agreement");

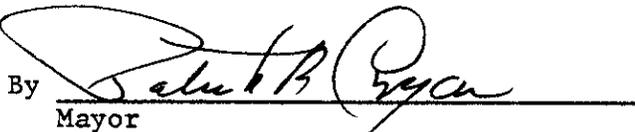
(4) A signed opinion of nationally recognized bond counsel regarding the validity of the Loan Agreement and Governmental Agency Bonds.

You are hereby requested and authorized to deliver the Governmental Agency Bonds to the Authority upon payment to the

account of the Governmental Agency of the sum of \$1,709,140, representing the agreed purchase price of the Series A Bonds, there being no accrued interest thereon. It is understood by the Governmental Agency that the proceeds of the Series B Bonds in the amount of \$850,860 will be paid by the Authority to the Governmental Agency within 30 days from the date hereof. Prior to such delivery of the Governmental Agency Bonds, you will please cause the Governmental Agency Bonds to be authenticated by an authorized officer, as Governmental Agency Bonds Registrar, in accordance with the forms of Certificate of Authentication and Registration thereon.

Dated this 26th day of March, 1986.

CITY OF KINGWOOD

By 
Mayor

03/24/86
KGSEW1-K

✓

✓

(SPECIMEN BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
CITY OF KINGWOOD
SEWER REVENUE BOND, SERIES 1986 A

No. R-1

\$1,709,140

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 ONE MILLION SEVEN HUNDRED NINE THOUSAND ONE HUNDRED FORTY DOLLARS (\$1,709,140), 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

8

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 March 26, 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

TABLE II
CITY OF KINGWOOD
Analysis of 7.00% Borrowing Cost for Local Issuer

| -----1985 Series A Bonds----- | | | | |
|-------------------------------|--------|--------------|--------------|-----------------|
| Period Ending 10/1 | Coupon | Principal | Interest | Debt Service |
| 1986 | 9.75% | 0.00 | 85,635.04 | 85,635.04 |
| 1987 | 9.75% | 0.00 | 166,641.15 | 166,641.15 |
| 1988 | 9.75% | 5,003.00 | 166,641.15 | 171,644.15 |
| 1989 | 9.75% | 5,491.00 | 166,153.36 | 171,644.36 |
| 1990 | 9.75% | 6,027.00 | 165,617.99 | 171,644.99 |
| 1991 | 9.75% | 6,614.00 | 165,030.35 | 171,644.35 |
| 1992 | 9.75% | 7,259.00 | 164,385.49 | 171,644.49 |
| 1993 | 9.75% | 7,967.00 | 163,677.74 | 171,644.74 |
| 1994 | 9.75% | 8,744.00 | 162,900.95 | 171,644.95 |
| 1995 | 9.75% | 9,596.00 | 162,048.41 | 171,644.41 |
| 1996 | 9.75% | 10,532.00 | 161,112.80 | 171,644.80 |
| 1997 | 9.75% | 11,559.00 | 160,085.93 | 171,644.93 |
| 1998 | 9.75% | 12,685.00 | 158,958.93 | 171,643.93 |
| 1999 | 9.75% | 13,922.00 | 157,722.14 | 171,644.14 |
| 2000 | 9.75% | 15,280.00 | 156,364.75 | 171,644.75 |
| 2001 | 9.75% | 16,769.00 | 154,874.95 | 171,643.95 |
| 2002 | 9.75% | 18,404.00 | 153,239.97 | 171,643.97 |
| 2003 | 9.75% | 20,199.00 | 151,445.58 | 171,644.58 |
| 2004 | 9.75% | 22,168.00 | 149,476.18 | 171,644.18 |
| 2005 | 9.75% | 24,330.00 | 147,314.80 | 171,644.80 |
| 2006 | 9.75% | 26,702.00 | 144,942.62 | 171,644.62 |
| 2007 | 9.75% | 29,305.00 | 142,339.18 | 171,644.18 |
| 2008 | 9.75% | 32,162.00 | 139,481.94 | 171,643.94 |
| 2009 | 9.75% | 35,298.00 | 136,346.15 | 171,644.15 |
| 2010 | 9.75% | 38,740.00 | 132,904.59 | 171,644.59 |
| 2011 | 9.75% | 42,517.00 | 129,127.44 | 171,644.44 |
| 2012 | 9.75% | 46,662.00 | 124,982.03 | 171,644.03 |
| 2013 | 9.75% | 51,212.00 | 120,432.49 | 171,644.49 |
| 2014 | 9.75% | 56,205.00 | 115,439.32 | 171,644.32 |
| 2015 | 9.75% | 61,685.00 | 109,959.33 | 171,644.33 |
| 2016 | 9.75% | 67,699.00 | 103,945.04 | 171,644.04 |
| 2017 | 9.75% | 74,300.00 | 97,344.39 | 171,644.39 |
| 2018 | 9.75% | 81,544.00 | 90,100.14 | 171,644.14 |
| 2019 | 9.75% | 89,495.00 | 82,149.60 | 171,644.60 |
| 2020 | 9.75% | 98,221.00 | 73,423.84 | 171,644.84 |
| 2021 | 9.75% | 107,797.00 | 63,847.29 | 171,644.29 |
| 2022 | 9.75% | 118,307.00 | 53,337.08 | 171,644.08 |
| 2023 | 9.75% | 129,842.00 | 41,802.05 | 171,644.00 |
| 2024 | 9.75% | 142,502.00 | 29,142.56 | 171,644.56 |
| 2025 | 9.75% | 156,396.00 | 15,248.61 | 171,644.61 |
| | | 1,709,140.00 | 5,065,623.30 | 6,774,763.30 |

Smith Barney, Harris Upham & Co.
Incorporated

February 28, 1986

[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:

03/24/86
KGSEW1-Y

(SPECIMEN BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
CITY OF KINGWOOD
SEWER REVENUE BOND, SERIES 1986 B

No. R-1

\$850,860

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 EIGHT HUNDRED FIFTY THOUSAND EIGHT HUNDRED SIXTY DOLLARS (\$850,860), in 38 equal annual installments of \$22,391.05 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 March 26, 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

TABLE III

CITY OF KINGWOOD
 Analysis of 7.00% Borrowing Cost for Local Issuer

| Period Ending 10/1 | Zero Coupon Bonds |
|--------------------------|-------------------------|
| 1986 | 0.00 |
| 1987 | 0.00 |
| 1988 | 22,391.15 |
| 1989 | 22,391.05 |
| 1990 | 22,391.05 |
| 1991 | 22,391.05 |
| 1992 | 22,391.05 |
| 1993 | 22,391.05 |
| 1994 | 22,391.05 |
| 1995 | 22,391.05 |
| 1996 | 22,391.05 |
| 1997 | 22,391.05 |
| 1998 | 22,391.05 |
| 1999 | 22,391.05 |
| 2000 | 22,391.05 |
| 2001 | 22,391.05 |
| 2002 | 22,391.05 |
| 2003 | 22,391.05 |
| 2004 | 22,391.05 |
| 2005 | 22,391.05 |
| 2006 | 22,391.05 |
| 2007 | 22,391.05 |
| 2008 | 22,391.05 |
| 2009 | 22,391.05 |
| 2010 | 22,391.05 |
| 2011 | 22,391.05 |
| 2012 | 22,391.05 |
| 2013 | 22,391.05 |
| 2014 | 22,391.05 |
| 2015 | 22,391.05 |
| 2016 | 22,391.05 |
| 2017 | 22,391.05 |
| 2018 | 22,391.05 |
| 2019 | 22,391.05 |
| 2020 | 22,391.05 |
| 2021 | 22,391.05 |
| 2022 | 22,391.05 |
| 2023 | 22,391.05 |
| 2024 | 22,391.05 |
| 2025 | 22,391.05 |
| | 850,860.00 |

Smith Barney, Harris Upham & Co.
 Incorporated

February 28, 1986

[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:

03/24/86
KGSEW1-Z

STEPTOE & JOHNSON

ATTORNEYS AT LAW

SIXTH FLOOR

UNION NATIONAL CENTER EAST

P. O. BOX 2190

CLARKSBURG, W. VA. 26302-2190

(304) 624-8000

TELECOPIER (304) 622-2676

CHARLESTON OFFICE

715 CHARLESTON NATIONAL PLAZA

P. O. BOX 1588

CHARLESTON, W. VA. 25326

(304) 342-2191

March 26, 1986

CHARLESTON

CHARLES W. YEAGER

CARL F. STUCKY, JR.

OTIS L. O'CONNOR

WAYNE A. SINCLAIR

JAMES R. WATSON

DANIEL R. SCHUDA

SPRAGUE W. HAZARD

HERSCHEL H. ROSE III

CHRISTOPHER R. BASTIEN

STEVEN R. MCGOWAN

OF COUNSEL

ROBERT W. LAWSON, JR.

EDWARD W. EARDLEY

EUGENE G. EASON

WILLIS O. SHAY

WRITER'S DIRECT DIAL NUMBER

CLARKSBURG

RALPH BOHANNON

ERNEST C. SWIGER

HERBERT G. UNDERWOOD

JACKSON L. ANDERSON

ROBERT G. STEELE

JAMES M. WILSON

PATRICK D. DEEM

ROBERT M. STEPTOE, JR.

ANNE R. WILLIAMS

JAMES D. GRAY

VINCENT A. COLLINS

JAMES A. RUSSELL

FRANK E. SIMMERMAN, JR.

WILLIAM T. BELCHER

MICHAEL L. BRAY

DAVID C. CLOVIS

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IRENE M. KEELEY

EVANS L. KING, JR.

WALTER L. WILLIAMS

SUSAN S. BREWER

RONALD H. HANLAN

C. DAVID MORRISON

HARRY P. WADDELL

CLEMENT D. CARTER III

W. HENRY LAWRENCE IV

WILLIAM E. GALEOTA

GORDON H. COPLAND

RANDALL C. LIGHT

RICHARD M. YURKO, JR.

GARY W. NICKERSON

W. RANDOLPH FIFE

City of Kingwood
Sewer Revenue Bonds, Series 1986 A

West Virginia Water Development Authority
1201 Dunbar Avenue
Dunbar, West Virginia 25064

Gentlemen:

We are bond counsel to the City of Kingwood (the "Governmental Agency"), a municipal corporation and political subdivision, organized and existing under the laws of the State of West Virginia.

We have examined a certified copy of proceedings and other papers relating to (i) the authorization of a loan agreement, dated February 25, 1986 (the "Loan Agreement"), between the Governmental Agency and the West Virginia Water Development Authority (the "Authority") and (ii) the issue of a series of revenue bonds of the Governmental Agency, dated March 26, 1986 (the "Local Bonds"), to be purchased by the Authority in accordance with the provisions of the Loan Agreement. The Local Bonds are in the principal amount of \$1,709,140, originally issued in the form of one bond, registered as to principal and interest to the Authority, with interest payable April 1 and October 1 of each year, beginning October 1, 1986, at the rate of 9.75% per annum, and with principal installments payable on October 1 in each of the years 1988 through 2025, inclusive, all as set forth in "Schedule X," attached to the Loan Agreement.

The Local 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 "Local Statute"), for the purpose of paying a portion of the costs of acquisition and construction of certain additional sewage

treatment and collection facilities (the "Project") and paying certain issuance and other costs in connection therewith.

We have also examined the applicable provisions of the Local Statute, under which the Local Bonds are issued, and the Loan Agreement that has been undertaken, including all schedules and exhibits to the Loan Agreement. The Local Bonds have been authorized by a bond and notes ordinance and a supplemental resolution (collectively, the "Local Act") duly adopted by the Governmental Agency, which contains provisions and covenants substantially in the form of those set forth in Section 4.1 of the Loan Agreement. The Local Bonds are subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Local Act and the Loan Agreement.

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

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

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

3. The Governmental Agency is a duly organized and presently existing municipal corporation and political subdivision of the State of West Virginia, with full power and authority to construct and acquire the Project and to operate and maintain the System referred to in the Loan Agreement and to issue and sell the Local Bonds, all under the Local Statute and other applicable provisions of law.

4. The Governmental Agency has legally and effectively adopted the Local Act and all other necessary ordinances and resolutions in connection with the issuance and sale of the Local Bonds.

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

6. The Local Bonds are, under the Local Act, exempt from taxation by the State of West Virginia and the other taxing bodies of the State, and under existing statutes and court decisions of the United States of America,

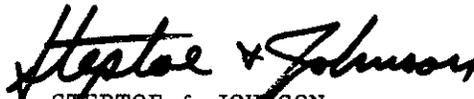
West Virginia Water Development Authority
Page 3

as presently written and applied, the interest on the Local Bonds is exempt from federal income taxation and is exempt from personal income taxes imposed directly thereon by the State of West Virginia.

No opinion is given herein as to the enforceability of remedies with respect to the Local Bonds under any applicable bankruptcy, insolvency, moratorium or other laws affecting creditors' rights.

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

Very truly yours,


STEPTOE & JOHNSON

03/24/86
KGSEW1-L



STEPTOE & JOHNSON

ATTORNEYS AT LAW

SIXTH FLOOR

UNION NATIONAL CENTER EAST

P. O. BOX 2190

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CHARLESTON OFFICE

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March 26, 1986

CHARLESTON

CHARLES W. YEAGER

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STEVEN P. MCGOWAN

OF COUNSEL

ROBERT W. LAWSON, JR.

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EUGENE G. EASON

WILLIS O. SHAY

WRITER'S DIRECT DIAL NUMBER

CLARKSBURG

RALPH BOHANNON

ERNEST C. SWIGER

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JACKSON L. ANDERSON

ROBERT G. STEELE

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HARRY P. WADDELL

CLEMENT D. CARTER III

W. HENRY LAWRENCE IV

WILLIAM E. GALEOTA

GORDON H. COPLAND

RANDALL C. LIGHT

RICHARD M. YURKO, JR.

GARY W. NICKERSON

W. RANDOLPH FIFE

City of Kingwood
Sewer Revenue Bonds, Series 1986 B

West Virginia Water Development Authority
1201 Dunbar Avenue
Dunbar, West Virginia 25064

Gentlemen:

We are bond counsel to the City of Kingwood (the "Governmental Agency"), a municipal corporation and political subdivision organized and existing under the laws of the State of West Virginia.

We have examined a certified copy of proceedings and other papers relating to (i) the authorization of a supplemental loan agreement, dated February 25, 1986 (the "Supplemental Loan Agreement"), between the Governmental Agency and the West Virginia Water Development Authority (the "Authority") and (ii) the issue of a series of supplemental, subordinate revenue bonds of the Governmental Agency, dated March 26, 1986 (the "Supplemental Bonds"), to be purchased by the Authority in accordance with the provisions of the Supplemental Loan Agreement. The Supplemental Bonds are in the principal amount of \$850,860, issued in the form of one bond registered as to principal to the Authority, without interest thereon, with principal payable in installments on October 1 in each of the years 1988 through 2025, inclusive, all as set forth in "Schedule X," attached to the Supplemental Loan Agreement.

The Supplemental Loan Agreement is supplemental to a loan agreement dated February 25, 1986, also between the Governmental Agency and the Authority (the "Loan Agreement"). The Supplemental Bonds are junior, subordinate and inferior as to lien and source of and security for payment to the bonds issued pursuant to the Loan Agreement (the "Local Bonds"), which Local Bonds are issued simultaneously herewith.

//

The Supplemental Bonds are issued, together with the Local Bonds, 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 "Local Statute"), for the purpose of paying a portion of the costs of acquisition and construction of certain additional sewage treatment and collection facilities (the "Project") and paying certain issuance and other costs in connection therewith.

We have also examined the applicable provisions of the Local Statute, under which the Supplemental Bonds are issued, and the Supplemental Loan Agreement that has been undertaken, including all schedules and exhibits to the Supplemental Loan Agreement. The Supplemental Bonds have been authorized by a bond and notes ordinance and a supplemental resolution (collectively, the "Local Act") duly adopted by the Governmental Agency, which contains provisions and covenants substantially in the form of those set forth in Section 4.1 of the Supplemental Loan Agreement. The Supplemental Bonds are subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Local Act and the Supplemental Loan Agreement.

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

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

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

3. The Governmental Agency is a duly organized and presently existing municipal corporation and political subdivision of the State of West Virginia, with full power and authority to construct and acquire the Project and to operate and maintain the System referred to in the Supplemental Loan Agreement and to issue and sell the Supplemental Bonds, all under the Local Statute and other applicable provisions of law.

4. The Governmental Agency has legally and effectively enacted and adopted the Local Act and all other necessary ordinances and resolutions in connection with the issuance and sale of the Supplemental Bonds.

5. The Supplemental Bonds are valid and legally enforceable special obligations of the Governmental Agency, payable from the net revenues of the System referred to in the Local Act and secured by a lien on and pledge

of the net revenues of said System, junior and subordinate to that created for the Local Bonds, all in accordance with the terms of the Supplemental Bonds and the Local Act, and have been duly issued and delivered to the Authority.

6. The Governmental Agency has reserved the right to issue additional bonds ranking on a parity with the Supplemental Bonds, as provided in the Local Act.

7. The Supplemental Bonds are, under the Local Act, exempt from taxation by the State of West Virginia and the other taxing bodies of the State.

No opinion is given herein as to the enforceability of remedies with respect to the Supplemental Bonds under any applicable bankruptcy, insolvency, moratorium or other laws affecting creditors' rights.

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

Very truly yours,


STEPTOE & JOHNSON

03/24/86
KGSEW1-M

STEPTOE & JOHNSON

ATTORNEYS AT LAW

SIXTH FLOOR

UNION NATIONAL CENTER EAST

P. O. BOX 2190

CLARKSBURG, W. VA. 26302-2190

(304) 624-8000

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CHARLESTON OFFICE

715 CHARLESTON NATIONAL PLAZA

P. O. BOX 1588

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March 26, 1986

CHARLESTON

CHARLES W. YEAGER

CARL F. STUCKY, JR.

OTIS L. O'CONNOR

WAYNE A. SINCLAIR

JAMES R. WATSON

DANIEL R. SCHUDA

SPRAGUE W. HAZARD

HERSCHEL H. ROSE III

CHRISTOPHER P. BASTIEN

STEVEN R. MCGOWAN

OF COUNSEL

ROBERT W. LAWSON, JR.

EDWARD W. EARDLEY

EUGENE G. EASON

WILLIS O. SHAY

WRITER'S DIRECT DIAL NUMBER

CLARKSBURG

RALPH BOHANNON

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HERBERT G. UNDERWOOD

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ROBERT G. STEELE

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PATRICK D. DEEM

ROBERT M. STEPTOE, JR.

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VINCENT A. COLLINS

JAMES A. RUSSELL

FRANK E. SIMMERMAN, JR.

WILLIAM T. BELCHER

MICHAEL L. BRAY

DAVID C. CLOVIS

J. GREG GOODYKOONTZ

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EVANS L. KING, JR.

WALTER L. WILLIAMS

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HARRY B. WADDELL

CLEMENT D. CARTER III

W. HENRY LAWRENCE IV

WILLIAM E. GALEOTA

GORDON H. COPLAND

RANDALL C. LIGHT

RICHARD M. YURKO, JR.

GARY W. NICKERSON

W. RANDOLPH FIFE

City of Kingwood

Sewer Revenue Bonds, Series 1986 A and Series 1986 B

West Virginia Water Development Authority
1201 Dunbar Avenue
Dunbar, West Virginia 25064

Gentlemen:

We have examined a transcript of proceedings relating to the issuance of \$2,560,000 aggregate principal amount of Sewer Revenue Bonds, Series 1986 A and Series 1986 B (collectively, the "Governmental Agency Bonds") of the City of Kingwood (the "Governmental Agency"), and a Certificate as to Arbitrage executed by the Mayor of the Governmental Agency on this date.

We are of the opinion that the facts, estimates and circumstances set forth in the Certificate as to Arbitrage are sufficient to satisfy the requirements of Section 103(c) of the Internal Revenue Code of 1954, as amended, and Treasury Regulations promulgated thereunder, particularly Sections 1.103-13, 1.103-14 and 1.103-15, to support the conclusion that the Governmental Agency Bonds are not "arbitrage bonds" as therein defined. No matters have come to our attention which make unreasonable or incorrect the representations made in said Certificate.

Accordingly, it is our opinion that, under existing statutes, regulations, rulings and court decisions, the Governmental Agency Bonds are not "arbitrage bonds" as so defined.

Very truly yours,

Stephoe & Johnson
STEPTOE & JOHNSON

03/24/86

KGSEW1-N



LAW OFFICES
BROWN & WILLIAMS
113 WEST COURT STREET
KINGWOOD, WEST VIRGINIA 26537

RONALD R. BROWN
SHEILA KAE WILLIAMS

March 26, 1986

329-1155
AREA CODE 304

City of Kingwood
Sewer Revenue Bonds, Series 1986 A and Series 1986 B

West Virginia Water Development Authority
1201 Dunbar Avenue
Dunbar, WV 25064

Steptoe & Johnson
Union National Center East, 6th Floor
Post Office Box 2190
Clarksburg, WV 26302-2190

Gentlemen:

I am counsel to the City of Kingwood, in Preston County, West Virginia (the "Governmental Agency"). As such counsel, I have examined copies of the approving opinions of Steptoe & Johnson, as bond counsel, the Loan Agreement and Supplemental Loan Agreement by and between the West Virginia Water Development Authority (the "Authority") and the Governmental Agency, both dated February 25, 1986, the Local Act (as defined therein) and other documents relating to the above-captioned Bonds of the Governmental Agency. Terms used in said opinions, Local Act and Loan Agreement and Supplemental Loan Agreement and not otherwise defined herein have the same meanings herein.

I am of the opinion that:

1. The Loan Agreement and Supplemental Loan Agreement have been duly authorized, executed and delivered by the Governmental Agency and, assuming due authorization, execution and delivery by the Authority, constituted valid and binding agreements of the Governmental Agency in accordance with their terms.

2. The members of the Council of the Governmental Agency have been duly and properly elected and are thereby authorized to act on behalf of the Governmental Agency.

3. The Local Act has been duly enacted and adopted by the Governmental Agency and is in full force and effect.

4. The execution and delivery of the Governmental Agency Bonds and the Loan Agreement and Supplemental Loan Agreement and the consummation of the transactions contemplated by the Loan Agreement, and the carrying out of the terms thereof, do not and will not in any material respect conflict with or constitute on the part of the Governmental Agency a breach of or default

under any agreement or other instrument to which the Governmental Agency is a party or any existing law, regulation, court order or consent decree to which the Governmental Agency is subject.

5. The Governmental Agency has received all the permits, licenses, approvals and authorizations necessary for the issuance of the Governmental Agency Bonds, to construct the Project and impose rates and charges, and has taken any other action required for the imposition of such rates and charges, including, without limitation, all requisite orders and approvals from the Public Service Commission of West Virginia.

6. To the best of my knowledge, there is no action, suit, proceeding or investigation at law or in equity before or by any court, public board or body, pending or threatened, wherein any unfavorable decision, ruling or finding would adversely affect the transactions contemplated by the Loan Agreement, the validity of the Governmental Agency Bonds or the receipt or use of the Revenues.

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

Very truly yours,



Sheila Kae Williams



CITY OF KINGWOOD

Sewer Revenue Bonds,
Series 1986 A and Series 1986 B

GENERAL CERTIFICATE OF GOVERNMENTAL AGENCY ON:

1. TERMS
2. NO LITIGATION
3. GOVERNMENTAL APPROVALS AND BIDDING
4. NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS
5. CERTIFICATION OF COPIES OF DOCUMENTS
6. INCUMBENCY AND OFFICIAL NAME
7. LAND AND RIGHTS-OF-WAY
8. MEETINGS, ETC.
9. CONTRACTORS' INSURANCE, ETC.
10. GRANTS
11. LOAN AGREEMENT
12. SIGNATURES AND DELIVERY
13. GOVERNMENTAL AGENCY BONDS PROCEEDS
14. PUBLICATION AND PUBLIC HEARING ON BOND AND NOTES ORDINANCE
15. SPECIMEN GOVERNMENTAL AGENCY BONDS

We, the undersigned MAYOR and the undersigned RECORDER of the City of Kingwood, in Preston County, West Virginia (the "Governmental Agency"), and the undersigned ATTORNEY for the Governmental Agency, hereby certify in connection with \$2,560,000 aggregate principal amount of the City of Kingwood Sewer Revenue Bonds, Series 1986 A and Series 1986 B (collectively, the "Governmental Agency Bonds"), as follows:

1. TERMS: All capitalized words and terms used in this General Certificate and not otherwise defined shall have the same meaning as in the Bond and notes Ordinance of the Governmental Agency enacted March 25, 1986, and the Supplemental Bond Resolution adopted concurrently therewith, relating to the Governmental Agency Bonds (collectively, the "Local Act").

2. NO LITIGATION: No controversy or litigation of any nature is now pending or threatened, restraining, enjoining or affecting in any manner the issuance, sale or delivery of the Governmental Agency Bonds, receipt of the Grant Receipts, or in any way contesting or affecting the validity of the Governmental Agency Bonds or the Grants or any proceedings of the Governmental Agency taken with respect to the issuance or sale of the Governmental

Agency Bonds, the pledge or application of any moneys or security provided for the payment of the Governmental Agency Bonds or the existence or the powers of the Governmental Agency insofar as they relate to the authorization, sale and issuance of the Governmental Agency Bonds, receipt of the Grant Receipts or the Revenues or such pledge or application of moneys and security.

3. GOVERNMENTAL APPROVALS AND BIDDING: All applicable approvals and certificates required by law for construction of the Project, operation of the System and issuance of the Governmental Agency Bonds have been or can be duly and timely obtained and remain in full force and effect, and competitive bids for construction of the Project have been solicited in accordance with Chapter 5, Article 22, Section 1 of the Official West Virginia Code of 1931, as amended, which bids remain in full force and effect.

4. NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS: There has been no adverse change in the financial condition of the Governmental Agency since February 25, 1986. There are no outstanding debt obligations of the Governmental Agency, or obligations for which full and irrevocable provision for payment has not been made, which are secured by revenues or assets of the System.

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

Charter of City of Kingwood.

Ordinance Creating Sanitary Board.

Petition of Sanitary Board.

Bond and Notes Ordinance.

Supplemental Bond Resolution.

Rate Ordinance.

Affidavit of Publication of Abstract of
Bond and Notes Ordinance and Notice.

Affidavit of Publication of Rate Ordinance.

Minutes on Enactment of Bond and Notes
Ordinance and Adoption of Supplemental Bond
Resolution.

Loan Agreement.

Supplemental Loan Agreement.

EPA Grant Agreement, as amended.

WDA Grant Agreement.

Public Service Commission Final Order
entered November 29, 1985.

6. INCUMBENCY AND OFFICIAL NAME: The proper corporate title of the Governmental Agency is the "City of Kingwood" and it is a municipal corporation in Preston County and presently existing under the laws of, and a political subdivision of, the State of West Virginia. The governing body of the Governmental Agency is its Mayor and Council consisting of 6 members whose names and dates of commencement and termination of current terms of office are as follows:

| <u>Name</u> | <u>Date of Commencement of Office</u> | <u>Date of Termination of Office</u> |
|------------------------|---|--|
| Patrick R. Crogan | July 1, 1985 | June 30, 1987 |
| Harry E. VanInderstine | July 1, 1985 | June 30, 1987 |
| Richard L. DeGolyer | July 1, 1985 | June 30, 1987 |
| Richard L. Livengood | July 1, 1985 | June 30, 1987 |
| Nelson E. Corbin | July 1, 1985 | June 30, 1987 |
| Harry T. Harned | March 18, 1986 | June 30, 1987 |
| David L. Estep | July 1, 1985 | June 30, 1987 |

The names of the duly appointed, qualified and acting members of the Sanitary Board of the Governmental Agency are as follows:

| | | |
|----------|---|-------------------|
| Chairman | - | Patrick R. Crogan |
| Member | - | John Giuliani |
| Member | - | Al Unger |

The duly appointed and acting Attorney for the Governmental Agency is Sheila K. Williams, of Kingwood, West Virginia, and the duly appointed and acting Recorder for the Governmental Agency is Harry E. VanInderstine.

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

8. MEETINGS, ETC.: All actions, resolutions, ordinances, orders and agreements taken by and entered into by or on behalf of the Governmental Agency in any way connected with the construction, acquisition, operation and financing of the Project or the System were authorized, enacted or adopted at regular or special meetings of the Governing Body of the Governmental Agency duly and regularly called and held pursuant to the rules of procedure of the Governing Body 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 Governing Body was present and acting at all times during all such meetings.

9. CONTRACTORS' INSURANCE, ETC.: All contractors will be required to maintain Worker's Compensation, public liability and property damage insurance, and builder's risk insurance where applicable, in accordance with the Local Act.

10. GRANTS: As of the date hereof, the EPA has committed to the Governmental Agency the approximate amount of \$7,645,260, all of which, assuming that construction of the Project progresses as presently expected and receipt of EPA Grant installments does not lag expenditures by more than 60 days (except that amount withheld by the EPA pending satisfactory completion of the EPA audit) is expected to be received within 30 months after the date hereof. Said commitment of EPA as of this date is still in force and effect. The Authority has committed a grant in the amount of \$159,113, which commitment as of this date is still in force and effect.

11. LOAN AGREEMENT: As of the date hereof, (i) the representations of the Governmental Agency contained in the Loan Agreement are true and correct in all material respects as if made on the date hereof; (ii) the Loan Agreement does not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in light of the

circumstances under which they were made, not misleading; and (iii) to the best knowledge of the undersigned, no event affecting the Governmental Agency has occurred since the date of the Loan Agreement which should be disclosed for the purpose for which it is to be used or which it is necessary to disclose therein in order to make the statements and information therein not misleading.

12. SIGNATURES AND DELIVERY: On the date hereof, the undersigned Mayor did officially sign all of the Governmental Agency Bonds of the aforesaid issue, all dated March 26, 1986, by his manual signature, and the undersigned Recorder did officially cause the official seal of the Governmental Agency to be imprinted upon each of said Governmental Agency Bonds and to be attested by his manual signature, and the Registrar did officially authenticate and deliver the Governmental Agency Bonds to a representative of the Authority as the original purchaser of the Governmental Agency Bonds under the Loan Agreement. Said official seal is also impressed above the signatures appearing on this certificate.

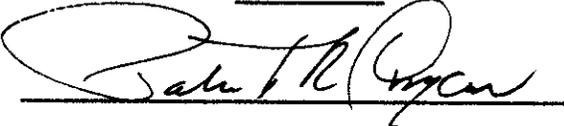
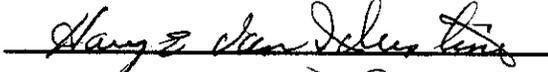
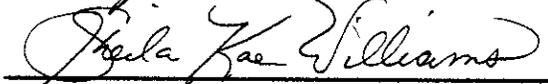
13. GOVERNMENTAL AGENCY BONDS PROCEEDS: On the date hereof the Governmental Agency received from the Authority the agreed purchase price of the Series A Bonds, being \$1,709,140 (100% of par value), and anticipates receipt of the proceeds of the Series B Bonds, being \$850,860 (100% of par value) within 30 days, there being no interest accrued on either series.

14. PUBLICATION AND PUBLIC HEARINGS ON BOND AND NOTES ORDINANCE: Upon adoption of the Bond and Notes Ordinance, an abstract thereof, determined by the Governing Body to contain sufficient information as to give notice of the contents thereof, was published once each week for 2 successive weeks, with not less than 6 full days between each publication, the first such publication occurring not less than 10 days before the date stated below for the public hearing, in a newspaper published and of general circulation in the City of Kingwood, together with a notice to all persons concerned, stating that the Bond and Notes Ordinance had been adopted and that the Issuer contemplated the issuance of the Bonds and Notes described in the Ordinance, stating that any person interested may appear before the Council at the public hearing held at a public meeting of Council on the 25th day of March, 1986, at 7:00 p.m., in the Council Chambers of the City Hall of the City of Kingwood and present protests, and stating that a certified copy of the Bond and Notes Ordinance was on file with the Council for review by interested parties during the office hours of the Recorder. At such hearing all objections and suggestions were heard by the Governing Body and there being no public protests, written or oral, the Bonds and Notes Ordinance became finally adopted, enacted and effective as of the date of such public hearing, and remains in full force and effect.

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

WITNESS our signatures and the official seal of the CITY OF KINGWOOD on this 26th day of March, 1986.

[CORPORATE SEAL]

| <u>SIGNATURE</u> | <u>OFFICIAL TITLE</u> |
|---|----------------------------------|
|  _____ | Mayor |
|  _____ | Recorder |
|  _____ | Attorney for Governmental Agency |

03/24/86
KGSEW1-Q



CITY OF KINGWOOD

Sewer Revenue Bonds,
Series 1986 A and Series 1986 B

CERTIFICATE AS TO ARBITRAGE

I, PATRICK R. CROGAN, Mayor of the City of Kingwood, in Preston County, West Virginia (the "Governmental Agency"), being one of the officials of the Governmental Agency duly charged with the responsibility for the issuance of \$2,560,000 aggregate principal amount of Sewer Revenue Bonds, Series 1986 A and Series 1986 B, of the Governmental Agency dated March 26, 1986 (the "Governmental Agency Bonds"), hereby certify as follows:

1. This certificate is being executed and delivered pursuant to Sections 1.103-13, 1.103-14 and 1.103-15 of the Income Tax Regulations (the "Regulations") promulgated under Section 103(c) of the Internal Revenue Code of 1954, as amended ("Section 103(c)"). I am one of the officers of the Governmental Agency charged with the responsibility of issuing the Governmental Agency Bonds. I am familiar with the facts, circumstances, and estimates herein certified and am duly authorized to execute and deliver this certificate on behalf of the Governmental Agency

2. This certificate may be relied upon as the certificate of the Governmental Agency.

3. The Governmental Agency has not been notified by the Internal Revenue Service of any listing or proposed listing of it as an issuer the certification of which may not be relied upon by holders of obligations of the Governmental Agency or that there is any disqualification of the Governmental Agency by the Internal Revenue Service because a certification made by the Governmental Agency contains a material misrepresentation.

4. This certificate is based upon facts, circumstances, estimates and expectations of the Governmental Agency in existence on March 26, 1986, the date on which the Governmental Agency Bonds are to be physically delivered in exchange for the issue price thereof, and to the best of my knowledge and belief, the expectations of the Governmental Agency set forth herein are reasonable.

5. In the Local Act pursuant to which the Governmental Agency Bonds are issued, the Governmental Agency has covenanted to make no use of the proceeds of the Governmental Agency Bonds which

would cause the Governmental Agency Bonds to be "arbitrage bonds" within the meaning of the Regulations or Section 103(c).

6. The Governmental Agency Bonds were sold on March 26, 1986, to the West Virginia Water Development Authority (the "Authority") for a purchase price of \$2,560,000, there being no interest accrued thereon.

7. The Governmental Agency Bonds are being delivered simultaneously with the delivery of this certificate and are issued for the purpose of providing funds to pay the costs of issuance of the Governmental Agency Bonds, and to pay the local share of the costs of acquisition and construction of certain sanitary sewage facilities (the "Project"), for the Governmental Agency. The remainder of such costs are expected to be paid from a grant from the United States Environmental Protection Agency ("EPA") and other grants.

8. The Governmental Agency has, prior to delivery of the Governmental Agency Bonds, entered into agreements which require the Governmental Agency to expend in excess of \$100,000 on the Project. The Governmental Agency expects that acquisition, construction and equipping of the Project will proceed with due diligence to completion, and that all of the proceeds from the sale of the Governmental Agency Bonds will be spent on or before October 1, 1987.

9. The total cost of the Project (including costs of issuance of the Governmental Agency Bonds and capitalized interest thereon) is estimated to be \$10,764,233. The amount of Project costs not expected to be reimbursed or paid from the EPA grant is estimated to be at least \$3,118,973. Except for the proceeds of the grants described in paragraph 7 above, tap fees in the amount of \$57,000 and funds of the Governmental Agency in the amount of \$342,860, no other funds of the Governmental Agency will be available to meet costs of the Project, and no balances are available to meet such costs in any account which may, without legislative or judicial action, be invaded to pay such expenditures without a legislative, judicial or contractual requirement that such account be reimbursed.

10. Pursuant to Article V of the Local Act, the following special funds or accounts have been created:

- (1) Revenue Fund;
- (2) Operation and Maintenance Fund;
- (3) Renewal and Replacement Fund;

(4) Bond Construction Trust Fund;

(5) Series 1986 A Bonds Sinking Fund, and within the Series 1986 A Bonds Sinking Fund, the Series 1986 A Bonds Reserve Account; and

(6) Series 1986 B Bonds Sinking Fund, and within the Series 1986 B Bonds Sinking Fund, the Series 1986 B Bonds Reserve Account.

11. Pursuant to Article VI of the Local Act the proceeds of the Bonds will be deposited as follows:

(1) From proceeds of the Series A Bonds the sum of \$332,282 shall be deposited in the Series A Bonds Sinking Fund to be applied, together with investment earnings thereon, to payment of interest on the Series A Bonds to and including April 1, 1988.

(2) The balance of the proceeds of the Governmental Agency Bonds will be deposited in the Bond Construction Trust Fund and applied solely to payment of Costs of the Project, including costs of issuance of the Governmental Agency Bonds.

12. All moneys in the Sinking Funds (including any income earned thereon) will be held for the payment of the interest to accrue on the Governmental Agency Bonds on or prior to the maturity thereof. Moneys held in the Sinking Funds will be used solely to pay principal of and interest on the Governmental Agency Bonds and will not be available to meet costs of construction of the Project.

13. Except for the Sinking Funds (including the Reserve Accounts established therein), there are no other funds or accounts established or held by the Governmental Agency which are reasonably expected to be used to pay debt service on the Governmental Agency Bonds or which are pledged as collateral for the Governmental Agency Bonds and for which there is a reasonable assurance that amounts therein will be available to pay debt service on the Governmental Agency Bonds, if the Governmental Agency encounters financial difficulties.

14. The net proceeds of the Bonds, together with all other moneys on deposit or to be simultaneously deposited and irrevocably pledged thereto and the proceeds of grants irrevocably committed therefor, will be sufficient to pay the costs of acquisition and construction of the Project as set forth in the application submitted to the Authority on the date of the Loan Agreement.

15. The Governmental Agency expects that no part of the Project financed by the Bonds will be sold prior to the last maturity date of the Governmental Agency Bonds.

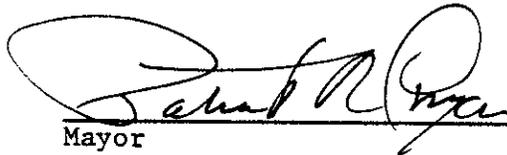
16. One hundred percent of the spendable proceeds of the Governmental Agency Bonds will be expended on the Project within 36 months from the date of issuance thereof.

17. Any money deposited in a sinking fund for payment of the principal of or interest on the Governmental Agency Bonds (other than the Reserve Accounts) will be spent within a 13-month period beginning on the date of receipt.

18. The original proceeds of the Governmental Agency Bonds will not exceed the amount necessary for the purposes of the issue.

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

IN WITNESS WHEREOF, I have set my hand this 26th day of March, 1986.



Mayor

03/24/86
KGSEW1-R

CITY OF KINGWOOD

Sewer Revenue Bonds,
Series 1986 A and Series 1986 B

ENGINEER'S CERTIFICATE

I, GEORGE A. TICE, Registered Professional Engineer, West Virginia License No. 4550 of TERRA/TECH/TICE, consulting engineers, of Kingwood, West Virginia, hereby certify as follows:

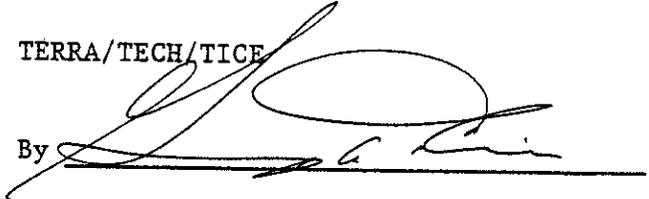
1. My firm is engineer for the construction and acquisition of certain public service properties for the collection of sewage and industrial wastes (the "Project") for the City of Kingwood in Preston County, West Virginia (the "Governmental Agency"). Certain costs of such construction and acquisition are being financed in part by proceeds of the above-captioned bonds (the "Governmental Agency Bonds") and out of certain grant proceeds from the United States Environmental Protection Agency ("EPA") and West Virginia Water Development Authority ("WDA").

2. The undersigned hereby certifies that (i) the Project will be constructed in accordance with the approved plans, specifications and designs prepared by Chester Engineers and reviewed by my firm, or amendments thereto and as described in the Application submitted to the WDA and approved by all necessary governmental bodies and is situate wholly or chiefly within the boundaries of the City of Kingwood; (ii) the Project is adequate for the purpose for which it was designed and all necessary governmental approvals and permits for the construction thereof have been obtained; (iii) I have examined and reviewed all plans, specifications, bid documents and construction contracts relating to the Project and all bids for construction of the Project have been received in an amount compatible with the plan of financing described in said Application and I have ascertained that all contractors have made required provisions for all insurance and payment and performance bonds and that such insurance policies or binders and such bonds have been verified for accuracy and completeness; (iv) the Governmental Agency has obtained all permits required by the laws of the State of West Virginia and the United States of America necessary for construction of the Project or will have received all such permits prior to commencement of construction of the Project, including permits from the EPA and the West Virginia Department of Natural Resources; (v) the construction and funding for the Project should proceed to a successful conclusion within the time schedules proposed; (vi) the rates and

charges for the sewerage system of the Governmental Agency comply with the applicable provisions of the Loan Agreement and Supplemental Loan Agreement by and between WDA and the Governmental Agency; and (vii) the net proceeds of the Bonds, together with other moneys on deposit or to be simultaneously deposited and irrevocably committed therefor, will be sufficient to pay the costs of acquisition and construction of the Project as set forth in the application submitted to WDA on the date of the Loan Agreement.

WITNESS my signature on this 26th day of March, 1986.

TERRA/TECH/TICE

By 

03/24/86
KGSEW1-0



CITY OF KINGWOOD
SANITARY SEWER PROJECT

Accountant's Report on
Agreed Upon Procedures

C-O-N-T-E-N-T-S

REPORT OF CERTIFIED PUBLIC ACCOUNTANT

Assembled Forecast of Sources and Uses of Cash
Supporting Schedule for Sewer Service Charges
Notes to Asembled Forecast of Sources and Uses of Cash
Forecasted Bond Payment Schedule

KENNETH E. MALONEY
CERTIFIED PUBLIC ACCOUNTANT
P.O. BOX 520
KINGWOOD, W. VA. 26537-0520

PHONE (304) 329-2752

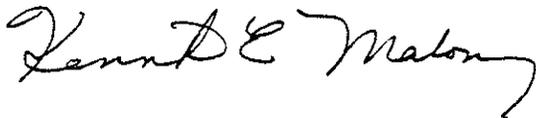
City of Kingwood
Sanitary Sewer Board

At your request, we have performed certain agreed-upon procedures, as enumerated below, with respect to the forecast of sources and uses of cash of the Kingwood Sanitation System for its first three years of operation. These procedures were specified by your representatives, and were performed solely to issue an opinion in connection with the sufficiency of anticipated sewer system income to pay the system's operating and maintenance expenses, and its debt service obligations, including required fund reserves. It is understood that this report is solely for your information, and that of the bondholder, if applicable, and should not be used by other parties.

- a. With respect to debt service requirements, we contacted the proposed bondholder, the West Virginia Development Authority, to obtain the debt service information.
- b. We reviewed the 1986 Series A, and Series B, bond covenants, including funding requirements.
- c. We assembled forecasted system revenues based upon the project engineer's flow estimates, using the revised rates which were approved on or about November 15, 1985.
- d. We assembled forecasted system operation and maintenance expenses as provided by estimates extracted from the project engineer's modified Rule 42, originally submitted in July, 1985, to the Public Service Commission.
- e. Using the information developed from the above procedures, we calculated the anticipated funds surplus based upon that prospective data.
- f. In reliance upon the above data, we have formulated the opinion that the prospective revenues are sufficient to pay the system's operation and maintenance expenses, in addition to funding an annual amount equal to 115% of the maximum annual debt service requirement.

Because the procedures described above do not constitute an examination of prospective financial statements in accordance with standards established by the American Institute of Certified Public Accountants, we do not express an opinion on whether the prospective financial statements are presented in conformity with AICPA presentation guidelines or on whether the underlying assumptions provide a reasonable basis for the presentation.

In connection with the procedures referred to above, no matters came to our attention that caused us to believe that the sewer rate structure should be increased, or that the prospective data is mathematically inaccurate, or unascertainable. Had we performed additional procedures or had we made an examination of the forecast in accordance with standards established by the American Institute of Certified Public Accountants, matters might have come to our attention that would have been reported to you. Furthermore, there will usually be differences between the forecasted and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

A handwritten signature in cursive script, reading "Kenneth E. Malony". The signature is written in dark ink and is positioned above the typed name and date.

Kingwood, West Virginia
March 25, 1986

CITY OF KINGWOOD
SANITARY SEWER PROJECT

Assembled Forecast of Sources and Uses of Cash
For the First Three Years of Operation

| | First Year ----- | Second Year ----- | Third Year ----- |
|--------------------------------------|--------------------------|--------------------------|--------------------------|
| SOURCES OF CASH | | | |
| Sewer service fees: | | | |
| Flat rate billings | \$20,330 | \$20,330 | \$20,330 |
| Minimum rate billings | 133,622 | 133,622 | 133,622 |
| 0-10,000 Gallons | 167,209 | 167,209 | 167,209 |
| Over 10,000 Gallons | 73,495 | 73,495 | 73,495 |
| Connection fees | | | |
| Delayed payment penalties | 504 | 504 | 504 |
| Surcharge for extra strength | | | |
| Less: grinder pump credit | (340) | (340) | (340) |
| | \$394,820 | \$394,820 | \$394,820 |
| USES OF CASH | | | |
| Operations and maintenance expenses: | | | |
| Collection system | \$14,300 | \$14,300 | \$14,300 |
| Pump station | 24,200 | 24,200 | 24,200 |
| Treatment and disposal | 46,800 | 46,800 | 46,800 |
| Administrative and general | 57,440 | 57,440 | 57,440 |
| Maximum Annual Debt Service | | | |
| Payment of principal and interest | 194,035 | 194,035 | 194,035 |
| Required addition to bond reserves | 29,105 | 29,105 | 29,105 |
| | \$365,880 | \$365,880 | \$365,880 |
| FORECASTED CASH SURPLUS | \$28,940 ===== | \$28,940 ===== | \$28,940 ===== |

City of Kingwood
 Assembled Forecast of Sources and Uses of Cash

Supporting Schedule for Sewer Service Charges:

| | Number of Customers | Estimated Usage (1000 gal | Sewer Service Rate | Estimated Annual Revenue |
|--------------------------------|---------------------------|---------------------------------|--------------------------|--------------------------------|
| | ----- | ----- | ----- | ----- |
| Flat Rate | 86 | N/A | \$19.70 | \$20,330.40 |
| Minimum Rate | 620 | 14328 | \$17.96 | \$133,622.40 |
| 0-10,000 gallons per month | 462 | 34476 | \$4.85 | \$167,208.60 |
| Over 10,000 gallons per month: | | | | |
| First 10,000 gallons | 70 | 8400 | \$4.85 | \$40,740.00 |
| Over 10,000 gallons | 70 | 21132 | \$1.55 | \$32,754.60 |
| | | | | ----- |
| | | | | \$394,656.00 |
| | | | | ===== |

CITY OF KINGWOOD
Notes to Assembled Forecast of Sources and Uses of Cash

Summary of Significant Forecast Assumptions

The forecast of sources and uses of cash was assembled using the project engineer's estimate of the volume of customers, gallonage usage, and sewer system cost of operation. Accordingly, the anticipated results reflect the engineer's judgment, the expected conditions and anticipated courses of action. There will usually be differences between the forecasted and actual results because events and circumstances do not occur as expected and those differences may be material.

The attainment of the forecasted results is dependent upon the volume of billable gallons, and the attainment of the level of operation and maintenance costs as estimated by the engineer. It is further dependent upon the condition that the system will service the anticipated number of users.

CITY OF KINGWOOD
SANITARY SEWER PROJECT
Forecasted Bond Payment Schedule

| Due Date | Series A | | | | Series B | |
|-----------------|---------------|---------------|----------------|----------------|----------------|----------------|
| | Total Payment | Interest Paid | Principal Paid | Unpaid Balance | Principal Paid | Unpaid Balance |
| October 1, 1986 | \$85,635 | \$85,635 | | \$1,709,140 | | \$850,860 |
| October 1, 1987 | \$166,641 | \$166,641 | | \$1,709,140 | | \$850,860 |
| October 1, 1988 | \$194,035 | \$166,641 | \$5,003 | \$1,704,137 | \$22,391 | \$828,469 |
| October 1, 1989 | \$194,035 | \$166,153 | \$5,491 | \$1,698,647 | \$22,391 | \$806,078 |
| October 1, 1990 | \$194,035 | \$165,618 | \$6,026 | \$1,692,621 | \$22,391 | \$783,687 |
| October 1, 1991 | \$194,035 | \$165,031 | \$6,613 | \$1,686,007 | \$22,391 | \$761,296 |
| October 1, 1992 | \$194,035 | \$164,386 | \$7,258 | \$1,678,749 | \$22,391 | \$738,905 |
| October 1, 1993 | \$194,035 | \$163,678 | \$7,966 | \$1,670,783 | \$22,391 | \$716,514 |
| October 1, 1994 | \$194,035 | \$162,901 | \$8,743 | \$1,662,040 | \$22,391 | \$694,123 |
| October 1, 1995 | \$194,035 | \$162,049 | \$9,595 | \$1,652,445 | \$22,391 | \$671,732 |
| October 1, 1996 | \$194,035 | \$161,113 | \$10,531 | \$1,641,914 | \$22,391 | \$649,341 |
| October 1, 1997 | \$194,035 | \$160,087 | \$11,557 | \$1,630,357 | \$22,391 | \$626,950 |
| October 1, 1998 | \$194,035 | \$158,960 | \$12,684 | \$1,617,673 | \$22,391 | \$604,559 |
| October 1, 1999 | \$194,035 | \$157,723 | \$13,921 | \$1,603,752 | \$22,391 | \$582,168 |
| October 1, 2000 | \$194,035 | \$156,366 | \$15,278 | \$1,588,474 | \$22,391 | \$559,777 |
| October 1, 2001 | \$194,035 | \$154,876 | \$16,768 | \$1,571,706 | \$22,391 | \$537,386 |
| October 1, 2002 | \$194,035 | \$153,241 | \$18,403 | \$1,553,303 | \$22,391 | \$514,995 |
| October 1, 2003 | \$194,035 | \$151,447 | \$20,197 | \$1,533,106 | \$22,391 | \$492,604 |
| October 1, 2004 | \$194,035 | \$149,478 | \$22,166 | \$1,510,940 | \$22,391 | \$470,213 |
| October 1, 2005 | \$194,035 | \$147,317 | \$24,327 | \$1,486,613 | \$22,391 | \$447,822 |
| October 1, 2006 | \$194,035 | \$144,945 | \$26,699 | \$1,459,914 | \$22,391 | \$425,431 |
| October 1, 2007 | \$194,035 | \$142,342 | \$29,302 | \$1,430,611 | \$22,391 | \$403,040 |
| October 1, 2008 | \$194,035 | \$139,485 | \$32,159 | \$1,398,452 | \$22,391 | \$380,649 |
| October 1, 2009 | \$194,035 | \$136,349 | \$35,295 | \$1,363,157 | \$22,391 | \$358,258 |
| October 1, 2010 | \$194,035 | \$132,908 | \$38,736 | \$1,324,421 | \$22,391 | \$335,867 |
| October 1, 2011 | \$194,035 | \$129,131 | \$42,513 | \$1,281,908 | \$22,391 | \$313,476 |
| October 1, 2012 | \$194,035 | \$124,986 | \$46,658 | \$1,235,250 | \$22,391 | \$291,085 |
| October 1, 2013 | \$194,035 | \$120,437 | \$51,207 | \$1,184,042 | \$22,391 | \$268,694 |
| October 1, 2014 | \$194,035 | \$115,444 | \$56,200 | \$1,127,843 | \$22,391 | \$246,303 |
| October 1, 2015 | \$194,035 | \$109,965 | \$61,679 | \$1,066,163 | \$22,391 | \$223,912 |
| October 1, 2016 | \$194,035 | \$103,951 | \$67,693 | \$998,470 | \$22,391 | \$201,521 |
| October 1, 2017 | \$194,035 | \$97,351 | \$74,293 | \$924,177 | \$22,391 | \$179,130 |
| October 1, 2018 | \$194,035 | \$90,107 | \$81,537 | \$842,640 | \$22,391 | \$156,739 |
| October 1, 2019 | \$194,035 | \$82,157 | \$89,487 | \$753,154 | \$22,391 | \$134,348 |
| October 1, 2020 | \$194,035 | \$73,432 | \$98,212 | \$654,942 | \$22,391 | \$111,957 |
| October 1, 2021 | \$194,035 | \$63,857 | \$107,787 | \$547,155 | \$22,391 | \$89,566 |
| October 1, 2022 | \$194,035 | \$53,348 | \$118,296 | \$428,859 | \$22,391 | \$67,175 |
| October 1, 2023 | \$194,035 | \$41,814 | \$129,830 | \$299,028 | \$22,391 | \$44,784 |
| October 1, 2024 | \$194,035 | \$29,155 | \$142,489 | \$156,540 | \$22,391 | \$22,393 |
| October 1, 2025 | \$194,035 | \$15,263 | \$156,381 | \$158 | \$22,391 | \$2 |

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 exercise 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, shall be 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.



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.

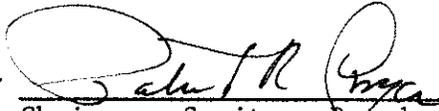
Section 7. Publication of Financial Statement. The Sanitary Board shall prepare a financial statement and cause it to be published as a Class I legal advertisement in compliance with the provisions of Article 3, Chapter 59 of the Code of West Virginia, and the publication area for such publication shall 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.

PETITION

The Sanitary Board of the City of Kingwood, on motion duly passed at its meeting on the 4th day of March, 1986, respectfully petitions the Council of the City of Kingwood to enact an ordinance directing that bonds of the municipality be issued pursuant to the provisions of Chapter 16, Article 13 of the West Virginia Code, said bonds to be issued in an amount not to exceed \$3,000,000, for the purpose of financing a portion of the costs of acquisition and construction of additions, extensions and improvements for the existing sewage treatment and collection facilities of the City and costs of issuance of such bonds.

All as required by Chapter 16, Article 13 of the West Virginia Code.

SANITARY BOARD OF THE CITY OF KINGWOOD

By 
Chairman, Sanitary Board

03/24/86
KGSEW1-X

AN ORDINANCE TO AMEND 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 OR RATES, AND SUCH AMENDMENT TO THE ORDINANCE TO BECOME EFFECTIVE JUNE 1, 1987, ANTICIPATED AS THE DATE A NEW UPGRADED AND EXTENDED SEWERAGE DISPOSAL AND TREATMENT SYSTEM WILL GO INTO OPERATION.

The Council of the Municipality of Kingwood, Preston County, West Virginia, being of the opinion that due to the updating and extension of its sewer system, anticipated to be placed in operation on or before June 1, 1987, and that additional revenue is necessary to provide sufficient funds for the support, maintenance, construction and operation of said Kingwood sewage collection and treatment system; and therefore, the Council is of the opinion that an amendment to a prior ordinance establishing an additional rate charge is necessary and shall go into effect on or before June 1, 1987.

It is therefore ORDERED and ORDAINED by the Council of the Municipality of Kingwood, Preston County, West Virginia, in special session assembled, that the prior ordinance to provide revenues for the continuance, maintenance, installation, etc., of the sewage disposal system shall be amended as follows:

SECTION 1: Rate Charge Per Customer. There shall be collected by the Municipality of Kingwood for sewer use a sewer use charge applicable in the entire territory served and to all homes, businesses, industries, and other agencies which have sewer connections with the Municipality of Kingwood.

The Municipality of Kingwood shall collect from each customer who has a sanitary sewer connection and water connection with the Municipality of Kingwood a sewer use rate based upon the actual amount of water used during the month preceding the billing date which said total sewer use rate shall be charged on a monthly basis and in accordance with the following rate schedule:

First 10,000 gallons of water per month\$4.85 per thousand gallons
All over 10,000 gallons of water per month...\$1.55 per thousand gallons

The minimum sewer use charge per customer shall be \$17.96 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 \$19.70.

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 \$19.70 per month. House trailer courts provided with a master meter shall be rendered no monthly bill for less than \$17.96 multiplied by the number of occupied units situated on the trailer court site at the time the meter is read. House trailers shall include both mobile

and immobile units.

Delayed Payment Penalty

The above tariff rates and charges are net. Any account not paid in full within twenty (20) days of date of bill, ten percent (10%) will be added to the amount due. This delayed payment penalty is not interest and is only to be collected once for each bill where it is appropriate.

Connection Fee

All new tap-ons will be charged a \$250.00 connection fee.

Part 1.

Surcharge for Abnormal Industrial Wastes

General.

Sec. 1.01. Although the proposed sewage treatment works will be capable of treating certain "abnormal industrial wastes" defined in this section, the actual treatment of such wastes may increase the cost of operating and maintaining the City's Publically Owned Treatment Works ("POTW"). Therefore, there is hereby levied and assessed against each person, industry or corporation discharging more than 10,000 gallons per month of such abnormal industrial waste into the POTW, a surcharge, or surcharges, which are intended to cover such additional cost to the City of Kingwood Sanitary Board ("KSB"). Said surcharges shall be in addition to the regular sewerage service charge set forth in this Ordinance and shall be payable as hereinafter provided in the amount hereinafter provided. "Abnormal industrial wastes" is defined as any industrial waste having a suspended solids concentration, a 5-day biochemical oxygen demand ("BOD") or a chlorine requirement appreciably in excess of that normally found in municipal sewage, which for this Ordinance shall mean any industrial waste containing more than 250 ppm of suspended solids or 5-day BOD, or having a chlorine requirement in excess of 25 ppm, regardless of whether or not it contains other substances in concentrations differing appreciably from those normally in municipal sewage."

Sampling.

Sec. 1.02. The strength of any industrial waste, the discharge of which is to be subject to surcharge, shall be determined monthly, or more frequently, from samples taken at a manhole or at any other sampling point mutually agreed to by the KSB and the producer of said waste. The frequency and duration of the sampling period shall be such as, in the opinion

of the KSB, will permit a reasonably reliable determination of the average water runoff. Representative samples of the wastewater discharge shall be collected, by a representative of the KSB, in proportion to the flow of waste, exclusive of storm water runoff, and composited for analysis in accordance with the current edition of Standard Methods for the Examination of Water and Wastewater, as published by the American Public Health Association. Upon request by the industrial user, the KSB may split samples with the industrial user for their own analysis, but the KSB's results will be used for determining any applicable surcharges. Except as hereinafter provided, the strength of the waste so found by analysis shall be used for establishing the surcharge, or surcharges hereinafter provided for. However, the KSB may, if it so elects, accept the results of routine sampling and analyses by the producer of said wastes in lieu of making its own samplings and analyses.

Chlorine Requirement.

Sec. 1.03. In the event any industrial waste, the average volume of which exceeds 10,000 gallons per month, is found by the KSB to have a chlorine requirement in excess of twenty-five parts per million (25 ppm), the producer of said waste shall be surcharged an amount equal to the product of the actual volume of wastes in thousand gallons per billing period, exclusive of storm water runoff, discharged to the POTW and the "chlorine requirement surcharge rate". The "chlorine requirement surcharge rate" shall be determined by the following formula:

$$R_c = 0.00834 P_c (C - 25)$$

Where R_c = the chlorine requirement surcharge rate in cents per thousand gallons of waste discharged

P_c = the average cost of chlorine to the City in cents per pound

C = the average chlorine requirement of the industrial waste expressed in parts per million (ppm) as determined in accordance with Sec. 1.02 or Sec. 1.04 of this Part 1.

The figure 25 appearing in the above formula corresponds to the maximum chlorine requirement permissible without surcharge. The figure 0.00834 is the factor to convert parts per million to pounds per thousand gallons. No discount will be permitted for sewage or industrial wastes having a chlorine requirement of less than 25 parts per million.

Sec. 1.04. It is recognized that the chlorine requirement of certain undiluted chemical wastes may be difficult to determine because of excessive concentrations of interfering substances. In such instances the waste may first be diluted waste and the sewage used in making the dilution shall then be allowed to stand at room temperature, approximately 68 deg. F, for a period of not less than two hours, or more than eight hours. The chlorine requirement of each shall then be determined and the chlorine requirement of the undiluted waste computed by the following formula:

$$C = M (V_1 + V_2) - SV_2$$

Where C = the chlorine requirement of the waste to be used in the formula of Sec. 1.03.

M = the chlorine requirement of the mixed sewage and waste in parts per million

S = the chlorine requirement of the sewage used for dilution in parts per million

V_1 = the volume of waste used in the mixture

V_2 = the volume of sewage used in the mixture

In the application of this procedure the volumes of waste and diluting sewage used shall be such that the ratio of V_1 to $(V_1 + V_2)$ is approximately equal to the ratio of the average daily flow of wastes in question to the average daily flow of sewage entering the treatment works. This procedure shall be used only in those instances where the KSB believes its use to be necessary or desirable in order to determine the equitable chlorine requirement surcharge rate.

Sec. 1.05. Since the above stipulated surcharge is only intended to compensate the KSB for the additional cost of chlorinating abnormal industrial wastes, it will only be applied during those periods when the ISB is actually using chlorine. In event the KSB uses chlorine for only a portion of some given billing period then the surcharge for that particular period, as computed in accordance with Sec. 1.03 or Sec. 1.04, shall be reduced by the percentage of said period during which no chlorine is used.

Suspended Solids Concentration.

Sec. 1.06. In the event any industrial waste, the average volume of which exceeds 10,000 thousand gallons per month, is found by the KSB to have an average suspended solid concentration in excess of 250 parts per million, the producer of said waste shall be surcharged an amount equal to the product of the actual volume of wastes in thousand gallons per billing period, exclusive of storm runoff, discharged to the public sanitary sewerage system and the "suspended solids surcharge rate". The "suspended solids surcharge rate" shall be determined by the following formula:

$$R_s = 0.00834 \times 0.80 \times P_s (C - 250)$$

Where R_s = the suspended solids surcharge rate in dollars per thousand gallons of waste discharged

P_s = the average annual cost of operating and maintaining the sludge dewatering and disposal facilities at the treatment works, in dollars per pound of sewage solids handled by those units. (Prior to completion of the first year of operation the value of P_s shall be assumed to be \$0.009.)

S = the average suspended solids concentration of the abnormal industrial waste, expressed in parts per million as determined in accordance with Sec. 1.02 of this Part or as that value may be reduced in accordance with Sec. 1.07 which follows:

The figure 250 appearing in the above formula corresponds to the maximum suspended solids concentration permissible without surcharge. The figure 0.80 appears in the formula because it is anticipated that the average removal of suspended solids as a result of the proposed treatment process will be about 80 percent. As before, the figure 0.00834 is the factor to convert parts per million to pounds per thousand gallons. No surcharge for excessive suspended solids will be applied until the treatment works goes into actual operation. No discount will be permitted for sewage or industrial wastes having a suspended solids concentration less than 250 parts per million.

BOD Concentration.

Sec. 1.07. In the event any industrial waste, the average volume of which exceeds 10,000 gallons per month, is found by the KSB to have an average BOD concentration in excess of 250 parts per million, the producer of said waste shall be surcharged an amount equal to the product of the actual volume of wastes in thousand gallons per billing period, exclusive of storm runoff, discharged to the public sanitary sewerage system and the "BOD surcharge rate". The "BOD surcharge rate" shall be determined by the following formula:

$$R_B = 0.00834 \times 0.80 \times P_B (B - 250)$$

Where R_B = the BOD surcharge rate in dollars per thousand gallons of waste discharged

P_B = the average annual cost of operating and maintaining the preaeration tanks, RBC tanks, process air blowers and chlorination facilities at the treatment plant in dollars per pound of BOD handled by those units. (Prior to completion of the first year of operation the value of P_B shall be assumed to be \$0.01.)

B = the average BOD concentration of the abnormal industrial waste, expressed in parts per million as determined in accordance with Sec. 1.02 of this Division.

The figure 250 appearing in the above formula corresponds to the maximum BOD concentration permissible without surcharge. The figure 0.80 appears in the formula because it is anticipated that the average removal of BOD as a result of the proposed treatment process will be about 80 percent. As before, the figure 0.00834 is the factor to convert parts per million to pounds per thousand gallons. In the event that an industrial user is subject to both BOD and chlorine requirement surcharges, the cost of the chlorination facilities will be deleted from the formula above to prevent double charging for chlorine. No surcharge for excessive BOD will

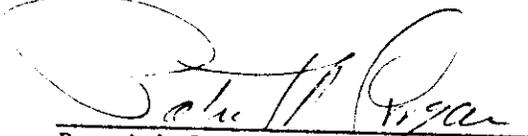
be applied until the secondary treatment works goes into actual operation. No discount will be permitted for sewage or industrial wastes having a BOD concentration less than 250 parts per million.

Sec. 1.08. The surcharges provided for in this Part will be added to the normal sewerage service charge set forth in this Ordinance. They will be billed either monthly or quarterly and shall be subject to the delayed payment penalty in this Ordinance. However, no surcharges will be levied until the secondary treatment works are placed in operation.

All the rest and remainder of said prior ordinance in effect on June 1, 1983, shall remain intact and in effect as previously passed by the Council of the Municipality of Kingwood, Preston County, West Virginia, until the new upgraded and extended sewage disposal and treatment system is placed in operation on or about June 1, 1987.

This amendment to the prior ordinance shall become effective on or before June 1, 1987.

Adopted and approved this ^{November} ~~October~~ 19th day of ~~October~~, 1985.



Patrick R. Crogan, Mayor of
the City of Kingwood, West
Virginia

ATTEST:


Recorder

FIRST READING: 11/5/85
SECOND READING: 11/8/85
THIRD READING: 11/9/85



PUBLIC NOTICE

**CITY OF KINGWOOD
NOTICE OF PUBLIC HEARING
ON SEWER BOND AND
NOTES ORDINANCE**

A public hearing will be held on the following entitled Ordinance at a regular meeting of the Council of the City of Kingwood to be held on March 25, 1986 at 7:00 p.m. in the Council chambers of the City Hall and at such hearing all objections and suggestions shall be heard by the Council and it shall then take such action as it shall deem proper in the premises upon an 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.

The above-entitled Ordinance was adopted by the Council of the City of Kingwood upon petition of the Sanitary Board of the City on March 11, 1986.

The above quoted title of the Ordinance describes generally the contents thereof and the purposes of the bond and note issues contemplated thereby. The bonds and the interest thereon would be payable solely from the revenues and other proceeds arising from the ownership and operation of the sewerage system of the City as expanded by the improvements thereto to be financed with the proceeds of the bond and note issues. The proceeds of the notes will be used to provide temporary financing of a portion of the cost of acquisition and construction of the improvements, additions and extensions to the existing sewer facilities of the City. The notes are payable primarily from the proceeds of grants from the EPA and other agencies. No taxes may at any time be levied for the payment of the bonds or notes or the interest thereon.

A certified copy of the above-entitled Ordinance is on file at the office of the Recorder of the City of Kingwood for review by interested parties during regular office hours.

Following the said public hearing, Council intends to enact said Ordinance upon final reading.

Recorder,
Harry VanDerstine

I, Delbert L. Pearson

the undersigned publisher of The Preston County Journal, a weekly newspaper of general circulation, published at Kingwood, Preston County, West Virginia, do hereby certify that the notice

Public Notice

a copy of which notice is hereto annexed, was

published in said paper for two

successive weeks, beginning with its issue of

March 13, 1986

and expiring with its issue of

March 20, 1986

And, I do further certify that on

March 13, 1986

I posted and left posted, a copy of said notice at the front door of the Court House of said county.

Delbert L. Pearson

PUBLISHER

Subscribed and sworn to before me this the

20th day of March, 1986

Delbert L. Pearson

NOTARY PUBLIC

My commission expires 2/1/88

Kingwood, W. Va., _____

Amount for publishing notice hereto \$ _____

PUBLISHER



Certificate of Publication

I, Delbert L. Benson

the undersigned publisher of The Preston County Journal, a weekly newspaper of general circulation, published at Kingwood, Preston County, West Virginia, do hereby certify that the notice

Notice of Public Hearing

a copy of which notice is hereto annexed, was published in said paper for two

successive weeks, beginning with its issue of

November 7, 1985

and expiring with its issue of

November 14, 1985

And, I do further certify that on

November 7, 1985

I posted and left posted, a copy of said notice at the front door of the Court House of said county.

Delbert L. Benson

PUBLISHER

Subscribed and sworn to before me this the

19th day of November, 1985

David P. Johnston
NOTARY PUBLIC

My commission expires 3/7/93

Kingwood, W. Va., _____

Received of _____

Amount for publishing notice hereto \$ _____

PUBLISHER

PUBLIC NOTICE

PUBLIC NOTICE

NOTICE OF PUBLIC HEARING

ON ORDINANCE TO AMEND ORDINANCES 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 SUCH AMENDMENT TO THE ORDINANCE TO BECOME EFFECTIVE JUNE 1, 1987, ANTICIPATED AS THE DATE A NEW UPGRADED AND EXTENDED SEWERAGE DISPOSAL AND TREATMENT SYSTEM WILL GO INTO OPERATION.

The City of Kingwood, a municipal utility which operates a sewer system, proposes to extend and upgrade its sewage collection and treatment system, and in order to finance such construction by government grants and loans must change its sewer tariffs, rates, and charges to be effective in the future when the new sewage system goes into operation.

As a result of an agreement reached November 1, 1985, between the City of Kingwood and the staff of the Public Service Commission, in Case No. 85-408-S-C-N, covering total estimated, per form annual revenue requirements and operation & maintenance costs, it is appropriate to supersede the alternative sewer rate ordinances adopted and approved by City Council on October 29, 1985 by a single rate ordinance.

Therefore, pursuant to West Virginia Code Chapter 8, Article 11, Section 4, and Chapter 16, Article 13, Section 16, notice is given hereby of a Public Hearing to be held on Monday, November 18, 1985 at 7:00 p.m., at City Hall, 125 E. High Street, Kingwood, West Virginia, to receive comments by present and proposed sewer users and owners of property on the rate ordinance proposed by the City of Kingwood, with the proposed final vote on adoption of the rate ordinances to be made on Tuesday, November 19, 1985.

The schedule of such monthly rates and charges contained in such ordinance is:

| | | |
|---|----------------------|--------|
| First 10,000 gallons of water per month | Per thousand gallons | \$4.90 |
| All over 10,000 gallons water per month | | \$1.56 |

The minimum sewer use charge per customer shall be \$17.76 per month. Each unmetered customer who has only a sanitary sewer connection with the Municipality of Kingwood, a sewer use flat rate of \$19.49 per month.

Any entity requiring the system to treat more than 10,000 gallons per month of abnormal industrial wastes will be subject to surcharge under an EPA-approved rate formula applied to excessive pollutants, if any, to be treated in the plant.

Copies of the proposed rate ordinance are available in the office of the City Clerk during regular office hours for inspection by the public.

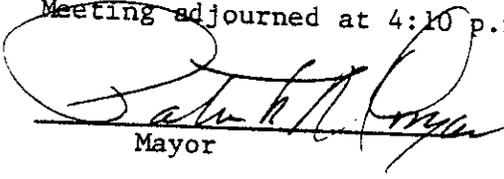
Interested parties may appear at the meetings and be heard with respect to the proposed rate ordinance.

Heanna Williams, City Clerk

Special Meeting was called by the Mayor for the first reading of the amended ordinance on sewer rates, at 4:00 p.m. Those present: Mayor Patrick R. Crogan; Recorder Harry VanInderstine; Councilmen Nelson Corbin, Richard DeGolyer, David Estep, Richard Livengood, Clerk-treasurer Eleanor L. Williams.

On motion by Mr. DeGolyer and seconded by Mr. Estep the Amended Ordinance was given the first reading. Motion passed.

Meeting adjourned at 4:10 p.m. to meet regularly on November 12, 1985, at 7:00 p.m.


Mayor


Recorder

Council Chambers, November 12, 1985

Council met in regular session at 7:00 p.m., with the following members present: Mayor Patrick R. Crogan; Recorder Harry VanInderstine; Councilmen Richard DeGolyer, Richard Livengood; Clerk-treasurer Mrs. Eleanor L. Williams.

Minutes of the last regular meeting of October 22, and special session of October 28th, October 29th and November 5, 1985, were approved and signed.

On motion by Mr. DeGolyer and seconded by Mr. Livengood, the following bills were allowed and ordered paid:

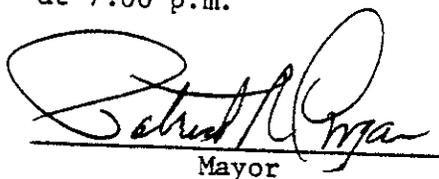
| | | | | | |
|--|------------------------------------|-------------------------|----------|------|----------|
| Eleanor L. Williams----- | Salary | Clerk-treas.----- | \$615.38 | - \$ | 458.71 |
| Thomas G. Martin----- | Salary | Chief of Police----- | 548.08 | - | 402.10 |
| Kenneth C. Brown----- | Salary | Police----- | 480.70 | - | 289.92 |
| Wilbur D. McCabe----- | Salary | Police----- | 480.70 | - | 357.38 |
| Gary A. Johnson----- | Salary | Police----- | 392.30 | - | 306.93 |
| Claude M. Waugerman----- | Salary | City Supervisor----- | 865.38 | - | 648.10 |
| Francis E. Hyre----- | Salary | Cemetery Caretaker----- | 478.85 | - | 374.03 |
| Carolyn K. Wolfe----- | 76 hrs. | Office----- | 380.00 | - | 291.12 |
| Floyd W. Bolyard----- | 88 hrs. | Labor-garbage----- | 404.80 | - | 328.95 |
| Robert L. Menear----- | 80 hrs. | Labor-garbage----- | 544.00 | - | 406.50 |
| Joseph L. Moore----- | 70 hrs. | Labor-garbage----- | 308.00 | - | 258.45 |
| David L. Stump----- | 88 hrs. | Labor-garbage----- | 404.80 | - | 296.99 |
| Robert B. Chidester----- | 74½ hrs. | Labor-sewers----- | 333.30 | - | 269.40 |
| Randall E. Jefferys----- | 80 hrs. | Labor-streets----- | 320.00 | - | 254.23 |
| James E. Plum----- | 85 hrs. | Labor-streets----- | 393.75 | - | 314.62 |
| Bill Benson----- | Garbage and Streets | | | | 320.00 |
| Larkin C. Calhoun, Jr.----- | Cousultant | | | | 280.00 |
| Albright National Bank----- | Fed. W/H Tax 2nd pay October, 1985 | | | | 658.00 |
| S.S. Contribution Fund----- | S. S. 2nd pay October, 1985 | | | | 1,064.27 |
| State Tax Department----- | State W/H month of October, 1985 | | | | 345.02 |
| WV Public Employees Ret. Sys.----- | Employees share on retirement | | | | 644.83 |
| WV Public Employees Ret. Sys.----- | Employers share on retirement | | | | 1,361.32 |
| A. James Manchin, Treas. of State----- | Court Fees | | | | 90.00 |
| Monongahela Power Co.----- | City Hall and Traffic Lights | | | | 369.98 |
| American Family Life Assurance----- | Cancer Insurance | | | | 127.80 |
| Blue Cross & Blue Shield----- | Group Insurance | | | | 1,996.89 |
| The Guardian Life Ins. Co.----- | Major Medical Insurance | | | | 1,226.94 |
| Eleanor L. Williams----- | Salary | Clerk-treas.----- | \$615.38 | - | 458.72 |
| Thomas G. Martin----- | Salary | Chief of Police----- | 548.08 | - | 402.11 |
| Kenneth C. Brown----- | Salary | Police----- | 480.70 | - | 276.17 |
| Wilbur D. McCabe----- | Salary | Police----- | 480.70 | - | 357.39 |
| Gary A. Johnson----- | Salary | Police----- | 392.30 | - | 306.93 |
| Claude M. W. ugerman----- | Salary | City Supervisor----- | 865.38 | - | 648.10 |
| Francis E. Hyre----- | Salary | Cemetery Caretaker----- | 478.85 | - | 370.03 |

FJJ411

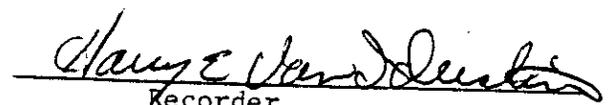
- 15 pumps. Where duplexing is possible, they will do. If it means going to court, will not proceed. Council agreed.
- 4. Pump & controls in street right-of-ways. This will be done only if the property owner has no preference.
- 5. Line going over the hill - by analysis 1- power generator out 2- DNR agreed to 12" line based on capacity. 12" line will carry the same basic (q). Will eliminate 27 man holes 5 inspection holes and approximately \$27,000.00 savings in construction.
- 6. Chlorine No more chlorine - Ultraviolet units that are tubular. Ultraviolet rays which disinfects. Runs by electric, over 20 year life, cheaper with ultraviolet. By having no chlorine, we will have an empty room in the sewer plant.

Terra/Tech/Tice, would like to have a contract with Chester Engineers if necessary, on an hourly basis. They will check to see if this is fundable.

Council adjourned at 9:35 p.m. to meet again for a Public Hearing on November 18, 1985, at 7:00 p.m.



 Mayor



 Recorder

Council Chambers, November 18, 1985

Council meet in special session at 7:00 p.m. for a Public Hearing on An Ordinance to Amend an Ordinance to Provide Revenues for the Continuance, Maintenance, Installation, Improvement and Administration of the Sewerage Disposal System.

The following members were present: Mayor Patrick R. Crogan; Recorder Harry VanIderstine; Councilmen David Estep, Richard Livengood, City Attorney Sheila K. Williams.

Those present for the Public Hearing was Mr. Wally Burgess.

The Mayor called the meeting to order, informing those in attendance the purpose was for the adoption of monthly rates and charges for the sewer disposal system as follows:

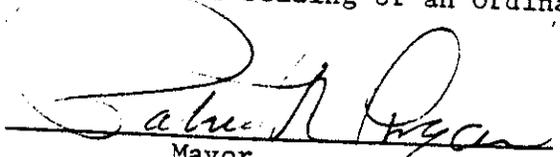
- First 10,000 gallons of water per month -----\$4.85 per thousand gallons
- All over 10,000 gallons of water per month -----\$1.55 per thousand gallons
- Minimum charge per customer shall be -----\$17.96 per month
- Unmetered charge per customer shall be -----\$19.70 per month

No one appeared to object to the proposed rates. 2nd reading was given to the Ordinance to Amend an Ordinance, and passed to the final reading and adoption.

Also a Public Hearing was held at 7:30 p.m. in regard to the City of Kingwood's application to the State of West Virginia for Small Cities Block Grant Funds. The purpose of the Public Hearing was to obtain the views of the citizens on community development and housing needs. No one appearing to object to the application for the Small Cities Block Grant Fund which the City has applied for, \$520,000.00 to provide additional storage capacity in its water supply system.

No one appeared to object to the requested grant.

Council adjourned at 8:00 p.m. to meet at 4:00 p.m., Tuesday, November 19, 1985 for the 3rd and final reading of an Ordinance to Amend an Ordinance on the Sewerage Disposal System



 Mayor



 Recorder



On motion by Mr. Estep and seconded by Mr. Corbin, Mayor Patrick R. Crogan, John Guiliani, and Al Unger were appointed to the Sanitary Board. Motion Passed.

Mayor Crogan asked for a five(5) minute recess.

Council reconvened at 7:15 p.m.

A petition from the Sanitary Board was presented to Council requiring the first reading of the Bond Ordinance. (see attached copy)

On motion by Mr. Corbin and seconded by Mr. DeGolyer the first reading to enact an Ordinance directing that Sewer Revenue Bonds of the City of Kingwood be issued pursuant to West Virginia Code, Chapter 16, Article 13, in an amount not to exceed Three Million Dollars for the purpose of paying a portion of the costs of acquisition and construction of new sanitary sewage treatment and collection facilities of the City of Kingwood. Motion Passed.

At 7:25 p.m. the Mayor turned the meeting over to Steve Decker in regard to the Water Rate Change. Those representating the Water Board were T.D. Kauffelt & John T. Kane.

The Chairman and Mr. Decker recognized the Public Service District No.2 in opposition of future water rates.

The Public Service District No.2 Water Board members consist of: Chairman Edmund A. Hodgkins; Members; Treasurer W. Terry Williams, and Secretary Peggy Friend.

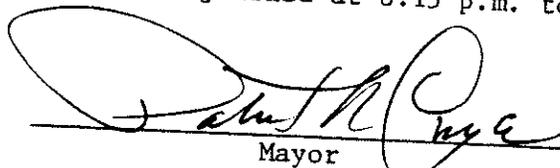
NOTICE OF OPPOSITION TO A PROPOSED RATE INCREASE BY THE CITY OF KINGWOOD TO PUBLIC SERVICE DISTRICT NO. 2.

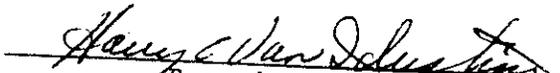
Public Service District No. 2 opposes an increase in its water rates from the current \$2.03 per thousand gallons for the first 1,600 gallons and \$1.95 per thousand gallons for every gallon over 1,600 gallons to \$3.20 per thousand gallons for the first 1,600 gallons and \$3.09 per thousand gallons for every gallon over 1,600 gallons. We believe the current rates are discriminatory in that a cost of service study would show that the cost to the City of Kingwood to provide water to Public Service District No. 2 is substantially lower than the minimum rate of \$1.95 per 1,000 gallons currently being charged; raising the minimum rate to \$3.09 per 1,000 gallons would compound the current discriminatory rate and cannot be justified by new construction costs. Therefore, we intend to petition the Public Service Commission to indicate our opposition to the current rate increase if it is passed.

At 7:50 p.m. Mayor Crogan resumed with the meeting in regard to the water rate increase. Mr. Crogan expressed to the people that he was very happy that the people are speaking out on this matter.

On motion by Mr. Corbin and seconded by Mr. Estep the 2nd and final reading of the water rate increase Ordinance was given. Motion Passed.

Council adjourned at 8:15 p.m. to meet regularly on March 11, 1986,


Mayor


Recorder

Addendum to minutes dated February 11, 1986.
To clarify the \$5,076.00 in Revenue Sharing is to be spent for supplies to repair and purchase material for roads.

| | |
|---|-----------|
| Sewer Service Account | |
| Public Service District No.2-----Water for Westpointe----- | \$ 10.57 |
| Monongahela Power Co.-----Electric for Westpointe----- | 341.85 |
| City Supply & Builders-----Sewer Supplies----- | 3.75 |
| Kingwood Water Works-----Billing for March, 1986 Sewer----- | 100.00 |
| City of Kingwood-----Money Market Account-Transfer----- | 14,000.00 |

On motion by Mr. Estep and seconded by Mr. Livengood, the following building permits were approved, provided they conform to all zoning regulations:

| | |
|--|-------------|
| Peter's Fuel-----121 E. Main St., Install canopy 18' X 24'----- | \$ 1,200.00 |
| Freda Rodeheaver-----107 Jackson Ave., Install closet & flooring----- | 540.00 |
| Helen Shrout-----Rt. 1, Bx 19, Wooddale, Install storage building----- | 1,000.00 |

On the building permit of Trenton, Davis & Bennett, Miller Road-Garden Heights, to construct FM Radio Station, Seven (7) room. This building permit was held pending classification of zoning requirements. The intended area is presently zoned R-3. If it were to be considered a non conforming use applicant would request a variance to allow such use. Should the request upon classification be determined to be a conforming use it was upon motion by Mr. Corbin and seconded by Mr. Livengood, the building permit be granted.

At 7:18 p.m. Mayor Crogan announced that the Public Hearing on Revenue Sharing Fund in the amount of \$9,472 for the period 1986-87, then noted that no citizen had appeared or sent written opinion. The public hearing was declared closed.

On motion by Mr. Corbin and seconded by Mr. Livengood on the 1st reading of the Water Rate Ordinance, that it be passed to the 2nd reading. Motion passed.

On motion by Mr. Corbin and seconded by Mr. Livengood to accept the resolution directing and authorizing the City Recorder to publish notice to all persons concerned that a Bill has been introduced to the City Council proposing certain amendments increasing the rates and charges for the use of and the service rendered by the water system. To be published in the Preston County Journal on March 13th and 20th, 1986, in its entirety. Motion passed.

On motion by Mr. Corbin and seconded by Mr. Livengood that the Bond Ordinance on Sewer and Notes be given its 2nd reading, passed to final reading. Motion passed.

Mr. Joe Marrara from Terra/Tech/Tice advised Council that he had talked to Mr. White, from the Department of Highway concerning Shower Bath Road (Owl's Roost Road). Mr. White advised the Dept. of Highway has no plans to do anything, the road is presently closed.

Mr. Marrara also reported that the Video Recording and Concrete Testing Bids are still under evaluation

EPA has notified the City that they may go to Contract. Listed below is a tentative schedule covering the project submitted by T/T/T:

- A. Bond Issue Closing - 3/26/86.
 - B. Execute construction contracts - 4/1/86 at 7:00 p.m. at City Hall in Kingwood.
 - C. Issuance of Notice to Proceed - 4/1/86.
 - D. Pre-construction conference - 4/2/86 at 10:00 a.m. at City Hall in Kingwood.
 - E. Initiate construction on or before 4/11/86.
- Letters are being mailed to the four successful low bidders notifying them of the tentative schedule in order that they may supply the necessary documents as required.

- Mr. Marrara also reported to Council additional services on the Sewer System:
1. The design fee on clustering on grinder pumps \$4,500.
 2. Resize main line to sewer plant, prepare report and design, est. cost \$1,600. This is intended to possibly save construction costs by down size and also eliminate man holes.
 3. Engineer cost estimated on Ultraviolet treatment as alterant to Chlorine. Professional fees estimated \$9,000. Estimated cost possibly \$20,000. greater than anticipated. Greater construction costs - during use should be cost savings which are long term.
 4. Storm over flow structures at plant. Energy dissipator. Professional service estimated at \$500.

All of the above are conditions to be met or required by DNR as relates to City permits. City to receive proposal for the above from T/T/T. On motion by Mr. Corbin and seconded by Mr. Estep to authorize T/T/T to proceed. It is believed the above is fundable such as original project, however it considerably could be total city expense.

In regard to the line of credit for the sewer project application to the Albright National Bank. ANB's line of credit is \$1,000,000.00. First National Bank of Morgantown is \$500,000.00. Interest cost to yet be determined. Albright National Bank will advise the City of the above.

Appearing before Council: Gary Ware, Steve Lockwood, Tom Wilhelm, Subject Matter Dirt Streets in the Holleran Addition.

Mr. Ware, 110 James Ave. street is impassable, must walk through the woods to home. Mr. Holleran advised the problem is the City's responsibility. It also was indicated that Mr. Holleran may be a contributing factor. The City is presently investigating some solutions. Scott Ave., as well as most other streets have severe problems. The City is going to have paving project. The City in the mean time will do whatever we can within our resources.

Special meeting for Budget will be Tuesday March 18, 1986 at 7:00 p.m. in Council Chambers.

Councilman for 4th Ward, Thomas Harned, 216 E. Main St., Kingwood, WV was appointed to 4th Ward Councilman. On motion by Mr. Corbin and seconded by Mr. Livengood to accept the appointment. Motion passed. Mr. Harned to fill the unexpired term of William Armstrong.

Council adjourned at 10:24 p.m. to meet for the Special Meeting on Budget at 7:00 p.m.

Mayor

Recorder

CITY OF KINGWOOD



HOME OF THE BUCKWHEAT FESTIVAL

125 E. HIGH STREET
P. O. BOX 276
KINGWOOD, WEST VIRGINIA 26537
(304) 329-1225 (304) 329-1229

April 4, 1986

I certify this to be a true and accurate copy of the Minutes
of March 25, 1986, of the Common Council of the City of
Kingwood.



Eleanor L. Williams,

City Clerk

Mr. Ware, 110 James Ave. street is impassable, must walk through the woods to home. Mr. Holleran advised the problem is the City's responsibility. It also was indicated that Mr. Holleran may be a contributing factor. The City is presently investigating some solutions. Scott Ave., as well as most other streets have severe problems. The City is going to have paving project. The City in the mean time will do whatever we can within our resources.

Special meeting for Budget will be Tuesday March 18, 1986 at 7:00 p.m. in Council Chambers.

Councilman for 4th Ward, Thomas Harned, 216 E. Main St., Kingwood, WV was appointed to 4th Ward Councilman. On motion by Mr. Corbin and seconded by Mr. Livengood to accept the appointment. Motion passed. Mr. Harned to fill the unexpired term of William Armstrong.

Council adjourned at 10:24 p.m. to meet for the Special Meeting on Budget at 7:00 p.m.

Mayor

Recorder

Council Chambers, March 18, 1986

Council meet in Special Session to approve the Budget for 1986/87, with the following members present: Mayor Patrick R. Crogan; Recorder Harry VanInderstine, Councilmen Nelson Corbin, Richard DeGolyer, David Estep, Harry Harned, Richard Livengood; Larkin C. Calhoun, Jr., Consultant; Clerk-treasurer Mrs. Eleanor L. Williams.

Mr. Calhoun and the City Clerk gave an account of the Budget.

Considerable deliberation was given to the Budget by Council, which amounted to \$494,867, which represents General Funds, Coal Severance and Revenue Sharing.

On motion by Mr. DeGolyer and seconded by Mr. Corbin, that Council approve the 1986/87 Budget. Motion passed.

Council adjourned at 12:00 p.m. to meet regularly March 25, 1986, at 7:00 p.m.

Mayor

Recorder

Council Chambers, March 25, 1986

Council met in regular session at 7:00 p.m. with the following members present: Mayor Patrick R. Crogan; Recorder Harry VanInderstine; Councilmen Nelson Corbin, Richard DeGolyer, David Estep, Harry T. Harned, Richard Livengood; Clerk-treas. Mrs. Eleanor L. Williams, City Attorney Sheila K. Williams.

Those also present were: Judy Celayir, Vince Collins, Joe Marrara for Sewer Project; Steve Decker, Martha Bowermaster, Ron Kelley, Jack Crogan from the Kingwood Water Works Board; LaRue DeBastiani, Jack & Frances Holleran, Larry Turner and Randy Plum in regards to the streets in the Holleran Addition.

Minutes of the last regular meeting of March 11, 1986 and Special Session of March 18, 1986, were approved and signed.

On motion by Mr. DeGolyer and seconded by Mr. Corbin, the following bills were allowed and ordered paid:

| | | | | | |
|------------------------------|-------------|--|----------|---|-----------|
| Eleanor L. Williams----- | Salary | Clerk-treas.----- | \$615.38 | - | \$ 459.10 |
| Thomas G. Martin----- | Salary | Chief of Police----- | 548.08 | - | 402.56 |
| Kenneth C. Brown----- | Salary | Police----- | 480.70 | - | 278.21 |
| Wilbur D. McCabe----- | Salary | Police----- | 480.70 | - | 357.91 |
| Gary A. Johnson----- | Salary | Police----- | 392.30 | - | 289.89 |
| Claude M. Waugerman----- | Salary | City Supervisor----- | 865.38 | - | 650.24 |
| Francis E. Hyre----- | Salary | Cem. Caretaker & Sts.-- | 591.23 | - | 448.37 |
| Carolyn K. Wolfe----- | 7 1/2 hrs. | Office----- | 357.50 | - | 277.88 |
| Floyd W. Bolyard----- | 8 7/8 hrs. | Labor-Garbage----- | 399.85 | - | 328.62 |
| Robert L. Menear----- | 80 hrs. | Labor-Garbage----- | 544.00 | - | 406.95 |
| Joseph L. Moore----- | 8 7/8 hrs. | Labor-Garbage----- | 399.85 | - | 320.62 |
| David L. Stump----- | 8 3/4 hrs. | Labor-Garbage----- | 328.90 | - | 253.05 |
| Robert B. Chidester----- | 98 hrs. | Labor-Streets & Cem.--- | 470.80 | - | 370.30 |
| Randall E. Jefferys----- | 86 1/2 hrs. | Labor-Streets----- | 394.90 | - | 311.76 |
| James E. Plum----- | 70 1/2 hrs. | Labor-Streets----- | 329.63 | - | 266.83 |
| Albright National Bank----- | | Fed. W/H Tax 1st pay March, 1986----- | | | 667.00 |
| S. S. Contribution Fund----- | | S.S. W/H Tax 1st pay March, 1986----- | | | 1,029.49 |
| William Benson----- | | Police, Garbage, Streets & Cemetery----- | | | 355.00 |
| Larkin C. Calhoun, Jr.----- | | Consultant----- | | | 140.00 |
| DeVall's Mobile----- | | Police----- | | | 7.88 |

| | | |
|-----------------------------------|---|------------------|
| A T & T Information System----- | City Hall----- | \$ 106.56 |
| C & P Telephone Co.----- | City Hall----- | 155.77 |
| Grandville Association, Inc.----- | Supplies for Computer----- | 10.19 |
| Traffic Control & Engineering Co. | Traffic Light repair----- | 95.75 |
| Trapuzzano's----- | Police Uniforms----- | 76.95 |
| Mountaineer Gas----- | City Hall----- | 443.00 |
| State of West Virginia----- | Supplies for Streets & City Hall----- | 81.90 |
| Patrick R. Crogan----- | Salary Mayor----- | \$ 57.00 - 45.12 |
| Harry E. VanInderstine----- | Salary Recorder----- | 41.00 - 38.07 |
| Nelson E. Corbin----- | Salary Councilman----- | 25.00 - 23.21 |
| David L. Estep----- | Salary Councilman----- | 25.00 - 23.21 |
| Richard L. DeGolyer----- | Salary Councilman----- | 25.00 - 23.21 |
| Harry Thomas Harned----- | Salary Councilman----- | 25.00 - 23.21 |
| Richard L. Livengood----- | Salary Councilman----- | 25.00 - 23.21 |
| William Z. Sparks----- | Salary Councilman----- | 25.00 - 23.21 |
| Sheila K. Williams----- | Salary City Attorney----- | 100.00 |
| Lewis & Burge, Inc.----- | Heating System for Police Department----- | 128.79 |
| Albright National Bank----- | Equipment Payment----- | 1,754.00 |

Coal Severance Account

| | | |
|----------------------------------|-----------------------|-------|
| Monongahela Power Company----- | Ashes----- | 19.81 |
| Kingwood Trucking Co., Inc.----- | Hauling of ashes----- | 34.67 |

Federal Revenue Sharing Account

| | | |
|------------------------|---|----------|
| Volkstone Company----- | 294.14 tons stone-Holleran & Schaeffer Sts. | 1,911.90 |
| Eleanor Williams----- | Janitor Service----- | 120.00 |

Sewer Service Account

| | | |
|----------------------|---------------------------------------|--------|
| Sanitation LTD.----- | Fed., 1986 Service at Westpointe----- | 391.75 |
|----------------------|---------------------------------------|--------|

On motion by Mr. Corbin and seconded by Mr. DeGolyer the following building permit was approved, provided it conforms to all zoning regulations:

St. Michaels Episcopal Church- McDonald St.--Reroof----- 8,500.00

Mr. Vincent Collins, Bond Counselor addressed Council in regards to the 3rd and final reading on the Sewer Bond Ordinance, on said Ordinance, and Public Hearing. Also to adopt a Supplemental Bond Resolution, issuing Bonds in an amount not to exceed \$3,000,000.00 upon such terms as shall be set forth in the Supplemental Resolution. We now have the exact amount of the Bonds, interest rates, terms and etc. The bonds are issued in two series, series A and series B. The series A Bond will be in the amount of \$1,709,140.00 and it will bear interest of 9 3/4% payable over forty years. The series B Bonds will be in the amount of \$850,860.00 and it will bear interest at 0% rate, so that the combination of these two (2) Bonds, will give the whole \$2,560,000.00 at a blended rate of or average rate of 7%.

In addition to the Bonds, this project, which totals in excess of \$10,000,000.00, is the beneficiary of an EPA Grant and a WDA Water Development Authority Grant and also some funds of the City. The 3rd item for Council to take up this evening, is an adoption of a short resolution authorizing the expenditure of \$342,860.00, funds on hand which has been discussed and agreed would be committed to the sewer project. This amount is from revenues, sewer tap fees and other sewer user charges.

Mr. Collins, asked Council if they had other questions they would like to ask him about the above.

The third and final reading on the Sewer Bond and Notes Ordinance was given:
 AN 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.

The Public Hearing was then opened to the public. Mayor Crogan noted that no citizen had appeared or sent written opinion in regard to the Sewer Bond Ordinance. The public hearing was declared closed.

A motion by Mr. VanInderstine and seconded by Mr. DeGolyer, the Sewer Bond Ordinance be adopted and passed.

The SUPPLEMENTAL BOND RESOLUTION was read:
 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.

Mr. Collins explained to Council the basics of the Supplemental Resolution: This resolution authorizes specifically the bonds in the amounts that had been talked about and the interest rates, maturities and etc. It ratifies the approval of Council that the loan agreement and the supplemental loan agreement which have already been approved by this Council in a meeting approximately two weeks ago. It appoints Kanawha Valley Bank, Charleston, WV, as Registrar and Paying Agent. Kanawha Valley Bank in Charleston, was chosen because basically they are the ones that do the WDA Bonds. They do charge a nominal fee for this service. It is necessary to have a Registrar and Paying Agent on the Bonds. The City will capitalize interest on the 1986 Bonds in the amount of \$333,282.00, out of the Bond Proceeds Series A only, because they are the only ones that bears interest. The City will have to pay interest on these Bonds starting next month, however, the City will not have sufficient revenues to pay that interest, therefore, in the project budget there is an allowance for part of the Bond proceeds themselves. The money the City will be getting from the Bonds is to be used to pay interest for approximately 24 months up to \$333,000.00. The City won't have to worry about paying the interest out of the Sewer revenues, while the new project is being built. After that 24 months plus, because there will be investment earnings. We will have to pay the interest ourselves and the principal amount, which will become due each year. This resolution also authorized Albright National Bank of Kingwood, to act as the Depository Bank, and the said Mayor and Recorder were authorized to execute all the documents in connection with the Bond Closing Issue.

A motion by Mr. DeGolyer and seconded by Mr. Estep was made to accept the Supplemental Bond Resolution. Motion passed.

In regard to the 3rd item of Mr. Collins on the 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 all necessary costs associated therewith for said sewerage facilities.

That further the City Council resolves that said Bond funds shall be expended for the sole purpose of the public sewerage facilities.

This Resolution was adopted this 25th day of March, 1986, by the Common Council of the City of Kingwood, West Virginia.

A motion by Mr. Harry T. Harned and seconded by Mr. Estep, was made to accept the above Resolution. Motion passed.

Mr. Collins, proceeded to explain to Council about the Bond Closing to be held in Dunbar, West Virginia, at 2:00 p.m., Wednesday, March 26, 1986. Those needing to be present are: Mayor Patrick R. Crogan, Recorder Harry E. VanInderstine, City Attorney Sheila Kae Williams, and Mr. George Tice from Terra/Tech/Tice.

A motion by Mr. DeGolyer and seconded by Mr. Corbin was made approving payment to The Chester Engineering, Inc., in the amount of \$251,634.68. This payment is to be made after the Bond Closing. Motion passed.

Mr. Stephen Decker, Chairman of the Kingwood Water Board addressed Council in regards to the Water Rate Ordinance, which was to have its 2nd and final reading also a Public Hearing. Mr. Decker proceeded to advise Council, that earlier this date they had a meeting with the PSC on their Certificate of Necessity and Need and based on that conclusion of the hearing, and testimony a new Ordinance will be needed. Basically the opinion of the PSC, is that the original Ordinance will not generate sufficient revenues to meet the project and debt services required by the Bond funding nor the replacement of the plant and equipment facilities requirements. The Kingwood Water Board has a commitment from the WDA to loan for the Water Project \$3,500,000.00, at 7% interest - 40 year amortization. The Mayor has signed a loan agreement with the WDA and the Kingwood Water Board is proceeding to close their Bond under WDA's time clock which is 90 days. Bond closing should be prior to June 12, 1986. The financial arrangements are now in place if some of the rates can be resolved, it looks like the project is in its final stage.

A motion by Mr. VanInderstine and seconded by Mr. Estep, that the previous Water Rate Ordinance be removed and cancelled. Motion passed.

1st reading on the Water Rate Ordinance:

AN AMENDMENT TO THE ORDINANCE CREATING THE KINGWOOD WATER WORKS SAID ORDINANCE BEING ENTITLED: "ORDINANCE AUTHORIZING THE ISSUANCE OF \$225,000.00 PRINCIPAL AMOUNT OF WATER REVENUE BONDS OF THE TOWN OF KINGWOOD, WEST VIRGINIA, AND PROVIDING FOR THE RIGHT OF THE HOLDERS THEREOF" CHANGING PARAGRAPH 14 CONCERNING WATER RATES.

A motion by Mr. Estep and seconded by Mr. DeGolyer for the 1st reading on the Water Rate Ordinance be given and passed onto the 2nd reading. Upon a vote being taken those voting yes were: Mr. Crogan, Mr. VanInderstine, Mr. Corbin, Mr. DeGolyer, Mr. Estep, Mr. Harned. Voting No - Mr. Livengood.

A motion by Mr. Estep and seconded by Mr. DeGolyer, that A Resolution directing and authorizing the City Recorder to publish notice to all persons concerned that a Bill has been introduced at a meeting of the City Council proposing certain amendments increasing the rates and charges for the use of and the service rendered by the water wytem and works of the Water Board of the City of Kingwood, and providing for a hearing at which interested persons may appear. Motion passed.

Let it be noted that a NOTICE OF OPPOSITION TO A PROPOSED RATE INCREASE BY THE CITY OF KINGWOOD TO PUBLIC SERVICE DISTRICT NO.2, was received.

Mrs. LaRue DeBastiani addressed City Council in regard to the streets in the Holleran Addition. She spoke for Holleran Construction and Supply Company, and presented each Councilman, Mayor, Recorder, City Clerk and reporters with a copy of her letter. This letter is on file in the office of the City Clerk, should anyone desire to read.

Those also addressing Council in regard to the streets in the Holleran Addition were: Mr. & Mrs. Jack Holleran, David Fraley, Larry Turner and Randy Plum. All of their comments were taped and will be on file in the office of the City Clerk, should anyone desire to hear them.

In regard to the Streets in the Holleran Addition, it is Councils wish and desire to see if it will be possible to have the Contractors for the sewer system began in the Holleran Addition first, so that these streets maybe paved.

Mayor Crogan, addressed the public saying, he appreciated their comments on the streets, and other matters and invited them back to future Council Meetings.

Larry Turner asked Council that a Street Lights be installed on Seemong Drive, as many of the people walk this street and it is needed badly.

Mr. Joe Marrara, for T/T/T, presented Council with the following:

1. Letter confirming written proposal on additional Services. Copy of this letter on file.
2. On the Video Recording, T/T/T recomends that VIP, Mike Geary be awarded the contract. A motion by Mr. Estep and seconded by Mr. DeGolyer, that VIP be awarded the Video Recording Contract. Motion passed.
3. On the contracts for Concrete Testing, Mr. Marrara, advised they will not be able to pick the contractor until pre-construction. This is due to the cement has to be approved by Federal Regulations. T/T/T, will handle this in the preconstruction conference.

Councilman Corbin, addressed Council in regard to the construction and re-paving of streets. He has two people interested in the Engineering and would like to have one do re-paving and the other new construction of streets. There is a possibility that the sidewalk construction might have to be put off for a while, due to the cost of streets.

Mr. VanInderstine, advised Council that the Albright National Bank, will go along with the paving certificates. If they are tax free to the Bank the interest rate will be 8%. If not tax free, than the interest rate will be 10%.

Councilman DeGolyer, talked about the letters sent to some of the people in regard to putting their garbage at the curb. Several people have complained about these letters. By the garbage not being at the curb, it causes the employees more time to pick it up. Mr. Estep, said we may need an amendment to the Ordinance for these special cases and an extra charge put on. This will be up to Council.

Council adjourned at 11:15 p.m. to meet regularly April 8, 1986, at 7:00 p.m.

Mayor

Recorder

GSA FCC TELETYPE
RM 1212 502 ARCH ST
PHILA PA 19106 25AM

Western
Union Mailgram



1-2108770284 03/25/86 ICS WA12139
04485 MLTN VA 03/24/86 JN19639

CLGA

HONORABLE PATRICK R. CROGAN
CITY OF KINGWOOD
125 E. HIGH ST.
KINGWOOD, WV 26537

DEAR MAYOR CROGAN

THE PART B DOCUMENTS THAT YOU SUBMITTED TO THE WEST VIRGINIA
DEPT. OF NATURAL RESOURCES HAVE BEEN REVIEWED BY THIS OFFICE.
THE ENVIRONMENTAL PROTECTION AGENCY (EPA) FORM 5780-1B HAS BEEN
APPROVED WITH SOME REVISIONS. THE OFFICIAL APPROVAL LETTER AND
THE GRANT AMENDMENT ARE CURRENTLY BEING PROCESSED AND WILL BE
FORWARDED UNDER SEPARATE COVER.
THE TOTAL ELIGIBLE COSTS IN THE GRANT AMENDMENT ARE \$9,981,200.00
WITH AN EPA GRANT AMOUNT OF \$7,645,400.00. I TRUST THAT THIS
INFORMATION WILL BE HELPFUL TO THE CITY. IF YOU HAVE ANY

QUESTIONS, PLEASE CONTACT MR. BRIAN TRULEAR, PROJECT MANAGER,
AT 215 597-8399. SINCERELY,
R. FENTON ROUDABUSH, CHIEF VA/WVA SECTION CONSTRUCTION
GRANTS BR. ENVIRONMENTAL PROTECTION AGENCY REGION III
841 CHESTNUT ST., PHILADELPHIA, PA. 19107

(ARS RUEVDDG 1-19-01-027904)
0025 EST

MGMCOMP MGM



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
REGION III
6TH AND WALNUT STREETS
PHILADELPHIA, PENNSYLVANIA 19106

CERTIFIED MAIL

Re: C-540247-02
City of Kingwood

OCT 06 1983

Honorable Patrick R. Crogan
Mayor, City of Kingwood
125 East High Street
Kingwood, West Virginia 26537

Dear Mayor Crogan:

We are pleased to inform you of the award of a Step 2/3 Federal grant for the preparation of construction drawings and specifications, and construction of wastewater treatment works for the referenced project, as described in your application and approved by the West Virginia Department of Natural Resources.

The grant award is for an amount not to exceed \$4,991,840. This amount includes Basic funds of \$4,439,060, Small Community funds of \$487,750 and Alternative funds of \$65,030, and is subject to the conditions set forth in Part III of the Assistance Agreement.

Copies of the applicable Code of Federal Regulations, 40 CFR, Parts 30, 33 and 35 are forwarded for your reference.

The original and a copy of the Assistance Agreement are enclosed. The original copy of the Agreement should be signed and returned to Mr. Frank Snock, Chief, Grants Management Section, within twenty-one days of your receipt. The copy should also be signed and retained for your files.

Sincerely yours,

Greene A. Jones
Greene A. Jones, Director
Water Management Division

Enclosures

- cc: Mr. Warren Means, WVDNR
- Mr. Edgar Henry, WDA
- Mr. Wesley King, COE
- Chester Engineers

U.S. ENVIRONMENTAL PROTECTION AGENCY
EPA ASSISTANCE AGREEMENT ~~REPRODUCTION~~
PART I - ASSISTANCE NOTIFICATION INFORMATION

1. FIS. AGENCY NO.
6-340247-02-0

2. LOG NUMBER
Three-C

3. DATE OF AWARD
SEP 29 1983

4. MAILING DATE
OCT 06 1983

5. AGREEMENT TYPE

6. PAYMENT METHOD

Cooperative Agreement
 Grant Agreement
 Assistance Amendment

Advance Reimbursement Letter of Credit

Send Payment Request To:
Grants Management Section

7. TYPE OF ACTION
Continuation

RECIPIENT ORGANIZATION

8. RECIPIENT

City of Kingwood
125 East High Street
Kingwood, West Virginia 26537

9. PAYEE

City of Kingwood
125 East High Street
Kingwood, West Virginia 26537

EPA CONTACT

EIN NO.

CONGRESSIONAL DISTRICT

2nd

10. RECIPIENT TYPE

City

11. PROJECT MANAGER AND TELEPHONE NO.

Patrick R. Crogan
Mayor
304/329-1225

12. CONSULTANT (WWT Construction Grants Only)

Chester Engineers
P.O. Box 9356
Pittsburgh, Pennsylvania 15225
412/262-1035

13. ISSUING OFFICE (City/State)

Philadelphia, Pennsylvania

14. EPA PROJECT/STATE OFFICER AND TELEPHONE NO.

Dennis Carney, Team Leader
West Virginia Section
215/597-4084

15. EPA CONGRESSIONAL LIAISON & TEL. NO.

Patricia Gaskins - 202/382-5184

16. STATE APPL ID (Clearinghouse)

830203-016

17. FIELD OF SCIENCE

N/A

18. PROJECT STEP/WWT CG Only

4

19. STATUTORY AUTHORITY

Clean Water Act, Title II

20. REGULATORY AUTHORITY

40 CFR, Part 35

21. STEP 2 + 3 & STEP 3 (WWT Construction Only)

| | |
|----------------------|-----|
| a. Treatment Level | 3 |
| b. Project Type | TCF |
| c. Treatment Process | D |
| d. Sludge Design | 5 |

22. PROJECT TITLE AND DESCRIPTION The project consists of the design and construction of a secondary treatment plant, rehabilitation of an existing collection system, and extensions to the collection system (including pressure sewers). The eligible project includes allowable associated costs as defined in 40 CFR 35.2250 up to the amounts shown in Part II of the Assistance Agreement.

23. PROJECT LOCATION (Areas Impacted by Project)

| City/Place | County | State | Congressional District |
|------------|---------|-------|------------------------|
| Kingwood | Preston | WV | 2nd |

| 24. ASSISTANCE PROGRAM/CFDA Program No. & Title | 25. PROJECT PERIOD | 26. BUDGET PERIOD |
|---|--------------------|-------------------|
| 66.418 | 10/83 - 10/87 | N/A |

| 27. COMMUNITY POPULATION (WWT CG Only) | 28. TOTAL BUDGET PERIOD COST | 29. TOTAL PROJECT PERIOD COST |
|--|------------------------------|-------------------------------|
| 3,220 | N/A | \$6,569,100 |

| FUNDS | FORMER AWARD | THIS ACTION | AMENDED TOTAL |
|-----------------------------------|--------------|-------------|---------------|
| 30. EPA Amount This Action | | \$4,991,840 | |
| 31. EPA In-Kind Amount | | | |
| 32. Unexpended Prior Year Balance | | | |
| 33. Other Federal Funds | | | |
| 34. Recipient Contribution | | | |
| 35. State Contribution | | | |
| Local Contribution | | | |
| Other Contribution | | | |
| 38. Allowable Project Cost | | \$6,569,100 | |

| 39. FISCAL | Program Element | FY | Corporation | Doc Control No. | Account Number | Object Class | Original Budgeting Amount |
|------------|-----------------|------|-------------|-----------------|----------------|--------------|---------------------------|
| | GHHW80 | 82-C | 68X0103.E | W23028 | HGHH036006 | 41.11 | \$4,439,060 |
| | GHW80 | 82-C | 68X0103.E | W2SC02 | HGHM036006 | 41.11 | 373,617 |
| | GKEW80 | 83 | 68X0103.F | WSC301 | 3GKE036006 | 41.11 | 114,133 |
| | GHTW80 | 82-C | 68X0103.E | WAC006 | HGHL036006 | 41.11 | 65,030 |

TABLE A - OBJECT CLASS CATEGORY
(Non-construction)

TOTAL APPROVED ALLOWABLE
BUDGET PERIOD COST

| | |
|--|--------|
| 1. PERSONNEL | |
| 2. FRINGE BENEFITS | |
| 3. TRAVEL | |
| 4. EQUIPMENT | |
| 5. SUPPLIES | |
| 6. CONTRACTUAL | |
| 7. CONSTRUCTION | |
| 8. OTHER | |
| 9. TOTAL DIRECT CHARGES | |
| 10. INDIRECT COSTS: RATE % BASE | |
| 11. TOTAL (Share: Recipient _____% Federal _____%) | |
| 12. TOTAL APPROVED ASSISTANCE AMOUNT | \$ N/A |

TABLE B - PROGRAM ELEMENT CLASSIFICATION
(Non-construction)

| | |
|--|--------|
| 1. | |
| 2. | |
| 3. | |
| 4. | |
| 5. | |
| 6. | |
| 7. | |
| 8. | |
| 9. | |
| 10. | |
| 11. | |
| 12. TOTAL (Share: Recipient _____% Federal _____%) | |
| 13. TOTAL APPROVED ASSISTANCE AMOUNT | \$ N/A |

TABLE C - PROGRAM ELEMENT CLASSIFICATION
(Construction)

| | BASIC | SMALL COMMUNITY | ALTERNATIVE |
|--|---------------------------------------|---------------------|--------------------|
| 1. ADMINISTRATION EXPENSE | \$ 51,537 | \$ 5,663 | \$ 5,663 |
| 2. PRELIMINARY EXPENSE | | | |
| 3. LAND STRUCTURES, RIGHT-OF-WAY | | | |
| 4. ARCHITECTURAL ENGINEERING BASIC FEES | 187,134 | 20,562 | 20,562 |
| 5. OTHER ARCHITECTURAL ENGINEERING FEES | 107,237 | 11,783 | 11,783 |
| 6. PROJECT INSPECTION FEES | 233,626 | 25,670 | 25,670 |
| 7. LAND DEVELOPMENT | | | |
| 8. RELOCATION EXPENSES | | | |
| 9. RELOCATION PAYMENTS TO INDIVIDUALS AND BUSINESSES | | | |
| 10. DEMOLITION AND REMOVAL | | | |
| 11. CONSTRUCTION AND PROJECT IMPROVEMENT | 4,617,355 | 507,345 | 507,345 |
| 12. EQUIPMENT | | | |
| 13. MISCELLANEOUS - Design Allowance | 260,187 | 28,589 | 28,589 |
| 14. TOTAL (Lines 1 thru 13) | | | |
| 15. ESTIMATED INCOME (If applicable) | | | |
| 16. NET PROJECT AMOUNT (Line 14 minus 15) | | | |
| 17. LESS: INELIGIBLE EXCLUSIONS | | | |
| 18. ADD: CONTINGENCIES | 461,683 | 50,729 | 50,729 |
| 19. TOTAL (Share: Recipient <u>24</u> % Federal <u>76</u> %) | \$5,918,759 | \$650,341 | \$650,341 |
| 20. TOTAL APPROVED ASSISTANCE AMOUNT | (\$4,991,840) \$4,439,060 (75%) | 487,750 \$ (75%) | \$ 65,030 (10%) |

PART III-AWARD CONDITIONS

a. GENERAL CONDITIONS

The recipient covenants and agrees that it will expeditiously initiate and timely complete the project work for which assistance has been awarded under this agreement, in accordance with all applicable provisions of 40 CFR Chapter I, Subpart B. The recipient warrants, represents, and agrees that it, and its contractors, subcontractors, employees and representatives, will comply with: (1) all applicable provisions of 40 CFR Chapter I, Subchapter B, INCLUDING BUT NOT LIMITED TO the provisions of Appendix A to 40 CFP Part 30, and (2) any special conditions set forth in this assistance agreement or any assistance amendment pursuant to 40 CFR 30.425.

b. SPECIAL CONDITIONS:

(For cooperative agreements include identification or summarization of EPA responsibilities that reflect or contribute to substantial involvement.)

The grantee is subject to all the requirements of 40 CFR Part 35 Subpart I, Part 30, Part 33, and other pertinent regulations. The grantee is directed to certain following special considerations of those requirements.

1. Regulations Affecting Federal Grant Payments

- a. Payment shall not be made for Step III professional services until the grantee complies with the procurement requirements of 40 CFR Part 33 Subpart A.
- b. The Regional Administrator shall not pay more than 50% of the Federal share unless the grantee has furnished a satisfactory final plan of operation, and shall not pay more than 90% unless the grantee has furnished a satisfactory operation and maintenance manual (40 CFR 35.2206).
- c. Payments shall be made in accordance with 40 CFR 35.2300.
- d. The grantee may submit requests for payments for allowable costs incurred in accordance with the following schedule:

| <u>Payment No.</u> | <u>Date</u> | <u>Payment</u> | <u>Cumulative Amount</u> (not to be exceeded) |
|--------------------|-------------|----------------|--|
| 1 | 1/84 | \$109,700 | \$ 109,700 |
| 2 | 11/84 | 128,330 | 238,030 |
| 3 | 12/84 | 382,500 | 620,530 |
| 4 | 1/85 | 344,100 | 964,630 |
| 5 | 2/85 | 331,800 | 1,296,430 |
| 6 | 3/85 | 331,900 | 1,628,330 |
| 7 | 4/85 | 331,900 | 1,960,230 |
| 8 | 5/85 | 331,900 | 2,292,130 |
| 9 | 6/85 | 267,700 | 2,559,830 |
| 10 | 7/85 | 267,800 | 2,827,630 |
| 11 | 8/85 | 268,800 | 3,096,430 |
| 12 | 9/85 | 268,900 | 3,365,330 |
| 13 | 10/85 | 270,400 | 3,635,330 |
| 14 | 11/85 | 267,700 | 3,903,430 |
| 15 | 12/85 | 265,700 | 4,169,130 |
| 16 | 1/86 | 119,700 | 4,288,830 |
| 17 | 2/86 | 119,700 | 4,408,530 |
| 18 | 3/86 | 84,170 | 4,492,700 |
| 19 | 11/86 | 14,000 | 4,506,700 |
| 20 | 4/87 | 485,140 | 4,991,840 |

SPECIAL CONDITIONS (CONTINUED)

2. Project Schedule Changes

For any changes in the project which increase the cost, delay or accelerate the project or alter the project in other ways (40 CFR 35.2204), the grantee must receive a formal grant amendment from the Regional Administrator before implementing the changes. ~~Particular interest is any change in completion of final design drawings and specifications, date of advertisement for bids, the building completion date as referenced in 40 CFR 35.2216, and the initiation of project operation date.~~ The latter date is considered, at the time of this grant, to be 10/86. The grantee further agrees to provide the Regional Administrator, upon request, with a revised schedule for payment.

3. Project Initiation

The grantee agrees to initiate the building of all significant elements of the project within 9 months of the date of the advertisement for bids (40 CFR 35.2212). ~~Whenever practicable, this initiation~~ should not occur before all sites, easements and rights-of-way are acquired. The grantee shall notify the Regional Administrator immediately upon award of the contracts.

4. Sewer Use Ordinance and User Charge System

The grantee agrees to adopt its sewer use ordinance and implement its user charge system before the treatment works is placed in operation (40 CFR 35.2208).

5. Project Replacement

The grantee shall inform the Regional Administrator within two (2) years after the initiation of the operation of the project if the project is failing to meet the project performance standards. If necessary the Regional Administrator may award 100% of the allowable costs for modification or replacement (40 CFR 35.2032(d)).

6. Project Performance

The grantee agrees to certify to the Regional Administrator on the date one (1) year after the initiation of operation whether the project is capable of meeting the project performance standards [40 CFR 35.2214(d)].

SPECIAL CONDITIONS (CONTINUED)

7. Subagreements and Contracts

- a. The grantee agrees to negotiate a subagreement and contract for all services to be awarded under this grant. Such subagreements and contracts shall be in conformance with and incorporate the required clauses of 40 CFR Part 33.
- b. A copy of the proposed subagreements and contracts shall be submitted to the Regional Administrator for review and pre-award approval as appropriate under 40 CFR Part 33. The submittal of the proposed subagreements and contracts shall include the procurement records required in Appendix A to 40 CFR Part 33.
- c. The grantee shall submit to the Regional Administrator the proposed subagreement and contract cost or price data on EPA Form 5700-41 or on a form which contains similar information.

8. Land Acquisition

The grantee shall not make any offer to acquire allowable real property until the Regional Administrator approves the price the grantee will offer the property owner (40 CFR 35.2210).

9. Review

The grantee recognizes that approval of any part of this grant, change orders, grant increase amendments, subagreements, any specific items, or eligibility of any other costs will be subject to final review, including project officer review, audit review and final determination of the Grant Approving official.

10. Award Restrictions

The grantee agrees that no portion of this award may be used for lobbying or propaganda purposes as prohibited by 18 U.S.C. Section 1913 or Section 607(a) of Public Law 96-74.

11. Advertisement for Bids

Prior to the advertisement for construction bids the grantee agrees to submit to the Regional Administrator for approval the following:

- (a) A draft plan of operation (40 CFR 35.2106);
- (b) A user charge system (40 CFR 35.2140);
- (c) Final design drawings and specifications (refer to 40 CFR 35.2040 (b) (6));

SPECIAL CONDITIONS (CONTINUED)

- (d) Service agreements with proposed customers outside the corporate limits of the City;
- (e) A sewer system rehabilitation schedule;
- (f) Comments from the West Virginia Department of Culture and History regarding the results of the Archaeological Survey; and
- (g) A summary of responses to the public participation conducted during the design phase.

b. SPECIAL CONDITIONS (Continued)

PART IV

NOTE: The Agreement must be completed in duplicate and the Original returned to the Grants Administration Division for Headquarters awards and to the appropriate Grants Administrations Office for State and local awards within 3 calendar weeks after receipt or within any extension of time as may be granted by EPA.

Receipt of a written refusal or failure to return the properly executed document within the prescribed time, may result in the withdrawal of the offer by the Agency. Any change to the Agreement by the recipient subsequent to the document being signed by the EPA Award Official which the Award Official determines to materially alter the Agreement shall void the Agreement.

OFFER AND ACCEPTANCE

The United States of America, acting by and through the U.S. Environmental Protection Agency (EPA), hereby offers assistance ~~of \$500,000~~ to the City of Kingwood RECIPIENT ORGANIZATION for 76 % of all approved costs incurred up to and not exceeding \$ 4,991,810 ASSISTANCE AMOUNT for the support of approved budget period effort described in application (including all application modifications) C-540247-02 - City of Kingwood STATE AND TITLE included herein by reference.

| ISSUING OFFICE (Grants Administration Office) | AWARD APPROVAL OFFICE |
|--|--|
| <small>ORGANIZATION/ADDRESS</small> Environmental Protection Agency Grants Management Section (3PM32) Curtis Building, 6th & Walnut Streets Philadelphia, Pennsylvania 19106 | <small>ORGANIZATION/ADDRESS</small> Environmental Protection Agency Water Management Division (3WMOO) Curtis Building, 6th & Walnut Streets Philadelphia, Pennsylvania 19106 |

THE UNITED STATES OF AMERICA BY THE U.S. ENVIRONMENTAL PROTECTION AGENCY

| | | |
|--|--|------------------------------------|
| <small>SIGNATURE OF AWARD OFFICIAL</small>  | <small>TYPED NAME AND TITLE</small> Thomas P. Eichler, Regional Administrator | <small>DATE</small> SEP 29 1983 |
|--|--|------------------------------------|

This Agreement is subject to applicable U.S. Environmental Protection Agency statutory provisions and assistance regulations. In accepting this award or amendment and any payments made pursuant thereto, (1) the undersigned represents that he is duly authorized to act on behalf of the recipient organization, and (2) the recipient agrees (a) that the award is subject to the applicable provisions of 40 CFR Chapter I, Subchapter B and of the provisions of this agreement (Parts I thru IV), and (b) that acceptance of any payments constitutes an agreement by the payee that the amounts, if any found by EPA to have been overpaid will be refunded or credited in full to EPA.

BY AND ON BEHALF OF THE DESIGNATED RECIPIENT ORGANIZATION

| | | |
|--|---|---------------------------------|
| <small>SIGNATURE</small>  | <small>TYPED NAME AND TITLE</small> Patrick R. Crogan, Mayor | <small>DATE</small> 10/20/83 |
|--|---|---------------------------------|

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

HARDSHIP GRANT AGREEMENT

1. GRANT RECIPIENT (NAME AND ADDRESS): COUNTY: Preston

City of Kingwood
125 East High Street
Kingwood, WV 26537

2. GRANT RECIPIENT REPRESENTATIVE (NAME, TITLE AND ADDRESS):

The Honorable Patrick Crogan, Mayor
City of Kingwood
125 East High Street
Kingwood, WV 26537

3. GRANT PAYEE (NAME AND ADDRESS):

City of Kingwood
125 East High Street
Kingwood, WV 26537

4. APPROVED AMOUNT OF GRANT: \$ 159,113.00

PAYMENTS WILL USUALLY BE INITIATED BY THE WDA UPON RECEIPT OF A COPY OF THE EPA APPROVED GRANT PAYMENT REQUEST IN AMOUNTS PROPORTIONATELY SIMILAR TO PAYMENTS MADE BY THE EPA.

ALL GRANTS ARE SUBJECT TO STATE APPROPRIATION AND AVAILABILITY OF FUNDS. CONTRACT SHALL EXTEND UNTIL JUNE 30, 1986, AND IS SUBJECT TO RENEWAL.

6. TYPE OF ACTIVITY FOR WHICH GRANT FUNDS ARE TO BE USED:

Construction of a secondary treatment plant, rehabilitation of an existing collection system and extensions to the collection system (including pressure sewers).

| | |
|-----------------------------------|----------------------|
| 7. TOTAL COSTS | \$ <u>10,405,933</u> |
| ELIGIBLE COSTS | \$ <u>10,405,933</u> |
| FEDERAL (EPA) GRANT AMOUNT | \$ <u>7,645,260</u> |
| STATE (WDA) HARDSHIP GRANT AMOUNT | \$ <u>159,113</u> |

8. GRANT OFFER AND ACCEPTANCE:

THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY HEREBY OFFERS A HARDSHIP GRANT TO City of Kingwood, SUCH GRANT NOT TO EXCEED \$ 159,113.00 FOR SUPPORT OF COSTS DESCRIBED IN THIS GRANT AGREEMENT AND ITS APPLICATION WHICH IS HEREBY MADE A PART OF THIS AGREEMENT.

REPAYMENT OF LOANS. THE GRANT RECIPIENT AGREES TO PROVIDE IMMEDIATE PAYMENT IN FULL OF ANY LOANS AND SERVICE CHARGES DUE THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY IN ACCORDANCE WITH REGULATIONS OF THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY.

TERMINATION. THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY RESERVES THE RIGHT TO TERMINATE THIS AGREEMENT UPON GIVING THE RECIPIENT ORGANIZATION NOT LESS THAN SIXTY (60) DAYS PRIOR WRITTEN NOTICE. THE RECIPIENT ORGANIZATION MAY TERMINATE THIS AGREEMENT BY GIVING THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY SIXTY (60) DAYS PRIOR WRITTEN NOTICE. IN THE EVENT SUCH AGREEMENT IS TERMINATED BY THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY PURSUANT TO, AND NOT IN BREACH OF, THE PROVISIONS OF SUCH AGREEMENT, OR BY SUBSEQUENT AGREEMENT OF THE PARTIES, OR IN THE EVENT SUCH AGREEMENT IS TERMINATED BY THE APPLICANT WHETHER OR NOT IN BREACH OF THIS AGREEMENT, THE STATE GRANT WILL BE IMMEDIATELY WITHDRAWN.

SPECIAL PROVISIONS: City of Kingwood AGREES TO THE FOLLOWING:

DURING THE CONSTRUCTION OF ITS SEWER FACILITY, THE GRANT RECIPIENT WILL PROVIDE AND MAINTAIN COMPETENT AND ADEQUATE ENGINEERING AND OVERSEEING SERVICES SATISFACTORY TO THE AUTHORITY COVERING THE SUPERVISION AND INSPECTION OF THE DEVELOPMENT AND CONSTRUCTION OF THE PROJECT AND BEARING THE RESPONSIBILITY FOR ENSURING THAT CONSTRUCTION CONFORMS WITH THE APPROVED FINANCING ARRANGEMENTS, SURVEYS, PLANS, PROFILES, CROSS SECTIONS AND SPECIFICATIONS AND CERTIFYING TO THE AUTHORITY, DURING AND AT COMPLETION OF CONSTRUCTION, THAT FINANCING AND CONSTRUCTION ARE IN ACCORDANCE WITH APPROVED FINANCIAL ARRANGEMENTS, SURVEYS, PLANS, PROFILES, CROSS SECTIONS AND SPECIFICATIONS OR APPROVED AMENDMENTS THERETO.

FINANCING OF THE SEWER PROJECT, INCLUDING THE ACQUISITION AND DOCUMENTATION OF ALL FUNDING AS WELL AS INITIATION OF CONSTRUCTION OF THE PROJECT, MUST TAKE PLACE WITHIN 120 DAYS OF THE DATE OF ISSUANCE OF THIS GRANT. FAILURE TO COMPLY WITH THIS REQUIREMENT WILL RESULT IN AUTOMATIC WITHDRAWAL OF THIS GRANT.

GENERAL. THIS GRANT AGREEMENT IS SUBJECT TO ALL STATUTORY PROVISIONS, ALL GRANT REGULATIONS OF THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY AND ALL PROVISIONS OF THIS AGREEMENT AND FURTHER IS SUBJECT TO THE CONDITIONS SET FORTH IN GRANT AGREEMENT NO. C-540247-02 CONSUMMATED BETWEEN THE UNITED STATES ENVIRONMENTAL PROTECTION AGENCY AND City of Kingwood OFFERED ON September 29, 1983 AND ACCEPTED ON October 20, 1983.

THE RECIPIENT ORGANIZATION AGREES THAT FUNDS AWARDED UNDER THIS AGREEMENT WILL BE USED SOLELY FOR THE PURPOSES OF THE PROJECT AS APPROVED.

9. NAME AND TITLE OF AWARD OFFICIAL: Edgar N. Henry
TITLE: Director
SIGNATURE: *Edgar N. Henry*
DATE: March 26, 1986

STATE OF WEST VIRGINIA, COUNTY OF KANAWHA.

TAKEN, SUBSCRIBED AND SWORN TO BEFORE ME THIS 26th DAY OF March,
1986.

NOTARY: *Barbara Butcher Meadows*

COMMISSION EXPIRES: January 17, 1994

10. NAME AND TITLE OF RECIPIENT
ORGANIZATION REPRESENTATIVE: The Honorable Patrick R. Crogan
TITLE: Mayor, City of Kingwood
SIGNATURE: *Patrick R. Crogan*
DATE: March 26, 1986

STATE OF WEST VIRGINIA, COUNTY OF Kanawha.

TAKEN, SUBSCRIBED AND SWORN TO BEFORE ME THIS 26th DAY OF March,
1986.

NOTARY: *Barbara Butcher Meadows*

COMMISSION EXPIRES: January 17, 1994

NOTE: THE GRANT AGREEMENT MUST BE COMPLETED IN DUPLICATE AND RETURNED WITHIN 30 DAYS AFTER RECEIPT OR AS PROVIDED IN ANY TIME EXTENSION ARRANGED WITH THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY. RECEIPT OF WRITTEN REFUSAL OR FAILURE TO RETURN WITHIN THE 30-DAY PERIOD WILL RESULT IN TERMINATION OF THE GRANT OFFER. NO AMENDMENTS MAY BE MADE TO THE AGREEMENT SUBSEQUENT TO SIGNING BY THE AUTHORITY.

ALL CORRESPONDENCE CONCERNING THIS OFFER AND AGREEMENT SHOULD BE ADDRESSED TO WEST VIRGINIA WATER DEVELOPMENT AUTHORITY, 1201 DUNBAR AVENUE, DUNBAR, WV 25064.

CITY OF KINGWOOD

Sewer Revenue Bonds,
Series 1986 A and Series 1986 B

ACCEPTANCE OF DUTIES OF REGISTRAR AND PAYING AGENT

KANAWHA VALLEY BANK, N.A., a national banking association with principal office in the City of Charleston, West Virginia, hereby accepts appointment as Registrar and Paying Agent in connection with the City of Kingwood Sewer Revenue Bonds, Series 1986 A and Series 1986 B, dated March 26, 1986, in the aggregate principal amount of \$2,560,000, and agrees to perform all duties of Registrar and Paying Agent in connection with such Bonds, all as set forth in the Local Act authorizing issuance of the Bonds.

KANAWHA VALLEY BANK, N.A.

By

Charlatta Morgan
Its ASSISTANT CORPORATE
TRUST OFFICER

03/24/86
KGSEW1-S

CITY OF KINGWOOD

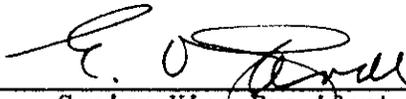
Sewer Revenue Bonds,
Series 1986 A and Series 1986 B

ACCEPTANCE OF DUTIES OF DEPOSITORY BANK

ALBRIGHT NATIONAL BANK OF KINGWOOD, a national banking association with principal office in the City of Kingwood, West Virginia, hereby accepts appointment as Depository Bank in connection with a Bond and Notes Ordinance and Supplemental Bond Resolution of the City of Kingwood enacted March 25, 1986, authorizing issuance of the City of Kingwood Sewer Revenue Bonds, Series 1986 A and Series 1986 B, dated March 26, 1986, in the aggregate principal amount of \$2,560,000 (the "Governmental Agency Bonds") and agrees to perform all duties of Depository Bank in connection with such Governmental Agency Bonds, all as set forth in said Ordinance and Resolution.

ALBRIGHT NATIONAL BANK OF KINGWOOD

By



Its Senior Vice President

03/24/86
KGSEW1-T

CITY OF KINGWOOD

Sewer Revenue Bonds,
Series 1986 A and Series 1986 B

CERTIFICATE OF REGISTRATION OF BONDS

I, CHARLOTTE S. MORGAN ASSIST. CORPORATE TRUST OFFICER of Kanawha Valley Bank, N.A., as Registrar under the Local Act providing for the \$2,560,000 aggregate principal amount of Sewer Revenue Bonds, Series 1986 A and Series 1986 B, of the City of Kingwood (the "Governmental Agency"), hereby certify that on the 26th day of March, 1986, (i) the single fully registered Series A Bond of the Governmental Agency in the principal amount of \$1,709,140 designated "Sewer Revenue Bond, Series 1986 A," numbered R-1, and dated on the date hereof and (ii) the single fully registered Series B Bond of the Governmental Agency in the principal amount of \$850,860, designated "Sewer Revenue Bond, Series 1986 B," numbered R-1 and dated on the date hereof were both registered as to principal and interest in the name of "West Virginia Water Development Authority" in the books of the Governmental Agency kept for that purpose at our office, by a duly authorized officer on behalf of the Kanawha Valley Bank, N.A., as Registrar.

WITNESS my signature as of this 26th day of March, 1986.

KANAWHA VALLEY BANK, N.A.

By

Charlotte S. Morgan
Its ASSISTANT CORPORATE TRUST

Officer

03/24/86
KGSEW1-U

REGISTRAR'S AGREEMENT

THIS REGISTRAR'S AGREEMENT, dated as of the 26th day of March, 1986, by and between the CITY OF KINGWOOD, a municipal corporation and political subdivision of the State of West Virginia (the "Governmental Agency"), and KANAWHA VALLEY BANK, N.A., a national banking association (the "Registrar").

WHEREAS, the Governmental Agency has, contemporaneously with the execution hereof, issued and sold its \$2,560,000 aggregate principal amount of Sewer Revenue Bonds, Series 1986 A and Series 1986 B, in fully registered form (the "Governmental Agency Bonds"), pursuant to a Bond and Notes Ordinance and a Supplemental Bond Resolution both adopted March 25, 1986 (collectively, the "Local Act");

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

WHEREAS, the Local Act provides for an appointment by the Governmental Agency of a Registrar and Paying Agent for the Governmental Agency Bonds; and

WHEREAS, the Governmental Agency desires to appoint, and by the Local Act and this Registrar's Agreement does appoint, the Registrar to act as Paying Agent and Registrar under the Local Act and to take certain other actions hereinafter set forth;

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

1. Upon the execution of this Registrar's Agreement by the Governmental Agency and the Registrar and during the term hereof, the Registrar does accept and shall have and carry out the powers and duties of Paying Agent and Registrar, for the Series 1986 A Bonds, and as Registrar only for the Series 1986 B Bonds, all as set forth in the Local Act, such duties including, among other things, the duties to authenticate, register and deliver Governmental Agency Bonds upon original issuance and when properly presented for exchange or transfer, and shall do so with the

intention of maintaining the exemption of interest on the Governmental Agency Bonds from federal income taxation, in accordance with any rules and regulations promulgated by the United States Treasury Department or by the Municipal Securities Rulemaking Board or similar regulatory bodies as the Governmental Agency advises it of and with generally accepted industry standards.

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

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

4. The Governmental Agency hereby agrees to indemnify the Registrar against any loss, liability or expense incurred by the Registrar other than liability arising by reason of the bad faith, negligence or willful misconduct of the Registrar, and the Registrar hereby agrees to indemnify the Governmental Agency against any loss, liability or expense incurred by the Governmental Agency by reason of the bad faith, negligence or willful misconduct of the Registrar. Such expense, in either case, shall include the costs and expenses of defending against any claim or liability. Neither the Governmental Agency nor the Registrar shall be liable under or held in breach of this Registrar's Agreement if prevented, hindered or delayed in the performance or observance of any provision of this Registrar's Agreement by reason of any act of God, strikes, lockouts, riots, acts of war, epidemics, government action or regulation imposed after the fact, judicial order, earthquakes, floods, fires or other causes beyond their reasonable control.

5. As compensation for acting as Paying Agent and Registrar pursuant to this Registrar's Agreement, the Governmental Agency hereby agrees to pay to the Registrar, from time to time, the compensation for services rendered as provided in the annexed schedule and reimbursement for reasonable expenses incurred in connection therewith.

6. It is intended that this Registrar's Agreement shall carry out and implement provisions of the Local Act with respect to the Paying Agent and Registrar. In the event of any conflict between the terms of this Registrar's Agreement and the Local Act, the terms of the Local Act shall govern.

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

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

ISSUER:

City of Kingwood
125 East High Street
Kingwood, West Virginia 26537

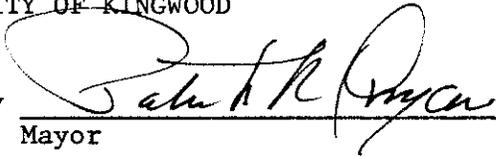
REGISTRAR:

Kanawha Valley Bank, N.A.
One Valley Square
Post Office Box 1793
Charleston, West Virginia 25301
Attention: Paying Agency Department

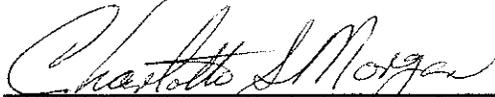
9. The Registrar is hereby requested and authorized to authenticate and deliver the Governmental Agency Bonds in accordance with the Local Act.

IN WITNESS WHEREOF, the CITY OF KINGWOOD and KANAWHA VALLEY BANK, N.A. have respectively caused this Registrar's Agreement to be signed in their names and on their behalf, all as of the day and year first above-written.

CITY OF KINGWOOD

By 
Mayor

KANAWHA VALLEY BANK, N.A.

By 
Its ASSISTANT CORPORATE TRUST
Officer

03/24/86
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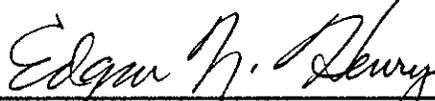
EXHIBIT A

ASSIGNMENT SEPARATE FROM BOND

FOR VALUE RECEIVED, the West Virginia Water Development Authority hereby sells, assigns and transfers unto Kanawha Valley Bank, N.A., Charleston, West Virginia, the respective revenue bonds of the City of Kingwood in the principal amounts of \$1,709,140, No. R-1, with respect to the Series 1986 A Bonds, and \$850,860, No. R-1, with respect to the Series 1986 B Bonds, herewith, standing in the name of West Virginia Water Development Authority on the books of said Governmental Agency.

Dated: March 26, 1986.

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY



Authorized Representative

03/24/86
KGSEW1-W