THE TOWN OF KINGWOOD
SEWER REVENUE BONDS, SERIES 2012 A
(WEST VIRGINIA SRF PROGRAM)

BOND ORDINANCE

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THE TOWN OF KINGWOOD

BOND ORDINANCE

ORDINANCE AUTHORIZING THE PAYMENT OF THE SERIES 2009 A BONDS, THE ACQUISITION AND CONSTRUCTION OF ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE EXISTING PUBLIC SEWERAGE SYSTEM OF THE TOWN OF KINGWOOD AND THE FINANCING OF THE COST THEREOF, NOT OTHERWISE PROVIDED, THROUGH THE ISSUANCE BY THE TOWN OF NOT MORE THAN $18,795,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2012 A (WEST VIRGINIA SRF PROGRAM); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING A BOND PURCHASE AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

BE IT ORDAINED AND ENACTED BY THE COUNCIL OF THE TOWN OF KINGWOOD:

ARTICLE I

STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

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

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

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

B. The Issuer deems it necessary and desirable for the health and welfare of the inhabitants of the Issuer that there be constructed additions and improvements to its existing public sanitary sewer system, consisting of improvements to the existing collection and treatment system including upgrades to the plant, replacing an existing pressure sewer system with gravity collection system, replacement of a lift station, construction of two new lift stations and an extension of sewer service along Route 7 and all necessary appurtenances (collectively, the "Project") (the Project and any further extensions, additions, betterments and improvements thereto are herein called the "System"), in

accordance with the plans and specifications prepared by the Consulting Engineers, which plans and specifications have heretofore been filed with the Recorder of the Issuer.

C. The Issuer has heretofore temporarily financed the design and other preliminary costs of the Project by the issuance of its Sewerage System Design Revenue Bonds, Series 2009 A (West Virginia Water Development Authority), dated January 30, 2009, issued in the original aggregate principal amount of $724,650 (the "Series 2009 A Bonds").

D. It is deemed necessary and desirable for the Issuer to pay the Series 2009 A Bonds.

E. It is deemed necessary for the Issuer to issue its Sewer Revenue Bonds, Series 2012 A (West Virginia SRF Program), in the total aggregate principal amount of not more than $18,795,000 (the "Series 2012 A Bonds"), in one or more series, to pay the Series 2009 A Bonds and permanently finance a portion of the costs of acquisition and construction of the Project. Said costs shall be deemed to include the cost of all property rights, easements and franchises deemed necessary or convenient therefore and eligible under the SRF Program; amounts which may be deposited in the Series 2012 A Bonds Reserve Account (as hereinafter defined); engineering and legal expenses; expenses for estimates of costs and revenues; expenses for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the enterprise; administrative expense; commitment fees; fees and expenses of the Authority, including the SRF Administrative Fee (as hereafter defined); discount; initial fees for the services of registrars, paying agents, depositories or trustees or other costs in connection with the sale of the Series 2012 A Bonds and such other expenses as may be necessary or incidental to the financing herein authorized; the acquisition or construction of the Project and the placing of same in operation; and the performance of the things herein required or permitted, in connection with any thereof, provided, that reimbursement to the Issuer for any amounts expended by it for allowable costs prior to the issuance of the Series 2012 A Bouds 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 Series 2012 A Bonds be sold to the Authority pursuant to the terms and provisions of a Bond Purchase Agreement by and among the Issuer, the Authority and the West Virginia Department of Environmental Protection (the "DEP"), in form satisfactory to the Issuer, the Authority, and the DEP (the "Bond Purchase Agreement"), to be approved hereby if not previously approved by resolution of the Issuer.

H. The Issuer will have the following outstanding obligations which will rank on a parity with the Series 2012 A Bonds as to liens, pledge, source of and security for payment, being the Issuer's: (i) Sewer Revenue Bonds, Series 1986 B (West Virginia Water Development Authority), dated March 26, 1986, issued in the original aggregate principal amount of $850,860 (the "Series 1986 B Bonds"); (ii) Sewer Revenue Bonds, Series 2001 (West Virginia SRF Program), dated December 20, 2001, issued in the original aggregate principal amount of $878,181 (the "Series 2001 Bonds"); and (iii) Sewer Refunding Revenue Bonds, Series 2010 A dated August 27, 2010, issued in the original aggregate principal amount of $1,605,000 (the "Series 2010 A Bonds"), (collectively, the "Prior Bonds").

The Series 2012 A Bonds shall be issued on a parity with the Prior Bonds with respect to liens, pledge and source of and security for payment and in all respects. Prior to the issuance of the Series 2012 A Bonds, the Issuer will obtain (i) a certificate of an Independent Certified Public Accountant stating that the coverage and parity tests of the Prior Bonds are met, and (ii) the written consent of the Holders of the Series 1986 B Bonds and the Series 2001 Bonds, to the issuance of the Series 2012 A Bonds on a parity with the Series 1986 B Bonds and Series 2001 Bonds. The Series 2010 A Bonds do not require consent to issue the Series 2012 A Bonds. Other than the Prior Bonds, there are no outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System. The Issuer is in compliance with the covenants of the Prior Bonds and the Prior Ordinances.

I. The estimated revenues to be derived in each year after completion of the Project from the operation of the System will be sufficient to pay all costs of operation and maintenance of the System, the principal of and interest on the Bonds (as hereinafter defined) and to make all payments into all funds, accounts and other payments provided for herein.

J. The Issuer has complied with all requirements of West Virginia law and the Bond Purchase Agreement relating to authorization of the acquisition and construction of the Project and the operation of the System and issuance of the Series 2012 A Bonds, or will have so complied prior to issuance of any thereof, including, among other things and without limitation, the approval of the Project and the financing thereof by the West Virginia Infrastructure and Jobs Development Council and the obtaining of a certificate of public convenience and necessity from the Public Service Commission of West Virginia by Final Order, the time for rehearing and appeal of which will either have expired prior to the issuance of the Series 2012 A Bonds or such Final Order will uot be subject to appeal.

K. Pursuant to the Act, the Issuer has heretofore established a Sanitary Board, and the Sanitary Board has petitioned the Governing Body to issue the Series 2012 A Bonds for the purposes set forth herein.

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

Section 1.03. Bond Legislation Constitutes Contract. In consideration of the acceptance of the Series 2012 A Bonds 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 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 Series 2012 A Bonds, 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 by reason of priority of issuance or otherwise, except as expressly provided therein and herein.

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

"Act" means, collectively, Chapter 16, Article 13 and Chapter 22C, Article 2 of the West Virginia Code of 1931, as amended and in effect on the date of enactment hereof.

"Authority" means the West Virginia Water Development Authority, which is expected to be the original purchaser and Registered Owner of the Series 2012 A Bonds, or any other agency, board or department of the State of West Virginia that succeeds to the functions of the Authority, acting in its administrative capacity and upon authorization from the DEP under the Act.

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

"Board" means the Sanitary Board of the Issuer.

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

"Bond Purchase Agreement" means the Bond Purchase Agreement heretofore entered into, or to be entered into, by and among the Issuer, the Authority and the DEP, providing for the purchase of the Series 2012 A Bonds from the Issuer by the Authority, the form of which shall be approved, and the execution aud delivery by the Issuer authorized and directed or ratified by the Supplemental Resolution.

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

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

"Bonds" means, collectively, the Series 2012 A Bonds, and, where appropriate, any bonds on a parity therewith subsequently authorized to be issued hereunder or by another ordinance of the Issuer.

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

"Closing Date" means the date upon which there is an exchange of the Series 2012 A Bonds for all or a portion of the proceeds of the Series 2012 A Bonds from the Authority and the DEP.

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

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

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

"Consulting Engineers" means Thrasher Engineering, Inc., Clarksburg, West Virginia, or auy qualified engineer or firm of engineers, licensed by the State, that shall at any time hereafter be procured by the Issuer as Consulting Engineers for the System, or portion thereof, in accordance with

Chapter 5G, Article 1 of the West Virginia Code of 1931, as amended; provided however, that the Consulting Engineers shall not be a regular, full-time employee of the State or any of its agencies, commissions, or political subdivisions.

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

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

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

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

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

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

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

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

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

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

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

"Mayor" means the Mayor of the Issuer.

"Net Proceeds" means the face amount of the Series 2012 A Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds, if any, deposited in the Series 2012 A Bonds Reserve Account.

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

"Operating Expenses" means the reasonable, proper and necessary costs of repair, 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, the SRF Administrative Fee, fees and expenses of the Authority, fiscal agents, the Depository Bank, the Registrar and the Paying Agent (all as herein defined), other than those capitalized as part of the costs, payments to pension or retirement funds, taxes and such other reasonable operating costs and expenses as should normally and regularly be included under generally accepted accounting principles; provided, that "Operating Expenses" does not include payments on account of the principal of or redemption premium, if any, or interest on the Bonds, charges for depreciation, losses from the sale or other disposition of, or from any decrease in the value of, capital assets, amortization of debt discount or such miscellaneous deductions as are applicable to prior accounting periods.

"Outstanding," when used with reference to Bonds and as of any particular date, describes all Bonds theretofore and thereupon being authenticated and delivered, except (i) auy Bond cancelled by the Bond Registrar at or prior to said date; (ii) any Bond for the payment of which monies, equal to its principal amount and redemption premium, if applicable, with interest to the date of maturity or redemption shall be in trust hereunder and set aside for such payment (whether upon or prior to maturity); (iii) any Bond deemed to have been paid as provided in Article X hereof; and (iv) for purposes of consents or other action by a specified percentage of Bondholders, any Bonds registered to the Issuer.

"Parity Bonds" means additional Bonds issued under the provisions and within the limitations prescribed by Section 7.07 hereof.

"Paying Agent" means the Commission or other entity or authority designated as such for the Series 2012 A Bonds in the Supplemental Resolution, with the written consent of the Authority and the DEP.

"Prior Bonds" means the Series 2010 A Bonds, Series 2001 Bonds, Series 1986 B Bonds.

"Prior Ordinance" means the ordinances authorizing the Prior Bonds.

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

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

(a) Government Obligations;

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

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

(d) Any bond, debenture, note, participation certificate or other similar obligations issued by the Federal National Mortgage Association to the extent such obligation is guarauteed 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 therefore; must have (or its agent must have) possession of such collateral; and such collateral must be free of all claims by third parties;

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

(i) Obligations of states or political subdivisions or agencies thereof, the interest on which is excluded from gross income for federal

income tax purposes, and which are rated at least "A" by Moody's Investors Service, Inc. or Standard & Poor's Corporation.

"Recorder" means the Recorder of the Issuer.

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

"Registrar" means the Bond Registrar.

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

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

"Reserve Accounts" means, collectively, the reserve account established by Section 5.01 hereof for the Series 2012 A Bonds and the reserve accounts established for the Prior Bonds pursuant to the Prior Ordinances.

"Reserve Requirement" means collectively, the respective amounts required to be on deposit in any Reserve Account pursuant to this Ordinance and the Prior Ordinances.

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

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

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

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

"Series 2010 A Bonds" means the Issuer's Sewer Refunding Revenue Bonds, Series 2010 A, dated August 27, 2010, issued in the original aggregate principal amount of $1,605,000.

"Series 2012 A Bonds" means Sewer Revenue Bonds, Series 2012 A (West Virginia SRF Program), of the Issuer, authorized by this Bond Legislation.

"Series 2012 A Bonds Construction Trust Fund" means the Series 2012 A Bonds Construction Trust Fund established by Section 5.01 hereof.

"Series 2012 A Bonds Reserve Account" means the Series 2012 A Bonds Reserve Account established by Section 5.02 hereof.

"Series 2012 A Bonds Reserve Requirement" means, as of any date of calculation, the maximum amount of principal and interest which will become due on the Series 2012 A Bonds in the then current or any succeeding year.

"Series 2012 A Bonds Sinking Fund" meaus the Series 2012 A Bonds Sinking Fund established by Section 5.02 hereof.

"Sinking Funds" means, collectively, the respective sinking funds established for the Prior Bonds and the Series 2012 A Bonds.

"SRF Administrative Fee" means any administrative fee required to be paid pursuant to the Bond Purchase Agreement.

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

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

"State" means the State of West Virginia.

"Supplemental Resolution" means any resolution, ordinance or order of the Issuer supplementing or amending this Ordinance and, when preceded by the article "the," refers specifically to the supplemental resolution authorizing the sale of the Series 2012 A Bonds; provided, that any matter intended by this Ordinance to be included in the Supplemental Resolution with respect to the Series 2012 A Bonds, and not so included may be included in another Supplemental Resolution.

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

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

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

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

ARTICLE II

AUTHORIZATION OF ACQUISITION AND CONSTRUCTION OF THE PROJECT AND PAYMENT OF THE SERIES 2009 A BONDS

Section 2.01. Authorization of Acquisition and Construction of the Project. There is hereby authorized and ordered the acquisition and construction of the Project, at an estimated cost of not to exceed$18,995,000 in accordance with the plans and specifications which have been prepared by the Consulting Engineers, heretofore filed in the office of the Governing Body. The proceeds of the Series 2012 A Bonds hereby authorized shall be applied as provided in Article VI hereof. The Issuer has received or will receive bids and will enter into contracts for the acquisition and construction of the Project, compatible with the financing plan submitted to the DEP.

The cost of the Project is estimated not to exceed $18,995,000, of which approximately $18,795,000 will be obtained from the proceeds of the Series 2012 A Bonds and $200,000 will be obtained from a West Virginia Infrastructure and Jobs Development Council grant.

Section 2.02. Authorization of Payment of the Series 2009 A Bonds. There is hereby authorized and ordered the payment in full of the entire outstanding principal and the interest on the Series 2009 A Bonds on the Closing Date, the cost of which will be paid from the proceeds of the Series 2012 A Bonds. Upon payment in full of the Series 2009 A Bonds, any funds pledged in favor of the holders of the Series 2009 A Bonds are hereby ordered terminated, discharged and released.

ARTICLE III

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

Section 3.01. Authorization of Bonds. For the purposes of capitalizing interest , if any, on the Series 2012 A Bonds, funding a reserve account for the Series 2012 A Bonds, paying Costs of the Project not otherwise provided for and paying certain costs of issuance and related costs, or any or all of such purposes, as determined by the Supplemental Resolution, there shall be and hereby are authorized to be issued the negotiable Series 2012 A Bonds of the Issuer. The Series 2012 A Bonds shall be issued as a single bond, designated "Sewer Revenue Bonds, Series 2012 A (West Virginia SRF Program)", in the principal amount of not more than $18,795,000, and shall have such terms as set forth hereinafter and in the Supplemental Resolution. The proceeds of the Series 2012 A Bonds remaining after funding of the Series 2012 A Bonds Reserve Account (if funded from Bond proceeds) and capitalizing interest on the Series 2012 A Bonds, if any, shall be deposited in or credited to the Series 2012 A Bonds Construction Trust Fund established by Section 5.01 hereof and applied as set forth in Article VI hereof.

Section 3.02. Terms of Bonds. The Series 2012 A Bonds shall be issued in such principal amounts; shall bear interest, if any, at such rate or rates, not exceeding the then legal maximum, payable quarterly on such dates; shall mature on such dates and in such amounts; and shall be redeemable, in whole or in part, all as the Issuer shall prescribe in a Supplemental Resolution or as specifically provided in the Bond Purchase Agreement. The Series 2012 A Bonds shall be payable as to principal at the office of the Paying Agent, in any coin or currency which, on the dates of payment of principal is

legal tender for the payment of public or private debts under the laws of the United States of America. Interest, if any, on the Series 2012 A Bonds shall be paid by check or draft of the Paying Agent or its agent, mailed to the Registered Owner thereof at the address as it appears on the books of the Bond Registrar, or by snch other method as shall be mutually agreeable so long as the Authority is the Registered Owner thereof.

Unless otherwise provided by the Supplemental Resolution, the Series 2012 A Bonds shall initially be issued in the form of a single bond, fully registered to the Authority, with a record of advances and a debt service schedule attached, representing the aggregate principal amount of the Series 2012 A Bonds, and shall mature in principal installments, all as provided in the Supplemental Resolution. The Series 2012 A Bonds shall be exchangeable at the option and expense of the Registered Owner for another fully registered Bond or Bonds of the same series in aggregate principal amount equal to the amount of said Bonds then Outstanding and being exchanged, with principal installments or maturities, as applicable, corresponding to the dates of payment of principal installments of said Bonds; provided, that the Authority shall not be obligated to pay any expenses of such exchange.

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

Section 3.03. Execution of Bonds. The Series 2012 A Bonds shall be executed in the name of the Issuer by the Mayor, and the seal of the Issuer shall be affixed thereto or imprinted thereon and attested by the Recorder. In case any one or more of the officers who shall have signed or sealed the Series 2012 A Bonds shall cease to be such officer of the Issuer before the Series 2012 A Bonds so signed and sealed have been actually sold and delivered, such Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bonds had not ceased to hold such office. Any Series 2012 A Bonds may be signed and sealed on behalf of the Issuer by such person as at the actual time of the execution of such Bonds shall hold the proper office in the Issuer, although at the date of the authorization of such Bonds such person may not have held such office or may not have been so authorized.

Section 3.04. Authentication and Registration. No Series 2012 A Bonds shall be valid or obligatory for any purpose or entitled to any security or benefit under this Bond Legislation unless and until the Certificate of Authentication and Registration on such Bond, substantially in the form set forth in Section 3.10 hereof shall have been manually executed by the Bond Registrar. Any such executed Certificate of Authentication and Registration upon any such Bond shall be conclusive evidence that such Bond has been authenticated, registered and delivered under this Bond Legislation. The Certificate of Authentication and Registration on any Series 2012 A Bonds shall be deemed to have been executed by the Bond Registrar if manually signed by an authorized officer of the Bond Registrar, but it shall not be necessary that the same officer sign the Certificate of Authentication and Registration on all of the Bonds issued hereunder.

Section 3.05. Negotiability, Transfer and Registration. Subject to the provisions for transfer of registration set forth below, the Series 2012 A Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder, in accepting the Series 2012 A Bonds shall be conclusively deemed to have agreed that such Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder shall further be

conclusively deemed to have agreed that said Bonds shall be incontestable in the hands of a bona fide holder for value.

So long as the Series 2012 A Bonds remain outstanding, the Issuer, through the Bond Registrar as its agent, shall keep and maintain books for the registration and transfer of the Series 2012 A Bonds.

The registered Series 2012 A Bonds shall be transferable only upon the books of the Bond Registrar, by the registered owner thereof in person or by his attorney duly authorized in writing, upon surrender thereto together with a written instrument of transfer satisfactory to the Bond Registrar duly executed by the registered owner or his duly authorized attorney.

In all cases in which the privilege of exchanging Series 2012 A Bonds or transferring the registered Series 2012 A Bonds are exercised, all Series 2012 A Bonds shall be delivered in accordance with the provisions of this Bond Legislation. All Series 2012 A Bonds surrendered in any such exchanges or transfers shall forthwith be cancelled by the Bond Registrar. For every such exchange or transfer of Series 2012 A Bonds, the Bond Registrar may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer and the cost of preparing each new Bond upon each exchange or transfer, and any other expenses of the Bond Registrar incurred in connection therewith, which sum or sums shall be paid by the Issuer. The Bond Registrar shall not be obliged to make any such exchange or transfer of Series 2012 A Bonds during the period commencing on the 15th day of the month next preceding an interest payment date on the Series 2012 A Bonds or, in the case of any proposed redemption of Series 2012 A Bonds, next preceding the date of the selection of Bonds to be redeemed, and ending on such interest payment date or redemption date.

Section 3.06. Bonds Mutilated, Destroyed, Stolen or Lost. In case any Series 2012 A Bond shall become mutilated or be destroyed, stolen or lost, the Issuer may, in its discretion, issue, and the Bond Registrar shall, if so advised by the Issuer, authenticate and deliver, a new Bond of the same series and of like tenor as the Bonds so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond, upon surrender and cancellation of such mutilated Bond, or in lieu of and substitution for the Bond destroyed, stolen or lost, and upon the Holder's furnishing satisfactory indemnity and complying with such other reasonable regulations and conditions as the Issuer may prescribe and paying such expenses as the Issuer and the Bond Registrar may incur. All Bonds so surrendered shall be cancelled by the Bond Registrar and held for the account of the Issuer. If any such Bond shall have matured or be about to mature, instead of issuing a substitute Bond, the Issuer may pay the same, upon being indemnified as aforesaid, and if such Bond be lost, stolen or destroyed, without surrender thereof.

Section 3.07. Bonds not to be Indebtedness of the Issuer. The Series 2012 A Bonds shall not, in any event, be or constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provision or limitation, but shall be payable solely from the Net Revenues derived from the operation of the System as herein provided. No Holder or Holders of the Series 2012 A Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Series 2012 A Bonds or the interest, if any, thereon.

Section 3.08. Bonds Secured by Pledge of Net Revenues. The payment of the debt service of all Series 2012 A Bonds shall be secured forthwith equally and ratably by a first lien on the Net

Revenues derived from the operation of the System on a parity with the Prior Bonds. Such Net Revenues in an amount sufficient to pay the principal of and interest, if any, on and other payments for the Series 2012 A Bonds and to make the payments into all funds and accounts and all other payments provided for in the Bond Legislation, are hereby irrevocably pledged to such payments as the same become due.

Section 3.09. Delivery of Bonds. The Issuer shall execute and deliver the Series 2012 A Bonds to the Bond Registrar, and the Bond Registrar shall authenticate, register and deliver the Series 2012 A Bonds to the original purchasers upon receipt of the documents set forth below:

A. If other than the Authority, a list of the names in which the Series 2012 A Bonds are to be registered upon original issuance, together with such taxpayer identification and other information as the Bond Registrar may reasonably require;

B. A request and authorization to the Bond Registrar on behalf of the Issuer, signed by an Authorized Officer, to authenticate and deliver the Series 2012 A Bonds to the original purchasers;

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

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

E. The unqualified approving opinion of bond counsel on the Series 2012 A Bonds.

Section 3.10. Form of Bonds. The text of the Series 2012 A Bonds shall be in substantially the following form, with such omissions, insertions and variations as may be necessary and desirable and authorized or permitted hereby, or by any Supplemental Resolution adopted prior to the issuance thereof:

[Remainder of Page Intentionally Blank]

(FORM OF BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE TOWN OF KINGWOOD
SEWER REVENUE BONDS, SERIES 2012 A
(WEST VIRGINIA SRF PROGRAM)

No. AR-1 $_____

KNOW ALL MEN BY THESE PRESENTS: The ____ day of _____, 2012, that THE TOWN OF KINGWOOD, a municipal corporation and political subdivision of the State of West Virginia in Preston County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY (the "Authority") or registered assigns the sum of _____ DOLLARS ($_____), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing _____ 1, 20____, to and including _____ 1, 20____ as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference. The SRF Administrative fee (as defined in the hereinafter described Bond Legislation) on this Bond shall be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing _____, 20___, as set forth on EXHIBIT B attached hereto.

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

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the West Virginia Department of Environmental Protection (the "DEP"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Bond Purchase Agreement (the "Bond Purchase Agreement") by and among the Issuer, the Authority and the DEP, dated _____, 2012.

This Bond is issued (i) to pay the Series 2009 A Bonds; (ii) to pay a portion of the costs of acquisition and construction of certain additions, betterments and improvements to the public sewerage system of the Issuer (the "Project"); and (iii) to pay certain costs of issuance of the Bonds (the "Bonds") and related costs. The public sewerage system of the Issuer, the Project, and any further additions, betterments or improvements thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13 and Chapter 22C, Article 2 of the West Virginia Code of 1931, as amended (collectively, the "Act"), a Bond Ordinance duly enacted by the Issuer on May 8, 2012, and a Supplemental Resolution duly adopted by the Issuer on _____, 2012 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation

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

THERE ARE OUTSTANDING OBLIGATIONS OF THE ISSUER WHICH WILL RANK ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT BEING THE ISSUER'S: (I) SEWER REVENUE BONDS, SERIES 1986 B (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED MARCH 26, 1986, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $850,860 (THE "SERIES 1986 B BONDS"); (II) SEWER REVENUE BONDS, SERIES 2001 (WEST VIRGINIA SRF PROGRAM), DATED DECEMBER 20, 2001, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $878,181 (THE "SERIES 2001 BONDS"); AND (III) SEWER REFUNDING REVENUE BONDS, SERIES 2010 A DATED AUGUST 27, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,605,000 (THE "SERIES 2010 A BONDS"), (COLLECTIVELY, THE "PRIOR BONDS").

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System on a parity with the Prior Bonds, and from monies in the Reserve Account created under the Bond Legislation for the Bonds (the "Series 2012 A Bonds Reserve Account"), and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest, if any, on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest, if any, hereon, except from said special fund provided from the Net Revenues, the monies in the Series 2012 A Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest, if any, on the Bonds, Prior Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with or junior to the Bonds; provided however, that so long as there exists in the Series 2012 A Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest, if any, which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with or junior to the Bonds, an amount at least equal to the requirement therefore, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

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

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

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IN WITNESS WHEREOF, THE TOWN OF KINGWOOD has caused this Bond to be signed by its Mayor, and its corporate seal to be hereunto affixed and attested by its Recorder, and has caused this Bond to be dated the day and year first written above.

[SEAL]

_____
Mayor

ATTEST:

_____
Recorder

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2012 A Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: _____, 2012.

THE HUNTINGTON NATIONAL BANK,
as Registrar

_____
Authorized Officer

EXHIBIT A

RECORD OF ADVANCES

	AMOUNT	DATE		AMOUNT	DATE
(1)	$		(21)	$	
(2)	$		(22)	$	
(3)	$		(23)	$	
(4)	$		(24)	$	
(5)	$		(25)	$	
(6)	$		(26)	$	
(7)	$		(27)	$	
(8)	$		(28)	$	
(9)	$		(29)	$	
(10)	$		(30)	$	
(11)	$		(31)	$	
(12)	$		(32)	$	
(13)	$		(33)	$	
(14)	$		(34)	$	
(15)	$		(35)	$	
(16)	$		(36)	$	
(17)	$		(37)	$	
(18)	$		(38)	$	
(19)	$		(39)	$	
(20)	$		(40)	$	

TOTAL $

EXHIBIT B

DEBT SERVICE SCHEDULE

(Form of)

ASSIGNMENT

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

Dated: _____, 20____.

_____

In the presence of:

_____

Section 3.11. Sale of Bonds; Approval and Ratification of Execution of Bond Purchase Agreement. The Series 2012 A Bonds shall be sold to the Authority, pursuant to the terms and conditions of the Bond Purchase Agreement. If not so authorized by previous ordinance or resolution, the Mayor is specifically authorized and directed to execute the Bond Purchase Agreement in the form attached hereto as "Exhibit A" and made a part hereof, and the Recorder is directed to affix the seal of the Issuer, attest the same and deliver the Bond Purchase Agreement to the Authority, and any such prior execution and delivery is hereby authorized, approved, ratified and confirmed. The Bond Purchase Agreement, including all schedules and exhibits attached thereto, are hereby approved and incorporated into this Bond Legislation.

Section 3.12. "Amended Schedule" Filing. Within 60 days following the Completion Date of the Project, the Issuer will file with the Authority and the DEP a schedule, the form of which will be provided by the DEP, setting forth the actual costs of the Project and sources of funds therefor.

ARTICLE IV

[RESERVED]

ARTICLE V

FUNDS AND ACCOUNTS; SYSTEM REVENUES AND APPLICATION THEREOF

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

(1) Revenue Fund (established by Prior Ordinance and hereby continued);

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

(3) Series 2012 A Bonds Construction Trust Fund.

Section 5.02. Establishment of Funds and Accounts with Commission. The following special funds or accounts are hereby created with and shall be held by the Commission, separate and apart from all other funds or accounts of the Commission and the Issuer and from each other:

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

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

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

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

(5) Series 2010 A Bonds Sinking Fund (established by Prior Ordinance and hereby continued);

(6) Series 2010 A Bonds Reserve Account (established by Prior Ordinance and hereby continued)

(7) Series 2012 A Bonds Sinking Fund; and

(8) Series 2012 A Bonds Reserve Account.

Section 5.03. System Revenues; Flow of Funds.

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

(1) The Issuer shall first, each month, pay from the moneys in the Revenue Fund all Operating Expenses of the System.

(2) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and remit to the Commission the amount required by Prior Ordinance to pay interest on the Series 2010 A Bonds.

(3) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the Commission (i) the amounts required by Prior Ordinance to pay principal on the Prior Bonds; and (ii) commencing 4 months prior to the first date of payment of principal of the Series 2012 A Bonds, for deposit in the Series 2012 A Bonds Sinking Fund, an amount equal to 1/3rd of the amount of principal which will mature and become due on the Series 2012 A Bonds on the next ensuing quarterly principal payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 2012 A Bonds Sinking Fund and the next quarterly principal payment date is less than 4 months, then such monthly payment shall be increased proportionately to provide, 1 month prior to the next quarterly principal payment date, the required amount of principal coming due on such date.

(4) The Issuer shall next, each month, transfer from the Revenue Fund and simultaneously remit to the Commission (i) the amounts required by Prior Ordinance to be deposited in the respective Reserve Accounts for the Prior Bonds; and (ii) commencing 4 months prior to the first date of payment of

principal of the Series 2012 A Bonds, if not fully funded upon issuance of the Series 2012 A Bonds, for deposit in the Series 2012 A Bonds Reserve Account, an amount equal to 1/120th of the Series 2012 A Bonds Reserve Requirement; provided that, no further payments shall be made into the Series 2012 A Bonds Reserve Account when there shall have been deposited therein, and as long as there shall remain on deposit therein, an amount equal to the Series 2012 A Bonds Reserve Requirement.

(5) The Issuer shall next, each month, transfer from the Revenue Fund and remit to the Depository Bank for deposit in the Renewal and Replacement Fund, an amount equal to 2 1/2% of the Gross Revenues each month, exclusive of any payments for account of any Reserve Account. All funds in the Renewal and Replacement Fund shall be kept apart from all other funds of the Issuer or of the Depository Bank and shall be invested and reinvested in accordance with Article VIII hereof. Withdrawals and disbursements may be made from the Renewal and Replacement Fund for replacements, repairs, improvements or extensions to the System; provided, that any deficiencies in any Reserve Account (except to the extent such deficiency exists because the required payments into such accounts have not, as of the date of determination of a deficiency, funded such accounts to the maximum extent required hereof) shall be promptly eliminated with moneys from the Renewal and Replacement Fund.

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

All investment earnings on monies in the Series 2012 A Bonds Sinking Fund and the Series 2012 A Bonds Reserve Account shall be returned, not less than once each year, by the Commission to the Issuer, and such amounts shall, during construction of the Project, be deposited in the Series 2012 A Bonds Construction Trust Fund, and following completion of construction of the Project, shall be deposited in the Revenue Fund and applied in full, first to the next ensuing interest payment, if any, due on the Series 2012 A Bonds and then to the next ensuing principal payment due thereon.

Any withdrawals from the Series 2012 A Bonds Reserve Account which result in a reduction in the balance of the Series 2012 A Bonds Reserve Account to below the Series 2012 A Bonds Reserve Requirement shall be subsequently restored from the first Net Revenues available after all required payments have been made in full in the priority as set forth above.

As and when additional Bonds ranking on a parity with the Series 2012 A Bonds are issued, provision shall be made for additional payments into the respective sinking fund sufficient to pay the interest on such additional parity Bonds and accomplish retirement thereof at maturity and to accumulate a balance in the respective reserve account in an amount equal to the requirement therefor.

The Issuer shall not be required to make any further payments into the Series 2012 A

Bonds Sinking Fund or into the Series 2012 A Bonds Reserve Account therein when the aggregate amount of funds therein are at least equal to the aggregate principal amount of the Series 2012 A Bonds issued pursuant to this Bond Legislation then Outstanding and all interest, if any, to accrue until the maturity thereof.

The Commission is hereby designated as the fiscal agent for the administration of the Series 2012 A Bonds Sinking Fund and the Series 2012 A Bonds Reserve Account created hereunder, and all required amounts shall be remitted to the Commission from the Revenue Fund by the Issuer at the times provided herein. The Issuer shall make the necessary arrangements whereby required payments into the Series 2012 A Bonds Sinking Fnnd and the Series 2012 A Bonds Reserve Account shall be automatically debited from the Revenue Fund and electronically transferred to the Commission on the dates required hereunder.

Monies in the Series 2012 A Bonds Sinking Fund and the Series 2012 A Bonds Reserve Account shall be invested and reinvested by the Commission in accordance with Section 8.01 hereof.

The Series 2012 A Bonds Sinking Fund, including the Series 2012 A Bonds Reserve Account therein, shall be used solely and only for, and are hereby pledged for, the purpose of servicing the Series 2012 A Bonds under the conditions and restrictions set forth herein.

B. The Issuer shall, on the first day of each month (if the first day is not a business day, then the first business day of each month), deposit with the Commission the required interest, if any, principal and reserve account payments with respect to the Series 2012 A Bonds and all such payments shall be remitted to the Commission with appropriate instructions as to the custody, use and application thereof consistent with the provisions of this Bond Legislation. The Issuer shall, on the first day of each month (if the first day is not a business day, then the first business day of each month) deposit with the Commission, the SRF Administrative Fee as set forth in the Schedule Y attached to the Bond Purchase Agreement.

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

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

E. The Issuer shall remit from the Revenue Fund to the Commission, the Registrar, the Paying Agent or the Depository Bank, on such dates as the Commission, the Registrar, the Paying Agent or the Depository Bank, as the case may be, shall require, such additional sums as shall be necessary to pay their respective charges and fees then due. In the case of payments to the Commission under this paragraph, the Issuer shall, if required by the Authority anytime make the necessary arrangements whereby such reqnired payments shall be automatically debited from the Revenue Fund and electronically transferred to the Commission on the dates required.

F. The monies in excess of the sum insured by the maximum amounts insured by

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

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

H. All remittances made by the Issuer to the Commission and the Depository Bank shall clearly identify the fund or account into which each amount is to be deposited.

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

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

ARTICLE VI

BOND PROCEEDS; CONSTRUCTION DISBURSEMENTS

Section 6.01. Application of Bond Proceeds; Pledge of Unexpended Bond Proceeds. From the monies received from the sale of the Series 2012 A Bonds, the following amounts shall be first deducted and deposited in the order set forth below:

A. From the proceeds of the Series 2012 A Bonds, there shall first be deposited with the Commission in the Series 2012 A Bonds Sinking Fund, the amount, if any, set forth in the Supplemental Resolution as capitalized interest.

B. Next, from the proceeds of the Series 2012 A Bonds, there shall be deposited with the Commission in the Series 2012 A Bonds Reserve Account, the amount, if any, set forth in the Supplemental Resolution for funding of the Series 2012 A Bonds Reserve Account.

C. Next from the proceeds of the Series 2012 A Bonds, there shall be deposited with the holder of the Series 2009 A Bonds, the amount set forth in the Supplemental Resolution to pay the Series 2009 A Bonds.

D. As the Issuer receives advances of the remaining monies derived from the sale of the Series 2012 A Bonds, such monies shall be deposited with the Depository Bank in the 2012 A Bonds Construction Trust Fund and applied solely to payment of Costs of the Project in the manner set forth in Section 6.02 hereof, and until expended, are hereby pledged as additional security for the Series 2012 A Bonds.

E. After completion of construction of the Project, as certified by the Consulting

Engineers, and all costs have been paid, any remaining proceeds of the Series 2012 A Bonds shall be expended as approved by the DEP.

Section 6.02. Disbursements From the Series 2012 A Bonds Construction Trust Fund. On or before the Closing Date, the Issuer shall have delivered to the Authority and the DEP a report listing the specific purposes for which the proceeds of the Series 2012 A Bonds will be expended and the disbursement procedures of such proceeds, including an estimated monthly draw schedule. Payments for Costs of the Project shall be made monthly.

Except as provided in Section 6.01 hereof, disbursements from the Series 2012 A Bonds Construction Trust Fund shall be made only after submission to, and approved from, the Authority and the DEP of a completed and signed "Payment Requisition Form," a form of which is attached to the Bond Purchase Agreement, in compliance with the construction schedule; and

Pending such application, monies in the Series 2012 A Bonds Construction Trust Fund shall be invested and reinvested in Qualified Investments at the written direction of the Issuer.

ARTICLE VII

ADDITIONAL COVENANTS OF THE ISSUER

Section 7.01. General Covenants of the Issuer. All the covenants, agreements and provisions of this Bond Legislation shall be and constitute valid and legally binding covenants of the Issuer and shall be enforceable in any court of competent jurisdiction by any Holder or Holders of the Series 2012 A Bonds. In addition to the other covenants, agreements and provisions of this Bond Legislation, the Issuer hereby covenants and agrees with the Holders of the Series 2012 A Bonds as hereinafter provided in this Article VII. All such covenants, agreements and provisions shall be irrevocable, except as provided herein, as long as any of the Series 2012 A Bonds or the interest, if any, thereon is Outstanding and unpaid.

Section 7.02. Bonds not to be Indebtedness of the Issuer. The Series 2012 A Bonds shall not be nor constitute a corporate indebtedness of the Issuer within the meaning of any constitutional, statutory or charter limitation of indebtedness, but shall be payable solely from the funds pledged for such payment by this Bond Legislation. No Holder or Holders of any Series 2012 A Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Series 2012 A Bonds or the interest, if any, thereon.

Section 7.03. Bonds Secured by Pledge of Net Revenues. The payment of the debt service of the Series 2012 A Bonds shall be secured forthwith equally and ratably by a first lien on the Net Revenues derived from the System on a parity with the Prior Bonds. The Net Revenues in an amount sufficient to pay the principal of and interest, if any, on the Series 2012 A Bonds, the Prior Bonds and to make the payments into all funds and accounts and all other payments provided for in the Bond Legislation are hereby irrevocably pledged, in the manner provided herein, to such payments as they become due, and for the other purposes provided in the Bond Legislation.

Section 7.04. Rates and Charges. The Issuer has obtained any and all approvals of rates and charges required by State law and has taken any other action required to establish and impose

such rates and charges, with all requisite appeal periods having expired without successful appeal and the Issuer shall supply an opinion of counsel to such effect. Such rates and charges shall be sufficient to comply with the requirements of the Bond Purchase Agreement and the Issuer shall supply a certificate of certified pnblic accountant to such effect. The initial schedule of rates and charges for the services and facilities of the System shall be as set forth and approved and described in the sewer rate ordinance of the Issuer adopted October 26, 2010 as amended by Recommended Decision dated November 7, 2011 and Recommended Decision on Remand dated March 22, 2012, in Case No. 10-1800-S-MA of the Public Service Commission of West Virginia, which rates are incorporated herein by reference as a part hereof.

So long as the Series 2012 A Bonds are outstanding, the Issuer covenants and agrees to fix and collect rates, fees and other charges for the use of the System and to take all such actions necessary to provide funds sufficient to produce the required sums set forth in the Bond Legislation and in compliance with the Bond Purchase Agreement. In the event the schedule of rates and charges initially established for the System in connection with the Series 2012 A Bonds shall prove to be insufficient to produce the required sums set forth in this Bond Legislation and the Bond Purchase Agreement, the Issuer hereby covenants and agrees that it will, to the extent or in the manner authorized by law, immediately adjust and increase such schedule of rates and charges and take all such actions necessary to provide funds sufficient to produce the required sums set forth in this Bond Legislation and the Bond Purchase Agreement.

Section 7.05. Sale of the System. So long as the Series 2012 A Bonds are outstanding and except as otherwise required by law or with the written consent of the Authority and the DEP, the System may not be sold, mortgaged, leased or otherwise disposed of, except as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to fully pay all the Bonds Outstanding in accordance with Article X hereof. The proceeds from any such sale, mortgage, lease or other disposition of the System shall, with respect to the Series 2012 A Bonds, immediately be remitted to the Commission for deposit in the Series 2012 A Bonds Sinking Fund, and, with the written permission of the Authority or in the event the Authority is no longer a Bondholder, the Issuer shall direct the Commission to apply such proceeds to the payment of principal of and interest, if any, on the Series 2012 A Bonds. Any balance remaining after the payment of the Bonds and the interest, if any, thereon shall be remitted to the Issuer by the Commission unless necessary for the payment of other obligations of the Issuer payable out of the revenues of the System.

The foregoing provision notwithstanding, the Issuer shall have and hereby reserves the right to sell, lease or otherwise dispose of any of the property comprising a part of the System hereinafter determined in the manner provided herein to be no longer necessary, useful or profitable in the operation thereof. Prior to any such sale, lease or other disposition of such property, if the amount to be received therefor, 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 duly adopted, determine that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then provide for the sale of such property. The proceeds of any such sale shall be deposited in the Renewal and Replacement Fund. If the amount to be received from such sale, lease or other disposition of said property, 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, in writing determine that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then, if it be so advised, by resolution duly adopted, authorize such sale, lease or other disposition of such property upon public bidding in accordance with the laws of the State. The proceeds of any such

sale shall be remitted by the Issuer to the Commission for deposit in the Renewal and Replacement Fund. The payment of such proceeds into the Renewal and Replacement Fund shall not reduce the amounts required to be paid into such funds by other provisions of this Bond Legislation.

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

Section 7.06. Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances. Except as provided for in this Section 7.06 and Section 7.07 hereof, the Issuer shall not issue any obligations whatsoever payable from the revenues of the System which rank prior to, or equally, as to lien on and source of and security for payment from such revenues with the Series 2012 A Bonds. All obligations issued by the Issuer after the issuance of the Series 2012 A Bonds and payable from the revenues of the System, except such additional parity Bonds, shall contain an express statement that such obligations are junior and subordinate, as to lien on and source of and security for payment from such revenues and in all other respects, to the Series 2012 A Bonds; provided, that no such subordinate obligations shall be issued unless all payments required to be made into all funds and accounts established by this Bond Legislation have been made and are current at the time of the issuance of such subordinate obligations.

Except as provided above, the Issuer shall not create, or cause or permit to be created, any debt, lien, pledge, assignment, encumbrance or any other charge having priority over or being on a parity with the lien of the Series 2012 A Bonds, and the interest thereon, upon any of the income and revenues of the System pledged for payment of the Series 2012 A Bonds and the interest, if any, thereon in this Bond Legislation, or upon the System or any part thereof.

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

Section 7.07. Parity Bonds. No Parity Bonds, payable out of the revenues of the System, shall be issued after the issuance of the Series 2012 A Bonds pursuant to this Bond Legislation, without the prior written consent of the Authority and the DEP under the conditions and in the manner herein provided.

All Parity Bonds issued hereunder shall be on a parity in all respects with the Series 2012 A Bonds.

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

No Parity Bonds shall be issued at any time, however, unless and until there has been procured and filed with the Recorder a written statement by the Independent Certified Public Accountants

reciting the conclusion that the Net Revenues actually derived, subject to the adjustments hereinafter provided for, from the System during any 12 consecutive months within the 18 months immediately preceding the date of the actual issuance of such Parity Bonds, plus the estimated average increased annual Net Revenues to be received in each of the 3 succeeding years after the completion of the improvements to be financed by such Parity Bonds, if any, shall not be less than 115% of the largest aggregate amount that will mature and become due in any succeeding Fiscal Year for principal of and interest, if any, on the following:

(1) The Bonds then Outstanding;

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

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

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

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

Parity Bonds shall not be deemed to include bonds, notes, certificates or other obligations subsequently issued, the lien of which on the revenues of the System is subject to the prior and superior lien of the Series 2012 A Bonds on such revenues. The Issuer shall not issue any obligations whatsoever payable from the revenues of the System, or any part thereof, which rank prior to or, except in the manner and under the conditions provided in this section, equally, as to lien on and source of and security for payment from such revenues, with the Series 2012 A Bonds.

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

Section 7.08. Books; Records and Audit. The Issuer shall keep complete and accurate records of the cost of acquiring the Project site and the costs of acquiring, constructing and installing the Project. The Issuer shall permit the Authority and the DEP or their agents and representatives, to inspect all books, documents, papers and records relating to the Project and the System at all reasonable times for the purpose of audit and examination. The Issuer shall submit to the Authority and the DEP such documents and information as they may reasonably require in connection with the acquisition, construction and installation of the Project, the operation and maintenance of the System and the administration of the loan or any grants or other sources of financing for the Project.

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

The Issuer will keep books and records of the System, which shall be separate and apart from all other books, records and accounts of the Issuer, in which complete and correct entries shall be made of all transactions relating to the System, and any Holder of a Bond or Bonds issued pursuant to this Bond Legislation shall have the right at all reasonable times to inspect the System and all parts thereof and all records, accounts and data of the Issuer relating thereto.

The accounting system for the System shall follow current generally accepted accounting principles and safeguards to the extent allowed and as prescribed by the Public Service Commission of West Virginia. Separate control accounting records shall be maintained by the Governing Body. 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 Authority and the DEP, or any other original purchaser of the Series 2012 A Bonds, and shall mail in each year to any Holder or Holders of the Series 2012 A Bonds, requesting the same, an annual report containing the following:

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

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

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

The Issuer shall also, at least once a year, cause the books, records and accounts of the System to be audited by Independent Certified Public Accountants (and in compliance with the applicable OMB Circular, or any successor thereto, and the Single Audit Act, or any successor thereto, to the extent legally required), and shall mail upon request, and make available generally, the report of said Independent Certified Public Accountants, or a summary thereof, to any Holder or Holders of the Series 2012 A Bonds and shall submit said report to the Authority and the DEP, or any other original purchaser of the Series 2012 A Bonds. Such audit report submitted to the Authority and the DEP shall include a statement that the Issuer is in compliance with the terms and provisions of the Act, the Bond Purchase Agreement and this Bond Legislation and that the revenues of the System are adequate to meet the Issuer's Operating Expenses and debt service and reserve requirements.

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

The Issuer shall provide the DEP with all appropriate documentation to comply with any special conditions established by federal and/or state regulations as set forth in EXHIBIT E of the Bond Purchase Agreement or as promulgated from time to time.

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

Section 7.09. Rates. Prior to the issuance of the Series 2012 A Bonds, equitable rates or charges for the use of and service rendered by the System have been established all in the manner and form required by law, and copies of such rates and charges so established will be continuously on file with the 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 the System sufficient to pay Operating Expenses and to make the prescribed payments into the funds created hereunder. Such schedule of rates and charges shall be changed and readjusted whenever necessary so that the aggregate of the rates and charges will be sufficient for such purposes. In order to assure full and continuous performance of this covenant, with a margin for contingencies and temporary unanticipated reduction in income and revenues, the Issuer hereby covenants and agrees that the schedule of rates or charges from time to time in effect shall be sufficient, together with other revenues of the System (i) to provide for all Operating Expenses of the System and (ii) to leave a balance each year equal to at least 115% of the maximum amount required in any year for payment of principal of and interest, if any, on the Series 2012 A Bonds, the Prior Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with or junior to the Series 2012 A Bonds; provided that, in the event the amounts equal to or in excess of the reserve requirements are on deposit respectively in the Series 2012 A Bonds Reserve Account and any Reserve Accounts for obligations on a parity with or junior to the Series 2012 A Bonds, are funded at least at the requirement therefor, such balance each year need only equal at least 110% of

the maximum amount required in any year for payment of principal of and interest, if any, on the Series 2012 A Bonds, the Prior Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with or junior to the Series 2012 A Bonds. In any event, the Issuer shall not reduce the rates or charges for services set forth in the rate ordinance described in Section 7.04 hereof.

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

Commencing on the date contracts are executed for the acquisition and construction of the Project and for two years following the completion of the Project, the Issuer shall each month complete a "Monthly Financial Report," a form of which is attached to the Bond Purchase Agreement, and forward a copy of such report to the DEP and the Authority by the 10th day of each month.

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

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

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

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

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

The Issuer shall serve the additional customers at the location(s) as set forth in Certificate of Engineer. The Issuer shall not reduce the amount of additional customers served by the project without the prior written approval of the Board of the Authority. Following completion of the Project the Issuer shall certify to the Authority the number of customers added to the System.

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

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

Whenever any fees, rates, rentals or other charges for the services and facilities of the System shall remain unpaid for a period of 30 days after the same shall become due and payable, the property and the owner thereof, as well as the user of the services and facilities, shall be delinquent until such time as all such rates and charges are fully paid. To the extent authorized by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, rates, rentals and other charges, if not paid when due, shall become a lien on the premises served by the System. The Issuer further covenants and agrees that, it will, to the full extent permitted by law and the rules and regulations promulgated by the Public Service Commission of West Virginia, discontinue and shut off the services of the System, and any services and facilities of the water system, if so owned by the Issuer, to all users of the services of the System delinquent in payment of charges for the services of the System and will not restore such services of either system until all delinquent charges for the services of the System, plus reasonable interest and penalty charges for the restoration of service, have been fully paid and shall take all further actions to enforce collections to the maximum extent permitted by law. If the water facilities are not owned by the Issuer, the Issuer shall enter into a termination agreement with the water provider of such water, subject to any required approval of such agreement by the Public Service Commission of West Virginia and all rules, regulations and orders of the Public Service Commission of West Virginia.

Section 7.14. No Free Services. The Issuer will not render or cause to be rendered any free services of any nature by the System, nor will any preferential rates be established for users of the same class; and in the event the Issuer, or any department, agency, instrumentality, officer or employee of 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 7.15. Insurance and Construction Bonds.

A. The Issuer hereby covenants and agrees that so long as the Series 2012 A Bonds remain Outstanding, the Issuer will, as an Operating Expense, procure, carry and maintain insurance with a reputable insurance carrier or carriers as is customarily covered with respect to works and properties similar to the System. Such insurance shall initially cover the following risks and be in the following amounts:

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

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

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

(4) FLOOD INSURANCE, if the facilities of the System are or will be

located in designated special flood or mudslide-prone areas and to the extent available at reasonable cost to the Issuer.

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

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

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

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

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

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

Section 7.17. Completion and Operation of Project; Permits and Orders. The Issuer shall complete the Project as promptly as possible and operate and maintain the System as a

revenue-producing utility in good condition and in compliance with all federal and state requirements and standards.

The Issuer has obtained all permits required by State and federal laws for the acquisition and construction of the Project, all orders and approvals from the Public Service Commission of West Virginia and the West Virginia Infrastructure and Jobs Development Council necessary for the acquisition and construction of the Project and the operation of the System and has obtained all approvals for the issuance of the Series 2012 A Bonds required by State law, with all appeal periods having expired without successful appeal and the Issuer shall supply an opinion of counsel to such effect.

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

The Issuer shall also comply with all applicable laws, rules and regulations issued by the Authority, DEP or other State, federal or local bodies in regard to the acquisition and construction of the Project and the operation, maintenance and use of the System.

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

Section 7.19. [RESERVED]

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

Section 7.21. Contracts; Change Orders; Public Releases.

A. The Issuer shall, simultaneously with the delivery of the Series 2012 A Bonds or immediately thereafter, enter into written contracts for the immediate acquisition or construction of the Project.

B. The Issuer shall submit all proposed change orders to the DEP for written approval. The Issuer shall obtain the written approval of the DEP before expending any proceeds of the Series 2012 A Bonds held in "contingency" as set forth in the Schedule attached to the certificate of the Consulting Engineer. The Issuer shall also obtain the written approval of the DEP before expending any proceeds of the Series 2012 A Bonds made available due to bid or construction or project underruns.

C. The Issuer shall list the funding provided by the DEP and the Authority in any press release, publication, program bulletin, sign or other public communication that references the Project, including but not limited to any program document distributed in conjunction with any ground breaking or dedication of the Project.

Section 7.22. Statutory Mortgage Lien. For the further protection of the Holders of the Series 2012 A Bonds, a statutory mortgage lien upon the System is granted and created by the Act, which

statutory mortgage lien is hereby recognized and declared to be valid and binding, shall take effect immediately upon delivery of the Series 2012 A Bonds and shall be on a parity with the statutory mortgage lien in favor of the Holders of the Prior Bonds.

ARTICLE VIII

INVESTMENT OF FUNDS

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

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

The Depository Bank shall keep complete and accurate records of all funds, accounts and investments, and shall distribute to the Issuer, at least once each year, or more often as reasonably requested by the Issuer, a summary of such funds, accounts and investment earnings. The Issuer shall retain all such records and any additional records with respect to such funds, accounts and investment earnings so long as any of the Series 2012 A Bonds are Outstanding and as long thereafter as necessary to assure the exclusion of interest on the Series 2012 A Bonds from gross income for federal income tax purposes.

Section 8.02. Certificate as to Use of Proceeds; Covenants as to Use of Proceeds. The Issuer shall deliver a certificate as to use of proceeds or other similar certificate to be prepared by nationally recognized bond counsel relating to restrictions on the use of proceeds of the Series 2012 A Bonds as a condition to issuance of the Series 2012 A Bonds. In addition, the Issuer covenants (i) to comply with the Code and all Regulations from time to time in effect and applicable to the Series 2012 A Bonds as may be necessary in order to maintain the status of the Series 2012 A Bonds as governmental bonds; (ii) that it shall not take, or permit or suffer to be taken, any action with respect to the Issuer's use of the proceeds of the Series 2012 A Bonds which would cause any bonds, the interest on which is exempt from federal income taxation under Section 103(a) of the Code, issued by the Authority or the DEP, as the case may be, from which the proceeds of the Series 2012 A Bonds are derived, to lose their status as tax-exempt bonds; and (iii) to take such action, or refrain from taking such action, as shall be

deemed necessary by the Issuer, or requested by the Authority or the DEP, to ensure compliance with the covenants and agreements set forth in this Section, regardless of whether such actions may be contrary to any of the provisions of this Bond Legislation.

The Issuer shall annually furnish to the Authority information with respect to the Issuer's use of the proceeds of the Series 2012 A Bonds and any additional information requested by the Authority.

ARTICLE IX

DEFAULT AND REMEDIES

Section 9.01. Events of Default. Each of the following events shall constitute an "Event of Default" with respect to the Series 2012 A Bonds:

(1) If default occurs in the due and punctual payment of the principal of or interest, if any, on the Series 2012 A Bonds; or

(2) If default occurs in the Issuer's observance of any of the covenants, agreements or conditions on its part relating to the Series 2012 A Bonds set forth in this Bond Legislation, any supplemental resolution or in the Series 2012 A Bonds, and such default shall have continued for a period of 30 days after the Issuer shall have been given written notice of such default by the Commission, the Depository Bank, the Registrar, the Paying Agent or any other Paying Agent or a Holder of a Bond; or

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

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

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

Section 9.03. Appointment of Receiver. Any Registered Owner of a Bond may, by proper legal action, compel the performance of the duties of the Issuer under the Bond Legislation and the Act, including, the completion of the Project and after commencement of operation of the System, the

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

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

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 aud 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 uot specifically set forth herein.

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

ARTICLE X

PAYMENT OF BONDS

Section 10.01. Payment of Bonds. If the Issuer shall pay or there shall otherwise be

paid to the Holders of the Series 2012 A Bonds, the principal of and interest due or to become due thereon, if any, at the times and in the manner stipulated therein and in this Bond Legislation, then the pledge of Net Revenues and other monies and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Registered Owners of the Series 2012 A Bonds shall thereupon cease, terminate and become void and be discharged and satisfied, except as may otherwise be necessary to assure the exclusion of interest, if any, on the Series 2012 A Bonds from gross income for federal income tax purposes.

ARTICLE XI

MISCELLANEOUS

Section 11.01. Amendment or Modification of Bond Legislation. Prior to issuance of the Series 2012 A Bonds, this Ordinance may be amended or supplemented in any way by the Supplemental Resolution. Following issuance of the Series 2012 A Bonds, no material modification or amendment of this Ordinance, or of any ordinance, resolution or order amendatory or supplemental hereto, that would materially and adversely affect the rights of Registered Owners of the Series 2012 A Bonds, shall be made without the consent in writing of the Registered Owners of the Series 2012 A Bonds so affected and then Outstanding; provided, that no change shall be made in the maturity of any Bond or Bonds or the rate of interest, if any, thereon, or in the principal amount thereof, or affecting the unconditional promise of the Issuer to pay such principal and interest out of the funds herein pledged therefor without the consent of the respective Registered Owner thereof. No amendment or modification shall be made that would reduce the percentage of the principal amount of the Series 2012 A Bonds required for consent to the above-permitted amendments or modifications. Notwithstanding the foregoing, this Bond Legislation may be amended without the consent of any Bondholder as may be necessary to assure compliance with Section 148(f) of the Code relating to rebate requirements or otherwise as may be necessary to assure the exclusion of interest, if any, on the Series 2012 A Bonds from gross income of the holders thereof.

Section 11.02. Bond Legislation Constitutes Contract. The provisions of the Bond Legislation shall constitute a contract between the Issuer and the Registered Owners of the Series 2012 A Bonds, and no change, variation or alteration of any kind of the provisions of the Bond Legislation shall be made in any manner, except as in this Bond Legislation provided.

Section 11.03. Severability of Invalid Provisions. If any section, paragraph, clause or provision of this Ordinance should be held invalid by any court of competent jurisdiction, the invalidity of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Ordinance, the Supplemental Resolution or the Series 2012 A Bonds.

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

Section 11.05. Conflicting Provisions Repealed. All ordinances, orders or resolutions and or parts thereof in conflict with the provisions of this Ordinance are, to the extent of such conflict, hereby repealed.

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

Section 11.07. Statutory Notice and Public Hearing. Upon adoption hereof, an abstract of this Ordinance determined by the Governing Body to contain sufficient information as to give notice of the contents hereof shall be published once a week for 2 successive weeks within a period of fourteen consecutive days, with at least 6 full days intervening between each publication, in the *Preston County Journal*, a newspaper published and of general circulation in The Town of Kingwood, together with a notice stating that this Ordinance has been adopted and that the Issuer contemplates the issuance of the Series 2012 A Bonds, and that any person interested may appear before the Governing Body upon a date certain, not less than ten days subsequent to the date of the first publication of such abstract of this Ordinance and notice, and present protests, and that a certified copy of this Ordinance is on file with the Governing Body for review by interested persons during office hours of the Governing Body. At such hearing, all objections and suggestions shall be heard and the Governing Body shall take such action as it shall deem proper in the premises.

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Section 11.08. Effective Date. This Ordinance shall take effect immediately following the public hearing and final reading hereof.

Passed on First Reading:	March 27, 2012
Passed on Second Reading:	April 12, 2012
Passed on Final Reading Following Public Hearing:	May 22, 2012

Mayor

5708412

CERTIFICATION

Certified a true copy of an Ordinance duly enacted by the Council of The Town of Kingwood on the 22nd day of May, 2012.

Dated: July 25, 2012

[SEAL]

Recorder

485090.00007

5708412

EXHIBIT A

Bond Purchase Agreement included in bond transcript as Document 3.

THE TOWN OF KINGWOOD

Sewer Revenue Bonds, Series 2012 A; and
Sewer Revenue Bonds, Series 2012 B
(West Virginia SRF Program)

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNT, DATE, MATURITY DATE, REDEMPTION PROVISION, INTEREST RATE, INTEREST AND PRINCIPAL PAYMENT DATES, SALE PRICE AND OTHER TERMS OF THE SEWER REVENUE BONDS, SERIES 2012 A (WEST VIRGINIA SRF PROGRAM) AND SEWER REVENUE BONDS, SERIES 2012 B (WEST VIRGINIA SRF PROGRAM) OF THE TOWN OF KINGWOOD; APPROVING A CONFORMED ORDINANCE; APPROVING AND RATIFYING THE BOND PURCHASE AGREEMENT RELATING TO SUCH BONDS AND THE SALE AND DELIVERY OF SUCH BONDS TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

WHEREAS, the council (the "Governing Body") of The Town of Kingwood (the "Issuer") has duly and officially adopted and enacted a bond ordinance, effective May 22, 2012 (the "Bond Ordinance"), entitled:

ORDINANCE AUTHORIZING THE PAYMENT OF THE SERIES 2009 A BONDS, THE ACQUISITION AND CONSTRUCTION OF ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE EXISTING PUBLIC SEWERAGE SYSTEM OF THE TOWN OF KINGWOOD AND THE FINANCING OF THE COST THEREOF, NOT OTHERWISE PROVIDED, THROUGH THE ISSUANCE BY THE TOWN OF NOT MORE THAN $18,795,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2012 A (WEST VIRGINIA SRF PROGRAM); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING A BOND PURCHASE AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

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

WHEREAS, the Bond Ordinance provides for the issuance of Sewer Revenue Bonds, Series 2012 A (West Virginia SRF Program), of the Issuer, in an aggregate principal amount not to exceed $18,795,000 in one or more series;

WHEREAS, the Issuer desires to amend the Bond Ordinance though this Supplemental Resolution and Conformed Ordinance (collectively, the "Bond Legislation") to provide for the issuance of two series of bonds being the Sewer Revenue Bonds, Series 2012 A (West Virginia SRF Program) and the Sewer Revenue Bonds, Series 2012 B (West Virginia SRF Program), (the "Series 2012 A Bonds" and "Series 2012 B Bonds" respectively, and collectively the "Series 2012 Bonds");

WHEREAS, the Bond Ordinance has authorized the execution and delivery of the Bond Purchase Agreement relating to the Series 2012 A Bonds, including all schedules and exhibits attached thereto, by and among the Issuer, the West Virginia Water Development Authority (the "Authority") and the West Virginia Department of Environmental Protection (the "DEP") (the "Bond Purchase Agreement"), all in accordance with Chapter 16, Article 13 and Chapter 22C, Article 2 of the West Virginia Code of 1931, as amended (collectively, the "Act"), and in the Bond Ordinance it is provided that the form of the Bond Purchase Agreement and the exact principal amount, date, maturity date, redemption provision, interest rate, interest and principal payment dates, sale price and other terms of the Bonds should be established by a supplemental resolution pertaining to the Bonds; and that other matters relating to the Bonds be herein provided for;

WHEREAS, the Bond Purchase Agreement has been presented to the Issuer at this meeting;

WHEREAS, the Bonds are proposed to be purchased by the Authority pursuant to the Bond Purchase Agreement; and

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

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

Section 1. The Issuer hereby approves the Conformed Bond Ordinance attached hereto as Exhibit A.

Section 2.

A. Pursuant to the Bond Ordinance and the Act, this Supplemental Resolution is

adopted and there are hereby authorized and ordered to be issued the Sewer Revenue Bonds, Series 2012 A (West Virginia SRF Program), of the Issuer, originally represented by a single Bond, numbered AR-1, in the original aggregate principal amount of $15,795,000. The Series 2012 A Bonds shall be dated the date of delivery thereof, shall finally mature June 1, 2052 and shall bear no interest. The principal of the Series 2012 A Bonds shall be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing September 1, 2014 to and including June 1, 2052 and in the amounts as set forth in the "Schedule Y" attached to the Bond Purchase Agreement and incorporated iu and made a part of the Series 2012 A Bonds. The Series 2012 A Bonds shall be subject to redemption upon the written consent of the Authority and the DEP, and upou payment of the interest and redemption premium, if any, and otherwise in compliance with the Bond Purchase Agreement, so long as the Authority shall be the Registered Owner of the Series 2012 A Bonds. The Issuer does hereby approve and shall pay the SRF Administrative Fee equal to 0.5% of the principal amount of the Series 2012 A Bonds set forth in "Schedule Y" attached to the Bond Pnrchase Agreement.

B. Pursuant to the Bond Ordinance and the Act, this Supplemental Resolution is adopted aud there are hereby authorized and ordered to be issued the Sewer Revenue Bonds, Series 2012 B (West Virginia SRF Program), of the Issuer, originally represented by a single Bond, numbered BR-1, in the principal amount of $300,000. The Series 2012 B Bonds shall be dated the date of delivery thereof and shall bear no interest. The principal amounts advanced nnder the Series 2012 B Bonds will be deemed forgiven on the 30th day of June in the fiscal year in which advanced. The Series 2012 B Bonds shall be deemed no longer Outstanding after the last advance is forgiven. The Series 2012 B Bonds may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the DEP, and otherwise in compliance with, the Bond Purchase Agreement. The Series 2012 B Bonds are not subject to the SRF Administrative Fee.

Section 3. All other provisions relating to the Bonds and the text of the Bouds shall be in substantially the form provided in the Bond Ordinance.

Section 4. The Issuer does hereby authorize, approve, ratify and accept the Bond Purchase Agreement, a copy of which is incorporated herein by reference, and the execution and delivery of the Bond Purchase Agreement by the Mayor, and the performance of the obligations contained therein, on behalf of the Issuer, are hereby authorized, directed, ratified and approved. The Issuer hereby affirms all covenants and representations made in the Bond Purchase Agreement and in the applications to the DEP and the Authority. The price of the Bonds shall be 100% of par value, there being no interest accrued thereon, provided that the proceeds of the Bonds shall be advanced from time to time as requisitioned by the Issuer.

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

Section 6. The Issuer does hereby appoint and designate the West Virginia Municipal Bond Commission, Charleston, West Virginia, to serve as Paying Agent for the Series 2012 A

Bonds under the Bond Ordinance.

Section 7. The Issuer does hereby appoint and designate WesBanco Bank, Inc., Kingwood, West Virginia, to serve as Depository Bank under the Bond Ordinance.

Section 8. Series 2012 A Bonds proceeds in the amount of $-0- shall be deposited in the Series 2012 A Bonds Sinking Fund, as capitalized interest.

Section 9. A. Series 2012 A Bonds proceeds in the amount of $-0- shall be deposited in the Series 2012 A Bonds Reserve Account.

B. The Issuer instructs the Commission to transfer moneys in the Series 1986 B Bonds Reserve Account to the Series 2012 A Bonds Reserve Account when the Series 1986 B Bonds are paid in full. The Issuer covenants and agrees not to use the Series 1986 B Bonds Reserve Account for the final payment of the Series 1986 B Bonds.

C. The Issuer instructs the Commission to transfer moneys in the Series 2001 Bonds Reserve Account to the Series 2012 A Bonds Reserve Account when the Series 2001 Bonds are paid in full. The Issuer covenants and agrees not to use the Series 2001 Bonds Reserve Account for the final payment of the Series 2001 Bonds.

D. The Issuer instructs the Commission to transfer moneys in the Series 2010 A Bonds Reserve Account to the Series 2012 A Bonds Reserve Account when the Series 2010 A Bonds are paid in full. The Issuer covenants and agrees not to use the Series 2010 A Bonds Reserve Account for the final payment of the Series 2010 A Bonds.

Section 10. An amount of $703,105.00 is needed to pay the outstanding principal balance of and all accrued interest and fees on the Issuer's Series 2009 A Bonds at Closing. Series 2012 A Bonds proceeds in the amount of $677,705.00 and Infrastructure Grant proceeds in the amount of $25,400.00 shall be deposited with the Commission to pay the outstanding principal balance of and all accrued interest and fees on the Issuer's Series 2009 A Bonds at Closing.

Section 11. The balance of the proceeds of the Series 2012 A Bonds shall be deposited in or credited to the Series 2012 Bonds Construction Trust Fund as received from the DEP from time to time for payment of the Costs of the Project, including, without limitation, costs of issuance of the Bonds and related costs.

Section 12. The proceeds of the Series 2012 B Bonds shall be deposited in or credited to the Series 2012 Bonds Construction Trust Fund as received from the DEP from time to time for payment of the Costs of the Project, including, without limitation, costs of issuance of the Bonds and related costs.

Section 13. The Mayor and the Recorder are hereby authorized and directed to execute and deliver such other documents and certificates required or desirable in connection with the Bonds hereby and by the Bond Ordinance approved and provided for, to the end that the Bonds may be delivered on or about July 25, 2012, to the Authority pursuant to the Bond Purchase Agreement.

Section 14. The payment of the Series 2009 A Bonds and the acquisition and construction of the Project and the financing thereof in part with proceeds of the Bonds are in the public interest, serve a public purpose of the Issuer and will promote the health, welfare and safety of the residents of the Issuer.

Section 15. The Issuer does hereby approve and authorize all contracts relating to the financing, acquisition and construction of the Project.

Section 16. This Supplemental Resolution shall be effective immediately following adoption hereof.

[Remainder of Page Intentionally Blank]

Adopted this 10th day of July, 2012.

By: 
Its: Mayor

CERTIFICATION

Certified a true copy of a Supplemental Resolution duly adopted by the Council of The Town of Kingwood on the 10th day of July, 2012.

Dated: July 25, 2012

[SEAL]

Recorder

485090.00007

5708499

THE TOWN OF KINGWOOD
SEWER REVENUE BONDS, SERIES 2012 A; AND
SEWER REVENUE BONDS, SERIES 2012 B
(WEST VIRGINIA SRF PROGRAM)

CONFORMED BOND ORDINANCE

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THE TOWN OF KINGWOOD

CONFORMED BOND ORDINANCE

ORDINANCE AUTHORIZING THE PAYMENT OF THE SERIES 2009 A BONDS, THE ACQUISITION AND CONSTRUCTION OF ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE EXISTING PUBLIC SEWERAGE SYSTEM OF THE TOWN OF KINGWOOD AND THE FINANCING OF THE COST THEREOF, NOT OTHERWISE PROVIDED, THROUGH THE ISSUANCE BY THE TOWN OF NOT MORE THAN $15,795,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2012 A (WEST VIRGINIA SRF PROGRAM); and NOT MORE THAN $300,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2012 B (WEST VIRGINIA SRF PROGRAM)PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING A BOND PURCHASE AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

BE IT ORDAINED AND ENACTED BY THE COUNCIL OF THE TOWN OF KINGWOOD:

ARTICLE I

STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

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

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

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

B. The Issuer deems it necessary and desirable for the health and welfare of the inhabitants of the Issuer that there be constructed additions and improvements to its existing public sanitary sewer system, consisting of improvements to the existing collection and treatment system including upgrades to the plant, replacing an existing pressure sewer system with gravity collection system, replacement of a lift station, construction of two new lift stations and an extension of sewer

service along Route 7 and all necessary appurtenances (collectively, the "Project") (the Project and any further extensions, additions, betterments and improvements thereto are herein called the "System"), in accordance with the plans and specifications prepared by the Consulting Engineers, which plans and specifications have heretofore been filed with the Recorder of the Issuer.

C. The Issuer has heretofore temporarily financed the design and other preliminary costs of the Project by the issuance of its Sewerage System Design Revenue Bonds, Series 2009 A (West Virginia Water Development Authority), dated January 30, 2009, issued in the original aggregate principal amount of $724,650 (the "Series 2009 A Bonds").

D. It is deemed necessary and desirable for the Issuer to pay the Series 2009 A Bonds.

E. It is deemed necessary for the Issuer to issue its Sewer Revenue Bonds, Series 2012 A (West Virginia SRF Program), in the total aggregate principal amount of not more than $15,795,000 (the "Series 2012 A Bonds"), and Sewer Revenue Bonds, Series 2012 B (West Virginia SRF Program), in the total aggregate principal amount of not more than $300,000 (the "Series 2012 B Bonds") in two or more series (collectively, the "Series 2012 Bonds"), to pay the Series 2009 A Bonds and permanently finance a portion of the costs of acquisition and construction of the Project. Said costs shall be deemed to include the cost of all property rights, easements and franchises deemed necessary or convenient therefore and eligible under the SRF Program; amounts which may be deposited in the Series 2012 A Bonds Reserve Account (as hereinafter defined); engineering and legal expenses; expenses for estimates of costs and revenues; expenses for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the enterprise; administrative expense; commitment fees; fees and expenses of the Authority, including the SRF Administrative Fee (as hereafter defined); discount; initial fees for the services of registrars, paying agents, depositories or trustees or other costs in connection with the sale of the Series 2012 Bonds and such other expenses as may be necessary or incidental to the financing herein authorized; the acquisition or construction of the Project and the placing of same in operation; and the performance of the things herein required or permitted, in connection with any thereof, provided, that reimbursement to the Issuer for any amounts expended by it for allowable costs prior to the issuance of the Series 2012 Bonds or the repayment of indebteduess 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 Series 2012 Bonds be sold to the Authority pursuant to the terms and provisions of a Bond Purchase Agreement by and among the Issuer, the Authority and the West Virginia Department of Environmental Protection (the "DEP"), in form satisfactory to the Issuer, the Authority, and the DEP (the "Bond Purchase Agreement"), to be approved hereby if not previously approved by resolution of the Issuer.

H. Upon payment of the Series 2009 A Bonds, the Issuer will have the following outstanding obligations which will rank on a parity with the Series 2012 Bonds as to liens, pledge, source of and security for payment, being the Issuer's: (i) Sewer Revenue Bonds, Series 1986 B (West Virginia Water Development Authority), dated March 25, 1986, issued in the original aggregate principal amount of $850,860 (the "Series 1986 B Bonds"); (ii) Sewer Revenue Bonds, Series 2001 (West Virginia SRF

Program), dated December 20, 2001, issued in the original aggregate principal amount of $878,181 (the "Series 2001 Bonds"); and (iii) Sewer Refunding Revenue Bonds, Series 2010 A dated August 27, 2010, issued in the original aggregate principal amount of $1,605,000 (the "Series 2010 A Bonds"), (collectively, the "Prior Bonds").

The Series 2012 Bonds shall be issued on a parity with the Prior Bonds with respect to liens, pledge and source of and security for payment and in all respects. Prior to the issuance of the Series 2012 Bonds, the Issuer will obtain (i) a certificate of an Independent Certified Public Accountant stating that the coverage and parity tests of the Prior Bonds are met, and (ii) the written consent of the Holders of the Series 1986 B Bonds and the Series 2001 Bonds, to the issuance of the Series 2012 Bonds on a parity with the Series 1986 B Bonds and Series 2001 Bonds. The Series 2010 A Bonds do not require consent to issue the Series 2012 Bonds. Other than the Prior Bonds, there are no outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System. The Issuer is in compliance with the covenants of the Prior Bonds and the Prior Ordinances.

I. The estimated revenues to be derived in each year after completion of the Project from the operation of the System will be sufficient to pay all costs of operation and maintenance of the System, the principal of and interest ou the Bonds (as hereinafter defined) and to make all payments into all funds, accounts and other payments provided for herein.

J. The Issuer has complied with all requirements of West Virginia law and the Bond Purchase Agreement relating to authorization of the acquisition and construction of the Project and the operation of the System and issuance of the Series 2012 Bonds, or will have so complied prior to issuance of any thereof, including, among other things and without limitation, the approval of the Project and the financing thereof by the West Virginia Infrastructure and Jobs Development Council and the obtaining of a certificate of public convenience and necessity from the Public Service Commission of West Virginia by Final Order, the time for rehearing and appeal of which will either have expired prior to the issuance of the Series 2012 Bonds or such Final Order will not be subject to appeal.

K. Pursuant to the Act, the Issuer has heretofore established a Sanitary Board, and the Sanitary Board has petitioned the Governing Body to issue the Series 2012 Bonds for the purposes set forth herein.

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

Section 1.03. Bond Legislation Constitutes Contract. In consideration of the acceptance of the Series 2012 Bonds 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 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 Series 2012 Bonds, 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 by reason of priority of issuance or otherwise, except as expressly provided therein and herein.

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

"Act" means, collectively, Chapter 16, Article 13 and Chapter 22C, Article 2 of the West Virginia Code of 1931, as amended and in effect on the date of enactment hereof.

"Authority" means the West Virginia Water Development Authority, which is expected to be the original purchaser and Registered Owner of the Series 2012 Bonds, or any other agency, board or department of the State of West Virginia that succeeds to the functions of the Authority, acting in its administrative capacity and upon authorization from the DEP under the Act.

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

"Board" means the Sanitary Board of the Issuer.

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

"Bond Purchase Agreement" means the Bond Purchase Agreement heretofore entered into, or to be entered into, by and among the Issuer, the Authority and the DEP, providing for the purchase of the Series 2012 Bonds from the Issuer by the Authority, the form of which shall be approved, and the execution and delivery by the Issuer authorized and directed or ratified by the Supplemental Resolution.

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

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

"Bonds" means, collectively, the Series 2012 Bonds, and, where appropriate, any bonds on a parity therewith subseqnently authorized to be issued hereunder or by another ordinance of the Issuer.

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

"Closing Date" means the date upon which there is an exchange of the Series 2012 Bonds for all or a portion of the proceeds of the Series 2012 Bonds from the Authority and the DEP.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

"Issuer" means The Town of Kingwood, a municipal corporation and political subdivision of the State of West Virginia, in Preston County, West Virginia, and, unless the coutext clearly indicates otherwise, includes the Governing Body of the Issuer.

"Mayor" means the Mayor of the Issuer.

"Net Proceeds" means the face amount of the Series 2012 Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds, if any, deposited in the Series 2012 A Bonds Reserve Account.

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

"Operating Expenses" means the reasonable, proper and necessary costs of repair, 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, the SRF Administrative Fee, fees and expenses of the Authority, fiscal agents, the Depository Bank, the Registrar and the Paying Agent (all as herein defined), other than those capitalized as part of the costs, payments to pension or retirement funds, taxes and such other reasonable operating costs and expenses as should normally and regularly be included under generally accepted accounting principles; provided, that "Operating Expenses" does not include payments on account of the principal of or redemption premium, if any, or interest on the Bonds, charges for depreciation, losses from the sale or other disposition of, or from any decrease in the value of, capital assets, amortization of debt discount or such miscellaneous deductions as are applicable to prior accounting periods.

"Outstanding," when used with reference to Bonds and as of any particular date, describes all Bonds theretofore and thereupon being authenticated and delivered, except (i) any Bond cancelled by the Bond Registrar at or prior to said date; (ii) any Bond for the payment of which monies, equal to its principal amount and redemption premium, if applicable, with interest to the date of maturity or redemption shall be in trust hereunder and set aside for such payment (whether upon or prior to maturity); (iii) any Bond deemed to have been paid as provided in Article X hereof; and (iv) for purposes of consents or other action by a specified percentage of Bondholders, any Bonds registered to the Issuer.

"Parity Bonds" means additional Bonds issued under the provisions and within the limitations prescribed by Section 7.07 hereof.

"Paying Agent" means the Commission or other entity or authority designated as such for the Series 2012 A Bonds in the Supplemental Resolution, with the written consent of the Authority and the DEP.

"Prior Bonds" means the Series 2010 A Bonds, Series 2001 Bonds and Series 1986 B Bonds.

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

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

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

(a) Government Obligations;

(b) Government Obligations which have been stripped of their unmatured interest coupons, interest coupons stripped from

Government Obligations, and receipts or certificates evidencing payments from Government Obligations or interest coupons stripped from Government Obligations;

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

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

(e) Time accounts (including accounts evidenced by time certificates of deposit, time deposits or other similar banking arrangements) which, to the extent uot 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 therefore; must have (or its agent must have) possession of such collateral; and such collateral must be free of all claims by third parties;

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

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

"Recorder" means the Recorder of the Issuer.

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

"Registrar" means the Bond Registrar.

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

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

"Reserve Accounts" means, collectively, the reserve account established by Section 5.02 hereof for the Series 2012 A Bonds and the reserve accounts established for the Prior Bonds pursuant to the Prior Ordinances.

"Reserve Requirement" means collectively, the respective amounts required to be on deposit in any Reserve Account pursuant to this Ordinance and the Prior Ordinances.

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

"Series 1986 B Bonds" means the Issuer's Sewer Revenue Bonds, Series 1986 B (West Virginia Water Development Authority), dated March 25, 1986, issued in the original aggregate principal amount of $850,860.

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

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

"Series 2010 A Bonds" means the Issuer's Sewer Refunding Revenue Bonds, Series 2010 A, dated August 27, 2010, issued in the original aggregate principal amount of $1,605,000.

"Series 2012 A Bonds" means Sewer Revenue Bonds, Series 2012 A (West Virginia SRF Program), of the Issuer, authorized by this Bond Legislation.

"Series 2012 A Bonds Reserve Account" means the Series 2012 A Bonds Reserve Account established by Section 5.02 hereof.

"Series 2012 A Bonds Reserve Requirement" means, as of auy date of calculation, the maximum amount of principal and interest which will become due on the Series 2012 A Bonds in the then current or any succeeding year.

"Series 2012 A Bonds Sinking Fund" means the Series 2012 A Bonds Sinking Fund established by Section 5.02 hereof.

"Series 2012 B Bonds" means Sewer Revenue Bonds, Series 2012 B (West Virginia SRF Program), of the Issuer, authorized by this Bond Legislation.

"Series 2012 Bonds Construction Trust Fund" means the Series 2012 Bonds Construction Trust Fund established by Section 5.01 hereof.

"Sinking Funds" means, collectively, the respective sinking funds established for the Prior Bonds and the Series 2012 A Bonds.

"SRF Administrative Fee" means any administrative fee required to be paid pursuaut to the Bond Purchase Agreement.

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

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

"State" means the State of West Virginia.

"Supplemental Resolution" means any resolution, ordinance or order of the Issuer supplementing or amending this Ordinance and, when preceded by the article "the," refers specifically to the supplemental resolution authorizing the sale of the Series 2012 Bonds; provided, that any matter intended by this Ordinance to be included in the Supplemental Resolution with respect to the Series 2012 Bonds, and not so included may be included in another Supplemental Resolution.

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

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

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

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

ARTICLE II

AUTHORIZATION OF ACQUISITION AND CONSTRUCTION OF THE PROJECT AND PAYMENT OF THE SERIES 2009 A BONDS

Section 2.01. Authorization of Acquisition and Construction of the Project. There is hereby authorized and ordered the acquisition and construction of the Project, at an estimated cost of not to exceed $16,295,000 in accordance with the plans and specifications which have been prepared by the Consulting Engineers, heretofore filed in the office of the Governing Body. The proceeds of the Series 2012 Bonds hereby authorized shall be applied as provided in Article VI hereof. The Issuer has received or will receive bids and will enter into contracts for the acquisition and construction of the Project, compatible with the financing plan submitted to the DEP.

The cost of the Project is estimated not to exceed $16,295,000, of which approximately $15,795,000 will be obtained from the proceeds of the Series 2012 A Bonds, approximately $300,000 will be obtained from the proceeds of the Series 2012 B Bonds and $200,000 will be obtained from a West Virginia Infrastructure and Jobs Development Council grant.

Section 2.02. Authorization of Payment of the Series 2009 A Bonds. There is hereby authorized and ordered the payment in full of the entire outstanding principal and the interest on the Series 2009 A Bonds on the Closing Date, the cost of which will be paid from the proceeds of the Series 2012 Bonds. Upon payment in full of the Series 2009 A Bonds, any funds pledged in favor of the Holders of the Series 2009 A Bonds are hereby ordered terminated, discharged and released.

ARTICLE III

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

Section 3.01. Authorization of Bonds. For the purposes of paying a portion of the Costs of the Project not otherwise provided for and paying certain costs of issuance of the Series 2012 Bonds and related costs, or any or all of such purposes, as determined by the Supplemental Resolution, there shall be and hereby are authorized to be issued the negotiable Series 2012 Bonds of the Issuer. The Series 2012 Bonds shall be issued in two series, each as a single bond, designated respectively as "Sewer Revenue Bonds, Series 2012 A (West Virginia SRF Program)", in the principal amount of not more than $15,795,000, and "Sewer Revenue Bonds, Series 2012 B (West Virginia SRF Program)," in the principal

amount of not more than $300,000, and all shall have such terms as set forth hereinafter and in the Supplemental Resolution. The proceeds of the Series 2012 Bonds remaining after funding of the Reserve Accounts (if funded from Bond proceeds) and capitalization of interest, if any, shall be deposited in or credited to the Series 2012 Bonds Construction Trust Fund established by Section 5.01 hereof.

Section 3.02. Terms of Bonds. A. The Series 2012 A Bonds shall be issued in such principal amounts; shall bear interest, if any, at such rate or rates, not exceeding the then legal maximum, payable quarterly on such dates; shall mature on such dates and in such amounts; and shall be redeemable, in whole or in part, all as the Issuer shall prescribe in a Supplemental Resolution or as specifically provided in the Bond Purchase Agreement. The Series 2012 A Bonds shall be payable as to principal at the office of the Paying Agent, in any coin or currency which, on the dates of payment of principal is legal tender for the payment of public or private debts under the laws of the United States of America. Interest, if any, on the Series 2012 A Bonds shall be paid by check or draft of the Paying Agent or its agent, mailed to the Registered Owner thereof at the address as it appears on the books of the Bond Registrar, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner thereof.

Unless otherwise provided by the Supplemental Resolution, the Series 2012 A Bonds shall initially be issued in the form of a single bond, fully registered to the Authority, with a record of advances and a debt service schedule attached, representing the aggregate principal, and shall mature in principal installments, all as provided in the Supplemental Resolution. The Series 2012 A Bonds shall be exchangeable at the option and expense of the Registered Owner for another fully registered Bond or Bonds of the same series in aggregate principal amount equal to the amount of said Bonds then Outstanding and being exchanged, with principal installments or maturities, as applicable, corresponding to the dates of payment of principal installments of said Bonds; provided, that the Authority shall not be obligated to pay any expenses of such exchange.

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

B. The Series 2012 B Bonds shall be issued in such principal amount; shall not bear interest; shall mature on such dates and in such amounts; and shall be redeemable, in whole or in part, all as the Issuer shall prescribe in a Supplemental Resolution or as specifically provided in the Bond Purchase Agreement. The Series 2012 B Bonds shall be forgivable as to principal.

As provided by the Supplemental Resolution, the Series 2012 B Bonds shall initially be issued each as one series, fully registered to the Authority, with a record of advances attached, representing the aggregate principal amount of the Series 2012 B Bonds. The Series 2012 B Bonds shall be exchangeable at the option and expense of the Registered Owner for another fully registered Bond or Bonds of the same series in aggregate principal amount equal to the amount of said Bonds then Outstanding and being exchanged, with principal installments or maturities, as applicable, corresponding to the dates of payment of principal installments of said Bonds; provided, that the Authority shall not be obligated to pay any expenses of such exchange.

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

Section 3.03. Execution of Bonds. The Series 2012 Bonds shall be executed in the name of the Issuer by the Mayor, and the seal of the Issuer shall be affixed thereto or imprinted thereon and attested by the Recorder. In case any one or more of the officers who shall have signed or sealed the Series 2012 Bonds shall cease to be such officer of the Issuer before the Series 2012 Bonds so signed and sealed have been actually sold and delivered, such Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bonds had not ceased to hold such office. Any Series 2012 Bonds 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 the authorization of such Bonds such person may not have held such office or may not have been so authorized.

Section 3.04. Authentication and Registration. No Series 2012 Bonds shall be valid or obligatory for any purpose or entitled to any security or benefit under this Bond Legislation nnless and until the Certificate of Authentication and Registration on such Bond, substantially in the form set forth in Section 3.10 hereof shall have been manually executed by the Bond Registrar. Any such executed Certificate of Authentication and Registration upon any such Bond shall be conclusive evidence that such Bond has been authenticated, registered and delivered under this Bond Legislation. The Certificate of Authentication and Registration on any Series 2012 Bonds shall be deemed to have been executed by the Bond Registrar if manually signed by an authorized officer of the Bond Registrar, but it shall not be necessary that the same officer sign the Certificate of Authentication and Registration on all of the Bonds issued hereunder.

Section 3.05. Negotiability, Transfer and Registration. Subject to the provisions for transfer of registration set forth below, the Series 2012 Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder, in accepting the Series 2012 Bonds shall be conclusively deemed to have agreed that such Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder shall further be conclusively deemed to have agreed that said Bonds shall be incontestable in the hands of a bona fide holder for value.

So long as the Series 2012 Bonds remain outstanding, the Issuer, through the Bond Registrar as its agent, shall keep and maintain books for the registration and transfer of the Series 2012 Bonds.

The registered Series 2012 Bonds shall be transferable only upon the books of the Bond Registrar, by the Registered Owner thereof in person or by his attorney duly authorized in writing, upon surrender thereto together with a written instrument of transfer satisfactory to the Bond Registrar duly executed by the Registered Owner or his duly authorized attorney.

In all cases in which the privilege of exchanging Series 2012 Bonds or transferring the registered Series 2012 Bonds are exercised, all Series 2012 Bonds shall be delivered in accordance with the provisions of this Bond Legislation. All Series 2012 Bonds surrendered in any such exchanges or transfers shall forthwith be cancelled by the Bond Registrar. For every such exchange or transfer of Series 2012 Bonds, the Bond Registrar may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer and the cost of preparing each new Bond upon each exchange or transfer, and any other expenses of the Bond Registrar

incurred in connection therewith, which sum or sums shall be paid by the Issuer. The Bond Registrar shall not be obliged to make any snch exchange or transfer of Series 2012 Bonds dnring the period commencing on the 15th day of the month next preceding an interest payment date on the Series 2012 Bonds or, in the case of any proposed redemption of Series 2012 Bonds, next preceding the date of the selection of Bonds to be redeemed, and ending on such interest payment date or redemption date.

Section 3.06. Bonds Mntilated, Destroyed, Stolen or Lost. In case any Series 2012 A Bond shall become mutilated or be destroyed, stolen or lost, the Issuer may, in its discretion, issue, and the Bond Registrar shall, if so advised by the Issuer, authenticate and deliver, a new Bond of the same series and of like tenor as the Bonds so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond, upon surrender and cancellation of such mutilated Bond, or in lieu of and substitution for the Bond destroyed, stolen or lost, and upon the Holder's furnishing satisfactory indemnity and complying with such other reasonable regulations and conditions as the Issuer may prescribe and paying such expenses as the Issuer and the Bond Registrar may incur. All Bonds so surrendered shall be cancelled by the Bond Registrar and held for the account of the Issuer. If any such Bond shall have matured or be about to mature, instead of issuing a substitute Bond, the Issuer may pay the same, upon being indemnified as aforesaid, and if such Bond be lost, stolen or destroyed, without surrender thereof.

Section 3.07. Bonds not to be Indebtedness of the Issuer. The Series 2012 Bonds shall not, in any event, be or constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provision or limitation, but shall be payable solely from the Net Revenues derived from the operation of the System as herein provided. No Holder or Holders of the Series 2012 Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Series 2012 Bonds or the interest, if any, thereon.

Section 3.08. Bonds Secured by Pledge of Net Revenues. The payment of the debt service of all Series 2012 A Bonds shall be secured forthwith equally and ratably by a first lien on the Net Revenues derived from the operation of the System on a parity with the Prior Bonds. Such Net Revenues in an amount sufficient to pay the principal of and interest, if any, on and other payments for the Series 2012 A Bonds and to make the payments into all funds and accounts and all other payments provided for in the Bond Legislation, are hereby irrevocably pledged to such payments as the same become due.

Section 3.09. Delivery of Bonds. The Issuer shall execute and deliver the Series 2012 Bonds to the Bond Registrar, and the Bond Registrar shall authenticate, register and deliver the Series 2012 Bonds to the original purchasers upon receipt of the documents set forth below:

A. If other than the Authority, a list of the names in which the Series 2012 Bonds are to be registered upon original issuance, together with such taxpayer identification and other information as the Bond Registrar may reasonably require;

B. A reqnest and authorization to the Bond Registrar on behalf of the Issuer, signed by an Authorized Officer, to authenticate and deliver the Series 2012 Bonds to the original purchasers;

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

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

E. The unqualified approving opinions of bond counsel on the Series 2012 Bonds.

Section 3.10. Form of Bonds. The text of the Series 2012 Bonds shall be in substantially the following form, with such omissions, insertions and variations as may be necessary and desirable and authorized or permitted hereby, or by any Supplemental Resolution adopted prior to the issuance thereof:

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(FORM OF BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE TOWN OF KINGWOOD
SEWER REVENUE BONDS, SERIES 2012 A
(WEST VIRGINIA SRF PROGRAM)

No. AR-1 $15,795,000

KNOW ALL MEN BY THESE PRESENTS: The ____ day of _____, 2012, that THE TOWN OF KINGWOOD, a municipal corporation and political subdivision of the State of West Virginia in Preston County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY (the "Authority") or registered assigns the sum of FIFTEEN MILLION SEVEN HUNDRED NINETY FIVE THOUSAND DOLLARS ($15,795,000), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing _____ 1, 20____, to and including _____ 1, 20____ as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference. The SRF Administrative Fee (as defined in the hereinafter described Bond Legislation) on this Bond shall be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing _____, 20___, as set forth on EXHIBIT B attached hereto.

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

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the West Virginia Department of Environmental Protection (the "DEP"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Bond Purchase Agreement (the "Bond Purchase Agreement") by and among the Issuer, the Authority and the DEP, dated _____, 2012.

This Bond is issued (i) to pay the Series 2009 A Bonds; (ii) to pay a portion of the costs of acquisition and construction of certain additions, betterments and improvements to the public sewerage system of the Issuer (the "Project"); and (iii) to pay certain costs of issuance of the Bonds (the "Bonds") and related costs. The public sewerage system of the Issuer, the Project, and any further additions, betterments or improvements thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13 and Chapter 22C, Article 2 of the West Virginia Code of 1931, as amended (collectively, the "Act"), a Bond Ordinance duly enacted by the Issuer on May 22, 2012, and a Supplemental Resolution and Conformed Ordinance duly adopted by the Issuer on July 10, 2012 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The

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

THERE ARE OUTSTANDING OBLIGATIONS OF THE ISSUER WHICH WILL RANK ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT BEING THE ISSUER'S: (I) SEWER REVENUE BONDS, SERIES 1986 B (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED MARCH 25, 1986, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $850,860 (THE "SERIES 1986 B BONDS"); (II) SEWER REVENUE BONDS, SERIES 2001 (WEST VIRGINIA SRF PROGRAM), DATED DECEMBER 20, 2001, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $878,181 (THE "SERIES 2001 BONDS"); AND (III) SEWER REFUNDING REVENUE BONDS, SERIES 2010 A DATED AUGUST 27, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,605,000 (THE "SERIES 2010 A BONDS"), (COLLECTIVELY, THE "PRIOR BONDS"); AND SEWER REVENUE BONDS, SERIES 2012 B (WEST VIRGINIA SRF PROGRAM), DATED _____, 2012, ISSUED SIMULTANEOUSLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $300,000 (THE "SERIES 2012 B BONDS").

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System on a parity with the Series 2012 B Bonds and the Prior Bonds, and from monies in the Reserve Account created under the Bond Legislation for the Bonds (the "Series 2012 A Bonds Reserve Account"), and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest, if any, on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest, if any, hereon, except from said special fund provided from the Net Revenues, the monies in the Series 2012 A Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest, if any, on the Bonds, the Series 2012 B Bonds, Prior Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with or junior to the Bonds; provided however, that so long as there exists in the Series 2012 A Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest, if any, which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with or junior to the Bonds, an amount at least equal to the requirement therefore, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the Registered Owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the Registered Owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

Subject to the registration requirements set forth herein, this Bond is transferable, as provided in the Bond Legislation, only upon the books of the Registrar (as defined in the Bond Legislation), by the Registered Owner, or by its attorney duly authorized in writing, upon the surrender of

this Bond, together with a written instrument of transfer satisfactory to the Registrar, duly executed by the Registered Owner or its attorney duly authorized in writing.

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

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

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

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IN WITNESS WHEREOF, THE TOWN OF KINGWOOD has caused this Bond to be signed by its Mayor, and its corporate seal to be hereunto affixed and attested by its Recorder, and has caused this Bond to be dated the day and year first written above.

[SEAL]

_____
Mayor

ATTEST:

_____
Recorder

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2012 A Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the Registered Owner set forth above, as of the date set forth below.

Date: _____, 2012.

THE HUNTINGTON NATIONAL BANK,
as Registrar

_____
Authorized Officer

EXHIBIT A

RECORD OF ADVANCES

	AMOUNT	DATE		AMOUNT	DATE
(1)	$		(21)	$	
(2)	$		(22)	$	
(3)	$		(23)	$	
(4)	$		(24)	$	
(5)	$		(25)	$	
(6)	$		(26)	$	
(7)	$		(27)	$	
(8)	$		(28)	$	
(9)	$		(29)	$	
(10)	$		(30)	$	
(11)	$		(31)	$	
(12)	$		(32)	$	
(13)	$		(33)	$	
(14)	$		(34)	$	
(15)	$		(35)	$	
(16)	$		(36)	$	
(17)	$		(37)	$	
(18)	$		(38)	$	
(19)	$		(39)	$	
(20)	$		(40)	$	

TOTAL $

EXHIBIT B

DEBT SERVICE SCHEDULE

(Form of)

ASSIGNMENT

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

Dated: _____, 20____.

_____

In the presence of:

_____

(FORM OF SERIES 2012 B BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE TOWN OF KINGWOOD
SEWER REVENUE BONDS, SERIES 2012 B
(WEST VIRGINIA SRF PROGRAM)

No. BR-1 $300,000

KNOW ALL MEN BY THESE PRESENTS: The ____ day of _____, 2012, that THE TOWN OF KINGWOOD, a municipal corporation and political subdivision of the State of West Virginia in Preston County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY (the "Authority") or registered assigns the sum of THREE HUNDRED THOUSAND DOLLARS ($300,000), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously forgiven, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference. The Series 2012 B Bonds are not subject to the SRF Administrative Fee (as defined in the hereinafter described Bond Legislation).

This Bond shall bear no interest. The principal amounts advanced under the Series 2012 B Bonds will be deemed forgiven on the 30th day of June in the fiscal year in which advanced. The Series 2012 B Bonds shall be deemed no longer Outstanding after the last advance is forgiven.

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the West Virginia Department of Environmental Protection (the "DEP"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Bond Purchase Agreement (the "Bond Purchase Agreement") by and among the Issuer, the Authority and the DEP, dated _____, 2012.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain extensions, additions, betterments and improvements to the existing public sewerage system of the Issuer (the "Project"); and (ii) to pay certain costs of issuance hereof and related costs. The existing public sewerage system of the Issuer, the Project, and any further extensions, additions, betterments or improvements thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13 and Chapter 22C, Article 2 of the West Virginia Code of 1931, as amended (collectively, the "Act"), a Bond Ordinance duly enacted by the Issuer on May 22, 2012, and a Supplemental Resolution and Conformed Ordinance duly adopted by the Issuer on July 10, 2012 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THERE ARE OUTSTANDING OBLIGATIONS OF THE ISSUER WHICH WILL

RANK ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT BEING THE ISSUER'S: (I) SEWER REVENUE BONDS, SERIES 1986 B (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED MARCH 25, 1986, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $850,860 (THE "SERIES 1986 B BONDS"); (II) SEWER REVENUE BONDS, SERIES 2001 (WEST VIRGINIA SRF PROGRAM), DATED DECEMBER 20, 2001, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $878,181 (THE "SERIES 2001 BONDS"); AND (III) SEWER REFUNDING REVENUE BONDS, SERIES 2010 A DATED AUGUST 27, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,605,000 (THE "SERIES 2010 A BONDS"), (COLLECTIVELY, THE "PRIOR BONDS"); AND SEWER REVENUE BONDS, SERIES 2012 A (WEST VIRGINIA SRF PROGRAM), DATED _____, 2012, ISSUED SIMULTANEOUSLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $15,795,000 (THE "SERIES 2012 A BONDS").

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Net Revenues in favor of the Holders of the Series 2012 A Bonds and the Prior Bonds and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest, if any, on all bonds which may be issued pursuant to the Act and shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same, except from said special fund provided from the Net Revenues and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest, if any, on the Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with or junior to the Bonds, including the Series 2012 A Bonds and the Prior Bonds, and in the respective reserve accounts established for any other obligations outstanding on a parity with or junior to the Bonds, including the Series 2012 A Bonds and the Prior Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the Registered Owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the Registered Owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

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

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

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Bond do exist, have happened, and have been performed in due time, form and manner as required by law, and that the amount of this Bond, together with all other obligations of the Issuer, does not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia.

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

[Remainder of Page Intentionally Blank]

IN WITNESS WHEREOF, THE TOWN OF KINGWOOD has caused this Bond to be signed by its Mayor, and its corporate seal to be hereunto affixed and attested by its Recorder, and has caused this Bond to be dated the day and year first written above.

[SEAL]

_____
Mayor

ATTEST:

_____
Recorder

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2012 B Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the Registered Owner set forth above, as of the date set forth below.

Date: _____, 2012.

THE HUNTINGTON NATIONAL BANK
as Registrar

_____
Authorized Officer

EXHIBIT A

RECORD OF ADVANCES

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

TOTAL $_____

(Form of)

ASSIGNMENT

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

Dated: _____, 20___.

_____

In the presence of:

_____

Section 3.11. Sale of Bonds; Approval and Ratification of Execution of Bond Purchase Agreement. The Series 2012 Bonds shall be sold to the Authority, pursuant to the terms aud conditions of the Bond Purchase Agreement. If not so authorized by previous ordinance or resolution, the Mayor is specifically authorized and directed to execute the Bond Purchase Agreement, and the Recorder is directed to affix the seal of the Issuer, attest the same and deliver the Bond Purchase Agreement to the Authority, and any such prior execution and delivery is hereby authorized, approved, ratified and confirmed. The Bond Purchase Agreement, including all schedules and exhibits attached thereto, are hereby approved and incorporated into this Bond Legislation.

Section 3.12. "Amended Schedule" Filing. Within 60 days following the Completion Date of the Project, the Issuer will file with the Authority and the DEP a schedule, the form of which will be provided by the DEP, setting forth the actual Costs of the Project and sources of funds therefor.

ARTICLE IV

[RESERVED]

ARTICLE V

FUNDS AND ACCOUNTS; SYSTEM REVENUES AND APPLICATION THEREOF

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

(1) Revenue Fund (established by Prior Ordinances and hereby continued);

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

(3) Series 2012 Bonds Construction Trust Fund.

Section 5.02. Establishment of Funds and Accounts with Commission. The following special funds or accounts are hereby created with (or continued if previously established by Prior Ordinances) and shall be held by the Commission, separate and apart from all other funds or accounts of the Commission and the Issuer and from each other:

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

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

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

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

(5) Series 2010 A Bonds Sinking Fund (established by Prior Ordinances and hereby continued);

(6) Series 2010 A Bonds Reserve Account (established by Prior Ordinances and hereby continued)

(7) Series 2012 A Bonds Sinking Fund; and

(8) Series 2012 A Bonds Reserve Account.

Section 5.03. System Revenues; Flow of Funds.

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

(1) The Issuer shall first, each month, pay from the moneys in the Revenue Fund all Operating Expenses of the System.

(2) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and remit to the Commission the amount required by Prior Ordinances to pay interest on the Series 2010 A Bonds.

(3) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the Commission (i) the amounts required by Prior Ordinances to pay principal on the Prior Bonds; and (ii) commencing 4 months prior to the first date of payment of principal of the Series 2012 A Bonds, for deposit in the Series 2012 A Bonds Sinking Fund, an amount equal to 1/3rd of the amount of principal which will mature and become due on the Series 2012 A Bonds on the next ensuing quarterly principal payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 2012 A Bonds Sinking Fund and the next quarterly principal payment date is less than 4 months, then such monthly payment shall be increased proportionately to provide, 1 month prior to the next quarterly principal payment date, the required amount of principal coming due on such date.

(4) The Issuer shall next, each month, transfer from the Revenue Fund and simultaneously remit to the Commission (i) the amounts required by Prior Ordinances to be deposited in the respective Reserve Accounts for the Prior Bonds; and (ii) commencing 4 months prior to the first date of payment of

principal of the Series 2012 A Bonds, if not fully funded upon issuance of the Series 2012 A Bonds, for deposit in the Series 2012 A Bonds Reserve Account, an amount equal to 1/120th of the Series 2012 A Bonds Reserve Requirement; provided that, no further payments shall be made into the Series 2012 A Bonds Reserve Account when there shall have been deposited therein, and as long as there shall remain on deposit therein, an amount equal to the Series 2012 A Bonds Reserve Requirement.

(5) The Issuer shall next, each month, transfer from the Revenue Fund and remit to the Depository Bank for deposit in the Renewal and Replacement Fund, an amount equal to 2 ½ % of the Gross Revenues each month, exclusive of any payments for account of any Reserve Account. All funds in the Renewal and Replacement Fund shall be kept apart from all other funds of the Issuer or of the Depository Bank and shall be invested and reinvested in accordance with Article VIII hereof. Withdrawals and disbursements may be made from the Renewal and Replacement Fund for replacements, repairs, improvements or extensions to the System; provided, that any deficiencies in any Reserve Account (except to the extent such deficiency exists because the required payments into such accounts have not, as of the date of determination of a deficiency, funded such accounts to the maximum extent required hereof) shall be promptly eliminated with moneys from the Renewal and Replacement Fund.

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

All investment earnings on monies in the Series 2012 A Bonds Sinking Fund and the Series 2012 A Bonds Reserve Account shall be returned, not less than once each year, by the Commission to the Issuer, and such amounts shall, during construction of the Project, be deposited in the Series 2012 Bonds Construction Trust Fund, and following completion of construction of the Project, shall be deposited in the Revenue Fund and applied in full, first to the next ensuing interest payment, if any, due on the Series 2012 A Bonds and then to the next ensuing principal payment due thereon.

Any withdrawals from the Series 2012 A Bonds Reserve Account which result in a reduction in the balance of the Series 2012 A Bonds Reserve Account to below the Series 2012 A Bonds Reserve Requirement shall be subsequently restored from the first Net Revenues available after all required payments have been made in full in the priority as set forth above.

As and when additional Bonds ranking on a parity with the Series 2012 Bonds are issued, provision shall be made for additional payments into the respective sinking funds sufficient to pay the interest on such additional parity Bonds and accomplish retirement thereof at maturity and to accumulate a balance in the respective reserve accounts in an amount equal to the requirement therefor.

The Issuer shall not be required to make any further payments into the Series 2012 A

Bonds Sinking Fund or into the Series 2012 A Bonds Reserve Account therein when the aggregate amount of funds therein are at least equal to the aggregate principal amount of the Series 2012 A Bonds issued pursuant to this Bond Legislation then Outstanding and all interest, if any, to accrue until the maturity thereof.

The Issuer covenants and agrees to transfer moneys in the Series 1986 B Bonds Reserve Account to the Series 2012 A Bonds Reserve Account upon maturity of the Series 1986 B Bonds. The Issuer covenants and agrees not to use the Series 1986 B Bonds Reserve Account for the final payment of the Series 1986 B Bonds.

The Issuer covenants and agrees to transfer moneys in the Series 2001 Bonds Reserve Account to the Series 2012 A Bonds Reserve Account upon maturity of the Series 2001 Bonds. The Issuer covenants and agrees not to use the Series 2001 Bonds Reserve Account for the final payment of the Series 2001 Bonds.

The Issuer covenants and agrees to transfer moneys in the Series 2010 A Bonds Reserve Account to the Series 2012 A Bonds Reserve Account upon maturity of the Series 2010 A Bonds. The Issuer covenants and agrees not to use the Series 2010 A Bonds Reserve Account for the final payment of the Series 2010 A Bonds.

The Commission is hereby designated as the fiscal agent for the administration of the Series 2012 A Bonds Sinking Fund and the Series 2012 A Bonds Reserve Account created hereunder, and all required amounts shall be remitted to the Commission from the Revenue Fund by the Issuer at the times provided herein.

Monies in the Series 2012 A Bonds Sinking Fund and the Series 2012 A Bonds Reserve Account shall be invested and reinvested by the Commission in accordance with Section 8.01 hereof.

The Series 2012 A Bonds Sinking Fund and the Series 2012 A Bonds Reserve Account, shall be used solely and only for, and are hereby pledged for, the purpose of servicing the Series 2012 A Bonds under the conditions and restrictions set forth herein.

B. The Issuer shall, on the first day of each month (if the first day is not a business day, then the first business day of each month), deposit with the Commission the required interest, if any, principal and reserve account payments with respect to the Series 2012 A Bonds and all such payments shall be remitted to the Commission with appropriate instructions as to the custody, use and application thereof consistent with the provisions of this Bond Legislation. The Issuer shall, on the first day of each month (if the first day is not a business day, then the first business day of each month) deposit with the Commission, the SRF Administrative Fee as set forth in the Schedule Y attached to the Bond Purchase Agreement for the Series 2012 A Bonds.

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

D. Whenever all of the required and provided transfers and payments from the Revenue Fund into the several special funds, as herembefore provided, are current and there remains in the Revenue Fund a balance in excess of the estimated amounts required to be so transferred and paid into

such funds during the following month or such other period as required by the Act, such excess shall be considered Surplus Revenues. Surplus Revenues may be used for any lawful purpose of the System.

E. The Issuer shall remit from the Revenue Fund to the Commission, the Registrar, the Paying Agent or the Depository Bank, on such dates as the Commission, the Registrar, the Paying Agent or the Depository Bank, as the case may be, shall require, such additional sums as shall be necessary to pay their respective charges and fees then due. In the case of payments to the Commission under this paragraph, the Issuer shall, make the necessary arrangements whereby such required payments shall be automatically debited from the Revenue Fund and electronically transferred to the Commission on the dates required.

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

G. If on any monthly payment date the revenues are insufficient to place the required amount in any of the funds and accounts as hereinabove provided, the deficiency shall be made up in the subsequent payments in addition to the payments which would otherwise be required to be made into the funds and accounts on the subsequent payment dates; provided, however, that the priority of curing deficiencies in the funds and accounts herein shall be in the same order as payments are to be made pursuant to this Section 5.03, and the Net Revenues shall be applied to such deficiencies on a parity and pro rata with respect to the Series 2012 A Bonds and the Prior Bonds all in accordance with the respective principal amounts Outstanding before being applied to any other payments hereunder.

H. All remittances made by the Issuer to the Commission and the Depository Bank shall clearly identify the fund or account into which each amount is to be deposited.

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

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

ARTICLE VI

BOND PROCEEDS; CONSTRUCTION DISBURSEMENTS

Section 6.01. Application of Bond Proceeds; Pledge of Unexpended Bond Proceeds. From the monies received from the sale of the Series 2012 Bonds, the following amounts shall be first deducted and deposited in the order set forth below:

A. From the proceeds of the Series 2012 A Bonds, there shall first be deposited with the Commission in the Series 2012 A Bonds Sinking Fund, the amount, if any, set forth in the Supplemental Resolution as capitalized interest.

B. Next, from the proceeds of the Series 2012 A Bonds, there shall be deposited with the Commission in the Series 2012 A Bonds Reserve Account, the amount, if any, set forth in the

Supplemental Resolution for funding of the Series 2012 A Bonds Reserve Account.

C. Next, from the proceeds of the Series 2012 A Bonds, there shall be deposited with the Holder of the Series 2009 A Bonds, the amount set forth in the Supplemental Resolution to pay the Series 2009 A Bonds.

D. As the Issuer receives advances of the remaining monies derived from the sale of the Series 2012 A Bonds, such monies shall be deposited with the Depository Bank in the 2012 Bonds Construction Trust Fund and applied solely to payment of Costs of the Project in the manner set forth in Section 6.02 hereof, and until expended, are hereby pledged as additional security for the Series 2012 A Bonds.

E. As the Issuer receives advances of monies derived from the sale of the Series 2012 B Bonds, such monies shall be deposited with the Depository Bank in the 2012 Bonds Construction Trust Fund and applied solely to payment of Costs of the Project in the manner set forth in Section 6.02 hereof, and until expended, are hereby pledged as additional security for the Series 2012 B Bonds.

F. After completion of construction of the Project, as certified by the Consulting Engineers, and all costs have been paid, any remaining proceeds of the Series 2012 Bonds shall be expended as approved by the DEP.

Section 6.02. Disbursements From the Series 2012 Bonds Construction Trust Fund On or before the Closing Date, the Issuer shall have delivered to the Authority and the DEP a report listing the specific purposes for which the proceeds of the Series 2012 Bonds will be expended and the disbursement procedures of such proceeds, including an estimated monthly draw schedule. Payments for Costs of the Project shall be made monthly.

Except as provided in Section 6.01 hereof, disbursements from the Series 2012 Bonds Construction Trust Fund shall be made only after submission to, and approved from, the Authority and the DEP of a completed and signed "Payment Requisition Form," a form of which is attached to the Bond Purchase Agreement, in compliance with the construction schedule.

Pending such application, monies in the Series 2012 Bonds Construction Trust Fund shall be invested and reinvested in Qualified Investments at the written direction of the Issuer.

ARTICLE VII

ADDITIONAL COVENANTS OF THE ISSUER

Section 7.01. General Covenants of the Issuer. All the covenants, agreements and provisions of this Bond Legislation shall be and constitute valid and legally binding covenants of the Issuer and shall be enforceable in any court of competent jurisdiction by any Holder or Holders of the Series 2012 Bonds. In addition to the other covenants, agreements and provisions of this Bond Legislation, the Issuer hereby covenants and agrees with the Holders of the Series 2012 Bonds as hereinafter provided in this Article VII. All such covenants, agreements and provisions shall be irrevocable, except as provided herein, as long as any of the Series 2012 Bonds or the interest, if any, thereon is Outstanding and unpaid.

Section 7.02. Bonds not to be Indebtedness of the Issuer. The Series 2012 Bonds shall not be nor constitute a corporate indebtedness of the Issuer within the meaning of any constitutional, statutory or charter limitation of indebtedness, but shall be payable solely from the funds pledged for such payment by this Bond Legislation. No Holder or Holders of any Series 2012 Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Series 2012 Bonds or the interest, if any, thereon.

Section 7.03. Bonds Secured by Pledge of Net Revenues. The payment of the debt service of the Series 2012 A Bonds shall be secured forthwith equally and ratably by a first lien on the Net Revenues derived from the System on a parity with the Prior Bonds. The Net Revenues in an amount sufficient to pay the principal of and interest, if any, on the Series 2012 Bonds, the Prior Bonds and to make the payments into all funds and accounts and all other payments provided for in the Bond Legislation are hereby irrevocably pledged, in the manner provided herein, to such payments as they become due, and for the other purposes provided in the Bond Legislation.

Section 7.04. Rates and Charges. The Issuer has obtained any and all approvals of rates and charges required by State law and has taken any other action required to establish and impose such rates and charges, with all requisite appeal periods having expired without successful appeal and the Issuer shall supply an opinion of counsel to such effect. Such rates and charges shall be sufficient to comply with the requirements of the Bond Purchase Agreement and the Issuer shall supply a certificate of certified public accountant to such effect. The initial schedule of rates and charges for the services and facilities of the System shall be as set forth and approved and described in the sewer rate ordinance of the Issuer adopted October 26, 2010 as amended by Recommended Decision dated November 7, 2011 and Recommended Decision on Remand dated March 22, 2012, in Case No. 10-1800-S-MA of the Public Service Commission of West Virginia, which rates are incorporated herein by reference as a part hereof.

So long as the Series 2012 Bonds are outstanding, the Issuer covenants and agrees to fix and collect rates, fees and other charges for the use of the System and to take all such actions necessary to provide funds sufficient to produce the required sums set forth in the Bond Legislation and in compliance with the Bond Purchase Agreement. In the event the schedule of rates and charges initially established for the System in connection with the Series 2012 Bonds shall prove to be insufficient to produce the required sums set forth in this Bond Legislation and the Bond Purchase Agreement, the Issuer hereby covenants and agrees that it will, to the extent or in the manner authorized by law, immediately adjust and increase such schedule of rates and charges and take all such actions necessary to provide funds sufficient to produce the required sums set forth in this Bond Legislation and the Bond Purchase Agreement.

Section 7.05. Sale of the System. So long as the Series 2012 Bonds are outstanding and except as otherwise required by law or with the written consent of the Authority and the DEP, the System may not be sold, mortgaged, leased or otherwise disposed of, except as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to fully pay all the Bonds Outstanding in accordance with Article X hereof. The proceeds from any such sale, mortgage, lease or other disposition of the System shall, with respect to the Series 2012 Bonds, immediately be remitted to the Commission for deposit in the Series 2012 A Bonds Sinking Fund, and, with the written permission of the Authority or in the event the Authority is no longer a Bondholder, the Issuer shall direct the Commission to apply such proceeds to the payment of principal of and interest, if any, on the Series 2012 A Bonds. Any balance remaining after the payment of the Bonds and the interest, if any, thereon shall be remitted to the Issuer by the Commission unless necessary for the payment of other obligations of the

Issuer payable out of the revenues of the System.

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

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

Section 7.06. Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances. Except as provided for in this Section 7.06 and Section 7.07 hereof, the Issuer shall not issue any obligations whatsoever payable from the revenues of the System which rank prior to, or equally, as to lien on and source of and security for payment from such revenues with the Series 2012 Bonds. All obligations issued by the Issuer after the issuance of the Series 2012 Bonds and payable from the revenues of the System, except such additional parity Bonds, shall contain an express statement that such obligations are junior and subordinate, as to lien on and source of and security for payment from such revenues and in all other respects, to the Series 2012 Bonds; provided, that no such subordinate obligations shall be issued unless all payments required to be made into all funds and accounts established by this Bond Legislation have been made and are current at the time of the issuance of such subordinate obligations.

Except as provided above, the Issuer shall not create, or cause or permit to be created, any debt, lien, pledge, assignment, encumbrance or any other charge having priority over or being on a parity with the lien of the Series 2012 Bonds, and the interest thereon, upon any of the income and revenues of the System pledged for payment of the Series 2012 Bonds and the interest, if any, thereon in this Bond Legislation, or upon the System or any part thereof.

The Issuer shall give the Authority and the DEP prior written notice of its issuance of any

other obligations to be used for the System, payable from the revenues of the System or from any grants for the Project, or any other obligations related to the Project or the System.

Section 7.07. Parity Bonds. No Parity Bonds, payable out of the revenues of the System, shall be issued after the issuance of the Series 2012 Bonds pursuant to this Bond Legislation, without the prior written consent of the Authority and the DEP under the conditions and in the manner herein provided.

All Parity Bonds issued hereunder shall be on a parity in all respects with the Series 2012 Bonds.

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

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

(1) The Bonds then Outstanding;

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

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

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

All covenants and other provisions of this Bond Legislation (except as to details of such

Parity Bonds inconsistent herewith) shall be for the equal benefit, protection and security of the Holders of the Bonds and the Holders of any Parity Bonds subsequently issued from time to time within the limitations of and in compliance with this section. Bonds issued on a parity, regardless of the time or times of their issuance, shall rank equally with respect to their lien on the Net Revenues of the System and their source of and security for payment from said Net Revenues, without preference of any Bond of one series over any other Bond of the same series. The Issuer shall comply fully with all the increased payments into the various funds and accounts created in this Bond Legislation required for and on account of such Parity Bonds, in addition to the payments required for Bonds theretofore issued pursuant to this Bond Legislation.

Parity Bonds shall not be deemed to include bonds, notes, certificates or other obligations subsequently issued, the lien of which on the revenues of the System is subject to the prior and superior lien of the Series 2012 Bonds on such revenues. The Issuer shall not issue any obligations whatsoever payable from the revenues of the System, or any part thereof, which rank prior to or, except in the manner and under the conditions provided in this section, equally, as to lien on and source of and security for payment from such revenues, with the Series 2012 Bonds.

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

Section 7.08. Books; Records and Audit. The Issuer shall keep complete and accurate records of the cost of acquiring the Project site and the costs of acquiring, constructing and installing the Project. The Issuer shall permit the Authority and the DEP or their agents and representatives, to inspect all books, documents, papers and records relating to the Project and the System at all reasonable times for the purpose of audit and examination. The Issuer shall submit to the Authority and the DEP such documents and information as they may reasonably require in connection with the acquisition, construction and installation of the Project, the operation and maintenance of the System and the administration of the loan or any grants or other sources of financing for the Project.

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

The Issuer will keep books and records of the System, which shall be separate and apart from all other books, records and accounts of the Issuer, in which complete and correct entries shall be made of all transactions relating to the System, and any Holder of a Bond or Bonds issued pursuant to this Bond Legislation shall have the right at all reasonable times to inspect the System and all parts thereof and all records, accounts and data of the Issuer relating thereto.

The accounting system for the System shall follow current generally accepted accounting principles and safeguards to the extent allowed and as prescribed by the Public Service Commission of West Virginia. Separate control accounting records shall be maintained by the Governing Body. 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 Authority and the DEP, or any other original purchaser of the Series 2012 Bonds, and shall mail in each year to any Holder or Holders of the Series 2012 Bonds, requesting the same, an annual report containing the following:

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

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

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

The Issuer shall also, at least once a year, cause the books, records and accounts of the System to be audited by Independent Certified Public Accountants (and in compliance with the applicable OMB Circular, or any successor thereto, and the Single Audit Act, or any successor thereto, to the extent legally required), and shall mail upon request, and make available generally, the report of said Independent Certified Public Accountants, or a summary thereof, to any Holder or Holders of the Series 2012 Bonds and shall submit said report to the Authority and the DEP, or any other original purchaser of the Series 2012 Bonds. Such audit report submitted to the Authority and the DEP shall include a statement that the Issuer is in compliance with the terms and provisions of the Act, the Bond Purchase Agreement and this Bond Legislation and that the revenues of the System are adequate to meet the Issuer's Operating Expenses and debt service and reserve requirements.

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

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

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

Section 7.09. Rates. Prior to the issuance of the Series 2012 Bonds, equitable rates or

charges for the use of and service rendered by the System have been established all in the manner and form required by law, and copies of such rates and charges so established will be continuously on file with the 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 the System sufficient to pay Operating Expenses and to make the prescribed payments into the funds created hereunder. Such schedule of rates and charges shall be changed and readjusted whenever necessary so that the aggregate of the rates and charges will be sufficient for such purposes. In order to assure full and continuous performance of this covenant, with a margin for contingencies and temporary unanticipated reduction in income and revenues, the Issuer hereby covenants and agrees that the schedule of rates or charges from time to time in effect shall be sufficient, together with other revenues of the System (i) to provide for all Operating Expenses of the System and (ii) to leave a balance each year equal to at least 115% of the maximum amount required in any year for payment of principal of and interest, if any, on the Series 2012 Bonds, the Prior Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with or junior to the Series 2012 Bonds; provided that, in the event the amounts equal to or in excess of the reserve requirements are on deposit respectively in the Series 2012 A Bonds Reserve Account and any Reserve Accounts for obligations on a parity with or junior to the Series 2012 Bonds, are funded at least at the requirement therefor, such balance each year need only equal at least 110% of the maximum amount required in any year for payment of principal of and interest, if any, on the Series 2012 Bonds, the Prior Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with or junior to the Series 2012 Bonds. In any event, the Issuer shall not reduce the rates or charges for services set forth in the rate ordinance described in Section 7.04 hereof.

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

Commencing on the date contracts are executed for the acquisition and construction of the Project and for two years following the completion of the Project, the Issuer shall each month complete a "Monthly Financial Report," a form of which is attached to the Bond Purchase Agreement, and forward a copy of such report to the DEP and the Authority by the 10th day of each month.

Section 7.11. Engineering Services and Operating Personnel. The Issuer will obtain a certificate of the Consulting Engineers in the form attached to the Bond Purchase Agreement, stating, among other things, that the Project has been or will be constructed in accordance with the approved plans, specifications and designs as submitted to the Authority and the DEP, the Project is adequate for

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

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

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

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

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

The Issuer shall serve the additional customers at the location(s) as set forth in Certificate of Engineer. The Issuer shall not reduce the amount of additional customers served by the project without the prior written approval of the Board of the Authority. Following completion of the Project the Issuer shall certify to the Authority the number of customers added to the System.

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

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

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

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

Section 7.14. No Free Services. The Issuer will not render or cause to be rendered any free services of any nature by the System, nor will any preferential rates be established for users of the same class; and in the event the Issuer, or any department, agency, instrumentality, officer or employee of 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 7.15. Insurance and Construction Bonds.

A. The Issuer hereby covenants and agrees that so long as the Series 2012 Bonds remain Outstanding, the Issuer will, as an Operating Expense, procure, carry and maintain insurance with a reputable insurance carrier or carriers as is customarily covered with respect to works and properties similar to the System. Such insurance shall initially cover the following risks and be in the following amounts:

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

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

(3) WORKERS' 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 Recorder of The County Commission of the County in which such work is to be performed prior to commencement of construction of the Project in compliance with West Virginia Code, Chapter 38, Article 2, Section 39.

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

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

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

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

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

Section 7.16. Mandatory Connections. The mandatory use of the System is essential and necessary for the protection and preservation of the public health, comfort, safety, convenience and welfare of the inhabitants and residents of, and the economy of, the Issuer and in order to assure the rendering harmless of sewage and water-borne waste matter produced or arising within the territory served by the System. Accordingly, every owner, tenant or occupant of any house, dwelling or building located near the System, where sewage will flow by gravity or be transported by such other methods approved by

the State Department of Health from such house, dwelling or building into the System, to the extent permitted by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, shall connect with and use the System and shall cease the use of all other means for the collection, treatment and disposal of sewage and waste matters from such house, dwelling or building where there is such gravity flow or transportation by such other method approved by the State Department of Health and such house, dwelling or building can be adequately served by the System, and every such owner, tenant or occupant shall, after a 30-day notice of the availability of the System, pay the rates and charges established therefor.

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

Section 7.17. Completion and Operation of Project; Permits and Orders. The Issuer shall complete the Project as promptly as possible and operate and maintain the System as a revenue-producing utility in good condition and in compliance with all federal and state requirements and standards.

The Issuer has obtained all permits required by State and federal laws for the acquisition and construction of the Project, all orders and approvals from the Public Service Commission of West Virginia and the West Virginia Infrastructure and Jobs Development Council necessary for the acquisition and construction of the Project and the operation of the System and has obtained all approvals for the issuance of the Series 2012 Bonds required by State law, with all appeal periods having expired without successful appeal and the Issuer shall supply an opinion of counsel to such effect.

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

The Issuer shall also comply with all applicable laws, rules and regulations issued by the Authority, DEP or other State, federal or local bodies in regard to the acqnisition and construction of the Project and the operation, maintenance and use of the System.

The Issuer shall perform an annual maintenance audit which maintenance audit shall be submitted to the Authority and the Public Service Commission of West Virginia in the manner prescribed by and the guidelines established by the Authority and the Public Service Commission of West Virginia.

Section 7.19. [RESERVED]

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

Section 7.21. Contracts; Change Orders; Public Releases. A. The Issuer

shall, simultaneously with the delivery of the Series 2012 Bonds or immediately thereafter, enter into written contracts for the immediate acquisition or construction of the Project.

B. The Issuer shall submit all proposed change orders to the DEP for written approval. The Issuer shall obtain the written approval of the DEP before expending any proceeds of the Series 2012 Bonds held in "contingency" as set forth in the Schedule attached to the certificate of the Consulting Engineer. The Issuer shall also obtain the written approval of the DEP before expending any proceeds of the Series 2012 Bonds made available due to bid or construction or project underruns.

C. The Issuer shall list the funding provided by the DEP and the Authority in any press release, publication, program bulletin, sign or other public communication that references the Project, iucluding but not limited to any program document distributed in conjunction with any ground breaking or dedication of the Project.

Section 7.22. Statutory Mortgage Lien. For the further protection of the Holders of the Series 2012 Bonds, a statutory mortgage lien upon the System is granted and created by the Act, which statutory mortgage lien is hereby recognized and declared to be valid and binding, shall take effect immediately upon delivery of the Series 2012 Bonds and shall be on a parity with the statutory mortgage lien in favor of the Holders of the Prior Bonds.

ARTICLE VIII

INVESTMENT OF FUNDS

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

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

The Depository Bank shall keep complete and accurate records of all funds, accounts and investments, and shall distribute to the Issuer, at least once each year, or more often as reasonably

requested by the Issuer, a summary of such funds, accounts and investment earnings. The Issuer shall retain all such records and any additional records with respect to such funds, accounts and investment earnings so long as any of the Series 2012 Bonds are Outstanding and as long thereafter as necessary to assure the exclusion of interest on the Series 2012 Bonds from gross income for federal income tax purposes.

Section 8.02. Certificate as to Use of Proceeds; Covenants as to Use of Proceeds. The Issuer shall deliver a certificate as to use of proceeds or other similar certificate to be prepared by nationally recognized bond counsel relating to restrictions on the use of proceeds of the Series 2012 Bonds as a condition to issuance of the Series 2012 Bonds. In addition, the Issuer covenants (i) to comply with the Code and all Regulations from time to time in effect and applicable to the Series 2012 Bonds as may be necessary in order to maintain the status of the Series 2012 Bonds as governmental bonds; (ii) that it shall not take, or permit or suffer to be taken, any action with respect to the Issuer's use of the proceeds of the Series 2012 Bonds which would cause any bonds, the interest on which is exempt from federal income taxation under Section 103(a) of the Code, issued by the Authority or the DEP, as the case may be, from which the proceeds of the Series 2012 Bonds are derived, to lose their status as tax-exempt bonds; and (iii) to take such action, or refrain from taking such action, as shall be deemed necessary by the Issuer, or requested by the Authority or the DEP, to ensure compliance with the covenants and agreements set forth in this Section, regardless of whether such actions may be contrary to any of the provisions of this Bond Legislation.

The Issuer shall annually furnish to the Authority information with respect to the Issuer's use of the proceeds of the Series 2012 Bonds and any additional information requested by the Authority.

ARTICLE IX

DEFAULT AND REMEDIES

Section 9.01. Events of Default. Each of the following events shall constitute an "Event of Default" with respect to the Series 2012 Bonds:

(1) If default occurs in the due and punctual payment of the principal of or interest, if any, on the Series 2012 Bonds; or

(2) If default occurs in the Issuer's observance of any of the covenants, agreements or conditions on its part relating to the Series 2012 Bonds set forth in this Bond Legislation, any supplemental resolution or in the Series 2012 Bonds, and such default shall have continued for a period of 30 days after the Issuer shall have been given written notice of such default by the Commission, the Depository Bank, the Registrar, the Paying Agent or any other Paying Agent or a Holder of a Bond; or

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

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

Ordinances.

Section 9.02. Remedies. Upon the happening and continuance of any Event of Default, any Registered Owner of a Bond may exercise any available remedy and bring any appropriate action, suit or proceeding to enforce his or her rights and, in particular, (i) bring suit for any unpaid principal or interest then due; (ii) by mandamus or other appropriate proceeding enforce all rights of such Registered Owners including the right to require the Issuer to perform its duties under the Act and the Bond Legislation relating thereto, including but uot limited to the making and collection of sufficient rates or charges for services rendered by the System; (iii) bring suit upon the Bonds; (iv) by action at law or bill in equity require the Issuer to account as if it were the trustee of an express trust for the Registered Owners of the Bonds; and (v) by action or bill in equity enjoin any acts in violation of the Bond Legislation with respect to the Bonds, or the rights of such Registered Owners.

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

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

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

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

Any receiver appointed as provided herein shall hold and operate the System in the name

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

ARTICLE X

PAYMENT OF BONDS

Section 10.01. Payment of Bonds. If the Issuer shall pay or there shall otherwise be paid to the Holders of the Series 2012 Bonds, the principal of and interest due or to become due thereon, if any, at the times and in the manner stipulated therein and in this Bond Legislation, then the pledge of Net Revenues and other monies and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Registered Owners of the Series 2012 Bonds shall thereupon cease, terminate and become void and be discharged and satisfied, except as may otherwise be necessary to assure the exclusion of interest, if any, on the Series 2012 Bonds from gross income for federal income tax purposes.

ARTICLE XI

MISCELLANEOUS

Section 11.01. Amendment or Modification of Bond Legislation. Prior to issuance of the Series 2012 Bonds, this Ordinance may be amended or supplemented in any way by the Supplemental Resolution. Following issuance of the Series 2012 Bonds, no material modification or amendment of this Ordinance, or of any ordinance, resolution or order amendatory or supplemental hereto, that would materially and adversely affect the rights of Registered Owners of the Series 2012 Bonds, shall be made without the consent in writing of the Registered Owners of the Series 2012 Bonds so affected and then Outstanding; provided, that no change shall be made in the maturity of any Bond or Bonds or the rate of interest, if any, thereon, or in the principal amount thereof, or affecting the unconditional promise of the Issuer to pay such principal and interest out of the funds herein pledged therefor without the consent of the respective Registered Owner thereof. No amendment or modification shall be made that wonld reduce the percentage of the principal amount of the Series 2012 Bonds required for consent to the above-permitted amendments or modifications. Notwithstanding the foregoing, this Bond Legislation may be amended without the consent of any Bondholder as may be necessary to assure compliance with Section 148(f) of the Code relating to rebate requirements or otherwise as may be necessary to assure the exclusion of interest, if any, on the Series 2012 Bonds from gross income of the holders thereof.

Section 11.02. Bond Legislation Constitutes Contract. The provisions of the Bond Legislation shall constitute a contract between the Issuer and the Registered Owners of the Series 2012 Bonds, and no change, variation or alteration of any kind of the provisions of the Bond Legislation shall be made in any manner, except as in this Bond Legislation provided.

Section 11.03. Severability of Invalid Provisions. If any section, paragraph, clause or provision of this Ordinance should be held invalid by any court of competent jurisdiction, the invalidity of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Ordinance, the Supplemental Resolution or the Series 2012 Bonds.

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

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

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

Section 11.07. Statutory Notice and Public Hearing. Upon adoption hereof, an abstract of this Ordinance determined by the Governing Body to contain sufficient information as to give notice of the contents hereof shall be published once a week for 2 successive weeks within a period of fourteen consecutive days, with at least 6 full days intervening between each publication, in the *Preston County Journal*, a newspaper published and of general circulation in The Town of Kingwood, together with a notice stating that this Ordinance has been adopted and that the Issuer contemplates the issuance of the Series 2012 Bonds, and that any person interested may appear before the Governing Body upon a date certain, not less than ten days subsequent to the date of the first publication of such abstract of this Ordinance and notice, and present protests, and that a certified copy of this Ordinance is on file with the Governing Body for review by interested persons during office hours of the Governing Body. At such hearing, all objections and suggestions shall be heard and the Governing Body shall take such action as it shall deem proper in the premises.

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Section 11.08. Effective Date. This Ordinance shall take effect immediately following the public hearing and final reading hereof.

Passed on First Reading:	March 27, 2012
Passed on Second Reading:	April 12, 2012
Passed on Final Reading Following Public Hearing:	May 22, 2012

Mayor

CERTIFICATION

Certified a true copy of an Ordinance duly enacted by the Council of The Town of Kingwood on the 22nd day of May, 2012 as supplemented by Supplemental Resolution duly adopted on July 10, 2012.

Dated: July 25, 2012

[SEAL]

Recorder

485090.00007

SRF-BPA-1
(10/11)

BOND PURCHASE AGREEMENT

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

CITY OF KINGWOOD
(SRF C544450/2007S-998)
(Local Government)

W I T N E S S E T H:

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

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE I

Definitions

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

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

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

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

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

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

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

1.8 "Project" means the wastewater treatment facility project hereinabove referred to, to be constructed or being constructed by the Local Government in whole or in part with the net proceeds of the Local Bonds or being or having been constructed by the

Local Government in whole or in part with the proceeds of bond anticipation notes or other interim financing, which is to be paid in whole or in part with the net proceeds of the Local Bonds.

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

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

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

ARTICLE II

The Project and the System

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

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

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

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

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

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

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

2.8 The Local Government shall require that each of its contractors and all subcontractors maintain, during the life of the construction contract, workers' compensation coverage, public liability insurance, property damage insurance and vehicle liability insurance in amounts and on terms satisfactory to the Authority and DEP and shall verify or have verified such insurance prior to commencement of construction. Until the Project facilities are completed and accepted by the Local Government, the Local Government or (at

the option of the Local Government) the contractor shall maintain builder's risk insurance (fire and extended coverage) on a one hundred percent (100%) basis (completed value form) on the insurable portion of the Project, such insurance to be made payable to the order of the Authority, the Local Government, the prime contractor and all subcontractors, as their interests may appear. If facilities of the System which are detrimentally affected by flooding are or will be located in designated special flood or mudslide-prone areas and if flood insurance is available at a reasonable cost, a flood insurance policy must be obtained by the Local Government on or before the Date of Closing, as hereinafter defined, and maintained so long as any of the Local Bonds are outstanding. Prior to commencing operation of the Project, the Local Government must also obtain, and maintain so long as any of the Local Bonds are outstanding, business interruption insurance if available at a reasonable cost.

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

2.10 The Local Government shall require the Consulting Engineers to submit the final or updated Operation and Maintenance Manual, if necessary as defined in the SRF Regulations, to DEP when the Project is 90% completed. The Local Government shall at all times provide operation and maintenance of the System in compliance with any and all State and federal standards. The Local Government shall employ a state certified plant operator prior to the Project being 50% complete and notify the DEP of such employment. The Local Government shall retain the operator(s) to operate the System during the entire term of this Loan Agreement.

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

2.12 The Local Government, commencing on the date contracts are executed for the acquisition or construction of the Project and for two years following the completion of acquisition or construction of the Project, shall each month complete a Monthly Financial Report, the form of which is attached hereto as Exhibit B and incorporated herein by reference, and forward a copy by the 20th of each month to the DEP and the Authority.

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

ARTICLE III

Conditions to Purchase of Local Bonds; Issuance of Local Bonds

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

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

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

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

(d) The Local Government shall either have received bids or entered into contracts for the construction of the Project, which are in an amount and otherwise compatible with the plan of financing described in the Application; provided that, if the proceeds of the Local Bonds will refund an interim construction financing, the Local Government must either be constructing or have constructed its Project for a cost and as

otherwise compatible with the plan of financing described in the Application; and, in either case, the Authority and DEP shall have received a certificate of the Consulting Engineers to such effect, the form of which certificate is attached hereto as Exhibit D;

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

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

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

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

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

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

3.2 Subject to the terms and provisions of this Bond Purchase Agreement, the rules and regulations promulgated by the Authority and DEP, including the SRF Regulations, or any other appropriate State agency and any applicable rules, regulations and procedures promulgated from time to time by the federal government, it is hereby agreed that the Authority shall purchase the Local Bonds of the Local Government and the Local Government shall issue and sell the Local Bonds to the Authority, and in furtherance thereof it is agreed that the Local Government shall sell to the Authority and the Authority shall purchase the Local Bonds in the principal amount and at the price set forth in Schedule X hereto. The Local Bonds shall have such further terms and provisions as described in Article IV hereof.

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

3.4 The Local Bonds shall be delivered to the Authority, at the offices of the Authority, on a date designated by the Local Government by written notice to the Authority, which written notice shall be given not less than ten (10) business days prior to the date designated; provided, however, that if the Authority is unable to accept delivery on the date designated, the Local Bonds shall be delivered to the Authority on a date as close as possible to the designated date and mutually agreeable to the Authority, DEP and the Local Government. The date of delivery so designated or agreed upon is hereinafter referred to as the "Date of Closing."

3.5 The Local Government understands and acknowledges that it is one of several local governments which have applied to the Authority and DEP for financing of wastewater treatment projects and that the obligation of the Authority to purchase the Local Bonds is subject to the Local Government's fulfilling all of the terms and conditions of this

Bond Purchase Agreement on or prior to the Date of Closing and to the requirements of the Program. The Local Government specifically recognizes that the Authority will not purchase the Local Bonds unless and until sufficient funds are available in the Fund to purchase all the Local Bonds and that, prior to such purchase, the Authority may purchase the bonds of other local governments set out in the State Project Priority List, as defined in the SRF Regulations. The Local Government further specifically recognizes that all bonds will be purchased in conjunction with the SRF Regulations and with the prior approval of DEP.

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

ARTICLE IV

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

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

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

(i) to pay Operating Expenses of the System;

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

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

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

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

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

(b) Covenants substantially as follows:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(xix) That the Local Government shall have obtained the certificate of the Consulting Engineers to the effect that the Project has been or will be constructed in accordance with the approved plans, specifications and design as submitted to the Authority and DEP, the Project is adequate for the purposes for which it was designed, the funding plan as submitted to the Authority and DEP is sufficient to pay the costs of acquisition and construction of the Project and all permits required by federal and State laws for construction of the Project have been obtained;

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

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

expending any proceeds of the Local Bonds available due to bid/construction/project underruns.

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

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

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

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

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

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

ARTICLE V

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

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

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

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

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

ARTICLE VI

Other Agreements of the Local Government

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

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

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

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

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

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

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

ARTICLE VII

Miscellaneous

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

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

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

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

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

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

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

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

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

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

(iv) payment in full of the principal of and interest on the Local Bonds and of any fees and charges owed by the Local Government to the Authority or DEP; provided that the amount of the Local Bonds purchased under this Bond Purchase Agreement in any succeeding fiscal year is contingent upon funds being appropriated by the State legislature or otherwise being available to purchase the Local Bonds. In the event funds are not appropriated or otherwise available to purchase all of the Local Bonds, the responsibility of the Authority and DEP to purchase the Local Bonds is terminated; provided further that the obligation of the Local Government to repay the outstanding amount of the Local Bonds is not terminated due to such non-funding on any balance of the Local Bonds. The DEP agrees to use its best efforts to have the amount contemplated under this Bond Purchase Agreement included in its budget. Non-appropriation or non-funding of the Loan shall not be considered an event of default under this Bond Purchase Agreement.

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

CITY OF KINGWOOD

(SEAL)

By: _____
Its: Mayor
Date: July 25, 2012

Attest:

_____
Its: Recorder

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

By: _____
Its: Director
Date: July 25, 2012

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

(SEAL)

By: _____
Its: Executive Director
Date: July 25, 2012

Attest:

_____
Its: Authorized Officer

EXHIBIT A

FORM OF PERFORMANCE CERTIFICATE

[To Be Provided By DEP]

EXHIBIT B

MONTHLY FINANCIAL REPORT

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

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

_____
Name of Person Completing Form

_____
Address

_____
Telephone

INSTRUCTIONS FOR COMPLETING MONTHLY FINANCIAL REPORT

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

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

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

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

The Local Government must complete the Monthly Financial Report and forward it to the Water Development Authority by the 20th day of each month, commencing on the date contracts are executed for the acquisition or construction of the Project and for two years following the completion of acquisition or construction of the Project.

EXHIBIT C

PAYMENT REQUISITION FORM

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

EXHIBIT D

FORM OF CERTIFICATE OF CONSULTING ENGINEER

_____

(Issuer)

_____

(Name of Bonds)

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

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

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

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

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

4. The Project will serve _____ new customers in the _____ area.

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

_____

By _____
West Virginia License No. __

[SEAL]

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

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

EXHIBIT E

SPECIAL CONDITIONS

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

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

C. ASSET MANAGEMENT – The Local Government shall submit an acceptable asset management plan or where applicable, updated plans, to DEP no later than six months following substantial completion of the Project. This requirement shall be included in the bond closing documents.

D. WAGE RATES – The Local Government shall require that all laborers and mechanics employed by its contractors and subcontractors be paid wages at rates not less than those prevailing on projects of a character similar in the locality as determined by the Secretary of Labor (DOL) in accordance with subchapter IV of chapter 32 of title 40, United States Code. The Local Government must require that contractors and subcontractors obtain wage determinations from DOL and comply with DOL guidance and regulations implementing wage rate requirements.

E. CLOSING REQUIREMENTS – The Closing is contingent on the DEP's receipt of an acceptable final title opinion.

F. RESERVE FUND REQUIREMENT – The Local Government shall provide in the Bond documents for the transfer of the Reserve Funds for its Series 1986 B Bonds, Series 2001 Bonds, and Series 2010 A Bonds when each such series has been retired

to the Reserve Fund for the Series 2012 A Bonds to partially fund the Series 2012 A Bonds Reserve Fund requirement.

EXHIBIT F

MONTHLY PAYMENT FORM

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

Re: [Name of bond issue]

Ladies and Gentlemen:

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

Sinking Fund:

Interest	$____
Principal	$____
Total:	$____
Reserve Account:	$____

Witness my signature this ___ day of_____.

[Name of Local Government]

By: _____
Authorized Officer

Enclosure: copy of check(s)

EXHIBIT G

OPINION OF BOND COUNSEL FOR LOCAL GOVERNMENT

[To Be Dated as of Date of Closing]

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

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

Ladies and Gentlemen:

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

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

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

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

supplemental resolution duly adopted by the Local Government on _____ (collectively, the "Local Act"), pursuant to and under which Local Statute and Local Act the Local Bonds are authorized and issued, and the Bond Purchase Agreement has been undertaken. The Local Bonds are subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Local Act and the Bond Purchase Agreement.

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

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

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

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

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

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

6. The Local Bonds are, by statute, exempt _____, and under existing statutes and court decisions of the United States of America, as presently written and

applied, the interest on the Local Bonds is excludable from the gross income of the recipients thereof for federal income tax purposes.

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

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

Very truly yours,

SCHEDULE X

DESCRIPTION OF LOCAL BONDS

A. Series A Bonds (CWSRF Base Program)

Principal Amount of Local Bonds	$15,795,000
Purchase Price of Local Bonds	$15,795,000

The Local Bonds shall bear no interest. Commencing September 1, 2014, principal of the Local Bonds is payable quarterly, with an administrative fee of 0.5%. Quarterly payments will be made on March 1, June 1, September 1 and December 1 of each year as set forth on the Schedule Y attached hereto and incorporated herein by reference.

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

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

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

Number of Proposed New Customers to Be Served: 106
Location: Route 7 area

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

(i) City of Kingwood Sewer Revenue Bonds, Series 1986 B (West Virginia Water Development Authority), dated March 25, 1986, issued in the original aggregate principal amount of $850,860;

(ii) City of Kingwood Sewer Revenue Bonds, Series 2001 (West Virginia SRF Program), dated December 20, 2001, issued in the original aggregate principal amount of $878,181; and

(iii) City of Kingwood Sewer Refunding Revenue Bonds, Series 2010 A dated August 27, 2010, issued in the original aggregate principal amount of $1,605,000.

B. Series B Bonds (CWSRF Forgiveness)

Principal Amount of Local Bonds	$300,000
Purchase Price of Local Bonds	$300,000

The Local Bonds shall bear no interest. The Authority at the direction of the DEP shall forgive the principal amount of the Local Bonds. The principal amounts advanced under the Series B Bonds will be deemed forgiven on the 30th day of June in the fiscal year in which advanced. The Series B Bonds shall be deemed no longer outstanding after the last advance is forgiven.

The Local Bonds are fully registered in the name of the Authority.

The Local Government shall make monthly payments into the Renewal and Replacement Fund as required by Section 4.1 of this Agreement for at least the term of the Local Bonds.

The Local Government shall notify the Authority and the Council of any proposed bond indebtedness secured by the revenues of the System.

SCHEDULE Y
DEBT SERVICE SCHEDULE

Net Debt Service
City of Kingwood
CW SRF
$15,795,000
0% Interest Rate; 0.5% Administrative Fee
40 Years from Closing Date
Closing Date: July 25, 2012

Date	Principal	Interest	Total Debt Service	Expense	Net Debt Service
6/1/2014					
9/1/2014	87,500.00		87,500.00	9,902.52	97,402.52
12/1/2014	87,500.00		87,500.00	9,902.52	97,402.52
3/1/2015	87,500.00		87,500.00	9,902.52	97,402.52
6/1/2015	87,500.00		87,500.00	9,902.52	97,402.52
9/1/2015	87,500.00		87,500.00	9,902.52	97,402.52
12/1/2015	87,500.00		87,500.00	9,902.52	97,402.52
3/1/2016	87,500.00		87,500.00	9,902.52	97,402.52
6/1/2016	87,500.00		87,500.00	9,902.52	97,402.52
9/1/2016	87,500.00		87,500.00	9,902.52	97,402.52
12/1/2016	87,500.00		87,500.00	9,902.52	97,402.52
3/1/2017	87,500.00		87,500.00	9,902.52	97,402.52
6/1/2017	87,500.00		87,500.00	9,902.52	97,402.52
9/1/2017	87,500.00		87,500.00	9,902.52	97,402.52
12/1/2017	87,500.00		87,500.00	9,902.52	97,402.52
3/1/2018	87,500.00		87,500.00	9,902.52	97,402.52
6/1/2018	87,500.00		87,500.00	9,902.52	97,402.52
9/1/2018	87,500.00		87,500.00	9,902.52	97,402.52
12/1/2018	87,500.00		87,500.00	9,902.52	97,402.52
3/1/2019	87,500.00		87,500.00	9,902.52	97,402.52
6/1/2019	87,500.00		87,500.00	9,902.52	97,402.52
9/1/2019	87,500.00		87,500.00	9,902.52	97,402.52
12/1/2019	87,500.00		87,500.00	9,902.52	97,402.52
3/1/2020	87,500.00		87,500.00	9,902.52	97,402.52
6/1/2020	87,500.00		87,500.00	9,902.52	97,402.52
9/1/2020	87,500.00		87,500.00	9,902.52	97,402.52
12/1/2020	87,500.00		87,500.00	9,902.52	97,402.52
3/1/2021	87,500.00		87,500.00	9,902.52	97,402.52
6/1/2021	87,500.00		87,500.00	9,902.52	97,402.52
9/1/2021	87,500.00		87,500.00	9,902.52	97,402.52
12/1/2021	87,500.00		87,500.00	9,902.52	97,402.52
3/1/2022	87,500.00		87,500.00	9,902.52	97,402.52
6/1/2022	87,500.00		87,500.00	9,902.52	97,402.52
9/1/2022	87,500.00		87,500.00	9,902.52	97,402.52
12/1/2022	87,500.00		87,500.00	9,902.52	97,402.52
3/1/2023	87,500.00		87,500.00	9,902.52	97,402.52
6/1/2023	87,500.00		87,500.00	9,902.52	97,402.52
9/1/2023	87,500.00		87,500.00	9,902.52	97,402.52
12/1/2023	87,500.00		87,500.00	9,902.52	97,402.52

Net Debt Service

City of Kingwood

CW SRF

$15,795,000

0% Interest Rate; 0.5% Administrative Fee

Date	Principal	Interest	Total Debt Service	Expense	Net Debt Service
3/1/2024	87,500.00		87,500.00	9,902.52	97,402.52
6/1/2024	87,500.00		87,500.00	9,902.52	97,402.52
9/1/2024	87,500.00		87,500.00	9,902.52	97,402.52
12/1/2024	87,500.00		87,500.00	9,902.52	97,402.52
3/1/2025	87,500.00		87,500.00	9,902.52	97,402.52
6/1/2025	87,500.00		87,500.00	9,902.52	97,402.52
9/1/2025	87,500.00		87,500.00	9,902.52	97,402.52
12/1/2025	87,500.00		87,500.00	9,902.52	97,402.52
3/1/2026	129,923.00		129,923.00	9,902.52	139,825.52
6/1/2026	129,923.00		129,923.00	9,902.52	139,825.52
9/1/2026	129,923.00		129,923.00	9,902.52	139,825.52
12/1/2026	129,923.00		129,923.00	9,902.52	139,825.52
3/1/2027	129,923.00		129,923.00	9,902.52	139,825.52
6/1/2027	129,923.00		129,923.00	9,902.52	139,825.52
9/1/2027	129,923.00		129,923.00	9,902.52	139,825.52
12/1/2027	129,923.00		129,923.00	9,902.52	139,825.52
3/1/2028	129,923.00		129,923.00	9,902.52	139,825.52
6/1/2028	129,923.00		129,923.00	9,902.52	139,825.52
9/1/2028	129,923.00		129,923.00	9,902.52	139,825.52
12/1/2028	129,923.00		129,923.00	9,902.52	139,825.52
3/1/2029	129,923.00		129,923.00	9,902.52	139,825.52
6/1/2029	129,923.00		129,923.00	9,902.52	139,825.52
9/1/2029	129,923.00		129,923.00	9,902.52	139,825.52
12/1/2029	129,923.00		129,923.00	9,902.52	139,825.52
3/1/2030	129,923.00		129,923.00	9,902.52	139,825.52
6/1/2030	129,923.00		129,923.00	9,902.52	139,825.52
9/1/2030	129,923.00		129,923.00	9,902.52	139,825.52
12/1/2030	129,923.00		129,923.00	9,902.52	139,825.52
3/1/2031	129,923.00		129,923.00	9,902.52	139,825.52
6/1/2031	129,923.00		129,923.00	9,902.52	139,825.52
9/1/2031	129,923.00		129,923.00	9,902.52	139,825.52
12/1/2031	129,923.00		129,923.00	9,902.52	139,825.52
3/1/2032	129,923.00		129,923.00	9,902.52	139,825.52
6/1/2032	129,923.00		129,923.00	9,902.52	139,825.52
9/1/2032	129,923.00		129,923.00	9,902.52	139,825.52
12/1/2032	129,923.00		129,923.00	9,902.52	139,825.52
3/1/2033	135,412.50		135,412.50	9,902.52	145,315.02
6/1/2033	135,412.50		135,412.50	9,902.52	145,315.02
9/1/2033	135,412.50		135,412.50	9,902.52	145,315.02
12/1/2033	135,412.50		135,412.50	9,902.52	145,315.02

Net Debt Service

City of Kingwood

CW SRF

$15,795,000

0% Interest Rate; 0.5% Administrative Fee

40 Years from Closing Date

Date	Principal	Interest	Total Debt Service	Expense	Net Debt Service
3/1/2034	137,242.00		137,242.00	9,902.52	147,144.52
6/1/2034	137,242.00		137,242.00	9,902.52	147,144.52
9/1/2034	137,242.00		137,242.00	9,902.52	147,144.52
12/1/2034	137,242.00		137,242.00	9,902.52	147,144.52
3/1/2035	137,242.00		137,242.00	9,902.52	147,144.52
6/1/2035	137,242.00		137,242.00	9,902.52	147,144.52
9/1/2035	137,242.00		137,242.00	9,902.52	147,144.52
12/1/2035	137,242.00		137,242.00	9,902.52	147,144.52
3/1/2036	137,242.00		137,242.00	9,902.52	147,144.52
6/1/2036	137,242.00		137,242.00	9,902.52	147,144.52
9/1/2036	137,242.00		137,242.00	9,902.52	147,144.52
12/1/2036	137,242.00		137,242.00	9,902.52	147,144.52
3/1/2037	137,242.00		137,242.00	9,902.52	147,144.52
6/1/2037	137,242.00		137,242.00	9,902.52	147,144.52
9/1/2037	137,242.00		137,242.00	9,902.52	147,144.52
12/1/2037	137,242.00		137,242.00	9,902.52	147,144.52
3/1/2038	137,242.00		137,242.00	9,902.52	147,144.52
6/1/2038	137,242.00		137,242.00	9,902.52	147,144.52
9/1/2038	137,242.00		137,242.00	9,902.52	147,144.52
12/1/2038	137,242.00		137,242.00	9,902.52	147,144.52
3/1/2039	117,666.50		117,666.50	9,902.52	127,569.02
6/1/2039	117,666.50		117,666.50	9,902.52	127,569.02
9/1/2039	117,666.50		117,666.50	9,902.52	127,569.02
12/1/2039	117,666.50		117,666.50	9,902.52	127,569.02
3/1/2040	87,500.00		87,500.00	9,902.52	97,402.52
6/1/2040	87,500.00		87,500.00	9,902.52	97,402.52
9/1/2040	87,500.00		87,500.00	9,902.52	97,402.52
12/1/2040	87,500.00		87,500.00	9,902.52	97,402.52
3/1/2041	87,500.00		87,500.00	9,902.52	97,402.52
6/1/2041	87,500.00		87,500.00	9,902.52	97,402.52
9/1/2041	87,500.00		87,500.00	9,902.52	97,402.52
12/1/2041	87,500.00		87,500.00	9,902.52	97,402.52
3/1/2042	87,500.00		87,500.00	9,902.52	97,402.52
6/1/2042	87,500.00		87,500.00	9,902.52	97,402.52
9/1/2042	87,500.00		87,500.00	9,902.52	97,402.52
12/1/2042	87,500.00		87,500.00	9,902.52	97,402.52
3/1/2043	87,500.00		87,500.00	9,902.52	97,402.52
6/1/2043	87,500.00		87,500.00	9,902.52	97,402.52
9/1/2043	87,500.00		87,500.00	9,902.52	97,402.52
12/1/2043	87,500.00		87,500.00	9,902.52	97,402.52

Net Debt Service

City of Kingwood

CW SRF

$15,795,000

0% Interest Rate; 0.5% Administrative Fee

Date	Principal	Interest	Total Debt Service	Expense	Net Debt Service
3/1/2044	87,500.00		87,500.00	9,902.52	97,402.52
6/1/2044	87,500.00		87,500.00	9,902.52	97,402.52
9/1/2044	87,500.00		87,500.00	9,902.52	97,402.52
12/1/2044	87,500.00		87,500.00	9,902.52	97,402.52
3/1/2045	87,500.00		87,500.00	9,902.52	97,402.52
6/1/2045	87,500.00		87,500.00	9,902.52	97,402.52
9/1/2045	87,500.00		87,500.00	9,902.52	97,402.52
12/1/2045	87,500.00		87,500.00	9,902.52	97,402.52
3/1/2046	87,500.00		87,500.00	9,902.52	97,402.52
6/1/2046	87,500.00		87,500.00	9,902.52	97,402.52
9/1/2046	87,500.00		87,500.00	9,902.52	97,402.52
12/1/2046	87,500.00		87,500.00	9,902.52	97,402.52
3/1/2047	87,500.00		87,500.00	9,902.52	97,402.52
6/1/2047	87,500.00		87,500.00	9,902.52	97,402.52
9/1/2047	87,500.00		87,500.00	9,902.52	97,402.52
12/1/2047	87,500.00		87,500.00	9,902.52	97,402.52
3/1/2048	87,500.00		87,500.00	9,902.52	97,402.52
6/1/2048	87,500.00		87,500.00	9,902.52	97,402.52
9/1/2048	87,500.00		87,500.00	9,902.52	97,402.52
12/1/2048	87,500.00		87,500.00	9,902.52	97,402.52
3/1/2049	87,500.00		87,500.00	9,902.52	97,402.52
6/1/2049	87,500.00		87,500.00	9,902.52	97,402.52
9/1/2049	87,500.00		87,500.00	9,902.52	97,402.52
12/1/2049	87,500.00		87,500.00	9,902.52	97,402.52
3/1/2050	87,500.00		87,500.00	9,902.52	97,402.52
6/1/2050	87,500.00		87,500.00	9,902.52	97,402.52
9/1/2050	87,500.00		87,500.00	9,902.52	97,402.52
12/1/2050	87,500.00		87,500.00	9,902.52	97,402.52
3/1/2051	87,500.00		87,500.00	9,902.52	97,402.52
6/1/2051	87,500.00		87,500.00	9,902.52	97,402.52
9/1/2051	87,500.00		87,500.00	9,902.52	97,402.52
12/1/2051	87,500.00		87,500.00	9,902.52	97,402.52
3/1/2052	87,500.00		87,500.00	9,902.52	97,402.52
6/1/2052	87,500.00		87,500.00	9,902.52	97,402.52
	15,795,000.00		15,795,000.00	1,505,183.04	17,300,183.04

Note: Administrative Fee of $9,002.52 is paid quarterly in addition to the principal. Total Administrative expense is $1,505,183.04

SPECIMEN

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE TOWN OF KINGWOOD
SEWER REVENUE BONDS, SERIES 2012 A
(WEST VIRGINIA SRF PROGRAM)

No. AR-1 $15,795,000

KNOW ALL MEN BY THESE PRESENTS: The 25th day of July, 2012, that THE TOWN OF KINGWOOD, a municipal corporation and political subdivision of the State of West Virginia in Preston County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY (the "Authority") or registered assigns the sum of FIFTEEN MILLION SEVEN HUNDRED NINETY FIVE THOUSAND DOLLARS ($15,795,000), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing September 1, 2014 to and including June 1, 2052 as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference. The SRF Administrative Fee of 0.5% (as defined in the hereinafter described Bond Legislation) on this Bond shall be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing September 1, 2014as set forth on EXHIBIT B attached hereto.

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

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the West Virginia Department of Environmental Protection (the "DEP"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Bond Purchase Agreement (the "Bond Purchase Agreement") by and among the Issuer, the Authority and the DEP, dated July 25, 2012.

This Bond is issued (i) to pay a portion of the Series 2009 A Bonds; (ii) to pay a portion of the costs of acquisition and construction of certain additions, betterments and improvements to the public sewerage system of the Issuer (the "Project"); and (iii) to pay certain costs of issuance of the Bonds (the "Bonds") and related costs. The public sewerage system of the Issuer, the Project, and any further additions, betterments or improvements thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13 and Chapter 22C, Article 2 of the West Virginia Code of 1931, as amended (collectively, the "Act"), a Bond Ordinance duly enacted by the Issuer on May 22, 2012, and a Supplemental Resolution and Conformed Ordinance duly adopted by the Issuer on July 10, 2012 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The

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

THERE ARE OUTSTANDING OBLIGATIONS OF THE ISSUER WHICH WILL RANK ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT BEING THE ISSUER'S: (I) SEWER REVENUE BONDS, SERIES 1986 B (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED MARCH 25, 1986, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $850,860 (THE "SERIES 1986 B BONDS"); (II) SEWER REVENUE BONDS, SERIES 2001 (WEST VIRGINIA SRF PROGRAM), DATED DECEMBER 20, 2001, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $878,181 (THE "SERIES 2001 BONDS"); AND (III) SEWER REFUNDING REVENUE BONDS, SERIES 2010 A DATED AUGUST 27, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,605,000 (THE "SERIES 2010 A BONDS"), (COLLECTIVELY, THE "PRIOR BONDS"); AND SEWER REVENUE BONDS, SERIES 2012 B (WEST VIRGINIA SRF PROGRAM), DATED JULY 25, 2012, ISSUED SIMULTANEOUSLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $300,000 (THE "SERIES 2012 B BONDS").

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System on a parity with the Series 2012 B Bonds and the Prior Bonds, and from monies in the Reserve Account created under the Bond Legislation for the Bonds (the "Series 2012 A Bonds Reserve Account"), and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest, if any, on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest, if any, hereon, except from said special fund provided from the Net Revenues, the monies in the Series 2012 A Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest, if any, on the Bonds, the Series 2012 B Bonds, Prior Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with or junior to the Bonds; provided however, that so long as there exists in the Series 2012 A Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest, if any, which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with or junior to the Bonds, an amount at least equal to the requirement therefore, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the Registered Owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the Registered Owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

Subject to the registration requirements set forth herein, this Bond is transferable, as provided in the Bond Legislation, only upon the books of the Registrar (as defined in the Bond Legislation), by the Registered Owner, or by its attorney duly authorized in writing, upon the surrender of

this Bond, together with a written instrument of transfer satisfactory to the Registrar, duly executed by the Registered Owner or its attorney duly authorized in writing.

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

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

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

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

[Remainder of Page Intentionally Blank]

IN WITNESS WHEREOF, THE TOWN OF KINGWOOD has caused this Bond to be signed by its Mayor, and its corporate seal to be hereunto affixed and attested by its Recorder, and has caused this Bond to be dated the day and year first written above.

[SEAL]

Mayor

ATTEST:

Recorder

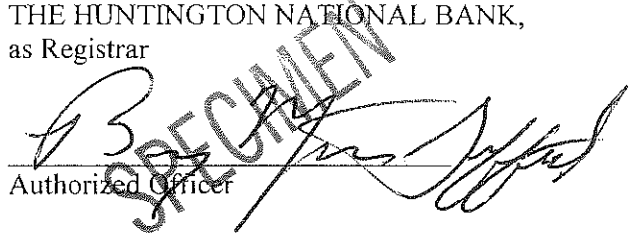
SPECIMEN

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2012 A Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the Registered Owner set forth above, as of the date set forth below.

Date: July 25, 2012.

THE HUNTINGTON NATIONAL BANK,
as Registrar



Authorized Officer

EXHIBIT A

RECORD OF ADVANCES

	AMOUNT	DATE		AMOUNT	DATE
(1)	$1,314,728	July 25, 2012	(21)	$	
(2)	$		(22)	$	
(3)	$		(23)	$	
(4)	$		(24)	$	
(5)	$		(25)	$	
(6)	$		(26)	$	
(7)	$		(27)	$	
(8)	$		(28)	$	
(9)	$		(29)	$	
(10)	$		(30)	$	
(11)	$		(31)	$	
(12)	$		(32)	$	
(13)	$		(33)	$	
(14)	$		(34)	$	
(15)	$		(35)	$	
(16)	$		(36)	$	
(17)	$		(37)	$	
(18)	$		(38)	$	
(19)	$		(39)	$	
(20)	$		(40)	$	

TOTAL $

EXHIBIT B

DEBT SERVICE SCHEDULE

Net Debt Service

City of Kingwood

CW SRF

$15,795,000

0% Interest Rate; 0.5% Administrative Fee

40 Years from Closing Date

Closing Date: 07/25/12

Date	Principal	Interest	Total Debt Service	Expense	Net Debt Service
6/1/2014					
9/1/2014	87,500.00		87,500.00	9,902.52	97,402.52
12/1/2014	87,500.00		87,500.00	9,902.52	97,402.52
3/1/2015	87,500.00		87,500.00	9,902.52	97,402.52
6/1/2015	87,500.00		87,500.00	9,902.52	97,402.52
9/1/2015	87,500.00		87,500.00	9,902.52	97,402.52
12/1/2015	87,500.00		87,500.00	9,902.52	97,402.52
3/1/2016	87,500.00		87,500.00	9,902.52	97,402.52
6/1/2016	87,500.00		87,500.00	9,902.52	97,402.52
9/1/2016	87,500.00		87,500.00	9,902.52	97,402.52
12/1/2016	87,500.00		87,500.00	9,902.52	97,402.52
3/1/2017	87,500.00		87,500.00	9,902.52	97,402.52
6/1/2017	87,500.00		87,500.00	9,902.52	97,402.52
9/1/2017	87,500.00		87,500.00	9,902.52	97,402.52
12/1/2017	87,500.00		87,500.00	9,902.52	97,402.52
3/1/2018	87,500.00		87,500.00	9,902.52	97,402.52
6/1/2018	87,500.00		87,500.00	9,902.52	97,402.52
9/1/2018	87,500.00		87,500.00	9,902.52	97,402.52
12/1/2018	87,500.00		87,500.00	9,902.52	97,402.52
3/1/2019	87,500.00		87,500.00	9,902.52	97,402.52
6/1/2019	87,500.00		87,500.00	9,902.52	97,402.52
9/1/2019	87,500.00		87,500.00	9,902.52	97,402.52
12/1/2019	87,500.00		87,500.00	9,902.52	97,402.52
3/1/2020	87,500.00		87,500.00	9,902.52	97,402.52
6/1/2020	87,500.00		87,500.00	9,902.52	97,402.52
9/1/2020	87,500.00		87,500.00	9,902.52	97,402.52
12/1/2020	87,500.00		87,500.00	9,902.52	97,402.52
3/1/2021	87,500.00		87,500.00	9,902.52	97,402.52
6/1/2021	87,500.00		87,500.00	9,902.52	97,402.52
9/1/2021	87,500.00		87,500.00	9,902.52	97,402.52
12/1/2021	87,500.00		87,500.00	9,902.52	97,402.52
3/1/2022	87,500.00		87,500.00	9,902.52	97,402.52
6/1/2022	87,500.00		87,500.00	9,902.52	97,402.52
9/1/2022	87,500.00		87,500.00	9,902.52	97,402.52
12/1/2022	87,500.00		87,500.00	9,902.52	97,402.52
3/1/2023	87,500.00		87,500.00	9,902.52	97,402.52
6/1/2023	87,500.00		87,500.00	9,902.52	97,402.52
9/1/2023	87,500.00		87,500.00	9,902.52	97,402.52
12/1/2023	87,500.00		87,500.00	9,902.52	97,402.52

Net Debt Service

City of Kingwood

CW SRF

$15,795,000

0% Interest Rate; 0.5% Administrative Fee

Date	Principal	Interest	Total Debt Service	Expense	Net Debt Service
3/1/2024	87,500.00		87,500.00	9,902.52	97,402.52
6/1/2024	87,500.00		87,500.00	9,902.52	97,402.52
9/1/2024	87,500.00		87,500.00	9,902.52	97,402.52
12/1/2024	87,500.00		87,500.00	9,902.52	97,402.52
3/1/2025	87,500.00		87,500.00	9,902.52	97,402.52
6/1/2025	87,500.00		87,500.00	9,902.52	97,402.52
9/1/2025	87,500.00		87,500.00	9,902.52	97,402.52
12/1/2025	87,500.00		87,500.00	9,902.52	97,402.52
3/1/2026	129,923.00		129,923.00	9,902.52	139,825.52
6/1/2026	129,923.00		129,923.00	9,902.52	139,825.52
9/1/2026	129,923.00		129,923.00	9,902.52	139,825.52
12/1/2026	129,923.00		129,923.00	9,902.52	139,825.52
3/1/2027	129,923.00		129,923.00	9,902.52	139,825.52
6/1/2027	129,923.00		129,923.00	9,902.52	139,825.52
9/1/2027	129,923.00		129,923.00	9,902.52	139,825.52
12/1/2027	129,923.00		129,923.00	9,902.52	139,825.52
3/1/2028	129,923.00		129,923.00	9,902.52	139,825.52
6/1/2028	129,923.00		129,923.00	9,902.52	139,825.52
9/1/2028	129,923.00		129,923.00	9,902.52	139,825.52
12/1/2028	129,923.00		129,923.00	9,902.52	139,825.52
3/1/2029	129,923.00		129,923.00	9,902.52	139,825.52
6/1/2029	129,923.00		129,923.00	9,902.52	139,825.52
9/1/2029	129,923.00		129,923.00	9,902.52	139,825.52
12/1/2029	129,923.00		129,923.00	9,902.52	139,825.52
3/1/2030	129,923.00		129,923.00	9,902.52	139,825.52
6/1/2030	129,923.00		129,923.00	9,902.52	139,825.52
9/1/2030	129,923.00		129,923.00	9,902.52	139,825.52
12/1/2030	129,923.00		129,923.00	9,902.52	139,825.52
3/1/2031	129,923.00		129,923.00	9,902.52	139,825.52
6/1/2031	129,923.00		129,923.00	9,902.52	139,825.52
9/1/2031	129,923.00		129,923.00	9,902.52	139,825.52
12/1/2031	129,923.00		129,923.00	9,902.52	139,825.52
3/1/2032	129,923.00		129,923.00	9,902.52	139,825.52
6/1/2032	129,923.00		129,923.00	9,902.52	139,825.52
9/1/2032	129,923.00		129,923.00	9,902.52	139,825.52
12/1/2032	129,923.00		129,923.00	9,902.52	139,825.52
3/1/2033	135,412.50		135,412.50	9,902.52	145,315.02
6/1/2033	135,412.50		135,412.50	9,902.52	145,315.02
9/1/2033	135,412.50		135,412.50	9,902.52	145,315.02
12/1/2033	135,412.50		135,412.50	9,902.52	145,315.02

Net Debt Service

City of Kingwood

CW SRF

$15,795,000

0% Interest Rate; 0.5% Administrative Fee

40 Years from Closing Date

Date	Principal	Interest	Total Debt Service	Expense	Net Debt Service
3/1/2034	137,242.00		137,242.00	9,902.52	147,144.52
6/1/2034	137,242.00		137,242.00	9,902.52	147,144.52
9/1/2034	137,242.00		137,242.00	9,902.52	147,144.52
12/1/2034	137,242.00		137,242.00	9,902.52	147,144.52
3/1/2035	137,242.00		137,242.00	9,902.52	147,144.52
6/1/2035	137,242.00		137,242.00	9,902.52	147,144.52
9/1/2035	137,242.00		137,242.00	9,902.52	147,144.52
12/1/2035	137,242.00		137,242.00	9,902.52	147,144.52
3/1/2036	137,242.00		137,242.00	9,902.52	147,144.52
6/1/2036	137,242.00		137,242.00	9,902.52	147,144.52
9/1/2036	137,242.00		137,242.00	9,902.52	147,144.52
12/1/2036	137,242.00		137,242.00	9,902.52	147,144.52
3/1/2037	137,242.00		137,242.00	9,902.52	147,144.52
6/1/2037	137,242.00		137,242.00	9,902.52	147,144.52
9/1/2037	137,242.00		137,242.00	9,902.52	147,144.52
12/1/2037	137,242.00		137,242.00	9,902.52	147,144.52
3/1/2038	137,242.00		137,242.00	9,902.52	147,144.52
6/1/2038	137,242.00		137,242.00	9,902.52	147,144.52
9/1/2038	137,242.00		137,242.00	9,902.52	147,144.52
12/1/2038	137,242.00		137,242.00	9,902.52	147,144.52
3/1/2039	117,666.50		117,666.50	9,902.52	127,569.02
6/1/2039	117,666.50		117,666.50	9,902.52	127,569.02
9/1/2039	117,666.50		117,666.50	9,902.52	127,569.02
12/1/2039	117,666.50		117,666.50	9,902.52	127,569.02
3/1/2040	87,500.00		87,500.00	9,902.52	97,402.52
6/1/2040	87,500.00		87,500.00	9,902.52	97,402.52
9/1/2040	87,500.00		87,500.00	9,902.52	97,402.52
12/1/2040	87,500.00		87,500.00	9,902.52	97,402.52
3/1/2041	87,500.00		87,500.00	9,902.52	97,402.52
6/1/2041	87,500.00		87,500.00	9,902.52	97,402.52
9/1/2041	87,500.00		87,500.00	9,902.52	97,402.52
12/1/2041	87,500.00		87,500.00	9,902.52	97,402.52
3/1/2042	87,500.00		87,500.00	9,902.52	97,402.52
6/1/2042	87,500.00		87,500.00	9,902.52	97,402.52
9/1/2042	87,500.00		87,500.00	9,902.52	97,402.52
12/1/2042	87,500.00		87,500.00	9,902.52	97,402.52
3/1/2043	87,500.00		87,500.00	9,902.52	97,402.52
6/1/2043	87,500.00		87,500.00	9,902.52	97,402.52
9/1/2043	87,500.00		87,500.00	9,902.52	97,402.52
12/1/2043	87,500.00		87,500.00	9,902.52	97,402.52

Net Debt Service

City of Kingwood

CW SRF

$15,795,000

0% Interest Rate; 0.5% Administrative Fee

Date	Principal	Interest	Total Debt Service	Expense	Net Debt Service
3/1/2044	87,500.00		87,500.00	9,902.52	97,402.52
6/1/2044	87,500.00		87,500.00	9,902.52	97,402.52
9/1/2044	87,500.00		87,500.00	9,902.52	97,402.52
12/1/2044	87,500.00		87,500.00	9,902.52	97,402.52
3/1/2045	87,500.00		87,500.00	9,902.52	97,402.52
6/1/2045	87,500.00		87,500.00	9,902.52	97,402.52
9/1/2045	87,500.00		87,500.00	9,902.52	97,402.52
12/1/2045	87,500.00		87,500.00	9,902.52	97,402.52
3/1/2046	87,500.00		87,500.00	9,902.52	97,402.52
6/1/2046	87,500.00		87,500.00	9,902.52	97,402.52
9/1/2046	87,500.00		87,500.00	9,902.52	97,402.52
12/1/2046	87,500.00		87,500.00	9,902.52	97,402.52
3/1/2047	87,500.00		87,500.00	9,902.52	97,402.52
6/1/2047	87,500.00		87,500.00	9,902.52	97,402.52
9/1/2047	87,500.00		87,500.00	9,902.52	97,402.52
12/1/2047	87,500.00		87,500.00	9,902.52	97,402.52
3/1/2048	87,500.00		87,500.00	9,902.52	97,402.52
6/1/2048	87,500.00		87,500.00	9,902.52	97,402.52
9/1/2048	87,500.00		87,500.00	9,902.52	97,402.52
12/1/2048	87,500.00		87,500.00	9,902.52	97,402.52
3/1/2049	87,500.00		87,500.00	9,902.52	97,402.52
6/1/2049	87,500.00		87,500.00	9,902.52	97,402.52
9/1/2049	87,500.00		87,500.00	9,902.52	97,402.52
12/1/2049	87,500.00		87,500.00	9,902.52	97,402.52
3/1/2050	87,500.00		87,500.00	9,902.52	97,402.52
6/1/2050	87,500.00		87,500.00	9,902.52	97,402.52
9/1/2050	87,500.00		87,500.00	9,902.52	97,402.52
12/1/2050	87,500.00		87,500.00	9,902.52	97,402.52
3/1/2051	87,500.00		87,500.00	9,902.52	97,402.52
6/1/2051	87,500.00		87,500.00	9,902.52	97,402.52
9/1/2051	87,500.00		87,500.00	9,902.52	97,402.52
12/1/2051	87,500.00		87,500.00	9,902.52	97,402.52
3/1/2052	87,500.00		87,500.00	9,902.52	97,402.52
6/1/2052	87,500.00		87,500.00	9,902.52	97,402.52
	15,795,000.00		15,795,000.00	1,505,183.04	17,300,183.04

Note: Administrative Fee of $9,002.52 is paid quarterly in addition to the principal. Total Administrative expense is $1,505,183.04

(Form of)

ASSIGNMENT

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

Dated: _____, 20____.

_____

In the presence of:

_____

SPECIMEN

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE TOWN OF KINGWOOD
SEWER REVENUE BONDS, SERIES 2012 B
(WEST VIRGINIA SRF PROGRAM)

No. BR-1 $300,000

KNOW ALL MEN BY THESE PRESENTS: The 25th day of July, 2012, that THE TOWN OF KINGWOOD, a municipal corporation and political subdivision of the State of West Virginia in Preston County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY (the "Authority") or registered assigns the sum of THREE HUNDRED THOUSAND DOLLARS ($300,000), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously forgiven, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference. The Series 2012 B Bonds are not subject to the SRF Administrative Fee (as defined in the hereinafter described Bond Legislation).

This Bond shall bear no interest. The principal amounts advanced under the Series 2012 B Bonds will be deemed forgiven on the 30th day of June in the fiscal year in which advanced. The Series 2012 B Bonds shall be deemed no longer Outstanding after the last advance is forgiven.

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the West Virginia Department of Environmental Protection (the "DEP"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Bond Purchase Agreement (the "Bond Purchase Agreement") by and among the Issuer, the Authority and the DEP, dated July 25, 2012.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain extensions, additions, betterments and improvements to the existing public sewerage system of the Issuer (the "Project"); and (ii) to pay certain costs of issuance hereof and related costs. The existing public sewerage system of the Issuer, the Project, and any further extensions, additions, betterments or improvements thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13 and Chapter 22C, Article 2 of the West Virginia Code of 1931, as amended (collectively, the "Act"), a Bond Ordinance duly enacted by the Issuer on May 22, 2012, and a Supplemental Resolution and Conformed Ordinance duly adopted by the Issuer on July 10, 2012 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THERE ARE OUTSTANDING OBLIGATIONS OF THE ISSUER WHICH WILL RANK ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT BEING THE ISSUER'S: (I) SEWER REVENUE BONDS, SERIES 1986 B (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED MARCH 25, 1986, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $850,860 (THE "SERIES 1986 B BONDS"); (II) SEWER REVENUE BONDS, SERIES 2001 (WEST VIRGINIA SRF PROGRAM), DATED DECEMBER 20, 2001, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $878,181 (THE "SERIES 2001 BONDS"); AND (III) SEWER REFUNDING REVENUE BONDS, SERIES 2010 A DATED AUGUST 27, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,605,000 (THE "SERIES 2010 A BONDS"), (COLLECTIVELY, THE "PRIOR BONDS"); AND SEWER REVENUE BONDS, SERIES 2012 A (WEST VIRGINIA SRF PROGRAM), DATED JULY 25, 2012, ISSUED SIMULTANEOUSLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $15,795,000 (THE "SERIES 2012 A BONDS").

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Net Revenues in favor of the Holders of the Series 2012 A Bonds and the Prior Bonds and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest, if any, on all bonds which may be issued pursuant to the Act and shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same, except from said special fund provided from the Net Revenues and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest, if any, on the Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with or junior to the Bonds, including the Series 2012 A Bonds and the Prior Bonds, and in the respective reserve accounts established for any other obligations outstanding on a parity with or junior to the Bonds, including the Series 2012 A Bonds and the Prior Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the Registered Owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the Registered Owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

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

solely to payment of the Costs of the Project and costs of issuance described in the Bond Legislation, and there shall be and hereby is created and granted a lien upon such monies, until so applied, in favor of the Registered Owner of this Bond.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Bond do exist, have happened, and have been performed in due time, form and manner as required by law, and that the amount of this Bond, together with all other obligations of the Issuer, does not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia.

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

[Remainder of Page Intentionally Blank]

IN WITNESS WHEREOF, THE TOWN OF KINGWOOD has caused this Bond to be signed by its Mayor, and its corporate seal to be hereunto affixed and attested by its Recorder, and has caused this Bond to be dated the day and year first written above.

[SEAL]

Mayor

ATTEST:

Recorder

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2012 B Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the Registered Owner set forth above, as of the date set forth below.

Date: July 25, 2012.

THE HUNTINGTON NATIONAL BANK
as Registrar

SPECIMEN

Authorized Officer

EXHIBIT A

RECORD OF ADVANCES

AMOUNT	DATE	AMOUNT	DATE
(1) $15,000	July 25, 2012	(19)	
(2)		(20)	
(3)		(21)	
(4)		(22)	
(5)		(23)	
(6)		(24)	
(7)		(25)	
(8)		(26)	
(9)		(27)	
(10)		(28)	
(11)		(29)	
(12)		(30)	
(13)		(31)	
(14)		(32)	
(15)		(33)	
(16)		(34)	
(17)		(35)	
(18)		(36)	

TOTAL $_____

(Form of)

ASSIGNMENT

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

Dated: _____, 20___.

_____

In the presence of:

_____

STEPTOE & JOHNSON PLLC
ATTORNEYS AT LAW

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

Writer's Contact Information

July 25, 2012

The Town of Kingwood
Sewer Revenue Bonds, Series 2012 A
(West Virginia SRF Program)

The Town of Kingwood
Kingwood, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

West Virginia Department of Environmental Protection
Charleston, West Virginia

Ladies and Gentlemen:

We have served as bond counsel to The Town of Kingwood (the "Issuer"), a municipal corporation and political subdivision of the State of West Virginia in connection with its $15,795,000 Sewer Revenue Bonds, Series 2012 A (West Virginia SRF Program), dated the date hereof (the "Bonds").

We have examined the law and a certified copy of proceedings and other papers relating to the authorization of (i) a Bond Purchase Agreement dated July 25, 2012, including all schedules and exhibits attached thereto (the "Bond Purchase Agreement"), by and among the Issuer, the West Virginia Water Development Authority (the "Authority"), and the West Virginia Department of Environmental Protection (the "DEP"), and (ii) the Bonds to be purchased by the Authority in accordance with the provisions of the Bond Purchase Agreement. The Bonds are issued in the principal amount of $15,795,000, in the form of one bond, bearing no interest, registered as to principal only to the Authority, with principal payable quarterly on March 1, June 1, September 1, and December 1 of each year, beginning September 1, 2014, to and including June 1, 2052 all as set forth in "Schedule Y" attached to the Bond Purchase Agreement and incorporated in and made a part of the Bonds. The Series 2012 A Bonds are subject to an SRF Administrative Fee of 0.5% of the principal amount of the Series 2012 A Bonds as set forth in the Schedule Y attached to the Bond Purchase Agreement.

The Bonds are issued for the purposes of (i) paying a portion of the Issuer's Series 2009 A Bonds; (ii) paying a portion of the costs of acquisition and construction of certain additions, betterments and improvements to the public sewerage system of the Issuer (the "Project"); and (iii) paying certain issuance and other costs in connection therewith.

We have also examined the applicable provisions of Chapter 16, Article 13 and Chapter 22C, Article 2 of the Code of West Virginia, 1931, as amended (collectively, the "Act"), and the Bond Ordinance duly enacted by the Issuer on May 22, 2012, as supplemented by the Supplemental Resolution and Conformed Ordinance duly adopted by the Issuer on July 10, 2012 (collectively, the "Bond Legislation"), pursuant to and under which Act and Bond Legislation the Bonds are authorized and issued, and the Bond Purchase Agreement has been undertaken. The Bonds are subject to redemption

prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Bond Legislation and the Bond Purchase Agreement. All capitalized terms used herein and not defined herein shall have the same meanings set forth in the Bond Legislation.

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

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

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

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

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

5. The Bonds have been duly authorized, issued, executed and delivered by the Issuer to the Authority and are valid, legally enforceable and binding special obligations of the Issuer, payable from the Net Revenues of the System and secured by a first lien on and pledge of the Net Revenues of the System, on a parity with the Issuer's: (i) Sewer Revenue Bonds, Series 1986 B (West Virginia Water Development Authority), dated March 25, 1986, issued in the original aggregate principal amount of $850,860 (the "Series 1986 B Bonds"); (ii) Sewer Revenue Bonds, Series 2001 (West Virginia SRF Program), dated December 20, 2001, issued in the original aggregate principal amount of $878,181 (the "Series 2001 Bonds"); and (iii) Sewer Refunding Revenue Bonds, Series 2010 A, dated August 27, 2010, issued in the original aggregate principal amount of $1,605,000 (the "Series 2010 A Bonds"), (collectively, the "Prior Bonds"), and Sewer Revenue Bonds, Series 2012 B (West Virginia SRF Program), dated July 25, 2012, issued simultaneously herewith, in the original aggregate principal amount of $300,000 (the "Series 2012 B Bonds"), all in accordance with the terms of the Bond Legislation.

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

7. With proceeds from the Series 2012 A Bonds and the Infrastructure Council grant, the Series 2009 A Bonds have been paid in full within the meaning and with the effect expressed in the ordinances and resolutions authorizing such Series 2009 A Bonds, and the covenants, agreements and other obligations of the Issuer to the owners of such Series 2009 A Bonds have been satisfied and discharged. In rendering the opinion set forth in this paragraph, we have relied upon the receipt of payment from the Municipal Bond Commission, the paying agent of the Series 2009 A Bonds that they have received payment for the entire outstanding principal of and all interest accrued thereon on the date hereof and that such Series 2009 A Bonds have been paid in full.

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

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

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

Very truly yours,

STEPTOE & JOHNSON PLLC

485090.00007

STEPTOE & JOHNSON PLLC
ATTORNEYS AT LAW

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Writer's Contact Information

July 25, 2012

The Town of Kingwood
Sewer Revenue Bonds, Series 2012 B
(West Virginia SRF Program)

The Town of Kingwood
Kingwood, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

West Virginia Department of Environmental Protection
Charleston, West Virginia

Ladies and Gentlemen:

We have served as bond counsel to The Town of Kingwood (the "Issuer"), a municipal corporation and political subdivision of the State of West Virginia in connection with its $300,000 Sewer Revenue Bonds, Series 2012 B (West Virginia SRF Program), dated the date hereof (the "Bonds").

We have examined the law and a certified copy of proceedings and other papers relating to the authorization of (i) a Bond Purchase Agreement dated July 25, 2012, including all schedules and exhibits attached thereto (the "Bond Purchase Agreement"), among the Issuer, the West Virginia Water Development Authority (the "Authority"), and the West Virginia Department of Environmental Protection (the "DEP"), and (ii) the Bonds to be purchased by the Authority in accordance with the provisions of the Bond Purchase Agreement. The Bonds are issued in the principal amount of $300,000 in the form of one bond, bearing no interest, registered as to principal only to the Authority, with the principal amounts advanced under the Series 2012 B Bonds being deemed forgiven on the 30th day of June in the fiscal year in which advanced. The Series 2012 B Bonds shall be deemed no longer Outstanding after the last advance is forgiven. The Series 2012 B Bonds are not subject to the SRF Administrative Fee.

The Bonds are issued for the purposes of (i) paying a portion of the costs of acquisition and construction of certain additions, betterments and improvements to the public sewerage system of the Issuer (the "Project"); and (ii) paying certain issuance and other costs in connection therewith.

We have also examined the applicable provisions of Chapter 16, Article 13 and Chapter 22C, Article 2 of the Code of West Virginia, 1931, as amended (collectively, the "Act"), and the Bond Ordinance duly enacted by the Issuer on May 22, 2012, as supplemented by the Supplemental Resolution and Conformed Ordinance duly adopted by the Issuer on July 10, 2012 (collectively, the "Bond Legislation"), pursuant to and under which Act and Bond Legislation the Bonds are authorized and issued, and the Bond Purchase Agreement has been undertaken. The Bonds are subject to redemption

prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Bond Legislation and the Bond Purchase Agreement. All capitalized terms used herein and not defined herein shall have the same meanings set forth in the Bond Legislation.

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

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

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

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

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

5. The Bonds have been duly authorized, issued, executed and delivered by the Issuer to the Authority and are valid, legally enforceable and binding special obligations of the Issuer, payable from the Net Revenues of the System and secured by a first lien on and pledge of the Net Revenues of the System, on a parity with the Issuer's: (i) Sewer Revenue Bonds, Series 1986 B (West Virginia Water Development Authority), dated March 25, 1986, issued in the original aggregate principal amount of $850,860 (the "Series 1986 B Bonds"); (ii) Sewer Revenue Bonds, Series 2001 (West Virginia SRF Program), dated December 20, 2001, issued in the original aggregate principal amount of $878,181 (the "Series 2001 Bonds"); and (iii) Sewer Refunding Revenue Bonds, Series 2010 A, dated August 27, 2010, issued in the original aggregate principal amount of $1,605,000 (the "Series 2010 A Bonds"), (collectively, the "Prior Bonds"), and Sewer Revenue Bonds, Series 2012 A (West Virginia SRF Program), dated July 25, 2012, issued simultaneously herewith in the original aggregate principal amount of $15,795,000 (the "Series 2012 A Bonds"), all in accordance with the terms of the Bond Legislation.

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

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

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

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

Very truly yours,



STEPTOE & JOHNSON PLLC

485090.00007

5708916

Sheila Kae Williams

ATTORNEY AT LAW

GARDEN TOWERS, SUITE 314
202 TUNNELTON STREET
Kingwood, West Virginia 26537

(304) 329-1173
(304) 329-1203 FAX

July 25, 2012

The Town of Kingwood
Sewer Revenue Bonds, Series 2012 A; and
Sewer Revenue Bonds, Series 2012 B
(West Virginia SRF Program)

The Town of Kingwood
Kingwood, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

West Virginia Department of Environmental Protection
Charleston, West Virginia

Ladies and Gentlemen:

I am counsel to The Town of Kingwood in Preston County, West Virginia (the "Issuer"). As such counsel, I have examined copies of the approving opinions of Steptoe & Johnson PLLC, as bond counsel, a Bond Purchase Agreement for the Bonds dated July 25, 2012, including all schedules and exhibits attached thereto, by and among the Issuer, the West Virginia Water Development Authority (the "Authority") and the West Virginia Department of Environmental Protection (the "DEP") (the " Bond Purchase Agreement"), a Bond Ordinance duly enacted by the Issuer on May 22, 2012, as supplemented by a Supplemental Resolution and Conformed Ordinance duly adopted by the Issuer on July 10, 2012 (collectively, the "Bond Legislation"), a Petition of the Sanitary Board dated March 21, 2012, and other documents relating to the above-captioned Bonds of the Issuer (the "Bonds"). All capitalized terms used herein and not otherwise defined herein shall have the same meaning set forth in the Bond Legislation and the Bond Purchase Agreement when used herein.

I am of the opinion that:

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

2. The Bond Purchase Agreement has been duly authorized, executed and delivered by the Issuer and, assuming due authorization, execution and delivery by the other parties thereto, constitutes a valid and binding agreement of the Issuer, enforceable in accordance with its terms.

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

and effect.

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

5. The Issuer has received all permits, licenses, approvals, consents, exemptions, orders, certificates and authorizations necessary for the issuance of the Bonds, the acquisition and construction of the Project, the operation of the System and the imposition of rates and charges for use of the System, including, without limitation, the receipt of all requisite orders and approvals from the DEP and the Public Service Commission of West Virginia and has taken any other action required for the imposition of such rates and charges, including, without limitation, the enactment of a sewer ordinance prescribing such sewer rates and charges dated October 26, 2010 as amended by Recommended Decision on Remand dated March 2, 2012 which became a Final Order on March 22, 2012 in Case No. 10-1800-S-MA of the Public Service Commission of West Virginia, which, among other things, approved a certificate of public convenience and necessity for the Project, approved rates for the System and approved the financing for the Project. The time for appeal of the Order has expired prior to the date hereof without any appeal and the Order remains in full force and effect.

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

7. I have ascertained that all successful bidders have provided the drug-free workplace affidavit, submitted their drug- free workplace plan and the contracts contain language that complies with the Drug- Free Workplace Act, Article 1D, Chapter 21 of the West Virginia Code. I have also ascertained that all successful bidders have made required provisions for all insurance and payment and performance bonds and such insurance policies or binders and such bonds have been verified for accuracy. Based upon my review of the submitted bids, the surety bonds or other evidence of insurance coverage in connection with the bids, I am of the opinion that such surety bonds and policies (1) are in compliance with the project bidding specifications and requirements; (2) are adequate in form, substance and amount to protect the various interests of the Issuer; (3) have been executed by duly authorized representatives of the proper parties; (4) meet the requirements of the Act, the Bond Legislation and the Bond Purchase Agreement; and (5) all such documents constitute valid and legally binding obligations of the parties thereto in accordance with the terms, conditions and provisions thereof.

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

Sincerely,

Sheila Kae Williams

Sheila Kae Williams, Esquire

Sheila Kae Williams

ATTORNEY AT LAW

GARDEN TOWERS, SUITE 314
202 TUNNELTON STREET
Kingwood, West Virginia 26537

(304) 329-1173
(304) 329-1203 FAX

July 25, 2012

West Virginia Department of
Environmental Protection
601 57th Street, S.E.
Charleston, WV

West Virginia Infrastructure
Council
180 Association Drive
Charleston, WV

Re: Final Title Opinion for the City of Kingwood, West Virginia, Sewer Plant Upgrades, Conversion of Grinder Pump System to Gravity Flow and WV Route 7 Sewerline Extension

Dear Ladies and Gentlemen:

The undersigned represents the Kingwood Sewer Board and the City of Kingwood (the "City"), with regard to a proposed project to perform sewer plant upgrades, convert a grinder pump system to gravity flow and extend a sewerline along WV Route 7 (the "Project") with the use of Department of Environmental Protection (DEP) funds and provides this final title opinion on behalf of the City to satisfy the requirements of WVDEP for the Project. Please be advised of the following:

1. I am of the opinion that the City of Kingwood is a duly created and validly existing municipality possessed with all of the powers and authority granted to municipalities under the laws of the State of West Virginia to construct, operate and maintain the Project as approved by the DEP.

2. I have investigated and ascertained the location of, and am familiar with the legal description of, the necessary sites, including easements and/or rights of way, required for the Project as set forth in the plans for the Project and Schedule of Line Easements as prepared by Thrasher Engineering, the consulting engineers for the Project.

3. I have examined the records on file in the Office of the Clerk of the County Commission of Preston County, West Virginia, the county in which the Project is to be located, and, in my opinion, based upon the Schedule of Line Easements and site requirements prepared by Thrasher Engineering, the City has acquired legal title or such other estate or interest in all of the required and necessary site components for the Project, as well as having acquired legal title or such other estate or interest

necessary for easements and/or rights of way, as set forth in the plans for the Project, sufficient to assure undisturbed use and possession for the purpose of construction, operation and maintenance for the estimated life of the Project. All rights of way were obtained voluntarily, with the exception of eight rights of way which were obtained by condemnation and the entry of a Right of Entry Order by the Circuit Court of Preston County which Orders were recorded in the office of the Clerk of the County Commission of Preston County.

4. All easements and rights of way which have been acquired to date by the City have been duly recorded in the Office of the Clerk of the County Commission of Preston County, West Virginia, to protect the legal title to and interest of the City.

5. That the City has obtained all necessary permits and approvals for the construction of the Project or has permit applications submitted to the appropriate agencies, in accordance with information provided by the City's engineering firm, Thrasher Engineering.

If you have any questions regarding any of the information contained in this preliminary title opinion, or need anything further, please do not hesitate to let me know.

Very truly yours,

Sheila Kae Williams

SKW/skw

THE TOWN OF KINGWOOD

Sewer Revenue Bonds, Series 2012 A; and
Sewer Revenue Bonds, Series 2012 B
(West Virginia SRF Program)

GENERAL CERTIFICATE OF ISSUER AND ATTORNEY ON:

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

We, the undersigned MAYOR and RECORDER of The Town of Kingwood in Preston County, West Virginia (the "Issuer"), and the undersigned COUNSEL to the ISSUER, hereby certify this 25th day of July, 2012, in connection with the Issuer's Sewer Revenue Bonds, Series 2012 A (West Virginia SRF Program), issued in the original aggregate principal amount of $15,795,000 (the "Series 2012 A Bonds"), and Sewer Revenue Bonds, Series 2012 B (West Virginia SRF Program), issued in the original aggregate principal amount of $300,000 (the "Series 2012 B Bonds"), both dated the date hereof (collectively, the "Bonds" or the "Series 2012 Bonds"), as follows:

1. TERMS: All capitalized words and terms used in this General Certificate and not otherwise defined herein shall have the same meaning as set forth in the Bond Ordinance of the Issuer

duly enacted May 22, 2012 and the Supplemental Resolution and Conformed Ordinance duly adopted July 10, 2012 (collectively, the "Bond Legislation").

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

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

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

Upon payment of the Series 2009 A Bonds, the Issuer will have the following outstanding obligations which will rank on a parity with the Series 2012 Bonds as to liens, pledge, source of and security for payment, being the Issuer's: (i) Sewer Revenue Bonds, Series 1986 B (West Virginia Water Development Authority), dated March 25, 1986, issued in the original aggregate principal amount of $850,860 (the "Series 1986 B Bonds"); (ii) Sewer Revenue Bonds, Series 2001 (West Virginia SRF Program), dated December 20, 2001, issued in the original aggregate principal amount of $878,181 (the "Series 2001 Bonds"); and (iii) Sewer Refunding Revenue Bonds, Series 2010 A, dated August 27, 2010, issued in the original aggregate principal amount of $1,605,000 (the "Series 2010 A Bonds"), (collectively, the "Prior Bonds").

The Series 2012 Bonds shall be issued on a parity with the Prior Bonds with respect to liens, pledge and source of and security for payment and in all respects. Prior to the issuance of the Series 2012 Bonds, the Issuer will obtain: (i) a certificate of an Independent Certified Public Accountant stating that the coverage and parity tests of the Prior Bonds are met; and (ii) the written consent of the Holders of the Series 1986 B Bonds and Series 2001 Bonds, to the issuance of the Series 2012 Bonds on a parity with the Series 1986 B Bonds and Series 2001 Bonds. The Series 2010 A Bonds do not require consent. Other than the Prior Bonds, there are no outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System. The Issuer is in compliance with the covenants of the Prior Bonds and the Prior Ordinances.

5. CERTIFICATION OF COPIES OF DOCUMENTS: The copies of the below-listed documents hereto attached or delivered herewith or heretofore delivered are true, correct and

complete copies of the originals of the documents of which they purport to be copies, and such original documents are in full force and effect and have not been repealed, rescinded, amended or changed in any way unless modification appears from later documents also listed below:

Bond Ordinance

Supplemental Resolution and Conformed Ordinance

Bond Purchase Agreement

Public Service Commission Orders

Infrastructure and Jobs Development Council Approval

Charter and Rules of Procedure

Oaths of Office of Officers and Councilmembers

Ordinance Creating Sanitary Board and Oaths of Members

Petition of Sanitary Board

Sewer Rate Ordinance

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

Minutes on Adoption and Enactment of Sewer Rate Ordinance

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

Minutes on Adoption and Enactment of Bond Ordinance, Supplemental Resolution and Conformed Ordinance

NPDES Permit

Evidence of Insurance

Prior Bond Ordinances

Consent of WDA

West Virginia Infrastructure and Jobs Development Council Grant

Receipt and Release of Series 2009 A Bonds

6. INCUMBENCY AND OFFICIAL NAME: The proper corporate title of the Issuer is the "The Town of Kingwood." The Issuer 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 Issuer is its Council, consisting of a Mayor, Recorder and five (5) councilmembers,

all duly elected or appointed, as applicable, qualified and acting, and whose names and dates of commencement and termination of current terms of office are as follows:

Name			Commencement Date	Termination Date
James G. Lobb	-	Mayor	07/01/2011	07/01/2013
William Robertson	-	Recorder	07/01/2011	07/01/2013
Michael Loughry	-	Councilmember	07/01/2011	07/01/2013
James Maier	-	Councilmember	07/01/2011	07/01/2013
James Shaffer	-	Councilmember	07/01/2011	07/01/2013
Jeff Zigray	-	Councilmember	07/01/2011	07/01/2013
Jean Guillot	-	Councilmember	07/01/2012	07/01/2013

The duly elected or appointed members of the Sanitary Board for 2012 are as follows:

Name

James G. Lobb, Chairman
Jacob Evans, PE
William Rosier

The duly appointed and acting Counsel to the Issuer is Sheila Williams, Esquire, Kingwood, West Virginia.

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

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

9. CONTRACTORS' INSURANCE, ETC.: All contractors have been required to maintain Workers' Compensation, public liability and property damage insurance, and builder's risk insurance where applicable, in accordance with the Bond Legislation. The successful bidders have provided the Drug-Free Workplace Affidavit as evidence of compliance with the provisions of Article 1D, Chapter 21 of the West Virginia Code. All insurance for the System required by the Bond Legislation and Bond Purchase Agreement is in full force and effect.

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

The Issuer will serve the additional customers at the location(s) as set forth in Certificate of Engineer. The Issuer will not reduce the amount of additional customers served by the project without the prior written approval of the Board of the Water Development Authority (the "Authority"). Following completion of the Project the Issuer will certify to the Authority the number of customers added to the System.

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

12. VERIFICATION OF SCHEDULE: The final Schedule B attached to the Certificate of Consulting Engineer, accurately represents the estimated Costs of the Project, the sources of funds available to pay the Costs of the Project and the costs of financing of the Bonds.

13. RATES: The Issuer has duly adoped a sewer rate ordinance on October 26, 2010 as amended by Recommended Decision dated November 7, 2011 which became Final Order on March 22, 2012 in Case No. 10-1800-S-MA of the Public Service Commission of West Virginia, setting rates and charges for the services of the System. The time for appeal of such sewer rate ordinance has expired prior to the date hereof without any appeal, and such rates are currently effective.

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

15. BOND PROCEEDS: A. On the date hereof, the Issuer received $1,314,728 from the Authority and the DEP, being a portion of the principal amount of the Series 2012 A Bonds. The balance of the principal amount of the Bonds will be advanced to the Issuer as acquisition and construction of the Project progresses.

B. On the date hereof, the Issuer received $15,000 from the Authority and the DEP, being a portion of the principal amount of the Series 2012 B Bonds. The balance of the principal amount of the Bonds will be advanced to the Issuer as acquisition and construction of the Project progresses.

16. PUBLICATION AND PUBLIC HEARING ON BOND ORDINANCE: Upon adoption of the Bond Ordinance, an abstract thereof, determined by the Governing Body to contain sufficient information as to give notice of the contents thereof, was published once each week for 2 successive weeks, with not less than 6 full days between each publication, the first such publication occurring not less than 10 days before the date stated below for the public hearing, in the *Preston County Journal*, a qualified newspaper published and of general circulation in The Town of Kingwood, together with a notice to all persons concerned, stating that the Bond Ordinance had been adopted and that the Issuer contemplated the issuance of the Bonds described in such Bond Ordinance, stating that any person interested may appear before the Governing Body at the public hearing held at a public meeting of Governing Body on the 22nd day of May, 2012, at 7:00 pm, at the Town Hall and present protests, and stating that a certified copy of the Bond Ordinance was on file at the office of the Recorder of the Issuer for review by interested parties during the office hours of the Issuer. At such hearing all objections and suggestions were heard by the Governing Body and the Bond Ordinance became finally adopted, enacted and effective as of the date of such public hearing, and remains in full force and effect.

17. PUBLIC SERVICE COMMISSION ORDERS: The Issuer has received all orders and approvals from the Public Service Commission of West Virginia, including the Recommended Decision entered on March 2, 2012, which became Final Order on March 22, 2012 and CPA Affidavit dated July 10, 2012 in Case No. 11-0257-S-CN, among other things, granting to the Issuer a certificate of convenience and necessity for the Project and approving the financing for the Project. The time for appeal of such Final Order has expired prior to the date hereof without any appeal. The Order remains in full force and effect.

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

19. CONFLICT OF INTEREST: No member, officer or employee of the Issuer or the Sanitary Board has a substantial financial interest, direct, indirect or by reason of ownership of stock in any corporation, in any contract with the Issuer or in the sale of any land, materials, supplies or services to the Issuer or to any contractor supplying the Issuer, relating to the Bonds, the Bond Legislation and/or the Project, including, without limitation, with respect to the Depository Bank. For purposes of this paragraph, a "substantial financial interest" shall include, without limitation, an interest amounting to more than 5% of the particular business enterprise or contract.

20. GRANTS: The West Virginia Infrastructure and Jobs Development Council grant in the amount of $200,000, is herby fully committed.

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

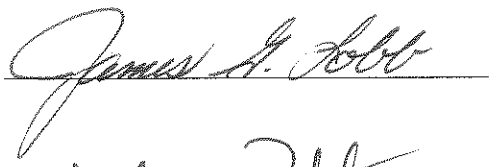
22. CLEAN WATER ACT: The Project as described in the Bond Ordinance complies with Sections 208 and 303(e) of the Clean Water Act.

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

[Remainder of Page Intentionally Blank]

WITNESS our signatures and the official seal of The Town of Kingwood on the day and year first written above.

[CORPORATE SEAL]

SIGNATURE	OFFICIAL TITLE
	Mayor
	Recorder
	Counsel to the Issuer

485090.00007

THE TOWN OF KINGWOOD

Sewer Revenue Bonds, Series 2012 A; and
Sewer Revenue Bonds, Series 2012 B
(West Virginia SRF Program)

CERTIFICATE OF ENGINEER

I, Matthew W. Fluharty, Registered Professional Engineer, West Virginia License No. 016375, of Thrasher Engineering, Inc., Clarksburg, West Virginia, hereby certify this 25th day of July, 2012, as follows:

1. My firm is engineer for the acquisition and construction of certain extensions, additions, betterments and improvements (the "Project") to the existing sewerage system (the "System") of The Town of Kingwood (the "Issuer"), to be constructed in Preston County, West Virginia, which acquisition and construction are being permanently financed by the proceeds of the above-captioned bonds (collectively, the "Bonds") of the Issuer. Capitalized terms used herein and not defined herein shall have the same meaning set forth in the Bond Ordinance enacted by the Issuer on May 22, 2012, as supplemented by the Supplemental Resolution and Conformed Ordinance of the Issuer adopted July 10, 2012 (collectively, the "Bond Legislation") and the Bond Purchase Agreement for the Series 2012 Bonds, by and among the Issuer, the Authority and the West Virginia Department of Environmental Protection (the "DEP"), dated July 25, 2012 (the "Bond Purchase Agreement").

2. The Bonds are being issued (i) to pay a portion of the Issuer's Series 2009 A Bonds; (ii) to pay a portion of the costs of acquisition and construction of the Project; and (iii) to pay certain costs of issuance and related costs.

3. To the best of my knowledge, information and belief, (i) within the limits and in accordance with the applicable and governing contractual requirements relating to the Project, the Project will be constructed in general accordance with the approved plans, specifications and designs prepared by my firm and approved by the DEP, and the Authority and any change orders approved by the Issuer, the Authority, the DEP and all necessary governmental bodies; (ii) the Project, as designed, is adequate for its intended purpose and has a useful life of at least 40 years, if properly constructed, operated and maintained, excepting anticipated replacements due to normal wear and tear; (iii) the Issuer has received bids for the acquisition and construction of the Project which are in an amount and otherwise compatible with the plan of financing set forth in the Schedule B attached hereto as Exhibit A and Sheila Williams, Esquire, counsel to the Issuer, will ascertain that all successful bidders have made required provisions for all insurance and payment and performance bonds and such insurance policies or binders and such bonds will be verified for accuracy; (iv) the successful bidders received any and all addenda to the original bid documents; (v) the successful bidders have provided the Drug-Free Workplace Affidavit as evidence of the Vendor's compliance with the provisions of Article 1D, Chapter 21 of the West Virginia Code; (vi) the bid documents relating to the Project reflect the Project as approved by the DEP and the bid forms provided to the bidders contain the critical operational components of the Project; (vii) the successful bids include prices for every item on such bid forms; (viii) the uniform bid procedures were followed; (ix) the Issuer has obtained all permits required by the laws of the State of West Virginia and the United States

necessary for the acquisition and construction of the Project and operation of the System; (x) the net proceeds of the Bonds, together with all other monies on deposit or to be simultaneously deposited and irrevocably pledged thereto and the proceeds of grants, if any, irrevocably committed therefor, are sufficient to pay the costs of acquisition and construction of the Project approved by the DEP; and (xi) attached hereto as Exhibit A is the final amended "Schedule B - Final Total Cost of Project, Sources of Funds and Cost of Financing" for the Project.

4. The Project has been designed to, and the construction contracts provide for, sewer service for up to 106 new customers in the Route 7 area.

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WITNESS my signature and seal on the day and year first written above.

THRASHER ENGINEERING, INC.

(SEAL)



Matthew W. Fluharty, P.E.
West Virginia License No. 016375

485090.00007

5708957

Kingwood
Schedule B
IJDC # 2007S-998

Post - Bid
July 5, 2012

A. COST OF PROJECT	TOTAL	WDA Design Loan (Series 2009)	Total Project	SRF Loan	SRF DF	IJDC Grant
1 Construction						
Contract 1	2,905,345.00	0.00	2,905,345.00	2,905,345.00	0.00	0.00
Contract 2	2,555,067.00	0.00	2,555,067.00	2,555,067.00	0.00	0.00
Contract 3	2,359,348.00	0.00	2,359,348.00	2,359,348.00	0.00	0.00
Contract 4	5,148,430.00	0.00	5,148,430.00	4,863,430.00	285,000.00	0.00
Contingency 5.2%	668,932.00	0.00	668,932.00	668,932.00	0.00	0.00
2 Technical Services [Thrasher]						
a Planning	55,000.00	55,000.00	0.00	0.00	0.00	0.00
b. Design	775,000.00	375,000.00	400,000.00	400,000.00	0.00	0.00
c. Bidding & negotiating	25,000.00	0.00	25,000.00	25,000.00	0.00	0.00
d Inspection/Post Construction Services	775,000.00	0.00	775,000.00	775,000.00	0.00	0.00
e. Additional services	385,000.00	67,500.00	317,500.00	317,500.00	0.00	0.00
f. CSO Long Term Control Plan	42,900.00	42,900.00	0.00	0.00	0.00	0.00
3 Legal [Williams]						
a Legal Services	136,122.00	24,442.00	111,680.00	39,988.00	0.00	71,692.00
b. Appraisals	57,950.00	47,950.00	10,000.00	0.00	0.00	10,000.00
c. Recording Fees	10,743.00	7,243.00	3,500.00	0.00	0.00	3,500.00
4 Accounting [Hardesty]	15,000.00	425.00	14,575.00	14,575.00	0.00	0.00
5 Administrative	60,000.00	25,000.00	35,000.00	35,000.00	0.00	0.00
6 Permits and Fees	60,000.00	0.00	60,000.00	60,000.00	0.00	0.00
7 Sites and Lands						
a. Acquisitions	62,208.00	4,800.00	57,408.00	0.00	0.00	57,408.00
b. Region VI activities related to Lands	80,000.00	37,890.00	42,110.00	42,110.00	0.00	0.00
c. Appraisals (Chico)	63,000.00	31,000.00	32,000.00	0.00	0.00	32,000.00
8 Design Loan Closing Costs	5,500.00	5,500.00	0.00	0.00	0.00	0.00
Paid on Design Loan (Reserve & Revenue Funds incl)	(21,545.00)	(21,545.00)	0.00	0.00	0.00	0.00
WDA Design Loan		703,105.00	703,105.00	677,705.00	0.00	25,400.00
9 Sub Total (Lines 1 thru 8)	16,224,000.00		16,224,000.00	15,739,000.00	285,000.00	200,000.00
B. COST OF FINANCING						
10 Funded Reserve	0.00		0.00	0.00	0.00	0.00
11 Capitalized Interest	0.00		0.00	0.00	0.00	0.00
12 Registrar	1,000.00		1,000.00	500.00	500.00	0.00
13 Bond Counsel [S&J]	70,000.00		70,000.00	55,500.00	14,500.00	0.00
14 Cost of Financing (lines 10 through 13)	71,000.00		71,000.00	56,000.00	15,000.00	0.00
15 TOTAL PROJECT COST line 9 plus line 14	16,295,000.00		16,295,000.00	15,795,000.00	300,000.00	200,000.00
C. SOURCES OF OTHER FUNDS						
16 Federal Grants	0.00		0.00	0.00	0.00	0.00
17 State Grants (IJDC)	200,000.00		200,000.00	0.00	0.00	200,000.00
18 Other Grants	0.00		0.00	0.00	0.00	0.00
19 TOTAL GRANTS Lines 16 through 18	200,000.00		200,000.00	0.00	0.00	200,000.00
20 Size of Bond Issue (line 15 minus Line 19)	16,095,000.00		16,095,000.00	15,795,000.00	300,000.00	0.00

The Town of Kingwood — Date 7/12/2012

Thrasher Engineering — Date 7/19/2012

ROGER HARDESTY & ASSOCIATES, AC

CERTIFIED PUBLIC ACCOUNTANTS

420 MORGANTOWN STREET
KINGWOOD, WV 26537

PHONE (304) 329-1351
FAX (304) 329-1352

July 25, 2012
The Town of Kingwood
Sewer Revenue Bonds, Series 2012 A; and
Sewer Revenue Bonds, Series 2012 B
(West Virginia SRF Program)

The Town of Kingwood
Kingwood, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

West Virginia Department of Environmental Protection
Charleston, West Virginia

Ladies and Gentlemen:

Based upon the rates and charges set forth in the sewer rate ordinance of The Town of Kingwood (the "Issuer"), enacted October 26, 2010 as amended by Recommended Decision on Remand dated March 2, 2012 which became a Final Order on March 22, 2012 in Case No. 10-1800-S-MA of the Public Service Commission of West Virginia and projected operation and maintenance expenses and anticipated customer usage as furnished to me by Thrasher Engineering, Inc., the Consulting Engineer to the Issuer, it is my opinion that such rates and charges will be sufficient to provide revenues which, together with other revenues of the sewerage system (the "System") of the Issuer, will pay all repair, operation and maintenance expenses of the System and leave a balance each year equal to at least 115% of the maximum amount required in any year for debt service on the Issuer's Sewer Revenue Bonds, Series 2012 A (West Virginia SRF Program) in the original aggregate principal amount of $15,795,000; and Sewer Revenue Bonds, Series 2012 B (West Virginia SRF Program) in the original aggregate principal amount of $300,000 (collectively, the "Series 2012 Bonds"), and all other obligations secured by a lien on or payable from such revenues, including the Issuer's: (i) Sewer Revenue Bonds, Series 1986 B (West Virginia Water Development Authority), dated March 26, 1986, issued in the original aggregate principal amount of $850,860 (the "Series 1986 B Bonds"); (ii) Sewer Revenue Bonds, Series 2001 (West Virginia SRF Program), dated December 20, 2001, issued in the original aggregate principal amount of $878,181 (the "Series 2001 Bonds"); and (iii) Sewer Refunding Revenue Bonds, Series 2010 A dated August 27, 2010, issued in the original aggregate principal amount of $1,605,000 (the "Series 2010 A Bonds"), (collectively, the "Prior Bonds").

It is our further opinion that the Net Revenues actually derived from the System during any 12 consecutive months, within the 18 months immediately preceding the date of the actual issuance of the Series 2012 Bonds, plus the estimated average increased annual Net Revenues to be received in each of the 3 succeeding years after the completion of the improvements to be financed by the Series 2012 Bonds, if any, are not less than 115% of the largest aggregate amount that will mature and become due in any succeeding fiscal year for the principal of and interest on the Series 2012 A Bonds and the Prior Bonds.

Very truly yours,

Roger Hardesty & Assoc. AC

Roger Hardesty & Associates, AC

5708970

THE TOWN OF KINGWOOD

Sewer Revenue Bonds, Series 2012 A; and
Sewer Revenue Bonds, Series 2012 B
(West Virginia SRF Program)

CERTIFICATE AS TO USE OF PROCEEDS

The undersigned Mayor of The Town of Kingwood in Preston County, West Virginia (the "Issuer"), being the official of the Issuer duly charged with the responsibility for the issuance of $15,795,000 Sewer Revenue Bonds, Series 2012 A (West Virginia SRF Program), of the Issuer, dated July 25, 2012 (the "Series 2012 A Bonds"), and $300,000 Sewer Revenue Bonds, Series 2012 B (West Virginia SRF Program), of the Issuer, dated July 25, 2012 (the "Series 2012 B Bonds"), (collectively, the "Bonds" or the "Series 2012 Bonds"), on this 25th day of July, 2012, hereby certifies as follows:

1. I am the officer of the Issuer duly charged with the responsibility of issuing the Bonds. I am familiar with the facts, circumstances and estimates herein certified and duly authorized to execute and deliver this certificate on behalf of the Issuer. Capitalized terms used herein and not otherwise defined herein shall have the meanings set forth in the Bond Ordinance duly enacted by the Issuer on May 22, 2012, as supplemented by the Supplemental Resolution and Conformed Ordinance duly adopted by the Issuer on July 10, 2012 (the "Bond Legislation"), authorizing the Bonds.

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

3. This certificate is based upon facts, circumstances, estimates and expectations of the Issuer in existence on July 25, 2012, the date on which the Bonds are being physically delivered in exchange for an initial advance of $1,314,728, being a portion of the principal amount of the Series 2012 A Bonds, and $15,000, being a portion of the principal amount of the Series 2012 B Bonds and to the best of my knowledge and belief, the expectations of the Issuer set forth herein are reasonable.

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

5. The Series 2012 A Bonds were sold on July 25, 2012, to the Authority, pursuant to a Bond Purchase Agreement dated July 25, 2012, by and among the Issuer, the Authority and the DEP, for an aggregate purchase price of $15,795,000 (100% of par), at which time, the Issuer received $1,314,728 from the Authority and the DEP, being the first advance of the principal amount of the Series 2012 A Bonds. No accrued interest has been or will be paid on the Series 2012 A Bonds. The balance of

the principal amount of the Series 2012 A Bonds will be advanced to the Issuer as acquisition and construction of the Project progresses.

6. The Series 2012 B Bonds were sold on July 25, 2012, to the Authority, pursuant to a Bond Purchase Agreement dated July 25, 2012, by and among the Issuer, the Authority and the DEP, for an aggregate purchase price of $300,000 (100% of par), at which time, the Issuer received $15,000 from the Authority and the DEP, being the first advance of the principal amount of the Series 2012 B Bonds. No accrued interest has been or will be paid on the Series 2012 B Bonds. The balance of the principal amount of the Series 2012 B Bonds will be advanced to the Issuer as acquisition and construction of the Project progresses.

7. The Series 2012 Bonds are being delivered simultaneously with the delivery of this certificate and are issued for the purposes of (i) paying a portion of the Issuer's Series 2009 A Bonds; (ii) paying a portion of the costs of acquisition and construction of certain additions, betterments and improvements to the existing public sewerage system of the Issuer (the "Project"); and (iii) paying certain costs of issuance of the Bonds and related costs.

8. Within 30 days after the delivery of the Bonds, the Issuer shall enter into agreements which require the Issuer to expend at least 5% of the net sale proceeds of the Bonds on the Project, constituting a substantial binding commitment. The acquisition and construction of the Project and the allocation of the net sale proceeds of the Bonds to expenditures of the Project shall commence immediately and shall proceed with due diligence to completion, and with the exception of proceeds deposited in the Series 2012 A Bonds Reserve Account, if any, all of the proceeds from the sale of the Bonds, together with any investment earnings thereon, will be expended for payment of Costs of the Project on or before June 1, 2014. The acquisition and construction of the Project is expected to be completed by December 1, 2013

9. The total Cost of the Project is estimated at $16,295,000. Sources and uses of funds for the Project are as follows:

SOURCES	
Proceeds of the Series 2012 A Bonds	$15,795,000.00
Proceeds of the Series 2012 B Bonds	$ 300,000.00
WVIJDC Grant	$ 200,000.00
Total Sources	$16,295,000.00

USES	
Costs of Acquisition and Construction of the Project	$15,520,895.00
Payment of Series 2009 A Bonds	$703,105.00
Costs of Issuance	$71,000.00
Total Uses	$16,295,000.00

10. Pursuant to Article V of the Bond Legislation, the following special funds or accounts have been created or continued relative to the Series 2012 Bonds:

(1) Revenue Fund;

(2) Renewal and Replacement Fund;

(3) Series 2012 Bonds Construction Trust Fund;

(4) Series 2012 A Bonds Sinking Fund; and

(5) Series 2012 A Bonds Reserve Account.

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

(1) Series 2012 A Bonds proceeds in the amount of $-0- will be deposited in the Series 2012 A Bonds Sinking Fund to cover capitalized interest.

(2) Series 2012 A Bonds proceeds in the amount of $-0- will be deposited in the Series 2012 A Bonds Reserve Account.

(3) Series 2012 A Bonds proceeds in the amount of $677,705 and Infrastructure Council grant proceeds in the amount of $25,400 will be deposited with the Commission to pay the Series 2009 A Bonds.

(4) The balance of the proceeds of the Series 2012 A Bonds will be deposited in the Series 2012 Bonds Construction Trust Fund as received from time to time and applied solely to payment of Costs of the Project, including costs of issuance of the Series 2012 A Bonds and related costs.

(5) The proceeds of the Series 2012 B Bonds will be deposited in the Series 2012 Bonds Construction Trust Fund as received from time to time and applied solely to payment of Costs of the Project, including costs of issuance of the Series 2012 B Bonds and related costs.

12. Monies held in the Series 2012 A Bonds Sinking Fund will be used solely to pay principal of and interest on, if any, the Series 2012 A Bonds and will not be available to meet costs of acquisition and construction of the Project. All investment earnings on monies in the Series 2012 A Bonds Sinking Fund and Series 2012 A Bonds Reserve Account, if any, will be withdrawn therefrom and deposited into the Series 2012 Bonds Construction Trust Fund during construction of the Project, and following completion of the Project, will be deposited, not less than once each year, in the Revenue Fund, and such amounts will be applied as set forth in the Bond Legislation.

13. Work with respect to the acquisition and construction of the Project will proceed with due diligence to completion. The acquisition and construction of the Project is expected to be completed within 16 months of the date hereof.

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

15. With the exception of the amount deposited in the Series 2012 A Bonds Reserve Account, if any, all of the proceeds of the Bonds will be expended on the Project within 24 months from the date of issuance thereof.

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

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

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

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

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

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

22. The Bonds are not federally guaranteed.

23. The Issuer has retained the right to amend the Bond Legislation authorizing the issuance of the Bonds if such amendment is necessary to assure that the Bonds remain public purpose or governmental bonds.

24. The Issuer has either (a) funded the Series 2012 A Bonds Reserve Account at the maximum amount of principal and interest which will mature and become due on the Bonds in the then current or any succeeding year with the proceeds of the Bonds, or (b) created the Series 2012 A Bonds Reserve Account which will be funded with equal payments made on a monthly basis over a 10-year period until such Series 2012 A Bonds Reserve Account holds an amount equal to the maximum amount of principal and interest which will mature and become due on the Bonds in the then current or any succeeding year. Monies in the Series 2012 A Bonds Reserve Account and the Series 2012 A Bonds Sinking Fund will be used solely to pay principal of and interest on the Bonds and will not be available to pay Costs of the Project.

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

26. To the best of my knowledge, information and belief, there are no other facts,

estimates and circumstances which would materially change the expectations herein expressed.

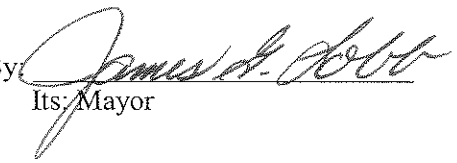
27. The Issuer will comply with instructions as may be provided by the Authority, at any time, regarding use and investment of proceeds of the Bonds, rebates and rebate calculations.

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

[Remainder of Page Intentionally Blank]

WITNESS my signature on the day and year first above written.

THE TOWN OF KINGWOOD

By: 
Its: Mayor

485090.00007

5708986

WV MUNICIPAL BOND COMMISSION
1207 Quarrier Street
Suite 401
Charleston, WV 25301
(304) 558-3971

NEW ISSUE REPORT FORM

Date of Report: July 25, 2012

ISSUE: The Town of Kingwood
Sewer Revenue Bonds, Series 2012 A (West Virginia SRF Program)

ADDRESS: 313 Tunnelton Street, Kingwood, West Virginia 26537 COUNTY: Preston

PURPOSE OF ISSUE:
New Money: X
Refunding:

ISSUE DATE: July 25, 2012
ISSUE AMOUNT: $15,795,000
1ST DEBT SERVICE DUE: 9/1/2014
1ST DEBT SERVICE AMOUNT $87,500

REFUNDS ISSUE(S) DATED: NA
CLOSING DATE:
RATE: 0% 0.5% Admin Fee
1ST PRINCIPAL DUE 9/1/2014
PAYING AGENT: Municipal Bond Commission

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

CLOSING BANK:
Bank: WesBanco Bank, Inc.
Contact: Lori
Phone: 304.329.1060 x2111

KNOWLEDGEABLE ISSUER CONTACT
Contact: James Lobb
Position: Mayor
Phone: 304.329.1225

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

ESCROW TRUSTEE:
Firm:
Contact:
Phone:

OTHER:
Agency: West Virginia Department of Environmental Protection
Contact: Rosalie Brodersen
Position: Program Manager
Phone: 304.926.0499 x 1608

DEPOSITS TO MBC AT CLOSE
By: ____ Wire ____ Check

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

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

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

NOTES: The Series 2012 A Bonds Reserve Account will be monthly and the Issuer has also covenanted to transfer the Series 1986 B Bonds Reserve Account, the Series 2001 Bonds reserve Account and the Series 2010 Bonds Reserve Account upon maturity of the Series 1986 B Bonds, Series 2001 Bonds and Series 2010 A Bonds respectively.

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

WV MUNICIPAL BOND COMMISSION
1207 Quarrier Street
Suite 401
Charleston, WV 25301
(304) 558-3971

NEW ISSUE REPORT FORM

Date of Report: July 25, 2012

ISSUE: The Town of Kingwood
Sewer Revenue Bonds, Series 2012 B (West Virginia SRF Program)

ADDRESS: 313 Tunnelton Street, Kingwood, West Virginia 26537 COUNTY: Preston

PURPOSE OF ISSUE:
New Money: x
Refunding:

REFUNDS ISSUE(S) DATED: NA

ISSUE DATE: July 25, 20[illegible]

CLOSING DATE: July 25, 2012

ISSUE AMOUNT: $300,000

RATE: 0% (no admin fee)

1ST DEBT SERVICE DUE: 100% forgivable

1ST PRINCIPAL DUE 100% forgivable

1ST DEBT SERVICE AMOUNT 100% forgivable

PAYING AGENT: Municipal Bond Commission

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

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

CLOSING BANK:
Bank: WesBanco
Contact: Lori
Phone: 304.329.1060 x2111

ESCROW TRUSTEE:
Firm:
Contact:
Phone:

KNOWLEDGEABLE ISSUER CONTACT
Contact: James Lobb
Position: Mayor
Phone: 304.329.1225

OTHER:
Agency: West Virginia Department of Environmental Protection
Contact: Rosalie Brodersen
Position: Program Manager
Phone: 304.926.0499 x1608

DEPOSITS TO MBC AT CLOSE
By: ____ Wire ____ Check

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

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

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

NOTES: Series 2012 B Bonds are forgivable. No accounts are created at the Municipal Bond Commission

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

THE TOWN OF KINGWOOD

Sewer Revenue Bonds, Series 2012 A; and
Sewer Revenue Bonds, series 2012 B
(West Virginia SRF Program)

ACCEPTANCE OF APPOINTMENT AS DEPOSITORY BANK

WesBanco Bank, Inc., Kingwood, West Virginia, hereby accepts appointment as Depository Bank in connection with a Bond Ordinance of The Town of Kingwood (the "Issuer") enacted by the Issuer on May 22, 2012, and a Supplemental Resolution and Conformed Ordinance adopted by the Issuer on July 10, 2012 (collectively, the "Bond Legislation"), authorizing issuance of the Issuer's Sewer Revenue Bonds, Series 2012 A (West Virginia SRF Program), dated July 25, 2012, issued in the original aggregate principal amount of $15,795,000; and Sewer Revenue Bonds, Series 2012 B (West Virginia SRF Program), dated July 25, 2012, issued in the original aggregate principal amount of $300,000 (collectively, the "Bonds"), and agrees to serve as Depository Bank in connection with the Bonds, all as set forth in the Bond Legislation.

WITNESS my signature on this 25th day of July, 2012.

WESBANCO BANK, INC

By: _____
Its: Authorized Officer

485090.00007

5709011

THE TOWN OF KINGWOOD

Sewer Revenue Bonds, Series 2012 A; and
Sewer Revenue Bonds, Series 2012 B
(West Virginia SRF Program)

ACCEPTANCE OF DUTIES AS REGISTRAR

The Huntington National Bank, Charleston, West Virginia, hereby accepts appointment as Registrar in connection with The Town of Kingwood Sewer Revenue Bonds, Series 2012 A (West Virginia SRF Program), dated July 25, 2012, in the aggregate principal amount of $15,795,000 and Sewer Revenue Bonds, Series 2012 B (West Virginia SRF Program), dated July 25, 2012, in the aggregate principal amount of $300,000 (collectively, the "Series 2012 Bonds"), and agrees to perform all duties of Registrar in connection with the Series 2012 Bonds, all as set forth in the Bond Legislation authorizing issuance of the Series 2012 Bonds.

WITNESS my signature on this 25th day of July, 2012.

THE HUNTINGTON NATIONAL BANK

By: _____
Its: Authorized Officer

485090.00007

5709012

THE TOWN OF KINGWOOD

Sewer Revenue Bonds, Series 2012 A; and
Sewer Revenue Bonds, Series 2012 B
(West Virginia SRF Program)

CERTIFICATE OF REGISTRATION OF BONDS

THE HUNTINGTON NATIONAL BANK, Charleston, West Virginia, as Registrar under the Bond Legislation and Registrar's Agreement providing for the above-captioned Bonds of The Town of Kingwood (the "Issuer"), hereby certifies that on the date hereof, the single, fully registered Sewer Revenue Bonds, Series 2012 A (West Virginia SRF Program), of the Issuer, dated July 25, 2012, in the principal amount of $15,795,000, numbered AR-1, and the single, fully registered Sewer Revenue Bonds, Series 2012 B (West Virginia SRF Program), of the Issuer, dated July 25, 2012, in the principal amount of $300,000, numbered BR-1, were registered as to principal only in the name of "West Virginia Water Development Authority" in the books of the Issuer kept for that purpose at our office, by a duly authorized officer on behalf of The Huntington National Bank, as Registrar.

WITNESS my signature on this 25th day of July, 2012.

THE HUNTINGTON NATIONAL BANK

By: _____
Its: Authorized Officer

485090.00007

THE TOWN OF KINGWOOD

Sewer Revenue Bonds, Series 2012 A; and
Sewer Revenue Bonds, Series 2012 B
(West Virginia SRF Program)

REGISTRAR'S AGREEMENT

THIS REGISTRAR'S AGREEMENT, dated as of the 25th day of July, 2012, by and between THE TOWN OF KINGWOOD, a municipal corporation and political subdivision of the State of West Virginia (the "Issuer"), and THE HUNTINGTON NATIONAL BANK, Charleston, West Virginia (the "Registrar").

WHEREAS, the Issuer has, contemporaneously with the execution hereof, issued and sold its $15,795,000 Sewer Revenue Bonds, Series 2012 A (West Virginia SRF Program), and $300,000 Sewer Revenue Bonds, Series 2012 B (West Virginia SRF Program), in fully registered form (the "Bonds"), pursuant to a Bond Ordinance of the Issuer duly enacted May 22, 2012, and a Supplemental Resolution and Conformed Ordinance of the Issuer duly adopted July 10, 2012 (collectively, the "Bond Legislation");

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

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

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

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

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

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

other information and reports as the Issuer may from time to time reasonably require.

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

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

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

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

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

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

REGISTRAR: The Huntington National Bank
One Huntington Square
Charleston, West Virginia 25301
Attention: Corporate Trust Department

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

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

10. This document may be executed in one or more counterparts each of which shall be deemed an original and all of which shall constitute but one and the same document.

[Remainder of Page Intentionally Blank]

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

THE TOWN OF KINGWOOD

By: _____
Its: Mayor

THE HUNTINGTON NATIONAL BANK

By: _____
Its: Authorized Officer

485090.00007

5709015

EXHIBIT A

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

SCHEDULE OF COMPENSATION

(See attached)

IC-2
(03/11)

GRANT AGREEMENT
(2007D-998)

This Grant Agreement entered into by and between the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY (the "Authority"), at the direction of the WEST VIRGINIA INFRASTRUCTURE AND JOBS DEVELOPMENT COUNCIL (the "Council"), and THE TOWN OF KINGWOOD (the "Governmental Agency").

RECITALS

WHEREAS, the Council has authorized the Authority to make a grant to the Governmental Agency in the amount not to exceed $200,000 (the "Grant") for the purposes of the design, acquisition or construction of a project for which a preliminary application has been submitted and approved by the Council;

WHEREAS, the Governmental Agency wishes to accept the Grant upon such terms and conditions as are hereinafter set forth for the purposes of designing, acquiring or constructing the project described in Exhibit A attached hereto and incorporated herein by reference (the "Project");

WHEREAS, this Grant Agreement sets forth the Council, the Authority and the Governmental Agency's understandings and agreements with regard to the Grant.

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

TERMS

1. Prior to the distribution of the Grant, the Governmental Agency shall provide the Authority with a Project budget and an anticipated monthly draw schedule reflecting the receipt dates and amounts from other funding sources. The Project budget shall not be amended unless the Governmental Agency has received the prior written consent of the Council.

2. The Authority shall advance the Council's share of the Project costs from the Grant from time to time upon receipt of a requisition evidencing the costs incurred, which requisition must be satisfactory to the Authority. Unless agreed to by the Council prior to the commencement of construction, the Grant shall be the last dollars expended on the Project.

3. The monthly requisition will also set forth (i) the amounts requested for that requisition period from all other funding agencies, and (ii) the amounts advanced for the Project to date from all other funding agencies.

4. The Governmental Agency will use the proceeds of the Grant only for the purposes specifically set forth in Exhibit A.

5. The Authority shall wire the approved requisition amount using the wiring instructions provided in Exhibit B, unless the Council and Authority are provided replacement instructions in writing.

6. The Governmental Agency shall comply with and is bound by the Council's rules set forth as Title 167, Series 1 and more particularly Section 5.9 with respect to the sale of the Project.

7. The Governmental Agency acknowledges that the Grant may be reduced, from time to time, to reflect actual Project costs and availability of other funding.

8. The Governmental Agency shall list the Grant provided by the Authority and the Council in any press release, publication, program bulletin, sign or other public communication that references the Project, including but not limited to any program document distributed in conjunction with any groundbreaking or dedication of the Project.

9. This Grant Agreement shall be governed by the laws of the State of West Virginia.

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

THE TOWN OF KINGWOOD

By: _____
Its: Mayor
Date: July 25, 2012

(SEAL)

Attest: _____

Its: Recorder

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

By: _____
Its: Executive Director
Date: July 25, 2012

(SEAL)

Attest: _____

Its: Authorized Officer

Exhibit A

Project Description

The Project consists of the acquisition and construction of certain extensions, additions, betterments and improvements to the existing public sanitary sewer system, consisting of improvements to the existing collection and treatment system including upgrades to the plant, replacing an existing pressure sewer system with gravity collection system, replacement of a lift station, construction of two new lift stations and an extension of sewer service along Route 7, and all related appurtenances.

Number of Proposed New Customers to Be Served: 106
Location: Route 7 area



THE TOWN OF KINGWOOD

Sewerage System Design Revenue Bonds, Series 2009 A
(West Virginia Water Development Authority)

RECEIPT AND RELEASE

The undersigned duly authorized representative of the Municipal Bond Commission, Charleston, West Virginia, as the Holder of The Town of Kingwood's Sewerage System Design Revenue Bonds, Series 2009 A (West Virginia Water Development Authority), dated January 30, 2009, issued in the original aggregate principal amount of $742,650 (the "Series 2009 A Bonds") hereby certifies that it has this day received the sum of $703,105.00 on behalf of The Town of Kingwood and that such sum, together with the balance of the Series 2009 A Bonds Sinking Fund in the amount of $8,568.22 and the Series 2009 A Bonds Reserve Fund in the amount of $7,107.23, is sufficient to pay in full the entire outstanding principal of and all interest accrued on the Series 2009 A Bonds, to the date hereof and to discharge the liens, pledges and encumbrances securing the Series 2009 A Bonds.

Dated this 25th day of July, 2012.

MUNICIPAL BOND COMMISSION

By: _____
Its: Authorized Officer

SWEEP RESOLUTION

The Town of Kingwood

WHEREAS, The Town of Kingwood (the "Issuer") is a governmental body and political subdivision of West Virginia;

WHEREAS, the Issuer has issued bonds, as more specifically set forth on Exhibit A, attached hereto and incorporated herein by reference (the "Bonds");

WHEREAS, the Issuer makes or will make monthly debt service payments on and transfers reserve funds for the Bonds by check to the West Virginia Municipal Bond Commission (the "MBC") which in turn pays the owners of the Bonds and deposits funds in the reserve accounts;

WHEREAS, the MBC may accept such monthly payments by electronic funds transfer, thereby eliminating delay in payments and lost checks;

WHEREAS, the Issuer finds and determines that it is in the best interest of the Issuer, its citizens and the owners of the Bonds that the monthly debt service and reserve fund payments be made by electronic funds transfer with the State Treasurer sweeping the Issuer's account.

NOW THEREFORE BE IT RESOLVED AS FOLLOWS:

1) The monthly debt service payments on and reserve funds for the Bonds, as set forth in Exhibit A, shall be made to the MBC by an electronic transfer by the State Treasurer from the accounts set forth in Exhibit A in such form and at such directions as are provided by the MBC.

2) The Mayor, Clerk and Recorder are hereby authorized to sign and execute all such documents as are necessary to facilitate the electronic transfer of the Bond debt service and reserve fund payments.

3) This resolution shall be effective immediately upon adoption.

Adopted this 10th day of July, 2012.

Mayor

Recorder

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, transportion and treatment of liquid or solid wastes, sewage or industrial wastes, in its entirety or any integral part thereof, and shall include the existing facilities, the Project and any further additions, betterments and improvements thereto hereafter constructed or acquired for said system from any sources whatsoever.

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

"Trustee" means the banking institution designated as trustee for the Noteholders under the Indenture, its successors and assigns.

"WDA Grant" means the grant from the West Virginia Water Development Authority pursuant to the commitment therefor.

Words importing singular number shall include the plural number in each case and vice versa; words importing persons shall include firms and corporations; and words importing the masculine, feminine or neutral gender shall include any other gender.

ARTICLE II

AUTHORIZATION OF CONSTRUCTION AND ACQUISITION OF THE PROJECT

Section 2.01. Authorization of Construction and Acquisition of the Project. There is hereby authorized the construction and acquisition of the Project, at an estimated cost of $10,395,833, in accordance with the plans and specifications which have been prepared by the Consulting Engineers, heretofore filed in the office of the Governing Body. The proceeds of the Notes and the Bonds hereby authorized shall be applied as provided in Article IV of the Indenture (if Notes are issued) and Article VI hereof, respectively.

ARTICLE III

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

Section 3.01. Authorization of Bonds. For the purpose of paying Costs of the Project not otherwise provided for and paying certain costs of issuance and related costs, and for such other purposes as may be set forth in the Supplemental Resolution, there shall be issued negotiable Original Bonds of the Issuer, in an aggregate principal amount of not more than $3,000,000. Said Bonds shall be issued in two series, to be designated respectively, "Sewer Revenue Bonds, Series 1986 A," in the aggregate principal amount of not more than $2,000,000, and "Sewer Revenue Bonds, Series 1986 B," in the aggregate principal amount of $1,000,000, and shall have such terms as set forth hereinafter and in the Supplemental Resolution. Such Original Bonds shall be issued contemporaneously with or prior to issuance of the Notes. The proceeds of the Bonds (excluding accrued interest) remaining after capitalization of interest, if any, and payment of the costs of issuance thereof and related costs shall be deposited in the Bond Construction Trust Fund established by Section 5.01 hereof.

Section 3.02. Terms of Bonds. The Bonds shall bear interest at such rate or rates, not exceeding 12% per annum, or such other rate as shall then be the legal maximum, payable semiannually on such dates; shall mature on such dates and in such amounts; and shall be redeemable, in whole or in part, all as the Issuer shall prescribe in a Supplemental Resolution. The Bonds shall be payable as to principal at the office of the Commission, through a Paying Agent or Paying Agents selected by the original purchaser or purchasers thereof, in any coin or currency which, on the dates of payment of principal is legal tender for the payment of public or private debts under the laws of the United States of America, or by wire transfer or such other method as shall be satisfactory to the Issuer, the Paying Agent and the Bondholder. Interest on the Bonds, shall be paid by check or draft mailed to the registered owner thereof at the address as it appears on the books of the Bond Registrar.

Unless otherwise provided by the Supplemental Resolution, the Original Bonds shall be issued in the form of a single bond for each series, fully registered to the Authority, with a payment record attached, representing the aggregate principal amount of each series, and shall mature in principal installments, all as provided in the Supplemental Resolution. The Bonds of each series shall be exchangeable at the option and expense of the Holder for other fully registered Bonds of the same series in aggregate principal amount

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

Subsequent series of Bonds may be issued in fully registered form, in the denomination of $5,000 or any integral multiple thereof, all as determined by a Supplemental Resolution. The registered Bonds shall be dated as of the date specified in a Supplemental Resolution and shall bear interest from such date.

Section 3.03. Execution of Bonds. The Bonds shall be executed in the name of the Issuer by the Mayor, and the seal of the Issuer shall be affixed thereto or imprinted thereon and attested by the Recorder. In case any one or more of the officers who shall have signed or sealed any of the Bonds shall cease to be such officer of the Issuer before the Bonds so signed and sealed have been actually sold and delivered, such Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bonds had not ceased to hold such office. Any Bonds may be signed and sealed on behalf of the Issuer by such person as at the actual time of the execution of such Bonds shall hold the proper office in the Issuer, although at the date of such Bonds such person may not have held such office or may not have been so authorized.

Section 3.04. Authentication and Registration. No Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under this Bond Legislation unless and until the Certificate of Authentication on such Bond, substantially in the forms set forth in Section 3.09 shall have been manually executed by the Bond Registrar. Any such executed Certificate of Authentication upon any such Bond shall be conclusive evidence that such Bond has been authenticated, registered, if applicable, and delivered under this Bond Legislation. The Certificate of Authentication on any Bond shall be deemed to have been executed by the Bond Registrar if manually signed by an authorized officer of the Bond Registrar, but it shall not be necessary that the same officer sign the Certificate of Authentication on all of the Bonds issued hereunder.

Section 3.05. Negotiability, Transfer and Registration. Subject to the provisions for transfer of registration set forth below, the Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder, in accepting any of said Bonds shall be conclusively deemed to have agreed that such Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial

Code of the State of West Virginia, and each successive Holder shall further be conclusively deemed to have agreed that said Bonds shall be incontestable in the hands of a bona fide holder for value in the manner provided hereinafter in the form of said Bonds.

So long as any of the Bonds remain outstanding, the Issuer, through the Bond Registrar, shall keep and maintain books for the registration and transfer of the Bonds.

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

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

Section 3.06. Bonds Mutilated, Destroyed, Stolen or Lost. In any case any Bond shall become mutilated or be destroyed, stolen or lost, the Issuer may, in its discretion, issue, and the Registrar shall, if so advised by the Issuer, authenticate and deliver, a new Bond of the same series and of like tenor as the Bonds so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond, upon surrender and cancellation of such mutilated Bond, or in lieu of and substitution for the Bond destroyed, stolen or lost, and upon the Holder's furnishing satisfactory indemnity and complying with such other reasonable regulations and conditions as the Issuer may prescribe and paying such expenses as the Issuer and the Bond Registrar may incur. All Bonds so surrendered shall be cancelled by the Bond Registrar and held for the account of the Issuer. If any such Bond shall have matured or be about to mature, instead of issuing a substitute Bond, the Issuer may pay the same,

upon being indemnified as aforesaid, and if such Bond be lost, stolen or destroyed, without surrender thereof.

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

Section 3.08. Bonds Secured by Pledge of Net Revenues; Series 1986 B Bonds to be Junior and Subordinate to Series 1986 A Bonds. The payment of the debt service of all the Series 1986 A Bonds shall be secured forthwith equally and ratably with each other by a first lien on the Net Revenues derived from the System. The payment of the debt service of all the Series 1986 B Bonds shall also be secured forthwith equally and ratably with each other by a lien on the Net Revenues derived from the System, but junior and subordinate to the lien on such Net Revenues in favor of the Holders of the Series 1986 A Bonds. Such Net Revenues in an amount sufficient to pay the principal of and interest on and other payments for the Bonds and to make the payments into the Sinking Fund and the Reserve Account therein hereinafter established, are hereby irrevocably pledged to the payment of the principal of and interest on the Bonds as the same become due.

Section 3.09. Form of Original Bonds. The text of the Series 1986 A Bonds and the Series 1986 B Bonds, respectively, shall be in substantially the following forms, with such omissions, insertions and variations as may be necessary and desirable and authorized or permitted hereby, or by any Supplemental Resolution adopted prior to the issuance thereof:

[Form of Series 1986 A Bond]

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

No. R-____ $_____

KNOW ALL MEN BY THESE PRESENTS: That the CITY OF KINGWOOD, a municipal corporation of the State of West Virginia in Preston County of said State, (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to West Virginia Water Development Authority or registered assigns (the "Payee") the sum of _____ ($_____), in installments on October 1 of each year as set forth on the "Schedule of Annual Debt Service" attached as Exhibit A hereto and incorporated herein by reference with interest on each installment at the rate per annum set forth on said Exhibit A.

The interest rate on each installment shall run from the original date of delivery of this Bond to the Payee and payment therefor, and until payment of such installment, and such interest shall be payable on April 1 and October 1 in each year beginning October 1, 1986. Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, or by wire transfer or such other method as shall be satisfactory to the Issuer, the Registrar and the Payee, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia, through Kanawha Valley Bank, N.A., Charleston, West Virginia, as registrar and paying agent (the "Registrar"). The interest on this Bond is payable by check or draft mailed to the registered owner hereof at the address as it appears on the books of the Registrar on the 15th day of the month preceding an interest payment date.

This Bond may be redeemed prior to its stated date of maturity in whole or in part at any time, but only with the express written consent of, and upon the terms and conditions prescribed by, West Virginia Water Development Authority.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain new sewage treatment and collection facilities of the Issuer (the "Project") and (ii) to pay certain costs of issuance hereof and related costs. This Bond is

issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13 of the West Virginia Code of 1931, as amended (the "Act"), an Ordinance duly enacted by the Issuer on the 25th day of March, 1986, and a Supplemental Resolution adopted by the Issuer on the 25th day of March, 1986 (collectively called the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

This Bond is issued contemporaneously with the Sewer Revenue Bonds, Series 1986 B, of the Issuer (the "Series 1986 B Bonds") issued in the aggregate principal amount of $850,860, which Series 1986 B Bonds are junior and subordinate with respect to liens and sources of and security for payment to the Bonds of this series.

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, moneys in the Reserve Account created under the Bond Legislation for the Bonds of this Series (the "Series 1986 A Bonds Reserve Account"), and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest thereon except from said special fund provided from the Net Revenues, the moneys in the Series 1986 A Bonds Reserve Account and unexpended Bond proceeds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the amount required to pay the maximum amount due in any ensuing fiscal year of principal of and interest on all obligations payable from such revenues, provided however, that so long as there exists in the Series 1986 A Bonds Reserve Account and the reserve account or accounts established for the Series 1986 B Bonds or any other obligations outstanding prior to or on a parity with the Series 1986 A or Series 1986 B Bonds, sufficient moneys to pay the maximum amount of principal and interest which will become due on all obligations payable from such net revenues in any succeeding fiscal year, such

percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

This Bond is transferable, as provided in the Bond Legislation, only upon the books of the Registrar by the Payee, or by its attorney duly authorized in writing, upon the surrender of this Bond together with a written instrument of transfer satisfactory to the Bond Registrar duly executed by the Payee or its attorney duly authorized in writing.

This Bond, under the provision of the Act is, and has all the qualities and incidents of a negotiable instrument under the Uniform Commercial Code of the State of West Virginia.

All money received from the sale of this Bond, after reimbursement and repayment of all amounts advanced for preliminary expenses as provided by law, shall be applied solely to the payment of the Costs of the Project described in the Bond Legislation or to the appurtenant sinking fund, and there shall be and hereby is created and granted a lien upon such moneys, until so applied, in favor of the Payee.

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

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

IN WITNESS WHEREOF, the CITY OF KINGWOOD has caused this Bond to be signed by its Mayor and its corporate seal to be hereunto affixed or imprinted hereon and attested by its Recorder, and has caused this Bond to be dated _____, 1986.

Date: _____

[SEAL]

_____
Mayor

ATTEST:

_____
Recorder

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 1986 A Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above.

Date: _____

KANAWHA VALLEY BANK, N.A.,
as Bond Registrar

By _____
Its Authorized Officer

EXHIBIT A

SCHEDULE OF ANNUAL DEBT SERVICE

[Form of Assignment]

FOR VALUE RECEIVED the undersigned sells, assigns, and transfers unto

the within Bond and does hereby irrevocably constitute and appoint _____, Attorney to transfer the said Bond on the books kept for registration of the within Bond of the said Issuer with full power of substitution in the premises.

Dated: _____, _____.

_____

In the presence of:

_____

[Form of Series 1986 B Bond]

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

No. R-____ $_____

KNOW ALL MEN BY THESE PRESENTS: That the CITY OF KINGWOOD, a municipal corporation of the State of West Virginia in Preston County of said State, (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to West Virginia Water Development Authority or registered assigns (the "Payee") the sum of _____ ($_____), in _____ equal annual installments of $_____ each, on October 1 of each year as set forth on the "Schedule of Annual Debt Service" attached as Exhibit A hereto and incorporated herein by reference, without interest.

Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, or by wire transfer or such other method as shall be satisfactory to the Issuer, the Registrar and the Payee, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia, through Kanawha Valley Bank, N.A., Charleston, West Virginia, as registrar and paying agent (the "Registrar").

This Bond may be redeemed prior to its stated date of maturity in whole or in part of any time, but only with the express written consent of, and upon the terms and conditions prescribed by, West Virginia Water Development Authority.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain new sewerage treatment and collection facilities of the Issuer (the "Project") and (ii) to pay certain costs of issuance hereof and related costs. This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13 of the West Virginia Code of 1931, as amended (the "Act"), an Ordinance duly enacted by the Issuer on the 25th day of March, 1986, and a Supplemental Resolution adopted by the Issuer on the 25th day of March, 1986 (collectively called the ""Bond Legislation"), and is subject to all the terms and

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

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System after there has first been paid from said Net Revenues all payments then due and owing on the Series 1986 A Bonds herein described, moneys in the Reserve Account created under the Bond Legislation for the Bonds of this Series (the "Series 1986 B Bonds Reserve Account"), and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same except from said special fund provided from the Net Revenues, the moneys in the Series 1986 B Bonds Reserve Account and unexpended Bond proceeds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the amount required to pay the maximum amount due in any ensuing fiscal year of principal of and interest on all obligations payable from such revenues, provided however, that so long as there exists in the Series 1986 B Bonds Reserve Account and the reserve account or accounts established for the Series A Bonds or any other obligations prior to or on a parity with the Series 1986 A or Series 1986 B Bonds, sufficient moneys to pay the maximum amount of principal and interest which will become due on all obligations payable from such net revenues in any succeeding fiscal year, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

This Bond is transferable, as provided in the Bond Legislation, only upon the books of the Registrar by the Payee, or by its attorney duly authorized in writing, upon the surrender of this Bond together with a written instrument of transfer

satisfactory to the Bond Registrar duly executed by the Payee or its attorney duly authorized in writing.

This Bond, under the provision of the Act is, and has all the qualities and incidents of, a negotiable instrument under the Uniform Commercial Code of the State of West Virginia.

All money received from the sale of this Bond, after reimbursement and repayment of all amounts advanced for preliminary expenses as provided by law, shall be applied solely to the payment of the Costs of the Project described in the Bond Legislation or to the appurtenant sinking fund, and there shall be and hereby is created and granted a lien upon such moneys, until so applied, in favor of the holder of the Bonds, which lien is subordinate to the lien thereon in favor of the holders of the Series 1986 A Bonds.

THIS BOND IS JUNIOR AND SUBORDINATE WITH RESPECT TO LIENS, PLEDGES AND SOURCES OF AND SECURITY FOR PAYMENT TO THE OUTSTANDING SEWER REVENUE BONDS, SERIES 1986 A, OF THE ISSUER, ISSUED CONCURRENTLY HEREWITH AND DESCRIBED IN THE BOND LEGISLATION (THE "SERIES 1986 A BONDS").

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

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

IN WITNESS WHEREOF, the CITY OF KINGWOOD has caused this Bond to be signed by its Mayor and its corporate seal to be hereunto affixed or imprinted hereon and attested by its Recorder, and has caused this Bond to be dated _____, 1986.

[SEAL]

_____
Mayor

ATTEST:

_____
Recorder

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 1986 B Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above.

Date: _____

KANAWHA VALLEY BANK, N.A.,
as Bond Registrar

By _____
Its Authorized Officer

EXHIBIT A

SCHEDULE OF ANNUAL DEBT SERVICE

[Form of Assignment]

FOR VALUE RECEIVED the undersigned sells, assigns, and transfers unto

the within Bond and does hereby irrevocably constitute and appoint _____, Attorney to transfer the said Bond on the books kept for registration of the within Bond of the said Issuer with full power of substitution in the premises.

Dated: _____, _____.

_____

In the presence of:

_____

Section 3.10. Sale of Original Bonds; Execution of Loan Agreement with Authority. The Original Bonds shall be sold to the Authority, pursuant to the terms and conditions of the Loan Agreement. If not so authorized by previous resolution, the Mayor is specifically authorized and directed to execute the Loan Agreement in the form attached hereto as "Exhibit B" and made a part hereof, and the Recorder is directed to affix the seal of the Issuer, attest the same and deliver the Loan Agreement to the Authority.

ARTICLE IV

INTERIM CONSTRUCTION FINANCING

Section 4.01. Authorization and General Terms. In order to pay certain Costs of the Project pending receipt of the Grant Receipts, the Issuer may issue and sell its Notes in the aggregate principal amount of not to exceed $5,000,000. The Notes may be in the form of grant anticipation notes or as evidence of a line of credit from a commercial bank, at the discretion of the Issuer, and as shall be set forth in a resolution supplemental hereto. The Notes shall bear interest from the date or dates, at such rate or rates, payable on such dates and shall mature on such date or dates and be subject to such prepayment or redemption, all as provided in the Indenture or supplemental resolution.

Section 4.02. Terms of and Security for Notes; Trust Indenture. The Notes shall be issued in fully registered form, in the denomination of $5,000 or any integral multiple thereof, with such terms and secured in the manner set forth in the Indenture (which Indenture in substantially the form to be executed and delivered by the Issuer is attached hereto as "Exhibit A" and made a part hereof).

Section 4.03. Notes are Special Obligations. The Notes shall be special obligations of the Issuer payable as to principal and interest solely from the respective sources described in the Granting Clauses and Article III of the Indenture. The Notes do not and shall not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provisions. The general funds of the Issuer are not liable, and neither the full faith and credit nor the taxing power of the Issuer is pledged for the payment of the Notes. The Holders of the Notes shall never have the right to compel the forfeiture of any property of the Issuer. The Notes shall not be a debt of the Issuer, nor a legal or equitable pledge, charge, lien or encumbrance upon any property of the Issuer or upon any of its income, receipts or revenues except as set forth in the Indenture.

Section 4.04. Letters of Credit. As additional security for the Notes, the Issuer may obtain a letter or letters of credit from a bank or banks, pursuant to which such bank or banks would agree to pay to the Trustee, upon presentation by the Trustee of certain certificates, the sum or sums set forth therein but not to exceed $5,000,000 in the aggregate. In the event of a draw under any such letter of credit, the Issuer shall issue its refunding notes to the bank issuing such letter of credit. Any such letter of

credit shall be authorized and shall have such terms as shall be set forth in a resolution supplemental hereto.

ARTICLE V

SYSTEM REVENUES AND APPLICATION THEREOF

Section 5.01. Establishment of Funds and Accounts with Depository Bank. The following special funds or accounts are created with and shall be held by, the Depository Bank:

(1) Revenue Fund;

(2) Operation and Maintenance Fund;

(3) Renewal and Replacement Fund; and

(4) Bond Construction Trust Fund.

Section 5.02. Establishment of Funds and Accounts with Commission. The following special funds or accounts are hereby established with the Commission:

(1) Series 1986 A Bonds Sinking Fund;

(a) Within the Series 1986 A Bonds Sinking Fund, the Series 1986 A Bonds Reserve Account.

(2) Series 1986 B Bonds Sinking Fund;

(a) Within the Series 1986 B Bonds Sinking Fund the Series 1986 B Bonds Reserve Account.

Section 5.03. System Revenues; Flow of Funds. A. The entire Gross Revenues derived from the operation of the System shall be deposited upon receipt in the Revenue Fund. The Revenue Fund shall constitute a trust fund for the purposes provided in this Bond Legislation and shall be kept separate and distinct from all other funds of the Issuer and the Depository Bank and used only for the purposes and in the manner herein provided.

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

(2) Thereafter, from the moneys remaining in the Revenue Fund, the Issuer shall next, on the first day of each month, commencing 7 months prior to the first date of payment of interest on the Series 1986 A Bonds for which interest has not been capitalized, apportion and set apart

out of the Revenue Fund and remit to the Commission, for deposit in the Series 1986 A Bonds Sinking Fund, a sum equal to 1/6th of the amount of interest which will become due on said Series 1986 A Bonds on the next ensuing semiannual interest payment date, less any moneys transferred from the Series 1986 A Bonds Reserve Account for the purpose of making interest payments and investment earnings on sums previously deposited in the Series 1986 A Bonds Sinking Fund for the purpose of making interest payments on the Series 1986 A Bonds; provided, that, in the event the period to elapse between the date of such initial deposit in the Series 1986 A Bonds Sinking Fund and the next semiannual interest payment date is less than 7 months, then such monthly payments shall be increased proportionately to provide, one month prior to the next semiannual interest payment date, the required amount of interest coming due on such date.

(3) The Issuer shall also, on the first day of each month, commencing 13 months prior to the first date of payment of principal on the Series 1986 A Bonds, apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in the Series 1986 A Bonds Sinking Fund, a sum equal to 1/12th of the amount of principal which will mature and become due on said Series 1986 A Bonds on the next ensuing principal payment date, less any moneys transferred from the Series 1986 A Bonds Reserve Account for the purpose of making principal payments and investment earnings on sums previously deposited in the Series 1986 A Bonds Sinking Fund for the purpose of making principal payments on the Series 1986 A Bonds; provided that, in the event the period to elapse between the date of such initial deposit in the Series 1986 A Bonds Sinking Fund and the next annual principal payment date is less than 13 months then such monthly payments shall be increased proportionately to provide, one month prior to the next annual principal payment date, the required amount of principal coming due on such date.

(4) The Issuer shall also, on the first day of each month, commencing 13 months prior to the first date of payment of principal of the Bonds, apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in the Series 1986 A Bonds Reserve Account, an amount equal to 1/120 of the Series 1986 A Bonds Reserve Requirement; provided, that no further payments shall be made into the Series 1986 A Bonds Reserve Account when there shall have been deposited therein, and as long as

there shall remain on deposit therein, an amount equal to the Series 1986 A Bonds Reserve Requirement.

(5) From the moneys remaining in the Revenue Fund, the Issuer shall next, on the first day of each month, commencing with the month succeeding the first full calendar month after commencement of operation of the System, transfer to the Renewal and Replacement Fund a sum equal to 2 1/2% of the Gross Revenues each month, exclusive of any payments for account of the Series A Reserve Account. All funds in the Renewal and Replacement Fund shall be kept apart from all other funds of the Issuer or of the Depository Bank and shall be invested and reinvested in accordance with Article VIII hereof. Withdrawals and disbursements may be made from the Renewal and Replacement Fund for replacements, emergency repairs, improvements or extensions to the System; provided, that any deficiency in the Series A Reserve Account [except to the extent such deficiency exists because the required payments into such account have not, as of the date of determination of a deficiency, funded such account to the maximum extent required by Subsection 5.03(A)(4)] shall be promptly eliminated with moneys from the Renewal and Replacement Fund.

(6) The Issuer shall next, on the first day of each month, commencing 13 months prior to the first date of payment of principal on the Series 1986 B Bonds, apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in the Series 1986 B Bonds Sinking Fund, a sum equal to 1/12th of the amount of principal which will mature and become due on said Series 1986 B Bonds on the next ensuing principal payment date, less any moneys transferred from the Series 1986 B Bonds Reserve Account for the purpose of making principal payments and investment earnings on sums previously deposited in the Series 1986 B Bonds Sinking Fund for the purpose of making principal payments on the Series 1986 B Bonds; provided, that, in the event the period to elapse between the date of such initial deposit in the Series 1986 B Bonds Sinking Fund and the next annual principal payment date is less than 13 months, then such monthly payments shall be increased proportionately to provide, one month prior to the next annual principal payment date, the required amount of principal coming due on such date.

(7) The Issuer shall next, on the first day of each month, commencing 13 months prior to the first date of payment of principal of the Bonds, apportion and set apart

out of the Revenue Fund and remit to the Commission for deposit in the Series 1986 B Bonds Reserve Account, an amount equal to 1/120 of the Series 1986 B Bonds Reserve Requirement; provided, that no further payments shall be made into the Series 1986 B Bonds Reserve Account when there shall have been deposited therein, and as long as there shall remain on deposit therein, an amount equal to the Series 1986 B Bonds Reserve Requirement.

Moneys in the Series 1986 A Bonds Sinking Fund and the Series 1986 B Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest on the respective series of Bonds as the same shall become due. Moneys in the Series 1986 A Bonds Reserve Account and the Series 1986 B Bonds Reserve Account shall be used only for the purpose of paying principal of and interest on the respective series of Bonds, as the same shall come due, when other moneys in the attendant Sinking Fund are insufficient therefor, and for no other purpose.

All investment earnings on moneys in the Series 1986 A Bonds Reserve Account and the Series 1986 B Bonds Reserve Account shall be transferred, not less than once each year, to the respective Sinking Fund and applied in full to the next ensuing principal payment due on the respective Series of Bonds.

Any withdrawals from the Series 1986 A Bonds Reserve Account which result in a reduction in the balance of the Series 1986 A Bonds Reserve Account to below the Series 1986 A Bonds Reserve Requirement shall be subsequently restored from the first Net Revenues available after all required payments to the Series 1986 A Bonds Sinking Fund have been made in full.

Any withdrawals from the Series 1986 B Bonds Reserve Account which result in a reduction in the balance of the Series 1986 B Bonds Reserve Account to below the Series 1986 B Bonds Reserve Requirement shall be subsequently restored from the first Net Revenues available after all required payments to the Series 1986 A and Series 1986 B Bonds Sinking Funds and the Renewal and Replacement Fund for payment of debt service on the Bonds have been made in full.

As and when additional Bonds ranking on a parity with the Series 1986 B Bonds are issued, provision shall be made for additional payments into the Series B Sinking Fund sufficient to pay the interest on such additional

parity Bonds and accomplish retirement thereof at maturity and to accumulate a balance in the Series B Reserve Account in an amount equal to the maximum provided and required to be paid into the Series B Sinking Fund in any Fiscal Year for account of all the Series 1986 B Bonds, including such additional Series 1986 B Bonds which by their terms are payable from such Sinking Fund.

The Issuer shall not be required to make any further payments into the Series 1986 A Bonds Sinking Fund or the Series 1986 B Bonds Sinking Fund or into the Reserve Accounts therein when the aggregate amount of funds in both said Sinking Funds and said Reserve Accounts are at least equal to the aggregate principal amount of the respective Bonds issued pursuant to this Bond Legislation then Outstanding.

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

The payments into the Sinking Funds shall be made on the first day of each month, except that when the first day of any month shall be a Sunday or legal holiday then such payments shall be made on the next succeeding business day, and all such payments shall be remitted to the Commission with appropriate instructions as to the custody, use and application thereof consistent with the provisions of this Bond Legislation.

Moneys in the Reserve Accounts shall be invested and reinvested by the Commission in accordance with Section 8.01 hereof.

The Sinking Funds, including the Reserve Accounts therein, shall be used solely and only for, and are hereby pledged for, the purpose of servicing the respective Bonds and any additional Bonds ranking on a parity therewith that may be issued and Outstanding under the conditions and restrictions hereinafter set forth.

B. Whenever all of the required and provided transfers and payments from the Revenue Fund into the several special funds, as hereinbefore provided, are current and there remains in said Revenue Fund a balance in excess of the estimated amounts required to be so transferred and paid into the Sinking Funds, including the Reserve Accounts therein, and the Renewal and Replacement Fund

during the following month, or such other period as required by law, such excess shall be considered as surplus revenues (the "Surplus Revenues"). Surplus Revenues may be used for any lawful purpose of the Issuer, including, but not limited to, payment to the Trustee for deposit in the Notes Debt Service Fund, as defined in the Indenture.

C. The Issuer shall remit from the Revenue Fund to the Commission or the Depository Bank, on such dates as the Commission or the Depository Bank, as the case may be, shall require, such additional sums as shall be necessary to pay the Depository Bank's charges and the Paying Agent fees then due.

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

E. If on any monthly payment date the revenues are insufficient to place the required amount in any of the funds and accounts as hereinabove provided, the deficiency shall be made up in the subsequent payments in addition to the payments which would otherwise be required to be made into the funds and accounts on the subsequent payment dates.

F. All remittances made by the Issuer to the Commission shall clearly identify the fund or account into which each amount is to be deposited.

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

H. All Tap Fees shall be deposited by the Issuer, as received, in the Bond Construction Trust Fund.

ARTICLE VI

BOND PROCEEDS; FUNDS AND ACCOUNTS

Section 6.01. Application of Bond Proceeds; Pledge of Unexpended Bond Proceeds. From the moneys received from the sale of any or all of the Original Bonds, the following amounts shall be first deducted and deposited in the order set forth below:

A. Any accrued interest received from the sale shall be deposited in the appropriate Sinking Fund and applied to the first interest payment due on the applicable Series of Bonds.

B. The amount of the proceeds which together with the proceeds deposited pursuant to Subsection (A) of this section and together with the earnings thereon, shall be at least sufficient to pay interest, if any, on the applicable Series of Bonds for the period specified in the Supplemental Resolution shall be deposited in the appropriate Sinking Fund; provided, that such period may not extend beyond the date which is 6 months after the estimated date of completion of construction of the Project.

C. The remaining moneys derived from the sale of the Bonds shall be deposited with the Depository Bank (which shall also be the Trustee) in the Bond Construction Trust Fund and applied solely to payment of Costs of the Project in the manner set forth in Section 6.02.

D. The Depository Bank shall act as a trustee and fiduciary for the Bondholder with respect to the Bond Construction Trust Fund and shall comply with all requirements with respect to the disposition of the Bond Construction Trust Fund set forth in the Indenture. Moneys in the Bond Construction Trust Fund shall be used solely to pay Costs of the Project and until so expended, are hereby pledged as additional security for the Bonds. In the event that Notes are issued, the disposition of funds in the Bond Construction Trust Fund may be modified from that set forth herein, with the written consent of the Authority.

Section 6.02. Disbursements From the Bond Construction Trust Fund. Payments for Costs of the Project shall be made monthly.

Disbursements from the Bond Construction Trust Fund, except for the costs of issuance thereof which shall be made upon request of the Issuer, shall be made only after submission to the Depository Bank of a certificate, signed by an Authorized Officer and the Consulting Engineers, stating:

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

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

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

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

In case any contract provides for the retention of a portion of the contract price, the Depository Bank shall disburse from the Bond Construction Trust Fund only the net amount remaining after deduction of any such portion. All payments made from the Bond Construction Trust Fund shall be presumed by the Depository Bank to be made for the purposes set forth in said certificate, and the Depository Bank shall not be required to monitor the application of disbursements from the Bond Construction Trust Fund. The Consulting Engineers shall from time to time file with the Depository Bank written statements advising the Depository Bank of its then authorized representative.

Pending such application, moneys in the Bond Construction Trust Fund, including any accounts therein, shall be invested and reinvested in qualified investments at the direction of the Issuer.

Whenever the Depository Bank shall have received notice that any Grant has been suspended, terminated or annulled, or a stop-work order has been issued, the Depository Bank shall not make further disbursements from the Bond Construction Trust Fund until it shall have received notice of the lifting of such suspension or stop-work order. Notwithstanding the foregoing provisions of this paragraph, if the Grant which has been suspended, terminated or annulled is a Grant other than the EPA Grant or the WDA Grant, and the Issuer files with the Depository Bank a certificate of the Consulting Engineers reciting the conclusion and demonstrating that the Project can be completed without such other Grant, the Depository Bank shall continue to make disbursements from the Bond Construction Trust Fund.

After completion of the Project, as certified by the Consulting Engineers, the Depository Bank shall transfer any moneys remaining in the Bond Construction Trust Fund to the Reserve Fund.

ARTICLE VII

ADDITIONAL COVENANTS OF THE ISSUER

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

Until the payment in full of the principal of and interest on the Notes when due, the covenants, agreements and provisions contained in this Bond Legislation shall, where applicable, also inure to the benefit of the Holders of the Notes and the Trustee therefor and constitute valid and legally binding covenants of the Issuer, enforceable in any court of competent jurisdiction by the Trustee or any Holder or Holders of said Notes as prescribed in the Indenture; provided, that Section 7.04 and Section 7.09 shall not be applied to the Notes.

Section 7.02. Bonds and Notes not to be Indebtedness of the Issuer. Neither the Bonds nor the Notes shall be or constitute an indebtedness of the Issuer within the meaning of any constitutional, statutory or charter limitation of indebtedness, but shall be payable solely from the funds pledged for such payment by this Bond Legislation. No Holder or Holders of any Bonds or Notes, shall ever have the right to compel the exercise of the taxing power of the Issuer to pay said Bonds or Notes or the interest thereon.

Section 7.03. Bonds Secured by Pledge of Net Revenues. The payment of the debt service of the Series 1986 A Bonds issued hereunder shall be secured forthwith equally and ratably by a first lien on the Net Revenues derived from the operation of the System and payment of the debt service of the Series 1986 B Bonds issued hereunder shall be secured forthwith equally and ratably by a lien on said Net Revenues, but such lien shall be junior and subordinate to the lien on said Net Revenues in favor of the Holders of the Series 1986 A Bonds, to the extent necessary to make the payments required under Section 5.03 of this Ordinance. The revenues derived from the System, in an amount sufficient to pay the principal of and interest on the Bonds and to make the payments into the Sinking Fund, including the Reserve Account therein, and all other payments

provided for in the Bond Legislation are hereby irrevocably pledged, in the manner provided in therein, to the payment of the principal of and interest on the Bonds as the same become due, and for the other purposes provided in the Bond Legislation.

Section 7.04. Initial Schedule of Rates and Charges; Rules. The initial schedule of rates and charges for the services and facilities of the System shall be as set forth in the ordinance of the Issuer enacted November 19, 1985.

Section 7.05. Sale of the System. The System may not be sold, mortgaged, leased or otherwise disposed of except as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to pay fully all the Bonds and Notes, if any, Outstanding, or to effectively defease this Ordinance in accordance with Section 10.01 hereof and, if not previously defeased, the Indenture in accordance with Section 8.01 thereof. The proceeds from any such sale, mortgage, lease or other disposition of the System shall, with respect to the Bonds, immediately be remitted to the Commission for deposit in the Sinking Fund, and, in the event the Authority is no longer a Bondholder, the Issuer shall direct the Commission to apply such proceeds to the payment of principal at maturity of and interest on the Bonds about to mature. Any balance remaining after the payment of all the Bonds and interest thereon shall be remitted to the Issuer by the Commission unless necessary for the payment of other obligations of the Issuer payable out of the revenues of the System. With respect to the Notes, such proceeds in an amount sufficient to pay in full the Notes shall be remitted to the Trustee for deposit in the Notes Debt Service Fund, to apply to the payment of the Notes, prior to maturity if allowable under the Supplemental Resolution.

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

excess of $10,000 but not in excess of $50,000, the Issuer shall first, determine upon consultation with the Consulting Engineers that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then, if it be so advised, by resolution duly adopted, authorize such sale, lease or other disposition of such property upon public bidding. The proceeds derived from any such sale, lease or other disposition of such property, aggregating during such Fiscal Year in excess of $10,000 and not in excess of $50,000, shall be remitted by the Issuer to the Commission for deposit in the Sinking Fund and shall be applied only to the purchase of Bonds of the last maturities then Outstanding at prices not greater than the par value thereof plus 3% of such par value. Such payment of such proceeds into the Sinking Fund or the Renewal and Replacement Fund shall not reduce the amounts required to be paid into said funds by other provisions of this Bond Legislation. No sale, lease or other disposition of the properties of the System shall be made by the Issuer if the proceeds to be derived therefrom, together with all other amounts received during the same Fiscal Year for such sales, leases, or other dispositions of such properties, shall be in excess of $50,000 and insufficient to pay all the Bonds then Outstanding without the prior approval and consent in writing of the Holders, or their duly authorized representatives, of over 50% in amount of the Bonds then Outstanding and the Consulting Engineers. The Issuer shall prepare the form of such approval and consent for execution by the then Holders of the Bonds for the disposition of the proceeds of the sale, lease or other disposition of such properties of the System.

Section 7.06. Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances. The Issuer shall not issue any obligations whatsoever with a lien on or otherwise payable from any source of payment pledged originally to the Notes issued under the Indenture prior to or on a parity with the lien on behalf of such Notes until such Notes have been defeased in accordance with the provisions of the Indenture and the Bond Legislation; and, so long as any of the Bonds are Outstanding, the Issuer shall not issue any other obligations whatsoever payable from the revenues of the System which rank prior to, or equally, as to lien on and source of and security for payment from such revenues with the Bonds; provided, however, that additional Bonds on a parity with the Series 1986 B Bonds only may be issued as provided for in Section 7.07 hereof. All obligations issued by the Issuer after the issuance of the Bonds and payable from the revenues of the System, except such additional parity Bonds, shall contain an express statement that such obligations are junior and subordinate, as to lien on and source of and security for payment from such revenues and in all other respects, to both the Series 1986 A Bonds and the Series 1986 B Bonds; provided, that no such subordinate obligations

shall be issued unless all payments required to be made into the Reserve Accounts and the Renewal and Replacement Fund at the time of the issuance of such subordinate obligations have been made and are current.

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

Section 7.07. Parity Bonds. A. No Parity Bonds, payable out of the revenues of the System, shall be issued after the issuance of any Bonds pursuant to this Bond Legislation, except under the conditions and in the manner herein provided.

No Parity Bonds shall be issued which shall be payable out of the revenues of the System prior to or on a parity with the Series 1986 A Bonds. All Parity Bonds issued hereunder shall be on a parity in all respects with the Series 1986 B Bonds.

No such Parity Bonds shall be issued except for the purpose of financing the costs of the construction or acquisition of extensions, improvements or betterments to the System or refunding one or more series of Bonds issued pursuant hereto, or both such purposes.

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

(A) The Bonds then Outstanding;

(B) Any Parity Bonds theretofore issued pursuant to the provisions contained in this Ordinance then Outstanding; and

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

The "estimated average increased annual Net Revenues to be received in each of the 3 succeeding years," as that term is used in the computation provided in the above paragraph, shall refer only to the increased Net Revenues estimated to be derived from (a) the improvements to be financed by such Parity Bonds and (b) any increase in rates enacted by the Issuer, the period for appeal of which has expired prior to the date of delivery of such Parity Bonds, and shall not exceed the amount to be stated in a certificate of the Consulting Engineers, which shall be filed in the office of the Recorder prior to the issuance of such Parity Bonds.

The Net Revenues actually derived from the System during the 12-consecutive-month period hereinabove referred to may be adjusted by adding to such Net Revenues such additional Net Revenues which would have been received, in the opinion of the Consulting Engineers and the said Independent Certified Public Accountants, as stated in a certificate jointly made and signed by the Consulting Engineers and said Independent Certified Public Accountants, on account of increased rates, rentals, fees and charges for the System enacted by the Issuer, the period for appeal of which has expired prior to issuance of such Parity Bonds.

Not later than simultaneously with the delivery of such Parity Bonds, the Issuer shall have entered into written contracts for the immediate construction or acquisition of such additions, betterments or improvements, if any, to the System that are to be financed by such Parity Bonds.

All covenants and other provisions of this Bond Legislation (except as to details of such Parity Bonds inconsistent herewith) shall be for the equal benefit, protection and security of the Holders of the Bonds and the Holders of any Parity Bonds subsequently issued from time to time within the limitations of and in compliance with this section. All the Bonds, regardless of the time or times of their issuance, shall rank equally with respect to their lien on the revenues of the System and their source of and security for payment from said revenues, without preference of any one series of Bonds over any other. The Issuer shall comply fully with all the increased payments into the various funds and accounts created in this Bond Legislation required for and on account of such Parity Bonds, in addition to the payments required for Bonds theretofore issued pursuant to this Bond Legislation.

All Parity Bonds shall mature on the day of the years of maturities, and the semiannual interest thereon shall be payable on the days of each year, specified in a Supplemental Resolution.

Parity Bonds shall not be deemed to include bonds, notes, certificates or other obligations subsequently issued, the lien of which on the revenues of the System is subject to the prior and superior liens of both the Series 1986 A Bonds and the Series 1986 B Bonds on such revenues. The Issuer shall not issue any obligations whatsoever payable from the revenues of the System, or any part thereof, which rank prior to or, except in the manner and under the conditions provided in this section, equally, as to lien on and source of and security for payment from such revenues, with either the Series 1986 A Bonds or the Series 1986 B Bonds.

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

B. Notwithstanding the foregoing or any provision of Section 7.06 to the contrary, Bonds on a parity with the Series 1986 A Bonds may be issued solely for the purpose of completing the Project as described in the application to the Authority on the date of the Loan Agreement, without regard to the restrictions set forth in this Section 7.07, if there is first obtained by the Issuer the written consent of the Authority.

Section 7.08. Books and Records. The Issuer will keep books and records of the System, which shall be separate and apart from all other books, records and accounts of the Issuer, in which complete and correct entries shall be made of all transactions relating to the System, and any Holder of a Bond or Bonds or of a Note or Notes issued pursuant to this Bond Legislation or the Trustee shall have the right at all reasonable times to inspect the System and all parts thereof and all records, accounts and data of the Issuer relating thereto.

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

The Issuer shall file with the Consulting Engineers, the Trustee and the Authority, or any other original purchaser of the Bonds, and shall mail in each year to any Holder or Holders of Bonds or Notes, as the case may be, requesting the same, an annual report containing the following:

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

B. A balance sheet statement showing all deposits in all the funds and accounts provided for in this Bond Legislation and the Indenture with respect to said Bonds or Notes, as the case may be, and the status of all said funds and accounts.

C. The amount of any Bonds, Notes or other obligations outstanding.

The Issuer shall also, at least once a year, cause the books, records and accounts of the System to be audited by Independent Certified Public Accountants and shall mail upon request, and make available generally, the report of said Independent Certified Public Accountants, or a summary thereof, to any Holder or Holders of Bonds or Notes, as the case may be, and shall file said report with the Trustee and the Authority, or any other original purchaser of the Bonds.

Section 7.09. Rates. Prior to the issuance of the Bonds, equitable rates or charges for the use of and service rendered by the System will be established all in the manner and form required by law, and copies of such rates and charges so established will be continuously on file with the Recorder, which copies will be open to inspection by all interested parties. The schedule of rates and charges shall at all times be adequate to produce Gross Revenues from said System sufficient to pay Operating Expenses and to make the prescribed payments into the funds created hereunder. Such schedule of rates and charges shall be changed and readjusted whenever necessary so that the aggregate of the rates and charges will be sufficient for such purposes. The Issuer shall take the necessary actions with respect to the imposition of rates at such times and with such provisions with respect to interest rate and maturity of the Bonds to finance the issuance of the Bonds as the purchasers thereof shall require. In order to assure full and continuous performance of this covenant, with a margin for contingencies and temporary unanticipated reduction in income and revenues, the Issuer hereby covenants and agrees that the schedule of rates or charges from time to time in effect shall be sufficient (i) to provide for all reasonable expenses of operation, repair and maintenance of the System and (ii) to leave a balance each Fiscal

Year equal to at least 115% of the maximum amount required in any succeeding Fiscal Year for payment of principal of and interest on the Bonds and all other obligations secured by or payable from such revenues; provided that, in the event that amounts equal to or in excess of the Reserve Requirements are on deposit in the Reserve Accounts or reserve accounts for bonds prior to or on a parity with the Bonds are funded at least at the requirement therefor, such balance each Fiscal Year need only equal at least 110% of the maximum amount required in any succeeding Fiscal Year for payment of principal of and interest on the Bonds and all other obligations secured by or payable from such revenues.

Section 7.10. Operating Budget and Audit. The Issuer shall annually, at least 45 days preceding the beginning of each Fiscal Year, prepare and adopt by resolution a detailed, balanced budget of the estimated expenditures for operation and maintenance of the System during the succeeding Fiscal Year. No expenditures for the operation and maintenance of the System shall be made in any Fiscal Year in excess of the amounts provided therefor in such budget without a written finding and recommendation by the Consulting Engineers, which funding and recommendation shall state in detail the purpose of and necessity for such increased expenditures for the operation and maintenance of the System, and no such increased expenditures shall be made until the Issuer shall have approved such finding and recommendation by a resolution duly adopted. No increased expenditures in excess of 10% of the amount of such budget shall be made except upon the further certificate of the Consulting Engineers that such increased expenditures are necessary for the continued operation of the System. The Issuer shall mail copies of such annual budget and all resolutions authorizing increased expenditures for operation and maintenance to the Trustee and the Authority and to any Holder of any Bonds or Notes, as the case may be, who shall file his or her address with the Issuer and request in writing that copies of all such budgets and resolutions be furnished him or her and shall make available such budgets and all resolutions authorizing increased expenditures for operation and maintenance of the System at all reasonable times to the Trustee and to any Holder of any Bonds or Notes, as the case may be, or anyone acting for and in behalf of such Holder of any Bonds or Notes, as the case may be.

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

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

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

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

Section 7.13. No Free Services. The Issuer will not render or cause to be rendered any free services of any nature by the System, nor will any preferential rates be established for users of the same class; and in the event the Issuer, or any department, agency, instrumentality officer or employee of the Issuer shall avail itself or themselves of the facilities or services provided by the System, or any part thereof, the same rates, fees or charges applicable to other customers receiving like services under similar circumstances shall be charged the Issuer and any such department, agency, instrumentality, officer or employee. The revenues so received shall be deemed to be revenues derived from the operation of the System, and shall be deposited and accounted for in the same manner as other revenues derived from such operation of the System.

Section 7.14. Insurance and Construction Bonds. A. The Issuer hereby covenants and agrees that so long as any of the Bonds or the Notes remain Outstanding, the Issuer will, as an Operating Expense, procure, carry and maintain insurance with a reputable insurance carrier or carriers as is customarily covered with respect to works and properties similar to the System. Such insurance shall initially cover the following risks and be in the following amounts:

(A) FIRE, LIGHTNING, VANDALISM, MALICIOUS MISCHIEF AND EXTENDED COVERAGE INSURANCE,, on all above-ground insurable portions of the System in an amount equal to the actual cost thereof. In time of war the Issuer will also carry and maintain insurance to the extent available against the risks and hazards of war. The proceeds of all such insurance policies shall be placed in the Renewal and Replacement Fund and used only for the repairs and restoration of the damaged or destroyed properties or for the other purposes provided herein for said Renewal and Replacement Fund. The Issuer will itself, or will require each contractor and subcontractor to, obtain and maintain builder's risk insurance (fire and extended coverage) to protect the interests of the Issuer during construction of the Project in the full insurable value thereof.

(B) PUBLIC LIABILITY INSURANCE, with limits of not less than $1,000,000 per occurrence to protect the Issuer from claims for bodily injury and/or death and not less than $100,000 per occurrence from claims for damage to property of others which may arise from the operation of the System, and insurance with the same limits to protect the Issuer from claims arising out of operation or ownership of motor vehicles of or for the System.

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

B. The Issuer shall also require all contractors engaged in the construction of the Project to carry such worker's compensation coverage for all employees working on the Project and public liability insurance, vehicular liability insurance and property damage insurance in amounts adequate for such purposes and

as is customarily carried with respect to works and properties similar to the Project.

Section 7.15. Mandatory Connections. The mandatory use of the System is essential and necessary for the protection and preservation of the public health, comfort, safety, convenience and welfare of the inhabitants and residents of, and the economy of, the Issuer and in order to assure the rendering harmless of sewage and water-borne waste matter produced or arising within the territory served by the System. Accordingly, every owner, tenant or occupant of any house, dwelling or building located near the System, where sewage will flow by gravity or be transported by such other methods approved by the State Department of Health from such house, dwelling or building into the System, to the extent permitted by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, shall connect with and use the System and shall cease the use of all other means for the collection, treatment and disposal of sewage and waste matters from such house, dwelling or building where there is such gravity flow or transportation by such other method approved by the State Department of Health and such house, dwelling or building can be adequately served by the System, and every such owner, tenant or occupant shall, after a 30 day notice of the availability of the System, pay the rates and charges established therefor.

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

Section 7.16. Completion of Project. The Issuer will complete the Project and operate and maintain the System in good condition.

ARTICLE VIII

INVESTMENT OF FUNDS; NON ARBITRAGE

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

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

Section 8.02. Restrictions as to Arbitrage Bonds. The Issuer hereby covenants, and hereby so instructs the Bond Commission and the Trustee that they shall not permit at any time or times any of the proceeds of the Bonds or any other funds of the Issuer to be used directly or indirectly to acquire any securities or obligations the acquisition of which would cause any Bond to be an "arbitrage bond" as defined in Section 103(c)(2) of the Internal Revenue Code, or any successor provision, and an Authorized Officer shall deliver his certificate, based upon this covenant, with regard thereto to the purchaser of the Original Bonds.

ARTICLE IX

DEFAULT AND REMEDIES

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

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

(B) If default occurs in the Issuer's observance of any of the covenants, agreements or conditions on its part relating to the Notes set forth in this Bond Legislation, any supplemental resolution, the Indenture or in the Notes, and such default shall have continued for a period of 30 days after the Issuer shall have been given written notice of such default by the Trustee, any other bank or banking association holding any fund or account hereunder or a Holder of a Note; or

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

B. Each of the following events shall constitute an "Event of Default" with respect to the Bonds:

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

(B) If default occurs in the Issuer's observance of any of the covenants, agreements or conditions on its part relating to the Bonds set forth in this Bond Legislation, any supplemental resolution, the Indenture or in the Bonds, and such default shall have continued for a period of 30 days after the Issuer shall have been given written notice of such default by the Trustee, any other bank or banking association holding any fund or account hereunder or a Holder of a Bonds; or

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

Section 9.02. Remedies. Upon the happening and continuance of any Event of Default, any Registered Owner of a Note or Bond, as the case may be, may exercise any available remedy and bring any appropriate action, suit or proceeding to enforce his or her rights and, in particular, (i) bring suit for any unpaid principal or interest then due, (ii) by mandamus or other appropriate proceeding enforce all rights of such Registered Owners including the right to require the Issuer to perform its duties under the Act and the Bond Legislation relating thereto, including but not limited to the making and collection of sufficient rates or charges for services rendered by the System (iii) bring suit upon the Notes or Bonds, as the case may be, (iv) by action at law or bill in equity require the Issuer to account as if it were the trustee of an express trust for the Registered Owners of the Notes or Bonds, as the case may be, and (v) by action or bill in equity enjoin any acts in violation of the Bond Legislation with respect to the Notes or Bonds, or the rights of such Registered Owners, provided however, that no remedy herein stated may be exercised by Noteholders in a manner which adversely affects any remedy available to Bondholders, and provided further, that all rights and remedies of Holders of the Series 1986 B Bonds shall be subject and subordinate to those of the Holders of the Series 1986 A Bonds.

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

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

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

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

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

ARTICLE X

DEFEASANCE

Section 10.01. Defeasance of Series 1986 A Bonds. If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the respective Holders of all Series 1986 A Bonds, the principal of and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Bond Legislation, then with respect to the Series A Bonds only, the pledge of Net Revenues and other moneys and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Registered Owners of the Series 1986 A Bonds shall thereupon cease, terminate and become void and be discharged and satisfied.

Series 1986 A Bonds for the payment of which either moneys in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide moneys which, together with the moneys, if any, deposited with the Paying Agents at the same or earlier time, shall be sufficient, to pay as and when due the principal installments of and interest on such Series 1986 A Bonds shall be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section. All Series 1986 A Bonds shall, prior to the maturity thereof, be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section if there shall have been deposited with the Commission or its agent, either moneys in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide moneys which, together with other moneys, if any, deposited with the Commission at the same time, shall be sufficient to pay when due the principal installments of and interest due and to become due on said Series 1986 A Bonds on and prior to the maturity dates thereof. Neither securities nor moneys deposited with the Commission pursuant to this section nor principal or interest payments on any such securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal installments of and interest on said Series 1986 A Bonds; provided, that any cash received from such principal or interest payments on such securities deposited with the Commission or its agent, if not then needed for such purpose, shall, to the extent practicable, be reinvested in securities maturing at times and in amounts sufficient to pay when due the principal installments of and interest to become due on said Bonds on and prior to the maturity dates thereof, and interest earned from such reinvestments shall be paid over to the Issuer as received by the Commission or its agent, free and clear of any

trust, lien or pledge. For the purpose of this section, securities shall mean and include only Government Obligations.

Section 10.02. Defeasance of Series 1986 B Bonds. If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the respective Holders of all Series 1986 B Bonds, the principal of and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Bond Legislation, then with respect to the Series B Bonds only, the pledge of Net Revenues and other moneys and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Registered Owners of the Series 1986 B Bonds shall thereupon cease, terminate and become void and be discharged and satisfied.

Series 1986 B Bonds for the payment of which either moneys in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide moneys which, together with the moneys, if any, deposited with the Paying Agents at the same or earlier time, shall be sufficient, to pay as and when due the principal installments of and interest on such Series 1986 B Bonds shall be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section. All Series 1986 B Bonds shall, prior to the maturity thereof, be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section if there shall have been deposited with the Commission or its agent, either moneys in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide moneys which, together with other moneys, if any, deposited with the Commission at the same time, shall be sufficient to pay when due the principal installments of and interest due and to become due on said Series 1986 B Bonds on and prior to the maturity dates thereof. Neither securities nor moneys deposited with the Commission pursuant to this section nor principal or interest payments on any such securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal installments of and interest on said Series 1986 B Bonds; provided, that any cash received from such principal or interest payments on such securities deposited with the Commission or its agent, if not then needed for such purpose, shall, to the extent practicable, be reinvested in securities maturing at times and in amounts sufficient to pay when due the principal installments of and interest to become due on said Bonds on and prior to the maturity dates thereof, and interest earned from such reinvestments shall be paid over to the Issuer as received by the Commission or its agent, free and clear of any trust, lien or pledge. For the purpose of this section, securities shall mean and include only Government Obligations.

Section 10.03. Defeasance of Notes. If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the respective Holders of all Notes, the principal of and interest due or to become due thereon, at the times and in the manner set forth in the Indenture, then with respect to the Notes only, this Bond Legislation, the Indenture and the pledges of Grant Receipts and other moneys and securities pledged thereby, and all covenants, agreements and other obligations of the Issuer to the Holders of the Notes shall thereupon cease, terminate and become void and be discharged and satisfied.

ARTICLE XI

MISCELLANEOUS

Section 11.01. Amendment or Modification of Bond Legislation. No material modification or amendment of this Bond Legislation, or of any ordinance or resolution amendatory or supplemental hereto, that would materially and adversely affect the respective rights of Registered Owners of the Notes or Bonds shall be made without the consent in writing of the Registered Owners of 66-2/3% or more in principal amount of the Notes or Bonds so affected and then Outstanding; provided, that no change shall be made in the maturity of any Bond or Bonds or any Note or Notes or the rate of interest thereon, or in the principal amount thereof, or affecting the unconditional promise of the Issuer to pay such principal and interest out of the funds herein respectively pledged therefor without the consent of the respective Registered Owner thereof. No amendment or modification shall be made that would reduce the percentage of the principal amount of Bonds or Notes respectively, required for consent to the above-permitted amendments or modifications.

Section 11.02. Bond Legislation Constitutes Contract. The provisions of the Bond Legislation shall constitute a contract between the Issuer and the Registered Owners of the Bonds and Notes, and no change, variation or alteration of any kind of the provisions of the Bond Legislation shall be made in any manner, except as in this Bond Legislation provided.

Section 11.03. Severability of Invalid Provisions. If any section, paragraph, clause or provision of this Ordinance should be held invalid by any court of competent jurisdiction, the invalidity of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Ordinance, the Supplemental Resolution, Indenture, the Bonds or the Notes.

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

Section 11.05. Amendments to Maintain Tax Exemption. The Issuer hereby covenants to make any amendment or supplements to this Ordinance and to the Indenture authorized hereby to enable the Notes or Bonds to be issued in such form as to render the interest thereon exempt from federal income taxation, without further consent of the Holders of the Bonds or the Notes.

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

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

Section 11.08. Effective Time. This Ordinance shall take effect following public hearing hereon in accordance with the Act.

Section 11.09. Statutory Notice and Public Hearing. Upon adoption hereof, an abstract of this Ordinance, determined by the Issuer to contain sufficient information as to give notice of the contents hereof, shall be published once a week for two successive weeks within a period of fourteen consecutive days, with at least six full days intervening between each publication, in The Preston County Journal, a newspaper published and of general circulation in the City of Kingwood, together with a notice stating that this Ordinance has been adopted and that the Issuer contemplates the issuance of the Notes and Bonds, and that any person interested may appear before the Common Council upon a date certain, not less than ten days subsequent to the date of the first publication of the said abstract and notice, and present protests, and that a certified copy of the Ordinance is on file in the office of the Issuer for review by interested parties during the office hours of the Issuer.

Section 11.10. Additional Special Covenants of Issuer. At the date of issuance of the Bonds there is pending an act of the United States House of Representatives entitled the "Tax Reform Act of 1985" and designated "HR 3838" (the "Tax Act"). In the event the Tax Act (or a similar act in substitution thereof) becomes law, certain provisions thereof relating to Section 103 of the Internal Revenue Code of 1931, as amended, are, by the terms of the Tax Act, to be effective as of January 1, 1986. In order to attempt to comply with the Tax Act and therefore to maintain the exemption of interest on the Bonds from Federal income taxation to the extent possible, the Issuer hereby further covenants as follows:

(i) The facilities constituting the System will at all times be available to serve all members of the general public within the service area on an equal basis and will not be used in any manner which would cause the Bonds to constitute "nonessential function bonds;"

(ii) At least 5% of the net proceeds of the Bonds will be expended prior to the date which is 30 days after the date of issuance of the Bonds, and all of the gross proceeds of the Bonds shall be expended within 30 months following the date of issuance of the Bonds;

(iii) An informational report will be filed by the Issuer to the Internal Revenue Service within the time limitations prescribed in the Tax Act;

(iv) Any rebate required to be made by the Issuer to the United States will be made in a timely fashion; and

(v) All other requirements, if any, of the Tax Act will be met by the Issuer in order to maintain the tax-exempt status of the Bonds and the interest thereon.

At such hearing, all objections and suggestions shall be heard and the City Council shall take such action as it shall deem proper in the premises.

Passed on First Reading March 4, 1986

Passed on Second Reading March 11, 1986

Effective following public hearing held on March 25, 1986

[SEAL]

Mayor

ATTEST:

By
Recorder

CERTIFICATION

Certified a true copy of an Ordinance duly enacted by the Council of the City of Kingwood following a public hearing thereon on this 25th day of March, 1986.

[SEAL]

Recorder

03/24/86
KGSEW2-A

EXHIBIT A

EXHIBIT B

CITY OF KINGWOOD

Sewer Revenue Bonds,
Series 1986 A and Series 1986 B

SUPPLEMENTAL BOND RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING AS TO DATES, MATURITIES, INTEREST RATES, PRINCIPAL PAYMENT SCHEDULES, SALE PRICES AND OTHER TERMS OF THE SEWER REVENUE BONDS, SERIES 1986 A AND SERIES 1986 B, OF THE CITY OF KINGWOOD; AUTHORIZING AND APPROVING A LOAN AGREEMENT AND SUPPLEMENTAL LOAN AGREEMENT RELATING TO SUCH BONDS AND THE SALE AND DELIVERY OF SUCH BONDS TO WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BONDS

WHEREAS, the city council (the "Governing Body") of the CITY OF KINGWOOD (the "Issuer"), upon petition of the Sanitary Board of the Issuer, has duly and officially enacted an ordinance, effective March 25, 1986 (the "Bond and Notes Ordinance"), entitled:

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF PUBLIC SEWERAGE FACILITIES OF THE CITY OF KINGWOOD AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE CITY OF NOT MORE THAN $2,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 1986 A, NOT MORE THAN $1,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 1986 B, AND NOT MORE THAN $5,000,000 INTERIM CONSTRUCTION FINANCING, CONSISTING OF GRANT ANTICIPATION NOTES OR A LINE OF CREDIT EVIDENCED BY NOTES, OR BOTH; PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS AND NOTES; AUTHORIZING EXECUTION AND DELIVERY OF A TRUST INDENTURE SECURING THE NOTES; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND NOTES AND ADOPTING OTHER PROVISIONS RELATING THERETO.

WHEREAS, the Bond and Notes Ordinance provides for the issuance of Sewer Revenue Bonds of the Issuer (the "Bonds"), in an aggregate principal amount of not to exceed $3,000,000, to be issued in two series, the Series 1986 A Bonds to be in an aggregate principal amount of not more than $2,000,000 (the "Series 1986 A Bonds") and the Series 1986 B Bonds to be in an aggregate principal amount of not more than $1,000,000 (the "Series 1986 B Bonds"), and has authorized the execution and delivery of a Loan Agreement relating to the Series A Bonds and a Supplemental Loan Agreement relating to the Series B Bonds (sometimes collectively referred to herein as the "Loan Agreement"), both dated as of February 25, 1986, by and between the Issuer and West Virginia Water Development Authority (the "Authority"), all in accordance with West Virginia Code, Chapter 16, Article 13 (the "Act"); and in the Bond and Notes Ordinance, it is provided that the maturity dates, interest rates, interest and principal payment dates, sale prices and other terms of the Bonds should be established by a supplemental resolution pertaining to the Bonds; and that other matters relating to the Bonds be herein provided for;

WHEREAS, the Bonds are proposed to be purchased by the Authority pursuant to the Loan Agreement; and

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

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

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

(A) The Sewer Revenue Bonds, Series 1986 A, of the Issuer, originally represented by a single Bond, numbered R-1, in the principal amount of $1,709,140. The Series 1986 A Bonds shall be dated the date of delivery thereof, shall mature October 1, 2025, shall bear interest at the rate of 9.75% per annum, payable semiannually on April 1 and October 1 of each year, first interest payable

October 1, 1986, shall be subject to redemption upon the written consent of the Authority, and upon payment of the interest and redemption premium, if any, provided in the Loan Agreement, as long as the Authority shall be the registered owner of the Bonds, and shall be payable in installments of principal on October 1 of each of the years and in the amounts as set forth in "Schedule X," attached thereto and incorporated therein by reference.

(B) The Sewer Revenue Bonds, Series 1986 B, of the Issuer, originally represented by a single Bond, numbered R-1, in the principal amount of $850,860. The Series 1986 B Bonds shall be dated the date of delivery thereof, shall mature October 1, 2025, shall be interest free, shall be subject to redemption upon the written consent of the Authority, and upon payment of the redemption premium, if any, provided in the Loan Agreement, as long as the Authority shall be the registered owner of the Bonds, and shall be payable in installments of principal on October 1 of each of the years and in the amounts as set forth in "Schedule X," attached thereto and incorporated therein by reference.

Section 2. All other provisions relating to the Bonds and the text of the Bonds shall be in substantially the form provided in the Bond Resolution.

Section 3. The Issuer does hereby ratify, approve and accept the Loan Agreement and the Supplemental Loan Agreement, copies of which are incorporated herein by reference, and the execution and delivery by the Mayor of the Loan Agreement and the Supplemental Loan Agreement, and the performance of the obligations contained therein, on behalf of the Issuer are hereby authorized, approved and directed. The price of the Bonds shall be 100% of par value, plus interest accrued from the date of the Bonds to the date of delivery thereof.

Section 4. The Issuer does hereby appoint and designate Kanawha Valley Bank, N.A., Charleston, West Virginia, as Registrar and Paying Agent for the Bonds and does approve and accept the Registrar's Agreement dated as of March 26, 1986, by and between the Issuer and Kanawha Valley Bank, N.A., in substantially the form attached hereto, and the execution and delivery by the Chairman of the Registrar's Agreement, and the performance of the obligations contained therein, on behalf of the Issuer are hereby authorized, approved and directed.

Section 5. Capitalized interest on the Series 1986 A Bonds shall be payable from proceeds of the Series A Bonds in the

amount of $333,282, which amount shall be sufficient to pay interest on the Series 1986 A Bonds to, and including April 1, 1988.

Section 6. The Issuer does hereby appoint Albright National Bank of Kingwood, Kingwood, West Virginia, as Depository Bank under the Bond Resolution.

Section 7. The Mayor and Recorder are hereby authorized and directed to execute and deliver such other documents and certificates required or desirable in connection with the Bonds hereby and by the Bond and Notes Ordinance approved and provided for, to the end that the Bonds may be delivered on or about March 26, 1986, to the Authority pursuant to the Loan Agreement.

Section 8. The financing of the Project in part with proceeds of the Bonds is in the public interest, serves a public purpose of the Issuer and will promote the health, welfare and safety of the residents of the Issuer.

Section 9. This Supplemental Bond Resolution shall be effective immediately following adoption hereof.

Adopted this 25th day of March, 1986.

CITY OF KINGWOOD

Mayor

03/24/86
KGSEW1-I

RESOLUTION

WHEREAS, the Municipality of Kingwood, West Virginia, has requested the issuance of Bonds from the Water Development Authority of West Virginia, for the construction of public sewerage facilities for the City of Kingwood, and said Authority has approved said issuance to occur on March 26, 1986;

NOW, THEREFORE, BE IT RESOLVED BY THIS COUNCIL: that the City of King wood, 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 al necessary costs associated therewith for said sewage facilities.

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

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

Patrick Crogan, Mayor

ATTEST:

Recorder

(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 th -eby, 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

THE CITY OF KINGWOOD

SEWER REVENUE BONDS, SERIES 2001
(WEST VIRGINIA SRF PROGRAM)

BOND ORDINANCE

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THE CITY OF KINGWOOD

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE EXISTING PUBLIC SEWERAGE SYSTEM OF THE CITY OF KINGWOOD AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE CITY OF NOT MORE THAN $1,500,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2001 (WEST VIRGINIA SRF PROGRAM); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING A LOAN AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

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

ARTICLE I

STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

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

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

A. The City of Kingwood (the "Issuer") is a municipal corporation and political subdivision of the State of West Virginia in Preston County of said State.

B. The Issuer presently owns and operates a public sewerage system. However, it is deemed necessary and desirable for the health and welfare of the inhabitants

of the Issuer that there be acquired and constructed certain additions, betterments and improvements for the existing public sewerage system of the Issuer, including improvements to reduce the inflow and infiltration of storm water into the system, the installation of a new UV disinfection system, the replacement of the existing manual bar screen with a new mechanical bar screen, and the installation of sewer line video equipment and all appurtenant facilities (collectively, the "Project"), which constitute properties for the collection and transportation of liquid or solid wastes, sewage or industrial wastes (the existing public sewerage system of the Issuer, the Project and any further additions, betterments and improvements thereto are herein called the "System"), in accordance with the plans and specifications prepared by the Consulting Engineers, which plans and specifications have heretofore been filed with the Issuer.

C. The Issuer intends to permanently finance the costs of acquisition and construction of the Project through the issuance of its revenue bonds to the West Virginia Water Development Authority (the "Authority"), in connection with the West Virginia Water Pollution Control Revolving Fund program (the "SRF Program"), pursuant to the Act, in order to take advantage of the favorable terms available to the Issuer under the SRF Program.

D. It is deemed necessary for the Issuer to issue its Sewer Revenue Bonds, Series 2001 (West Virginia SRF Program), in the total aggregate principal amount of not more than $1,500,000 (the "Series 2001 Bonds"), initially to be represented by a single bond, to permanently finance the costs of acquisition and construction of the Project. Such costs shall be deemed to include the cost of all property rights, easements and franchises deemed necessary or convenient therefor and eligible under the SRF Program; interest upon the Series 2001 Bonds prior to and during acquisition or construction and for a period not exceeding 6 months after completion of acquisition and construction of the Project; amounts which may be deposited in the Series 2001 Bonds Reserve Account (as hereinafter defined); engineering and legal expenses; expenses for estimates of costs and revenues, expenses for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the enterprise, administrative expense, commitment fees, fees and expenses of the Authority, including the SRF Administrative Fee (as hereinafter defined), discount, initial fees for the services of registrars, paying agents, depositories or trustees or other costs in connection with the sale of the Series 2001 Bonds and such other expenses as may be necessary or incidental to the financing herein authorized, the acquisition or construction of the Project and the placing of same in operation, and the performance of the things herein required or permitted, in connection with any thereof, provided, that reimbursement to the Issuer for any amounts expended by it for allowable costs prior to the issuance of the Series 2001 Bonds or the repayment of indebtedness incurred by the Issuer for such purposes shall be deemed Costs of the Project, as hereinafter defined.

E. The period of usefulness of the System after completion of the Project is not less than 25 years.

F. It is in the best interests of the Issuer that its Series 2001 Bonds be sold to the Authority pursuant to the terms and provisions of a bond purchase agreement (the "Loan Agreement") by and among the Issuer, the Authority and the West Virginia Department of Environmental Protection (the "DEP"), in form satisfactory to the Issuer, the Authority and the DEP, to be approved hereby if not previously approved by resolution of the Issuer.

G. There are outstanding obligations of the Issuer which will rank on a parity with the Series 2001 Bonds as to liens, pledge, source of and security for payment, being the Issuer's Sewer Revenue Bonds, Series 1986 B, dated March 26, 1986, issued in the original aggregate principal amount of $850,860, and Sewer Refunding Revenue Bonds, Series 1997 A, dated November 1, 1997, issued in the original aggregate principal amount of $2,130,000 (collectively, the "Prior Bonds", or individually, the "Series 1986 B Bonds" and the "Series 1997 A Bonds").

The Series 2001 Bonds shall be issued on a parity with the Prior Bonds with respect to liens, pledge and source of and security for payment and in all other respects. Prior to the issuance of the Series 2001 Bonds, the Issuer will obtain (i) a certificate of an Independent Accountant stating that the coverage and parity tests of the Prior Bonds are met, and (ii) where required, the written consent of the holders of the Prior Bonds to the issuance of the Series 2001 Bonds on a parity with the Prior Bonds. Other than the Prior Bonds, there are no outstanding bonds or obligations of the Issuer which are secured by revenue or assets of the System. The Issuer is in compliance with the covenants of the Prior Bonds and the Prior Ordinances.

H. The estimated revenues to be derived in each year after completion of the Project from the operation of the System will be sufficient to pay all costs of operation and maintenance of the System, the principal of and interest on the Prior Bonds and the Series 2001 Bonds and to make payments into all funds and accounts and other payments provided for herein.

I. The Issuer has complied with all requirements of West Virginia law and the Loan Agreement relating to authorization of the acquisition, construction and operation of the Project and the System and issuance of the Series 2001 Bonds, or will have so complied prior to issuance of any thereof, including, among other things, the approval of the Project and the financing thereof by the West Virginia Infrastructure and Jobs Development Council and the obtaining of a Certificate of Public Convenience and Necessity from the Public Service Commission of West Virginia by final order, the time for rehearing and appeal of which will either have expired prior to the issuance of the Series 2001 Bonds or such final order will not be subject to appeal.

J. Pursuant to the Act, the Issuer has heretofore established a Sanitary Board, and the Sanitary Board has petitioned the Council to issue the Series 2001 Bonds for the purposes set forth herein.

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

Section 1.03. Bond Legislation Constitutes Contract. In consideration of the acceptance of the Series 2001 Bonds by the Registered Owners of the same from time to time, this Bond Legislation shall be deemed to be and shall constitute a contract between the Issuer and such Bondholders, and the covenants and agreements herein set forth to be performed by the Issuer shall be for the equal benefit, protection and security of the Bondholders of any and all of such Series 2001 Bonds, all which shall be of equal rank and without preference, priority or distinction between any one Bond and any other Bonds and by reason of priority of issuance or otherwise, except as expressly provided therein and herein.

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

"Act" means, collectively, Chapter 16, Article 13 and Chapter 22C, Article 2 of the West Virginia Code of 1931, as amended and in effect on the date of enactment hereof.

"Authority" means the West Virginia Water Development Authority, which is expected to be the original purchaser and Registered Owner of the Series 2001 Bonds, or any other agency, board or department of the State that succeeds to the functions of the Authority.

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

"Board" means the Sanitary Board of the Issuer.

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

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

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

"Bonds" means, collectively, the Series 2001 Bonds, the Prior Bonds, and, where appropriate, any bonds on a parity therewith subsequently authorized to be issued hereunder or by another ordinance of the Issuer.

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

"Closing Date" means the date upon which there is an exchange of the Series 2001 Bonds for all or a portion of the proceeds of the Series 2001 Bonds from the Authority and the DEP.

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

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

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

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

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

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

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

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

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

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

"Governing Body" means the Council of the Issuer.

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

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

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

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

"Investment Property" means:

(A) any security (within the meaning of Section 165(g)(2)(A) or (B) of the Code),

(B) any obligation,

(C) any annuity contract,

(D) any investment-type property, or

(E) in the case of a bond other than a private activity bond, any residential rental property for family units which is not located within the jurisdiction of the Issuer and which is not acquired to implement a court ordered or approved housing desegregation plan.

Except as provided in the following sentence, the term "Investment Property" does not include any tax-exempt bond. With respect to an issue other than an issue a part of which is a specified private activity bond (as defined in section 57(a)(5)(C) of the Code), the term "Investment Property" includes a specified private activity bond (as so defined).

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

"Loan Agreement" means the bond purchase agreement heretofore entered, or to be entered, into among the Authority, the DEP and the Issuer, providing for the purchase of the Series 2001 Bonds from the Issuer by the Authority, the form of which shall be approved, and the execution and delivery by the Issuer authorized and directed or ratified by the Supplemental Resolution.

"Maximum Annual Debt Service" means, at the time of computation, the greatest amount of Debt Service required to be paid on the Bonds for the then current or any succeeding Bond Year.

"Mayor" means the Mayor of the Issuer.

"Net Proceeds" means the face amount of the Series 2001 Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds, if any, deposited in the Series 2001 Bonds Reserve Account. For purposes of the Private Business Use limitations set forth herein, the term Net Proceeds shall include any amounts resulting from the investment of proceeds of the Series 2001 Bonds, without regard to whether or not such investment is made in tax-exempt obligations.

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

"Nonpurpose Investment" means any Investment Property as defined in Section 148 (b) of the Code, that is not a purpose investment.

"Operating Expenses" means the reasonable, proper and necessary costs of repair, operation and maintenance of the System, and includes, without limiting the generality of the foregoing, administrative, engineering, legal, auditing and insurance expenses, other than those capitalized as part of the Costs, the SRF Administrative Fee, fees and expenses of fiscal agents, the Depository Bank, the Registrar and Paying Agent (all as herein defined), payments to pension or retirement funds, taxes and such other reasonable operating costs and expenses as should normally and regularly be included under generally accepted accounting principles; provided, that "Operating Expenses" does not include payments on account of the

principal of or redemption premium, if any, or interest on the Bonds, charges for depreciation, losses from the sale or other disposition of, or from any decrease in the value of, capital assets, amortization of debt discount or such miscellaneous deductions as are applicable to prior accounting periods.

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

"Outstanding" when used with reference to Bonds or Prior Bonds and as of any particular date, describes all Bonds or Prior Bonds theretofore and thereupon being authenticated and delivered except (i) any Bond or Prior Bond cancelled by the Bond Registrar or Registrar for Prior Bonds, at or prior to said date; (ii) any Bond or Prior Bonds, for the payment of which moneys, equal to its principal amount and redemption premium, if applicable, with interest to the date of maturity or redemption shall be in trust hereunder, and set aside for such payment (whether upon or prior to maturity); (iii) any Bond deemed to have been paid as provided in Article X hereof; (iv) any Prior Bond deemed to have been paid; and (v) for purposes of consents or other action by a specified percentage of Bondholders, or holders of Prior Bonds, any Bonds or Prior Bonds registered to the Issuer.

"Paying Agent" means the Commission or such other entity or authority as may be designated as a Paying Agent by the Issuer in the Supplemental Resolution with the written consent of the Authority and the DEP.

"Prior Bonds" means, collectively, the Issuer's Series 1986 B Bonds and Series 1997 A Bonds.

"Prior Ordinances" means, collectively, the ordinance of the Issuer enacted on March 25, 1986, as supplemented by the supplemental resolution of the Issuer adopted March 25, 1986, authorizing the Series 1986 B Bonds, and the ordinance of the Issuer enacted on October 28, 1997, as supplemented by the supplemental resolution of the Issuer adopted November 17, 1997, authorizing the Series 1997 A Bonds.

"Private Business Use" means use (directly or indirectly) in a trade or business carried on by any person other than a governmental unit; provided that, use as a member of the general public shall not be taken into account.

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

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

(a) Government Obligations;

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

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

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

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

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

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

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

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

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

"Recorder" means the Recorder of the Issuer.

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

"Registrar" means the Bond Registrar.

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

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

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

"Reserve Requirement" means, collectively, the respective amounts required to be on deposit in any reserve account for the Bonds.

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

"Series 1986 B Bonds" means the Issuer's Sewer Revenue Bonds, Series 1986 B, dated March 26, 1986, issued in the original aggregate principal amount of $850,860.

"Series 1997 A Bonds" means the Issuer's Sewer Refunding Revenue Bonds, Series 1997 A, dated November 1, 1997, issued in the original aggregate principal amount of $2,130,000.

"Series 2001 Bonds" means the Sewer Revenue Bonds, Series 2001 (West Virginia SRF Program), of the Issuer, authorized by this Bond Legislation.

"Series 2001 Bonds Construction Trust Fund" means the Series 2001 Bonds Construction Trust Fund established by Section 5.01 hereof.

"Series 2001 Bonds Reserve Account" means the Series 2001 Bonds Reserve Account established in the Series 2001 Bonds Sinking Fund pursuant to Section 5.02 hereof.

"Series 2001 Bonds Reserve Account Requirement" means, as of any date of calculation, the maximum amount of principal and interest which will become due on the Series 2001 Bonds in the then current or any succeeding year.

"Series 2001 Bonds Sinking Fund" means the Series 2001 Bonds Sinking Fund established by Section 5.02 hereof.

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

"SRF Administrative Fee" means any administrative fee required to be paid pursuant to the Loan Agreement.

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

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

"State" means the State of West Virginia.

"Supplemental Resolution" means any resolution, ordinance or order of the Issuer supplementing or amending this Ordinance and, when preceded by the article "the," refers specifically to the supplemental resolution authorizing the sale of the Series 2001 Bonds; provided, that any matter intended by this Ordinance to be included in the Supplemental Resolution with respect to the Series 2001 Bonds, and not so included may be included in another Supplemental Resolution.

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

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

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

Words importing singular number shall include the plural number in each case and vice versa; words importing persons shall include firms and corporations; and words importing the masculine, feminine or neutral gender shall include any other gender.

ARTICLE II

AUTHORIZATION OF ACQUISITION AND CONSTRUCTION OF THE PROJECT

Section 2.01. Authorization of Acquisition and Construction of the Project. There is hereby authorized the acquisition and construction of the Project, at an estimated cost of $1,500,000, in accordance with the plans and specifications which have been prepared by the Consulting Engineers, heretofore filed in the office of the Governing Body. The proceeds of the Series 2001 Bonds hereby authorized shall be applied as provided in Article VI hereof. The Issuer has received bids and will enter into contracts for the acquisition and construction of the Project, compatible with the financing plan submitted to the SRF Program. The cost of the Project is estimated not to exceed $1,500,000, all of which will be obtained from proceeds of the Series 2001 Bonds.

ARTICLE III

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

Section 3.01. Authorization of Bonds. For the purposes of capitalizing interest on the Series 2001 Bonds, funding a reserve account for the Series 2001 Bonds, paying Costs of the Project not otherwise provided for and paying certain costs of issuance of the Series 2001 Bonds and related costs, or any or all of such purposes, as determined by the Supplemental Resolution, there shall be and hereby are authorized to be issued the negotiable Series 2001 Bonds of the Issuer. The Series 2001 Bonds shall be issued as a single bond, designated "Sewer Revenue Bonds, Series 2001 (West Virginia SRF Program)", in the principal amount of not more than $1,500,000, and shall have such terms as set forth hereinafter and in the Supplemental Resolution. The proceeds of the Series 2001 Bonds remaining after funding of the Series 2001 Bonds Reserve Account (if funded from Bond proceeds) and capitalization of interest, if any, shall be deposited in or credited to the Series 2001 Bonds Construction Trust Fund established by Section 5.01 hereof.

Section 3.02. Terms of Bonds. The Series 2001 Bonds shall be issued in such principal amounts; shall bear interest, if any, at such rate or rates, not exceeding the then legal maximum, payable quarterly on such dates; shall mature on such dates and in such amounts; and shall be redeemable, in whole or in part, all as the Issuer shall prescribe in a Supplemental Resolution or as specifically provided in the Loan Agreement. The Series 2001 Bonds shall be payable as to principal at the office of the Paying Agent, in any coin or currency which, on the dates of payment of principal is legal tender for the payment of public or private debts under the laws of the United States of America. Interest on the Series 2001 Bonds, if any, shall be paid by check or draft of the Paying Agent or its agent, mailed to the Registered Owner thereof at the address as it appears on the books of the Bond Registrar, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner thereof.

Unless otherwise provided by the Supplemental Resolution, the Series 2001 Bonds shall initially be issued in the form of a single bond, fully registered to the Authority, with a record of advances and a debt service schedule attached, representing the aggregate principal amount of the Series 2001 Bonds, and shall mature in principal installments, all as provided in the Supplemental Resolution. The Series 2001 Bonds shall be exchangeable at the option and expense of the Registered Owner for another fully registered Bond or Bonds of the same series in aggregate principal amount equal to the amount of said Bonds then Outstanding and being exchanged, with principal installments or maturities, as applicable, corresponding to the dates of payment of principal installments of said Bonds; provided, that the Authority shall not be obligated to pay any expenses of such exchange.

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

Section 3.03. Execution of Bonds. The Series 2001 Bonds shall be executed in the name of the Issuer by the Mayor, and the seal of the Issuer shall be affixed thereto or imprinted thereon and attested by the Recorder. In case any one or more of the officers who shall have signed or sealed the Series 2001 Bonds shall cease to be such officer of the Issuer before the Series 2001 Bonds so signed and sealed have been actually sold and delivered, such Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bonds had not ceased to hold such office. Any Series 2001 Bonds may be signed and sealed on behalf of the Issuer by such person as at the actual time of the execution of such Bonds shall hold the proper office in the Issuer, although at the date of such Bonds such person may not have held such office or may not have been so authorized.

Section 3.04. Authentication and Registration. No Series 2001 Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under this Bond Legislation unless and until the Certificate of Authentication and Registration on such Bond, substantially in the form set forth in Section 3.10 hereof shall have been manually executed by the Bond Registrar. Any such executed Certificate of Authentication and Registration upon any such Bond shall be conclusive evidence that such Bond has been authenticated, registered and delivered under this Bond Legislation. The Certificate of Authentication and Registration on any Series 2001 Bond shall be deemed to have been executed by the Bond Registrar if manually signed by an authorized officer of the Bond Registrar, but it shall not be necessary that the same officer sign the Certificate of Authentication and Registration on all of the Bonds issued hereunder.

Section 3.05. Negotiability, Transfer and Registration. Subject to the provisions for transfer of registration set forth below, the Series 2001 Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder, in accepting the Series 2001 Bonds shall be conclusively deemed to have agreed that such Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder shall further be conclusively deemed to have agreed that said Bonds shall be incontestable in the hands of a bona fide holder for value.

So long as the Series 2001 Bonds remain outstanding, the Issuer, through the Bond Registrar or its agent, shall keep and maintain books for the registration and transfer of such Bonds.

The registered Series 2001 Bonds shall be transferable only upon the books of the Bond Registrar, by the registered owner thereof in person or by his attorney duly authorized in writing, upon surrender thereto together with a written instrument of transfer satisfactory to the Bond Registrar duly executed by the registered owner or his duly authorized attorney.

In all cases in which the privilege of exchanging Series 2001 Bonds or transferring the registered Series 2001 Bonds are exercised, all Series 2001 Bonds shall be delivered in accordance with the provisions of this Bond Legislation. All Series 2001 Bonds surrendered in any such exchanges or transfers shall forthwith be cancelled by the Bond Registrar. For every such exchange or transfer of Series 2001 Bonds, the Bond Registrar may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer and the cost of preparing each new Bond upon each exchange or transfer, and any other expenses of the Bond Registrar incurred in connection therewith, which sum or sums shall be paid by the Issuer. The Bond Registrar shall not be obliged to make any such exchange or transfer of Series 2001 Bonds during the period commencing on the 15th day of the month next preceding an interest payment date on the Series 2001 Bonds or, in the case of any proposed redemption of Series 2001 Bonds, next preceding the date of the selection of Bonds to be redeemed, and ending on such interest payment date or redemption date.

Section 3.06. Bonds Mutilated, Destroyed, Stolen or Lost. In case any Series 2001 Bond shall become mutilated or be destroyed, stolen or lost, the Issuer may, in its discretion, issue, and the Bond Registrar shall, if so advised by the Issuer, authenticate and deliver, a new Bond of the same series and of like tenor as the Bonds so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond, upon surrender and cancellation of such mutilated Bond, or in lieu of and substitution for the Bond destroyed, stolen or lost, and upon the Holder's furnishing satisfactory indemnity and complying with such other reasonable regulations and conditions as the Issuer may prescribe and paying such expenses as the Issuer and the Bond Registrar may incur. All Bonds so surrendered shall be cancelled by the Bond Registrar and held for the account of the Issuer. If any such Bond shall have matured or be about to mature, instead of issuing a substitute Bond, the Issuer may pay the same, upon being indemnified as aforesaid, and if such Bond be lost, stolen or destroyed, without surrender thereof.

Section 3.07. Bonds not to be Indebtedness of the Issuer. The Series 2001 Bonds shall not, in any event, be or constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provision or limitation, but shall be payable solely from the Net Revenues derived from the operation of the System as herein provided. No holder or holders of the Series 2001 Bonds shall ever have the right to compel the

exercise of the taxing power of the Issuer to pay the Series 2001 Bonds or the interest, if any, thereon.

Section 3.08. Bonds Secured by Pledge of Net Revenues; Lien Position with respect to Prior Bonds. The payment of the debt service on the Series 2001 Bonds shall be secured by a first lien on the Net Revenues derived from the System, on a parity with the lien on the Net Revenues in favor of the Holders of the Prior Bonds. The Net Revenues in an amount sufficient to pay the principal of and interest, if any, on and other payments for the Series 2001 Bonds and the Prior Bonds and to make all other payments hereinafter set forth, are hereby irrevocably pledged to such payments as they become due.

Section 3.09. Delivery of Bonds. The Issuer shall execute and deliver the Series 2001 Bonds to the Bond Registrar, and the Bond Registrar shall authenticate, register and deliver the Series 2001 Bonds to the original purchasers upon receipt of the documents set forth below:

A. If other than the Authority, a list of the names in which the Series 2001 Bonds are to be registered upon original issuance, together with such taxpayer identification and other information as the Bond Registrar may reasonably require;

B. A request and authorization to the Bond Registrar on behalf of the Issuer, signed by an Authorized Officer, to authenticate and deliver the Series 2001 Bonds to the original purchasers;

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

D. An executed copy of the Loan Agreement; and

E. The unqualified approving opinion of bond counsel on the Series 2001 Bonds.

Section 3.10. Form of Bonds. The text of the Series 2001 Bonds shall be in substantially the following form, with such omissions, insertions and variations as may be necessary and desirable and authorized or permitted hereby, or by any Supplemental Resolution adopted prior to the issuance thereof:

(FORM OF BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE CITY OF KINGWOOD
SEWER REVENUE BOND,
SERIES 2001
(WEST VIRGINIA SRF PROGRAM)

No. R-____ $_____

KNOW ALL MEN BY THESE PRESENTS: That THE CITY OF KINGWOOD, a municipal corporation and political subdivision of the State of West Virginia in Preston County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the West Virginia Water Development Authority (the "Authority") or registered assigns the sum of _____ DOLLARS ($_____), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing _____ 1, _____, as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference. The SRF Administrative Fee (as defined in the hereinafter described Bond Legislation) shall be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing _____ 1, _____, as set forth on EXHIBIT B attached hereto.

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

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the West Virginia Department of Environmental Protection (the "DEP), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement by and among the Issuer, the Authority and the DEP, dated _____, 2001.

This Bond is issued (i) to pay the costs of acquisition and construction of certain additions, betterments and improvements to the existing public sewerage system of the Issuer (the "Project"); (ii) to fund a reserve account for the Bonds of this Series (the "Bonds"); and (iii) to pay certain costs of issuance of the Bonds and related costs. The existing public

sewerage system of the Issuer, the Project, and any further additions, betterments or improvements thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13 and Chapter 22C, Article 2 of the West Virginia Code of 1931, as amended (collectively, the "Act"), a Bond Ordinance duly enacted by the Issuer on _____, 2001, and a Supplemental Resolution duly adopted by the Issuer on _____, 2001 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S SEWER REVENUE BONDS, SERIES 1986 B, DATED MARCH 26, 1986, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $850,860 (THE "SERIES 1986 B BONDS"), AND SEWER REFUNDING REVENUE BONDS, SERIES 1997 A , DATED NOVEMBER 1, 1997; ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,130,000 (THE "SERIES 1997 A BONDS"). THE SERIES 1986 B BONDS AND THE SERIES 1997 A BONDS ARE HEREINAFTER COLLECTIVELY REFERRED TO AS THE "PRIOR BONDS".

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Net Revenues in favor of the Holders of the Prior Bonds, and from moneys in the Reserve Account created under the Bond Legislation for the Bonds (the "Series 2001 Bonds Reserve Account"), and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest, if any, hereon, except from said special fund provided from the Net Revenues, the moneys in the Series 2001 Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System; and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest on the Bonds, and all other obligations secured by a lien on or payable from such revenues on a parity with the Bonds, including the Prior Bonds; provided however, that so long as there exists in the Series 2001

Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest, if any, which will become due on the Bonds in the then current or succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with the Bonds, including Prior Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

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

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

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

IN WITNESS WHEREOF, THE CITY OF KINGWOOD has caused this Bond to be signed by its Mayor and its corporate seal to be hereunto affixed and attested by its Recorder, and has caused this Bond to be dated _____, 2001.

[SEAL]

_____
Mayor

ATTEST:

_____
Recorder

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2001 Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: _____, 2001.

BRANCH BANKING AND TRUST COMPANY
as Registrar

_____
Authorized Officer

(Form of)

EXHIBIT A

RECORD OF ADVANCES

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

TOTAL $

EXHIBIT B

DEBT SERVICE SCHEDULE

(Form of)

ASSIGNMENT

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

Dated: _____, _____.

_____

In the presence of:

_____

Section 3.11. Sale of Bonds; Approval and Ratification of Execution of Loan Agreement. The Series 2001 Bonds shall be sold to the Authority, pursuant to the terms and conditions of the Loan Agreement. The Loan Agreement, including all schedules and exhibits attached hereto, is hereby approved. If not so authorized by previous ordinance or resolution, the Mayor is specifically authorized and directed to execute the Loan Agreement in the form attached hereto as "Exhibit A" and made a part hereof, and the Recorder is directed to affix the seal of the Issuer, attest the same and deliver the Loan Agreement to the Authority, and any such prior execution and delivery is hereby authorized, approved, ratified and confirmed.

Section 3.12. "Amended Schedule A" Filing. Within 60 days following the Completion Date, the Issuer will file with the Authority and the DEP a schedule the form of the which will be provided by the DEP, setting forth the actual costs of the Project and sources of funds therefor.

ARTICLE IV

[RESERVED]

ARTICLE V

FUNDS AND ACCOUNTS; SYSTEM REVENUES AND APPLICATION THEREOF

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

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

(2) Operation and Maintenance Fund (established by the Prior Ordinances);

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

(4) Series 2001 Bonds Construction Trust Fund.

Section 5.02. Establishment of Funds and Accounts with Commission. The following special funds or accounts are hereby created with (or continued if previously established by the Prior Ordinances) and shall be held by the Commission, separate and apart from all other funds or accounts of the Commission or the Issuer and from each other:

(1) Series 1986 B Bonds Sinking Fund (established by the Prior Ordinances);

(2) Within the Series 1986 B Bonds Sinking Fund, the Series 1986 B Bonds Reserve Account (established by the Prior Ordinances);

(3) Series 1997 A Bonds Sinking Fund (established by the Prior Ordinances);

(4) Within the Series 1997 A Bonds Sinking Fund, the Series 1997 A Bonds Reserve Account (established by the Prior Ordinances);

(5) Within the Series 1997 A Bonds Sinking Fund, the Series 1997 A Bonds Redemption Account (established by the Prior Ordinances);

(6) Series 2001 Bond Sinking Fund; and

(7) Within the Series 2001 Bonds Sinking Fund, the Series 2001 Bonds Reserve Account.

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

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

(2) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and remit to the Commission for deposit in the Series 1997 A Bonds Sinking Fund, the amount required by the Prior Ordinances to pay the interest on the Series 1997 A Bonds.

(3) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the Commission (i) for deposit in the Series 1986 B Bonds Sinking Fund, the amount required by the Prior Ordinances to pay the principal of the Series 1986 B Bonds; (ii) for deposit in the Series 1997 A Bonds Sinking Fund, the amount required by the Prior Ordinances to pay the principal of the Series 1997 A Bonds; and (iii) commencing 3 months prior to the first date of payment of principal of the Series 2001 Bonds, for deposit in the Series 2001 Bonds Sinking Fund, an amount equal to 1/3rd of the amount of principal which will mature and become due on the Series 2001 Bonds on the next ensuing quarterly principal payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 2001 Bonds Sinking Fund and the next quarterly principal payment date is less than 3 months, then such monthly payments shall be increased proportionately to provide, 1 month prior to the next quarterly principal payment date, the required amount of principal coming due on such date.

(4) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the Commission (i) for deposit in the Series 1986 B Bonds Reserve Account, the amount required by the Prior Ordinances; (ii) for deposit in the Series 1997 A Bonds Reserve Account, the

amount required by the Prior Ordinances; and (iii) commencing 3 months prior to the first date of payment of principal of the Series 2001 Bonds, if not fully funded upon issuance of the Series 2001 Bonds, for deposit in the Series 2001 Bonds Reserve Account, an amount equal to 1/120th of the Series 2001 Bonds Reserve Account Requirement; provided that, no further payments shall be made into the Series 2001 Bonds Reserve Account when there shall have been deposited therein, and as long as there shall remain on deposit therein, an amount equal to the Series 2001 Bonds Reserve Account Requirement.

(5) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and remit to the Depository Bank for deposit in the Renewal and Replacement Fund, a sum equal to 2 1/2% of the Gross Revenues each month (as previously set forth in the Prior Ordinances and not in addition thereto), exclusive of any payments for account of any reserve account. All funds in the Renewal and Replacement Fund shall be kept apart from all other funds of the Issuer or of the Depository Bank and shall be invested and reinvested in as provided herein. Withdrawals and disbursements may be made from the Renewal and Replacement Fund for replacements, emergency repairs, improvements or extensions to the System; provided that, any deficiencies in any reserve accounts (except to the extent such deficiency exists because the required payments into such account have not, as of the date of determination of a deficiency, funded such account to the maximum extent required hereof) shall be promptly eliminated with moneys from the Renewal and Replacement Fund.

Moneys in the Series 2001 Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest, if any, on the Series 2001 Bonds as the same shall become due. Moneys in the Series 2001 Bonds Reserve Account shall be used only for the purposes of paying principal of and interest, if any, on the Series 2001 Bonds as the same shall come due, when other moneys in the Series 2001 Bonds Sinking Fund are insufficient therefor, and for no other purpose.

All investment earnings on moneys in the Series 2001 Bonds Sinking Fund and the Series 2001 Bonds Reserve Account shall be returned, not less than once each year, by the Commission to the Issuer, and such amounts shall, during construction of the Project, be deposited in the Series 2001 Bonds Construction Trust Fund, and following completion of construction of the Project, shall be deposited in the Revenue Fund and applied in full, first to the next ensuing interest payment due on the Series 2001 Bonds and then to the next ensuing principal payment due thereon.

Any withdrawals from the Series 2001 Bonds Reserve Account which result in a reduction in the balance of the Series 2001 Bonds Reserve Account to below the

Series 2001 Bonds Reserve Requirement shall be subsequently restored from the first Net Revenues available after all required payments have been made in full in the priority as set forth above.

As and when additional Bonds ranking on a parity with the Series 2001 Bonds are issued, provision shall be made for additional payments into the respective sinking fund sufficient to pay the interest on such additional parity Bonds and accomplish retirement thereof at maturity and to accumulate a balance in the respective reserve account in an amount equal to the requirement therefor.

The Issuer shall not be required to make any further payments into the Series 2001 Bonds Sinking Fund or the Series 2001 Bonds Reserve Account when the aggregate amount of funds therein are at least equal to the aggregate principal amount of the Series 2001 Bonds issued pursuant to this Bond Legislation then Outstanding and all interest to accrue until the maturity thereof.

Principal, interest or reserve payments, whether made for a deficiency or otherwise, shall be made on a parity and pro rata, with respect to the Prior Bonds and Series 2001 Bonds, in accordance with the respective principal amounts then Outstanding.

The Commission is hereby designated as the fiscal agent for the administration of the Series 2001 Bonds Sinking Fund and the Series 2001 Bonds Reserve Account created hereunder, and all amounts required for said accounts shall be remitted to the Commission from the Revenue Fund by the Issuer at the times provided herein. All remittances made by the Issuer to the Commission shall clearly identify the fund or account into which each amount is to be deposited. If required by the Authority at anytime, the Issuer shall make the necessary arrangements whereby required payments into said accounts shall be automatically debited from the Revenue Fund and electronically transferred to the Commission on the dates required hereunder.

Moneys in the Series 2001 Bonds Sinking Fund and the Series 2001 Bonds Reserve Account shall be invested and reinvested by the Commission in accordance with Section 8.01 hereof.

The Series 2001 Bonds Sinking Fund and the Series 2001 Bonds Reserve Account shall be used solely and only for, and are hereby pledged for, the purpose of servicing the Series 2001 Bonds under the conditions and restrictions set forth herein.

B. The Issuer shall on the first day of each month (if the first day is not a business day, then the first business day of each month) deposit with the Commission the required principal, interest and reserve payments with respect to the Series 2001 Bonds and all such payments shall be remitted to the Commission with appropriate instructions as to the

custody, use and application thereof consistent with the provisions of this Bond Legislation. The Issuer shall also on the first day of each month (if the first day is not a business day, then the first business day of each month) deposit with the Commission the SRF Administrative Fee as set forth in the Loan Agreement.

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

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

E. The Issuer shall remit from the Revenue Fund to the Commission, the Registrar, the Paying Agent or the Depository Bank, on such dates as the Commission, the Registrar, the Paying Agent or the Depository Bank, as the case may be, shall require, such additional sums as shall be necessary to pay their respective charges and fees then due. In the case of payments to the Commission under this Section, the Issuer shall, if required by the Authority at anytime, make the necessary arrangements whereby such required payments shall be automatically debited from the Revenue Fund and electronically transferred to the Commission on the dates required.

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

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

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

ARTICLE VI

BOND PROCEEDS; CONSTRUCTION DISBURSEMENTS

Section 6.01. Application of Bond Proceeds; Pledge of Unexpended Bond Proceeds. From the moneys received from the sale of any or all of the Series 2001 Bonds, the following amounts shall be first deducted and deposited in the order set forth below:

A. From the proceeds of the Series 2001 Bonds, there shall first be deposited with the Commission in the Series 2001 Bonds Sinking Fund, the amount, if any, set forth in the Supplemental Resolution as capitalized interest; provided, that such amount may not exceed the amount necessary to pay interest on the Series 2001 Bonds for the period commencing on the date of issuance of the Series 2001 Bonds and ending 6 months after the estimated date of completion of construction of the Project.

B. Next, from the proceeds of the Series 2001 Bonds, there shall be deposited with the Commission in the Series 2001 Bonds Reserve Account, the amount, if any, set forth in the Supplemental Resolution for funding of the Series 2001 Bonds Reserve Account.

C. As the Issuer receives advances of the remaining moneys derived from the sale of the Series 2001 Bonds, such moneys shall be deposited with the Depository Bank in the Series 2001 Bonds Construction Trust Fund and applied solely to payment of the costs of the Project in the manner set forth in Section 6.02 hereof and, until so expended, are hereby pledged as additional security for the Series 2001 Bonds.

D. After completion of construction of the Project, as certified by the Consulting Engineers, and all costs have been paid, any remaining proceeds of the Series 2001 Bonds shall be expended as approved by the DEP.

Section 6.02. Disbursements From the Bond Construction Trust Fund. On or before the Closing Date, the Issuer shall have delivered to the Authority and the DEP a report listing the specific purposes for which the proceeds of the Series 2001 Bonds will be expended and the disbursement procedures for such proceeds, including an estimated monthly draw schedule. Payments for Costs of the Project shall be made monthly.

Except as provided in Section 6.01 hereof, disbursements from the Series 2001 Bonds Construction Trust Fund shall be made only after submission to, and approval from, the Authority and the DEP of the following:

(1) a completed and signed "Payment Requisition Form," a form of which is attached to the Loan Agreement as Exhibit C, in compliance with the construction schedule and

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

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

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

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

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

Pending such application, moneys in the Series 2001 Bonds Construction Trust Fund, including any accounts therein, shall be invested and reinvested in Qualified Investments at the written direction of the Issuer.

ARTICLE VII

ADDITIONAL COVENANTS OF THE ISSUER

Section 7.01. General Covenants of the Issuer. All the covenants, agreements and provisions of this Bond Legislation shall be and constitute valid and legally binding covenants of the Issuer and shall be enforceable in any court of competent jurisdiction by any Holder or Holders of the Series 2001 Bonds. In addition to the other covenants, agreements and provisions of this Bond Legislation, the Issuer hereby covenants and agrees with the Holders of the Series 2001 Bonds as hereinafter provided in this Article VII. All such covenants, agreements and provisions shall be irrevocable, except as provided herein, as long as any of the Series 2001 Bonds or the interest, if any, thereon is Outstanding and unpaid.

Section 7.02. Bonds not to be Indebtedness of the Issuer. The Series 2001 Bonds shall not be nor constitute a corporate indebtedness of the Issuer within the meaning of any constitutional, statutory or charter limitation of indebtedness, but shall be payable solely from the funds pledged for such payment by this Bond Legislation. No Holder or Holders of the Series 2001 Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Series 2001 Bonds or the interest, if any, thereon.

Section 7.03. Bonds Secured by Pledge of Net Revenues; Lien Position with respect to Prior Bonds. The payment of the debt service on the Series 2001 Bonds shall be secured by a first lien on the Net Revenues derived from the System, on a parity with the lien on the Net Revenues in favor of the Holders of the Prior Bonds. The Net Revenues in an amount sufficient to pay the principal of and interest, if any, on the Series 2001 Bonds and the Prior Bonds and to make the payments into all funds and accounts and all other payments provided for in the Bond Legislation are hereby irrevocably pledged, in the manner provided herein, to such payments as they become due, and for the other purposes provided in the Bond Legislation.

Section 7.04. Initial Schedule of Rates and Charges. The Issuer has obtained any and all approvals of rates and charges required by State law and has taken any other action required to establish and impose such rates and charges , with all requisite appeal periods having expired without successful appeal. Such rates and charges shall be sufficient to comply with the requirements of the Loan Agreement. The initial schedule of rates and charges for the services of the facilities of the System shall be as set forth in the sewer rate ordinance of the Issuer enacted March 21, 2000, which rates are incorporated herein by reference as a part hereof.

So long as the Bonds are outstanding, the Issuer covenants and agrees to fix and collect rates, fees and other charges for the use of the System and to take all such actions necessary to provide funds sufficient to produce the required sums set forth in the Bond Legislation and in compliance with the Loan Agreement. In the event the schedule of rates, fees and charges initially established for the System in connection with the Bonds shall prove to be insufficient to produce the required sums set forth in this Bond Legislation and the Loan Agreement, the Issuer hereby covenants and agrees that it will, to the extent or in the manner authorized by law, immediately adjust and increase such schedule of rates, fees and charges and take all such actions necessary to provide funds sufficient to produce the required sums set forth in this Bond Legislation and the Loan Agreement.

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

So long as the Series 2001 Bonds are outstanding and except as otherwise required by law or with the written consent of the Authority and the DEP, the System may not be sold, mortgaged, leased or otherwise disposed of except as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to fully pay all the Bonds Outstanding, in accordance with Article X hereof. The proceeds from any such sale, mortgage, lease or other disposition of the System shall, with respect to the Series 2001 Bonds, immediately be remitted to the Commission for deposit in the Series 2001 Bonds Sinking Fund, and, with the written permission of the Authority, or in the event the Authority is no longer a Bondholder, the Issuer shall direct the Commission to apply such proceeds to the payment of principal of and interest, if any, on the Series 2001 Bonds. Any balance remaining after the payment of the Series 2001 Bonds and interest thereon shall be remitted to the Issuer by the Commission unless necessary for the payment of other obligations of the Issuer payable out of the revenues of the System.

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

necessary, useful or profitable in the operation thereof, and may then, if it be so advised, by resolution duly adopted, authorize such sale, lease or other disposition of such property in accordance with the laws of the State. The proceeds derived from any such sale, lease or other disposition of such property, in excess of $10,000 and not in excess of $50,000, shall be remitted by the Issuer to the Commission for deposit in the Sinking Funds and shall be applied only to the purchase of Bonds of the last maturities then outstanding at prices not greater than the par value thereof plus 3% of such par value. Such payments of such proceeds into the Renewal and Replacement Fund or the Sinking Funds shall not reduce the amounts required to be paid into said funds by other provisions of the Prior Ordinances and this Bond Legislation.

No sale, lease or other disposition of the properties of the System shall be made by the Issuer if the proceeds to be derived therefrom shall be in excess of $50,000 and insufficient to pay all Bonds then Outstanding without the prior approval and consent in writing of the Holders of the Series 2001 Bonds then Outstanding. The Issuer shall prepare the form of such approval and consent for execution by the then Holders of the Series 2001 Bonds for the disposition of the proceeds of the sale, lease or other disposition of such properties of the System.

Section 7.06. Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances. Except as provided for in Section 7.07 hereof, the Issuer shall not issue any other obligations whatsoever payable from the revenues of the System which rank prior to, or equally, as to lien on and source of and security for payment from such revenues with the Series 2001 Bonds. All obligations issued by the Issuer after the issuance of the Series 2001 Bonds and payable from the revenues of the System, except such additional parity Bonds, shall contain an express statement that such obligations are junior and subordinate, as to lien on and source of and security for payment from such revenues and in all other respects, to the Series 2001 Bonds; provided, that no such subordinate obligations shall be issued unless all payments required to be made into all funds and accounts set forth herein have been made and are current at the time of the issuance of such subordinate obligations.

Except as provided above, the Issuer shall not create, or cause or permit to be created, any debt, lien, pledge, assignment, encumbrance or any other charge having priority over or being on a parity with the lien of the Series 2001 Bonds, and the interest, if any, thereon, upon any of the income and revenues of the System pledged for payment of the Series 2001 Bonds and the interest, if any, thereon in this Bond Legislation, or upon the System or any part thereof.

The Issuer shall give the Authority and the DEP prior written notice of its issuance of any other obligations to be used for the System, payable from the revenues of the

System or from any grants for the Project, or any other obligations related to the Project or the System.

Section 7.07. Additional Parity Bonds. So long as the Prior Bonds are outstanding, the limitations on the issuance of parity obligations set forth in the Prior Ordinances shall be applicable. In addition, no additional parity Bonds, as in this section defined, payable out of the revenues of the System, shall be issued after the issuance of the Series 2001 Bonds pursuant to this Ordinance, without the prior written consent of the Authority and the DEP and without complying with the conditions and requirements herein provided (unless less restrictive than the provisions of the Prior Ordinances).

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

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

(1) The Prior Bonds and the Series 2001 Bonds then Outstanding;

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

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

The "estimated average increased annual Net Revenues to be received in each of the 3 succeeding years," as that term is used in the computation provided in the above paragraph, shall refer only to the increased Net Revenues estimated to be derived from (a) the improvements to be financed by such additional parity Bonds and (b) any increase in rates enacted by the Issuer, the time for appeal of which shall have expired (without successful appeal) prior to the date of issuance of such additional parity Bonds and shall not exceed the

amount to be stated in a certificate of the Independent Accountants, which shall be filed in the office of the Recorder of the Issuer prior to the issuance of such additional parity Bonds.

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

Not later than simultaneously with the delivery of such Parity Bonds, the Issuer shall have entered into written contracts for the immediate acquisition and construction of such additions, extensions, betterments or improvements to the System which are to be financed by such parity Bonds.

The term "additional parity Bonds," as used in this section, shall be deemed to mean additional Bonds issued under the provisions and within the limitations of this section, and the Prior Ordinances, payable from the Net Revenues of the System on a parity with the Prior Bonds and the Series 2001 Bonds, and all the covenants and other provisions of the Prior Ordinances and this Bond Legislation (except as to details of such additional parity Bonds inconsistent herewith) shall be for the equal benefit, protection and security of the Holders of the Prior Bonds and the Series 2001 Bonds and the Holders of any additional parity Bonds theretofore or subsequently issued from time to time within the limitations of and in compliance with this section. All the Bonds, regardless of the time or times of their issuance, shall rank equally with respect to their lien on the Net Revenues of the System, and their source of and security for payment from said Net Revenues, without preference of any Bond over any other. The Issuer shall comply fully with all the increased payments into the various funds and accounts created in the Prior Ordinances and this Bond Legislation required for and on account of such additional parity Bonds, in addition to the payments required for Bonds theretofore issued pursuant to the Prior Ordinances and this Bond Legislation.

The term "additional parity Bonds," as used in this section, shall not be deemed to include bonds, notes, certificates or other obligations subsequently issued, the lien on the revenues of the System of which is subject to the prior and superior lien of the Bonds on such revenues. Any such subordinate bonds, notes, certificates or other obligations shall be payable from the Net Revenues remaining after all payments required to be made in accordance with the Prior Ordinances and this Bond Legislation have first been paid. The Issuer shall not issue any obligations whatsoever payable from the revenues of the System, or any part thereof, which rank prior to or equally, as to lien and source of and security for payment from such revenues, with the Prior Bonds and the Series 2001 Bonds except in the manner and under the conditions provided in this section.

No additional parity Bonds, as in this section defined, shall be issued at any time, however, unless all of the payments into the respective funds and accounts provided for in the Prior Ordinances and this Bond Legislation on account of the Prior Bonds and the Series 2001 Bonds then Outstanding, and any other payments provided for in the Prior Ordinances and this Bond Legislation, shall have been made in full as required to the date of issuance of the additional parity Bonds and the Issuer is then in full compliance with all the covenants, agreements and terms of this Bond Legislation and the Prior Ordinances and every ordinance supplemental thereto, or shall have fully corrected any delinquency or deficiency in such payments.

Section 7.08. Books; Records and Audit. The Issuer shall keep complete and accurate records of the cost of acquiring the Project site and the costs of acquiring, constructing and installing the Project. The Issuer shall permit the Authority and the DEP, or their agents and representatives, to inspect all books, documents, papers and records relating to the Project and the System at all reasonable times for the purpose of audit and examination. The Issuer shall submit to the Authority and the DEP such documents and information as they may reasonably require in connection with the acquisition, construction and installation of the Project, the operation and maintenance of the System and the administration of the loan or any grants or other sources of financing for the Project.

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

The Issuer will keep books and records of the System, which shall be separate and apart from all other books, records and accounts of the Issuer, in which complete and correct entries shall be made of all transactions relating to the System, and any Holder of a Bond or Bonds issued pursuant to this Bond Legislation shall have the right at all reasonable times to inspect the System and all parts thereof and all records, accounts and data of the Issuer relating thereto.

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

The Issuer shall file with the Authority and the DEP, or any other original purchaser of the Series 2001 Bonds, and shall mail in each year to any Holder or Holders of the Series 2001 Bonds, requesting the same, an annual report containing the following:

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

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

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

The Issuer shall also, at least once a year, cause the books, records and accounts of the System to be audited by Independent Accountants in compliance with the applicable OMB Circular, or any successor thereof, and the Single Audit Act, or any successor thereof, to the extent legally required, and shall mail upon request, and make available generally, the report of the Independent Accountants, or a summary thereof, to any Holder or Holders of the Series 2001 Bonds and shall submit the report to the Authority and the DEP, or any other original purchaser of the Series 2001 Bonds. Such audit report submitted to the Authority and the DEP shall include a statement that the Issuer is in compliance with the terms and provisions of the Act, the Loan Agreement and this Bond Legislation and that the revenues of the System are adequate to meet the Issuer's Operating Expenses and debt service and reserve requirements.

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

The Issuer shall provide the DEP with all appropriate documentation to comply with any special conditions established by federal and/or state regulations as set forth in Exhibit E of the Loan Agreement or as promulgated from time to time.

The Issuer shall permit the Authority or the DEP, or their agents and representatives, to enter and inspect the Project site and Project facilities at all reasonable times. Prior to, during and after completion of construction and commencement of operation of the Project, the Issuer shall also provide the Authority and the DEP, or their agents and

representatives, with access to the System site and System facilities as may be reasonably necessary to accomplish all of the powers and rights of the Authority and the DEP with respect to the System pursuant to the Act.

Section 7.09. Rates. Prior to the issuance of the Series 2001 Bonds, rates or charges for the use of the services and facilities of the System will be fixed and established, all in the manner and form required by law, and a copy of such rates and charges so fixed and established shall at all times be kept on file in the office of the Recorder of the Issuer, which copy will be open to inspection by all interested parties. The schedule or schedules of rates and charges shall at all times be adequate to produce Gross Revenues from the System sufficient to pay Operating Expenses and to make the prescribed payments into the funds and accounts created hereunder. Such schedule or schedules of rates and charges shall be revised from time to time, whenever necessary, so that the aggregate of the rates and charges will be sufficient for such purposes. In order to assure full and continuous performance of this covenant with a margin for contingencies and temporary unanticipated reduction in income and revenues, the Issuer hereby covenants and agrees that the schedule or schedules of rates or charges from time to time in effect shall be sufficient, together with other revenues of the System, (i) to provide for all Operating Expenses of the System and (ii) to leave a balance each year equal to at least 115% of the maximum amount required in any year for payment of principal of and interest, if any, on the Series 2001 Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2001 Bonds, including the Prior Bonds; provided that, in the event that amounts equal to or in excess of the reserve requirement are on deposit respectively in the Series 2001 Bonds Reserve Account and reserve accounts for obligations on a parity with the Series 2001 Bonds, including the Prior Bonds, are funded at least at the requirement therefor, such balance each year need only equal at least 110% of the maximum amount required in any year for payment of principal of and interest, if any, on the Series 2001 Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2001 Bonds, including the Prior Bonds. In any event, the Issuer shall not reduce the rates or charges for services set forth in the rate ordinance currently in effect.

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

Section 7.10. Operating Budget and Monthly Financial Report. The Issuer shall annually, at least 45 days preceding the beginning of each Fiscal Year, prepare and adopt by resolution a detailed, balanced budget of the estimated revenues and expenditures for operation and maintenance of the System during the succeeding Fiscal Year

and shall submit a copy of such budget to the Authority and the DEP within 30 days of adoption thereof. No expenditures for the operation and maintenance of the System shall be made in any Fiscal Year in excess of the amounts provided therefor in such budget without a written finding and recommendation by a registered professional engineer, which finding and recommendation shall state in detail the purpose of and necessity for such increased expenditures for the operation and maintenance of the System, and no such increased expenditures shall be made until the Issuer shall have approved such finding and recommendation by a resolution duly adopted. No increased expenditures in excess of 10% of the amount of such budget shall be made except upon the further certificate of a registered professional engineer that such increased expenditures are necessary for the continued operation of the System. The Issuer shall mail copies of such annual budget and all resolutions authorizing increased expenditures for operation and maintenance to the Authority, the DEP and to any Holder of any Bonds who shall file his or her address with the Issuer and request in writing that copies of all such budgets and resolutions be furnished him or her and shall make available such budgets and all resolutions authorizing increased expenditures for operation and maintenance of the System at all reasonable times to any Holder of any Bonds or anyone acting for and in behalf of such Holder of any Bonds.

Commencing on the date contracts are executed for the acquisition and construction of the Project and for 2 years following the completion of the Project, the Issuer shall each month complete a "Monthly Financial Report," a form of which is attached to the Loan Agreement as Exhibit B, and forward a copy of such report to the Authority and the DEP by the 10th day of each month.

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

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

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

The Issuer shall require the Consulting Engineers to submit the final Operation and Maintenance Manual, as defined in the SRF Regulations, to the DEP when the Project is 90% completed.

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

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

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

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

to enforce collections to the maximum extent permitted by law or, if the waterworks facilities are not owned by the Issuer, the Issuer will, to the extent allowed by law, use diligent efforts to enter into a similar termination agreement with the provider of such water, subject to any required approval of such agreement by the Public Service Commission of West Virginia and all rules, regulations and orders of the Public Service Commission of West Virginia.

Section 7.14. No Free Services. The Issuer will not render or cause to be rendered any free services of any nature by the System, nor will any preferential rates be established for users of the same class; and in the event the Issuer, or any department, agency, instrumentality, officer or employee of either shall avail itself or themselves of the facilities or services provided by the System, or any part thereof, the same rates, fees or charges applicable to other customers receiving like services under similar circumstances shall be charged the Issuer, and any such department, agency, instrumentality, officer or employee. The revenues so received shall be deemed to be revenues derived from the operation of the System, and shall be deposited and accounted for in the same manner as other revenues derived from such operation of the System.

Section 7.15. Insurance and Construction Bonds. A. The Issuer hereby covenants and agrees that so long as the Series 2001 Bonds remain Outstanding, the Issuer will, as an Operating Expense, procure, carry and maintain insurance with a reputable insurance carrier or carriers as is customarily covered with respect to works and properties similar to the System. Such insurance shall initially cover the following risks and be in the following amounts:

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

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

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

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

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

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

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

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

requires, such insurance shall be made payable to the order of the Authority, the Issuer, the prime contractor and all subcontractors, as their interests may appear.

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

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

Section 7.17. Completion of Project; Permits and Orders. The Issuer will complete the Project as promptly as possible and operate and maintain the System as a revenue-producing utility in good condition and in compliance with all federal and state requirements and standards.

The Issuer has obtained all permits required by state and federal laws for the acquisition and construction of the Project, all orders and approvals from the Public Service Commission of West Virginia and the West Virginia Infrastructure and Jobs Development Council necessary for the acquisition and construction of the Project and the operation of the System and all approvals for the issuance of the Series 2001 Bonds required by State law, with all appeal periods having expired without successful appeal.

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

comply with all applicable laws, rules and regulations issued by the Authority, the DEP or other state, federal or local bodies in regard to the acquisition and construction of the Project and the operation, maintenance and use of the System.

Section 7.19. Tax Covenants. The Issuer hereby further covenants and agrees as follows:

A. PRIVATE BUSINESS USE LIMITATION. The Issuer shall assure that (i) not in excess of 10% of the Net Proceeds of the Series 2001 Bonds are used for Private Business Use if, in addition, the payment of more than 10% of the principal or 10% of the interest due on the Series 2001 Bonds during the term thereof is, under the terms of the Series 2001 Bonds or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for a Private Business Use or in payments in respect of property used or to be used for a Private Business Use or is to be derived from payments, whether or not to the Issuer, in respect of property or borrowed money used or to be used for a Private Business Use; and (ii) and that, in the event that both (A) in excess of 5% of the Net Proceeds of the Series 2001 Bonds are used for a Private Business Use, and (B) an amount in excess of 5% of the principal or 5% of the interest due on the Series 2001 Bonds during the term thereof is, under the terms of the Series 2001 Bonds or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for said Private Business Use or in payments in respect of property used or to be used for said Private Business Use or is to be derived from payments, whether or not to the Issuer, in respect of property or borrowed money used or to be used for said Private Business Use, then said excess over said 5% of Net Proceeds of the Series 2001 Bonds used for a Private Business Use shall be used for a Private Business Use related to the governmental use of the Project, or if the Series 2001 Bonds are for the purpose of financing more than one project, a portion of the Project, and shall not exceed the proceeds used for the governmental use of that portion of the Project to which such Private Business Use is related, all of the foregoing to be determined in accordance with the Code.

B. PRIVATE LOAN LIMITATION. The Issuer shall assure that not in excess of the lesser of 5% or $5,000,000 of the Net Proceeds of the Series 2001 Bonds are used, directly or indirectly, to make or finance a loan (other than loans constituting Nonpurpose Investments) to persons other than state or local government units.

C. FEDERAL GUARANTEE PROHIBITION. The Issuer shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause the Series 2001 Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Code.

D. INFORMATION RETURN. The Issuer will file all statements, instruments and returns necessary to assure the tax-exempt status of the Series 2001 Bonds

and the interest thereon, including, without limitation, the information return required under Section 149(e) of the Code.

E. FURTHER ACTIONS. The Issuer will take any and all actions that may be required of it (including, without limitation, those deemed necessary by the Authority) so that the interest on the Series 2001 Bonds will be and remain excludable from gross income for federal income tax purposes, and will not take any actions, or fail to take any actions (including, without limitation, those deemed necessary by the Authority), the result of which would adversely affect such exclusion.

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

Section 7.21. Contracts; Public Releases. A. The Issuer shall, simultaneously with the delivery of the Series 2001 Bonds or immediately thereafter, enter into written contracts for the immediate acquisition or construction of the Project.

B. The Issuer shall submit all proposed change orders to the DEP for written approval. The Issuer shall obtain the written approval of the DEP before expending any proceeds of the Series 2001 Bonds held in "contingency" as set forth in the schedule attached to the certificate of the Consulting Engineer. The Issuer shall also obtain the written approval of the DEP before expending any proceeds of the Series 2001 Bonds made available due to bid or construction or project underruns.

C. The Issuer shall list the funding as being provided by the DEP and the Authority in any press release, publication, program bulletin, sign or other public communication that references the Project, including but not limited to any program document distributed in conjunction with any ground breaking or dedication of the Project.

ARTICLE VIII

INVESTMENT OF FUNDS

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

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

The Depository Bank shall keep complete and accurate records of all funds, accounts and investments, and shall distribute to the Issuer, at least once each year, or more often as reasonably requested by the Issuer, a summary of such funds, accounts and investment earnings. The Issuer shall retain all such records and any additional records with respect to such funds, accounts and investment earnings so long as any of the Series 2001 Bonds are Outstanding and as long thereafter as necessary to assure the exclusion of interest, if any, on the Series 2001 Bonds from gross income for federal income tax purposes.

Section 8.02. The Issuer shall deliver a certificate as to use of proceeds or other similar certificate to be prepared by nationally recognized bond counsel relating to restrictions on the use of proceeds of the Series 2001 Bonds as a condition to issuance of the Series 2001 Bonds. In addition, the Issuer covenants (i) to comply with the Code and all Regulations from time to time in effect and applicable to the Series 2001 Bonds as may be necessary in order to maintain the status of the Series 2001 Bonds as governmental bonds;

(ii) that it shall not take, or permit or suffer to be taken, any action with respect to the Issuer's use of the proceeds of the Series 2001 Bonds which would cause any bonds, the interest on which is exempt from federal income taxation under Section 103(a) of the Code, issued by the Authority, the West Virginia Infrastructure and Jobs Development Council or the DEP, as the case may be, from which the proceeds of the Series 2001 Bonds are derived, to lose their status as tax-exempt bonds; and (iii) to take such action, or refrain from taking such action, as shall be deemed necessary by the Issuer, or requested by the Authority, the West Virginia Infrastructure and Jobs Development Council or the DEP, to ensure compliance with the covenants and agreements set forth in this Section, regardless of whether such actions may be contrary to any of the provisions of this Bond Legislation.

The Issuer shall annually furnish to the Authority information with respect to the Issuer's use of the proceeds of the Series 2001 Bonds and any additional information requested by the Authority.

ARTICLE IX

DEFAULT AND REMEDIES

Section 9.01. Events of Default. Each of the following events shall constitute an "Event of Default" with respect to the Series 2001 Bonds:

(1) If default occurs in the due and punctual payment of the principal of or interest, if any, on any Series 2001 Bonds; or

(2) If default occurs in the Issuer's observance of any of the covenants, agreements or conditions on its part relating to the Series 2001 Bonds set forth in this Bond Legislation, any supplemental resolution or in the Series 2001 Bonds, and such default shall have continued for a period of 30 days after the Issuer shall have been given written notice of such default by the Commission, the Depository Bank, the Registrar, the Paying Agent or any other Paying Agent or a Holder of a Bond; or

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

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

Section 9.02. Remedies. Upon the happening and continuance of any Event of Default, any Registered Owner of a Bond may exercise any available remedy and bring any appropriate action, suit or proceeding to enforce his or her rights and, in particular, (i) bring suit for any unpaid principal or interest then due, (ii) by mandamus or other appropriate proceeding enforce all rights of such Registered Owners including the right to require the Issuer to perform its duties under the Act and the Bond Legislation relating thereto, including but not limited to the making and collection of sufficient rates or charges for services rendered by the System, (iii) bring suit upon the Bonds; (iv) by action at law or bill in equity require the Issuer to account as if it were the trustee of an express trust for the Registered Owners of the Bonds, and (v) by action or bill in equity enjoin any acts in violation of the Bond Legislation with respect to the Bonds, or the rights of such Registered Owners; provided that, all rights and remedies of the Holders of the Series 2001 Bonds shall be on a parity with the Prior Bonds.

Section 9.03. Appointment of Receiver. Any Registered Owner of a Bond may, by proper legal action, compel the performance of the duties of the Issuer under the

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

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

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

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

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

protection of both the Issuer and Registered Owners of such Bonds and the curing and making good of any Event of Default with respect thereto under the provisions of this Bond Legislation, and the title to and ownership of said System shall remain in the Issuer, and no court shall have any jurisdiction to enter any order or decree permitting or requiring such receiver to sell, assign, mortgage or otherwise dispose of any assets of the System.

ARTICLE X

PAYMENT OF BONDS

Section 10.01. Payment of Bonds. If the Issuer shall pay or there shall otherwise be paid, to the Holders of the Series 2001 Bonds, the principal of and interest due or to become due thereon, if any, at the times and in the manner stipulated therein and in this Bond Legislation, then the pledge of Net Revenues and other moneys and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Registered Owners of the Series 2001 Bonds shall thereupon cease, terminate and become void and be discharged and satisfied, except as may otherwise be necessary to assure the exclusion of interest, if any, on the Series 2001 Bonds from gross income for federal income tax purposes.

ARTICLE XI

MISCELLANEOUS

Section 11.01. Amendment or Modification of Bond Legislation. Prior to issuance of the Series 2001 Bonds, this Ordinance may be amended or supplemented in any way by the Supplemental Resolution. Following issuance of the Series 2001 Bonds, no material modification or amendment of this Ordinance, or of any ordinance, resolution or order amendatory or supplemental hereto, that would materially and adversely affect the rights of Registered Owners of the Series 2001 Bonds shall be made without the consent in writing of the Registered Owners of the Series 2001 Bonds so affected and then Outstanding; provided, that no change shall be made in the maturity of the Series 2001 Bonds or the rate of interest thereon, or in the principal amount thereof, or affecting the unconditional promise of the Issuer to pay such principal and interest out of the funds herein pledged therefor without the consent of the Registered Owner thereof. No amendment or modification shall be made that would reduce the percentage of the principal amount of the Series 2001 Bonds required for consent to the above-permitted amendments or modifications. Notwithstanding the foregoing, this Bond Legislation may be amended without the consent of any Bondholder as may be necessary to assure compliance with Section 148(f) of the Code relating to rebate requirements or otherwise as may be necessary to assure the excludability of interest on the Series 2001 Bonds from gross income of the holders thereof.

Section 11.02. Bond Legislation Constitutes Contract. The provisions of the Bond Legislation shall constitute a contract between the Issuer and the Registered Owners of the Bonds, and no change, variation or alteration of any kind of the provisions of the Bond Legislation shall be made in any manner, except as in this Bond Legislation provided.

Section 11.03. Severability of Invalid Provisions. If any section, paragraph, clause or provision of this Ordinance should be held invalid by any court of competent jurisdiction, the invalidity of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Ordinance, the Supplemental Resolution or the Series 2001 Bonds.

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

Section 11.05. Conflicting Provisions Repealed; Prior Ordinances. All ordinances, orders or resolutions and or parts thereof in conflict with the provisions of this Ordinance are, to the extent of such conflict, hereby repealed, provided that, in the event of any conflict between this Ordinance and the Prior Ordinances, the Prior Ordinances shall

control (unless less restrictive), so long as the Prior Bonds or any portion thereof are Outstanding.

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

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

Section 11.08. Statutory Notice and Public Hearing. Upon adoption hereof, an abstract of this Ordinance determined by the Governing Body to contain sufficient information as to give notice of the contents hereof shall be published once a week for 2 successive weeks within a period of fourteen consecutive days, with at least 6 full days intervening between each publication, in the Preston County Journal and the Preston County News, two newspapers published and of general circulation in The City of Kingwood, together with a notice stating that this Ordinance has been adopted and that the Issuer contemplates the issuance of the Bonds, and that any person interested may appear before the Governing Body upon a date certain, not less than ten days subsequent to the date of the first publication of such abstract of this Ordinance and notice, and present protests, and that a certified copy of this Ordinance is on file with the Governing Body for review by interested persons during office hours of the Governing Body. At such hearing, all objections and suggestions shall be heard and the Governing Body shall take such action as it shall deem proper in the premises.

Passed on First Reading:	August 28, 2001
Passed on Second Reading:	September 11, 2001
Passed on Final Reading Following Public Hearing:	September 25, 2001

Mayor

CERTIFICATION

Certified a true copy of an Ordinance duly enacted by the Council of THE CITY OF KINGWOOD on the 25th day of September, 2001.

Dated: December 20, 2001.

[SEAL]

Franklin P. Ryan

Recorder

11/28/01
485090.00002

EXHIBIT A

Loan Agreement included in bond transcript as Document No. 3

THE CITY OF KINGWOOD

Sewer Revenue Bonds, Series 2001
(West Virginia SRF Program)

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNT, DATE, MATURITY DATE, REDEMPTION PROVISION, INTEREST RATE, INTEREST AND PRINCIPAL PAYMENT DATES, SALE PRICE AND OTHER TERMS OF THE SEWER REVENUE BONDS, SERIES 2001 (WEST VIRGINIA SRF PROGRAM), OF THE CITY OF KINGWOOD; APPROVING AND RATIFYING THE LOAN AGREEMENT RELATING TO SUCH BONDS AND THE SALE AND DELIVERY OF SUCH BONDS TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

WHEREAS, the council (the "Governing Body") of The City of Kingwood (the "Issuer") has duly and officially adopted and enacted a bond ordinance, effective September 25, 2001 (the "Bond Ordinance"), entitled:

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE EXISTING PUBLIC SEWERAGE SYSTEM OF THE CITY OF KINGWOOD AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE CITY OF NOT MORE THAN $1,500,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2001 (WEST VIRGINIA SRF PROGRAM); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS;

APPROVING, RATIFYING AND CONFIRMING A LOAN AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

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

WHEREAS, the Bond Ordinance provides for the issuance of Sewer Revenue Bonds, Series 2001 (West Virginia SRF Program), of the Issuer (the "Bonds" or the "Series 2001 Bonds"), in an aggregate principal amount not to exceed $1,500,000, and has authorized the execution and delivery of the bond purchase agreement relating to the Series 2001 Bonds, including all schedules and exhibits attached thereto, by and among the Issuer, the West Virginia Water Development Authority (the "Authority") and the West Virginia Department of Environmental Protection (the "DEP") (the "Loan Agreement"), all in accordance with Chapter 16, Article 13 and Chapter 22C, Article 2 of the West Virginia Code of 1931, as amended (collectively, the "Act"), and in the Bond Ordinance it is provided that the form of the Loan Agreement and the exact principal amount, date, maturity date, redemption provision, interest rate, interest and principal payment dates, sale price and other terms of the Bonds should be established by a supplemental resolution pertaining to the Bonds; and that other matters relating to the Bonds be herein provided for;

WHEREAS, the Loan Agreement has been presented to the Issuer;

WHEREAS, the Bonds are proposed to be purchased by the Authority pursuant to the Loan Agreement; and

WHEREAS, the Governing Body deems it essential and desirable that this supplemental resolution (the "Supplemental Resolution") be adopted, that the Loan Agreement be approved and ratified by the Issuer, that the exact principal amount, the date, the maturity date, the redemption provision, the interest rate, the interest and principal payment dates and the sale price of the Bonds be fixed hereby in the manner stated herein, and that other matters relating to the Bonds be herein provided for;

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

Section 1. Pursuant to the Bond Ordinance and the Act, this Supplemental Resolution is adopted and there are hereby authorized and ordered to be issued the Sewer Revenue Bonds, Series 2001 (West Virginia SRF Program), of the Issuer, originally represented by a single Bond, numbered R-1, in the principal amount of $878,181. The Series 2001 Bonds shall be dated the date of delivery thereof, shall finally mature March 1, 2033 and shall bear no interest. The principal of the Series 2001 Bonds shall be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing June 1, 2003, and maturing March 1, 2033, and in the amounts as set forth in the "Schedule Y" attached to the Loan Agreement and incorporated in and made a part of the Series 2001 Bonds. The Series 2001 Bonds shall be subject to redemption upon the written consent of the Authority and the DEP, and upon payment of the redemption premium, if any, and otherwise in compliance with the Loan Agreement, so long as the Authority shall be the registered owner of the Series 2001 Bonds. The Issuer does hereby approve and shall pay the SRF Administrative Fee equal to 0.5% of the principal amount of the Series 2001 Bonds set forth in the "Schedule Y" attached to the Loan Agreement.

Section 2. All other provisions relating to the Bonds and the text of the Bonds shall be in substantially the form provided in the Bond Ordinance.

Section 3. The Issuer does hereby authorize, approve, ratify and accept the Loan Agreement, a copy of which is incorporated herein by reference, and the execution and delivery of the Loan Agreement by the Mayor, and the performance of the obligations contained therein, on behalf of the Issuer, are hereby authorized, directed, ratified and approved. The Issuer hereby affirms all covenants and representations made in the Loan Agreement and in the applications to the DEP and the Authority. The price of the Bonds shall be 100% of par value, there being no interest accrued thereon, provided that the proceeds of the Bonds shall be advanced from time to time as requisitioned by the Issuer.

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

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

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

Section 7. Series 2001 Bonds proceeds in the amount of $-0- shall be deposited in the Series 2001 Bonds Sinking Fund, as capitalized interest.

Section 8. Series 2001 Bonds proceeds in the amount of $29,276 shall be deposited in the Series 2001 Bonds Reserve Account.

Section 9. The balance of the proceeds of the Series 2001 Bonds shall be deposited in or credited to the Series 2001 Bonds Construction Trust Fund as received from the DEP from time to time for payment of the costs of the Project, including, without limitation, costs of issuance of the Bonds and related costs.

Section 10. The Mayor and the Recorder are hereby authorized and directed to execute and deliver such other documents and certificates required or desirable in connection with the Bonds hereby and by the Bond Ordinance approved and provided for, to the end that the Bonds may be delivered on or about December 20, 2001, to the Authority pursuant to the Loan Agreement.

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

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

Section 13. The Issuer hereby determines to invest all moneys in the funds and accounts established by the Bond Ordinance held by the Depository Bank until expended, in repurchase agreements or time accounts, secured by a pledge of Government Obligations, and therefore, the Issuer hereby directs the Depository Bank to take such actions as may be necessary to cause such moneys to be invested in such repurchase agreements or time accounts until further directed in writing by the Issuer. Moneys in the Series 2001 Bonds Sinking Fund, including the Reserve Account therein, shall be invested by the West Virginia Municipal Bond Commission in the West Virginia Consolidated Fund.

Section 14. This Supplemental Resolution shall be effective immediately following adoption hereof.

Adopted this 11th day of December, 2001.

By: _____
Its: Mayor

CERTIFICATION

Certified a true copy of a Supplemental Resolution duly adopted by the Council of The City of Kingwood on the 11th day of December, 2001.

Dated: December 20, 2001.

[SEAL]

Recorder

11/26/01
485090/00002

SPECIMEN

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE CITY OF KINGWOOD
SEWER REVENUE BOND, SERIES 2001
(WEST VIRGINIA SRF PROGRAM)

No. R-1 $878,181

KNOW ALL MEN BY THESE PRESENTS: That THE CITY OF KINGWOOD, a municipal corporation and political subdivision of the State of West Virginia in Preston County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the West Virginia Water Development Authority (the "Authority") or registered assigns the sum of EIGHT HUNDRED SEVENTY EIGHT THOUSAND ONE HUNDRED EIGHTY ONE DOLLARS ($878,181), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing June 1, 2003, as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference. The SRF Administrative Fee (as defined in the hereinafter described Bond Legislation) shall be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing June 1, 2003, as set forth on EXHIBIT B attached hereto.

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

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the West Virginia Department of Environmental Protection (the "DEP), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement by and among the Issuer, the Authority and the DEP, dated November 26, 2001.

This Bond is issued (i) to pay the costs of acquisition and construction of certain additions, betterments and improvements to the existing public sewerage system of the Issuer (the "Project"); (ii) to fund a reserve account for the Bonds of this Series (the "Bonds"); and (iii) to pay certain costs of issuance of the Bonds and related costs. The existing public sewerage system of the Issuer, the Project, and any further additions, betterments or improvements thereto are herein called the "System." This Bond is issued

under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13 and Chapter 22C, Article 2 of the West Virginia Code of 1931, as amended (collectively, the "Act"), a Bond Ordinance duly enacted by the Issuer on September 25, 2001, and a Supplemental Resolution duly adopted by the Issuer on December 11, 2001 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S SEWER REVENUE BONDS, SERIES 1986 B, DATED MARCH 26, 1986, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $850,860 (THE "SERIES 1986 B BONDS"), AND SEWER REFUNDING REVENUE BONDS, SERIES 1997 A , DATED NOVEMBER 1, 1997, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,130,000 (THE "SERIES 1997 A BONDS"). THE SERIES 1986 B BONDS AND THE SERIES 1997 A BONDS ARE HEREINAFTER COLLECTIVELY REFERRED TO AS THE "PRIOR BONDS".

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Net Revenues in favor of the Holders of the Prior Bonds, and from moneys in the Reserve Account created under the Bond Legislation for the Bonds (the "Series 2001 Bonds Reserve Account"), and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest, if any, hereon, except from said special fund provided from the Net Revenues, the moneys in the Series 2001 Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest on the Bonds, and all other obligations secured by a lien on or payable from such revenues on a parity with the Bonds, including the Prior Bonds; provided however, that so long as there exists in the Series 2001 Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest, if any, which will become due on the Bonds in the then current or succeeding year,

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

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

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

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

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

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

IN WITNESS WHEREOF, THE CITY OF KINGWOOD has caused this Bond to be signed by its Mayor and its corporate seal to be hereunto affixed and attested by its Recorder, and has caused this Bond to be dated December 20, 2001.

[SEAL]

Mayor

ATTEST:

Recorder

SPECIMEN

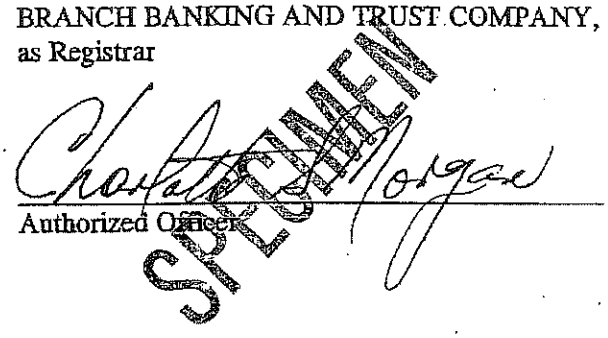
SPECIMEN

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2001 Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: December 20, 2001.

BRANCH BANKING AND TRUST COMPANY,
as Registrar



Authorized Officer

EXHIBIT A

RECORD OF ADVANCES

	AMOUNT	DATE		AMOUNT	DATE
(1)	$135,238.00	December 20, 2001	(19)	$	
(2)	$		(20)	$	
(3)	$		(21)	$	
(4)	$		(22)	$	
(5)	$		(23)	$	
(6)	$		(24)	$	
(7)	$		(25)	$	
(8)	$		(26)	$	
(9)	$		(27)	$	
(10)	$		(28)	$	
(11)	$		(29)	$	
(12)	$		(30)	$	
(13)	$		(31)	$	
(14)	$		(32)	$	
(15)	$		(33)	$	
(16)	$		(34)	$	
(17)	$		(35)	$	
(18)	$		(36)	$	

TOTAL $

City of Kingwood (West Virginia)

Loan of $878,181

30 Years, 0% Interest Rate, 0.5% Administrative Fee

Closing: December 20, 2001

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
3/01/2002	-	-	-
6/01/2002	-	-	-
9/01/2002	-	-	-
12/01/2002	-	-	-
3/01/2003	-	-	-
6/01/2003	7,319.00	-	7,319.00
9/01/2003	7,319.00	-	7,319.00
12/01/2003	7,319.00	-	7,319.00
3/01/2004	7,319.00	-	7,319.00
6/01/2004	7,319.00	-	7,319.00
9/01/2004	7,319.00	-	7,319.00
12/01/2004	7,319.00	-	7,319.00
3/01/2005	7,319.00	-	7,319.00
6/01/2005	7,319.00	-	7,319.00
9/01/2005	7,319.00	-	7,319.00
12/01/2005	7,319.00	-	7,319.00
3/01/2006	7,319.00	-	7,319.00
6/01/2006	7,319.00	-	7,319.00
9/01/2006	7,319.00	-	7,319.00
12/01/2006	7,319.00	-	7,319.00
3/01/2007	7,319.00	-	7,319.00
6/01/2007	7,319.00	-	7,319.00
9/01/2007	7,319.00	-	7,319.00
12/01/2007	7,319.00	-	7,319.00
3/01/2008	7,319.00	-	7,319.00
6/01/2008	7,319.00	-	7,319.00
9/01/2008	7,318.00	-	7,318.00
12/01/2008	7,318.00	-	7,318.00
3/01/2009	7,318.00	-	7,318.00
6/01/2009	7,318.00	-	7,318.00
9/01/2009	7,318.00	-	7,318.00
12/01/2009	7,318.00	-	7,318.00
3/01/2010	7,318.00	-	7,318.00
6/01/2010	7,318.00	-	7,318.00
9/01/2010	7,318.00	-	7,318.00
12/01/2010	7,318.00	-	7,318.00
3/01/2011	7,318.00	-	7,318.00
6/01/2011	7,318.00	-	7,318.00
9/01/2011	7,318.00	-	7,318.00
12/01/2011	7,318.00	-	7,318.00
3/01/2012	7,318.00	-	7,318.00
6/01/2012	7,318.00	-	7,318.00
9/01/2012	7,318.00	-	7,318.00
12/01/2012	7,318.00	-	7,318.00
3/01/2013	7,318.00	-	7,318.00
6/01/2013	7,318.00	-	7,318.00
9/01/2013	7,318.00	-	7,318.00
12/01/2013	7,318.00	-	7,318.00
3/01/2014	7,318.00	-	7,318.00
6/01/2014	7,318.00	-	7,318.00

City of Kingwood (West Virginia)

Loan of $878,181

30 Years, 0% Interest Rate, 0.5% Administrative Fee

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
9/01/2014	7,318.00	-	7,318.00
12/01/2014	7,318.00	-	7,318.00
3/01/2015	7,318.00	-	7,318.00
6/01/2015	7,318.00	-	7,318.00
9/01/2015	7,318.00	-	7,318.00
12/01/2015	7,318.00	-	7,318.00
3/01/2016	7,318.00	-	7,318.00
6/01/2016	7,318.00	-	7,318.00
9/01/2016	7,318.00	-	7,318.00
12/01/2016	7,318.00	-	7,318.00
3/01/2017	7,318.00	-	7,318.00
6/01/2017	7,318.00	-	7,318.00
9/01/2017	7,318.00	-	7,318.00
12/01/2017	7,318.00	-	7,318.00
3/01/2018	7,318.00	-	7,318.00
6/01/2018	7,318.00	-	7,318.00
9/01/2018	7,318.00	-	7,318.00
12/01/2018	7,318.00	-	7,318.00
3/01/2019	7,318.00	-	7,318.00
6/01/2019	7,318.00	-	7,318.00
9/01/2019	7,318.00	-	7,318.00
12/01/2019	7,318.00	-	7,318.00
3/01/2020	7,318.00	-	7,318.00
6/01/2020	7,318.00	-	7,318.00
9/01/2020	7,318.00	-	7,318.00
12/01/2020	7,318.00	-	7,318.00
3/01/2021	7,318.00	-	7,318.00
6/01/2021	7,318.00	-	7,318.00
9/01/2021	7,318.00	-	7,318.00
12/01/2021	7,318.00	-	7,318.00
3/01/2022	7,318.00	-	7,318.00
6/01/2022	7,318.00	-	7,318.00
9/01/2022	7,318.00	-	7,318.00
12/01/2022	7,318.00	-	7,318.00
3/01/2023	7,318.00	-	7,318.00
6/01/2023	7,318.00	-	7,318.00
9/01/2023	7,318.00	-	7,318.00
12/01/2023	7,318.00	-	7,318.00
3/01/2024	7,318.00	-	7,318.00
6/01/2024	7,318.00	-	7,318.00
9/01/2024	7,318.00	-	7,318.00
12/01/2024	7,318.00	-	7,318.00
3/01/2025	7,318.00	-	7,318.00
6/01/2025	7,318.00	-	7,318.00
9/01/2025	7,318.00	-	7,318.00
12/01/2025	7,318.00	-	7,318.00
3/01/2026	7,318.00	-	7,318.00
6/01/2026	7,318.00	-	7,318.00
9/01/2026	7,318.00	-	7,318.00
12/01/2026	7,318.00	-	7,318.00

City of Kingwood (West Virginia)

Loan of $878,181

30 Years, 0% Interest Rate, 0.5% Administrative Fee

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
3/01/2027	7,318.00	-	7,318.00
6/01/2027	7,318.00	-	7,318.00
9/01/2027	7,318.00	-	7,318.00
12/01/2027	7,318.00	-	7,318.00
3/01/2028	7,318.00	-	7,318.00
6/01/2028	7,318.00	-	7,318.00
9/01/2028	7,318.00	-	7,318.00
12/01/2028	7,318.00	-	7,318.00
3/01/2029	7,318.00	-	7,318.00
6/01/2029	7,318.00	-	7,318.00
9/01/2029	7,318.00	-	7,318.00
12/01/2029	7,318.00	-	7,318.00
3/01/2030	7,318.00	-	7,318.00
6/01/2030	7,318.00	-	7,318.00
9/01/2030	7,318.00	-	7,318.00
12/01/2030	7,318.00	-	7,318.00
3/01/2031	7,318.00	-	7,318.00
6/01/2031	7,318.00	-	7,318.00
9/01/2031	7,318.00	-	7,318.00
12/01/2031	7,318.00	-	7,318.00
3/01/2032	7,318.00	-	7,318.00
6/01/2032	7,318.00	-	7,318.00
9/01/2032	7,318.00	-	7,318.00
12/01/2032	7,318.00	-	7,318.00
3/01/2033	7,318.00	-	7,318.00
Total	**878,181.00**	**-**	**878,181.00** *

YIELD STATISTICS

Bond Year Dollars	$14,350.68
Average Life	16.341 Years
Average Coupon	-
Net Interest Cost (NIC)	-
True Interest Cost (TIC)	3.21E-12
Bond Yield for Arbitrage Purposes	3.21E-12
All Inclusive Cost (AIC)	0.4613347%

IRS FORM 8038

Net Interest Cost	-
Weighted Average Maturity	16.341 Years

*Plus $553.43 one-half percent administrative fee paid quarterly. Total fee paid over the life of the loan is $66,411.60.

ASSIGNMENT

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

Dated: _____, _____.

_____

In the presence of:

_____

11/29/01
485090/00002

THE TOWN OF KINGWOOD
(WEST VIRGINIA)

SEWER REFUNDING REVENUE BONDS, SERIES 2010 A

BOND ORDINANCE

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EXHIBIT A - SERIES 2010 A BOND FORM A-1

THE TOWN OF KINGWOOD
(WEST VIRGINIA)

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

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

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

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

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

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

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

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

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

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

ARTICLE I

DEFINITIONS; STATUTORY AUTHORITY; FINDINGS

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

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

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

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

"Board" means the Sanitary Board of the Issuer.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

"Mayor" means the Mayor of the Issuer.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

"Recorder" means the Recorder of the Issuer.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

"State" means the State of West Virginia.

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

"Surplus Revenues" means the Gross Revenues not required by the Ordinance to be set aside and held for the payment of or security for the Bonds or any other obligations of the Issuer, including, without limitation, the funds and accounts established for the Prior Bonds or the Series 2010 A Bonds.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

M. Pursuant to the Act, the Issuer has heretofore established a Sanitary Board and the Sanitary Board has petitioned the Governing Body to issue the Series 2010 A Bonds for the purposes set forth herein.

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

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

ARTICLE II

AUTHORIZATION OF REFUNDING

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

ARTICLE III

THE BONDS

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

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

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

Section 3.02. Execution of Bonds. The Series 2010 A Bonds shall be executed in the name of the Issuer by the Mayor, by his or her manual or facsimile signatures, and the seal of the Issuer shall be affixed thereto or imprinted thereon and attested by the Recorder by his or her manual or facsimile signature; provided, that, all such signatures and the seal may be by facsimile. In case any one or more of the officers who shall have signed or sealed any of the Series 2010 A Bonds shall cease to be such officer of the Issuer before the Bonds so signed and sealed have been actually sold and delivered, such Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bonds had not ceased to hold such office. Any Series 2010 A Bonds may be signed and sealed on behalf of the Issuer by such person as at the actual time of the execution of such Bonds shall hold the proper

office in the Issuer, although at the date of such Bonds such person may not have held such office or may not have been so authorized.

Section 3.03. Authentication and Registration. No Series 2010 A Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under this Ordinance unless and until the Certificate of Authentication and Registration on such Bond, substantially in the form set forth in EXHIBIT A - FORM OF SERIES 2010 A BOND attached hereto and incorporated herein by reference with respect to such respective Series 2010 A Bond, shall have been duly manually executed by the Registrar. Any such manually executed Certificate of Authentication and Registration upon any such Bond shall be conclusive evidence that such Series 2010 A Bond has been authenticated, registered and delivered under this Ordinance. The Certificate of Authentication and Registration on any Series 2010 A Bond shall be deemed to have been executed by the Registrar if signed by an authorized officer of the Registrar, but it shall not be necessary that the same officer sign the Certificate of Authentication and Registration on all of the Series 2010 A Bonds issued hereunder.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(1) The Redemption Date,

(2) The Redemption Price,

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

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

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

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

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

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

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

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

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

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

Section 3.10. Authorization of Bonds. For the purposes of paying in full the entire outstanding principal of and all accrued interest on the Series 1997 A Refunding Revenue Bonds, funding the Series 2010 A Bonds Reserve Account and paying costs of issuance of the Series 2010 A Bonds and related costs, there shall be issued the Series 2010 A Bonds of the Issuer, in an aggregate principal amount of not more than $2,000,000. The Series 2010 A Bonds shall be designated "The Town of Kingwood (West Virginia) Sewer Refunding Revenue Bonds, Series 2010 A" and shall be issued in fully registered form, in denominations of $5,000 or any integral multiple thereof for any year of maturity (or such other denominations as may be set forth in the Supplemental Resolution), not exceeding the aggregate principal amount of Series 2010 A Bonds maturing in the year of maturity for which the denomination is to be specified. The Series 2010 A Bonds shall be numbered from AR-1 consecutively upward. The Series 2010 A Bonds shall be dated; shall be in such aggregate principal amount; shall bear interest at such rate or rates, not exceeding the then legally permissible rate, payable semiannually on such dates; shall mature on such dates and in such amounts; shall be subject to such mandatory and optional redemption provisions; and shall have such other terms, all as the Issuer shall prescribe herein and in the Supplemental Resolution.

Section 3.11. Book Entry System for Series 2010 A Bonds. The Series 2010 A Bonds (if purchased by the Original Purchaser) shall initially be issued in the form of one fully-registered bond for the aggregate principal amount of the Series 2010 A Bonds of each maturity, and shall be registered in the name of Cede & Co., as nominee of DTC. Notwithstanding anything herein to the contrary contained, so long as the Series 2010 A Bonds are so issued and registered, DTC (or its nominee) shall be treated as the sole Registered Owner for all purposes hereunder. Each Bond shall bear a legend substantially to the following effect "Except as otherwise provided in the Ordinance, this global bond may be transferred, in whole but not in part, only to another nominee of DTC (as defined in the Ordinance) or to a successor of DTC or to a nominee of a successor of DTC. Unless this certificate is presented by an authorized representative of DTC, to the Issuer or its agent for registration of transfer, exchange, or payment, and any certificate issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede

& Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the Registered Owner hereof, Cede & Co., has an interest herein."

With respect to Series 2010 A Bonds registered in the records of the Registrar in the name of Cede & Co., as nominee of DTC, the Issuer and the Paying Agent shall have no responsibility or obligation to any other participant in DTC or to any Person on behalf of whom such a participant in DTC holds a beneficial interest in the Series 2010 A Bonds. Without limiting the immediately preceding sentence, the Issuer and the Paying Agent shall have no responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede & Co. or any other participant in DTC with respect to any beneficial ownership interest in any Bond, (ii) the delivery to any other participant in DTC or any other Person, other than a Registered Owner, as shown in the records of the Registrar, of any notice with respect to any Series 2010 A Bonds, including without limitation any notice of redemption, tender, purchase or any event which would or could give rise to a tender or purchase right or option with respect to any Bond, (iii) the payment to any other participant in DTC or any other Person, other than a Registered Owner, as shown in the records of the Registrar, of any amount with respect to principal of, premium, if any, or interest on, any Bond, or (iv) any consent given by DTC as Registered Owner. Notwithstanding any other provision of this Ordinance to the contrary, the Issuer and the Paying Agent shall be entitled to treat and consider the Person in whose name each Bond is registered in the records of the Registrar as the absolute owner of such Bond for the purpose of payment of principal, premium, if any, and interest with respect to such Bond, for the purpose of giving notices of redemption, sale, purchase or any event which would or could give rise to a sale or purchase right or option with respect to any Bond for the purpose of making payment of any purchase price of such Bond, for the purpose of registering transfers with respect to such Bond, and for all other purposes whatsoever. The Issuer and Paying Agent shall pay all principal of, premium, if any, and interest on the Series 2010 A Bonds and the purchase price of any Bond only to or upon the order of the respective Registered Owners, as shown in the records of the Registrar as provided in this Ordinance, or their respective attorneys or legal representatives duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the Issuer's obligations with respect to payment of principal of, premium, if any, and interest on the Series 2010 A Bonds to the extent of the sum or sums so paid. No Person other than a Registered Owner, as shown in the records of the Registrar, shall receive a Bond certificate evidencing the obligation of the Issuer to make payments of principal, premium, if any, and interest pursuant to this Ordinance.

The Registered Owners have no right to a depository for the Series 2010 A Bonds. The Issuer may remove DTC or any successor thereto for any reason at any time. In such event or in the event DTC shall notify the Issuer that DTC is discontinuing its book-entry system for the Series 2010 A Bonds, the Issuer shall (i) appoint a successor securities depository, qualified to act as such under Section 17(a) of the Securities Exchange Act, notify DTC of the appointment of such successor securities depository and transfer one or more separate Bond certificates to such successor securities depository or (ii) notify DTC of the availability through the DTC of Bond certificates and transfer one or more separate Bond certificates to other participants or beneficial owners as DTC may direct. In such event, the Series 2010 A Bonds

shall no longer be restricted to being registered in the records of the Registrar in the name of Cede & Co., as nominee, but may be registered in the name of the successor securities depository, or its nominee, or in whatever name or names other participants in DTC receiving Series 2010 A Bonds shall designate, in accordance with the provisions of this Ordinance. The provisions of this Section applicable to DTC shall apply, mutatis mutandis, to any successor depository performing the same functions hereunder as DTC.

The Issuer represents hereby that it has executed a Letter of Representations, the terms of which are applicable to the issuance of the Series 2010 A Bonds hereunder. Such Letter of Representations is for the purpose of effectuating the Book-Entry Only System only and shall not be deemed to amend, supersede or supplement the terms of this Ordinance which are intended to be complete without reference to the Letter of Representations. In the event of any conflict between the terms of the Letter of Representations and the terms of this Ordinance, the terms of this Ordinance shall control. DTC may exercise the rights of a Registered Owner hereunder only in accordance with the terms hereof applicable to the exercise of such rights.

Section 3.12. Delivery of Series 2010 A Bonds. The Issuer shall execute and deliver the Series 2010 A Bonds to the Registrar, and the Registrar shall authenticate, register and deliver the Series 2010 A Bonds to the Original Purchaser upon receipt of the documents set forth below:

(1) If not registered in the name of DTC or its nominee, a list of the names in which the Series 2010 A Bonds are to be registered upon original issuance, together with such taxpayer identification and other information as the Registrar may reasonably require;

(2) A request and authorization to the Registrar on behalf of the Issuer, signed by an Authorized Officer, to authenticate and deliver the Series 2010 A Bonds to DTC for the benefit of the Original Purchaser;

(3) Copies of this Ordinance and the Supplemental Resolution certified by the Recorder;

(4) The unqualified approving opinion of Bond Counsel regarding the Series 2010 A Bonds; and

(5) A copy of such other documents and certificates as the Original Purchaser may reasonably require.

Section 3.13. Form of Series 2010 A Bonds. The definitive Series 2010 A Bonds shall be in substantially the form set forth in EXHIBIT A - SERIES 2010 A BOND FORM attached hereto and incorporated herein by reference, with such necessary and appropriate omissions, insertions and variations as are approved by those officers executing such Series 2010 A Bonds on behalf of the Issuer and execution thereof by such officers shall constitute conclusive evidence of such approval, and the definitive Series 2010 A Bonds shall have the

form of the opinion of Steptoe & Johnson PLLC, as Bond Counsel, attached thereto or printed on the reverse thereof.

Section 3.14. Disposition of Proceeds of Series 2010 A Bonds. Upon the issuance and delivery of the Series 2010 A Bonds, the Issuer shall forthwith deposit the proceeds thereof as follows:

1. All interest accrued on Series 2010 A Bonds from the date thereof to the date of delivery thereof shall be deposited in the Series 2010 A Bonds Sinking Fund and applied to payment of interest on the Series 2010 A Bonds at the first interest payment date.

2. An amount of the proceeds of the Series 2010 A Bonds equal to the amount, if any, set forth in the Supplemental Resolution shall be remitted to the Bond Commission for deposit in the Series 2010 A Bonds Reserve Account.

3. An amount of the proceeds of the Series 2010 A Bonds equal to the entire outstanding principal of and all accrued interest on the Series 1997 A Refunding Revenue Bonds as set forth in the Supplemental Resolution shall be remitted to the Bond Commission to pay the Series 1997 A Refunding Revenue Bonds in full.

4. An amount of Series 2010 A Bond proceeds which, together with other monies or securities deposited therein, shall be equal to the Costs of Issuance of the Series 2010 A Bonds shall be deposited with the Depository Bank in the Costs of Issuance Fund and shall be drawn out, used and applied by the Issuer solely to pay costs of issuance of the Series 2010 A Bonds at the written direction of the Issuer. Monies not to be applied immediately to pay such costs of issuance may be invested in accordance with this Ordinance, subject however, to applicable yield restrictions as may be in effect under the Code. If for any reason such proceeds, or any part thereof, are not necessary for, or are not applied to such purpose within 120 days following the Closing Date for the Series 2010 A Bonds, such unapplied proceeds shall be transferred by the Issuer to the Series 2010 A Bonds Sinking Fund established in Section 4.02 hereof and applied to the next ensuing payment of interest on the Series 2010 A Bonds. All such proceeds shall constitute a trust fund for such purposes, and there hereby is created a lien upon such monies until so applied in favor of the Holders of the Series 2010 A Bonds from which such proceeds are derived.

ARTICLE IV

SYSTEM REVENUES; FUNDS AND ACCOUNTS

Section 4.01. Establishment of Funds and Accounts with Depository Bank. Pursuant to this Article IV, the following special funds are created with (or continued if previously established by the Prior Ordinances), and shall be held by, the Depository Bank, segregated from all other funds and accounts of the Depository Bank or the Issuer and from each other and used solely for the purposes provided herein:

(1) Revenue Fund (established by the Prior Ordinances);

(2) Renewal and Replacement Fund (established by the Prior Ordinances);

(3) Series 2010 A Bonds Costs of Issuance Fund; and

(4) Rebate Fund.

Section 4.02. Establishment of Funds and Accounts with Bond Commission. Pursuant to this Article IV, the following special funds and accounts are hereby established (or continued if previously established by the Prior Ordinances) with and shall be held by the Bond Commission, separate and apart from all other funds or accounts of the Bond Commission or the Issuer and from each other and used solely for the purposes provided herein:

(1) Series 1986 B Bonds Sinking Fund (established by Prior Ordinance and continued hereby);

(2) Series 1986 B Bonds Reserve Account (established by Prior Ordinance and continued hereby);

(3) Series 2001 A Bonds Sinking Fund (established by Prior Ordinance and continued hereby);

(4) Series 2001 A Bonds Reserve Account (established by Prior Ordinance and continued hereby);

(5) Series 2009 A Bonds Sinking Fund (established by Prior Ordinance and continued hereby);

(6) Series 2009 A Bonds Reserve Account (established by Prior Ordinance and continued hereby);

(7) Series 2010 A Bonds Sinking Fund;

(a) Within the Series 2010 A Bonds Sinking Fund:

(i) Series 2010 A Bonds Reserve Account; and

(ii) Series 2010 A Bonds Redemption Account.

Section 4.03. System Revenues and Application Thereof. So long as any of the Series 2010 A Bonds shall be Outstanding and unpaid, the Issuer covenants as follows:

A. The entire Gross Revenues derived from the operation of the System and all parts thereof shall be deposited by the Issuer in the Revenue Fund. The Revenue Fund shall be kept separate and distinct from all other funds of the Issuer and the Depository Bank and used only for the purposes and in the manner herein provided. All Revenues at any time remaining on

deposit in the Revenue Fund shall be disposed of only in the following manner and order of priority:

(1) The Issuer shall first, each month, pay from the Revenue Fund the current Operating Expenses of the System.

(2) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the Bond Commission (i) for deposit in the Sinking Funds of the Series 2001 A Bonds and Series 2009 A Bonds the amounts required by the Prior Ordinances to pay the interest on the Prior Bonds; and (ii) commencing 7 months prior to the first interest payment date of the Series 2010 A Bonds, for deposit in the Series 2010 A Bonds Sinking Fund, a sum equal to 1/6th of the amount of interest which will become due on the Series 2010 A Bonds on the next ensuing semiannual interest payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 2010 A Bonds Sinking Fund and the next ensuing semiannual interest payment date is more or less than 7 months, then such monthly payments shall be decreased or increased proportionately to provide, 1 month prior to the next ensuing semiannual interest payment date, the required amount of interest coming due on such date; provided further that, the initial amount required to be transferred from the Revenue Fund and deposited in the Series 2010 A Bonds Sinking Fund shall be reduced by the amount of accrued interest on the Series 2010 A Bonds deposited therein, and subsequent amounts required to be transferred from the Revenue Fund and deposited in the Series 2010 A Bonds Sinking Fund shall be reduced by the amount of any earnings credited to the Series 2010 A Bonds Sinking Fund.

(3) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the Bond Commission (i) for deposit in the Sinking Funds of the Prior Bonds the amounts required by the Prior Ordinances to pay the principal of the Prior Bonds; and (ii) commencing 13 months prior to the first principal payment date or mandatory Redemption Date of the Series 2010 A Bonds, for deposit in the Series 2010 A Bonds Sinking Fund and in the Series 2010 A Bonds Redemption Account therein in the case of the Term Bonds which are to be redeemed, a sum equal to 1/12th of the amount (or 1/6th of the amount if the Series 2010 A Bonds mature semiannually rather than annually) of principal which will mature or be redeemed and become due on the Series 2010 A Bonds on the next ensuing principal payment date or mandatory Redemption Date; provided that, in the event the period to elapse between the date of such

initial deposit in the Series 2010 A Bonds Sinking Fund and the next ensuing principal payment date or mandatory Redemption Date is more or less than 13 months (or 7 months if the Series 2010 A Bonds mature semiannually rather than annually), then such monthly payments shall be decreased or increased proportionately to provide, 1 month prior to the next ensuing principal payment date or mandatory Redemption Date, the required amount of principal coming due on such date, and provided further, that the amount of such deposits shall be reduced by the amount of any earnings credited to the Series 2010 A Bonds Sinking Fund and not previously credited pursuant to the preceding paragraph.

Moneys in the Series 2010 A Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest on the Series 2010 A Bonds, whether by maturity or redemption prior to maturity. Moneys on deposit in the Series 2010 A Bonds Reserve Account shall be used only for the purpose of paying principal of and interest on the Series 2010 A Bonds when the funds on deposit in the Series 2010 A Bonds Sinking Fund are insufficient therefore, and for no other purpose. Pending such use, such moneys shall be invested in accordance with Article V.

The Issuer shall not be required to make any further payments into the Series 2010 A Bonds Sinking Fund when the aggregate amount of funds therein, including the Series 2010 A Bonds Reserve Account therein, is at least equal to the aggregate principal amount of Series 2010 A Bonds then Outstanding, plus the amount of interest due or thereafter to become due on such Bonds then Outstanding.

As and when additional Bonds ranking on a parity with the Series 2010 A Bonds are issued, provision shall be made for additional deposits into the respective Sinking Funds sufficient to pay the interest on such additional parity Bonds and accomplish retirement thereof at maturity and to accumulate a balance in the respective reserve account in an amount equal to the requirement thereof.

The payments into the Series 2010 A Bonds Sinking Fund shall be made on the first day of each month, except that, when the first day of any month shall be a Saturday, Sunday or legal holiday, then such payments shall be made on the next succeeding Business Day, and all such payments shall be remitted to the Bond Commission with appropriate instructions as to the custody, use and application thereof consistent with the provisions of this Ordinance.

(4) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the Bond Commission (i) for deposit in the Reserve Accounts of the Prior Bonds the amounts required by the Prior Ordinances; and (ii) commencing 13 months prior to the first date of payment of principal of the Series 2010 A Bonds, if not fully funded upon issuance of the Series 2010 A Bonds, for deposit in the Series

2010 A Bonds Reserve Account, an amount equal to 1/120th of the Series 2010 A Bonds Reserve Requirement; provided that, no further payments shall be made into the Series 2010 A Bonds Reserve Account when there shall have been deposited therein, and as long as there shall remain on deposit therein, an amount equal to the Series 2010 A Bonds Reserve Requirement, and thereafter the Issuer shall deposit in the Series 2010 A Bonds Reserve Account, an amount sufficient to remedy any decrease in value of the Series 2010 A Bonds Reserve Account below the Series 2010 A Bonds Reserve Requirement or any withdrawal from the Series 2010 A Bonds Reserve Account, beginning with the first full calendar month following the date on which (a) the valuation of investments in the Series 2010 A Bonds Reserve Account results in a determination that the amount of moneys and the value of the Qualified Investments deposited to the credit of the Series 2010 A Bonds Reserve Account is less than the Series 2010 A Bonds Reserve Requirement, or (b) any amount is withdrawn from the Series 2010 A Bonds Reserve Account for deposit into the Series 2010 A Bonds Sinking Fund. To the extent Gross Revenues and any other legally available funds are available therefore, the amount so deposited shall be used to restore the amount of moneys on deposit in the Series 2010 A Bonds Reserve Account to an amount equal to the Series 2010 A Bonds Reserve Requirement to the full extent that such Gross Revenues are available; provided however, that if the shortfall in the Series 2010 A Bonds Reserve Account is due to a decrease in value of investments therein, such shortfall shall be replenished by not less than 6 equal monthly payments, and if such shortfall is due to a withdrawal from the Series 2010 A Bonds Reserve Account, such shortfall shall be replenished by not less than 12 equal monthly payments, and provided further, that no payments shall be required to be made into the Series 2010 A Bonds Reserve Account whenever and as long as the amount on deposit therein shall be equal to the Series 2010 A Bonds Reserve Requirement.

Amounts in the Series 2010 A Bonds Reserve Account shall be used only for the purpose of making payments of principal of and interest on the Series 2010 A Bonds when due, when amounts in the Series 2010 A Bonds Sinking Fund are insufficient therefore and for no other purpose.

(5) The Issuer shall next, on the first day of each month, transfer from the monies remaining in the Revenue Fund and remit to the Depository Bank for deposit in the Renewal and Replacement Fund (as previously set forth in the Prior Ordinances and not in addition thereto), a sum equal to 2 1/2% of the Gross Revenues each month, exclusive of any payments for account of

any Reserve Account. All funds in the Renewal and Replacement Fund shall be kept apart from all other funds of the Issuer or of the Depository Bank and shall be invested and reinvested in accordance with Article VIII hereof. Subject to the restrictions contained in the Prior Ordinances, so long as the Prior Bonds are outstanding, withdrawals and disbursements may be made from the Renewal and Replacement Fund for replacements, emergency repairs, or improvements or extensions to the System; provided, that any deficiency in any Reserve Account, except to the extent such deficiency exists because the required payments into such account have not, as of the date of determination of a deficiency, funded such account to the maximum extent required hereof, shall be promptly eliminated with monies from the Renewal and Replacement Fund.

(6) If on any monthly payment date the revenues of the System are insufficient to make the required deposits in any of the funds and accounts as hereinabove provided, the deficiency shall be made up on the next ensuing payment dates by payments in addition to the payments which are otherwise required to be made into the funds on such ensuing payment dates.

(7) The Issuer may next, each month, after making the above required transfers of moneys from the Revenue Fund, apply any remaining revenues ("Surplus Revenues") to payment of debt service on any other subordinate bonds, notes, certificates or other obligations of the System. Any Surplus Revenues then remaining in the Revenue Fund may be used for any lawful purpose of the System.

B. The Bond Commission is hereby designated as the fiscal agent for the administration of the Sinking Funds created or continued hereunder, and all amounts required for said Sinking Funds shall be remitted to the Bond Commission from said Revenue Fund and from the proceeds of the sale of the Bonds, by the Issuer at the times and as otherwise provided herein. All remittances made by the Issuer to the Bond Commission shall clearly identify the fund or account into which each amount is to be deposited. Notwithstanding the foregoing, however, the Bond Commission shall deposit all remittances in the fund or account in the priority established by this Ordinance.

C. If on any monthly payment date the Net Revenues are insufficient to place the required amount in any of the funds and accounts as hereinabove provided, the deficiency shall be made up in the subsequent payments in addition to the payments which would otherwise be required to be made into the funds and accounts on the subsequent payment dates; provided, however, that the priority of curing deficiencies in the funds and accounts herein shall be in the same order as payments are to be made pursuant to this Section 4.03 and the Net Revenues shall be applied to such deficiencies before being applied to any other payments hereunder.

D. Principal and interest payments, and any payments made for the purpose of funding the Reserve Accounts, shall be made on a parity basis and pro-rata, with respect to the Prior Bonds, the Series 2010 A Bonds and any parity Bonds hereinafter issued, in accordance with the respective principal amounts of each such series of Bonds then Outstanding, if less than the full amount required hereby.

ARTICLE V

INVESTMENTS; NON-ARBITRAGE REBATES AND CONTINUING DISCLOSURE CERTIFICATE

Section 5.01. Investments. The Issuer shall invest and reinvest, and shall instruct the Bond Commission and the Depository Bank to invest and reinvest, any moneys held as a part of the funds and accounts created by this Ordinance in Qualified Investments to the fullest extent possible under applicable laws, this Ordinance, the need for such moneys for the purposes set forth herein and the specific restrictions and provisions set forth in this section.

Except as provided below, any investment shall be held in and at all times deemed a part of the fund or account in which such moneys were originally held, and the interest accruing thereon and any profit or loss realized from such investment shall be credited or charged to the appropriate fund or account. The Issuer shall sell and reduce to cash a sufficient amount of such investments whenever the cash balance in any fund or account is insufficient to make the payments required from such fund or account, regardless of the loss on such liquidation. The Issuer may make any and all investments permitted by this section through the bond department of the Depository Bank. The Depository Bank shall not be responsible for any losses from such investments, other than for its own negligence or willful misconduct.

The following specific provisions shall apply with respect to any investments made under this section:

(A) Qualified Investments acquired for the Renewal and Replacement Fund or any Reserve Account shall mature or be subject to retirement at the option of the holder within not more than 3 years from the date of such investment.

(B) The Issuer shall, or shall cause the Bond Commission to, semiannually transfer from each Reserve Account to the corresponding Sinking Fund any earnings on the moneys deposited therein and any other funds in excess of the applicable Reserve Account Requirement; provided, however, that there shall at all times remain on deposit in each Reserve Account an amount at least equal to the applicable Reserve Account Requirement.

(C) In compnting the amount in any fund or account, Qualified Investments shall be valued at the lower of the cost or the market price, exclusive of accrued interest. Valuation of all funds and accounts shall occur annually, except in the event of a withdrawal from a Reserve Account, whereupon it shall be valued immediately after such withdrawal. If amounts on deposit

in a Reserve Account shall, at any time, be less than the applicable Reserve Requirement, the applicable Bond Insurer, if any, shall be notified immediately of such deficiency, and such deficiency shall be made up from the first available Net Revenues after required deposits to the applicable Sinking Fund and otherwise in accordance with Section 4.03(3).

(D) All amounts representing accrued interest shall be held by the Bond Commission, pledged solely to the payment of interest on the Bonds and invested only in Government Obligations maturing at such times and in such amounts as are necessary to match the interest payments to which they are pledged.

(E) Notwithstanding the foregoing, all moneys deposited in any Sinking Fund may be invested by the Bond Commission in the West Virginia "consolidated fund" managed by the West Virginia Board of Treasury Investments pursuant to Chapter 12, Article 6C of the Code of West Virginia, 1931, as amended.

Section 5.02. Arbitrage. The Issuer covenants that (i) it will restrict the use of the proceeds of the Series 2010 A Bonds in such manner and to such extent as may be necessary, so that such Series 2010 A Bonds will not constitute "arbitrage bonds" under Section 148 of the Code and Regulations prescribed thereunder, and (ii) it will take all actions that may be required of it (including, without implied limitation, the timely filing of a Federal information return with respect to such Bonds) so that the interest on the Series 2010 A Bonds will be and remain excluded from gross income for Federal income tax purposes, and will not take any actions which would adversely affect such exclusion.

Section 5.03. Tax Certificate, Rebates, and Rebate Fund. The Issuer shall deliver a certificate of arbitrage, a tax certificate or other similar certificate to be prepared by nationally recognized bond counsel or tax counsel relating to payment of arbitrage rebate and other tax matters as a condition to issuance of any series of Bonds. In addition, the Issuer covenants to comply with all Regulations from time to time in effect and applicable to the Series 2010 A Bonds as may be necessary in order to fully comply with Section 148(f) of the Code, and covenants to take such actions, and refrain from taking such actions, as may be necessary to fully comply with such Section 148(f) of the Code and such Regulations, regardless of whether such actions may be contrary to any of the provisions of this Ordinance.

The Issuer shall calculate, annually, the rebatable arbitrage, determined in accordance with Section 148(f) of the Code. Upon completion of each such annual calculation, the Issuer shall deposit, or cause to be deposited, in the Rebate Fund such sums as are necessary to cause the aggregate amount on deposit in the Rebate Fund to equal the sum determined to be subject to rebate to the United States, which, notwithstanding anything herein to the contrary, shall be paid from investment earnings on the underlying fund or account established hereunder and on which such rebatable arbitrage was earned or from other lawfully available sources. Notwithstanding anything herein to the contrary, the Rebate Fund shall be held free and clear of any lien or pledge hereunder and used only for payment of rebatable arbitrage to the United States. The Issuer shall pay, or cause to be paid, to the United States, from the Rebate Fund, the rebatable arbitrage in accordance with Section 148(f) of the Code and such Regulations. In the event that there are any amounts remaining in the Rebate Fund following all

such payments required by the preceding sentence, the Depository Bank shall pay said amounts to the Issuer to be used for any lawful purpose of the System. The Issuer shall remit payments to the United States in the time and at the address prescribed by the Regulations as the same may be in time to time in effect with such reports and statements as may be prescribed by such Regulations. In the event that, for any reason, amounts in the Rebate Fund are insufficient to make the payments to the United States which are required, the Issuer shall assure that such payments are made by the Issuer to the United States, on a timely basis, from any funds lawfully available therefore. The Issuer at its expense, may provide for the employment of independent attorneys, accountants or consultants compensated on such reasonable basis as the Issuer may deem appropriate in order to assure compliance with this Section 5.03. The Issuer shall keep and retain, or cause to be kept and retained, records of the determinations made pursuant to this Section 5.03 in accordance with the requirements of Section 148(f) of the Code and such Regulations. In the event the Issuer fails to make such rebates as required, the Issuer shall pay any and all penalties and other amounts, from lawfully available sources, and obtain a waiver from the Internal Revenue Service, if necessary, in order to maintain the exclusion of interest on the Bonds from gross income for federal income tax purposes.

Section 5.04. Continuing Disclosure Certificate. The Issuer shall deliver a continuing disclosure certificate in form acceptable to the Original Purchaser sufficient to ensure compliance with SEC Rule 15c2-12, as it may be amended from time to time.

ARTICLE VI

ADDITIONAL COVENANTS OF THE ISSUER

Section 6.01. Covenants Binding and Irrevocable. All the covenants, agreements and provisions of this Ordinance shall be and constitute valid and legally binding covenants of the Issuer and shall be enforceable in any court of competent jurisdiction by any Holder or Holders of the Series 2010 A Bonds, as prescribed by Article VII. In addition to the other covenants, agreements and provisions of this Ordinance, the Issuer hereby covenants and agrees with the Holders of the Series 2010 A Bonds as hereinafter provided in this Article VI. All such covenants, agreements and provisions shall be irrevocable, except as provided herein, as long as any of the Series 2010 A Bonds or the interest thereon, are Outstanding and unpaid.

Section 6.02. Bonds Not to be Indebtedness of the Issuer. The Series 2010 A Bonds shall not be or constitute an indebtedness of the Issuer within the meaning of any constitutional, statutory or charter limitation of indebtedness but shall be payable solely from the Net Revenues of the System, the moneys in the Series 2010 A Bonds Sinking Fund and the Series 2010 A Bonds Reserve Account therein and the unexpended proceeds of the Series 2010 A Bonds, all as herein provided. No Holder or Holders of the Series 2010 A Bonds issued hereunder shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Series 2010 A Bonds or the interest thereon.

Section 6.03. Series 2010 A Bonds Secured by Parity Pledge of Net Revenues; Lien Position with Respect to Prior Bonds. The payment of the debt service of all of the Series 2010 A Bonds issued hereunder shall be secured forthwith equally and ratably with each other by a first

lien on the Net Revenues derived from the operation of the System, on a parity with the lien on the Net Revenues in favor of the Holders of the Prior Bonds. The payment of the debt service on the Series 2010 A Bonds shall also be secured by the moneys in the Series 2010 A Bonds Sinking Fund, including the Series 2010 A Bonds Reserve Account therein. The Net Revenues derived from the System, in an amount sufficient to pay the principal of and interest on the Prior Bonds and the Series 2010 A Bonds herein authorized, and to make the payments into the Series 2010 A Bonds Sinking Fund, all moneys and securities in the Series 2010 A Bonds Sinking Fund, including the Series 2010 A Bonds Reserve Account therein, and all other payments provided for in this Ordinance, are hereby irrevocably pledged in the manner provided in this Ordinance to the payment of the principal of and interest on the Prior Bonds and the Series 2010 A Bonds herein authorized as the same become due and for the other purposes provided in this Ordinance.

Section 6.04. Rates. Prior to the issuance of the Series 2010 A Bonds, rates or charges for the use of the services and facilities of the System will be fixed and established, all in the manner and form required by law, and a copy of such rates and charges so fixed and established shall at all times be kept on file in the office of the Recorder of the Issuer, which copy will be open to inspection by all interested parties. The schedule or schedules of rates and charges shall at all times be adequate to produce Net Revenues from the System sufficient to pay Operating Expenses and to make the prescribed payments into the funds and accounts created hereunder. Such schedule or schedules of rates and charges shall be revised from time to time, whenever necessary, so that the aggregate of the rates and charges will be sufficient for such purposes. In order to assure full and continuous performance of this covenant with a margin for contingencies and temporary unanticipated reduction in income and revenues, the Issuer hereby covenants and agrees that the schedule or schedules of rates or charges from time to time in effect shall be sufficient, together with other revenues of the System, (i) to provide for all Operating Expenses of the System and (ii) to leave a balance each year equal to at least 115% of the Maximum Annual Debt Service on the Series 2010 A Bonds, and all obligations issued on a parity with the Series 2010 A Bonds, including the Prior Bonds. All such rates and charges, if not paid when due, shall constitute a lien upon the premises served by the System.

The Issuer hereby covenants to commence enactment of such ordinance or ordinances as shall be required to increase the rates and charges for the services and facilities of the System within 30 days following a determination of the Independent Accountant that less than the above-required coverage exists or in the event that the annual audit report shows less than the above-required coverage, such increase to provide rates and charges sufficient to produce such required coverage.

Section 6.05. Operation and Maintenance. The Issuer will maintain the System in good condition and will operate the same as a revenue-producing enterprise in an efficient and economical manner, making such expenditures for equipment and for renewal, repair and replacement as may be proper for the economical operation and maintenance thereof from the Revenues of said System in the manner provided in this Ordinance. The Issuer will obtain all permits required by state and federal laws for the acquisition and construction of the Project and all orders and approvals from the Public Service Commission of West Virginia necessary for the acquisition and construction of the Project and the operation of the System.

Section 6.06. Sale of the System. So long as the Prior Bonds are outstanding, the Issuer shall not sell, mortgage, lease or otherwise dispose of or encumber the System except as provided in the Prior Ordinances. Additionally, so long as the Series 2010 A Bonds are Outstanding, the System may be sold, mortgaged, leased or otherwise disposed of only as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to fully pay all the Bonds Outstanding, or to defease the pledge created by this Ordinance and the Prior Ordinances. The proceeds from such sale, mortgage, lease or other disposition of the System shall be immediately remitted to the Bond Commission for deposit in the respective Sinking Funds, and otherwise as prescribed by Section 9.01. Any balance remaining after such defeasance shall be remitted to the Issuer by the Bond Commission unless necessary for the payment of other obligations of the Issuer payable out of the revenues of the System.

The foregoing provision notwithstanding, the Issuer shall have and hereby reserves the right to sell, lease or otherwise dispose of any of the property comprising a part of the System hereinafter determined in the manner provided herein to be no longer necessary, useful or profitable in the operation thereof. Prior to any such sale, lease or other disposition of such property, if the amount to be received therefor is not in excess of $50,000, the Issuer shall, in writing, determine that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof, and the Issuer may then provide for the sale of such property. The proceeds of any such sale shall be deposited in the Revenue Fund. If the amount to be received from such sale, lease or other disposition of said property shall be in excess of $50,000 but not in excess of $200,000, the Issuer shall first, in writing, determine with the written approval of the Consulting Engineers that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof, and the Issuer may then, if it be so advised, by resolution duly adopted, approve and concur in such finding and authorize such sale, lease or other disposition of such property in accordance with the laws of the State. The proceeds derived from any such sale, lease or other disposition of such property, in excess of $50,000 and not in excess of $200,000, shall be deposited by the Issuer into the Renewal and Replacement Fund. Such payments of such proceeds into the Renewal and Replacement Fund shall not reduce the amounts required to be paid into said funds by other provisions of this Ordinance.

No sale, lease or other disposition of the properties of the System shall be made by the Issuer if the proceeds to be derived therefrom shall be in excess of $200,000 and insufficient to defease the pledge created by this Ordinance, as provided by Section 9.01, without the prior approval and consent in writing of the Holders, or their duly authorized representatives, of 60% in amount of Bonds then Outstanding. The Issuer shall prepare the form of such approval and consent for execution by the then Holders of the Bonds for the disposition of the proceeds of the sale, lease or other disposition of such properties of the System.

Section 6.07. Issuance of Other Obligations Payable out of Revenues and General Covenant Against Encumbrances. The Issuer shall not issue any other obligations whatsoever, except additional parity Bonds provided for in Section 6.08 hereof, payable from the Revenues of the System which rank prior to, or equally, as to lien on and source of and security for payment from the Net Revenues with the Series 2010 A Bonds; and all obligations hereafter

issued by the Issuer payable from the revenues of the System, except such additional Bonds, shall contain an express statement that such obligations are junior and subordinate as to lien on and source of and security for payment from such revenues and in all other respects to the Bonds.

The Issuer shall not create, or cause or permit to be created, any debt, lien, pledge, assignment, encumbrance or any other charge having priority over or, except with respect to such additional parity Bonds, being on a parity with the lien of the Series 2010 A Bonds, and the interest thereon, upon any of the income and revenues of the System pledged for payment of the Series 2010 A Bonds and the interest thereon in this Ordinance or upon the System or any part thereof.

Section 6.08. Additional Parity Bonds. So long as the Prior Bonds are Outstanding, the limitations and requirements on the issuance of parity obligations set forth in the Prior Ordinances shall be applicable. In addition, no additional parity Bonds, as in this section defined, payable out of the revenues of the System shall be issued after the issuance of any Bonds pursuant to this Ordinance, except under the conditions and in the manner herein provided.

No such additional parity Bonds shall be issued except for the purpose of financing the costs of the design, acquisition or construction of extensions, additions, betterments or improvements to the System, refunding all or a portion of one or more series of Bonds issued pursuant hereto, or refunding the Prior Bonds, to pay claims which may exist against the revenues or facilities of the System, or all of such purposes.

No such additional parity Bonds shall be issued at any time, however, unless and until there has been procured and filed with the Recorder of the Issuer a written statement by an Independent Accountant, reciting the conclusion that the Net Revenues actually derived from the System during any 12 consecutive months in the 18 months immediately preceding the date of the actual issuance of such additional parity Bonds, plus the estimated average increased annual Net Revenues to be received in each of the 3 succeeding years after the completion of the improvements to be financed by such Parity Bonds, if any, shall not be less than 115% of the Maximum Annual Debt Service on the following:

(1) The Prior Bonds then Outstanding;

(2) The Series 2010 A Bonds then Outstanding;

(3) Any additional parity Bonds theretofore issued pursuant to the provisions contained in this Ordinance then Outstanding; and

(4) The additional parity Bonds then proposed to be issued.

Notwithstanding the foregoing, the Issuer shall be permitted to issue bonds which refund any Outstanding Series 2010 A Bonds, any additional parity Bonds hereafter issued or any Prior Bonds if, prior to the issuance of such refunding bonds, the Issuer shall have filed with the Recorder: (i) a verification report of the Independent Accountants concluding that present

value debt service savings shall be realized by the Issuer as a result of such refunding, after taking into account all costs of issuance of such refunding bonds, and (ii) a certificate of the Independent Accountants reciting the conclusion that the estimated average increased annual Net Revenues to be received in each of the 3 succeeding years after the issuance of such refunding bonds shall not be less than 115% of the Maximum Annual Debt Service on the following:

(1) The Prior Bonds Outstanding after such refunding;

(2) The Series 2010 A Bonds Outstanding after such refunding;

(3) Any additional parity Bonds theretofore issued pursuant to the provisions contained in this Ordinance which shall be Outstanding following such refunding; and

(4) The additional parity refunding Bonds then proposed to be issued.

The "estimated average increased annual Net Revenues to be received in each of the 3 succeeding years" as that term is used in the computation provided in the above paragraph, shall refer only to the increased Net Revenues estimated to be derived from the improvements to be financed by such parity Bonds any increase in rates enacted by the Issuer, the time for appeal of which shall have expired (without successful appeal) prior to the date of delivery of such additional parity Bonds, and shall not exceed the amount to be stated in the aforementioned certificate of Independent Accountants, which shall be filed in the office of the Recorder of the Issuer prior to the issuance of such additional parity Bonds.

The Net Revenues actually derived from the System during the 12-consecutive month period hereinabove referred to may be adjusted by adding to such Net Revenues such additional Net Revenues which would have been received, in the opinion of the Independent Accountants, as stated in a certificate, on account of increased rates, rentals, fees and charges for the System enacted by the Issuer, the time for appeal of which shall have expired (without successful appeal) prior to issuance of such Parity Bonds.

The term "additional parity Bonds," as used in this section, shall be deemed to mean additional Bonds issued under the provisions and within the limitations of this section, payable from the Net Revenues of the System on a parity with the Series 2010 A Bonds, and all the covenants and other provisions of this Ordinance (except as to details of such additional parity Bonds inconsistent herewith) shall be for the equal benefit, protection and security of the Holders of the Series 2010 A Bonds, the Prior Bonds and the Holders of any additional parity Bonds theretofore or subsequently issued from time to time within the limitations of and in compliance with this section. All the Bonds, regardless of the time or times of their issuance, shall rank equally with respect to their lien on the Net Revenues of the System, and their source of and security for payment from said Net Revenues, without preference of any Bond over any other. The Issuer shall comply fully with all the increased payments into the various funds and accounts created in this Ordinance required for and on account of such additional parity Bonds, in addition to the payments required for Bonds theretofore issued pursuant to this Ordinance.

The term "additional parity Bonds," as used in this section, shall not be deemed to include bonds, notes, certificates or other obligations subsequently issued, the lien on the Revenues of the System of which is subject to the prior and superior lien of the Bonds on such Revenues. Any such subordinate bonds, notes, certificates or other obligations shall be payable from Surplus Revenues. The Issuer shall not issue any obligations whatsoever payable from the Revenues of the System, or any part thereof, which rank prior to or equally, as to lien and source of and security for payment from such Revenues, with the Series 2010 A Bonds, except in the manner and under the conditions provided in this section.

No additional parity Bonds, as in this section defined, shall be issued at any time, however, unless all of the payments into the respective funds and accounts provided for in this Ordinance on account of the Bonds then Outstanding, if any (excluding the Renewal and Replacement Fund), and any other payments provided for in this Ordinance shall have been made in full as required to the date of delivery of the additional parity Bonds.

Section 6.09. Insurance and Bonds. The Issuer hereby covenants and agrees, that so long as the Series 2010 A Bonds remain Outstanding, the Issuer will, as an Operating Expense, procure, carry and maintain insurance and bonds and worker's compensation coverage with a reputable insurance carrier or carriers or bonding company or companies covering the following risks and in the following amounts:

A. FIRE, LIGHTNING, VANDALISM, MALICIOUS MISCHIEF AND EXTENDED COVERAGE INSURANCE, on all above-ground insurable portions of the System in an amount equal to the greater of the fair appraised value or the original cost thereof. In the time of war the Issuer will also carry and maintain insurance to the extent available against risks and hazards of war. The proceeds of all such insurance policies shall be placed in the Renewal and Replacement Fund and used only for the repairs and restoration of the damaged and destroyed properties or for the other purposes provided herein for the Renewal and Replacement Fund.

B. PUBLIC LIABILITY INSURANCE, with limits of not less than $1,000,000 per occurrence to protect the Issuer from claims for bodily injury and/or death and not less than $500,000 per occurrence from claims for damage to property of others which may arise from the operation of the System, and insurance with the same limits to protect the Issuer from claims arising out of operation or ownership of motor vehicles of or for the System.

C. WORKER'S COMPENSATION COVERAGE FOR ALL EMPLOYEES OF OR FOR THE SYSTEM ELIGIBLE THEREFOR; AND PERFORMANCE AND PAYMENT OR COMPLETION BONDS, such bonds to be in the amounts of not less than 100% of the amount of any construction contract and to be required of each contractor dealing directly with the Issuer and such payment bonds will be filed with the Clerk of the County Commission of the County in which such work is to be performed prior to commencement of construction of any additions, extensions or improvements for the System in compliance with West Virginia Code, Section 38-2-39.

D. FLOOD INSURANCE, to extent available at reasonable cost to the Issuer.

E. BUSINESS INTERRUPTION INSURANCE, to the extent available at reasonable cost to the Issuer.

F. FIDELITY BONDS will be provided as to every officer and employee of the Issuer having custody of the revenues or of any other funds of the System, in an amount at least equal to the total funds in the custody of any such person at any one time.

Section 6.10. Mandatory Connections. The mandatory use of the System is essential and necessary for the protection and preservation of the public health, comfort, safety, convenience and welfare of the inhabitants and residents of, and the economy of, the Issuer, and in order to assure the rendering harmless of sewage and waterborne waste matter produced or arising within the territory served by the System. Accordingly, every owner, tenant or occupant of any house, dwelling or building located near the System, to the extent permitted by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, shall connect with and use the System and shall cease the use of all other means for the collection, treatment and disposal of sewage and waste matters from such house, dwelling or building and every such owner, tenant or occupant shall, after a 30 day notice of the availability of sewerage services of the System, pay the rates and charges established therefore.

Any such house, dwelling or building from which emanates sewage or waterborne waste matter and which is not so connected with the System is hereby declared and found to be a hazard to the health, safety, comfort and welfare of the residents of the Issuer and a public nuisance which shall be abated to the extent permitted by law and as promptly as possible by proceedings in a court of competent jurisdiction.

Section 6.11. No Free Services. The Issuer will not render or cause to be rendered any free services of any nature by the System; and, in the event the Issuer or any department, agency, instrumentality, officer or employee thereof shall avail himself of the facilities or services provided by the System or any part thereof, the same rates, fees or charges applicable to other customers receiving like services under similar circumstances shall be charged the Issuer and any such department, agency, instrumentality, officer or employee. Such charges shall be paid as they accrue, and the Issuer shall transfer from its general funds sufficient sums to pay such charges for service to any of its departments or properties. The revenues so received shall be deemed to be revenues derived from the operation of the System and shall be deposited and accounted for in the same manner as other revenues derived from such operation of the System.

Section 6.12. Enforcement of Collections. The Issuer will diligently enforce and collect all fees, rentals or other charges for the services and facilities of the System, and take all steps, actions and proceedings for the enforcement and collection of such fees, rentals or other charges which shall become delinquent to the full extent permitted or authorized by the Act, the rules and regulations of the Public Service Commission of West Virginia and other laws of the State of West Virginia.

Whenever any fees, rates, rentals or other charges for the services and facilities of the System shall remain unpaid for a period of 20 days after the same shall become due and

payable, the user of the services and facilities shall be delinquent until such time as all such rates and charges are fully paid and to the extent authorized by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, all delinquent rates, rentals and other charges, if not paid, shall become a lien on the premises served by the System. The Issuer further covenants and agree that it will, to the full extent permitted by law and the rules and regulations promulgated by the Public Service Commission of West Virginia, discontinue and shut off the services and facilities of the System to all delinquent users of services and facilities of the System and will not restore such services of the System until all billing for charges for the services and facilities of the System, including penalties and reconnect fees, have been fully paid, or a payment agreement in compliance with the West Virginia Public Service Commission regulations has been entered.

Section 6.13. No Competing Franchise. To the extent legally allowable, the Issuer will not grant or cause, consent to or allow the granting of any franchise or permit to any person, firm, corporation or body, or agency or instrumentality whatsoever for the providing of any services which would compete with services provided by the System.

Section 6.14. Books and Records. The Issuer will keep books and records of the System, which shall be separate and apart from all other books, records and accounts of the Issuer, in which complete and correct entries shall be made of all transactions relating to the System, and any Holder of a Bond or Bonds shall have the right at all reasonable times to inspect the System, and all parts thereof, and all records, accounts and data of the Issuer relating thereto.

The accounting system for the System shall follow current generally accepted accounting principles, to the extent allowable under and in accordance with the rules and regulations of the Public Service Commission of West Virginia and the Act. Separate control accounting records shall be maintained by the Issuer. Subsidiary records as may be required shall be kept in the manner, on the forms, in the books and along with other bookkeeping records as prescribed by the Issuer. The Issuer shall prescribe and institute the manner by which subsidiary records of the accounting system which may be installed remote from the direct supervision of the Issuer shall be reported to such agent of the Issuer as it shall direct.

The Issuer shall file with the Original Purchaser and any Bond Insurer, and shall mail to any Holder of Bonds requesting the same, an annual report within 120 days following the end of each Fiscal Year containing a balance sheet, statement of revenues, expenses, and changes in retained earnings, and statement of cash flows, as prescribed by generally accepted accounting principles.

The Issuer shall also file with the Original Purchaser and any Bond Insurer, and mail to any Holder of Bonds requesting the same, a monthly unaudited report within 30 days following the end of each month containing the following:

(A) A statement of Gross Revenues, Operating Expenses, and Net Revenues derived from the System.

(B) A statement of account balances in the Sinking Fund accounts provided for in this Ordinance and status of said funds.

The Issuer shall also, at least once a year, cause the books, records and accounts of the System to be completely audited by Independent Accountants, shall mail upon request, and make available generally, the report of said Independent Accountants, or a summary thereof, to any Holder or Holders of Bonds issued pursuant to this Ordinance and shall file said report with the Original Purchaser.

Section 6.15. Operating Budget. The Issuer shall annually, at least 30 days preceding the beginning of each Fiscal Year, or at such earlier date required by its charter, prepare and adopt by resolution a detailed budget of the estimated revenues and expenditures for operation and maintenance of the System during the succeeding Fiscal Year. The Issuer shall mail copies of such annual budget and all resolutions authorizing increased expenditures for operation and maintenance to the Original Purchaser and shall make available such budgets and all resolutions authorizing increased expenditures for operation and maintenance of the System at all reasonable times to the Original Purchaser and to any Holder of Bonds or anyone acting for and in behalf of such Holder who requests the same.

Section 6.16. Tax Covenants. The Issuer hereby further covenants and agrees as follows:

A. PRIVATE BUSINESS USE LIMITATION. The Issuer shall assure that (i) not in excess of 10% of the Net Proceeds of the Series 2010 A Bonds are used for Private Business Use if, in addition, the payment of more than 10% of the principal or 10% of the interest due on such Series 2010 A Bonds during the term thereof is, under the terms of such Bonds or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for a Private Business Use or in payments in respect of property used or to be used for a Private Business Use or is to be derived from payments, whether or not to the Issuer, in respect of property or borrowed money used or to be used for a Private Business Use; and (ii) in the event that both (A) in excess of 5% of the Net Proceeds of the Series 2010 A Bonds are used for a Private Business Use, and (B) an amount in excess of 5% of the principal or 5% of the interest due on the Series 2010 A Bonds during the terms thereof is, under the terms of such Series 2010 A Bonds or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for said Private Business Use or in payments in respect of property used or to be used for said Private Business Use or is to be derived from payments, whether or not to the Issuer, in respect of property or borrowed money used or to be used for said Private Business Use, then said excess over said 5% of Net Proceeds of the Series 2010 A Bonds used for a Private Business Use shall be used for a Private Business Use related to the governmental use of the System, or if the Series 2010 A Bonds are for the purpose of financing more than one project, a portion of the System, and shall not exceed the proceeds used for the governmental use of that portion of the System to which such Private Business Use is related.

B. PRIVATE LOAN LIMITATION. The Issuer shall assure that not in excess of the lesser of 5% of the Net Proceeds of the Series 2010 A Bonds or $5,000,000 are used, directly or indirectly, to make or finance a loan to persons other than state or local government units.

C. FEDERAL GUARANTEE PROHIBITION. The Issuer shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause the Series 2010 A Bonds to be directly or indirectly "federally guaranteed" within the meaning of Section 149(b) of the Code and Regulations promulgated thereunder.

D. INFORMATION RETURN. The Issuer will file all statements, instruments and returns necessary to assure the tax-exempt status of the Series 2010 A Bonds and the interest thereon, including without limitation, the information return required under Section 149(e) of the Code.

E. FURTHER ACTIONS. The Issuer will take all actions that may be required of it so that the interest on the Series 2010 A Bonds will be and remain excludable from gross income for federal income tax purposes, and will not take any actions which would adversely affect such exclusion.

Section 6.17. Statutory Mortgage Lien. For the further protection of the Holders of the Series 2010 A Bonds, a statutory mortgage lien upon the System is granted and created by the Act, which statutory mortgage lien is hereby recognized and declared to be valid and binding, shall take effect immediately upon the issuance of the Series 2010 A Bonds and shall be on a parity with one another and with the statutory mortgage lien in favor of the Holders of the Prior Bonds.

Section 6.18. Designation of Series 2010 A Bonds as "Qualified Tax-Exempt Obligations". The Issuer hereby designates the Series 2010 A Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b)(3)(B) of the Code and covenants that the Series 2010 A Bonds do not constitute private activity bonds as defined in Section 141 of the Code, and that not more than $30,000,000 aggregate principal amount of obligations the interest on which is excludable (under Section 103(a) of the Code) from gross income for federal income tax purposes (excluding, however, obligations issued to currently refund any obligation of the Issuer to the extent the amount of the refunding obligation does not exceed the amount of the refunded obligation and private activity bonds, as defined in Section 141 of the Code, other than qualified 501(c)(3) bonds as defined in Section 145 of the Code), including the Series 2010 A Bonds, have been or shall be issued by the Issuer, including all subordinate entities of the Issuer, during the calendar year 2010, all as determined in accordance with the Code.

ARTICLE VII

DEFAULTS AND REMEDIES

Section 7.01. Events of Default. Each of the following events shall constitute an "Event of Default" with respect to the Series 2010 A Bonds:

(A) If default by the Issuer occurs in the due and punctual payment of the principal of or interest on any Bond;

(B) If default occurs in the Issuer's observance of any of the covenants, agreements or conditions on its part in this Ordinance or any Supplemental Resolution or in the Bonds contained, and such default shall have continued for a period of 30 days after written notice specifying such default and requiring the same to be remedied shall have been given to the Issuer by any Registered Owner of any Bond;

(C) If the Issuer files a petition seeking reorganization or arrangement under the federal bankruptcy laws or any other applicable law of the United States of America; or

(D) If the Issuer defaults on the Prior Bonds or the Prior Ordinances.

Section 7.02. Enforcement. Upon the happening and continuance of any Event of Default, any Registered Owner of any Bond may exercise any available remedy and bring any appropriate action, suit or proceeding to enforce his rights and, in particular:

(A) Bring suit for any unpaid principal or interest then due;

(B) By mandamus or other appropriate proceeding enforce all rights of the Registered Owners, including the right to require the Issuer to perform its duties under the Act and this Ordinance;

(C) Bring suit upon the Bonds;

(D) By action at law or bill in equity require the Issuer to account as if it were the trustee of an express trust for the Registered Owners of the Bonds; and

(E) By action or bill in equity enjoin any acts in violation of this Ordinance or the rights of the Registered Owners of the Bonds; provided that, all rights and remedies of the Registered Owners of the Series 2010 A Bonds shall be on a parity with those of the Registered Owners of the Prior Bonds.

No remedy by the terms of this Ordinance conferred upon or reserved to the Registered Owners is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to any other remedy given to the Registered Owners hereunder or now or hereafter existing at law or by statute.

No delay or omission to exercise any right or power accruing upon any default or Event of Default shall impair any such right or power or shall be construed to be a waiver of any such default or Event of Default or acquiescence therein, and every such right and power may be exercised from time to time and as often as may be deemed expedient.

No waiver of any default or Event of Default hereunder by the Registered Owners shall extend to or shall affect any subsequent default or Event of Default or shall impair any rights or remedies consequent thereto.

Section 7.03. Appointment of Receiver. If there be any Event of Default existing and continuing, any Registered Owner shall, in addition to all other remedies or rights, have the right by appropriate legal proceedings to obtain the appointment of a receiver to administer the System on behalf of the Issuer, with power to charge rates, rentals, fees and other charges sufficient to provide for the payment of the principal of and interest on the Bonds, the deposits into the funds and accounts hereby established as herein provided and the payment of Operating Expenses of the System and to apply such rates, rentals, fees, charges or other Revenues in conformity with the provisions of this Ordinance and the Act.

The receiver so appointed shall forthwith, directly or by his agents and attorneys, enter into and upon and take possession of all facilities of said System and shall hold, operate, maintain, manage and control such facilities, and each and every part thereof, and in the name of the Issuer exercise all the rights and powers of the Issuer with respect to said facilities as the Issuer itself might do.

Whenever all that is due upon the Series 2010 A Bonds issued pursuant to this Ordinance and interest thereon and under any covenants of this Ordinance for reserve, sinking or other funds and accounts and upon any other obligations and interest thereon having a charge, lien or encumbrance upon the Revenues of the System shall have been paid and made good, and all defaults under the provisions of this Ordinance shall have been cured and made good, possession of the System shall be surrendered to the Issuer upon the entry of an order of the court to that effect. Upon any subsequent default, any Registered Owner shall have the same right to secure the further appointment of a receiver upon any such subsequent default.

Such receiver, in the performance of the powers hereinabove conferred upon him, shall be under the direction and supervision of the court making such appointment, shall at all times be subject to the orders and decrees of such court and may be removed thereby and a successor receiver appointed in the discretion of such court. Nothing herein contained shall limit or restrict the jurisdiction of such court to enter such other and further orders and decrees as such court may deem necessary or appropriate for the exercise by the receiver of any function not specifically set forth herein.

Any receiver appointed as provided herein shall hold and operate the System in the name of the Issuer and for the joint protection and benefit of the Issuer and the Registered Owners of the Bonds issued pursuant to this Ordinance. Such receiver shall have no power to sell, assign, mortgage or otherwise dispose of any assets of any kind or character belonging or pertaining to the System, but the authority of such receiver shall be limited to the possession,

operation and maintenance of the System, for the sole purpose of the protection of both the Issuer and the Registered Owners of the Bonds, and the curing and making good of any default under the provisions of this Ordinance, and the title to and ownership of said System shall remain in the Issuer, and no court shall have any jurisdiction to enter any order or decree permitting or requiring such receiver to sell, mortgage or otherwise dispose of any assets of the System.

Section 7.04. Restoration of Issuer and Registered Owners. In case any Registered Owner shall have proceeded to enforce any right under this Ordinance by the appointment of a receiver, by entry or otherwise, and such proceedings shall have been discontinued or abandoned for any reason, or shall have been determined adversely, then and in every such case the Issuer and such Registered Owners shall be restored to their former positions and rights hereunder, and all rights and remedies of such Registered Owners shall continue as if no such proceedings had been taken.

ARTICLE VIII

REGISTRAR, PAYING AGENT AND DEPOSITORY BANK

Section 8.01. Appointment of Registrar, Paying Agent and Depository Bank. The Registrar, Paying Agent and Depository Bank (collectively, the "Fiduciaries") for the Series 2010 A Bonds shall be appointed pursuant to the Supplemental Resolution. The Issuer is hereby authorized and directed to enter into an agreement with the Fiduciaries, the substantial form of which agreement is to be approved by Supplemental Resolution.

Section 8.02. Responsibilities of Fiduciaries. The recitals of fact in the Series 2010 A Bonds shall be taken as statements of the Issuer, and the Fiduciaries shall not be responsible for their accuracy. The Fiduciaries shall not be deemed to make any representation as to, and shall not incur any liability on account of, the validity of the execution of any Series 2010 A Bonds by the Issuer. Notwithstanding the foregoing, the Registrar shall be responsible for any representation in its Certificate of Authentication on the Series 2010 A Bonds. The Fiduciaries and any successor thereto shall agree to perform all the duties and responsibilities spelled out in this Ordinance and any other duties and responsibilities incident thereto, all as provided by said agreement described in Section 8.01.

Section 8.03. Evidence on Which Fiduciaries May Act. Except as otherwise provided by Section 10.02, the Fiduciaries shall be protected in acting upon any notice, resolution, request, consent, order, certificate, opinion or other document believed by them to be genuine and to have been signed or presented by the proper party or parties. Whenever any Fiduciary shall deem it necessary or desirable that a fact or matter be proved or established prior to taking or suffering any action, such fact or matter, unless other evidence is specifically prescribed, may be deemed to be conclusively proved and established by a certificate of an Authorized Officer of the Issuer, but in its discretion such Fiduciary may instead accept other evidence of such fact or matter.

Section 8.04. Compensation and Expenses. The Issuer shall pay to the Fiduciaries from time to time reasonable compensation for all services, including the transfer of registration of Series 2010 A Bonds, the first exchange of Series 2010 A Bonds and the exchange of Series 2010 A Bonds in the event of partial redemption, incurred in the performance of their duties hereunder.

Section 8.05. Certain Permitted Acts. The Registrar may become the owner of or may deal in Series 2010 A Bonds as fully and with the same rights it would have if it were not Registrar. To the extent permitted by law, the Registrar may act as depository for, and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Registered Owners or effect or aid in any reorganization growing out of the enforcement of the Series 2010 A Bonds or this Ordinance, whether or not any such committee shall represent the Registered Owners of a majority in principal amount of the Series 2010 A Bonds Outstanding.

Section 8.06. Resignation of Registrar. The Registrar may at any time resign and be discharged of its duties and obligations under this Ordinance by giving not less than 60 days' written notice to the Issuer and publishing in an Authorized Newspaper notice (or mailing such notice to each Registered Owner in the event all Series 2010 A Bonds are fully registered), specifying the date when such resignation shall take effect, within 20 days after the giving of such written notice. A copy of such notice shall also be mailed to each owner of a fully registered Bond or a coupon Bond registered as to principal (other than to bearer). Such resignation shall take effect upon the day specified in such notice unless a successor shall have been previously appointed by the Issuer or bondholders, in which event such resignation shall take effect immediately.

Section 8.07. Removal. The Registrar may be removed at any time by the Issuer or by the Registered Owners of a majority in principal amount of the Series 2010 A Bonds then Outstanding by an instrument or concurrent instruments in writing signed and duly acknowledged by the Issuer or by such Registered Owners or their attorneys duly authorized in writing and delivered to the Issuer, as the case may be. Copies of each such instrument shall be delivered by the Issuer to the Registrar.

Section 8.08. Appointment of Successor. In case at any time the Registrar shall resign or shall be removed or shall become incapable of acting, or shall be adjudged bankrupt or insolvent, or if a receiver, liquidator or conservator of the Registrar or of its property shall be appointed, or if any public officer or court shall take charge or control of the Registrar or of its property or affairs, a successor may be appointed by the Registered Owners of a majority in principal amount of the Series 2010 A Bonds then Outstanding by an instrument or concurrent instruments in writing signed by such Registered Owners or their attorneys duly authorized in writing and delivered to the Issuer and such successor Registrar, notification thereof being given to the predecessor Registrar. Pending such appointment, the Issuer shall forthwith appoint a Registrar to fill such vacancy until a successor Registrar shall be appointed by such Registered Owners. The Issuer shall publish in an Authorized Newspaper (or mail to each Registered Owner in the event all Series 2010 A Bonds are fully registered) notice of any such appointment within 20 days after the effective date of such appointment. A copy of such notice shall also be

mailed to each owner of a fully registered Bond or a coupon Bond registered as to principal (other than to bearer). Any successor Registrar appointed by the Issuer shall, immediately and without further act, be superseded by a Registrar appointed by such Registered Owners. If in a proper case no appointment of a successor Registrar shall be made within 45 days after the Registrar shall have given to the Issuer written notice of resignation or after the occurrence of any other event requiring such appointment, the Registrar or any Registered Owner may apply to any court of competent jurisdiction to appoint a successor. Any Registrar appointed under the provisions of this section shall be a bank, trust company or national banking association authorized to perform the duties imposed upon it by this Ordinance.

Section 8.09. Transfer of Rights and Property to Successor. Any predecessor Registrar or Paying Agent shall pay over, assign and deliver any moneys, books and records held by it and relating to the Series 2010 A Bonds to its successor.

Section 8.10. Merger or Consolidation. Any company into which the Registrar may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party, or any company to which the Registrar or any public officer or court may sell or transfer all or substantially all of its corporate trust business, shall be the successor to such Registrar without the execution or filing of any paper or the performance of any further act; provided, however, that such company shall be a bank, trust company or national banking association meeting the requirements set forth in Section 8.08.

Section 8.11. Adoption of Authentication. In case any of the Series 2010 A Bonds shall have been authenticated but not delivered, any successor Registrar may adopt a Certificate of Authentication and Registration executed by any predecessor Registrar and deliver such Series 2010 A Bonds so authenticated, and, in case any Series 2010 A Bonds shall have been prepared but not authenticated, any successor Registrar may authenticate such Series 2010 A Bonds in the name of the predecessor Registrar or in its own name.

Section 8.12. Paying Agent and Depository Bank. The Registrar shall also serve as the Paying Agent and Depository Bank. The Registrar's acceptance of the duties and responsibilities of the Registrar expressed in Section 8.02 shall also include the trusts and the duties of Paying Agent and Depository Bank. Any alternate Paying Agent must be a bank, trust company or national banking association authorized to perform the duties imposed upon it by this Ordinance. Such alternate Paying Agent shall signify its acceptance of the duties and obligations imposed upon it pursuant hereto by executing and delivering to the Issuer a written acceptance thereof. Any successor Paying Agent shall take such actions as may be necessary to ensure that the Series 2010 A Bonds shall be and remain DTC-eligible.

Each Paying Agent shall be entitled to payment and reimbursement for reasonable fees for its services rendered hereunder and all advances, counsel fees and other expenses reasonably and necessarily made or incurred by such Paying Agent in connection with such services solely from moneys available therefore.

Any bank, trust company or national banking association with or into which any Paying Agent may be merged or consolidated, or to which the assets and business of such Paying Agent may be sold, shall be deemed the successor of such Paying Agent for the purposes of this Ordinance. If the position of Paying Agent shall become vacant for any reason, the Issuer shall, within 30 days thereafter, appoint a bank, trust company or national banking association located in the same city as such Paying Agent to fill such vacancy; provided, however, that, if the Issuer shall fail to appoint such Paying Agent within said period, the Bond Commission, a court of competent jurisdiction or a majority of the Registered Owners may make such appointment.

The Paying Agents shall enjoy the same protective provisions in the performance of their duties hereunder as are specified in this Article VIII with respect to the Registrar, insofar as such provisions may be applicable.

Notice of the appointment of successor or additional Paying Agents or fiscal agents shall be given in the same manner as provided by Section 8.08 hereof with respect to the appointment of a successor Registrar.

All moneys received by the Paying Agents shall, until used or applied as provided in this Ordinance, be held in trust for the purposes for which they were received.

ARTICLE IX

DEFEASANCE; DISCHARGE OF PLEDGE OF ORDINANCE

Section 9.01. Defeasance; Discharge of Pledge of Ordinance. If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the respective Registered Owners of all Series 2010 A Bonds the principal of and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Ordinance, then this Ordinance and the pledges of the Net Revenues and other moneys and securities pledged hereunder, and all covenants, agreements and other obligations of the Issuer on behalf of the Registered Owners of the Series 2010 A Bonds made hereunder, shall thereupon cease, terminate and become void and be discharged and satisfied.

Bonds for the payment of which either moneys in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide moneys which, together with the moneys, if any, deposited with the Paying Agent at the same or earlier time, shall be sufficient, to pay as and when due the respective principal of and interest on such Bonds shall be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section. All Series 2010 A Bonds shall, prior to the maturity thereof, be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section if there shall have been deposited with the Bond Commission or an escrow trustee either moneys in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide moneys which, together with the moneys, if any, deposited with the Bond Commission or said escrow trustee at the same or earlier time shall be sufficient, to pay when due the principal of, any redemption premium on and interest due and to become due on said Series 2010 A Bonds on and prior to the maturity date thereof, or if the

Issuer irrevocably determines to redeem any of said Series 2010 A Bonds prior to the maturity thereof, on and prior to said redemption date. Neither securities nor moneys deposited with the Bond Commission or an escrow trustee pursuant to this section nor principal or interest payments on any such securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal of and interest on said Series 2010 A Bonds; provided, that any cash received from such principal, redemption premium, if any, and interest payments on such securities deposited with the Bond Commission or said escrow trustee, if not then needed for such purpose, shall, to the extent practicable, be reinvested in securities maturing at times and in amounts sufficient to pay when due the principal of and redemption premium, if any, and interest to become due on said Bonds on and prior to such maturity or redemption dates thereof, and interest earned from such reinvestments shall be paid over to the Issuer as received by the Bond Commission or said escrow trustee, free and clear of any trust, lien or pledge. For the purpose of this section, securities shall mean and include only Government Obligations.

ARTICLE X

MISCELLANEOUS

Section 10.01. Amendment of Ordinance. This Ordinance and any Supplemental Resolution may be amended or modified without the consent of any Registered Owner or other person, solely for the purpose of maintaining the tax-exempt status of the Series 2010 A Bonds, provided that, in the event any of the Series 2010 A Bonds are insured, no such amendment or modification which adversely affects the security for such Series 2010 A Bonds or the rights of the applicable Bond Insurer for such Series 2010 A Bonds may be effected without the written consent of such Bond Insurer. Otherwise, no materially adverse amendment or modification to this Ordinance, or of any Supplemental Resolution, may be made without the written consent of the Registered Owners of 60% in aggregate principal amount of the Series 2010 A Bonds then Outstanding and affected thereby and the Bond Insurer, which must be filed with the Recorder of the Issuer before any such modification or amendment may be made. No such modification or amendment shall extend the maturity of or reduce the interest rate on, or otherwise alter the terms of payment of the principal of or interest on, any Series 2010 A Bond without the express written consent of the Registered Owner of such Bond, nor reduce the percentage of Series 2010 A Bonds required for consent to any such modification or amendment.

Section 10.02. Evidence of Signatures of Registered Owners and Ownership of Series 2010 A Bonds. Any request, consent, revocation of consent or other instrument which this Ordinance may require or permit to be signed and executed by Registered Owners may be in one or more instruments of similar tenor, and shall be signed or executed by such Registered Owners in person or by their attorneys duly authorized in writing. Proof of the execution of any such instrument, or of an instrument appointing or authorizing any such attorney, shall be sufficient for any purpose of this Ordinance if made in the following manner, or in any other manner satisfactory to the Issuer or the Registrar, as the case may be, which may nevertheless in its discretion require further or other proof in cases where it deems the same desirable:

A. The fact and date of the execution by any Registered Owner or his attorney of any such instrument may be proved (i) by the certificate of a notary public or other officer authorized to take acknowledgments of deeds to be recorded in the jurisdiction in which he purports to act that the person signing such instrument acknowledged to him the execution thereof, or by the affidavit of a witness of such execution, duly sworn to before such a notary public or other officer or (ii) by the certificate, which need not be acknowledged or verified, of an officer of a bank, a trust company or a financial firm or corporation satisfactory to the Issuer or the Registrar, as the case may be, that the person signing such instrument acknowledged to such bank, trust company, firm or corporation the execution thereof.

B. The authority of a person or persons to execute any such instrument on behalf of a corporate Holder may be established without further proof if such instrument is signed by a person purporting to be the president or treasurer or a vice-president or an assistant treasurer of such corporation with a corporate seal affixed, and is attested by a person purporting to be its secretary or assistant secretary.

C. The amount of fully registered Series 2010 A Bonds held by a person executing any instrument as a Registered Owner, the date of his holding such Series 2010 A Bonds and the numbers and other identification thereof, shall be confirmed by the Bond Register.

Any request, consent or other instrument executed by the Registered Owner of any Bond shall bind all future Registered Owners of such Bond in respect of anything done or suffered to be done hereunder by the Issuer or the Registrar in accordance therewith.

Section 10.03. Preservation and Inspection of Documents. To the extent allowable under law, all reports, certificates, statements and other documents received by the Registrar under the provisions of this Ordinance shall be retained in its possession and shall be available at all reasonable times for the inspection of the Issuer or any Registered Owner, and their agents and their representatives, but any such reports, certificates, statements or other documents may, at the election of the Registrar, be destroyed or otherwise disposed of at any time after such date as the pledge created by this Ordinance shall be discharged as provided in Section 9.01.

Section 10.04. Cancellation of Series 2010 A Bonds. All Series 2010 A Bonds purchased or paid shall, if surrendered to the Issuer, be canceled and delivered to the Registrar, or, if surrendered to the Registrar, be canceled by it. No such Series 2010 A Bonds shall be deemed Outstanding under this Ordinance and no Series 2010 A Bonds shall be issued in lieu thereof. All such Series 2010 A Bonds shall be canceled and upon order of the Issuer shall be destroyed, and a certificate evidencing such destruction shall be delivered to the Issuer.

Section 10.05. Failure to Present Series 2010 A Bonds. Anything in this Ordinance to the contrary notwithstanding, any moneys held by the Bond Commission or a Paying Agent in trust for the payment and discharge of any of the Series 2010 A Bonds which remain unclaimed for 1 year after the date on which such Series 2010 A Bonds have become due and payable, whether by maturity or upon call for redemption, shall at the written request of the Issuer be paid by the Bond Commission or said Paying Agent to the Issuer as its absolute property and free

from trust, and the Bond Commission or said Paying Agent shall thereupon be released and discharged with respect thereto, and the Registered Owners of such Series 2010 A Bonds shall look only to the Issuer for the payment of such Series 2010 A Bonds; provided, however, that, before making any such payment to the Issuer, the Registrar, if so advised by the Bond Commission, or said Paying Agent shall send to the Registered Owner, at the address listed on the Bond Register, by certified mail, a notice that such moneys remain unclaimed and that, after a date named in said notice, which date shall be not less than 30 days after the date of such notice is mailed, the balance of such moneys then unclaimed will be returned to the Issuer. If any of said Series 2010 A Bonds is a coupon Bond the Registrar or said Paying Agent shall also publish such notice, not less than 30 days prior to the date such moneys will be returned to the Issuer, in an Authorized Newspaper.

Section 10.06. Notices, Demands and Requests. Unless otherwise expressly provided, all notices, demands and requests to be given or made hereunder to or by the Issuer, the Registrar, the Depository Bank, or the Original Purchaser shall be in writing and shall be properly made if sent by United States mail, postage prepaid, and addressed as follows or if hand-delivered to the individual to whom such notice, demand or request is required to be directed as indicated below:

TOWN:

The Town of Kingwood
313 Tunnelton Street
Kingwood, West Virginia 26537
Attention: Mayor

REGISTRAR AND PAYING AGENT:

[Name and address
to be set forth in the
Supplemental Resolution]

DEPOSITORY BANK:

[Name and address
to be set forth in the
Supplemental Resolution]

ORIGINAL PURCHASERS:

Crews & Associates, Inc.
300 Summers Street
Suite 930
Charleston, West Virginia 25301

Any party listed above may change such address listed for it at any time upon written notice of change sent by United States mail, postage prepaid, to the other parties.

Section 10.07. No Personal Liability. No member of the Council or officer or employee of the Issuer shall be individually or personally liable for the payment of the principal of or the interest on any Series 2010 A Bond, but nothing herein contained shall relieve any such member, official or employee from the performance of any official duty provided by law or this Ordinance.

Section 10.08. Law Applicable. The laws of the State shall govern the construction of this Ordinance and of all Series 2010 A Bonds issued hereunder.

Section 10.09. Parties Interested Herein. Nothing in this Ordinance expressed or implied is intended or shall be construed to confer upon, or give to, any person or corporation, other than the Issuer, the Registrar, the Paying Agent, the Registered Owners of the Series 2010 A Bonds and the Original Purchaser, any right, remedy or claim under or by reason of this Ordinance. All the covenants, stipulations, promises and agreements contained in this Ordinance by and on behalf of the Issuer shall be for the sole and exclusive benefit of the Issuer, the Registrar, the Paying Agent, the Registered Owners of the Series 2010 A Bonds and the Original Purchaser.

Section 10.10. Severability of Invalid Provisions. If any section, paragraph, clause or provision of this Ordinance shall be held invalid, such invalidity shall not affect any of the remaining provisions of this Ordinance.

Section 10.11. Table of Contents and Headings. The Table of Contents and headings of the articles, sections and subsections hereof are for convenience only and shall neither control nor affect in any way the meaning or construction of any of the provisions hereof.

Section 10.12. Conflicting Provisions Repealed. All ordinances, orders, resolutions or parts thereof in conflict with the provisions of this Ordinance are, to the extent of such conflict, hereby repealed, provided however, that the Prior Ordinances shall remain in full force and effect so long as any of the Prior Bonds are Outstanding.

Section 10.13. Covenant of Due Procedure, Etc. The Issuer covenants that all acts, conditions, things and procedures required to exist, to happen, to be performed or to be taken precedent to and in the adoption of this Ordinance do exist, have happened, have been performed and have been taken in regular and due time, form and manner as required by and in full compliance with the laws and Constitution of the State of West Virginia applicable thereto; and that the Mayor, Recorder and members of the Council were at all times when any actions in connection with this Ordinance occurred and are duly in office and duly qualified for such office.

Section 10.14. Procedure on Enactment of Ordinance; Public Hearing. Upon adoption of this Ordinance, the Recorder is hereby authorized and directed to have an abstract of this Ordinance, which abstract has been determined by the Council to contain sufficient information to give notice of the contents of such Ordinance, published once each week for 2

successive weeks, with not less than six full days between each publication, the first such publication to be not less than 10 days before the date stated below for the public hearing, in the *Preston County Journal*, a newspaper published and having a general circulation in The Town of Kingwood, together with a notice to all persons concerned, stating that this Ordinance has been adopted and that the Issuer contemplates the issuance of the Bonds described in this Ordinance and that any person interested may appear before the Council of the Issuer at the public hearing to be had at a public meeting of the Council on July 27, 2010, at 7:00 p.m., and present protests, and that a certified copy of this Ordinance is on file with the Recorder for review by interested parties during the office hours of the Recorder. At such hearing all protests and suggestions shall be heard by the Council and it shall then take such action as it shall deem proper in the premises.

First Reading:	June 22, 2010
Second Reading:	July 13, 2010
Passed on Final Reading Following Public Hearing:	July 27, 2010

Section 10.15. Effective Date. This Ordinance shall take effect immediately upon enactment.

Enacted this 27th day of July, 2010.

[SEAL]

Mayor

ATTEST:

Recorder

CERTIFICATION

Certified a true, correct and complete copy of an Ordinance duly enacted by the Council of THE TOWN OF KINGWOOD at a regular meeting of the Council held at 7:00 p.m., on July 27, 2010, pursuant to proper notice, at which meeting a quorum was present and acting throughout, and which Ordinance was enacted following a public hearing thereon, notice of which public hearing was published once a week for two successive weeks in a newspaper published and having a general circulation in The Town of Kingwood, the first publication having been not less than 10 days prior to such public hearing.

Dated this 27th day of August, 2010.

[SEAL]

Recorder

EXHIBIT A - SERIES 2010 A BOND FORM

Except as otherwise provided in the Ordinance, this global bond may be transferred, in whole but not in part, only to another nominee of DTC (as defined in the Ordinance) or to a successor of DTC or to a nominee of a successor of DTC. Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to Issuer or its agent for registration of transfer, exchange, or payment, and any Bond issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

No. AR-_____ $_____

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE TOWN OF KINGWOOD (WEST VIRGINIA)
SEWER REFUNDING REVENUE BOND, SERIES 2010 A

INTEREST RATE	MATURITY DATE	BOND DATE	CUSIP NO.

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: _____

KNOW ALL MEN BY THESE PRESENTS: That THE TOWN OF KINGWOOD, a municipal corporation organized and existing under the laws of the State of West Virginia (the "Town"), for value received, hereby promises to pay, solely from the special funds provided therefore, as hereinafter set forth, to the Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, the Principal Amount specified above and solely from such special funds also to pay interest on said Principal Amount from the Interest Payment Date (as hereinafter defined) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, or, if and to the extent that the Town shall default in the payment of interest on any Interest Payment Date, then this Bond shall bear interest from the most recent Interest Payment Date to which interest has been paid or duly provided for, and in which case any Bond surrendered for transfer or exchange shall be dated as

of the Interest Payment Date to which interest has been paid in full, at the Interest Rate per annum specified above, semiannually, on _____ 1 and _____ 1, in each year, beginning _____ 1, 20____ (each an "Interest Payment Date"), until maturity or until the date fixed for redemption if this Bond is called for prior redemption and payment on such date is provided for. Capitalized terms used and not defined herein shall have the meanings ascribed thereto in the hereinafter described Ordinance.

Interest accruing on this Bond on and prior to the Maturity Date hereof shall be payable by check or draft mailed by _____, _____, West Virginia, as paying agent (in such capacity, the "Paying Agent"), to the Registered Owner hereof as of the applicable Record Date (each _____ 15 and _____ 15) or, in the event of a default in the payment of Bonds, that special record date to be fixed by the hereinafter named Registrar by notice given to the Registered Owners not less than 10 days prior to said special record date at the address of such Registered Owner as it appears on the registration books of the Town maintained by _____, _____, West Virginia, as registrar (in such capacity, the "Registrar"), or, at the option of any Registered Owner of at least $1,000,000 in aggregate principal amount of Bonds, by wire transfer in immediately available funds to a domestic bank account specified in writing by the Registered Owner to the Paying Agent at least 5 days prior to such Record Date. Principal and premium, if any, shall be paid when due upon presentation and surrender of this Bond for payment at the principal office of the Paying Agent, in _____, West Virginia.

This Bond is one of an issue of a series of bonds, in the aggregate principal amount of $_____ designated "The Town of Kingwood (West Virginia) Sewer Refunding Revenue Bonds, Series 2010 A" (the "Bonds"), of like tenor and effect, except as to number, denomination, date of maturity and interest rate, dated _____, 2010, the proceeds of which are to be used (i) to finance the costs of currently refunding the Issuer's Series 1997 A Refunding Revenue Bonds, (ii) to fund the Series 2010 A Bonds Reserve Account, and (iii) to pay certain costs of issuance of the Series 2010 A Bonds and related costs. The Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13 of the Code of West Virginia, 1931, as amended (the "Act"), and an ordinance duly enacted by the Council of the Issuer on _____, 2010, and supplemented by supplemental resolutions adopted by said Council on _____, 2010, and _____, 2010 (hereinafter collectively referred to as the "Ordinance"), and is subject to all the terms and conditions of said Ordinance. The Ordinance provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Ordinance. Reference is hereby made to the Ordinance, as the same may be amended and supplemented from time to time, for a description of the rights, limitations of rights, obligations, duties and immunities of the Issuer, the Registrar, the Paying Agent, the Registered Owners of the Bonds and the Registered Owners of any subsequently issued additional bonds. Executed counterparts or certified copies of the Ordinance are on file at the office of the Recorder in The Town of Kingwood, West Virginia.

The Bonds of this issue are subject to redemption prior to their stated maturity dates, as provided in the Ordinance and as set forth in the following lettered paragraphs:

(A) Optional Redemption. The Bonds maturing on or after _____, _____ are subject to redemption prior to maturity at the option of the Issuer on and after _____, _____, in whole or in part at any time, in such order of maturity as shall be designated to the Registrar by the Issuer and by lot within a maturity, at the following redemption prices (expressed as percentages of the principal amount of Bonds to be redeemed), plus interest accrued thereon to the date fixed for redemption:

Period During Which Redeemed (Dates Inclusive)	Redemption Price
_____ to _____	$_____
_____ to _____	$_____
_____ to _____	$_____

(B) Mandatory Sinking Fund Redemption. The Bonds maturing on _____, are subject to annual mandatory redemption prior to maturity by random selection on _____ of the years and in the principal amounts set forth below, at the redemption price of 100% of the principal amount of each Bond so called for redemption plus interest accrued to the date fixed for redemption:

Bonds Maturing

Year ( )	Principal Amount

Bonds Maturing

Year ( )	Principal Amount

_____
* Final Maturity

If less than all the Bonds are to be redeemed, the Bonds to be redeemed shall be identified by reference to the Series designation, date of issue, CUSIP numbers and Maturity Dates.

Notice of any redemption of this Bond, unless waived, shall be given by the Registrar on behalf of the Issuer by mailing an official redemption notice by registered or

certified mail at least 30 days and not more than 60 days prior to the date fixed for redemption to the Registered Owner of the Bond or Bonds to be redeemed at the address shown on the Bond Register or at such other address as is furnished in writing by such Registered Owner to the Registrar. Notice of redemption having been given as aforesaid, the Bonds or portions of Bonds so to be redeemed shall, on the Redemption Date, become due and payable at the redemption price therein specified, and from and after such date (unless the Issuer shall default in the payment of the redemption price) such Bonds or portions of Bonds shall cease to bear interest.

Failure to receive such notice or any defect therein or in the mailing thereof shall not affect the validity of proceedings for the redemption of this Bond.

There are outstanding obligations of the Issuer which will rank on a parity with the Series 2010 A Bonds as to liens, pledge, source of and security for payment, as follows: (1) Sewerage System Design Revenue Bonds, Series 2009 A (West Virginia Water Development Authority), dated January 30, 2009, issued in the original aggregate principal amount of $724,650 (the "Series 2009 A Bonds"); (2) Sewer Revenue Bonds, Series 2001 A (West Virginia SRF Program), dated December 20, 2001, issued in the original aggregate principal amount of $878,181 (the "Series 2001 A Bonds"); and (3) Sewer Revenue Bonds, Series 1986 B (West Virginia Water Development Authority), dated March 26, 1986, issued in the original aggregate principal amount of $850,860 (the "Series 1986 B Bonds") (collectively, the "Prior Bonds").

The Bonds and the interest thereon are payable only from and are secured by the Net Revenues (as defined in the Ordinance) to be derived from the operation of the System, on a parity with the pledge of Net Revenues in favor of the holders of the Prior Bonds and from moneys in the Series 2010 A Bonds Sinking Fund and the Series 2010 A Bonds Reserve Account established under the Ordinance, and the unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and shall be set aside as a special fund hereby pledged for such purpose and to make the other payments required by the Ordinance. This Bond does not constitute an indebtedness of the Issuer within any constitutional or statutory provision or limitation, nor shall the Issuer be obligated to pay the same or the interest hereon except from said special fund provided from the Net Revenues, the moneys in the Series 2010 A Bonds Sinking Fund and the Series 2010 A Bonds Reserve Account and unexpended proceeds of the Bonds. Under the Ordinance, the Issuer has covenanted and agreed to fix, establish and collect just and equitable rates or charges for the use of the services and facilities of the System and to revise the same from time to time as will always be sufficient to pay all operating expenses of the System and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest on the Bonds and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with the Bonds, including the Prior Bonds. The Issuer has entered into certain further covenants with the Registered Owners of the Bonds, for the terms of which reference is made to the Ordinance. Remedies provided the Registered Owners of the Bonds are exclusively as provided in the Ordinance, to which reference is here made for a detailed description thereof.

All moneys received from the sale of the Bonds except for accrued interest thereon shall be applied solely to finance the current refunding of the Issuer's outstanding Series 1997 A

Refunding Revenue Bonds, fund a reserve account for the Bonds and pay costs of issuance of the Bonds, and there shall be, and hereby is, created and granted a lien upon such moneys, until so applied, in favor of the Registered Owners of the Bonds.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Bond have existed, have happened and have been performed in due time, form and manner as required by law, and that the amount of this Bond, together with all other obligations of said Issuer, does not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia, and that a sufficient amount of the Net Revenues of the System has been pledged to and will be set aside into said special fund by said Issuer for the prompt payment of the principal of and interest on the Bonds of which this Bond is one.

This Bond, under the provisions of the Act is and has all the qualities and incidents of, a negotiable instrument under the Uniform Commercial Code of the State of West Virginia, but may be transferred only upon the surrender hereof at the office of the Registrar and otherwise as provided by the Ordinance.

This Bond is, under the Act, exempt from all taxation by the State of West Virginia or any county, municipality, political subdivision or agency thereof.

This Bond shall not be entitled to any benefit under the Ordinance, or become valid or obligatory for any purpose, until the certificate of authentication and registration hereon shall have been signed by the Registrar.

All provisions of the Ordinance, and the statutes under which this Bond is issued, shall be deemed to be a part of the contract evidenced by this Bond to the same extent as if written fully herein.

[Remainder of Page Intentionally Blank]

IN WITNESS WHEREOF, THE TOWN OF KINGWOOD has caused this Bond to be signed by its Mayor and, and its corporate seal to be imprinted hereon and attested by its Recorder, and has caused this Bond to be dated as of the Bond Date specified above.

[SEAL]

(Manual or Facsimile Signature)
Mayor

ATTEST:

(Manual or Facsimile Signature)
Recorder

CERTIFICATE OF AUTHENTICATION
AND REGISTRATION

This Bond is one of the fully registered Bonds described in the within-mentioned Ordinance and has been duly registered in the name of the Registered Owner on the date set forth below. Attached hereto is the complete text of the opinion of Steptoe & Johnson PLLC, bond counsel, signed originals of which are on file with the Registrar, delivered and dated on the date of the original delivery of and payment for the Bonds.

Dated: _____, _____.

_____,
as Registrar

By _____
Its Authorized Officer

ASSIGNMENT

Social Security or Other Identifying Number of Assignee _____

_____

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto

_____

_____

_____ the within Bond and does hereby irrevocably constitute and appoint

_____

_____ to transfer the said Bond on the books kept for registration thereof with full power of substitution in the premises.

Dated: _____, 20_____.

_____

SIGNATURE GUARANTEED:

_____

(Bank, Trust Company or Firm)

_____

(Authorized Officer)

NOTICE: The Assignor's signature to this Assignment must correspond with the name as it appears upon the face of the within Bond in every particular, without alteration or any change whatever.

The Town of Kingwood
Sewer Refunding Revenue Bonds, Series 2010 A
(Tax-Exempt)

SUPPLEMENTAL PARAMETERS RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING PARAMETERS AS TO THE PRINCIPAL AMOUNT, DATE, MATURITY DATE, INTEREST RATE, INTEREST AND PRINCIPAL PAYMENT DATES AND OTHER TERMS OF THE SEWER REFUNDING REVENUE BONDS, SERIES 2010 A OF THE TOWN OF KINGWOOD; AUTHORIZING AND APPROVING THE SALE AND DELIVERY OF SUCH BONDS TO THE ORIGINAL PURCHASER; APPOINTING A REGISTRAR AND PAYING AGENT FOR SUCH BONDS; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

WHEREAS, The Town of Kingwood (the "Issuer") in the County of Preston, State of West Virginia, is a municipal corporation and political subdivision of said State, the governing body of which is its Council (the "Governing Body");

WHEREAS, the Governing Body has duly and officially enacted on July 27, 2010, an Ordinance (the "Ordinance") entitled:

AN ORDINANCE AUTHORIZING THE REFUNDING OF THE ISSUER'S OUTSTANDING SEWER REFUNDING REVENUE BONDS, SERIES 1997 A AND THE FINANCING OF THE COST THEREOF, NOT OTHERWISE PROVIDED, AND PAYING COSTS OF ISSUANCE AND RELATED COSTS, THROUGH THE ISSUANCE OF SEWER REFUNDING REVENUE BONDS, SERIES 2010 A OF THE TOWN IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT MORE THAN $2,000,000; PROVIDING FOR THE RIGHTS AND REMEDIES OF, AND THE SECURITY FOR, THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING THE EXECUTION AND DELIVERY OF A TAX AND NON-ARBITRAGE CERTIFICATE, AN OFFICIAL STATEMENT, A BOND PURCHASE AGREEMENT, A CONTINUING DISCLOSURE AGREEMENT AND OTHER DOCUMENTS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND

PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

WHEREAS, capitalized terms used herein and not otherwise defined herein shall have the same meaning set forth in the Ordinance when used herein;

WHEREAS, the Ordinance provides for the issuance by the Issuer of its Sewer Refunding Revenue Bonds, Series 2010 A (Tax-Exempt) in an aggregate principal amount not to exceed $2,000,000 (the "Series 2010 A Bonds" or "Bonds") in accordance with Chapter 8, Article 13 of the West Virginia Code of 1931, as amended (the "Act");

WHEREAS, the Issuer is advised that current market conditions are such that interest savings would be realized from the current refunding of its outstanding Sewer Refunding Revenue Bonds, Series 1997 A, dated November 1, 1997, issued in the original aggregate principal amount of $2,130,000 (the "Series 1997 A Bonds") and the Issuer has determined that it is currently in the best interest of its residents to currently refund the Series 1997 A Bonds pursuant to the issuance of its Series 2010 A Bonds;

WHEREAS, the Ordinance further provided that the exact dates, amounts, maturities, interest rates, redemption provisions, purchase price and other terms of the Bonds should be established by Supplemental Resolution or by a Certificate of Determinations, that a Registrar, Paying Agent and Depository Bank be designated, that a Bond Purchase Agreement, a Continuing Disclosure Agreement, a Registrar Agreement and an Official Statement be approved and that other matters pertaining to the Bonds be provided for by a Supplemental Resolution of the Governing Body or pursuant to a Certificate of Determinations, that additional covenants and provisions relating to the Bonds be provided therein, and that other matters pertaining to the Bonds be provided for by a supplemental resolution of this Governing Body or by Certificate of Determinations;

WHEREAS, the Bonds are proposed to be purchased by Crews & Associates, Inc., Charleston, West Virginia (the "Original Purchaser"), pursuant to a Bond Purchase Agreement between the Original Purchaser and the Issuer, to be dated the date of execution thereof (the "Bond Purchase Agreement");

WHEREAS, the Governing Body has determined that, in order to obtain the best possible savings for the Town in the current interest rate environment, the Mayor shall be empowered and authorized to execute the Bond Purchase Agreement, within the parameters set forth herein, at such time as the Mayor shall determine most advantageous to the Issuer, or not at all; and

WHEREAS, the Governing Body deems it essential and desirable that this supplemental parameters resolution (the "Supplemental Parameters Resolution") be adopted, that the Bond Purchase Agreement, the Continuing Disclosure Agreement, the Tax and Non-Arbitrage Certificate and the Registrar Agreement hereinafter provided for be entered into by the Issuer, that the Official Statement relating to the Bonds, hereinafter described, be approved, that the Mayor be authorized to enter into the Bond Purchase Agreement within the parameters

hereby approved by the Governing Body, and that other matters relating to the Bonds be herein provided for all in accordance with the Ordinance;

NOW, THEREFORE, BE IT RESOLVED BY THE TOWN COUNCIL OF THE TOWN OF KINGWOOD:

SECTION 1. For the purposes of (i) paying the entire outstanding principal balance of and all accrued interest on the Issuer's outstanding Series 1997 A Bonds, (ii) funding a debt service reserve account for the Series 2010 A Bonds, and (iii) paying costs of issuance of the Series 2010 A Bonds and related costs, the Governing Body of the Issuer hereby authorizes and orders the issuance of the Series 2010 A Bonds in an aggregate principal amount not to exceed $2,000,000, provided that the Net Present Value of the savings of such refunding shall not be less than 2%.

SECTION 2. Pursuant to the Ordinance and the Act, this Supplemental Parameters Resolution is adopted and there are hereby authorized and ordered to be issued the Series 2010 A Bonds. The Series 2010 A Bonds shall be issued in the aggregate principal amount not to exceed $2,000,000, bear interest at a rate not to exceed 6%, payable semiannually on April 1 and October 1 of each year, and shall mature on October 1 in such years, shall be dated such date, upon original issuance, shall mature in such principal amounts on such dates (with final maturity no later than October 1, 2025) shall be subject to such redemption provisions, all as shall subsequently be approved by the Mayor pursuant to the execution and delivery by the Mayor of a Certificate of Determinations with respect to the Bonds, dated the date of the Bond Purchase Agreement, the form of which is attached hereto as EXHIBIT A and approved hereby (the "Certificate of Determinations"); and shall be substantially in the form set forth in the Ordinance, provided however, that the specific terms of the Series 2010 A Bonds shall be as determined by the Mayor at the time of the execution of the Bond Purchase Agreement and as approved by the Mayor in the Certificate of Determinations. All other provisions relating to the Series 2010 A Bonds shall be as provided in the Ordinance.

SECTION 3. The Bond Purchase Agreement by and between the Original Purchaser and the Issuer, substantially in the form to be approved pursuant to the execution and delivery by the Mayor of the Certificate of Determinations, and the execution and delivery (in multiple counterparts) by the Mayer thereof shall be and the same are hereby authorized, approved, and directed. The Mayor shall execute and deliver the Bond Purchase Agreement with such changes, insertions and omissions as may be approved by the Mayor. The execution of the Bond Purchase Agreement by the Mayor shall be conclusive evidence of any approval required by this Section, and authorization of any action required by the Bond Purchase Agreement relating to the issuance and sale of the Bonds, including the payment of all necessary fees and expenses in connection therewith.

SECTION 4. Proceeds of the Bonds shall be expended solely for the purposes set forth in the Ordinance.

SECTION 5. The Issuer is advised and hereby finds that based upon the assumed principal amount, maturity schedule and interest rates for the Series 2010 A Bonds presented to

the Issuer by the Original Purchaser, the Series 2010 A Bonds show a net present value debt service savings to the Issuer after deducting all expenses of the refunding of the Series 1997 A Bonds and the costs of issuing the Series 2010 A Bonds.

SECTION 6. The Tax and Non-Arbitrage Certificate, to be dated the date of execution and delivery of the Bonds (the "Tax Certificate"), and executed and delivered by the Issuer, substantially in the form to be approved pursuant to the execution and delivery by the Mayor of the Certificate of Determinations, and the execution and delivery (in multiple counterparts) by the Mayor thereof shall be and the same are hereby authorized, approved and directed. The Mayor shall execute and deliver the Tax Certificate with such changes, insertions and omissions as may be approved by the Mayor. The execution of the Tax Certificate by the Mayor shall be conclusive evidence of any approval required by this Section.

SECTION 7. The Continuing Disclosure Agreement, to be dated the date of execution and delivery of the Bonds (the "Disclosure Agreement"), by and between the Issuer and the Dissemination Agent named therein, substantially in the form to be approved pursuant to the execution and delivery by the Mayor of the Certificate of Determinations, and the execution and delivery (in multiple counterparts) by the Mayor thereof shall be and the same are hereby authorized, approved and directed. The Mayor shall execute and deliver the Disclosure Agreement with such changes, insertions and omissions as may be approved by the Mayor. The execution of the Disclosure Agreement by the Mayor shall be conclusive evidence of any approval required by this Section.

SECTION 8. The distribution by the Original Purchaser of a Preliminary Official Statement (which is a "deemed final" official statement in accordance with SEC Rule 15c2-12), substantially in the form submitted to this meeting is hereby ratified and approved. The certificate of the Issuer relating to compliance with SEC Rule 15c2-12 and the execution and delivery thereof by the Mayor is hereby approved. The Official Statement to be substantially in the form of the Preliminary Official Statement, (with such changes, insertions and omissions as may be necessary or advisable in the opinion of the Mayor) and the distribution of counterparts or copies thereof by the Original Purchaser are hereby approved. The Mayor shall execute and deliver the Official Statement with such changes, insertions and omissions as may be approved. The execution of the Official Statement by the Mayor shall be conclusive evidence of any approval required by this Section.

SECTION 9. The Registrar Agreement by and between the Issuer and the Registrar designated herein, substantially in the form to be approved pursuant to the execution and delivery by the Mayor of the Certificate of Determinations, and the execution and delivery (in multiple counterparts) by the Mayor thereof shall be and the same are hereby authorized, approved and directed. The Mayor shall execute and deliver the Registrar Agreement with such changes, insertions and omissions as may be approved by the Mayor. The execution of the Registrar Agreement by the Mayor shall be conclusive evidence of any approval required by this Section.

SECTION 10. The firm of Steptoe & Johnson PLLC, Charleston, West Virginia, is hereby appointed bond counsel to the Issuer in connection with the issuance of the Bonds.

SECTION 11. The Issuer hereby appoints and designates the West Virginia Municipal Bond Commission, Charleston, West Virginia, as the Paying Agent for the Series 2010 A Bonds.

SECTION 12. The Issuer hereby appoints and designates WesBanco Bank, Inc., Charleston, West Virginia, as the Depository Bank for the Bonds.

SECTION 13. The Issuer hereby appoints and designates WesBanco Bank, Inc., Charleston, West Virginia, as the Registrar.

SECTION 14. The Mayor and Recorder are hereby authorized and directed to execute and deliver such other documents and certificates, required or desirable in connection with the Bonds to the end that the Bonds may be delivered on a timely basis to the Original Purchaser pursuant to the Bond Purchase Agreement.

SECTION 15. The notice addresses for the Depository Bank, Paying Agent, Registrar and Original Purchaser shall be as follows:

DEPOSITORY BANK

WesBanco Bank, Inc.
One Bank Plaza
Wheeling, West Virginia 26003
Attention: Branch Manager

PAYING AGENT

West Virginia Municipal Bond Commission
1207 Quarrier Street, Suite 401
Charleston, West Virginia 25301
Attention: Executive Director

REGISTRAR

WesBanco Bank, Inc.
One Bank Plaza
Wheeling, West Virginia 26003
Attention: Trust Department

ORIGINAL PURCHASER

Crews & Associates, Inc.
300 Summers Street, Suite 930
Charleston, West Virginia 25301-1631

SECTION 16. The issuance of the Bonds is in the public interest, serves a public purpose of the Issuer and will promote the health, welfare and safety of the residents of the Issuer.

SECTION 17. The Issuer hereby covenants and agrees that it will not permit at any time or times any of the proceeds of the Series 2010 A Bonds or any other funds of the Issuer to be used directly or indirectly to acquire any securities or obligations, the acquisition of which would cause any of the Series 2010 A Bonds or Prior Bonds to be an "arbitrage bond" as defined in Section 148 of the Code, and the regulations promulgated pursuant thereto. The Mayor of the Issuer is authorized and directed to execute and deliver such further instruments or agreements as shall be required to provide further assurances of the Issuer's compliance with this covenant.

SECTION 18. The Mayor and Recorder, and all other appropriate officers and employees of the Issuer are hereby authorized, empowered and directed to do any and all things proper and necessary to cause the Series 2010 A Bonds to be duly and properly issued by the Issuer and delivered to the Original Purchaser as herein authorized and to otherwise facilitate the transaction contemplated by this Supplemental Parameters Resolution, and no further authority shall be necessary to authorize any such officers or employees to give such further assurance and do such further acts as may be legally required.

SECTION 19. This Supplemental Parameters Resolution shall be effective immediately following adoption hereof.

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Adopted this 27th day of July, 2010.

THE TOWN OF KINGWOOD

By: _____
Its: Mayor

[SEAL]

Attest:

_____
Recorder

CERTIFICATION

Certified a true copy of a Supplemental Parameters Resolution duly adopted by the Council of THE TOWN OF KINGWOOD on July 27, 2010, which Supplemental Parameters Resolution has not been repealed, rescinded, modified, amended or revoked, as of the date hereof.

Dated this 27th day of August, 2010.

By: _____
Recorder

08.12.10
485090.00005

EXHIBIT A

FORM OF CERTIFICATE OF DETERMINATIONS

The Town of Kingwood
Sewer Refunding Revenue Bonds, Series 2010 A
(Tax-Exempt)

CERTIFICATE OF DETERMINATIONS

The undersigned, James G. Lobb, Mayor of The Town of Kingwood (the "Issuer"), in accordance with the Supplemental Parameters Resolution adopted by the Governing Body of the Issuer on July 27, 2010 (the "Supplemental Parameters Resolution"), with respect to the Issuer's Sewer Refunding Revenue Bonds, Series 2010 A (the "Series 2010 A Bonds"), hereby finds and determines as follows:

1. The Series 2010 A Bonds shall be dated August 27, 2010 shall bear interest on April 1 and October 1 of each year commencing April 1, 2011.

2. The Series 2010 A Bonds shall be issued in the aggregate principal amount of $1,605,000. The interest rates on the Series 2010 A Bonds do not exceed 6%, being the maximum interest rate authorized by the Supplemental Parameters Resolution. The Net Present Value of the savings realized from such refunding is not less than 2%.

3. The Series 2010 A Bonds shall mature in the amounts and on the dates and shall be subject to mandatory sinking fund redemption in the amounts and on the dates set forth on Schedule 1 attached hereto and incorporated herein.

4. The Series 2010 A Bonds shall bear interest at the rates and produce the yields set forth on Schedule 1 attached hereto and incorporated herein.

5. The Series 2010 A Bonds shall be subject to optional redemption as set forth on Schedule 2 attached hereto and incorporated herein.

6. The Series 2010 A Bonds shall be sold to Crews & Associates, Inc. (the "Underwriter"), pursuant to the terms of the Bond Purchase Agreement by and between the Underwriter and the Issuer, at an aggregate purchase price of $1,553,767 (representing par value less an Underwriter's discount of $40,125 and less an original issue discount of $11,108).

7. The forms of the Bond Purchase Agreement, the Tax Certificate, the Continuing Disclosure Agreement, the Official Statement, the Rule 15c2-12 Certificate and the Registrar Agreement attached hereto are hereby approved.

The undersigned hereby certifies that the foregoing terms and conditions of the Series 2010 A Bonds are within the parameters prescribed by the Supplemental Parameters Resolution, and the Series 2010 A Bonds may be issued with such terms and conditions as authorized by the Supplemental Parameters Resolution.

WITNESS my signature this 27th day of August, 2010.

THE TOWN OF KINGWOOD

By: _____
Its: Mayor

08.12.10
485090.00005

SCHEDULE 1

SERIES 2010 A BOND TERMS

Bond No.	Maturity Date (October 1)	Principal Amount	Interest Rate	Yield	CUSIP
AR-1	2013	$250,000	3.000%	3.000%	496870 AD8
AR-2	2016	$285,000	3.500%	3.500%	496870 AE6
AR-3	2020	$430,000	4.000%	4.000%	496870 AF3
AR-4	2022	$240,000	4.000%	4.200%	496870 AG1
AR-5	2025	$400,000	4.250%	4.400%	496870 AH9

SCHEDULE 2

SERIES 2010 A BONDS REDEMPTION PROVISIONS:

Optional Redemption

The Series 2010 A Bonds maturing on and after October 1, 2016, are subject to redemption at the option of the Town, prior to maturity, on or after October 1, 2015, in whole or in part at any time from amounts deposited with the Bond Commission by the Town or from other funds available therefore at a redemption price equal to the principal amount thereof, plus accrued interest to the date fixed for redemption.

If fewer than all of the Series 2010 A Bonds shall be called for optional redemption, the particular maturities of the Series 2010 A Bonds to be redeemed shall be selected by the Town in such manner as it shall determine. So long as the Series 2010 A Bonds are maintained under a book-entry system, the selection of individual ownership interests in the Series 2010 A Bonds to be credited with any partial redemption shall be made as described herein under "BOOK-ENTRY ONLY SYSTEM."

Mandatory Redemption

The Series 2010 A Bonds maturing October 1, 2013, shall be subject to mandatory redemption prior to maturity in part from moneys on deposit in the Series 2010 A Bonds Sinking Fund at a redemption price equal to 100% of the principal amount thereof, plus accrued interest to the mandatory redemption date, on October 1, 2011, and on each October 1 thereafter to and including October 1, 2013, in annual principal amounts as follows:

Year	Amount
2011	$75,000
2012	$85,000
2013 (Maturity)	$90,000

The principal amount of Series 2010 A Bonds maturing October 1, 2013, delivered to or purchased by the Trustee shall reduce pro tanto the principal amount of Series 2010 A Bonds to be redeemed on the mandatory redemption date with respect to such maturity next following such delivery or purchase.

The Series 2010 A Bonds maturing October 1, 2016, shall be subject to mandatory redemption prior to maturity in part from moneys on deposit in the Series 2010 A Bonds Sinking Fund at a redemption price equal to 100% of the principal amount thereof, plus accrued interest to the mandatory redemption date, on October 1, 2014, and on each October 1 thereafter to and including October 1, 2016, in annual principal amounts as follows:

Year	Amount
2014	$90,000
2015	$95,000
2016 (Maturity)	$100,000

The principal amount of Series 2010 A Bonds maturing October 1, 2016, delivered to or purchased by the Trustee shall reduce pro tanto the principal amount of Series 2010 A Bonds to be redeemed on the mandatory redemption date with respect to such maturity next following such delivery or purchase.

The Series 2010 A Bonds maturing October 1, 2020, shall be subject to mandatory redemption prior to maturity in part from moneys on deposit in the Series 2010 A Bonds Sinking Fund at a redemption price equal to 100% of the principal amount thereof, plus accrued interest to the mandatory redemption date, on October 1, 2017, and on each October 1 thereafter to and including October 1, 2020, in annual principal amounts as follows:

Year	Amount
2017	$100,000
2018	$105,000
2019	$110,000
2020 (Maturity)	$115,000

The principal amount of Series 2010 A Bonds maturing October 1, 2020, delivered to or purchased by the Trustee shall reduce pro tanto the principal amount of Series 2010 A Bonds to be redeemed on the mandatory redemption date with respect to such maturity next following such delivery or purchase.

The Series 2010 A Bonds maturing October 1, 2022, shall be subject to mandatory redemption prior to maturity in part from moneys on deposit in the Series 2010 A Bonds Sinking Fund at a redemption price equal to 100% of the principal amount thereof, plus accrued interest to the mandatory redemption date, on October 1, 2021, and on each October 1 thereafter to and including October 1, 2022, in annual principal amounts as follows:

Year	Amount
2021	$115,000
2022 (Maturity)	$125,000

The principal amount of Series 2010 A Bonds maturing October 1, 2022, delivered to or purchased by the Trustee shall reduce pro tanto the principal amount of Series 2010 A Bonds to be redeemed on the mandatory redemption date with respect to such maturity next following such delivery or purchase.

The Series 2010 A Bonds maturing October 1, 2025, shall be subject to mandatory redemption prior to maturity in part from moneys on deposit in the Series 2010 A Bonds Sinking Fund at a redemption price equal to 100% of the principal amount thereof, plus accrued interest

to the mandatory redemption date, on October 1, 2023, and on each October 1 thereafter to and including October 1, 2025, in annual principal amounts as follows:

Year	Amount
2023	$125,000
2024	$135,000
2025 (Maturity)	$140,000

The principal amount of Series 2010 A Bonds maturing October 1, 2025, delivered to or purchased by the Trustee shall reduce pro tanto the principal amount of Series 2010 A Bonds to be redeemed on the mandatory redemption date with respect to such maturity next following such delivery or purchase.

Except as otherwise provided in the Ordinance, this global bond may be transferred, in whole but not in part, only to another nominee of DTC (as defined in the Ordinance) or to a successor of DTC or to a nominee of a successor of DTC. Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to Town or its agent for registration of transfer, exchange, or payment, and any Bond issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

No. AR-1 $250,000

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE TOWN OF KINGWOOD (WEST VIRGINIA)
SEWER REFUNDING REVENUE BOND, SERIES 2010 A

INTEREST RATE	MATURITY DATE	BOND DATE	CUSIP NO.
3.000%	October 1, 2013	August 27, 2010	496870 AD8

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: TWO HUNDRED FIFTY THOUSAND DOLLARS

KNOW ALL MEN BY THESE PRESENTS: That THE TOWN OF KINGWOOD, a municipal corporation organized and existing under the laws of the State of West Virginia (the "Town"), for value received, hereby promises to pay, solely from the special funds provided therefore, as hereinafter set forth, to the Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, the Principal Amount specified above and solely from such special funds also to pay interest on said Principal Amount from the Interest Payment Date (as hereinafter defined) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, or, if and to the extent that the Town shall default in the payment of interest on any Interest Payment Date, then this Bond shall bear interest from the most recent Interest Payment Date to which interest has been paid or duly provided for, and in which case any Bond surrendered for transfer or exchange shall be dated as of the Interest Payment Date to which interest has been paid in full, at the Interest Rate per

annum specified above, semiannually, on April 1 and October 1, in each year, beginning April 1, 2011 (each an "Interest Payment Date"), until maturity or until the date fixed for redemption if this Bond is called for prior redemption and payment on such date is provided for. Capitalized terms used and not defined herein shall have the meanings ascribed thereto in the hereinafter described Ordinance.

Interest accruing on this Bond on and prior to the Maturity Date hereof shall be payable by check or draft mailed by the West Virginia Municipal Bond Commission, Charleston, West Virginia, as paying agent (in such capacity, the "Paying Agent"), to the Registered Owner hereof as of the applicable Record Date (each March 15 and September 15) or, in the event of a default in the payment of Bonds, that special record date to be fixed by the hereinafter named Registrar by notice given to the Registered Owners not less than 10 days prior to said special record date at the address of such Registered Owner as it appears on the registration books of the Town maintained by WesBanco Bank, Inc, Wheeling, West Virginia, as registrar (in such capacity, the "Registrar"), or, at the option of any Registered Owner of at least $1,000,000 in aggregate principal amount of Bonds, by wire transfer in immediately available funds to a domestic bank account specified in writing by the Registered Owner to the Paying Agent at least 5 days prior to such Record Date. Principal and premium, if any, shall be paid when due upon presentation and surrender of this Bond for payment at the principal office of the Paying Agent, in Charleston, West Virginia.

This Bond is one of an issue of a series of bonds, in the aggregate principal amount of $1,605,000 designated "The Town of Kingwood (West Virginia) Sewer Refunding Revenue Bonds, Series 2010 A" (the "Bonds"), of like tenor and effect, except as to number, denomination, date of maturity and interest rate, dated August 27, 2010, the proceeds of which are to be used (i) to finance the costs of currently refunding the Town's Series 1997 A Refunding Revenue Bonds, (ii) to fund the Series 2010 A Bonds Reserve Account, and (iii) to pay certain costs of issuance of the Series 2010 A Bonds and related costs. The Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13 of the Code of West Virginia, 1931, as amended (the "Act"), and an ordinance duly enacted by the Council of the Town on July 27, 2010, and supplemented by supplemental resolutions adopted by said Council on July 27, 2010, (hereinafter collectively referred to as the "Ordinance"), and is subject to all the terms and conditions of said Ordinance. The Ordinance provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Ordinance. Reference is hereby made to the Ordinance, as the same may be amended and supplemented from time to time, for a description of the rights, limitations of rights, obligations, duties and immunities of the Town, the Registrar, the Paying Agent, the Registered Owners of the Bonds and the Registered Owners of any subsequently issued additional bonds. Executed counterparts or certified copies of the Ordinance are on file at the office of the Recorder in The Town of Kingwood, West Virginia.

The Bonds of this issue are subject to redemption prior to their stated maturity dates, as provided in the Ordinance and as set forth below:

Optional Redemption

The Series 2010 A Bonds maturing on and after October 1, 2016, are subject to redemption at the option of the Town, prior to maturity, on or after October 1, 2015, in whole or in part at any time from amounts deposited with the Bond Commission by the Town or from other funds available therefore at a redemption price equal to the principal amount thereof, plus accrued interest to the date fixed for redemption.

If fewer than all of the Series 2010 A Bonds shall be called for optional redemption, the particular maturities of the Series 2010 A Bonds to be redeemed shall be selected by the Town in such manner as it shall determine. So long as the Series 2010 A Bonds are maintained under a book-entry system, the selection of individual ownership interests in the Series 2010 A Bonds to be credited with any partial redemption shall be made as described herein under "BOOK-ENTRY ONLY SYSTEM."

Mandatory Redemption

The Series 2010 A Bonds maturing October 1, 2013, shall be subject to mandatory redemption prior to maturity in part from moneys on deposit in the Series 2010 A Bonds Sinking Fund at a redemption price equal to 100% of the principal amount thereof, plus accrued interest to the mandatory redemption date, on October 1, 2011, and on each October 1 thereafter to and including October 1, 2013, in annual principal amounts as follows:

Year	Amount
2011	$75,000
2012	$85,000
2013 (Maturity)	$90,000

The principal amount of Series 2010 A Bonds maturing October 1, 2013, delivered to or purchased by the Trustee shall reduce pro tanto the principal amount of Series 2010 A Bonds to be redeemed on the mandatory redemption date with respect to such maturity next following such delivery or purchase.

The Series 2010 A Bonds maturing October 1, 2016, shall be subject to mandatory redemption prior to maturity in part from moneys on deposit in the Series 2010 A Bonds Sinking Fund at a redemption price equal to 100% of the principal amount thereof, plus accrued interest to the mandatory redemption date, on October 1, 2014, and on each October 1 thereafter to and including October 1, 2016, in annual principal amounts as follows:

Year	Amount
2014	$90,000

2015	$95,000
2016 (Maturity)	$100,000

The principal amount of Series 2010 A Bonds maturing October 1, 2016, delivered to or purchased by the Trustee shall reduce pro tanto the principal amount of Series 2010 A Bonds to be redeemed on the mandatory redemption date with respect to such maturity next following such delivery or purchase.

The Series 2010 A Bonds maturing October 1, 2020, shall be subject to mandatory redemption prior to maturity in part from moneys on deposit in the Series 2010 A Bonds Sinking Fund at a redemption price equal to 100% of the principal amount thereof, plus accrued interest to the mandatory redemption date, on October 1, 2017, and on each October 1 thereafter to and including October 1, 2020, in annual principal amounts as follows:

Year	Amount
2017	$100,000
2018	$105,000
2019	$110,000
2020 (Maturity)	$115,000

The principal amount of Series 2010 A Bonds maturing October 1, 2020, delivered to or purchased by the Trustee shall reduce pro tanto the principal amount of Series 2010 A Bonds to be redeemed on the mandatory redemption date with respect to such maturity next following such delivery or purchase.

The Series 2010 A Bonds maturing October 1, 2022, shall be subject to mandatory redemption prior to maturity in part from moneys on deposit in the Series 2010 A Bonds Sinking Fund at a redemption price equal to 100% of the principal amount thereof, plus accrued interest to the mandatory redemption date, on October 1, 2021, and on each October 1 thereafter to and including October 1, 2022, in annual principal amounts as follows:

Year	Amount
2021	$115,000
2022 (Maturity)	$125,000

The principal amount of Series 2010 A Bonds maturing October 1, 2022, delivered to or purchased by the Trustee shall reduce pro tanto the principal amount of Series 2010 A Bonds to be redeemed on the mandatory redemption date with respect to such maturity next following such delivery or purchase.

The Series 2010 A Bonds maturing October 1, 2025, shall be subject to mandatory redemption prior to maturity in part from moneys on deposit in the Series 2010 A Bonds Sinking Fund at a redemption price equal to 100% of the principal amount thereof, plus accrued interest

to the mandatory redemption date, on October 1, 2023, and on each October 1 thereafter to and including October 1, 2025, in annual principal amounts as follows:

Year	Amount
2023	$125,000
2024	$135,000
2025 (Maturity)	$140,000

The principal amount of Series 2010 A Bonds maturing October 1, 2025, delivered to or purchased by the Trustee shall reduce pro tanto the principal amount of Series 2010 A Bonds to be redeemed on the mandatory redemption date with respect to such maturity next following such delivery or purchase.

Notice of Redemption

So long as the Series 2010 A Bonds are maintained under a book-entry system, notice of the call for any redemption of the Series 2010 A Bonds shall be given as described below under "BOOK-ENTRY ONLY SYSTEM." At any other time, notice to the registered owner of any redemption shall be given by the Registrar not less than 30 nor more than 60 days prior to the date fixed for redemption by registered or certified mail at the address appearing in the Register. Failure to receive such notice or any defect in the mailing thereof shall not affect the validity of any proceedings for the redemption of the Series 2010 A Bonds; and failure to mail such notice shall not affect the validity of any such proceedings for any Series 2010 A Bond with respect to which no such failure has occurred. Notice of redemption having been given in the manner hereinabove and in the Ordinance described and moneys necessary therefor having been deposited with the Paying Agent, the Series 2010 A Bonds specified in such notice shall on the date fixed for redemption be deemed paid, and interest thereon shall cease to accrue.

If less than all the Bonds are to be redeemed, the Bonds to be redeemed shall be identified by reference to the Series designation, date of issue, CUSIP numbers and Maturity Dates.

Notice of any redemption of this Bond, unless waived, shall be given by the Registrar on behalf of the Town by mailing an official redemption notice by registered or certified mail at least 30 days and not more than 60 days prior to the date fixed for redemption to the Registered Owner of the Bond or Bonds to be redeemed at the address shown on the Bond Register or at such other address as is furnished in writing by such Registered Owner to the Registrar. Notice of redemption having been given as aforesaid, the Bonds or portions of Bonds so to be redeemed shall, on the Redemption Date, become due and payable at the redemption price therein specified, and from and after such date (unless the Town shall default in the payment of the redemption price) such Bonds or portions of Bonds shall cease to bear interest.

Failure to receive such notice or any defect therein or in the mailing thereof shall not affect the validity of proceedings for the redemption of this Bond.

There are outstanding obligations of the Town which will rank on a parity with the Series 2010 A Bonds as to liens, pledge, source of and security for payment, as follows: (1) Sewerage System Design Revenue Bonds, Series 2009 A (West Virginia Water Development Authority), dated January 30, 2009, issued in the original aggregate principal amount of $724,650 (the "Series 2009 A Bonds"); (2) Sewer Revenue Bonds, Series 2001 A (West Virginia SRF Program), dated December 20, 2001, issued in the original aggregate principal amount of $878,181 (the "Series 2001 A Bonds"); and (3) Sewer Revenue Bonds, Series 1986 B (West Virginia Water Development Authority), dated March 26, 1986, issued in the original aggregate principal amount of $850,860 (the "Series 1986 B Bonds") (collectively, the "Prior Bonds").

The Bonds and the interest thereon are payable only from and are secured by the Net Revenues (as defined in the Ordinance) to be derived from the operation of the System, on a parity with the pledge of Net Revenues in favor of the holders of the Prior Bonds and from moneys in the Series 2010 A Bonds Sinking Fund and the Series 2010 A Bonds Reserve Account established under the Ordinance, and the unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and shall be set aside as a special fund hereby pledged for such purpose and to make the other payments required by the Ordinance. This Bond does not constitute an indebtedness of the Town within any constitutional or statutory provision or limitation, nor shall the Town be obligated to pay the same or the interest hereon except from said special fund provided from the Net Revenues, the moneys in the Series 2010 A Bonds Sinking Fund and the Series 2010 A Bonds Reserve Account and unexpended proceeds of the Bonds. Under the Ordinance, the Town has covenanted and agreed to fix, establish and collect just and equitable rates or charges for the use of the services and facilities of the System and to revise the same from time to time as will always be sufficient to pay all operating expenses of the System and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest on the Bonds and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with the Bonds, including the Prior Bonds. The Town has entered into certain further covenants with the Registered Owners of the Bonds, for the terms of which reference is made to the Ordinance. Remedies provided the Registered Owners of the Bonds are exclusively as provided in the Ordinance, to which reference is here made for a detailed description thereof.

All moneys received from the sale of the Bonds except for accrued interest thereon shall be applied solely to finance the current refunding of the Town's outstanding Series 1997 A Refunding Revenue Bonds, fund a reserve account for the Bonds and pay costs of issuance of the Bonds, and there shall be, and hereby is, created and granted a lien upon such moneys, until so applied, in favor of the Registered Owners of the Bonds.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Bond have existed, have happened and have been performed in due time, form and manner as required by law, and that the amount of this Bond, together with all other obligations of said

Town, does not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia, and that a sufficient amount of the Net Revenues of the System has been pledged to and will be set aside into said special fund by said Town for the prompt payment of the principal of and interest on the Bonds of which this Bond is one.

This Bond, under the provisions of the Act is and has all the qualities and incidents of, a negotiable instrument under the Uniform Commercial Code of the State of West Virginia, but may be transferred only upon the surrender hereof at the office of the Registrar and otherwise as provided by the Ordinance.

This Bond is, under the Act, exempt from all taxation by the State of West Virginia or any county, municipality, political subdivision or agency thereof.

This Bond shall not be entitled to any benefit under the Ordinance, or become valid or obligatory for any purpose, until the certificate of authentication and registration hereon shall have been signed by the Registrar.

All provisions of the Ordinance, and the statutes under which this Bond is issued, shall be deemed to be a part of the contract evidenced by this Bond to the same extent as if written fully herein.

[Remainder of Page Intentionally Blank]

IN WITNESS WHEREOF, THE TOWN OF KINGWOOD has caused this Bond to be signed by its Mayor and, and its corporate seal to be imprinted hereon and attested by its Recorder, and has caused this Bond to be dated as of the Bond Date specified above.

[SEAL]

Mayor

ATTEST:

Recorder

CERTIFICATE OF AUTHENTICATION
AND REGISTRATION

This Bond is one of the fully registered Bonds described in the within-mentioned Ordinance and has been duly registered in the name of the Registered Owner on the date set forth below. Attached hereto is the complete text of the opinion of Steptoe & Johnson PLLC, bond counsel, signed originals of which are on file with the Registrar, delivered and dated on the date of the original delivery of and payment for the Bonds.

Dated: August 27, 2010

WESBANCO BANK, INC.,
as Registrar

By _____
Its Authorized Officer

(Form of)

ASSIGNMENT

Social Security or Other Identifying Number of Assignee _____

_____

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto

_____

_____

_____ the within Bond and does hereby irrevocably constitute and appoint

_____

_____ to transfer the said Bond on the books kept for registration thereof with full power of substitution in the premises.

Dated: _____, 20_____.

_____

SIGNATURE GUARANTEED:

_____

(Bank, Trust Company or Firm)

_____

(Authorized Officer)

NOTICE: The Assignor's signature to this Assignment must correspond with the name as it appears upon the face of the within Bond in every particular, without alteration or any change whatever.

485090.00005

5404744

Except as otherwise provided in the Ordinance, this global bond may be transferred, in whole but not in part, only to another nominee of DTC (as defined in the Ordinance) or to a successor of DTC or to a nominee of a successor of DTC. Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to Town or its agent for registration of transfer, exchange, or payment, and any Bond issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

No. AR-2 $285,000

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE TOWN OF KINGWOOD (WEST VIRGINIA)
SEWER REFUNDING REVENUE BOND, SERIES 2010 A

INTEREST RATE	MATURITY DATE	BOND DATE	CUSIP NO.
3.500%	October 1, 2016	August 27, 2010	496870 AE6

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: TWO HUNDRED EIGHTY-FIVE THOUSAND DOLLARS

KNOW ALL MEN BY THESE PRESENTS: That THE TOWN OF KINGWOOD, a municipal corporation organized and existing under the laws of the State of West Virginia (the "Town"), for value received, hereby promises to pay, solely from the special funds provided therefore, as hereinafter set forth, to the Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, the Principal Amount specified above and solely from such special funds also to pay interest on said Principal Amount from the Interest Payment Date (as hereinafter defined) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, or, if and to the extent that the Town shall default in the payment of interest on any Interest Payment Date, then this Bond shall bear interest from the most recent Interest Payment Date to which interest has been paid or duly provided for, and in which case any Bond surrendered for transfer or exchange shall be dated as of the Interest Payment Date to which interest has been paid in full, at the Interest Rate per

annum specified above, semiannually, on April 1 and October 1, in each year, beginning April 1, 2011 (each an "Interest Payment Date"), until maturity or until the date fixed for redemption if this Bond is called for prior redemption and payment on such date is provided for. Capitalized terms used and not defined herein shall have the meanings ascribed thereto in the hereinafter described Ordinance.

Interest accruing on this Bond on and prior to the Maturity Date hereof shall be payable by check or draft mailed by the West Virginia Municipal Bond Commission, Charleston, West Virginia, as paying agent (in such capacity, the "Paying Agent"), to the Registered Owner hereof as of the applicable Record Date (each March 15 and September 15) or, in the event of a default in the payment of Bonds, that special record date to be fixed by the hereinafter named Registrar by notice given to the Registered Owners not less than 10 days prior to said special record date at the address of such Registered Owner as it appears on the registration books of the Town maintained by WesBanco Bank, Inc, Wheeling, West Virginia, as registrar (in such capacity, the "Registrar"), or, at the option of any Registered Owner of at least $1,000,000 in aggregate principal amount of Bonds, by wire transfer in immediately available funds to a domestic bank account specified in writing by the Registered Owner to the Paying Agent at least 5 days prior to such Record Date. Principal and premium, if any, shall be paid when due upon presentation and surrender of this Bond for payment at the principal office of the Paying Agent, in Charleston, West Virginia.

This Bond is one of an issue of a series of bonds, in the aggregate principal amount of $1,605,000 designated "The Town of Kingwood (West Virginia) Sewer Refunding Revenue Bonds, Series 2010 A" (the "Bonds"), of like tenor and effect, except as to number, denomination, date of maturity and interest rate, dated August 27, 2010, the proceeds of which are to be used (i) to finance the costs of currently refunding the Town's Series 1997 A Refunding Revenue Bonds, (ii) to fund the Series 2010 A Bonds Reserve Account, and (iii) to pay certain costs of issuance of the Series 2010 A Bonds and related costs. The Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13 of the Code of West Virginia, 1931, as amended (the "Act"), and an ordinance duly enacted by the Council of the Town on July 27, 2010, and supplemented by supplemental resolutions adopted by said Council on July 27, 2010, (hereinafter collectively referred to as the "Ordinance"), and is subject to all the terms and conditions of said Ordinance. The Ordinance provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Ordinance. Reference is hereby made to the Ordinance, as the same may be amended and supplemented from time to time, for a description of the rights, limitations of rights, obligations, duties and immunities of the Town, the Registrar, the Paying Agent, the Registered Owners of the Bonds and the Registered Owners of any subsequently issued additional bonds. Executed counterparts or certified copies of the Ordinance are on file at the office of the Recorder in The Town of Kingwood, West Virginia.

The Bonds of this issue are subject to redemption prior to their stated maturity dates, as provided in the Ordinance and as set forth below:

Optional Redemption

The Series 2010 A Bonds maturing on and after October 1, 2016, are subject to redemption at the option of the Town, prior to maturity, on or after October 1, 2015, in whole or in part at any time from amounts deposited with the Bond Commission by the Town or from other funds available therefore at a redemption price equal to the principal amount thereof, plus accrued interest to the date fixed for redemption.

If fewer than all of the Series 2010 A Bonds shall be called for optional redemption, the particular maturities of the Series 2010 A Bonds to be redeemed shall be selected by the Town in such manner as it shall determine. So long as the Series 2010 A Bonds are maintained under a book-entry system, the selection of individual ownership interests in the Series 2010 A Bonds to be credited with any partial redemption shall be made as described herein under "BOOK-ENTRY ONLY SYSTEM."

Mandatory Redemption

The Series 2010 A Bonds maturing October 1, 2013, shall be subject to mandatory redemption prior to maturity in part from moneys on deposit in the Series 2010 A Bonds Sinking Fund at a redemption price equal to 100% of the principal amount thereof, plus accrued interest to the mandatory redemption date, on October 1, 2011, and on each October 1 thereafter to and including October 1, 2013, in annual principal amounts as follows:

Year	Amount
2011	$75,000
2012	$85,000
2013 (Maturity)	$90,000

The principal amount of Series 2010 A Bonds maturing October 1, 2013, delivered to or purchased by the Trustee shall reduce pro tanto the principal amount of Series 2010 A Bonds to be redeemed on the mandatory redemption date with respect to such maturity next following such delivery or purchase.

The Series 2010 A Bonds maturing October 1, 2016, shall be subject to mandatory redemption prior to maturity in part from moneys on deposit in the Series 2010 A Bonds Sinking Fund at a redemption price equal to 100% of the principal amount thereof, plus accrued interest to the mandatory redemption date, on October 1, 2014, and on each October 1 thereafter to and including October 1, 2016, in annual principal amounts as follows:

Year	Amount
2014	$90,000

2015	$95,000
2016 (Maturity)	$100,000

The principal amount of Series 2010 A Bonds maturing October 1, 2016, delivered to or purchased by the Trustee shall reduce pro tanto the principal amount of Series 2010 A Bonds to be redeemed on the mandatory redemption date with respect to such maturity next following such delivery or purchase.

The Series 2010 A Bonds maturing October 1, 2020, shall be subject to mandatory redemption prior to maturity in part from moneys on deposit in the Series 2010 A Bonds Sinking Fund at a redemption price equal to 100% of the principal amount thereof, plus accrued interest to the mandatory redemption date, on October 1, 2017, and on each October 1 thereafter to and including October 1, 2020, in annual principal amounts as follows:

Year	Amount
2017	$100,000
2018	$105,000
2019	$110,000
2020 (Maturity)	$115,000

The principal amount of Series 2010 A Bonds maturing October 1, 2020, delivered to or purchased by the Trustee shall reduce pro tanto the principal amount of Series 2010 A Bonds to be redeemed on the mandatory redemption date with respect to such maturity next following such delivery or purchase.

The Series 2010 A Bonds maturing October 1, 2022, shall be subject to mandatory redemption prior to maturity in part from moneys on deposit in the Series 2010 A Bonds Sinking Fund at a redemption price equal to 100% of the principal amount thereof, plus accrued interest to the mandatory redemption date, on October 1, 2021, and on each October 1 thereafter to and including October 1, 2022, in annual principal amounts as follows:

Year	Amount
2021	$115,000
2022 (Maturity)	$125,000

The principal amount of Series 2010 A Bonds maturing October 1, 2022, delivered to or purchased by the Trustee shall reduce pro tanto the principal amount of Series 2010 A Bonds to be redeemed on the mandatory redemption date with respect to such maturity next following such delivery or purchase.

The Series 2010 A Bonds maturing October 1, 2025, shall be subject to mandatory redemption prior to maturity in part from moneys on deposit in the Series 2010 A Bonds Sinking Fund at a redemption price equal to 100% of the principal amount thereof, plus accrued interest

to the mandatory redemption date, on October 1, 2023, and on each October 1 thereafter to and including October 1, 2025, in annual principal amounts as follows:

Year	Amount
2023	$125,000
2024	$135,000
2025 (Maturity)	$140,000

The principal amount of Series 2010 A Bonds maturing October 1, 2025, delivered to or purchased by the Trustee shall reduce pro tanto the principal amount of Series 2010 A Bonds to be redeemed on the mandatory redemption date with respect to such maturity next following such delivery or purchase.

Notice of Redemption

So long as the Series 2010 A Bonds are maintained under a book-entry system, notice of the call for any redemption of the Series 2010 A Bonds shall be given as described below under "BOOK-ENTRY ONLY SYSTEM." At any other time, notice to the registered owner of any redemption shall be given by the Registrar not less than 30 nor more than 60 days prior to the date fixed for redemption by registered or certified mail at the address appearing in the Register. Failure to receive such notice or any defect in the mailing thereof shall not affect the validity of any proceedings for the redemption of the Series 2010 A Bonds; and failure to mail such notice shall not affect the validity of any such proceedings for any Series 2010 A Bond with respect to which no such failure has occurred. Notice of redemption having been given in the manner hereinabove and in the Ordinance described and moneys necessary therefor having been deposited with the Paying Agent, the Series 2010 A Bonds specified in such notice shall on the date fixed for redemption be deemed paid, and interest thereon shall cease to accrue.

If less than all the Bonds are to be redeemed, the Bonds to be redeemed shall be identified by reference to the Series designation, date of issue, CUSIP numbers and Maturity Dates.

Notice of any redemption of this Bond, unless waived, shall be given by the Registrar on behalf of the Town by mailing an official redemption notice by registered or certified mail at least 30 days and not more than 60 days prior to the date fixed for redemption to the Registered Owner of the Bond or Bonds to be redeemed at the address shown on the Bond Register or at such other address as is furnished in writing by such Registered Owner to the Registrar. Notice of redemption having been given as aforesaid, the Bonds or portions of Bonds so to be redeemed shall, on the Redemption Date, become due and payable at the redemption price therein specified, and from and after such date (unless the Town shall default in the payment of the redemption price) such Bonds or portions of Bonds shall cease to bear interest.

Failure to receive such notice or any defect therein or in the mailing thereof shall not affect the validity of proceedings for the redemption of this Bond.

There are outstanding obligations of the Town which will rank on a parity with the Series 2010 A Bonds as to liens, pledge, source of and security for payment, as follows: (1) Sewerage System Design Revenue Bonds, Series 2009 A (West Virginia Water Development Authority), dated January 30, 2009, issued in the original aggregate principal amount of $724,650 (the "Series 2009 A Bonds"); (2) Sewer Revenue Bonds, Series 2001 A (West Virginia SRF Program), dated December 20, 2001, issued in the original aggregate principal amount of $878,181 (the "Series 2001 A Bonds"); and (3) Sewer Revenue Bonds, Series 1986 B (West Virginia Water Development Authority), dated March 26, 1986, issued in the original aggregate principal amount of $850,860 (the "Series 1986 B Bonds") (collectively, the "Prior Bonds").

The Bonds and the interest thereon are payable only from and are secured by the Net Revenues (as defined in the Ordinance) to be derived from the operation of the System, on a parity with the pledge of Net Revenues in favor of the holders of the Prior Bonds and from moneys in the Series 2010 A Bonds Sinking Fund and the Series 2010 A Bonds Reserve Account established under the Ordinance, and the unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and shall be set aside as a special fund hereby pledged for such purpose and to make the other payments required by the Ordinance. This Bond does not constitute an indebtedness of the Town within any constitutional or statutory provision or limitation, nor shall the Town be obligated to pay the same or the interest hereon except from said special fund provided from the Net Revenues, the moneys in the Series 2010 A Bonds Sinking Fund and the Series 2010 A Bonds Reserve Account and unexpended proceeds of the Bonds. Under the Ordinance, the Town has covenanted and agreed to fix, establish and collect just and equitable rates or charges for the use of the services and facilities of the System and to revise the same from time to time as will always be sufficient to pay all operating expenses of the System and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest on the Bonds and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with the Bonds, including the Prior Bonds. The Town has entered into certain further covenants with the Registered Owners of the Bonds, for the terms of which reference is made to the Ordinance. Remedies provided the Registered Owners of the Bonds are exclusively as provided in the Ordinance, to which reference is here made for a detailed description thereof.

All moneys received from the sale of the Bonds except for accrued interest thereon shall be applied solely to finance the current refunding of the Town's outstanding Series 1997 A Refunding Revenue Bonds, fund a reserve account for the Bonds and pay costs of issuance of the Bonds, and there shall be, and hereby is, created and granted a lien upon such moneys, until so applied, in favor of the Registered Owners of the Bonds.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Bond have existed, have happened and have been performed in due time, form and manner as required by law, and that the amount of this Bond, together with all other obligations of said

Town, does not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia, and that a sufficient amount of the Net Revenues of the System has been pledged to and will be set aside into said special fund by said Town for the prompt payment of the principal of and interest on the Bonds of which this Bond is one.

This Bond, under the provisions of the Act is and has all the qualities and incidents of, a negotiable instrument under the Uniform Commercial Code of the State of West Virginia, but may be transferred only upon the surrender hereof at the office of the Registrar and otherwise as provided by the Ordinance.

This Bond is, under the Act, exempt from all taxation by the State of West Virginia or any county, municipality, political subdivision or agency thereof.

This Bond shall not be entitled to any benefit under the Ordinance, or become valid or obligatory for any purpose, until the certificate of authentication and registration hereon shall have been signed by the Registrar.

All provisions of the Ordinance, and the statutes under which this Bond is issued, shall be deemed to be a part of the contract evidenced by this Bond to the same extent as if written fully herein.

[Remainder of Page Intentionally Blank]

IN WITNESS WHEREOF, THE TOWN OF KINGWOOD has caused this Bond to be signed by its Mayor and, and its corporate seal to be imprinted hereon and attested by its Recorder, and has caused this Bond to be dated as of the Bond Date specified above.

[SEAL]

Mayor

ATTEST:

Recorder

CERTIFICATE OF AUTHENTICATION
AND REGISTRATION

This Bond is one of the fully registered Bonds described in the within-mentioned Ordinance and has been duly registered in the name of the Registered Owner on the date set forth below. Attached hereto is the complete text of the opinion of Steptoe & Johnson PLLC, bond counsel, signed originals of which are on file with the Registrar, delivered and dated on the date of the original delivery of and payment for the Bonds.

Dated: August 27, 2010

WESBANCO BANK, INC.,
as Registrar

By _____
Its Authorized Officer

(Form of)

ASSIGNMENT

Social Security or Other Identifying Number of Assignee _____

_____

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto

_____

_____

_____ the within Bond and does hereby irrevocably constitute and appoint

_____

_____ to transfer the said Bond on the books kept for registration thereof with full power of substitution in the premises.

Dated: _____, 20_____.

_____

SIGNATURE GUARANTEED:

_____

(Bank, Trust Company or Firm)

_____

(Authorized Officer)

NOTICE: The Assignor's signature to this Assignment must correspond with the name as it appears upon the face of the within Bond in every particular, without alteration or any change whatever.

485090.00005

5404744

Except as otherwise provided in the Ordinance, this global bond may be transferred, in whole but not in part, only to another nominee of DTC (as defined in the Ordinance) or to a successor of DTC or to a nominee of a successor of DTC. Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to Town or its agent for registration of transfer, exchange, or payment, and any Bond issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

No. AR-3 $430,000

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE TOWN OF KINGWOOD (WEST VIRGINIA)
SEWER REFUNDING REVENUE BOND, SERIES 2010 A

INTEREST RATE	MATURITY DATE	BOND DATE	CUSIP NO.
4.000%	October 1, 2020	August 27, 2010	496870 AF3

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: FOUR HUNDRED THIRTY THOUSAND DOLLARS

KNOW ALL MEN BY THESE PRESENTS: That THE TOWN OF KINGWOOD, a municipal corporation organized and existing under the laws of the State of West Virginia (the "Town"), for value received, hereby promises to pay, solely from the special funds provided therefore, as hereinafter set forth, to the Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, the Principal Amount specified above and solely from such special funds also to pay interest on said Principal Amount from the Interest Payment Date (as hereinafter defined) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, or, if and to the extent that the Town shall default in the payment of interest on any Interest Payment Date, then this Bond shall bear interest from the most recent Interest Payment Date to which interest has been paid or duly provided for, and in which case any Bond surrendered for transfer or exchange shall be dated as of the Interest Payment Date to which interest has been paid in full, at the Interest Rate per

annum specified above, semiannually, on April 1 and October 1, in each year, beginning April 1, 2011 (each an "Interest Payment Date"), until maturity or until the date fixed for redemption if this Bond is called for prior redemption and payment on such date is provided for. Capitalized terms used and not defined herein shall have the meanings ascribed thereto in the hereinafter described Ordinance.

Interest accruing on this Bond on and prior to the Maturity Date hereof shall be payable by check or draft mailed by the West Virginia Municipal Bond Commission, Charleston, West Virginia, as paying agent (in such capacity, the "Paying Agent"), to the Registered Owner hereof as of the applicable Record Date (each March 15 and September 15) or, in the event of a default in the payment of Bonds, that special record date to be fixed by the hereinafter named Registrar by notice given to the Registered Owners not less than 10 days prior to said special record date at the address of such Registered Owner as it appears on the registration books of the Town maintained by WesBanco Bank, Inc, Wheeling, West Virginia, as registrar (in such capacity, the "Registrar"), or, at the option of any Registered Owner of at least $1,000,000 in aggregate principal amount of Bonds, by wire transfer in immediately available funds to a domestic bank account specified in writing by the Registered Owner to the Paying Agent at least 5 days prior to such Record Date. Principal and premium, if any, shall be paid when due upon presentation and surrender of this Bond for payment at the principal office of the Paying Agent, in Charleston, West Virginia.

This Bond is one of an issue of a series of bonds, in the aggregate principal amount of $1,605,000 designated "The Town of Kingwood (West Virginia) Sewer Refunding Revenue Bonds, Series 2010 A" (the "Bonds"), of like tenor and effect, except as to number, denomination, date of maturity and interest rate, dated August 27, 2010, the proceeds of which are to be used (i) to finance the costs of currently refunding the Town's Series 1997 A Refunding Revenue Bonds, (ii) to fund the Series 2010 A Bonds Reserve Account, and (iii) to pay certain costs of issuance of the Series 2010 A Bonds and related costs. The Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13 of the Code of West Virginia, 1931, as amended (the "Act"), and an ordinance duly enacted by the Council of the Town on July 27, 2010, and supplemented by supplemental resolutions adopted by said Council on July 27, 2010, (hereinafter collectively referred to as the "Ordinance"), and is subject to all the terms and conditions of said Ordinance. The Ordinance provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Ordinance. Reference is hereby made to the Ordinance, as the same may be amended and supplemented from time to time, for a description of the rights, limitations of rights, obligations, duties and immunities of the Town, the Registrar, the Paying Agent, the Registered Owners of the Bonds and the Registered Owners of any subsequently issued additional bonds. Executed counterparts or certified copies of the Ordinance are on file at the office of the Recorder in The Town of Kingwood, West Virginia.

The Bonds of this issue are subject to redemption prior to their stated maturity dates, as provided in the Ordinance and as set forth below:

Optional Redemption

The Series 2010 A Bonds maturing on and after October 1, 2016, are subject to redemption at the option of the Town, prior to maturity, on or after October 1, 2015, in whole or in part at any time from amounts deposited with the Bond Commission by the Town or from other funds available therefore at a redemption price equal to the principal amount thereof, plus accrued interest to the date fixed for redemption.

If fewer than all of the Series 2010 A Bonds shall be called for optional redemption, the particular maturities of the Series 2010 A Bonds to be redeemed shall be selected by the Town in such manner as it shall determine. So long as the Series 2010 A Bonds are maintained under a book-entry system, the selection of individual ownership interests in the Series 2010 A Bonds to be credited with any partial redemption shall be made as described herein under "BOOK-ENTRY ONLY SYSTEM."

Mandatory Redemption

The Series 2010 A Bonds maturing October 1, 2013, shall be subject to mandatory redemption prior to maturity in part from moneys on deposit in the Series 2010 A Bonds Sinking Fund at a redemption price equal to 100% of the principal amount thereof, plus accrued interest to the mandatory redemption date, on October 1, 2011, and on each October 1 thereafter to and including October 1, 2013, in annual principal amounts as follows:

Year	Amount
2011	$75,000
2012	$85,000
2013 (Maturity)	$90,000

The principal amount of Series 2010 A Bonds maturing October 1, 2013, delivered to or purchased by the Trustee shall reduce pro tanto the principal amount of Series 2010 A Bonds to be redeemed on the mandatory redemption date with respect to such maturity next following such delivery or purchase.

The Series 2010 A Bonds maturing October 1, 2016, shall be subject to mandatory redemption prior to maturity in part from moneys on deposit in the Series 2010 A Bonds Sinking Fund at a redemption price equal to 100% of the principal amount thereof, plus accrued interest to the mandatory redemption date, on October 1, 2014, and on each October 1 thereafter to and including October 1, 2016, in annual principal amounts as follows:

Year	Amount
2014	$90,000

2015	$95,000
2016 (Maturity)	$100,000

The principal amount of Series 2010 A Bonds maturing October 1, 2016, delivered to or purchased by the Trustee shall reduce pro tanto the principal amount of Series 2010 A Bonds to be redeemed on the mandatory redemption date with respect to such maturity next following such delivery or purchase.

The Series 2010 A Bonds maturing October 1, 2020, shall be subject to mandatory redemption prior to maturity in part from moneys on deposit in the Series 2010 A Bonds Sinking Fund at a redemption price equal to 100% of the principal amount thereof, plus accrued interest to the mandatory redemption date, on October 1, 2017, and on each October 1 thereafter to and including October 1, 2020, in annual principal amounts as follows:

Year	Amount
2017	$100,000
2018	$105,000
2019	$110,000
2020 (Maturity)	$115,000

The principal amount of Series 2010 A Bonds maturing October 1, 2020, delivered to or purchased by the Trustee shall reduce pro tanto the principal amount of Series 2010 A Bonds to be redeemed on the mandatory redemption date with respect to such maturity next following such delivery or purchase.

The Series 2010 A Bonds maturing October 1, 2022, shall be subject to mandatory redemption prior to maturity in part from moneys on deposit in the Series 2010 A Bonds Sinking Fund at a redemption price equal to 100% of the principal amount thereof, plus accrued interest to the mandatory redemption date, on October 1, 2021, and on each October 1 thereafter to and including October 1, 2022, in annual principal amounts as follows:

Year	Amount
2021	$115,000
2022 (Maturity)	$125,000

The principal amount of Series 2010 A Bonds maturing October 1, 2022, delivered to or purchased by the Trustee shall reduce pro tanto the principal amount of Series 2010 A Bonds to be redeemed on the mandatory redemption date with respect to such maturity next following such delivery or purchase.

The Series 2010 A Bonds maturing October 1, 2025, shall be subject to mandatory redemption prior to maturity in part from moneys on deposit in the Series 2010 A Bonds Sinking Fund at a redemption price equal to 100% of the principal amount thereof, plus accrued interest

to the mandatory redemption date, on October 1, 2023, and on each October 1 thereafter to and including October 1, 2025, in annual principal amounts as follows:

Year	Amount
2023	$125,000
2024	$135,000
2025 (Maturity)	$140,000

The principal amount of Series 2010 A Bonds maturing October 1, 2025, delivered to or purchased by the Trustee shall reduce pro tanto the principal amount of Series 2010 A Bonds to be redeemed on the mandatory redemption date with respect to such maturity next following such delivery or purchase.

Notice of Redemption

So long as the Series 2010 A Bonds are maintained under a book-entry system, notice of the call for any redemption of the Series 2010 A Bonds shall be given as described below under "BOOK-ENTRY ONLY SYSTEM." At any other time, notice to the registered owner of any redemption shall be given by the Registrar not less than 30 nor more than 60 days prior to the date fixed for redemption by registered or certified mail at the address appearing in the Register. Failure to receive such notice or any defect in the mailing thereof shall not affect the validity of any proceedings for the redemption of the Series 2010 A Bonds; and failure to mail such notice shall not affect the validity of any such proceedings for any Series 2010 A Bond with respect to which no such failure has occurred. Notice of redemption having been given in the manner hereinabove and in the Ordinance described and moneys necessary therefor having been deposited with the Paying Agent, the Series 2010 A Bonds specified in such notice shall on the date fixed for redemption be deemed paid, and interest thereon shall cease to accrue.

If less than all the Bonds are to be redeemed, the Bonds to be redeemed shall be identified by reference to the Series designation, date of issue, CUSIP numbers and Maturity Dates.

Notice of any redemption of this Bond, unless waived, shall be given by the Registrar on behalf of the Town by mailing an official redemption notice by registered or certified mail at least 30 days and not more than 60 days prior to the date fixed for redemption to the Registered Owner of the Bond or Bonds to be redeemed at the address shown on the Bond Register or at such other address as is furnished in writing by such Registered Owner to the Registrar. Notice of redemption having been given as aforesaid, the Bonds or portions of Bonds so to be redeemed shall, on the Redemption Date, become due and payable at the redemption price therein specified, and from and after such date (unless the Town shall default in the payment of the redemption price) such Bonds or portions of Bonds shall cease to bear interest.

Failure to receive such notice or any defect therein or in the mailing thereof shall not affect the validity of proceedings for the redemption of this Bond.

There are outstanding obligations of the Town which will rank on a parity with the Series 2010 A Bonds as to liens, pledge, source of and security for payment, as follows: (1) Sewerage System Design Revenue Bonds, Series 2009 A (West Virginia Water Development Authority), dated January 30, 2009, issued in the original aggregate principal amount of $724,650 (the "Series 2009 A Bonds"); (2) Sewer Revenue Bonds, Series 2001 A (West Virginia SRF Program), dated December 20, 2001, issued in the original aggregate principal amount of $878,181 (the "Series 2001 A Bonds"); and (3) Sewer Revenue Bonds, Series 1986 B (West Virginia Water Development Authority), dated March 26, 1986, issued in the original aggregate principal amount of $850,860 (the "Series 1986 B Bonds") (collectively, the "Prior Bonds").

The Bonds and the interest thereon are payable only from and are secured by the Net Revenues (as defined in the Ordinance) to be derived from the operation of the System, on a parity with the pledge of Net Revenues in favor of the holders of the Prior Bonds and from moneys in the Series 2010 A Bonds Sinking Fund and the Series 2010 A Bonds Reserve Account established under the Ordinance, and the unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and shall be set aside as a special fund hereby pledged for such purpose and to make the other payments required by the Ordinance. This Bond does not constitute an indebtedness of the Town within any constitutional or statutory provision or limitation, nor shall the Town be obligated to pay the same or the interest hereon except from said special fund provided from the Net Revenues, the moneys in the Series 2010 A Bonds Sinking Fund and the Series 2010 A Bonds Reserve Account and unexpended proceeds of the Bonds. Under the Ordinance, the Town has covenanted and agreed to fix, establish and collect just and equitable rates or charges for the use of the services and facilities of the System and to revise the same from time to time as will always be sufficient to pay all operating expenses of the System and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest on the Bonds and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with the Bonds, including the Prior Bonds. The Town has entered into certain further covenants with the Registered Owners of the Bonds, for the terms of which reference is made to the Ordinance. Remedies provided the Registered Owners of the Bonds are exclusively as provided in the Ordinance, to which reference is here made for a detailed description thereof.

All moneys received from the sale of the Bonds except for accrued interest thereon shall be applied solely to finance the current refunding of the Town's outstanding Series 1997 A Refunding Revenue Bonds, fund a reserve account for the Bonds and pay costs of issuance of the Bonds, and there shall be, and hereby is, created and granted a lien upon such moneys, until so applied, in favor of the Registered Owners of the Bonds.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Bond have existed, have happened and have been performed in due time, form and manner as required by law, and that the amount of this Bond, together with all other obligations of said

Town, does not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia, and that a sufficient amount of the Net Revenues of the System has been pledged to and will be set aside into said special fund by said Town for the prompt payment of the principal of and interest on the Bonds of which this Bond is one.

This Bond, under the provisions of the Act is and has all the qualities and incidents of, a negotiable instrument under the Uniform Commercial Code of the State of West Virginia, but may be transferred only upon the surrender hereof at the office of the Registrar and otherwise as provided by the Ordinance.

This Bond is, under the Act, exempt from all taxation by the State of West Virginia or any county, municipality, political subdivision or agency thereof.

This Bond shall not be entitled to any benefit under the Ordinance, or become valid or obligatory for any purpose, until the certificate of authentication and registration hereon shall have been signed by the Registrar.

All provisions of the Ordinance, and the statutes under which this Bond is issued, shall be deemed to be a part of the contract evidenced by this Bond to the same extent as if written fully herein.

[Remainder of Page Intentionally Blank]

IN WITNESS WHEREOF, THE TOWN OF KINGWOOD has caused this Bond to be signed by its Mayor and, and its corporate seal to be imprinted hereon and attested by its Recorder, and has caused this Bond to be dated as of the Bond Date specified above.

[SEAL]

Mayor

ATTEST:

Recorder

CERTIFICATE OF AUTHENTICATION
AND REGISTRATION

This Bond is one of the fully registered Bonds described in the within-mentioned Ordinance and has been duly registered in the name of the Registered Owner on the date set forth below. Attached hereto is the complete text of the opinion of Steptoe & Johnson PLLC, bond counsel, signed originals of which are on file with the Registrar, delivered and dated on the date of the original delivery of and payment for the Bonds.

Dated: August 27, 2010

WESBANCO BANK, INC.,
as Registrar

By _____
Its Authorized Officer

(Form of)

ASSIGNMENT

Social Security or Other Identifying Number of Assignee _____
_____

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto

_____
_____
_____ the within Bond and does hereby irrevocably constitute and appoint
_____
_____ to transfer the said Bond on the books kept for registration thereof with full power of substitution in the premises.

Dated: _____, 20_____.

_____

SIGNATURE GUARANTEED:

_____
(Bank, Trust Company or Firm)

_____
(Authorized Officer)

NOTICE: The Assignor's signature to this Assignment must correspond with the name as it appears upon the face of the within Bond in every particular, without alteration or any change whatever.

Except as otherwise provided in the Ordinance, this global bond may be transferred, in whole but not in part, only to another nominee of DTC (as defined in the Ordinance) or to a successor of DTC or to a nominee of a successor of DTC. Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to Town or its agent for registration of transfer, exchange, or payment, and any Bond issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

No. AR-4 $240,000

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE TOWN OF KINGWOOD (WEST VIRGINIA)
SEWER REFUNDING REVENUE BOND, SERIES 2010 A

INTEREST RATE	MATURITY DATE	BOND DATE	CUSIP NO.
4.000%	October 1, 2022	August 27, 2010	496870 AG1

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: TWO HUNDRED FORTY THOUSAND DOLLARS

KNOW ALL MEN BY THESE PRESENTS: That THE TOWN OF KINGWOOD, a municipal corporation organized and existing under the laws of the State of West Virginia (the "Town"), for value received, hereby promises to pay, solely from the special funds provided therefore, as hereinafter set forth, to the Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, the Principal Amount specified above and solely from such special funds also to pay interest on said Principal Amount from the Interest Payment Date (as hereinafter defined) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, or, if and to the extent that the Town shall default in the payment of interest on any Interest Payment Date, then this Bond shall bear interest from the most recent Interest Payment Date to which interest has been paid or duly provided for, and in which case any Bond surrendered for transfer or exchange shall be dated as of the Interest Payment Date to which interest has been paid in full, at the Interest Rate per

annum specified above, semiannually, on April 1 and October 1, in each year, beginning April 1, 2011 (each an "Interest Payment Date"), until maturity or until the date fixed for redemption if this Bond is called for prior redemption and payment on such date is provided for. Capitalized terms used and not defined herein shall have the meanings ascribed thereto in the hereinafter described Ordinance.

Interest accruing on this Bond on and prior to the Maturity Date hereof shall be payable by check or draft mailed by the West Virginia Municipal Bond Commission, Charleston, West Virginia, as paying agent (in such capacity, the "Paying Agent"), to the Registered Owner hereof as of the applicable Record Date (each March 15 and September 15) or, in the event of a default in the payment of Bonds, that special record date to be fixed by the hereinafter named Registrar by notice given to the Registered Owners not less than 10 days prior to said special record date at the address of such Registered Owner as it appears on the registration books of the Town maintained by WesBanco Bank, Inc, Wheeling, West Virginia, as registrar (in such capacity, the "Registrar"), or, at the option of any Registered Owner of at least $1,000,000 in aggregate principal amount of Bonds, by wire transfer in immediately available funds to a domestic bank account specified in writing by the Registered Owner to the Paying Agent at least 5 days prior to such Record Date. Principal and premium, if any, shall be paid when due upon presentation and surrender of this Bond for payment at the principal office of the Paying Agent, in Charleston, West Virginia.

This Bond is one of an issue of a series of bonds, in the aggregate principal amount of $1,605,000 designated "The Town of Kingwood (West Virginia) Sewer Refunding Revenue Bonds, Series 2010 A" (the "Bonds"), of like tenor and effect, except as to number, denomination, date of maturity and interest rate, dated August 27, 2010, the proceeds of which are to be used (i) to finance the costs of currently refunding the Town's Series 1997 A Refunding Revenue Bonds, (ii) to fund the Series 2010 A Bonds Reserve Account, and (iii) to pay certain costs of issuance of the Series 2010 A Bonds and related costs. The Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13 of the Code of West Virginia, 1931, as amended (the "Act"), and an ordinance duly enacted by the Council of the Town on July 27, 2010, and supplemented by supplemental resolutions adopted by said Council on July 27, 2010, (hereinafter collectively referred to as the "Ordinance"), and is subject to all the terms and conditions of said Ordinance. The Ordinance provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Ordinance. Reference is hereby made to the Ordinance, as the same may be amended and supplemented from time to time, for a description of the rights, limitations of rights, obligations, duties and immunities of the Town, the Registrar, the Paying Agent, the Registered Owners of the Bonds and the Registered Owners of any subsequently issued additional bonds. Executed counterparts or certified copies of the Ordinance are on file at the office of the Recorder in The Town of Kingwood, West Virginia.

The Bonds of this issue are subject to redemption prior to their stated maturity dates, as provided in the Ordinance and as set forth below:

Optional Redemption

The Series 2010 A Bonds maturing on and after October 1, 2016, are subject to redemption at the option of the Town, prior to maturity, on or after October 1, 2015, in whole or in part at any time from amounts deposited with the Bond Commission by the Town or from other funds available therefore at a redemption price equal to the principal amount thereof, plus accrued interest to the date fixed for redemption.

If fewer than all of the Series 2010 A Bonds shall be called for optional redemption, the particular maturities of the Series 2010 A Bonds to be redeemed shall be selected by the Town in such manner as it shall determine. So long as the Series 2010 A Bonds are maintained under a book-entry system, the selection of individual ownership interests in the Series 2010 A Bonds to be credited with any partial redemption shall be made as described herein under "BOOK-ENTRY ONLY SYSTEM."

Mandatory Redemption

The Series 2010 A Bonds maturing October 1, 2013, shall be subject to mandatory redemption prior to maturity in part from moneys on deposit in the Series 2010 A Bonds Sinking Fund at a redemption price equal to 100% of the principal amount thereof, plus accrued interest to the mandatory redemption date, on October 1, 2011, and on each October 1 thereafter to and including October 1, 2013, in annual principal amounts as follows:

Year	Amount
2011	$75,000
2012	$85,000
2013 (Maturity)	$90,000

The principal amount of Series 2010 A Bonds maturing October 1, 2013, delivered to or purchased by the Trustee shall reduce pro tanto the principal amount of Series 2010 A Bonds to be redeemed on the mandatory redemption date with respect to such maturity next following such delivery or purchase.

The Series 2010 A Bonds maturing October 1, 2016, shall be subject to mandatory redemption prior to maturity in part from moneys on deposit in the Series 2010 A Bonds Sinking Fund at a redemption price equal to 100% of the principal amount thereof, plus accrued interest to the mandatory redemption date, on October 1, 2014, and on each October 1 thereafter to and including October 1, 2016, in annual principal amounts as follows:

Year	Amount
2014	$90,000

2015	$95,000
2016 (Maturity)	$100,000

The principal amount of Series 2010 A Bonds maturing October 1, 2016, delivered to or purchased by the Trustee shall reduce pro tanto the principal amount of Series 2010 A Bonds to be redeemed on the mandatory redemption date with respect to such maturity next following such delivery or purchase.

The Series 2010 A Bonds maturing October 1, 2020, shall be subject to mandatory redemption prior to maturity in part from moneys on deposit in the Series 2010 A Bonds Sinking Fund at a redemption price equal to 100% of the principal amount thereof, plus accrued interest to the mandatory redemption date, on October 1, 2017, and on each October 1 thereafter to and including October 1, 2020, in annual principal amounts as follows:

Year	Amount
2017	$100,000
2018	$105,000
2019	$110,000
2020 (Maturity)	$115,000

The principal amount of Series 2010 A Bonds maturing October 1, 2020, delivered to or purchased by the Trustee shall reduce pro tanto the principal amount of Series 2010 A Bonds to be redeemed on the mandatory redemption date with respect to such maturity next following such delivery or purchase.

The Series 2010 A Bonds maturing October 1, 2022, shall be subject to mandatory redemption prior to maturity in part from moneys on deposit in the Series 2010 A Bonds Sinking Fund at a redemption price equal to 100% of the principal amount thereof, plus accrued interest to the mandatory redemption date, on October 1, 2021, and on each October 1 thereafter to and including October 1, 2022, in annual principal amounts as follows:

Year	Amount
2021	$115,000
2022 (Maturity)	$125,000

The principal amount of Series 2010 A Bonds maturing October 1, 2022, delivered to or purchased by the Trustee shall reduce pro tanto the principal amount of Series 2010 A Bonds to be redeemed on the mandatory redemption date with respect to such maturity next following such delivery or purchase.

The Series 2010 A Bonds maturing October 1, 2025, shall be subject to mandatory redemption prior to maturity in part from moneys on deposit in the Series 2010 A Bonds Sinking Fund at a redemption price equal to 100% of the principal amount thereof, plus accrued interest

to the mandatory redemption date, on October 1, 2023, and on each October 1 thereafter to and including October 1, 2025, in annual principal amounts as follows:

Year	Amount
2023	$125,000
2024	$135,000
2025 (Maturity)	$140,000

The principal amount of Series 2010 A Bonds maturing October 1, 2025, delivered to or purchased by the Trustee shall reduce pro tanto the principal amount of Series 2010 A Bonds to be redeemed on the mandatory redemption date with respect to such maturity next following such delivery or purchase.

Notice of Redemption

So long as the Series 2010 A Bonds are maintained under a book-entry system, notice of the call for any redemption of the Series 2010 A Bonds shall be given as described below under "BOOK-ENTRY ONLY SYSTEM." At any other time, notice to the registered owner of any redemption shall be given by the Registrar not less than 30 nor more than 60 days prior to the date fixed for redemption by registered or certified mail at the address appearing in the Register. Failure to receive such notice or any defect in the mailing thereof shall not affect the validity of any proceedings for the redemption of the Series 2010 A Bonds; and failure to mail such notice shall not affect the validity of any such proceedings for any Series 2010 A Bond with respect to which no such failure has occurred. Notice of redemption having been given in the manner hereinabove and in the Ordinance described and moneys necessary therefor having been deposited with the Paying Agent, the Series 2010 A Bonds specified in such notice shall on the date fixed for redemption be deemed paid, and interest thereon shall cease to accrue.

If less than all the Bonds are to be redeemed, the Bonds to be redeemed shall be identified by reference to the Series designation, date of issue, CUSIP numbers and Maturity Dates.

Notice of any redemption of this Bond, unless waived, shall be given by the Registrar on behalf of the Town by mailing an official redemption notice by registered or certified mail at least 30 days and not more than 60 days prior to the date fixed for redemption to the Registered Owner of the Bond or Bonds to be redeemed at the address shown on the Bond Register or at such other address as is furnished in writing by such Registered Owner to the Registrar. Notice of redemption having been given as aforesaid, the Bonds or portions of Bonds so to be redeemed shall, on the Redemption Date, become due and payable at the redemption price therein specified, and from and after such date (unless the Town shall default in the payment of the redemption price) such Bonds or portions of Bonds shall cease to bear interest.

Failure to receive such notice or any defect therein or in the mailing thereof shall not affect the validity of proceedings for the redemption of this Bond.

There are outstanding obligations of the Town which will rank on a parity with the Series 2010 A Bonds as to liens, pledge, source of and security for payment, as follows: (1) Sewerage System Design Revenue Bonds, Series 2009 A (West Virginia Water Development Authority), dated January 30, 2009, issued in the original aggregate principal amount of $724,650 (the "Series 2009 A Bonds"); (2) Sewer Revenue Bonds, Series 2001 A (West Virginia SRF Program), dated December 20, 2001, issued in the original aggregate principal amount of $878,181 (the "Series 2001 A Bonds"); and (3) Sewer Revenue Bonds, Series 1986 B (West Virginia Water Development Authority), dated March 26, 1986, issued in the original aggregate principal amount of $850,860 (the "Series 1986 B Bonds") (collectively, the "Prior Bonds").

The Bonds and the interest thereon are payable only from and are secured by the Net Revenues (as defined in the Ordinance) to be derived from the operation of the System, on a parity with the pledge of Net Revenues in favor of the holders of the Prior Bonds and from moneys in the Series 2010 A Bonds Sinking Fund and the Series 2010 A Bonds Reserve Account established under the Ordinance, and the unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and shall be set aside as a special fund hereby pledged for such purpose and to make the other payments required by the Ordinance. This Bond does not constitute an indebtedness of the Town within any constitutional or statutory provision or limitation, nor shall the Town be obligated to pay the same or the interest hereon except from said special fund provided from the Net Revenues, the moneys in the Series 2010 A Bonds Sinking Fund and the Series 2010 A Bonds Reserve Account and unexpended proceeds of the Bonds. Under the Ordinance, the Town has covenanted and agreed to fix, establish and collect just and equitable rates or charges for the use of the services and facilities of the System and to revise the same from time to time as will always be sufficient to pay all operating expenses of the System and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest on the Bonds and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with the Bonds, including the Prior Bonds. The Town has entered into certain further covenants with the Registered Owners of the Bonds, for the terms of which reference is made to the Ordinance. Remedies provided the Registered Owners of the Bonds are exclusively as provided in the Ordinance, to which reference is here made for a detailed description thereof.

All moneys received from the sale of the Bonds except for accrued interest thereon shall be applied solely to finance the current refunding of the Town's outstanding Series 1997 A Refunding Revenue Bonds, fund a reserve account for the Bonds and pay costs of issuance of the Bonds, and there shall be, and hereby is, created and granted a lien upon such moneys, until so applied, in favor of the Registered Owners of the Bonds.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Bond have existed, have happened and have been performed in due time, form and manner as required by law, and that the amount of this Bond, together with all other obligations of said

Town, does not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia, and that a sufficient amount of the Net Revenues of the System has been pledged to and will be set aside into said special fund by said Town for the prompt payment of the principal of and interest on the Bonds of which this Bond is one.

This Bond, under the provisions of the Act is and has all the qualities and incidents of, a negotiable instrument under the Uniform Commercial Code of the State of West Virginia, but may be transferred only upon the surrender hereof at the office of the Registrar and otherwise as provided by the Ordinance.

This Bond is, under the Act, exempt from all taxation by the State of West Virginia or any county, municipality, political subdivision or agency thereof.

This Bond shall not be entitled to any benefit under the Ordinance, or become valid or obligatory for any purpose, until the certificate of authentication and registration hereon shall have been signed by the Registrar.

All provisions of the Ordinance, and the statutes under which this Bond is issued, shall be deemed to be a part of the contract evidenced by this Bond to the same extent as if written fully herein.

[Remainder of Page Intentionally Blank]

IN WITNESS WHEREOF, THE TOWN OF KINGWOOD has caused this Bond to be signed by its Mayor and, and its corporate seal to be imprinted hereon and attested by its Recorder, and has caused this Bond to be dated as of the Bond Date specified above.

[SEAL]

Mayor

ATTEST:

Recorder

CERTIFICATE OF AUTHENTICATION
AND REGISTRATION

This Bond is one of the fully registered Bonds described in the within-mentioned Ordinance and has been duly registered in the name of the Registered Owner on the date set forth below. Attached hereto is the complete text of the opinion of Steptoe & Johnson PLLC, bond counsel, signed originals of which are on file with the Registrar, delivered and dated on the date of the original delivery of and payment for the Bonds.

Dated: August 27, 2010

WESBANCO BANK, INC.,
as Registrar

By _____
Its Authorized Officer

(Form of)

ASSIGNMENT

Social Security or Other Identifying Number of Assignee _____
_____

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto

_____
_____
_____ the within Bond and does hereby irrevocably constitute and appoint
_____
_____ to transfer the said Bond on the books kept for registration thereof with full power of substitution in the premises.

Dated: _____, 20_____.

_____

SIGNATURE GUARANTEED:

_____
(Bank, Trust Company or Firm)

_____
(Authorized Officer)

NOTICE: The Assignor's signature to this Assignment must correspond with the name as it appears upon the face of the within Bond in every particular, without alteration or any change whatever.

Except as otherwise provided in the Ordinance, this global bond may be transferred, in whole but not in part, only to another nominee of DTC (as defined in the Ordinance) or to a successor of DTC or to a nominee of a successor of DTC. Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to Town or its agent for registration of transfer, exchange, or payment, and any Bond issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

No. AR-5 $400,000

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE TOWN OF KINGWOOD (WEST VIRGINIA)
SEWER REFUNDING REVENUE BOND, SERIES 2010 A

INTEREST RATE	MATURITY DATE	BOND DATE	CUSIP NO.
4.250%	October 1, 2025	August 27, 2010	496870 AH9

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: FOUR HUNDRED THOUSAND DOLLARS

KNOW ALL MEN BY THESE PRESENTS: That THE TOWN OF KINGWOOD, a municipal corporation organized and existing under the laws of the State of West Virginia (the "Town"), for value received, hereby promises to pay, solely from the special funds provided therefore, as hereinafter set forth, to the Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, the Principal Amount specified above and solely from such special funds also to pay interest on said Principal Amount from the Interest Payment Date (as hereinafter defined) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, or, if and to the extent that the Town shall default in the payment of interest on any Interest Payment Date, then this Bond shall bear interest from the most recent Interest Payment Date to which interest has been paid or duly provided for, and in which case any Bond surrendered for transfer or exchange shall be dated as of the Interest Payment Date to which interest has been paid in full, at the Interest Rate per

annum specified above, semiannually, on April 1 and October 1, in each year, beginning April 1, 2011 (each an "Interest Payment Date"), until maturity or until the date fixed for redemption if this Bond is called for prior redemption and payment on such date is provided for. Capitalized terms used and not defined herein shall have the meanings ascribed thereto in the hereinafter described Ordinance.

Interest accruing on this Bond on and prior to the Maturity Date hereof shall be payable by check or draft mailed by the West Virginia Municipal Bond Commission, Charleston, West Virginia, as paying agent (in such capacity, the "Paying Agent"), to the Registered Owner hereof as of the applicable Record Date (each March 15 and September 15) or, in the event of a default in the payment of Bonds, that special record date to be fixed by the hereinafter named Registrar by notice given to the Registered Owners not less than 10 days prior to said special record date at the address of such Registered Owner as it appears on the registration books of the Town maintained by WesBanco Bank, Inc, Wheeling, West Virginia, as registrar (in such capacity, the "Registrar"), or, at the option of any Registered Owner of at least $1,000,000 in aggregate principal amount of Bonds, by wire transfer in immediately available funds to a domestic bank account specified in writing by the Registered Owner to the Paying Agent at least 5 days prior to such Record Date. Principal and premium, if any, shall be paid when due upon presentation and surrender of this Bond for payment at the principal office of the Paying Agent, in Charleston, West Virginia.

This Bond is one of an issue of a series of bonds, in the aggregate principal amount of $1,605,000 designated "The Town of Kingwood (West Virginia) Sewer Refunding Revenue Bonds, Series 2010 A" (the "Bonds"), of like tenor and effect, except as to number, denomination, date of maturity and interest rate, dated August 27, 2010, the proceeds of which are to be used (i) to finance the costs of currently refunding the Town's Series 1997 A Refunding Revenue Bonds, (ii) to fund the Series 2010 A Bonds Reserve Account, and (iii) to pay certain costs of issuance of the Series 2010 A Bonds and related costs. The Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13 of the Code of West Virginia, 1931, as amended (the "Act"), and an ordinance duly enacted by the Council of the Town on July 27, 2010, and supplemented by supplemental resolutions adopted by said Council on July 27, 2010, (hereinafter collectively referred to as the "Ordinance"), and is subject to all the terms and conditions of said Ordinance. The Ordinance provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Ordinance. Reference is hereby made to the Ordinance, as the same may be amended and supplemented from time to time, for a description of the rights, limitations of rights, obligations, duties and immunities of the Town, the Registrar, the Paying Agent, the Registered Owners of the Bonds and the Registered Owners of any subsequently issued additional bonds. Executed counterparts or certified copies of the Ordinance are on file at the office of the Recorder in The Town of Kingwood, West Virginia.

The Bonds of this issue are subject to redemption prior to their stated maturity dates, as provided in the Ordinance and as set forth below:

Optional Redemption

The Series 2010 A Bonds maturing on and after October 1, 2016, are subject to redemption at the option of the Town, prior to maturity, on or after October 1, 2015, in whole or in part at any time from amounts deposited with the Bond Commission by the Town or from other funds available therefore at a redemption price equal to the principal amount thereof, plus accrued interest to the date fixed for redemption.

If fewer than all of the Series 2010 A Bonds shall be called for optional redemption, the particular maturities of the Series 2010 A Bonds to be redeemed shall be selected by the Town in such manner as it shall determine. So long as the Series 2010 A Bonds are maintained under a book-entry system, the selection of individual ownership interests in the Series 2010 A Bonds to be credited with any partial redemption shall be made as described herein under "BOOK-ENTRY ONLY SYSTEM."

Mandatory Redemption

The Series 2010 A Bonds maturing October 1, 2013, shall be subject to mandatory redemption prior to maturity in part from moneys on deposit in the Series 2010 A Bonds Sinking Fund at a redemption price equal to 100% of the principal amount thereof, plus accrued interest to the mandatory redemption date, on October 1, 2011, and on each October 1 thereafter to and including October 1, 2013, in annual principal amounts as follows:

Year	Amount
2011	$75,000
2012	$85,000
2013 (Maturity)	$90,000

The principal amount of Series 2010 A Bonds maturing October 1, 2013, delivered to or purchased by the Trustee shall reduce pro tanto the principal amount of Series 2010 A Bonds to be redeemed on the mandatory redemption date with respect to such maturity next following such delivery or purchase.

The Series 2010 A Bonds maturing October 1, 2016, shall be subject to mandatory redemption prior to maturity in part from moneys on deposit in the Series 2010 A Bonds Sinking Fund at a redemption price equal to 100% of the principal amount thereof, plus accrued interest to the mandatory redemption date, on October 1, 2014, and on each October 1 thereafter to and including October 1, 2016, in annual principal amounts as follows:

Year	Amount
2014	$90,000

2015	$95,000
2016 (Maturity)	$100,000

The principal amount of Series 2010 A Bonds maturing October 1, 2016, delivered to or purchased by the Trustee shall reduce pro tanto the principal amount of Series 2010 A Bonds to be redeemed on the mandatory redemption date with respect to such maturity next following such delivery or purchase.

The Series 2010 A Bonds maturing October 1, 2020, shall be subject to mandatory redemption prior to maturity in part from moneys on deposit in the Series 2010 A Bonds Sinking Fund at a redemption price equal to 100% of the principal amount thereof, plus accrued interest to the mandatory redemption date, on October 1, 2017, and on each October 1 thereafter to and including October 1, 2020, in annual principal amounts as follows:

Year	Amount
2017	$100,000
2018	$105,000
2019	$110,000
2020 (Maturity)	$115,000

The principal amount of Series 2010 A Bonds maturing October 1, 2020, delivered to or purchased by the Trustee shall reduce pro tanto the principal amount of Series 2010 A Bonds to be redeemed on the mandatory redemption date with respect to such maturity next following such delivery or purchase.

The Series 2010 A Bonds maturing October 1, 2022, shall be subject to mandatory redemption prior to maturity in part from moneys on deposit in the Series 2010 A Bonds Sinking Fund at a redemption price equal to 100% of the principal amount thereof, plus accrued interest to the mandatory redemption date, on October 1, 2021, and on each October 1 thereafter to and including October 1, 2022, in annual principal amounts as follows:

Year	Amount
2021	$115,000
2022 (Maturity)	$125,000

The principal amount of Series 2010 A Bonds maturing October 1, 2022, delivered to or purchased by the Trustee shall reduce pro tanto the principal amount of Series 2010 A Bonds to be redeemed on the mandatory redemption date with respect to such maturity next following such delivery or purchase.

The Series 2010 A Bonds maturing October 1, 2025, shall be subject to mandatory redemption prior to maturity in part from moneys on deposit in the Series 2010 A Bonds Sinking Fund at a redemption price equal to 100% of the principal amount thereof, plus accrued interest

to the mandatory redemption date, on October 1, 2023, and on each October 1 thereafter to and including October 1, 2025, in annual principal amounts as follows:

Year	Amount
2023	$125,000
2024	$135,000
2025 (Maturity)	$140,000

The principal amount of Series 2010 A Bonds maturing October 1, 2025, delivered to or purchased by the Trustee shall reduce pro tanto the principal amount of Series 2010 A Bonds to be redeemed on the mandatory redemption date with respect to such maturity next following such delivery or purchase.

Notice of Redemption

So long as the Series 2010 A Bonds are maintained under a book-entry system, notice of the call for any redemption of the Series 2010 A Bonds shall be given as described below under "BOOK-ENTRY ONLY SYSTEM." At any other time, notice to the registered owner of any redemption shall be given by the Registrar not less than 30 nor more than 60 days prior to the date fixed for redemption by registered or certified mail at the address appearing in the Register. Failure to receive such notice or any defect in the mailing thereof shall not affect the validity of any proceedings for the redemption of the Series 2010 A Bonds; and failure to mail such notice shall not affect the validity of any such proceedings for any Series 2010 A Bond with respect to which no such failure has occurred. Notice of redemption having been given in the manner hereinabove and in the Ordinance described and moneys necessary therefor having been deposited with the Paying Agent, the Series 2010 A Bonds specified in such notice shall on the date fixed for redemption be deemed paid, and interest thereon shall cease to accrue.

If less than all the Bonds are to be redeemed, the Bonds to be redeemed shall be identified by reference to the Series designation, date of issue, CUSIP numbers and Maturity Dates.

Notice of any redemption of this Bond, unless waived, shall be given by the Registrar on behalf of the Town by mailing an official redemption notice by registered or certified mail at least 30 days and not more than 60 days prior to the date fixed for redemption to the Registered Owner of the Bond or Bonds to be redeemed at the address shown on the Bond Register or at such other address as is furnished in writing by such Registered Owner to the Registrar. Notice of redemption having been given as aforesaid, the Bonds or portions of Bonds so to be redeemed shall, on the Redemption Date, become due and payable at the redemption price therein specified, and from and after such date (unless the Town shall default in the payment of the redemption price) such Bonds or portions of Bonds shall cease to bear interest.

Failure to receive such notice or any defect therein or in the mailing thereof shall not affect the validity of proceedings for the redemption of this Bond.

There are outstanding obligations of the Town which will rank on a parity with the Series 2010 A Bonds as to liens, pledge, source of and security for payment, as follows: (1) Sewerage System Design Revenue Bonds, Series 2009 A (West Virginia Water Development Authority), dated January 30, 2009, issued in the original aggregate principal amount of $724,650 (the "Series 2009 A Bonds"); (2) Sewer Revenue Bonds, Series 2001 A (West Virginia SRF Program), dated December 20, 2001, issued in the original aggregate principal amount of $878,181 (the "Series 2001 A Bonds"); and (3) Sewer Revenue Bonds, Series 1986 B (West Virginia Water Development Authority), dated March 26, 1986, issued in the original aggregate principal amount of $850,860 (the "Series 1986 B Bonds") (collectively, the "Prior Bonds").

The Bonds and the interest thereon are payable only from and are secured by the Net Revenues (as defined in the Ordinance) to be derived from the operation of the System, on a parity with the pledge of Net Revenues in favor of the holders of the Prior Bonds and from moneys in the Series 2010 A Bonds Sinking Fund and the Series 2010 A Bonds Reserve Account established under the Ordinance, and the unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and shall be set aside as a special fund hereby pledged for such purpose and to make the other payments required by the Ordinance. This Bond does not constitute an indebtedness of the Town within any constitutional or statutory provision or limitation, nor shall the Town be obligated to pay the same or the interest hereon except from said special fund provided from the Net Revenues, the moneys in the Series 2010 A Bonds Sinking Fund and the Series 2010 A Bonds Reserve Account and unexpended proceeds of the Bonds. Under the Ordinance, the Town has covenanted and agreed to fix, establish and collect just and equitable rates or charges for the use of the services and facilities of the System and to revise the same from time to time as will always be sufficient to pay all operating expenses of the System and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest on the Bonds and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with the Bonds, including the Prior Bonds. The Town has entered into certain further covenants with the Registered Owners of the Bonds, for the terms of which reference is made to the Ordinance. Remedies provided the Registered Owners of the Bonds are exclusively as provided in the Ordinance, to which reference is here made for a detailed description thereof.

All moneys received from the sale of the Bonds except for accrued interest thereon shall be applied solely to finance the current refunding of the Town's outstanding Series 1997 A Refunding Revenue Bonds, fund a reserve account for the Bonds and pay costs of issuance of the Bonds, and there shall be, and hereby is, created and granted a lien upon such moneys, until so applied, in favor of the Registered Owners of the Bonds.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Bond have existed, have happened and have been performed in due time, form and manner as required by law, and that the amount of this Bond, together with all other obligations of said

Town, does not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia, and that a sufficient amount of the Net Revenues of the System has been pledged to and will be set aside into said special fund by said Town for the prompt payment of the principal of and interest on the Bonds of which this Bond is one.

This Bond, under the provisions of the Act is and has all the qualities and incidents of, a negotiable instrument under the Uniform Commercial Code of the State of West Virginia, but may be transferred only upon the surrender hereof at the office of the Registrar and otherwise as provided by the Ordinance.

This Bond is, under the Act, exempt from all taxation by the State of West Virginia or any county, municipality, political subdivision or agency thereof.

This Bond shall not be entitled to any benefit under the Ordinance, or become valid or obligatory for any purpose, until the certificate of authentication and registration hereon shall have been signed by the Registrar.

All provisions of the Ordinance, and the statutes under which this Bond is issued, shall be deemed to be a part of the contract evidenced by this Bond to the same extent as if written fully herein.

[Remainder of Page Intentionally Blank]

IN WITNESS WHEREOF, THE TOWN OF KINGWOOD has caused this Bond to be signed by its Mayor and, and its corporate seal to be imprinted hereon and attested by its Recorder, and has caused this Bond to be dated as of the Bond Date specified above.

[SEAL]

Mayor

ATTEST:

Recorder

CERTIFICATE OF AUTHENTICATION
AND REGISTRATION

This Bond is one of the fully registered Bonds described in the within-mentioned Ordinance and has been duly registered in the name of the Registered Owner on the date set forth below. Attached hereto is the complete text of the opinion of Steptoe & Johnson PLLC, bond counsel, signed originals of which are on file with the Registrar, delivered and dated on the date of the original delivery of and payment for the Bonds.

Dated: August 27, 2010

WESBANCO BANK, INC.,
as Registrar

By _____
Its Authorized Officer

(Form of)

ASSIGNMENT

Social Security or Other Identifying Number of Assignee _____

_____

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto

_____

_____

_____ the within Bond and does hereby irrevocably constitute and appoint

_____

_____ to transfer the said Bond on the books kept for registration thereof with full power of substitution in the premises.

Dated: _____, 20_____.

_____

SIGNATURE GUARANTEED:

_____

(Bank, Trust Company or Firm)

_____

(Authorized Officer)

NOTICE: The Assignor's signature to this Assignment must correspond with the name as it appears upon the face of the within Bond in every particular, without alteration or any change whatever.

485090.00005

5404744

Final

$1,605,000

City of Kingwood, West Virginia

Sewer Refunding Revenue Bonds

Refunding Series 1997A (Non Rated / Bank Qualified)

Sources & Uses

Dated 08/27/2010 | Delivered 08/27/2010

SOURCES OF FUNDS	
Par Amount of Bonds	$1,605,000.00
Transfers from Prior Issue DSR Funds	158,425.00
Transfers from Prior Issue Debt Service Funds	111,287.50
Original Issue Discount (OID)	(11,108.00)
TOTAL SOURCES	**$1,863,604.50**

USES OF FUNDS	
Deposit to Current Refunding Fund	1,640,258.89
Deposit to Debt Service Reserve Fund (DSRF)	147,300.00
Total Underwriter's Discount (2.500%)	40,125.00
Costs of Issuance	35,000.00
Rounding Amount	920.61
TOTAL USES	**$1,863,604.50**

Final

$1,605,000

City of Kingwood, West Virginia

Sewer Refunding Revenue Bonds

Refunding Series 1997A (Non Rated / Bank Qualified)

Debt Service Comparison

Date	Total P+I	DSR	Net New D/S	Old Net D/S	Savings
10/01/2010	-	-	(920.61)	-	920.61
10/01/2011	142,062.08	-	142,062.08	154,000.00	11,937.92
10/01/2012	144,025.00	-	144,025.00	155,425.00	11,400.00
10/01/2013	146,475.00	-	146,475.00	156,575.00	10,100.00
10/01/2014	143,775.00	-	143,775.00	157,450.00	13,675.00
10/01/2015	145,625.00	-	145,625.00	158,050.00	12,425.00
10/01/2016	147,300.00	-	147,300.00	158,375.00	11,075.00
10/01/2017	143,800.00	-	143,800.00	158,425.00	14,625.00
10/01/2018	144,800.00	-	144,800.00	158,200.00	13,400.00
10/01/2019	145,600.00	-	145,600.00	157,200.00	11,600.00
10/01/2020	146,200.00	-	146,200.00	155,900.00	9,700.00
10/01/2021	141,600.00	-	141,600.00	154,300.00	12,700.00
10/01/2022	147,000.00	-	147,000.00	157,400.00	10,400.00
10/01/2023	142,000.00	-	142,000.00	154,900.00	12,900.00
10/01/2024	146,687.50	-	146,687.50	157,100.00	10,412.50
10/01/2025	145,950.00	(147,300.00)	(1,350.00)	(4,725.00)	(3,375.00)
Total	**$2,172,899.58**	**(147,300.00)**	**$2,024,678.97**	**$2,188,575.00**	**$163,896.03**

PV Analysis Summary (Net to Net)

Gross PV Debt Service Savings	241,226.98
Effects of changes in DSR investments	(6,039.04)
Net PV Cashflow Savings @ 4.089%(Bond Yield)	235,187.94
Transfers from Prior Issue Debt Service Fund	(111,287.50)
Contingency or Rounding Amount	920.61
Net Present Value Benefit	$124,821.05
Net PV Benefit / $1,595,000 Refunded Principal	7.826%
Net PV Benefit / $1,605,000 Refunding Principal	7.777%

Refunding Bond Information

Refunding Dated Date	8/27/2010
Refunding Delivery Date	8/27/2010

Final

$1,605,000

City of Kingwood, West Virginia

Sewer Refunding Revenue Bonds

Refunding Series 1997A (Non Rated / Bank Qualified)

Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I	Fiscal Total
08/27/2010	-	-	-	-	-
04/01/2011	-	-	36,424.58	36,424.58	-
10/01/2011	75,000.00	3.000%	30,637.50	105,637.50	142,062.08
04/01/2012	-	-	29,512.50	29,512.50	-
10/01/2012	85,000.00	3.000%	29,512.50	114,512.50	144,025.00
04/01/2013	-	-	28,237.50	28,237.50	-
10/01/2013	90,000.00	3.000%	28,237.50	118,237.50	146,475.00
04/01/2014	-	-	26,887.50	26,887.50	-
10/01/2014	90,000.00	3.500%	26,887.50	116,887.50	143,775.00
04/01/2015	-	-	25,312.50	25,312.50	-
10/01/2015	95,000.00	3.500%	25,312.50	120,312.50	145,625.00
04/01/2016	-	-	23,650.00	23,650.00	-
10/01/2016	100,000.00	3.500%	23,650.00	123,650.00	147,300.00
04/01/2017	-	-	21,900.00	21,900.00	-
10/01/2017	100,000.00	4.000%	21,900.00	121,900.00	143,800.00
04/01/2018	-	-	19,900.00	19,900.00	-
10/01/2018	105,000.00	4.000%	19,900.00	124,900.00	144,800.00
04/01/2019	-	-	17,800.00	17,800.00	-
10/01/2019	110,000.00	4.000%	17,800.00	127,800.00	145,600.00
04/01/2020	-	-	15,600.00	15,600.00	-
10/01/2020	115,000.00	4.000%	15,600.00	130,600.00	146,200.00
04/01/2021	-	-	13,300.00	13,300.00	-
10/01/2021	115,000.00	4.000%	13,300.00	128,300.00	141,600.00
04/01/2022	-	-	11,000.00	11,000.00	-
10/01/2022	125,000.00	4.000%	11,000.00	136,000.00	147,000.00
04/01/2023	-	-	8,500.00	8,500.00	-
10/01/2023	125,000.00	4.250%	8,500.00	133,500.00	142,000.00
04/01/2024	-	-	5,843.75	5,843.75	-
10/01/2024	135,000.00	4.250%	5,843.75	140,843.75	146,687.50
04/01/2025	-	-	2,975.00	2,975.00	-
10/01/2025	140,000.00	4.250%	2,975.00	142,975.00	145,950.00
Total	**$1,605,000.00**	-	**$567,899.58**	**$2,172,899.58**	-

Yield Statistics

Bond Year Dollars	$14,161.58
Average Life	8.823 Years
Average Coupon	4.0101419%
Net Interest Cost (NIC)	4.3719164%
True Interest Cost (TIC)	4.4482442%
Bond Yield for Arbitrage Purposes	4.0887522%
All Inclusive Cost (AIC)	4.7727993%

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Net Interest Cost	4.1310499%
Weighted Average Maturity	8.794 Years

$1,605,000

City of Kingwood, West Virginia
Sewer Refunding Revenue Bonds
Refunding Series 1997A (Non Rated / Bank Qualified)

Pricing Summary

Maturity	Type of Bond	Coupon	Yield	Maturity Value	Price	Dollar Price
10/01/2013	Term 1 Coupon	3.000%	3.000%	250,000.00	100.000%	250,000.00
10/01/2016	Term 2 Coupon	3.500%	3.500%	285,000.00	100.000%	285,000.00
10/01/2020	Term 3 Coupon	4.000%	4.000%	430,000.00	100.000%	430,000.00
10/01/2022	Term 4 Coupon	4.000%	4.200%	240,000.00	98.115%	235,476.00
10/01/2025	Term 5 Coupon	4.250%	4.400%	400,000.00	98.354%	393,416.00
Total	-	-	-	**$1,605,000.00**	-	**$1,593,892.00**

Bid Information

Par Amount of Bonds	$1,605,000.00
Reoffering Premium or (Discount)	(11,108.00)
Gross Production	$1,593,892.00
Total Underwriter's Discount (2.500%)	$(40,125.00)
Bid (96.808%)	1,553,767.00
Total Purchase Price	$1,553,767.00
Bond Year Dollars	$14,161.58
Average Life	8.823 Years
Average Coupon	4.0101419%
Net Interest Cost (NIC)	4.3719164%
True Interest Cost (TIC)	4.4482442%

Final

$1,605,000

City of Kingwood, West Virginia
Sewer Refunding Revenue Bonds
Refunding Series 1997A (Non Rated / Bank Qualified)

Proof Of Bond Yield @ 4.0887522%

Date	Cashflow	PV Factor	Present Value	Cumulative PV
08/27/2010	-	1.0000000x	-	-
04/01/2011	36,424.58	0.9762269x	35,558.65	35,558.65
10/01/2011	105,637.50	0.9566690x	101,060.12	136,618.77
04/01/2012	29,512.50	0.9375029x	27,668.05	164,286.83
10/01/2012	114,512.50	0.9187208x	105,205.01	269,491.84
04/01/2013	28,237.50	0.9003150x	25,422.64	294,914.49
10/01/2013	118,237.50	0.8822779x	104,318.33	399,232.82
04/01/2014	26,887.50	0.8646022x	23,246.99	422,479.81
10/01/2014	116,887.50	0.8472806x	99,036.51	521,516.32
04/01/2015	25,312.50	0.8303060x	21,017.12	542,533.44
10/01/2015	120,312.50	0.8136715x	97,894.85	640,428.29
04/01/2016	23,650.00	0.7973702x	18,857.81	659,286.09
10/01/2016	123,650.00	0.7813956x	96,619.56	755,905.65
04/01/2017	21,900.00	0.7657409x	16,769.73	772,675.38
10/01/2017	121,900.00	0.7503999x	91,473.75	864,149.13
04/01/2018	19,900.00	0.7353663x	14,633.79	878,782.92
10/01/2018	124,900.00	0.7206338x	90,007.17	968,790.09
04/01/2019	17,800.00	0.7061965x	12,570.30	981,360.39
10/01/2019	127,800.00	0.6920484x	88,443.79	1,069,804.18
04/01/2020	15,600.00	0.6781838x	10,579.67	1,080,383.85
10/01/2020	130,600.00	0.6645970x	86,796.36	1,167,180.21
04/01/2021	13,300.00	0.6512823x	8,662.05	1,175,842.26
10/01/2021	128,300.00	0.6382344x	81,885.47	1,257,727.74
04/01/2022	11,000.00	0.6254479x	6,879.93	1,264,607.66
10/01/2022	136,000.00	0.6129175x	83,356.79	1,347,964.45
04/01/2023	8,500.00	0.6006382x	5,105.43	1,353,069.87
10/01/2023	133,500.00	0.5886049x	78,578.76	1,431,648.63
04/01/2024	5,843.75	0.5768127x	3,370.75	1,435,019.38
10/01/2024	140,843.75	0.5652567x	79,612.88	1,514,632.26
04/01/2025	2,975.00	0.5539323x	1,647.95	1,516,280.21
10/01/2025	142,975.00	0.5428347x	77,611.79	1,593,892.00
Total	**$2,172,899.58**	-	**$1,593,892.00**	-

Derivation Of Target Amount

Par Amount of Bonds	$1,605,000.00
Reoffering Premium or (Discount)	(11,108.00)
Original Issue Proceeds	$1,593,892.00

$1,605,000

City of Kingwood, West Virginia
Sewer Refunding Revenue Bonds
Refunding Series 1997A (Non Rated / Bank Qualified)

Derivation Of Form 8038 Yield Statistics

Maturity	Issuance Value	Price	Issuance PRICE	Exponent	Bond Years
08/27/2010	-	-	-	-	-
10/01/2011	75,000.00	100.000%	75,000.00	1.0944444x	82,083.33
10/01/2012	85,000.00	100.000%	85,000.00	2.0944444x	178,027.78
10/01/2013	90,000.00	100.000%	90,000.00	3.0944444x	278,500.00
10/01/2014	90,000.00	100.000%	90,000.00	4.0944444x	368,500.00
10/01/2015	95,000.00	100.000%	95,000.00	5.0944444x	483,972.22
10/01/2016	100,000.00	100.000%	100,000.00	6.0944444x	609,444.44
10/01/2017	100,000.00	100.000%	100,000.00	7.0944444x	709,444.44
10/01/2018	105,000.00	100.000%	105,000.00	8.0944444x	849,916.67
10/01/2019	110,000.00	100.000%	110,000.00	9.0944444x	1,000,388.89
10/01/2020	115,000.00	100.000%	115,000.00	10.0944444x	1,160,861.11
10/01/2021	115,000.00	98.115%	112,832.25	11.0944444x	1,251,811.13
10/01/2022	125,000.00	98.115%	122,643.75	12.0944444x	1,483,308.02
10/01/2023	125,000.00	98.354%	122,942.50	13.0944444x	1,609,863.74
10/01/2024	135,000.00	98.354%	132,777.90	14.0944444x	1,871,430.74
10/01/2025	140,000.00	98.354%	137,695.60	15.0944444x	2,078,438.58
Total	**$1,605,000.00**	-	**$1,593,892.00**	-	**$14,015,991.09**

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Weighted Average Maturity = Bond Years/Issue Price	8.794 Years
Total Interest from Debt Service	567,899.58
Reoffering (Premium) or Discount	11,108.00
Total Interest	579,007.58
NIC = Interest / (Issue Price * Average Maturity)	4.1310499%
Bond Yield for Arbitrage Purposes	4.0887522%

$1,605,000

City of Kingwood, West Virginia
Sewer Refunding Revenue Bonds
Refunding Series 1997A (Non Rated / Bank Qualified)

Current Refunding Escrow

Date	Principal	Rate	Receipts	Disbursements	Cash Balance
08/27/2010	-	-	-	-	-
09/27/2010	1,640,258.89	-	1,640,258.89	1,640,258.89	-
Total	$1,640,258.89	-	$1,640,258.89	$1,640,258.89	-

Investment Parameters

Investment Model [PV, CIC, or Securities]	PV Discount
Default investment yield target	Unrestricted
Cost of Investments Purchased with Bond Proceeds	1,640,258.89
Total Cost of Investments	$1,640,258.89
Target Cost of Investments at bond yield	$1,634,735.73
Yield to Receipt	-3.62E-12
Yield for Arbitrage Purposes	4.0887522%

Final

$1,710,000

City of Kingwood, West Virginia
Sewer Refunding Revenue Bonds
Series 1997A

Debt Service To Maturity And To Call

Date	Refunded Bonds	Interest to Call	D/S To Call	Principal	Coupon	Interest	Refunded D/S
08/27/2010	-	-	-	-	-	-	-
09/27/2010	1,595,000.00	45,258.89	1,640,258.89	-	-	-	-
10/01/2010	-	-	-	65,000.00	5.500%	46,287.50	111,287.50
04/01/2011	-	-	-	-	-	44,500.00	44,500.00
10/01/2011	-	-	-	65,000.00	5.500%	44,500.00	109,500.00
04/01/2012	-	-	-	-	-	42,712.50	42,712.50
10/01/2012	-	-	-	70,000.00	5.500%	42,712.50	112,712.50
04/01/2013	-	-	-	-	-	40,787.50	40,787.50
10/01/2013	-	-	-	75,000.00	5.500%	40,787.50	115,787.50
04/01/2014	-	-	-	-	-	38,725.00	38,725.00
10/01/2014	-	-	-	80,000.00	5.500%	38,725.00	118,725.00
04/01/2015	-	-	-	-	-	36,525.00	36,525.00
10/01/2015	-	-	-	85,000.00	5.500%	36,525.00	121,525.00
04/01/2016	-	-	-	-	-	34,187.50	34,187.50
10/01/2016	-	-	-	90,000.00	5.500%	34,187.50	124,187.50
04/01/2017	-	-	-	-	-	31,712.50	31,712.50
10/01/2017	-	-	-	95,000.00	5.500%	31,712.50	126,712.50
04/01/2018	-	-	-	-	-	29,100.00	29,100.00
10/01/2018	-	-	-	100,000.00	6.000%	29,100.00	129,100.00
04/01/2019	-	-	-	-	-	26,100.00	26,100.00
10/01/2019	-	-	-	105,000.00	6.000%	26,100.00	131,100.00
04/01/2020	-	-	-	-	-	22,950.00	22,950.00
10/01/2020	-	-	-	110,000.00	6.000%	22,950.00	132,950.00
04/01/2021	-	-	-	-	-	19,650.00	19,650.00
10/01/2021	-	-	-	115,000.00	6.000%	19,650.00	134,650.00
04/01/2022	-	-	-	-	-	16,200.00	16,200.00
10/01/2022	-	-	-	125,000.00	6.000%	16,200.00	141,200.00
04/01/2023	-	-	-	-	-	12,450.00	12,450.00
10/01/2023	-	-	-	130,000.00	6.000%	12,450.00	142,450.00
04/01/2024	-	-	-	-	-	8,550.00	8,550.00
10/01/2024	-	-	-	140,000.00	6.000%	8,550.00	148,550.00
04/01/2025	-	-	-	-	-	4,350.00	4,350.00
10/01/2025	-	-	-	145,000.00	6.000%	4,350.00	149,350.00
Total	**$1,595,000.00**	**$45,258.89**	**$1,640,258.89**	**$1,595,000.00**	-	**$863,287.50**	**$2,458,287.50**

Yield Statistics

Average Life	8.756 Years
Weighted Average Maturity (Par Basis)	8.756 Years
Average Coupon	5.9126775%

Refunding Bond Information

Refunding Dated Date	8/27/2010
Refunding Delivery Date	8/27/2010

$1,605,000

City of Kingwood, West Virginia
Sewer Refunding Revenue Bonds
Refunding Series 1997A (Non Rated / Bank Qualified)

Summary Of Bonds Refunded

Issue	Maturity	Type of Bond	Coupon	Maturity Value	Call Date	Call Price
Dated 10/01/2007 | Delivered 10/01/2007						
Series 1997A	10/01/2010	Term 1	Coupon	5.500%	65,000	09/27/2010	100.000%
Series 1997A	10/01/2011	Term 1	Coupon	5.500%	65,000	09/27/2010	100.000%
Series 1997A	10/01/2012	Term 1	Coupon	5.500%	70,000	09/27/2010	100.000%
Series 1997A	10/01/2013	Term 1	Coupon	5.500%	75,000	09/27/2010	100.000%
Series 1997A	10/01/2014	Term 1	Coupon	5.500%	80,000	09/27/2010	100.000%
Series 1997A	10/01/2015	Term 1	Coupon	5.500%	85,000	09/27/2010	100.000%
Series 1997A	10/01/2016	Term 1	Coupon	5.500%	90,000	09/27/2010	100.000%
Series 1997A	10/01/2017	Term 1	Coupon	5.500%	95,000	09/27/2010	100.000%
Series 1997A	10/01/2018	Term 2	Coupon	6.000%	100,000	09/27/2010	100.000%
Series 1997A	10/01/2019	Term 2	Coupon	6.000%	105,000	09/27/2010	100.000%
Series 1997A	10/01/2020	Term 2	Coupon	6.000%	110,000	09/27/2010	100.000%
Series 1997A	10/01/2021	Term 2	Coupon	6.000%	115,000	09/27/2010	100.000%
Series 1997A	10/01/2022	Term 2	Coupon	6.000%	125,000	09/27/2010	100.000%
Series 1997A	10/01/2023	Term 2	Coupon	6.000%	130,000	09/27/2010	100.000%
Series 1997A	10/01/2024	Term 2	Coupon	6.000%	140,000	09/27/2010	100.000%
Series 1997A	10/01/2025	Term 2	Coupon	6.000%	145,000	09/27/2010	100.000%
Subtotal	-			-	**$1,595,000**	-	-
Total	-			-	**$1,595,000**	-	-